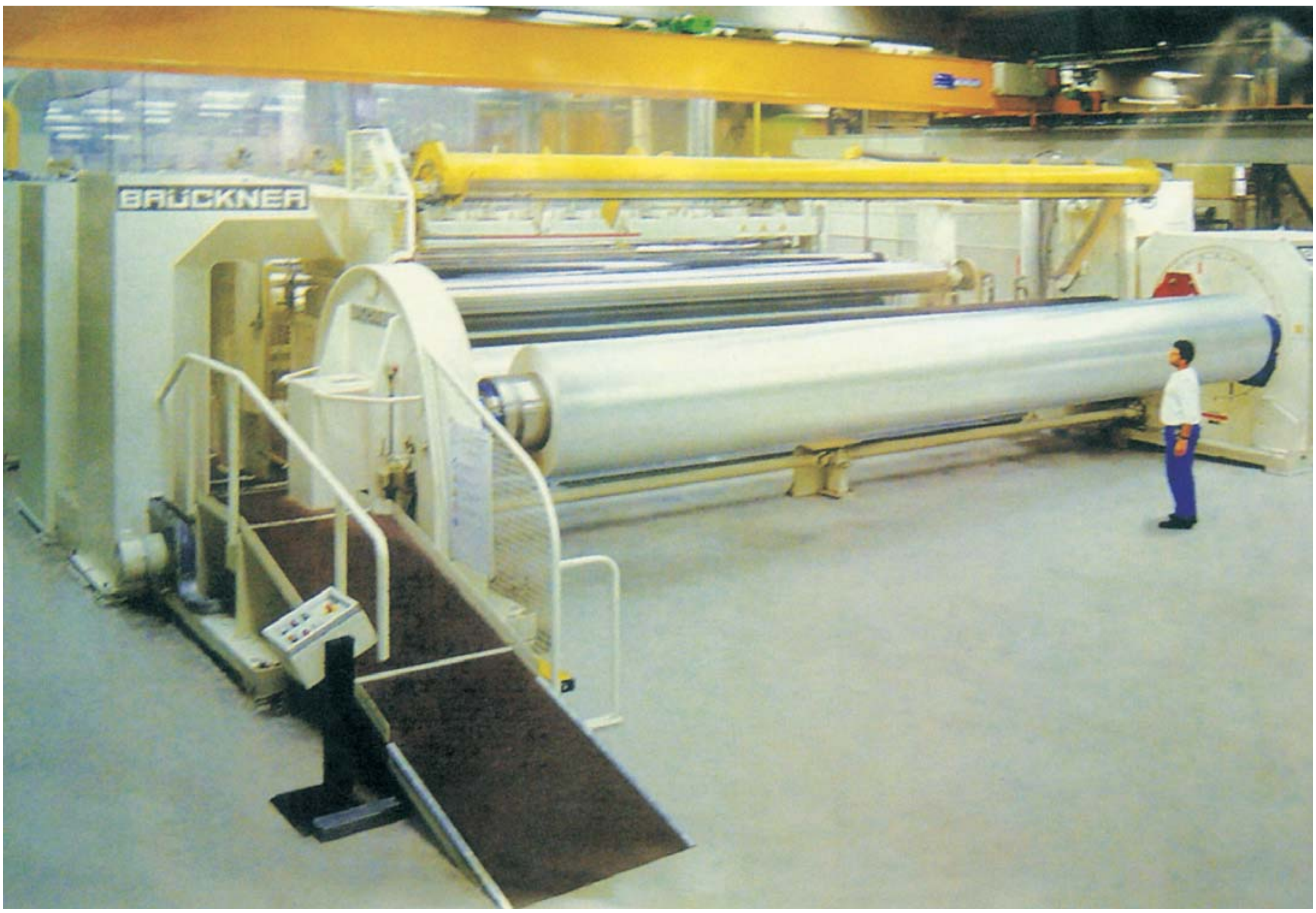
Manufacturers of Multi Layer Co-extruded BOPP Films

MACPAC FILMS LTD.

Annual Report 2011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COMPANY INFORMATION

Board of Directors

Mr. Maqbool Elahi	Chief Executive
Mr. Mohammad Sadiq Khan	
Mr. Naeem Ali Mohammad	
Mrs. Rukhsana Maqbool	
Mr. Shariq Maqbool Elahi	
Ms. Sana Nauman	
Air Marshal Azim Daud Pota	

Audit Committee

Mr. Mohammad Sadiq Khan	Chairman
Mrs. Rukhsana Maqbool	
Air Marshal Azim Daud Pota	

**Company Secretary &
Chief Financial Officer**

Israr Ullah Khan

Bankers

Faysal Bank Limited
Habib Bank Limited
Bank Alfalah Limited
Habib Metropolitan Bank Limited
NIB Bank Limited
Muslim Commercial Bank Limited

Auditors

Avais Hyder Liaquat Nauman
Chartered Accountants

Registered Office

F/2, A-F, S.I.T.E. Karachi.

City Office

43-H, II-A, P.E.C.H.S., Block-6,
Karachi.
E-mail : macpac@cyber.net.pk
Website : www.macpac.com.pk

Factory

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

Registrar Office

Nobel Computer Services (Pvt) Limited
First Floor, House of Habib Building
(Siddiqsons Tower),
3-Jinnah C. H. Society,
Main Shahrah-e-Faisal,
Karachi,

Legal Advisor

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

VISION / MISSION STATEMENT

VISION

To be the Market Leaders Recognized Locally and Internationally as the top Quality Manufacturers of Multi-layered Packaging Materials

MISSION STATEMENT

The company will:

Aim to gain the confidence of its stakeholders by earning a reputation of a responsible and progressive enterprise that is prepared to change for benefit of its stakeholders.

Aim to keep the highest level of quality in the manufacture of its products thereby adding value for all stakeholders.

Focus on the changing customer's needs and requirements and strive to improve and innovate the product line for the benefit of its customers.

Be ethical in practice and fulfill its social responsibilities by contributing towards the environment as good corporate citizen.

