



**WORKING TODAY
FOR A HEALTHIER TOMORROW**



Macter

ANNUAL REPORT 2017

Macter International Limited

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Asif Misbah	Chairman & Chief Executive	Executive Director
Mr. Swaleh Misbah Khan		Executive Director
Sheikh Muhammed Waseem		Independent Director
Shaikh Aamir Naveed		Executive Director
Mr. Mohammed Aslam		Non-Executive Director
Mr. Muhammad Asif	CFO/Company Secretary	Executive Director
Syed Salman Ahmed Zaidi		Executive Director
Mr. Muhammad Sajid		Non-Executive Director
Mrs. Naureen Swaleh		Non-Executive Director

BOARD AUDIT COMMITTEE

Sheikh Muhammed Waseem	Chairman
Mr. Asif Misbah	Member
Mr. Muhammad Sajid	Member

BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Mohammed Aslam	Chairman
Mr. Muhammad Sajid	Member
Shaikh Aamir Naveed	Member

CHIEF FINANCIAL OFFICER / COMPANY SECRETARY

Mr. Muhammad Asif

INTERNAL AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

EXTERNAL AUDITORS

EY Ford Rhodes
Chartered Accountants

BANKERS

Al Baraka (Pakistan) Limited
Bank Al Habib Limited
Bank Alfalah Limited
Bankislami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Habib Metro Bank Pakistan Limited
MCB Bank Limited
Meezan Bank Limited

SHARE REGISTRAR

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

REGISTERED OFFICE

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

WEBSITE

www.macter.com

VISION, MISSION AND VALUES

VISION

We see Macter as an integrated global healthcare company serving patients, healthcare professionals and customers with high quality and innovative products and services. We are committed to achieving our vision in an ethical and socially responsible manner.

MISSION

Macter exists to:

- serve humanity by improving health and well-being;
- facilitating all associates to achieve their potential with dignity; and
- providing a means for an ethical and fair livelihood.

VALUES

- Shariah Compliance
- Benevolent Intent
- Customer Focus
- Communication & Teamwork
- Excellence
- Leadership

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (the meeting) of Macter International Limited (the Company) will be held on Saturday, October 21, 2017 at 10:00 am at Moosa D. Desai Auditorium, the Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton. Karachi to transact the following business:

1. To receive, consider and adopt the audited financial statements of the Company for the year ended June 30, 2017 together with the reports of the auditors and directors.
2. To consider and declare final cash dividend @ 42.5% i.e. Rs. 4.25 per ordinary share for the year ended June 30, 2017, as recommended by the Board of Directors (the Board).
3. To appoint auditors and to fix their remuneration for the year ending June 30, 2018. The present auditors M/s. EY Ford Rhodes, Chartered Accountants, retire and being eligible, have offered themselves for reappointment.
4. To transact any other business with the permission of the Chair.

By Order of the Board



Muhammad Asif
Company Secretary

Karachi
September 28, 2017

NOTES:

1. Closure of Share Transfer Books

The share transfer books of the Company will remain closed from October 14, 2017 to October 21, 2017 (both days inclusive). Transfers received, in order, at the office of the Company's Share Registrar M/s. F.D. Registrar Services (SMC-Pvt) Limited, 17th Floor, Saima Trade Tower-A, I. I. Chundrigar Road, Karachi by the close of business on October 13, 2017 will be considered in time to determine the above mentioned entitlement and vote at the meeting.

2. Participation in the meeting

A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote on his/her behalf. Proxies, in order, must be received at the Company's Registered Office, F-216, SITE, Karachi not later than 48 hours before the time of the meeting.

CDC Account-holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan (SECP).

A. For attending the meeting

- i. In case of individuals, the account holder or sub-account holder and/or the person, whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail is uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- v. In case of corporate entity, the Board of Directors resolution/ power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

3. CNIC / NTN Number on Dividend Warrant

As has already been notified from time to time, SECP vide Notification SRO No. 275(I)/2016 dated March 31, 2016 read with Notification SRO No. 19(I)/2014 dated January 10, 2014 and Notification SRO No. 831(I)/2012 dated July 5, 2012 required that the Dividend Warrant(s) should also bear the CNIC Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s). Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) / NTN (corporate entities) by shareholders.

4. Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance (ITO), 2001

- (i) Pursuant to the provisions of the Finance Act, 2017 effective July 1, 2017, the rates of deduction of income tax from dividend payments under the ITO 2001, have been revised as follows:

1	Rate of tax deduction for filer of income tax return	15%
2	Rate of tax deduction for non-filers of income tax return	20%

To enable the company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to immediately make sure that their names are entered in ATL, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

- (ii) Further, according to clarification received from FBR, with-holding tax will be determined separately on Filer/Non -Filer status of Principal Shareholder as well as Joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal Shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Company Name	Folio / CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)	
			Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint-holder(s).

- (iii) As per FBR Circulars C. No. 1 (29) WHT/2006 dated June 30, 2010 and C. No. 1 (43) DG (WHT)/2008-Vol. II-66417-R dated May 12, 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the ITO, 2001 (tax on dividend amount) where the statutory exemption under Clause 47B of Part IV of Second Schedule to the ITO 2001, is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar before book closure otherwise tax will be deducted on dividend as per the applicable rates.
- (iv) For any query/problem/information, the investors may contact the Company Secretary at email address cosec@macter.com and/or M/s. F.D. Registrar Services (SMC-Pvt) Limited at phone 021-32271905-6 and email address: fdregistrar@yahoo.com.

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or M/s. F.D. Registrar Services (SMC-Pvt) Limited. The shareholders while sending NTN or NTN certificates, as the case may be, must quote Company Name and their respective Folio Numbers.

5. Payment of Cash Dividend Electronically

In accordance with the provision of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into bank account designated by the entitled shareholders, SECP vide circular No. 18 of 2017 dated August 01,

2017, has presently waived this condition till October 31, 2017. Any dividend payable after this due date shall be paid in the manner prescribed only.

All shareholders are requested to provide details of their bank mandate specifying; (i) title of account, (ii) account number (iii) IBAN number (iv) bank name and (v) branch name, code & address, to the Companys Share Registrar. Shareholders who hold shares with CDC are advised to provide the bank mandate details as mentioned above, to the concerned Participant/CDC Investor Account Services.

6. Change of Address

Members are requested to notify any change in their addresses immediately.

7. Consent for Electronic Transmission of Audited Financial Statements and Notices

SECP through its notification SRO 787(I)/2014 dated September 8, 2014 has permitted companies to circulate Audited Financial Statements alongwith Notice of Annual General Meeting to its members through email. Accordingly members are hereby requested to convey their consent and e-mail address for receiving Audited Financial Statements and Notice through e-mail. In order to avail this facility a Standard Request Form is available at the Companys website www.macter.com.

8. Placement of Audited Financials on the website

Annual Audited Financial Statements of the Company for the year ended June 30, 2017 have been placed on Companys website i.e. www.macter.com.

DIRECTORS' REPORT TO THE MEMBERS

The directors are pleased to present the Annual Report together with Audited Financial Statements of Macter International Limited ("the Company") for the year ended June 30, 2017.

FINANCIAL RESULTS

The financial results of the Company are summarized hereunder:

	2017	2016
	Rupees in Million	
Sales - net	3,630.0	3,064.4
Gross Profit	1,673.4	1,257.2
Operating profit	413.3	267.5
Profit before tax	352.4	212.3
Profit after tax	274.2	147.1



EARNINGS PER SHARE

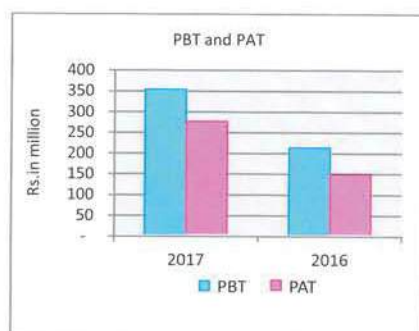
Earnings per share of the Company for the year ended June 30, 2017 was Rs. 7.01 as compared to Rs. 3.76 for last year.



FINANCIAL PERFORMANCE

During the period under review, net sales increased by Rs. 565.6 m registering a growth of 18.5% as compared to the last year, mainly owing to strong performance of the key brands and successful new product launches.

Gross profit to sales ratio increased during the year from 41.0% to 46.1% as compared to last year owing to better sales mix, efficient material buying and continuous cost cutting measures, in spite of increase in minimum wage and depreciation of Pak Rupees against US Dollar.



SUBSEQUENT EVENTS

The Company has been listed on Pakistan Stock Exchange Limited effective from August 1, 2017. Except this, no material changes or commitments affecting the financial position of the Company have been occurred between the end of financial year of the Company and the date of this report.

CAPITAL EXPENDITURE

The Company during the year made capital expenditure of Rs.174.2 m in various areas including manufacturing facilities for balancing, modernization and upgrading infrastructure.

RELATED PARTY TRANSACTIONS

Transactions with related parties during the year ended 30 June 2017 were placed before the board audit committee and the board for their review and approval. These transactions were approved by the Board in their meetings held during the year. Detail of related party transactions is given in note 30 to the financial statements.

CORPORATE SOCIAL RESPONSIBILITY

Service to the society is an integral part of Company's philosophy. The Company has undertaken a number of Corporate Social Responsibility (CSR) initiatives over the years, including:

- a) Provision of free drugs to various charitable organizations / hospitals
- b) Capacity-building of doctors and healthcare leadership in the country
- c) Support to various educational institutions and hospitals
- d) Free screening camps for hepatitis B and C
- e) Support to poor and needy patients

HEALTH, SAFETY & ENVIRONMENT

Realizing its responsibilities towards employees, environment and society; Company ensures complete adherence to the regulatory requirements in the area of health, safety and environment. The Company is compliant with most aspects of the applicable Standards. The manufacturing facility is managed in accordance with prescribed standards of the pharmaceutical industry and the company is compliant with National Environmental Quality Standards and labour legislation. Company's operations are ISO 14001:2004 and ISO 18001:2007 certified.

CONTRIBUTION TO NATIONAL EXCHEQUER

The Company made a total contribution of Rs 148.5 m to the National Exchequer by way of Customs duties, income tax and sales tax during the year 2017.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of financial Statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements.
- The Company maintains a sound internal control system. The internal control system is regularly reviewed.
- There are no doubts upon the Company's ability to continue as a going concern.
- Outstanding taxes, statutory charges and duties, if any, have been duly disclosed in the financial statements.
- Significant deviations, if any, from last year in the operating results of the Company have been highlighted and explained.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- The values of investments of employees provident fund based on latest un-audited accounts as of 30 June 2017 are Rs. 71.4 m.

KEY OPERATING AND FINANCIAL DATA

Key operating and financial data of last six years is annexed with these financial statements.

BOARD OF DIRECTORS

The attendance of Directors in 06 meetings held during the year is as follows:

Directors	Meetings entitled to attend	Meetings Attended
Mr. Asif Misbah	06	06
Mr. Swaleh Misbah Khan	06	05
Sheikh Muhammed Waseem	06	05
Mr. Mohammed Aslam	06	06
Sheikh Aamir Naveed	05	05
Mr. Muhammad Asif	06	06
Syed Salman Ahmad Zaidi	06	06
Mr. Zubeid Qureshi	01	01
Mr. Asad Nasir	03	03
Mr. Sarfaraz Anis	03	03
Mr. Muhammad Sajid	03	02
Mrs. Naureen Swaleh	03	02

Leave of absence was granted to Directors who could not attend some of the Board meetings.

CHANGES IN BOARD OF DIRECTORS

During the year under review, following changes were made in the Board of Directors:

Name of Directors	Mode of Change	Effective Date
Mr. Zubeid Qureshi	Resigned	September 16, 2016
Sheikh Aamir Naveed	Appointed	September 16, 2016
Mr. Asad Nasir	Resigned	October 30, 2016
Mr. Sarfaraz Anis	Resigned	October 30, 2016
Mr. Muhammad Sajid	Appointed	November 22, 2016
Mrs. Naureen Swaleh	Appointed	November 22, 2016

The Board acknowledges and appreciates the services of outgoing Directors and welcomes new Directors.

DIRECTORS TRAINING PROGRAM

The Board is compliant with the training requirement and the criteria as prescribed in the Code of Corporate Governance.

DIVIDEND

The board of directors has recommended a final cash dividend of 42.5% for the year ended June 30, 2017 (2016: 37.6% cash dividend).

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding is annexed with the financial statements.

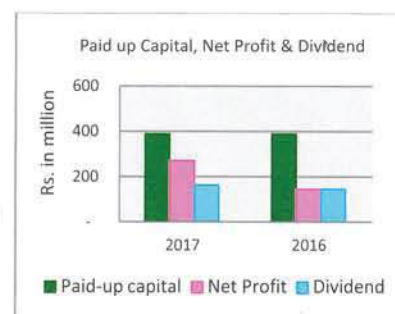
EXTERNAL AUDITORS

The present auditors M/s. EY Ford Rhodes., Chartered Accountants shall retire at the conclusion of ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. The Board of Directors endorses recommendation of the Board Audit Committee for their re-appointment as auditors of the Company for the financial year ending June 30, 2018.

FUTURE OUTLOOK

Macter has an exciting pipeline of biological and other drugs, many of which are expected to be approved in the coming months and years and would have impact on revenue and profit growth.

Despite the challenging environment, the company continues to remain determined to deliver optimum results by focusing on the best sales mix, cost cutting measures and improving the current processes.



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, especially Pakistan Stock Exchange (PSX) and Securities Exchange Commission of Pakistan (SECP) during the year.

On behalf of the Board



ASIF MISBAH
CHIEF EXECUTIVE

Karachi
September 22, 2017

میکٹر انٹرنیشنل لمیٹڈ

ڈائریکٹرز رپورٹ برائے ممبران

ڈائریکٹرز انتہائی مسرت کے ساتھ میکٹر انٹرنیشنل لمیٹڈ (کمپنی) کی سالانہ رپورٹ بمعہ آڈٹ شدہ مالی دستاویزات برائے سال 30 جون 2017 پیش کر رہے ہیں۔

مالیاتی نتائج

کمپنی کے مالیاتی نتائج درج ذیل خلاصہ کے ساتھ بیان کئے گئے ہیں:

2016 (روپے ملین میں)	2017 (روپے ملین میں)	
3,064.4	3,630.0	فروخت - خالص
1,257.2	1,673.4	خام منافع
267.5	413.3	آپریٹنگ منافع
212.3	352.4	قبل از ٹیکس منافع
147.1	274.2	بعد از ٹیکس منافع

فی حصص منافع

کمپنی کے پچھلے سال کے فی حصص منافع 3.76 روپے کے مقابلہ میں 30 جون 2017 کو ختم ہونے والے سال کے لئے فی حصص منافع 7.01 روپے رہا۔

مالیاتی کارکردگی

زیر جائزہ مدت میں خالص فروخت گزشتہ سال کے مقابلے میں 18.5 فیصد کا اضافہ درج کرتے ہوئے 565.6 ملین روپے سے بڑھ گئی ہے۔ جس کی بڑی وجہ بنیادی برانڈز کی مضبوط کارکردگی اور نئی پروڈکٹس کا کامیاب اجراء ہے۔

اس مدت میں خام منافع کا فروخت سے تناسب پچھلے سال کی اسی مدت میں 41.0 فیصد سے بڑھ کر 46.1 فیصد ہو گیا۔ جس کی وجوہات، باوجود کم از کم اجرت میں اضافے اور امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی کے، بہتر فروخت کس، خام مال کی مؤثر انداز میں خریداری اور لاگت میں کمی کے مسلسل اقدامات ہیں۔

بعد ازاں واقعات

کمپنی یکم اگست 2017 سے پاکستانی اسٹاک ایکسچینج لمیٹڈ پر درج کر لی گئی ہے۔ کمپنی کے مالی سال کے اختتام سے لے کر اس رپورٹ تک کے درمیان ماسوائے، کوئی اور تبدیلی یا وعدے کمپنی کی مالی حیثیت پر اثر انداز نہیں ہوئے۔

کیپیٹل مصارف

کمپنی نے دوران سال مینوفیکچرنگ کی سہولیات اور بنیادی ڈھانچے کو متوازن، جدید بنانے اور اپ گریڈ کرنے کی مدد میں 174.2 ملین روپے کے کیپیٹل مصارف کئے۔

متعلقہ پارٹی ٹرانزیکشن

30 جون 2017 کو ختم ہونے والے سال کے دوران متعلقہ پارٹیز کے ساتھ ٹرانزیکشنز کو، بورڈ کی آڈٹ کمیٹی اور بورڈ کے سامنے جائزہ لینے اور منظور کرنے کے لئے پیش کیا گیا۔ یہ ٹرانزیکشنز بورڈ نے سال کے دوران ہونے والے اجلاسوں میں منظور کر لیں۔ متعلقہ پارٹی ٹرانزیکشنز کی تفصیل مالی گوشواروں کے نوٹ 30 میں دے دی گئی ہے۔

کارپوریٹ سماجی ذمہ داری

سماجی خدمت کمپنی کی فلاحی کا بنیادی جز ہے۔ کمپنی نے سالہا سال سے کارپوریٹ سماجی ذمہ داری کے اقدامات کئے ہیں، بشمول:

- (a) مختلف خیراتی تنظیموں / ہسپتالوں کو مفت ادویات کی فراہمی
- (b) ملک میں ڈاکٹروں اور صحت کی دیکھ بھال کرنے والوں کی اہلیت کی تعمیر
- (c) مختلف تعلیمی اداروں اور ہسپتالوں کی مدد
- (d) میپائٹنس بی اور سی کے لئے مفت اسکریننگ کیمپ
- (e) غریب اور ضرورت مند مریضوں کے ساتھ تعاون

صحت، حفاظت اور ماحول

ملازمین، ماحول اور معاشرے سے متعلق اپنی ذمہ داری کا ادراک کرتے ہوئے کمپنی صحت، حفاظت اور ماحول کے حوالے سے ریگولیٹری ضروریات کی طرف مکمل توجہ کو یقینی بناتی ہے۔ کمپنی قابل اطلاق معیار کے تمام پہلوؤں کے مطابق ہے مینوفیکچرنگ کی سہولت ادویات کی صنعت کے مقرر کردہ معیار کے مطابق منظم ہے اور کمپنی قومی ماحولیاتی معیار اور مزدوروں سے متعلق قوانین پر عمل پیرا ہے۔ کمپنی کے آپریشن آئی ایس او 2004 : 14001 اور 2007 : 18001 سے مصدقہ ہیں۔

قومی خزانے میں حصہ

کمپنی نے 2017 کے دوران کسٹم ڈیوٹی، انکم ٹیکس اور سیلز ٹیکس کی صورت میں 148.5 ملین روپے مجموعی طور پر قومی خزانے میں جمع کروائے۔

کارپوریٹ فنانشل رپورٹنگ فریم ورک کا اسٹیٹمنٹ

- مینجمنٹ کی طرف سے تیار کردہ مالیاتی اسٹیٹمنٹ اس کی صورت حال، کارکردگی، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کا واضح اظہار کرتی ہے۔
- کمپنی کے اکاؤنٹس کی مناسب / درست کتابیں تیار کی گئی ہیں۔
- مالیاتی اسٹیٹمنٹ کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیوں کا یکساں اور مسلسل اطلاق کیا گیا ہے۔ اکاؤنٹنگ تخمینے موزوں اور محتاط اندازوں پر مبنی ہیں
- مالیاتی گوشواروں کی تیاری میں مالیاتی رپورٹنگ کے بین الاقوامی معیارات کی، جہاں تک وہ پاکستان میں قابل اطلاق ہیں، پیروی کی گئی ہے۔