NOTICE OF THE SIXTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Sixteenth Annual General Meeting of Macpac Films Limited will be held on Saturday, 29th day of October, 2011 at 4:00 p.m at the registered office of the company, F/2 A-F, S.I.T.E. Karachi, to transact the following business:

ORDINARY BUSINESS :

1. To confirm the minutes of the 15th Annual General Meeting held on Saturday, October 23, 2010.

2. To receive, consider and adopt the annual audited accounts of the Company for the year ended on June 30, 2011 together with the Directors' and Auditors' reports thereon.

3. To appoint Auditors for the next financial year and fix their remuneration. The retiring auditors M/s Avais Hyder Liaquat Nauman Chartered Accountants being eligible offered themselves for reappointment. The Audit Committee has also recommended their name.

SPECIAL BUSINESS :

4. To seek the shareholders approval for allotment of further shares without issuing right shares, and for this purpose pass the following Special Resolution..

   Resolved That "the company shall issue further shares without issuing right shares of Rs. 111.14 million against part of subordinated loan of directors, subject to permission of the commission.

   Further Resolved That the Chief Executive and /or the Company Secretary be and are hereby authorized to take and do and/or cause to be taken or done any/all necessary action, deed and things which are or may be necessary for giving effect to the aforesaid resolution.

5. To transact any other business with the permission of the Chair.

By Order of the Board

ISRAR KHAN
Company Secretary

Karachi October 8, 2011

Notes:

1. The Share Transfer Books of the Company will remain closed from 23th October to 29th October, 2011 (both days inclusive). Transfers received at the Share Registrar office, M/s Noble Computer Services (Pvt.) Limited, First Floor, House of Habib Building (Siddiqsons Tower), 3-Jinnah C. H. Society, Main Shahrah-e-Faisal, Karachi, at the close of business on 22nd October, 2011 will be treated in time.

2. A member entitled to attend and vote at the meeting shall be entitled to appoint another person, as his/her proxy to attend, demand, join in demanding a poll, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. Proxies in order to be effective should reach the Registered Office of the company at least 48 hours before the meeting. A proxy must be a member of the Company.

3. Members are requested to notify any change in their addresses immediately to our Share Registrar.

4. Shareholders who have deposited their shares into Central Depository Company (CDC) are advised to bring Computerized National Identity Card alongwith their CDC account number at the meeting venue. Representatives of corporate member should bring usual documents require for such purpose.

Statement U/S-160(1)(b) of the Companies Ordinance, 1984:

The company is in process of issuing of further shares without issuing right shares of Rs. 111.14 million at par, against part of the subordinated loan by the directors of the Company. Following directors are willing to convert their loan into share capital:

Mr. Maqbool Elahi, Mrs. Rukhsana Maqbool & Mr. Naeem Ali Muhammad

The above directors' interest is to the extent of increase of their shareholding by this issue.

REPORT OF THE BOARD OF DIRECTORS

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

Assalam-o-alaikum

Business Overview

With the Blessings of Allah, your Company is back on track and continues the upward trend proved in this year. This year significantly shows a positive result and has yielded an EPS of Rs. 4.43.

Still the BOPP Films business in the Pakistan remains challenging in-spite a growing trend in demand. Due to volatile petrochemical prices since last year, raw material have been at highest level but due to extra ordinary Team/Management efforts we are trying to accommodate our customers at the best price, service and quality . High inflation rate always presents a challenging environment for business but surprising efforts has been made to curtail the administrative and other expenses.

Financial Reporting

The net sales of the Company has significantly increased from Rs. 227.96m to 887.95m shows net increase of 300% compared with last year. This level was achieved due to utilization of capacity, increase in credit lines resulting in availability of working capital.

The net profit after tax is Rs.172.19 m whereas Rs.27.68 m loss for the last year.

Earning per share has improved to Rs 4.43 per share from loss of Rs (0.71) per share last year.

Faysal Bank Ltd, who had been the leader of the consortium loan; which was taken at the time of inception of Port Qasim Plant has been paid off this year (Alhamdullillah), simultaneously more than 55% amount of loan of Habib Bank Ltd, has been paid at balance sheet date.

Future Outlook

The business environment is continuously becoming competitive and challenging, the raw material prices have been impulsive, however, the company trying to pass on to its customers as low as possible. The Company has always proved that whenever banks give letter of credit lines, positive results are achieved.

The Company is still on the negotiation table with the banks to enhance the current working capital lines to increase production levels. The management of the company is confident and optimistic that the future of your Company is bright having ample capacity to cater the existing market.

Corporate Governance

Various aspects of the corporate law and rules framed there-under determine broad based functions of Board of Directors. The Board is fully aware of its corporate responsibility with the issuance of Code of Corporate Governance by the Securities and Exchange Commission of Pakistan and is pleased to certify that:

The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and change in equity.

- Proper books of account have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements of the Company and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards as applicable in Pakistan have been followed in preparation of the Company's financial statements.
- The system of internal control of the Company is sound in design and has been efficiently implemented and monitored.

- There are no doubts upon the Company's ability to continue as going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- Key operating and financial data of last five years is annexed to the report.
- The Directors, CEO, CFO, Company Secretary and the spouse and minor children carried out no trade in shares of the listed Company.

Attendance of Directors at Board Meeting

During the year four meeting of Board of Directors were held. Attendance by each Director is as under:

Name of Director	Number of Meeting attended	Remarks
Mr. Maqbool Elahi	4	--
Mr. Sadiq Khan	4	--
Mr. Naeem Ali Mohammed	4	--
Mrs. Rukhsana Maqbool	3	--
Mrs. Sana Nauman	1	--
Mr. Shariq Maqbool Elahi	4	--
Air Marshal Azim Daudpota	4	--

Leave of absence was availed by the directors who could not attend any of the above meetings.

Auditors

The present Auditors Messers Avais Hyder Liaqat Nauman, Chartered Accountants retire and offer themselves for reappointment.

Audit Committee

The audit committee of the Board has been in existence since the enforcement of Code of Corporate Governance which consists of two executive Directors and one non-executive Director. During the year four meeting of the committee were held. The committee has its terms of reference which were determined by the Board of Directors in accordance with the listing regulations.

Material Changes

There have been no material changes since June 30, 2011 and the Company has not entered into any commitment, which could effect the financial position of the company at that date.

Pattern of shareholding

Pattern of shareholding of the company at June 30, 2011 is annexed.

Contribution to Economy and Society

As a good corporate citizen the Company is providing quality products to its customers who are multinationals or big national companies thus helping in import substitution, creation of jobs in local community and as a source of revenue generation for the treasury in the form of taxes. Your company has always helped in social causes which can help in alleviating the suffering of humanity.

Human Capital and Employee Relations

The human capital of the company is the driving force to integrate the other resources like equipment and technology systems to produce the performance desired by the Company. The directors of the company wish to record their appreciation for the dedicated hard and focused work put in by the company employees in achieving the performance during the year.

The need of the company changes all the time and it is changing at faster pace now because of the increasingly demanding business environment. Effective human resource management requires constant analysis of the pool of human assets in the Company for any skill gaps and training requirements, so the human capital can be better utilized and rewarded for their efforts one way of development human skills is getting exposure to the latest technology in our business.

Acknowledgement

The Board acknowledges and expresses its gratitude towards the efforts and dedication of the staff and workers of the Company and confident that they will continue the same for achieving the hard set targets in the competitive economies for the progress and prosperity of the Company in the years to come.

The Board takes the opportunity to thank its financial institutions, customers and other stakeholders and shareholders for the confidence shown in the Company.

For and on behalf of the Board

Maqbool Elahi
Chairman and Chief Executive

Karachi October 7, 2011

KEY OPERATING AND FINANCIAL LAST FIVE YEARS

	2011	2010	2009	2008	2007
Profit & Loss Account					
Sales	887,948,494	227,956,390	133,066,218	335,116,290	406,891,529
Gross Profit/(Losses)	194,632,455	(8,214,695)	(57,380,198)	(28,817,748)	(53,715,569)
Gross Margin %	21.92	(3.60)	(43.12)	(8.60)	(13.20)
Operating Profit / (Loss)	161,560,557	(30,114,090)	(80,091,665)	(57,815,001)	(81,786,654)
Operating Margin %	18.19	(13.21)	(60.19)	(17.25)	(20.10)
Profit / (Loss) Before Tax	181,070,366	(60,508,156)	(100,319,945)	(230,535,798)	(202,007,455)
Profit / (Loss) After Tax	172,190,881	(27,685,090)	(109,638,834)	(166,812,568)	(142,530,923)
Balance Sheet					
Current Assets	252,170,044	90,091,441	95,001,538	226,153,021	136,308,910
Current Liabilities	473,118,300	473,054,759	505,348,502	427,183,574	311,735,510
Net Working Capital	(220,948,256)	(382,963,318)	(410,346,964)	(201,030,553)	(175,426,600)
Fixed and Long Term Assets	719,614,843	852,563,833	906,391,937	907,441,122	1,255,738,079
	498,666,587	496,044,973	496,044,973	706,410,569	1,080,311,479
Represented by					
Long Term Liabilities	395,545,949	538,670,758	537,430,126	638,156,888	845,245,230
Equity & Reserves	103,120,638	(69,070,243)	(41,385,153)	68,253,681	235,066,249
	498,666,587	496,044,973	496,044,973	706,410,569	1,080,311,479
Key Ratios					
Current (In times)	0.53	0.19	0.19	0.53	0.44
Debt Equity (In times)	2.47	12.98	(5.50)	9.35	3.60
EPS (In Rupees)	4.43	(0.71)	(2.82)	(4.29)	(3.67)

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Company has implemented the requirements of the Code of Corporate Governance issued by the Securities and Exchange Commission of Pakistan and adopted by the Stock Exchanges in their Listing Regulations. The provisions of the code relevant to the year ended June 30, 2011 have been duly complied with by the Company.

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation number 37 of the listing regulations of Karachi Stock Exchange (Guarantee) Limited and chapter XIII of Lahore Stock Exchange (Guarantee) Limited for the purposes of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interest on its board of director. At present the board includes two non-executive directors, none of whom represent minority shareholders.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.

3. All directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, Development Financial Institution or Non-Banking Financial Institution. None of the Directors is member of any Stock Exchange of Pakistan.

4. No casual vacancy occurred in the board during the year ended June 30, 2011.

5. The Company has prepared the "Statement of Ethics and Business Practices", which has been signed by all the directors and senior management of the company.

6. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the chief executive officer (CEO) and other executive directors, have been taken by the board. Significant matters are documented by a resolution passed by the board.

8. The meetings of the board were presided over by the chairman, and in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The directors have been provided sufficient material with regard to Code of Corporate Governance and they are well conversed with their duties and responsibilities.

10. The board has approved the appointment of company secretary, chief financial officer and head of internal audit including their remuneration and terms and conditions of employment as determined by the CEO.

11. The directors' report for this year has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval by the Board.

13. The directors, CEO and executive do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the code.

15. The Board has formed an audit committee. It comprises of three members, one of whom is non executive director. The chairman of the audit committee is an executive director.

16. The meetings of audit committee were held at least once in every quarter prior to approval of interim and final results of the company as required by the code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has set-up an effective internal audit function.

18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under quality control review program of Institute of Chartered Accountant of Pakistan that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles relevant for the year ended June 30, 2011 have been complied with.

Date: October 07, 2011
Place: Karachi

Maqbool Elahi
Chairman & Chief Executive

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the statement of compliance with best practices ("the statement") contained in the Code of Corporate Governance prepared by the Board of Directors of MACPAC FILMS LIMITED ("the Company"), to comply with the Listing Regulations No. 35 of the Karachi Stock Exchange (Guarantee) Limited and Listing Regulations No. 35 of the Lahore Stock Exchange (Guarantee) Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provision of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statement we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control and effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm length price recording proper justification for using such alternative price mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

We have observed that Company has not complied with Code of Corporate Governance to the extent as required under clause (xxxvi) "Internal audit reports are provided for the review of external auditors" of the Listing Regulation.