- کمپنی نے ایک مضبوط انٹرئل کنٹرول سسٹم نافذ کیا ہے۔ انٹرئل کنٹرول سسٹم کی نگرانی بھی کی جاتی ہے۔
- بطور ادارہ کمپنی کے کام جاری رکھنے کی اہلیت پر کسی شک و شبہ کی گنجائش نہیں ہے۔
- مالی گوشواروں میں واجب الادا محصولات، چار جز اور ڈیویڈنڈ، اگر ہوں تو، کی باقاعدہ نشاندہی کی گئی ہے۔
- گزشتہ سال کے مقابلے میں کمپنی کے آپریٹنگ نتائج میں ہونے والی قابل ذکر تبدیلیوں کو نمایاں اور بیان کیا گیا ہے۔
- لسٹنگ ریگولیشن میں تفصیلی طور پر دیئے گئے کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- 30 جون 2017 تک تازہ ترین غیر آڈٹ شدہ اکاؤنٹس پر مبنی ملازمین کے پروویڈنٹ فنڈ کی سرمایہ کاری کی مالیت 71.4 ملین روپے ہے۔

کلیدی آپریٹنگ اور مالیاتی ڈیٹا

گزشتہ چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا مالیاتی گوشواروں کے ساتھ منسلک ہے۔

بورڈ آف ڈائریکٹرز

سال کے دوران منعقد ہونے والے چھ اجلاسوں میں ڈائریکٹرز کی حاضری درج ذیل ہے:

ڈائریکٹرز	حاضری کے اہل اجلاس	حاضری
جناب آصف مصباح	06	06
جناب صالح مصباح خان	06	05
جناب محمد اسلم	06	05
جناب شیخ عامر نوید	05	05
جناب محمد آصف	06	06
جناب سید سلمان زیدی	06	06
جناب زبیر قریشی	01	01
جناب اسد ناصر	03	03
جناب سرفراز انیس	03	03
جناب محمد ساجد	03	02
محترمہ نورین صالح	03	02

ڈائریکٹرز جو بورڈ کے کچھ اجلاس میں شرکت نہ کر سکے ان کو غیر حاضری کی رخصت دی گئی۔

بورڈ آف ڈائریکٹرز میں تبدیلیاں

سال کے دوران بورڈ آف ڈائریکٹرز میں مندرجہ ذیل تبدیلیاں ہوئیں:

ڈائریکٹرز کے نام	تبدیلی کی صورت	نافذ العمل تاریخ
جناب زبید قریشی	مستعفی	16 ستمبر 2016
جناب شیخ عامر نوید	تقرری	16 ستمبر 2016
جناب اسد ناصر	مستعفی	30 اکتوبر 2016
جناب سرفراز انیس	مستعفی	30 اکتوبر 2016
جناب محمد ساجد	تقرری	22 نومبر 2016
محترمہ نورین صالح	تقرری	22 نومبر 2016

بورڈ رخصت ہونے والے ڈائریکٹرز کی خدمات کو تسلیم کرتے ہوئے ان کا معترف ہے اور نئے ڈائریکٹرز کو خوش آمدید کہتا ہے۔

ڈائریکٹرز ٹریننگ پروگرام

بورڈ کو ڈ آف کارپوریٹ گورننس کی ٹریننگ کی ضرورت اور اس کے مقرر کردہ معیار پر پورا اترتا ہے۔

ڈیویڈنڈ (Dividend)

بورڈ آف ڈائریکٹرز نے 30 جون 2017 کو ختم ہونے والے سال کے لئے 42.5 فیصد فائنل کیش ڈیویڈنڈ کی سفارش کی ہے (2016: 37.6 فی صد کیش ڈیویڈنڈ)۔

شیر ہولڈنگ کا پیٹرن

شیر ہولڈنگ پیٹرن کا اسٹیٹمنٹ مالی گوشواروں کے ساتھ منسلک ہے۔

بیرونی آڈیٹرز

موجودہ آڈیٹرز میسرز ای وائی فورڈ روڈ چارٹرڈ اکاؤنٹنٹس سالانہ اجلاس عام میں ریٹائر ہو گئے۔ قابل ہونے کے باعث انہوں نے اپنے آپ کو دوبارہ تقرری کئے جانے کیلئے پیش کیا۔ بورڈ آف ڈائریکٹرز، آڈیٹرز کے تقرر برائے سال 30 جون 2018 کے لئے بورڈ آڈٹ کمیٹی کی سفارش کی تائید کرتا ہے۔

مستقبل کا جائزہ

میکٹر کے آئندہ منصوبوں میں حیاتیاتی اور دیگر ادویات شامل ہیں جن میں سے اکثر کی منظوری آنے والے مہینوں اور سالوں میں متوقع ہے جس کا اثر آمدنی اور منافع میں اضافہ پر مرتب ہوگا۔

مشکل حالات کے باوجود کمپنی بہتر فروخت، مگس، لاگت میں کمی کے اقدامات اور موجودہ عوامل کو بہتر بنانے پر توجہ مرکوز کرتے ہوئے بہترین نتائج دینے کے لئے بدستور پر عزم ہے۔

اعتراف

بورڈ آف ڈائریکٹرز اس موقع سے فائدہ اٹھاتے ہوئے ملازمین کے عزم، لگن اور خدمت کی گہری قدردانی کا اظہار کرتا ہے اور اپنے تمام قابل قدر شیئرز، ہولڈرز، کسٹمرز، ڈسٹری بیوٹرز، سپلائرز، مالیاتی اداروں اور ریگولیٹری اتھارٹیز خاص طور پر پاکستان اسٹاک ایکسچینج (PSX) اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی، دوران سال حمایت اور تعاون کا اعتراف کرتا ہے

منجانب بورڈ



آصف مصباح

چیف ایگزیکٹو

کراچی

22 ستمبر 2017

STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

2017	%	2016	%
----- (Rs. in `000) -----			

VALUE ADDITION

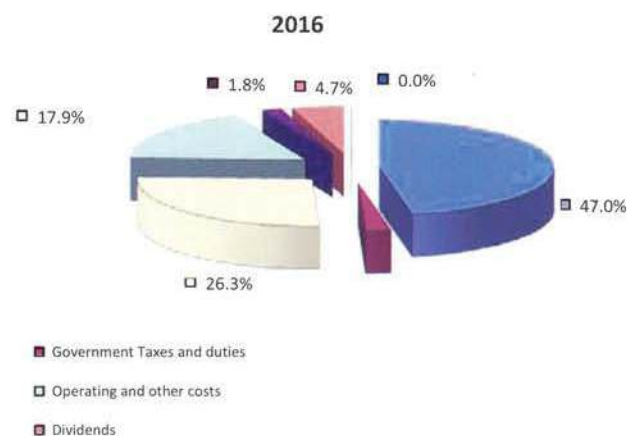
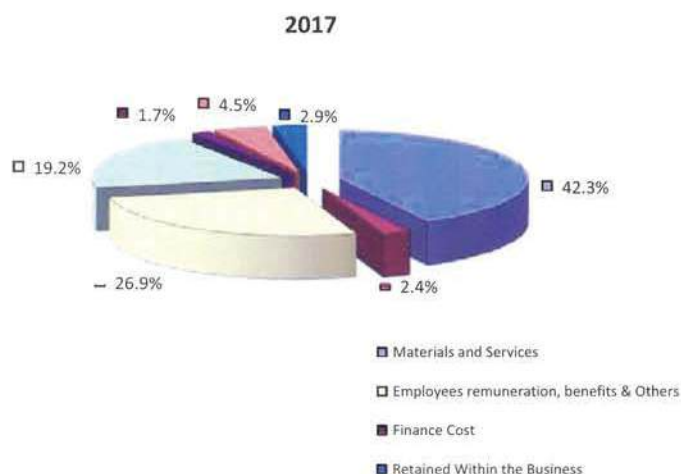
Net Sales	3,629,959	99.1%	3,064,439	99.0%
Other Operating Income	32,710	0.9%	30,566	1.0%

3,662,669	100%	3,095,005	100%
------------------	-------------	------------------	-------------

VALUE DISTRIBUTION

Materials and Services	1,550,656	42.3%	1,453,849	47.0%
Government Taxes and duties	89,046	2.4%	72,132	2.3%
Employees remuneration, benefits & Others	986,387	26.9%	813,385	26.3%
Operating and other costs	701,573	19.15%	553,351	17.9%
Finance Cost	60,783	1.66%	55,168	1.78%
Dividends	166,364	4.5%	146,501	4.7%
Retained Within the Business	107,860	2.94%	619	0.02%

3,662,669	100%	3,095,005	100%
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KEY OPERATING AND FINANCIAL DATA

	Unit	2017	2016	2015	2014	2013	2012
Summary of Balance Sheet							
Non-Current Assets	Rs. in Million	927	811	897	858	837	781
Current Assets	Rs. in Million	1,813	1,581	1,231	1,232	928	872
Total Assets	Rs. in Million	2,740	2,392	2,128	2,090	1,765	1,653
Summary of Profit and loss							
Net sales	Rs. in Million	3,630	3,064	2,385	2,560	2,246	2,254
Gross profit	Rs. in Million	1,673	1,257	846	959	965	888
Operating profit	Rs. in Million	413	267	93	154	222	115
Profit before taxation	Rs. in Million	352	212	31	129	192	105
Taxation	Rs. in Million	78	65	12	29	17	30
Net profit	Rs. in Million	274	147	19	100	175	75
Ratios							
Profitability Ratios							
Gross profit to sales	%	46.09	41.02	35.47	37.46	42.97	39.40
Net profit to sales	%	7.55	4.80	0.80	3.91	7.79	3.33
Operating Profit to sales	%	11.38	8.71	3.90	6.02	9.88	5.10
Return on equity before tax	%	30.80	21.54	3.57	14.07	22.86	15.11
Return on equity after tax	%	23.97	14.94	2.19	10.91	20.83	10.79
Return capital employed	%	29.69	21.50	7.94	12.88	20.39	12.97
PBT to Sales margin	%	9.70	6.92	1.30	5.04	8.55	4.66
PAT to Sales margin	%	7.55	4.80	0.80	3.91	7.79	3.33
Return on assets	%	10.00	6.15	0.89	4.78	9.92	4.54
Liquidity Ratios							
Current ratio	Times	1.34	1.37	1.30	1.38	1.37	1.41
Quick / Acid test ratio	Times	0.62	0.78	0.50	0.48	0.43	0.41