Based on our review, with the exception of the matters described in the preceding paragraph, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2011.

AVAIS HYDER LIAQUAT NAUMAN
Chartered Accountants
Engagement partner: Adnan Zaman

Date: October 7, 2011
Karachi

AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **MACPAC FILMS LIMITED** as at June 30, 2011 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 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 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 Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   (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 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 June 30, 2011 and the profit, the comprehensive income, its 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.

AVAIS HYDER LIAQUAT NAUMAN
Chartered Accountants
Engagement partner: Adnan Zaman

Date: October 7, 2011
Karachi

BALANCE SHEET
AS AT JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees
Assets			
Non current assets			
Property, plant and equipment	3	**577,507,431**	710,061,643
Intangible-software	4	**266,912**	333,640
Long-term deposits	5	**51,735,250**	52,063,300
Deferred taxation	6	**90,105,250**	90,105,250
Current assets			
Stock-in-trade	7	**155,734,668**	29,497,179
Trade debts	8	**46,995,849**	28,450,023
Loans and advances	9	**1,785,247**	1,114,790
Trade deposits, prepayments and other receivables	10	**8,057,576**	7,638,991
Tax refund from Government	11	**33,323,002**	23,213,845
Cash and bank balances	12	**6,273,718**	176,613
		252,170,060	90,091,441
		971,784,903	**942,655,274**
Equity and liabilities			
Share capital and reserves			
Share capital	13	**388,860,000**	388,860,000
Reserves	14	**79,930,000**	79,930,000
Unappropriated losses		**(365,669,365)**	(537,860,243)
		103,120,635	(69,070,243)
Non current liabilities			
Staff retirement benefits - staff gratuity	15	**9,690,177**	9,083,140
Long term loans	16	**58,360,810**	183,092,657
Due to directors and associated company	17	**196,760,457**	196,760,457
Deferred markup	18	**130,734,504**	136,734,504
		395,545,948	525,670,758
Current liabilities			
Current portion of long-term liabilities	19	**128,050,987**	258,660,658
Trade and other payables	20	**281,331,700**	195,072,679
Accrued mark-up	21	**63,735,633**	32,321,422
		473,118,320	486,054,759
Contingencies and commitments	22	**-**	-
		971,784,903	**942,655,274**

The annexed notes 1 - 40 form an integral part of these financial statements.

Maqbool Elahi
Chief Executive

Mohammad Sadiq Khan
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees
Net sales	23	**887,948,494**	227,956,390
Cost of goods sold	24	**(693,316,040)**	(271,803,170)
Gross profit/(loss)		**194,632,454**	(43,846,781)
Selling and marketing expenses	25	**(3,455,232)**	(3,903,653)
Administrative expenses	26	**(29,616,667)**	(17,995,743)
		(33,071,899)	(21,899,396)
Operating profit/(loss)		**161,560,555**	(65,746,176)
Financial charges	27	**(13,280,591)**	(24,898,480)
Other income	28	**41,843,918**	30,136,500
Workers Profit Participation Fund		**(9,053,518)**	-
Profit/(loss) before taxation		**181,070,364**	(60,508,156)
Taxation	29	**(8,879,485)**	32,823,066
Profit/(loss) after taxation		**172,190,879**	**(27,685,090)**
Earning/(loss) per share - basic and diluted	30	**4.43**	**(0.71)**

The annexed notes 1 - 40 form an integral part of these financial statements.

Maqbool Elahi
Chief Executive

Mohammad Sadiq Khan
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2011

	2011 Rupees	2010 Rupees
Net profit/(loss) after taxation	**172,190,879**	(27,685,090)
Other comprehensive income	-	-
Total comprehensive income/(loss) for the year	**172,190,879**	**(27,685,090)**

The annexed notes 1 - 40 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2011

Particulars	Issued, subscribed and paid-up capital	Reserves share premium	Unappropriated (losses)	Total
	RUPEES			
Balance as at July 01, 2009	388,860,000	79,930,000	(510,175,153)	(41,385,153)
Total comprehensive loss for the year	-	-	(27,685,090)	(27,685,090)
Balance as at June 30, 2010	**388,860,000**	**79,930,000**	**(537,860,243)**	**(69,070,243)**
Total comprehensive income for the year	-	-	172,190,879	172,190,879
Balance as at June 30, 2011	**388,860,000**	**79,930,000**	**(365,669,365)**	**103,120,635**

The annexed notes 1 - 40 form an integral part of these financial statements.

Maqbool Elahi
Chief Executive

Mohammad Sadiq Khan
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2011

	Note	2011 Rupees	2010 Rupees
A. Cash generated from operating activities			
Cash generated from operation	34	**196,955,962**	179,950,155
Income tax paid		**(18,988,617)**	(4,500,379)
Gratuity paid		**(693,490)**	(1,413,440)
Financial charges paid		**(713,424)**	(451,454)
Long term deposits		**328,050**	1,174,000
		(20,067,481)	(5,191,273)
Net cash generated from operating activities		**176,888,481**	174,758,882
B. Cash generated from investing activities			
Fixed capital expenditures		**(5,536,365)**	(3,132,049)
Proceeds from disposal of fixed assets		**118,000,000**	40,849,989
Cash flow generated from investing activities		**112,463,635**	37,717,940
C. Cash flow from financing activities			
Long term loan paid		**(240,776,000)**	(180,586,150)
Ijara rentals paid		**(42,479,011)**	(35,632,086)
Net cash (used in) financing activities		**(283,255,011)**	(216,218,236)
Net Increase / (decrease) in cash and cash equivalent (A + B + C)		**6,097,105**	(3,741,414)
Cash and cash equivalent at the beginning of the year		**176,613**	3,918,027
Cash and cash equivalent at the end of the year		**6,273,718**	**176,613**

The annexed notes 1 - 40 form an integral part of these financial statements.

Maqbool Elahi
Chief Executive

Mohammad Sadiq Khan
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

1. Nature and status of business

The company is a limited liability company incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on the Karachi and Lahore Stock Exchanges. The address of its registered office is F/2, A - F, S.I.T.E. Karachi.

The principal activity of the Company is to manufacture, produce, buy and sell plastic packaging films.

2. Summary of significant accounting policies

2.1 Accounting convention

These financial statements have been prepared under the "historical cost". In these financial statements, except for the amounts reflected in cash flow statements, all the transactions have been accounted for on accrual basis.

2.2 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Approved accounting standards comprise of such International Accounting Standards (IAS) / IFRS as notified under the provision of Companies Ordinance, 1984.

Whenever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.3 Critical accounting estimate and judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Recognition of provision for current taxation and deferred taxation (note 6 & 29);

(b) Accounting for staff retirement benefits (note 15);

(c) Determining the recoverable amounts, useful lives and residual values of property, plant and equipment (note 3);

(e) Estimation of net realizable value for stock-in-trade (note 7); and

(f) Recognition of provision for doubtful debts (note 8)

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

2.4 Standards, amendments to published standards and new interpretations effective during the year ended June 30, 2011:

There are certain new standards, amendments to approved accounting standards and new interpretations that are mandatory for the Company's accounting periods but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not mentioned in these financial statements.

Approved accounting standards, interpretations and amendments thereto issued but not effective as at the reporting date

The following standards, interpretations and amendments are issued which are not effective as at the reporting date. Their impact on the Company's financial statements cannot be ascertained as at the reporting date.

Standard or interpretations	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements amendments)	January 01, 2011
IAS 24 - Related Party Disclosures (amendments)	January 01, 2011
IFRS 9 - Financial Instruments	January 01, 2013

2.5 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is Company's functional currency. All the financial information presented in Pak Rupee has been rounded off to nearest Rupee.

2.6 Property, plant & equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation except for freehold land, which is stated at cost.

Depreciation is charged using the reducing balance method at the rates specified in note 3 except those assets which are not available for their intended use or commercial productions has not commenced.

Depreciation on additions are charged from the month the assets are available for use while no depreciation is charged for the month in which is disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

Gains and losses on disposal of fixed assets are included in income currently.

2.7 Intangible assets

Intangible assets acquired are capitalized at cost and stated at cost less amortization. The rate of amortization is 20% applying reducing balance method.

2.8 Impairment of assets

At each balance sheet date, the company reviews the carrying amount of its assets for identifications of impairment/loss. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying value, the carrying value of the assets is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

2.9 Provisions

Provisions are recognized when the company has present legal or constructive obligation as a result of past events and 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 obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate

2.10 Cash and cash equivalents

Cash-in-hand and at banks are carried at cost. For the purpose of cash flow statement, cash equivalents are short term highly liquid instruments which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.

2.11 Stock in trade

These are valued at lower of cost and net realizable value applying the following basis:

Raw material	weighted average cost
Work in process	weighted average cost
Finished goods	weighted average cost

Weighted average cost in relation to work in process and finished goods signify average manufacturing cost including direct material, labour and proportionate share of related direct overheads.

Net realizable value signifies the selling price prevailing in the market less selling expenses incidental to sale.

2.12 Stores and spares

Stores and spares are valued at cost calculated on weighted average basis less provision for obsolescence except for the items in transit which are valued at cost accumulated to the balance sheet date.

2.13 Trade debts and other receivables

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.14 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

2.15 Taxation

Current

The provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates and exemptions available, if any.

Deferred

The Company recognizes deferred taxation using the liability method, deferred income tax is provided in full, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognized for all taxable temporary differences and deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is charged or credited in the profit and loss account.

2.16 Staff retirement benefits

The company operates an unfunded Gratuity Scheme for all employees. Actuarial valuation, as required under IAS-19 is carried out to make an estimate of the amount of benefit. The provision is made to meet the obligation under the scheme for all employees who have completed one year service with the company.

2.17 Leases

Payments made in respect of operating leases are deducted (as an expense) in the calculation of net profit/loss for the year, on the straight-line basis over the lease term period.

2.18 Foreign currency transactions

Transactions in foreign currencies are accounted for in rupees at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are reported using the rates of exchange approximating those prevailing on the balance sheet date, except where forward exchange purchases have been made for payment of liabilities, in that case the contracted rates are applied. Exchange gains and losses are included in income currently except exchange gains and losses on foreign currency loans for acquiring plant and machinery are capitalized.

2.19 Financial instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provision to the instrument. Any gain or loss on de-recognition of the financial assets and liabilities are included in the net profit/ loss for the period in which it arises.

2.20 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the balance sheet when there is a legal enforceable right to set-off the transactions is available and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.21 Borrowing cost

Borrowing cost are recognized as an expense in the period in which they are incurred except for those that are directly attributable to the acquisition, construction or production of a qualifying asset, which are capitalized as part of the cost of such asset.

2.22 Revenue recognition

Sales are recorded on dispatch of goods to customers and in case of export when the goods are shipped.

Processing income is recognized when the services are rendered.

Returns on deposits and investments are recognized on accrual basis.