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Macter International Limited** (the Company) as at **30 June 2017** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for the changes as stated in note 2.3 to the financial statements with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2017** and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



Chartered Accountants
Audit Engagement Partner: Khurram Jameel
Date: 22 September 2017
Place: Karachi

**BALANCE SHEET
AS AT JUNE 30, 2017**

	Note	2017 ----- (Rs. in '000) -----	2016 ----- (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	845,204	740,734
Intangible assets	5	10,944	18,533
Long-term loans	6	2,644	2,331
Long-term deposits	7	46,944	26,841
Deferred tax asset	8	21,697	22,853
		927,433	811,292
CURRENT ASSETS			
Stores and spares		1,640	1,148
Stock-in-trade	9	905,111	625,288
Trade debts	10	535,582	415,672
Loans and advances	11	99,632	106,743
Trade deposits and short-term prepayments	12	70,919	60,828
Other receivables		767	887
Accrued mark-up		88	477
Taxation – net		96,679	96,143
Cash and bank balances	13	102,088	273,682
		1,812,506	1,580,868
TOTAL ASSETS		2,739,939	2,392,160
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	14	391,444	391,444
Reserves		751,800	592,559
		1,143,244	984,003
NON-CURRENT LIABILITIES			
Long-term financing	15	81,353	116,831
Deferred liabilities	16	166,130	141,105
Long-term deposit		500	500
		247,983	258,436
CURRENT LIABILITIES			
Trade and other payables	17	1,184,618	1,048,585
Accrued mark-up		13,202	11,969
Short-term borrowings	18	93,800	30,141
Current portion of long-term financing	15	57,092	59,026
		1,348,712	1,149,721
CONTINGENCIES AND COMMITMENTS	19		
TOTAL EQUITY AND LIABILITIES		2,739,939	2,392,160

The annexed notes from 1 to 34 form an integral part of these financial statements.


CHIEF EXECUTIVE
ASIF MISBAH


DIRECTOR
MUHAMMAD SAJID

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017**

	Note	2017 ----- (Rs. in '000) ----- (Restated)	2016 ----- (Restated)
Turnover	20	3,629,959	3,064,439
Cost of sales	21	(1,956,580)	(1,807,274)
Gross profit		1,673,379	1,257,165
Distribution costs	22	(1,061,311)	(806,561)
Administrative expenses	23	(201,546)	(187,227)
Other expenses	24	(29,945)	(26,450)
Other income	25	32,710	30,566
Operating profit		413,287	267,493
Finance costs	26	(60,842)	(55,226)
Profit before taxation		352,445	212,267
Taxation	27	(78,221)	(65,146)
Net profit for the year		274,224	147,121
Basic and diluted earnings per share (Rs.)	28	7.01	3.76

The annexed notes from 1 to 34 form an integral part of these financial statements.


CHIEF EXECUTIVE
ASIF MISBAH


DIRECTOR
MUHAMMAD SAJID

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017**

	2017 ----- (Rs. in '000) -----	2016 ----- (Restated)
Net profit for the year	274,224	147,121
Other comprehensive (loss) / income		
Items that may not be reclassified subsequently to profit and loss account		
Actuarial (loss) / gain on defined benefit plan – net of tax	(19,079)	4,568
Total comprehensive income for the year	255,145	151,689

The annexed notes from 1 to 34 form an integral part of these financial statements.


CHIEF EXECUTIVE
ASIF MISBAH


DIRECTOR
MUHAMMAD SAJID

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017**

	2017 ----- (Rs. in '000) -----	2016 ----- (Rs. in '000) ----- (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	352,445	212,267
Adjustments:		
Depreciation	65,115	63,635
Amortization	10,879	10,670
Finance costs	60,842	55,226
Provision for gratuity	13,078	18,027
Gain on disposal of property, plant and equipment	(21,823)	(8,469)
Provision for slow moving and obsolete stock-in-trade	11,471	3,519
Provision for doubtful debts	11,150	11,824
	150,712	154,433
	503,157	366,700
(Increase) / decrease in current assets		
Stores and spares	(492)	27
Stock-in-trade	(291,294)	70,798
Trade debts	(131,060)	(184,559)
Loans and advances	7,111	(68,888)
Trade deposits and short-term prepayments	(10,091)	(910)
Other receivables	511	8,384
	(425,315)	(175,148)
Increase in current liabilities		
Trade and other payables	136,033	192,806
	(289,282)	17,658
Finance costs paid	(59,609)	(55,293)
Income tax paid	(69,887)	(50,780)
Gratuity paid	(15,138)	(28,832)
Long term loans	(313)	(3,621)
Long term deposits	(20,103)	-
Deferred liabilities	291	(2,100)
	(164,759)	(140,792)
Net cash generated from operating activities	49,116	243,566
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(174,203)	(38,939)
Proceeds from disposal of property, plant and equipment	26,440	112,545
Acquisition of intangible assets	(3,290)	(6,680)
Investments made during the year	-	(64,742)
Net cash (used in) / generated from investing activities	(151,053)	2,184
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(95,904)	(50,597)
Short-term borrowings obtained	63,659	30,141
Repayment of lease obligation	-	(257)
Long-term financing repaid	(37,412)	(61,429)
Net cash used in financing activities	(69,657)	(82,142)
Net (decrease) / increase in cash and cash equivalents	(171,594)	163,608
Cash and cash equivalents at the beginning of the year	273,682	110,074
Cash and cash equivalents at the end of the year	102,088	273,682

The annexed notes from 1 to 34 form an integral part of these financial statements.


CHIEF EXECUTIVE
ASIF MISBAH


DIRECTOR
MUHAMMAD SAJID

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017**

	Issued, subscribed and paid-up capital	Reserves				Total
		Capital reserve		Revenue reserve	Total reserves	
		Merger reserve	Share premium	Unappropriated profit		
(Rs. in '000)						
Balance as at July 01, 2015 (as previously reported)	389,205	-	204,671	273,659	478,330	867,535
Merger adjustment (note 1.2)	2,239	13,137	-	-	13,137	15,376
Balance as at July 01, 2015 (restated)	391,444	13,137	204,671	273,659	491,467	882,911
Interim dividend @ Rs 1.3 per share for the year ended June 30, 2016	-	-	-	(50,597)	(50,597)	(50,597)
Net profit for the year	-	-	-	147,121	147,121	147,121
Other comprehensive income	-	-	-	4,568	4,568	4,568
Total comprehensive loss for the year	-	-	-	151,689	151,689	151,689
Balance as at June 30, 2016 (restated)	391,444	13,137	204,671	374,751	592,559	984,003
Final dividend @ Rs 2.46 per share for the year ended June 30, 2016	-	-	-	(95,904)	(95,904)	(95,904)
Net profit for the year	-	-	-	274,224	274,224	274,224
Other comprehensive loss	-	-	-	(19,079)	(19,079)	(19,079)
Total comprehensive income for the year	-	-	-	255,145	255,145	255,145
Balance as at June 30, 2017	391,444	13,137	204,671	533,992	751,800	1,143,244

The annexed notes from 1 to 34 form an integral part of these financial statements.


CHIEF EXECUTIVE
ASIF MISBAH


DIRECTOR
MUHAMMAD SAJID

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. THE COMPANY AND ITS OPERATIONS

- 1.1** 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. Subsequent to the year end the Company has been listed on the Pakistan Stock Exchange Limited. The principal activity of the Company is to manufacture and market pharmaceutical products. The registered office of the Company is situated at F-216, S.I.T.E. Karachi.
- 1.2** During the year, pursuant to a Scheme of Arrangement approved by the High Court of Sindh on September 2, 2016, the Company and Associated Services Limited (ASRL) have been merged from January 1, 2016 (the effective date as per the Scheme of Arrangement). Consequently, the Company issued and allotted 223,834 fully paid ordinary shares of Rs. 10/- each to the registered shareholders of ASRL as at December 28, 2016 in the ratio of 1 ordinary share of the Company for 4 ordinary shares of ASRL, which will rank pari passu with the existing shares of the Company. Accordingly, all ASRL's assets are transferred to and vested in and similarly all liabilities are assumed by and vested in the Company, including listing status with Pakistan Stock Exchange Limited.

The said transaction has been accounted for using pooling of interest method which requires that the financial statements items of the merged entity for the period in which the merger occurs and for any comparative periods presented to be included in the financial statements of the merged entity as if they had been merged from the beginning of the earliest period presented. Any difference between the amount of investment made and the carrying amount of net assets acquired is included in merger reserve in the statement of changes in equity. Accordingly, the comparative figures have been restated wherever necessary to reflect the above transaction.

2. BASIS OF PREPARATION

2.1 Statement of compliance

During the year, the Companies Act, 2017 has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 17 of 2017 dated July 20, 2017 communicated its decision that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, the Company's financial statements for the year ended June 30, 2017 have been prepared in accordance with the requirements of the repealed Companies Ordinance, 1984 as an unlisted company and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention.

2.3 New and amended standards

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following accounting standards which became effective for the current year:

- IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 - Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 - Presentation of Financial Statements: Disclosure Initiative (Amendment)
- IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
- IAS 16 - Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
- IAS 27 - Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB in September 2014

- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
- IFRS 7 - Financial Instruments: Disclosures - Servicing contracts
- IFRS 7 - Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
- IAS 19 - Employee Benefits - Discount rate: regional market issue
- IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, improvements to accounting standards did not have any material effect on the financial statements.