2.23 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3 Property, plant and equipment

PARTICULARS	2011 COST			DEPRECIATION			W.D.V. as at June 30, 2011	Rate
	As on July 01, 2010	Addition / (deletions)	As at June 30, 2011	As on July 01, 2010	Depreciation for the year	As at June 30, 2011		
OWNED ASSETS								
Land - lease hold	22,980,000	- (1,780,000)	21,200,000	-	-	-	21,200,000	
Building on - lease hold land	68,615,056	215,280 (9,709,903)	59,120,433	13,973,740	2,559,199 (5,051,252)	11,481,687	47,638,746	5%
Plant and machinery	1,048,524,808	279,875 (255,548,777)	793,255,906	499,016,299	50,521,992 (198,028,739)	351,509,552	441,746,354	10%
Furniture and fixtures	3,542,287	573,434	4,115,721	1,012,750	284,736	1,297,486	2,818,235	10%
Electric installations	23,695	-	23,695	9,045	1,464	10,509	13,186	10%
Refrigeration and air conditioning	1,243,820	336,986	1,580,806	557,428	90,511	647,939	932,867	10%
Generators	4,367,000	-	4,367,000	3,017,699	134,932	3,152,631	1,214,369	10%
Office equipments	779,675	811,900	1,591,575	472,293	65,212	537,505	1,054,070	10%
Computers	1,469,050	268,890	1,737,940	1,187,496	99,929	1,287,425	450,515	25%
Motor vehicles	15,358,410	3,050,000	18,408,410	11,340,837	1,159,349	12,500,186	5,908,224	20%
	1,166,903,801	5,536,365 (267,038,680)	905,401,486 -	530,587,587	54,917,324 (203,079,991)	382,424,920	522,976,566	
LEASED ASSETS*								
Plant and machinery	31,448,398	-	31,448,398	12,190,663	1,925,776	14,116,439	17,331,959	10%
Generators and fittings	88,979,841	- (21,483,406)	67,496,435	34,492,147	4,900,620 (9,095,238)	30,297,529	37,198,906	10%
	120,428,239	-	98,944,833	46,682,810	6,826,396 (9,095,238)	44,413,968	54,530,865	
June 30, 2011	**1,287,332,040**	**5,536,365** **(288,522,086)**	**1,004,346,319**	**577,270,397**	**61,743,720** **(212,175,229)**	**426,838,888**	**577,507,431**	

3.1 The following fixed assets was disposed off during the year:

Description	Cost	Accumulated Depreciation	Net book value	Sales Proceeds	Mode of disposal	Particulars of purchaser
	'---------------------------- Rupees --------------------------------					
Land						
Land -Unit 1	1,780,000	-	1,780,000	5,000,000	Negotiation	Mr.Sohail Usman
Building						
Building -Unit 1	9,709,903	5,051,252	4,658,651	5,000,000	Negotiation	Mr.Sohail Usman
Plant and machinery						
Plant and machinery- Unit 1	255,548,777	198,028,739	57,520,038	95,000,000	Negotiation	Mr.Sohail Usman
Gas generator and fittings	21,483,406	9,095,238	12,388,168	13,000,000	Negotiation	M/s Toyo Packaging (Private) Limited
	288,522,086	**212,175,229**	**76,346,857**	**118,000,000**		

*The lease liability against the above leased assets has been fully paid. However, the leasing companies have not yet transferred the same in the name of the company due to their claims of late payment penalties. The company has shown these late payment charges in contingencies. The management is of the view that a substantial portion of these charges will be waived off by the leasing companies.

3.2 Property, plant and equipment

PARTICULARS	2010 COST As on July 01, 2009	Addition / (deletions)	As on June 30, 2010	DEPRECIATION / AMORTIZATION As on July 01, 2009	Depreciation for the year/(adjustment)	As on June 30, 2010	W.D.V. as on June 2010	Rate
OWNED ASSETS								
Land - lease hold	30,980,000	- (8,000,000)	22,980,000	-	-	-	22,980,000	
Building on - lease hold land	77,840,581	- (9,225,525)	68,615,056	12,677,321	3,258,168 (1,961,749)	13,973,740	54,641,316	5%
Plant and machinery	1,046,007,760	2,517,048	1,048,524,808	438,134,534	60,881,765	499,016,299	549,508,509	10%
Furniture and fixtures	3,542,287	-	3,542,287	731,690	281,060	1,012,750	2,529,537	10%
Electric installations	23,695	-	23,695	7,417	1,628	9,045	14,650	10%
Refrigeration and air conditioning	1,243,820	-	1,243,820	481,164	76,264	557,428	686,392	10%
Generators	4,280,000	87,000	4,367,000	2,871,804	145,895	3,017,699	1,349,301	10%
Office equipments	779,675	-	779,675	438,137	34,156	472,293	307,382	10%
Computers	1,469,050	-	1,469,050	1,093,652	93,844	1,187,496	281,554	25%
Motor vehicles	16,981,425	528,000 (2,151,015)	15,358,410	11,911,400	1,040,497 (1,611,060)	11,340,837	4,017,573	20%
	1,183,148,293	3,132,048 (19,376,540)	1,166,903,801 -	468,347,119	65,813,277 (3,572,809)	530,587,587	636,316,214	
LEASED ASSETS								
Plant and machinery	31,448,398	-	31,448,398	10,050,912	2,139,751	12,190,663	19,257,735	10%
Generators and fittings	88,979,841	-	88,979,841	28,437,959	6,054,188	34,492,147	54,487,694	10%
	120,428,239	-	120,428,239	38,488,871	8,193,939	46,682,810	73,745,429	
June 30, 2010	**1,303,576,532**	**3,132,048** **(19,376,540)**	**1,287,332,040** **-**	**506,835,990**	**74,007,216** **(3,572,809)**	**577,270,397**	**710,061,643**	

3.3 Depreciation allocated as follows:	Note	2011 Rupees	2010 Rupees
Cost of goods sold		**60,387,203**	72,867,692
Selling and marketing expenses		**28,404**	64,944
Administration expenses		**1,328,113**	1,074,580
		61,743,720	**74,007,216**

4 Intangible-software

Cost as at July 01		**568,700**	568,700
Less: Accumulated amortization			
Balance as at July 01		**235,060**	151,652
During the year @ 20%		**66,728**	83,408
		301,788	235,060
Closing balance		**266,912**	**333,640**

5 Long term deposits

Leased assets deposits	5.1	**50,000,000**	50,000,000
Others		**1,735,250**	2,063,300
		51,735,250	**52,063,300**

5.1 The deposit amount has been given to Toyo Packaging (Private) Limited for onward submission to Emirates Global Islamic Bank Limited for security deposit against lease of Primary Slitter.