2.4 Standards not yet effective

The following standards and amendments with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IFRS 2	- Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10	- Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7	- Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12	- Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4	- Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40	- Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22	- Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23	- Uncertainty over Income Tax Treatments	01 January 2019

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by the IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Lease	01 January 2019
IFRS 17 – Insurance Contracts	01 January 2021

2.5 Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities and assets, at the end of the reporting period. However, uncertainty about these estimates and judgments could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognized prospectively.

In the process of applying the accounting policies, management has made the following judgments and estimates which are significant to the financial statements:

	Notes
- determining the residual values, useful lives and impairment of property, plant and equipment / intangible assets	3.1, 3.2, 3.3 & 4 & 5
- valuation of inventories	3.4, 3.5 & 9
- provision against trade debts	3.6 & 10
- provision for tax and deferred tax	3.18, 8 & 27
- provision for employee retirement benefits	3.13 & 16.1.2
- contingencies	19.1

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment loss, if any, except for leasehold land and capital work-in-progress which are stated at cost less impairment loss, if any.

Depreciation is charged to the profit and loss account applying the reducing balance method at the rates specified in note 4.1 to the financial statements. Depreciation on additions is charged from the month asset is available for use and in case of disposal up to the preceding month of disposal.

Maintenance and repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized when it is probable that respective future economic benefits will flow to the Company and the assets so replaced, if any, are retired.

Gains or losses on disposals of property, plant and equipment, if any, are recognized in profit and loss account.

3.2 Intangible assets

These are stated at cost less accumulated amortization and impairment loss, if any. These are amortized on a straight line method when assets are available for use at the rates specified in note 5 to the financial statement. Amortization is charged from the month when asset is available for use while no amortization is charged in the month in which an asset is disposed off.

3.3 Impairment

The carrying values of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

3.4 Stores and spares

These are stated at lower of weighted average cost and net realizable value.

3.5 Stock-in-trade

These are valued at the lower of cost and net realisable value. Cost is determined as follows:

- | | |
|--------------------------------------|---|
| - Raw and packing material | - on weighted average basis. |
| - Finished goods and work in process | - at weighted average cost of purchases and applicable manufacturing expenses. |
| - Stock-in-transit | - valued at cost comprising invoice value plus other charges paid thereon up to the balance sheet date. |

3.6 Trade debts

These are recognised and carried at original invoice amount less an estimate made for doubtful receivables which is determined based on management's review of outstanding amounts and previous repayment pattern. Balances considered bad and irrecoverable are written off when identified.

3.7 Loans, advances, deposits and prepayments

These are carried at cost.

3.8 Cash and cash equivalents

These are carried at cost.

3.9 Long term and short-term borrowings

These are recorded at the proceeds received. Installments due within one year are shown as a current liability and mark-up on borrowings is charged to profit and loss as an expense, on accrual basis.

3.10 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.11 Financial instruments

All financial assets and liabilities are recognised at the time when the Company becomes party to the contractual provisions of the instrument and are de-recognised in case of assets, when the contractual rights under the instrument are realised, expired or surrendered and in case of a liability, when the obligation is discharged, cancelled or expired. Any gain / (loss) on the recognition and de-recognition of the financial assets and liabilities is included in the profit / (loss) for the period in which it arises.

3.12 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realize the assets and settle liabilities simultaneously. Incomes and expenses arising from such assets and liabilities are also offset accordingly.

3.13 Employee retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme covering all eligible permanent employees. Provision is made on the basis of actuarial recommendations. The latest actuarial valuation is carried out as at June 30, 2017 using the Project Unit Credit Method.

Defined contribution plan

The Company operates a provident fund plan for all permanent management employees. Contribution is made to the fund equally by the company and the employees at the rate of 8.33% of basic and / or gross salary, as per the respective entitlement grades.

3.14 Revenue recognition

- Sales are recognised on dispatch of goods to customers.
- Income from toll manufacturing is accounted for on accrual basis.
- Profit on bank accounts is recognized on accrual basis.

3.15 Ijarah rentals

Leases under Shariah compliant Ijarah contracts, where significant portion of the risk and reward of ownership is retained by the lessor, are classified as Ijarah. Rentals under these arrangements are charged to profit and loss account on straight line basis over the lease term.

3.16 Foreign currency translations

Transactions in foreign currencies are recorded in Pakistan rupees (functional currency) at the rates of exchange approximating those prevalent on the date of transaction. Monetary assets and liabilities in foreign currencies are reported in Pakistan rupees at the rate of exchange prevailing on the balance sheet date. Exchange gains or losses are taken to the profit and loss account.

3.17 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.18 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with the Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, while deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax credit and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets are realized or the liabilities are settled, based on tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date.

3.19 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2017 ----- (Rs. in '000) -----	2016 (Restated)
Operating fixed assets	4.1	764,349	739,016
Capital work-in-progress	4.3	80,855	1,718
		<u>845,204</u>	<u>740,734</u>

4.1 Operating fixed assets

	2017	Cost as at July 01, 2016	Additions/ (deletions)	Cost as at June 30, 2017	Accumulated depreciation as at July 01, 2016	Depreciation charge for the year	Accumulated depreciation on deletions	Accumulated depreciation as at June 30, 2017	Net book value as at June 30, 2017	Dep rate % per annum
						(Rs. in '000)				
Leasehold land		90,415	-	90,415	-	-	-	-	90,415	-
Factory buildings on leasehold land		317,754	20,888	338,642	95,774	11,639	-	107,413	231,229	5
Plant and machinery		507,097	17,419	524,516	267,014	25,126	-	292,140	232,376	10
Tools and equipment		48,706	12,280	60,986	22,057	3,308	-	25,365	35,621	10
Gas and other installation		149,085	8,922	158,007	73,519	7,982	-	81,501	76,506	10 - 15
Furniture and fixture		36,609	767	37,376	16,486	2,064	-	18,550	18,826	10
Office equipment		27,716	1,237	28,953	10,944	1,720	-	12,664	16,289	10
Computer equipment		27,502	4,122 (74)	31,550	21,831	2,350	(66)	24,115	7,435	30
Motor vehicles		88,484	29,429 (10,197)	107,716	46,727	10,926	(5,589)	52,064	55,652	20
		1,293,368	95,064 (10,271)	1,378,161	554,352	65,115	(5,655)	613,812	764,349	

2016	Cost as at July 01, 2015	Additions/ (deletions)	Cost as at June 30, 2016	Accumulated depreciation as at July 01, 2015	Depreciation charge for the year	Accumulated depreciation on deletions	Accumulated depreciation as at June 30, 2016	Net book value as at June 30, 2016	Dep rate % per annum
(Rs. in '000)									
Owned									
Leasehold land	90,415	-	90,415	-	-	-	-	90,415	-
Factory buildings on leasehold land	288,378	29,376	317,754	84,188	11,586	-	95,774	221,980	5
Plant and machinery	404,081	105,310 (2,294)	507,097	242,489	26,287	(1,762)	267,014	240,083	10
Tools and equipment	42,423	6,366 (83)	48,706	19,564	2,493	-	22,057	26,649	10
Gas and other installation	147,596	5,998 (4,509)	149,085	67,720	8,254	(2,455)	73,519	75,566	10 - 15
Furniture and fixture	36,538	71	36,609	14,254	2,232	-	16,486	20,123	10
Office equipment	23,889	4,008 (181)	27,716	9,439	1,580	(75)	10,944	16,772	10
Computer equipment	26,650	1,425 (573)	27,502	20,116	2,133	(418)	21,831	5,671	30
Motor vehicles	82,913	12,215 (6,644)	88,484	41,563	9,013	(3,849)	46,727	41,757	20
	1,142,883	164,769 (14,284)	1,293,368	499,333	63,578	(8,559)	554,352	739,016	
Leased									
Motor vehicles	1,000	(1,000)	-	590	57	(647)	-	-	
	1,143,883	164,769 (15,284)	1,293,368	499,923	63,635	(9,206)	554,352	739,016	

4.2 Depreciation charge for the year has been allocated as follows:

	Note	2017 ----- (Rs. in '000) -----	2016 ----- (Rs. in '000) -----
			(Restated)
Cost of sales	21	49,253	49,566
Distribution costs	22	9,654	7,358
Administrative expenses	23	6,208	6,711
		<u>65,115</u>	<u>63,635</u>

4.3 Capital work-in-progress

	Land and Civil works	Plant and machinery	Others	Total
	----- (Rs. in '000) -----			
Opening balance	-	1,316	402	1,718
Capital expenditure incurred / advances made	57,255	24,538	26,406	108,199
Transferred to operating fixed assets	(15,561)	(10,497)	(3,004)	(29,062)
Closing balance	<u>41,694</u>	<u>15,357</u>	<u>23,804</u>	<u>80,855</u>

5. INTANGIBLE ASSETS

	Cost as at July 01, 2016	Additions	Cost as at June 30, 2017	Accumulated amortization as at July 01, 2016	Amortization charge for the year	Accumulated amortization as at June 30, 2017	Net book value as at June 30, 2017	Rate % Per annum
	----- (Rs. in '000) -----							
Software licenses	13,036	3,290	16,326	5,892	2,518	8,410	7,916	20- 33.33
SAP ERP	41,802	-	41,802	30,413	8,361	38,774	3,028	20
Manufacturing and distribution rights	20,000	-	20,000	20,000	-	20,000	-	20
2017	74,838	3,290	78,128	56,305	10,879	67,184	10,944	

	Cost as at July 01, 2015	Additions	Cost as at June 30, 2016	Accumulated amortization as at July 01, 2015	Amortization charge for the year	Accumulated amortization as at June 30, 2016	Net book value as at June 30, 2016	Rate % Per annum
	----- (Rs. in '000) -----							
Software licenses	9,346	3,690	13,036	4,318	1,574	5,892	7,144	20- 33.33
SAP ERP	38,812	2,990	41,802	22,651	7,762	30,413	11,389	20
Manufacturing and distribution rights	20,000	-	20,000	18,666	1,334	20,000	-	20
2016	68,158	6,680	74,838	45,635	10,670	56,305	18,533	

	Note	2017 ----- (Rs. in '000) -----	2016 ----- (Rs. in '000) -----
5.1 Amortization charge for the year has been allocated as follows:			
Cost of sales	21	78	-
Distribution costs	22	292	1,385
Administrative expenses	23	10,509	9,285
		<u>10,879</u>	<u>10,670</u>
6. LONG-TERM LOANS – secured, considered good			
Due from:			
- Executives		4,004	3,328
- Other employees		6,058	5,972
	6.1	<u>10,062</u>	<u>9,300</u>
Current portion:			
- Executives		(2,845)	(2,496)
- Other employees		(4,573)	(4,473)
	11	<u>(7,418)</u>	<u>(6,969)</u>
		<u>2,644</u>	<u>2,331</u>
6.1 These loans are markup free and are secured against retirement benefits of respective employees.			
	Note	2017 ----- (Rs. in '000) -----	2016 ----- (Rs. in '000) -----
7. LONG-TERM DEPOSITS			(Restated)
Ijarah / Diminishing Musharakah		44,236	24,659
Utilities		1,998	1,937
Rent		710	245
		<u>46,944</u>	<u>26,841</u>
8. DEFERRED TAX ASSET			
Deductible temporary differences:			
Provisions		86,483	69,644
Minimum tax		26,924	34,489
Carried forward tax losses		-	10,638
		<u>113,407</u>	<u>114,771</u>
Taxable temporary differences:			
Accelerated tax depreciation		(91,710)	(91,918)
		<u>21,697</u>	<u>22,853</u>
9. STOCK-IN-TRADE			
In hand			
raw material		366,100	195,232
packing material		206,728	142,199
work-in-process		95,598	79,160
finished goods	9.1	<u>275,202</u>	<u>233,833</u>
		<u>943,628</u>	<u>650,424</u>
Less: Provision for slow moving and obsolete items	9.2	<u>(40,372)</u>	<u>(28,901)</u>
		<u>903,256</u>	<u>621,523</u>
In transit		1,855	3,765
		<u>905,111</u>	<u>625,288</u>

9.1 These include cost of physician samples, aggregating Rs.8.957 million (2016: Rs. 7.707 million).

	Note	2017 ----- (Rs. in '000) -----	2016
9.2 Provision for slow moving and obsolete items			
Opening balance		28,901	25,382
Charge for the year	21	32,225	53,956
Written off during the year		(20,754)	(50,437)
Closing balance		40,372	28,901
10. TRADE DEBTS – unsecured			
Considered good		535,582	415,672
Considered doubtful		48,576	37,426
Provision for doubtful debts	10.1	(48,576)	(37,426)
		-	-
		535,582	415,672
10.1 Provision for doubtful debts			
Opening balance		37,426	25,602
Charge for the year	22	26,290	16,264
Written off during the year		(15,140)	(4,440)
Closing balance		48,576	37,426
11. LOANS AND ADVANCES – considered good			
Current portion of long term loans	6	7,418	6,969
Advances to:			
Employees		24,170	18,302
Suppliers		67,859	81,438
Others		185	34
		92,214	99,774
		99,632	106,743
12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits			
Ijarah/ Diminishing Musharakah		3,400	3,943
Margin against bank guarantees		16,485	11,448
Tender deposits		35,236	38,213
Others		5,371	5,180
		60,492	58,784
Prepayments		10,427	2,044
		70,919	60,828
13. CASH AND BANK BALANCES			
Cash in hand		22	87
With banks in:			
- current accounts		86,584	28,684
- saving accounts	13.1	15,482	82,411
- term deposit receipts		-	162,500
		102,066	273,595
		102,088	273,682

13.1 These carry profit rates ranging from 2.40% to 4.33% (2016: 3.0% to 5.5%) per annum.

			2017 ----- (Rs. in '000) -----	2016 -----
14. SHARE CAPITAL				
14.1 Authorized capital				
	2017	2016		
	Number of shares			
	<u>65,000,000</u>	<u>65,000,000</u>	Ordinary shares of Rs. 10/- each	<u>650,000</u> <u>650,000</u>
14.2 Issued, subscribed and paid-up capital				
	2017	2016		
	Number of shares			
			Ordinary shares of Rs. 10/- each	
	8,430,868	8,430,868	Fully paid in cash	84,309 84,309
	30,489,649	30,489,649	Issued as fully paid bonus shares	304,896 304,896
	<u>223,834</u>	<u>223,834</u>	Issued pursuant to merger with ASRL	<u>2,239</u> <u>2,239</u>
	<u>39,144,351</u>	<u>39,144,351</u>		<u>391,444</u> <u>391,444</u>

		Note	2017 ----- (Rs. in '000) -----	2016 -----
15. LONG-TERM FINANCING				
Secured				
Diminishing musharakah on:				
- land and buildings	15.1		65,173	98,894
- plant and machinery	15.2		25,304	32,104
- vehicles	15.3		44,761	30,750
- equipments	15.4		2,994	6,364
			<u>138,232</u>	<u>168,112</u>
Less: Current maturity			<u>(57,092)</u>	<u>(59,026)</u>
			<u>81,140</u>	<u>109,086</u>
Unsecured				
From others			<u>213</u>	<u>7,745</u>
			<u>81,353</u>	<u>116,831</u>
15.1	These facilities have been obtained from Meezan Bank Limited. These carry markup at the rate of 6 months KIBOR plus 1.5% to 2.0% (2016: 6 months KIBOR plus 1.5% to 2.0%) per annum and are repayable latest by August 2019. These facilities are secured against the respective assets.			
15.2	These facilities have been obtained from First Habib Modaraba and Al Baraka Bank Pakistan Limited. These carry markup at the rates ranging from 6 months KIBOR plus 1.4% to 2.5% (2016: 6 months KIBOR plus 1.5% to 2.5%) per annum and are repayable latest by January 2022. These facilities are secured against the respective assets.			
15.3	These facilities have been obtained from First Habib Modaraba. These carry markup at the rates ranging from 6 months KIBOR plus 1.25% to 2.00% (2016: 6 months KIBOR plus 1.4% to 2.0%) per annum and are repayable by March 2022 in 60 monthly installments. These facilities are secured against the respective assets.			
15.4	These facilities have been obtained from First Habib Modaraba. These carry markup at the rates ranging from 6 months KIBOR plus 2.0% (2016: 6 months KIBOR plus 2.0% to 2.5%) per annum and are repayable latest by December 2018. These facilities are secured against the respective assets.			

	Note	2017 ----- (Rs. in '000) -----	2016 ----- (Rs. in '000) -----
16. DEFERRED LIABILITIES			
Advance against motor vehicles		616	325
Employees gratuity	16.1	165,514	140,780
		166,130	141,105
16.1 Employee gratuity			
Opening balance		140,780	158,349
Charge for the year		13,078	18,027
Actuarial loss / (gain) recognised in other comprehensive income		26,793	(6,764)
Benefits paid during the year		(15,137)	(28,832)
Closing balance		165,514	140,780
16.1.1 Movement in the present value of defined benefit obligations			
Opening balance		140,780	158,349
Service cost		4,419	5,073
Interest cost		8,659	12,954
Actuarial loss / (gain) recognised in other comprehensive income		26,793	(6,764)
Benefits paid during the year		(15,137)	(28,832)
Closing balance		165,514	140,780
16.1.2 Amounts recognized in the profit and loss account			
Service cost		4,419	5,073
Interest cost		8,659	12,954
Charge for the year		13,078	18,027
16.1.3 Significant actuarial assumptions			
		2017	2016
		----- (%) -----	
Discount rate		7.0	6.5
Expected rate of increase in salary		7.0	6.5
		2017	2016
		----- (Rs. in '000) -----	
			(Restated)
17. TRADE AND OTHER PAYABLES			
Creditors		325,941	285,357
Advance from customers		161,109	105,857
Murabaha payables	17.1	588,575	563,911
Accrued liabilities		30,323	29,663
Provision for Infrastructure Development Cess	17.2	44,412	28,701
Workers' Profit Participation Fund	17.3	2,120	2,339
Workers' Welfare fund		12,588	5,322
Central Research Fund		3,560	2,297
Provident fund	17.4	2,864	637
Other liabilities		13,126	24,501
		1,184,618	1,048,585

- 17.1** Represent outstanding murabaha facilities with various Islamic banks. The repayment varies from 110 to 180 days (2016: 37 to 180 days) and carries profit at the rate ranging from 3 to 6 months KIBOR plus 1.0% to 1.5% per annum (2016: from 3 to 6 months of KIBOR plus 1.0% to 1.5% per annum). These are secured against hypothecation of stock in trade and trade debts of the Company.

	Note	2017 ----- (Rs. in '000) -----	2016 ----- (Rs. in '000) -----
17.2 Provision for Infrastructure Development Cess			
Opening balance		28,701	12,506
Provision for the year		15,711	16,195
		<u>44,412</u>	<u>28,701</u>
17.3 Workers' Profit Participation Fund			
Opening balance		2,339	1,667
Markup thereon		59	58
Charge for the year	24	19,120	12,339
		<u>21,518</u>	<u>14,064</u>
less: Payment made during the year		(19,398)	(11,725)
Closing balance		<u>2,120</u>	<u>2,339</u>
17.4 Provident fund		<u>2,864</u>	<u>637</u>
17.4.1 General disclosures			
Size of the fund		77,069	36,377
Cost of investments		74,585	32,021
Fair value of investments made		71,429	32,021
Percentage of investments made		97%	88%
17.4.2 Breakup of investments			

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	2017 Unaudited		2016 Unaudited	
	Investment (Rs. in '000)	% of investment as size of the fund	Investment (Rs. in '000)	% of investment as size of the fund
Saving Bank Account	17,022	22	32,021	88
Term Deposit Receipt	30,000	39	-	-
Mutual Funds	24,407	-	-	-
	<u>71,429</u>	<u>93</u>	<u>32,021</u>	<u>88</u>

- 17.4.3** Investments out of provident fund have been made in accordance with the provisions of the section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose.