	Note	2011 Rupees	2010 Rupees
6 Deferred taxation			
Opening balance as at July 1,		**90,105,250**	55,997,047
Credit for the year	6.1	**-**	34,108,203
Closing balance as at June 30,		**90,105,250**	**90,105,250**

6.1 The Company has not recognized further deferred tax asset arises during the year on prudent basis.

	Note	2011 Rupees	2010 Rupees
7 Stock in trade			
Raw material			
- In hand		**11,585,560**	5,386,507
- In bond	7.1	**36,283,485**	-
- In transit		**46,673,718**	128,097
		94,542,763	5,514,604
Work-in-process		**36,988,545**	15,407,860
Finished goods		**24,203,360**	8,574,715
		155,734,668	**29,497,179**

7.1 This represents the stock in the Company's Custom bond located at Port Qasim factory.

	Note	2011 Rupees	2010 Rupees
8 Trade debts - unsecured			
Considered good:			
Others		**61,445,881**	32,363,249
Provision for bad debts	8.1	**(14,450,032)**	(3,913,226)
		46,995,849	28,450,023
		46,995,849	**28,450,023**
8.1 Provision for doubtful debts			
Balance as at July 01		**3,913,226**	2,377,785
Provision during the year		**10,536,806**	1,613,162
Provision reversed during the year		**-**	(77,721)
Balance as at June 30	8.1.1	**14,450,032**	**3,913,226**
8.1.1 Particulars of provision			
Specific provision		**11,976,566**	-
General provision		**2,473,466**	3,913,226
		14,450,032	**3,913,226**
9 Loans and advances			
Advances-considered good:			
Suppliers		**1,339,565**	573,915
Construction work		**-**	73,696
Staff		**445,682**	467,179
		1,785,247	**1,114,790**

		Note	2011 Rupees	2010 Rupees
10	**Trade deposits, prepayments and other receivables**			
	Deposits		**7,878,970**	7,517,370
	Prepayments		**101,578**	106,801
	Other receivables		**77,028**	14,820
			8,057,576	**7,638,991**
11	**Tax refundable from Government**			
	Advance income tax		**33,220,061**	23,110,904
	Sales tax refundable		**102,941**	102,941
			33,323,002	**23,213,845**
12	**Cash and bank balances**			
	Cash in hand		**76,183**	159,396
	Cash at banks - in current accounts		**6,197,535**	17,217
			6,273,718	**176,613**
13	**Share capital**			
	13.1 Authorized capital			
	40,000,000 (2010: 40,000,000) ordinary shares of Rs.10/- each		**400,000,000**	**400,000,000**
	13.2 Issued, subscribed and paid-up capital			
	25,986,000 (2010: 25,986,000) ordinary shares of Rs. 10/- each fully paid up in cash		**259,860,000**	259,860,000
	12,900,000 (2010: 12,900,000) ordinary shares of Rs.10/- each issued as fully paid bonus shares		**129,000,000**	129,000,000
	38,886,000 (2010: 38,886,000) ordinary shares of Rs.10/- each		**388,860,000**	**388,860,000**
14	**Reserves**			
	Capital reserves			
	Share premium		**79,930,000**	**79,930,000**
15	**Staff retirement benefits - staff gratuity**			
	Balance at the beginning of the year		**9,083,140**	8,527,150
	Allocation during the year	31.4	**1,300,527**	1,969,430
			10,383,667	10,496,580
	Paid during the year		**(693,490)**	(1,413,440)
	Balance at the end of the year		**9,690,177**	**9,083,140**

		Note	2011 Rupees	2010 Rupees
16	**Long term loans**			
	Secured			
	Habib Bank Limited	16.1	**111,104,000**	177,776,000
	Faysal Bank Limited	16.2	**-**	135,000,000
	Saudi Pak Industrial and Agricultural Investment Company Limited	16.3	**42,423,139**	85,482,986
			153,527,139	398,258,986
	Term installment due		**32,884,658**	43,494,329
			186,411,797	441,753,315
	Less: Current portion shown under current liabilities		**95,166,329**	215,166,329
	Term installment due		**32,884,658**	43,494,329
			58,360,810	**183,092,657**

16.1 As per understanding reached with Habib Bank Limited and in accordance with the order of the court, out of total liability of Rs. 248.36, Rs. 142.81 million has been paid till June 2011. The remaining amount will be paid in installment of Rs. 5.56 million per month in accordance with the agreement. The facility is secured by the pari passu charges over existing and future assets of the Company to the tune of Rs. 485.131 million.

16.2 The Company and Faysal Bank Limited had signed a Memorandum of Understanding (MOU) in which all past, present and future mark-up has been frozen and total liabilities in terms of all facilities has been decided to the extent of Rs. 260 million which is payable in 25 installments on monthly basis except first and last installment of Rs. 15 million. As on balance sheet date all the liability of Rs. 260 million has been paid. The facility was secured by the pari passu charges over existing and future assets of the Company to the tune of Rs. 378.092 million.

16.3 Saudi Pak's term loan facility was restructured in 2007 for a period of four years. The initial rate of mark-up was 3 months KIBOR plus 4 % per annum and will be reduced to 3 months KIBOR plus 3% w.e.f the date restructuring i.e. July 1, 2008, thereafter 3 months KIBOR plus 2% from January 2010 onward. Repayment of principal is on quarterly basis starting from July 2009. The facility is secured by pari passu charge over existing and future assets of the Company to the tune of Rs. 189.962 million.

		Note	2011 Rupees	2010 Rupees
17	**Due to directors and associated company**			
	Loan from directors - unsecured	17.1	**136,998,800**	136,998,800
	Loan from associated company - unsecured	17.2	**59,761,657**	59,761,657
			196,760,457	**196,760,457**

17.1 The directors of the company have provided interest free loan to mitigate the working capital requirement. These loans are subordinated to the long term loans.

17.2 This represents interest free loan from M/s National Management Consultancy Services (Private) Limited, an associated company, to mitigate the working capital requirement. The loan is subordinated to long term loans.