	Note	2017 ----- (Rs. in '000) -----	2016 ----- (Rs. in '000) -----
18. SHORT-TERM BORROWINGS – secured			
Istisna'a	18.1	<u>93,800</u>	<u>30,141</u>
18.1			
Represents finance facilities obtained from various Islamic banks. These carry mark up at the rate of 3 to 6 months KIBOR plus 1.0% to 1.5% per annum (2016: 3 to 6 months KIBOR plus 1.0% to 1.5% per annum) and are repayable after 180 days. These are secured by way of hypothecation on stock-in-trade and trade debts of the Company.			

2017 2016
----- (Rs. in '000) -----

19. CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

19.1.1 Claims not acknowledged as debt by the Company 8,343 5,535

19.1.2 During the year ended June 30, 2015, the Additional Commissioner Inland Revenue (ACIR) framed an order under section 122(5A) of Income Tax Ordinance, 2001 amounting to Rs. 6.399 million for tax year 2013 on account of disallowance of certain expenses. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR (A)] who reverted the case back to the ACIR for re-adjudication. Being aggrieved, the tax authorities filed an appeal before the Appellate Tribunal Inland Revenue, which is pending adjudication. The management, based on tax advice, is confident for a favorable outcome, accordingly, no provision is made in these financial statements in this respect.

2017 2016
----- (Rs. in '000) -----

19.2 Commitments

Outstanding letters of credit		87,152	265,014
Outstanding letters of guarantee		82,335	59,077
Commitments for capital expenditure		101,390	28,091
Commitments for Ijarah rentals in respect of plant and machinery, motor vehicles and equipments			
	Year		
	2017	-	41,619
	2018	76,981	36,490
	2019	75,575	30,563
	2020	60,242	15,192
	2021	50,582	5,597
	2022	24,609	-
		287,989	129,461

20. TURNOVER

Local	3,483,570	2,906,972
Export	63,340	63,165
	3,546,910	2,970,137
Toll manufacturing	83,049	94,302
	3,629,959	3,064,439

	Note	2017 ----- (Rs. in '000) -----	2016 -----
21. COST OF SALES			
Raw and packing materials consumed	21.1	1,440,398	1,278,367
Salaries, wages and benefits		320,222	270,528
Fuel and power		105,044	98,791
Ijarah lease rentals		26,001	22,830
Repairs and maintenance		52,974	43,240
Laboratory and factory supplies		16,041	14,944
Insurance		2,287	2,247
Provision for slow moving and obsolete stock-in-trade	9.2	32,225	53,956
Printing and stationery		4,314	4,289
Rent, rates and taxes		6,427	7,024
Legal and professional		453	75
Travelling and conveyance		1,544	1,822
Depreciation	4.2	49,253	49,566
Amortization	5.1	78	-
Postage and communication		1,094	904
Others		562	326
		2,058,917	1,848,909
Work-in-process			
Opening		79,160	85,892
Closing		(95,598)	(79,160)
		(16,438)	6,732
Cost of goods manufactured		2,042,479	1,855,641
Finished goods			
Opening		233,833	219,297
Closing		(275,202)	(233,833)
		(41,369)	(14,536)
Physician samples		(44,530)	(33,831)
		1,956,580	1,807,274
21.1 Raw and packing materials consumed			
Opening stock		337,431	419,150
Purchases		1,675,795	1,196,648
		2,013,226	1,615,798
Closing stock		(572,828)	(337,431)
		1,440,398	1,278,367

	Note	2017 ----- (Rs. in '000) -----	2016
22. DISTRIBUTION COSTS			
Salaries and benefits		514,511	409,361
Sales promotion expenses		174,024	98,495
Repairs and maintenance		20,584	14,778
Fuel and power		11,750	10,894
Ijarah lease rentals		19,315	14,669
Printing and stationery		2,774	2,317
Insurance		3,365	2,825
Postage and communication		4,246	5,407
Rent, rates and taxes		16,616	10,673
Legal and professional		2,240	1,958
Provision for doubtful debts	10.1	26,290	16,264
Freight charges		51,568	47,355
Training and development cost		65,608	39,981
Depreciation	4.2	9,654	7,358
Amortization	5.1	292	1,385
Traveling, conveyance and entertainment		49,060	30,506
Service charges		79,823	83,578
Subscription charges		9,591	8,757
		1,061,311	806,561
23. ADMINISTRATIVE EXPENSES			
Salaries and benefits		132,475	121,108
Fuel and power		6,023	4,520
Ijarah lease rentals		3,113	3,194
Legal and professional		13,058	9,486
Printing and stationery		2,341	2,226
Auditors' remuneration	23.1	2,030	1,178
Rent, rates and taxes		3,044	4,231
Insurance		1,000	1,106
Repairs and maintenance		15,145	14,317
Postage and communication		2,854	3,420
Depreciation	4.2	6,208	6,711
Amortization	5.1	10,509	9,285
Traveling, conveyance and entertainment		1,660	1,516
Others		2,086	4,929
		201,546	187,227
23.1 Auditors' remuneration			
Audit fee		650	650
Other services		1,162	399
Out of pocket expenses		218	129
		2,030	1,178

	Note	2017 ----- (Rs. in '000) -----	2016
24. OTHER EXPENSES			
Workers' Profit Participation Fund	17.3	19,120	12,339
Workers' Welfare Fund		7,265	4,689
Central Research Fund		3,560	2,297
Exchange loss – net		-	125
Others		-	7,000
		<u>29,945</u>	<u>26,450</u>
25. OTHER INCOME			
Income from financial assets			
Profit on bank accounts		4,159	2,905
Income from non-financial assets			
Gain on disposal of property, plant and equipment		21,823	15,469
Rental income		177	6,229
Scrap sales		4,336	4,585
Exchange gain – net		242	-
Others		1,973	1,378
		<u>28,551</u>	<u>27,661</u>
		<u>32,710</u>	<u>30,566</u>
26. FINANCE COSTS			
Mark up on:			
- Istisna'a		2,703	2,887
- Diminishing musharakah		11,927	18,036
- Murabaha		45,513	33,537
- WPPF		59	58
		<u>60,202</u>	<u>54,518</u>
Bank charges and commission		640	708
		<u>60,842</u>	<u>55,226</u>
27. TAXATION			
Current		69,352	14,477
Prior		-	63
Deferred		8,869	50,606
	27.1	<u>78,221</u>	<u>65,146</u>
27.1 Relationship between tax expense and accounting profit			
Profit before taxation		<u>352,445</u>	
Tax at the applicable tax rate of 31%		109,258	
Tax effects of:			
Income subject to Final Tax Regime		(14,177)	
Tax credits		(27,031)	
Expenses not allowable for tax purposes		8,757	
Others		1,414	
		<u>78,221</u>	
27.2	As the Company was subject to Alternative Corporate Tax (ACT) for the previous year, therefore, no numerical tax reconciliation was prepared.		

	2017 ----- (Rs. in '000) -----	2016 ----- (Rs. in '000) ----- (Restated)
28. BASIC AND DILUTED EARNINGS PER SHARE		
Net profit for the year	274,224	147,121
Weighted average number of ordinary shares in issue	39,144	39,144
Basic earnings per share (Rupees)	7.01	3.76

28.1 There is no dilutive effect on basic earnings per share of the Company.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk and interest rate risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

a) Credit risk

- (i) Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The maximum exposure to credit risk at the reporting date is:

	2017 ----- (Rs. in '000) -----	2016 ----- (Rs. in '000) -----
Trade debts	535,582	415,672
Loans	10,062	9,300
Deposits	107,436	85,625
Other receivables	767	887
Bank balances	102,066	273,595
	755,913	785,079

(ii) Credit quality of financial assets

	2017 ----- (Rs. in '000) -----	2016 ----- (Rs. in '000) -----
Bank balances		
A1+	101,988	201,166
A1	78	8,799
A-2	-	63,630
	102,066	273,595
Trade debts		
Neither past due nor impaired	255,944	185,564
Past due but not impaired		
- Within 30 days	83,076	73,163
- Within 31 to 90 days	62,897	71,471
- Within 91 to 180 days	39,773	26,672
- Within 181 to 360 days	43,990	38,993
- Over 360 days	49,902	19,809
	535,582	415,672

b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The table below summarizes the maturity profile of the Company's financial liabilities at the following reporting dates:

	2017	Less than 3 months	3 to 12 months	> 1 year	Total
		(Rs. in '000)			
Long-term financing		15,606	41,699	81,140	138,445
Long-term deposit		-	-	500	500
Trade and other payables		632,123	552,495	-	1,184,618
Accrued markup		10,588	2,614	-	13,202
Short-term borrowings		66,030	27,770	-	93,800
		724,347	624,578	81,640	1,430,565

	2016	Less than 3 months	3 to 12 months	> 1 year	Total
		(Rs. in '000)			
Long-term financing		17,149	41,877	116,831	175,857
Long-term deposit		-	-	500	500
Trade and other payables		530,240	518,345	-	1,048,585
Accrued markup		8,969	3,000	-	11,969
Short term borrowings		-	30,141	-	30,141
		556,358	593,363	117,331	1,267,052

c) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. As at the balance sheet, the Company is not materially exposed to such risk.

d) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates mainly relates to the long-term, short term borrowings, murabaha payables and bank deposits.

The following figures demonstrate the sensitivity to a reasonably possible change in profit rate, with all other variables held constant, of the Company's profit before tax:

		Increase / (decrease) in basis points	Effect on profit before tax (Rs. in '000)
2017			
KIBOR	+100		(560)
KIBOR	-100		560
2016			
KIBOR	+100		(509)
KIBOR	-100		509

e) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

As of the balance sheet date, the carrying value of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

f) Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently financing majority of its operations through equity and working capital. The Company has a long-term debt to equity ratio of 7.1% (2016: 11.87%) as of the balance sheet date, which in view of the management is adequate considering the size of the operations.

30. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise directors and key management personnel. Detail of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Relationship	Nature of transactions	2017	2016
		----- (Rs. in '000) -----	----- (Rs. in '000) -----
Directors	Dividend paid	62,697	33,268
	Technical advisory services	4,800	400
	Meeting fees	15	65
Provident Fund	Contribution	25,310	20,530

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
(Rs. in '000')								
Managerial remuneration	16,560	7,800	45,073	32,364	160,541	127,374	222,174	167,538
Other benefits	1,382	5,651	8,947	7,721	30,704	14,794	41,033	28,166
Retirement benefits	1,031	433	3,062	1,782	18,519	16,705	22,612	18,920
Perquisites and benefits								
-Housing utilities and other	2,352	2,790	3,823	3,406	381	231	6,556	6,427
-Medical expenses	239	79	367	283	1,347	531	1,953	893
	21,564	16,753	61,272	45,556	211,492	159,635	294,328	221,944
Number of persons	1	1	4	6	115	83	120	90

- 31.1** The Chief Executive, Directors and Executives are also provided with free use of Company maintained cars as per the terms of their employment.

32. NUMBER OF EMPLOYEES

Number of persons employed as at year end were 1,122 (2016: 1,064) and the average number of persons employed during the year were 1,082 (2016: 1,065).

33. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 22, 2017 by the Board of Directors of the Company.

34. GENERAL

Figures have been rounded off to the nearest thousands.



CHIEF EXECUTIVE
ASIF MISBAH


DIRECTOR
MUHAMMAD SAJID

**PATTERN OF SHARE HOLDING
AS AT JUNE 30, 2017**

Number of Certificate Holders	From	Certificate Holding To	Certificates Held
492	1	- 100	15,175
180	101	- 500	44,247
29	501	- 1000	21,527
41	1001	- 5000	88,239
4	5001	- 10000	30,750
3	10001	- 15000	36,400
1	20001	- 25000	25,000
1	30001	- 35000	31,251
1	40001	- 45000	40,001
1	70001	- 75000	70,171
1	420001	- 425000	425,000
1	635001	- 640000	637,500
3	845001	- 850000	2,550,000
1	3245001	- 3250000	3,248,964
1	6430001	- 6435000	6,430,868
1	12665001	- 12670000	12,668,380
1	12780001	- 12785000	12,780,878
762			39,144,351

Shareholder's Category	Number of Shareholders	Number of Shares held	Percentage
Individuals	745	32,676,682	83.48
Joint Stock Companies	10	6,455,564	16.49
Investment Companies	2	5,450	0.01
Modarabas	2	2,530	0.01
Others	3	4,125	0.01
	762	39,144,351	100.00

Categories Shareholders as on June 30, 2017

S. No.	Categories Shareholders	Shareholders	Shares Held	Total
1	Directors and their spouse(s) and minor children	9		25,545,514
	Mr. Asif Misbah		12,668,380	
	Mr. Swaleh Misbah Khan		12,780,878	
	Sheikh Muhammed Waseem		1	
	Mr. Muhammad Sajid		1	
	Mrs. Naureen Swaleh		1	
	Mohammed Aslam		1	
	Shaikh Aamir Naveed		25,000	
	Muhammad Asif		31,251	
	Syed Salman Ahmed Zaidi		40,001	
2	Associate Companies, Undertakings and related parties		NIL	
3	Executives	1	12,500	12,500
4	Mutual Fund		NIL	
5	Public Sector Companies and Corporations	1		1,825
	Investment Corporation of Pakistan		1,825	
6	Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds	13	6,461,719	6,461,719
7	Others	3	4,125	4,125
8	General Public	735		7,118,668
	Total	762		39,144,351

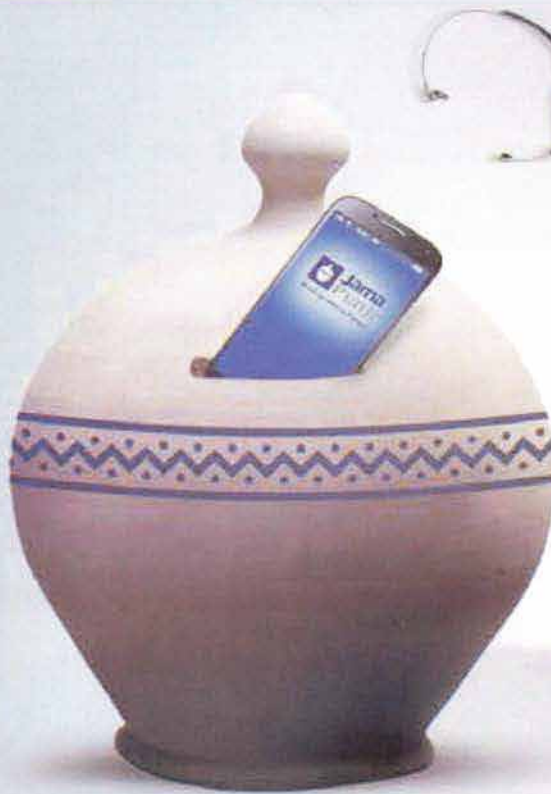
Shareholders Holding Five percent or more Voting Rights In the Listed Company

	Shares Held	Percentage
Mr. Swaleh Misbah Khan	12,780,878	32.65
Mr. Asif Misbah	12,668,380	32.36
M/s. Pharmalux Holdings Limited	6,430,868	16.43
Mr. Misbahuddin Khan	3,248,964	8.30

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پراکسی فارم

سالانہ عمومی اجلاس

میں اہم۔ از ۔ بحیثیت منسلک انٹریڈ میگزین کے نمبر (ز) اور۔

عام حصص یافتہ مطابق شیر زر جسٹ ڈولیو ای سی ڈی سی اکاؤنٹ نمبر۔ محترم /محترمه جن کا سی این آئی سی نمبر یا پاسپورٹ نمبر۔ فویلو ای سی ڈی سی اکاؤنٹ نمبر۔ از۔ یا ان کے حاضر نہ ہو سکنے کی صورت میں محترم /محترمه۔ از۔ جن کا سی این آئی سی نمبر یا پاسپورٹ نمبر۔ فویلو ای سی ڈی سی اکاؤنٹ نمبر۔ کواچے ہمارے ایماء پر کمپنی کے 21اکتوبر 2017 کو صبح 10:00 بجے ہونے والے سالانہ عمومی اجلاس میں شرکت کرنے، حق رائے وہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا ہمارا بطور نمایندہ (پراکسی) مقرر کرتا کرتے ہیں۔

آج بتاریخ _____ اکتوبر 2017 میرے / ہمارے دستخط ہوئے۔

پانچ روپے کارسیدی ٹکٹ

و سخط

(اس دستخط کا کمپنی کے ساتھ رجسٹرڈ دستخط کے نمونے سے مشابہت ہونا لازمی ہے۔)

گواہ نمبر 1۔ دستخط:

نام:

سی این آئی سی نمبر:

گواہ نمبر 3۔ دستخط

نام:

سی این آئی سی نمبر:۔

22

اہم نکات:

- 1- ہر لحاظ سے مکمل اور دستخط شدہ یہ فارم اجلاس سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس ایف 216، سائٹ، کراچی میں موصول ہو جانا چاہئے۔
- 2- فارم پر ممبر یا اس کا تقرر یا مقرر کردہ انارنی دستخط کرے گا۔ ممبر کارپوریشن ہونے کی صورت میں اس کی مہر فارم پر ثبت کرنی ہوگی۔

سی ڈی سی اکاؤنٹ رکھنے والے / کارپوریٹ ادارے کے لئے

مزید بر آں درج ذیل شرائط کو پورا کیا جائے گا۔

- (i) پراسی فارم پر دو افراد کی گواہی ہونی چاہئے جن کے نام، پتے اور سی این ائی سی یا پاسپورٹ نمبر فارم میں درج ہوں۔
- (ii) پراسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی دی جائیں گی۔
- (iii) پراسی کو اپنا اصل شناختی کارڈ یا پاسپورٹ سے میٹنگ کے وقت دکھانا ہوگا۔
- (iv) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد اور آف انارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کیا ہو) کمپنی میں پراسی فارم کے ساتھ جمع کرانی ہوگی۔

FORM OF PROXY
Annual General Meeting

I / We, _____ of
 _____ being the member(s) of **Macter International Limited** and holder of
 _____ Ordinary Shares as per Share Register Folio/CDC Account No.
 _____ hereby appoint Mr./Ms. _____
 having CNIC No. _____ Folio/CDC Account No. _____
 of _____ or failing him/her _____
 having CNIC No. _____ Folio/CDC Account No. _____ of
 _____ who is also a member of the Company as my / our proxy to attend and vote
 for me/us and on my/our behalf at the annual general meeting of the Company to be held on October
 21, 2017 at 10:00 am and/or at any adjournment thereof.

Signed this _____ day of _____ 2017

Rupees Five Revenue
Stamp

Witnesses: 1. Signature: _____
 Name: _____
 CNIC#: _____
 Address: _____
 2. Signature: _____
 Name: _____
 CNIC#: _____
 Address: _____

Signature _____
 (The signature should be agree the
specimen signature with the Company)

IMPORTANT:

1. This proxy form, duly completed and signed, must be received at the Registered Office of the Company, F-216, SITE, Karachi at least 48 hours before the time fixed for the meeting.
2. This form should be signed by the member or by his/her attorney duly authorized in writing. If the member is a Corporation, its common seal should be affixed to the instrument.

For CDC Account Holders/Corporate Entities

In addition to the above the following requirements have to be met.

- (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC or Passport Numbers shall be mentioned on the form.
- (ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iii) The proxy shall produce his/her original CNIC or original Passport at the time of the meeting.
- (iv) In case of a corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.



Macter

Macter International Limited

F 216 SITE, Karachi - Pakistan
www.macter.com