		Note	2011 Rupees	2010 Rupees
18	**Deferred markup**			
	Commercial bank		**125,774,153**	125,774,153
	Financial institution		**4,960,351**	10,960,351
			130,734,504	**136,734,504**
19	**Current portion of long term liabilities**			
	Current maturity		**95,166,329**	215,166,329
	Term loan installments due		**32,884,658**	43,494,329
			128,050,987	**258,660,658**
20	**Trade and other payables**			
	Creditors		**13,682,555**	6,337,068
	Accrued liabilities		**11,240,876**	10,372,636
	Advance from customers	20.1	**46,764,520**	114,095,136
	Loan from director	20.2	**8,736,800**	4,700,000
	Audit fee		**300,000**	250,000
	Workers' profit participation fund	20.3	**23,829,701**	14,041,765
	Income tax deducted at source		**4,518,395**	2,945,155
	Sales tax - net		**32,366,698**	1,713,676
	Import bills for goods		**117,706,673**	22,457,160
	Others		**22,185,482**	18,160,083
			281,331,700	**195,072,679**

		Note	2011 Rupees	2010 Rupees
20.1	**Advance from customers - unsecured**			
	Advance from:			
	- Related party	20.1.1	**3,176,036**	111,409,538
	- 0thers		**43,588,484**	2,685,598
			46,764,520	**114,095,136**

20.1.1 The maximum aggregate amount due to M/s Toyo Packaging (Private) Limited and M/s Metaplast (Private) Limited at the end of any month during the year was Rs. 0.103 million (2010: 111.409 million) and Rs. 3.073 million respectively.

20.2 Loan from director

Director of the company has provided interest free loan to mitigate the working capital requirement. The amount of loan is repayable on demand.

		Note	2011 Rupees	2010 Rupees
20.3	**Workers' profit participation fund**			
	Balance at the beginning of the year		**14,041,765**	13,307,347
	Addition during the year		**9,053,518**	-
	Interest on fund utilized in company's business	20.3.1	**734,418**	734,418
			23,829,701	14,041,765
	Paid during the year		**-**	-
	Balance at the end of the year		**23,829,701**	**14,041,765**

	2011	2010
	Rupees	Rupees

20.3.1 The interest on Workers' Profit Participation Fund had been calculated on the profits for previous year as per the applicable law.

21 Accrued mark-up

Mark-up accrued on:		
- Long term loan	**63,735,633**	32,321,422
	63,735,633	**32,321,422**

22 Contingencies and commitments

22.1 Contingencies

22.1.1 The Company was allowed tax holiday under clause 118-C to the Second Schedule of the Income Tax Ordinance, 1979 for a period of eight years from the assessment year 1995-96 i.e. 1st July 1995. The company claimed tax holiday up to December 2003. The Deputy Commissioner of Income Tax reopened the assessment initially for the assessment year 1995-96 alleging that the company was not entitled to the Tax Holiday earlier allowed under the above clause. Being aggrieved by the notice under section 65 of the Income Tax Ordinance, 1979, the company filed a writ petition before the Honorable High Court of Sindh which was dismissed allegedly on account of non-maintainability. A petition for leave to appeal was filed against the dismissal of the writ petition which has been granted by the Honorable Supreme Court of Pakistan, the Honorable Supreme Court of Pakistan has also suspended the judgment of the Honorable High Court of Sindh and ordered maintenance of status quo.

The Deputy Commissioner of Income Tax then reopened the cases for the assessment years 1996-97 to 1998-99 and proceeded to finalize the assessment for the assessment year 1999-2000 under section 62 of the Income Tax Ordinance, 1979. The writ against these notices was dismissed by the Honorable High Court of Sindh whereas the civil petition for leave has been granted by the Honorable Supreme Court of Pakistan. The Honorable Supreme Court of Pakistan has also stayed the proceedings for these years.

Although the Honorable Supreme Court of Pakistan has accepted the petition for leave to appeal and the company's lawyers are very hopeful that the tax holiday will be restored. However in case of an adverse decision by the Honorable Supreme Court of Pakistan, it is certain that the Deputy Commissioner of Income Tax shall disallow the tax holiday. Subject to appeal and assuming that the Deputy Commissioner of Income Tax does not make any other addition for these years a liability of Rs. 67,938,844 will arise for which no provision has been made as the company is reasonably confident that such a contingency will not arise and the petitions shall be decided in its favour.

While finalizing the orders the assessing officers have made various mistakes, for which rectification applications have been made. No provision for these tax liabilities have been made in these financial statements because the management feels that after rectification of mistakes, there will not be any tax liability in respect of these years.

22.1.2 Bank Alfalah Limited has claimed Rs. 1.5 million against termination of lease finance facility on the account of additional lease rental at the rate of 0.1% per day on all delayed payments of rentals. The management of the Company believes that they shall settle these dues amicably. Currently no provision has been made in these financial statements.

22.1.3 NIB Bank Limited, formally PICIC Commercial Bank Limited has claimed Rs. 1.3 million against termination of Lease Finance Facility on the account of all delayed rentals/late payment charges. The management of the Company believes that they shall settle these dues amicably. Currently no provision has been made in these financial statements.

22.1.4 In continuation of Note. 16.1 the Court decided in the consent decree that in case of default in their obligations to repay the agreed liability, the Company is liable to pay the mark-up amount of Rs. 147.89 million. Currently, the Company has provided Rs. 125.77 million as a deferred mark-up and however no provision has been made for difference of Rs. 22.12 million in these financial statements. The management of the Company believes that it will be able to pay off the whole amount of principal within the time allowed and the entire mark up of Rs. 147.89 million will be waived.

22.1.5 Guarantees issued by banks on behalf of the Company to Sui Southern Gas Company Limited amounting to Rs. 2.25 million (2010: 2.25 million).

22.2 Commitment

22.2.1 Letter of credit

Letter of credit for purchase of raw material amounting to Rs. Nil (2010: Rs. 52.065 million).

22.2.2 Operating Lease

Macpac Films Limited has entered into a operating lease agreement of Primary Slitter for the period of 03 years. The lease is non-renewable.

	Note	2011 Rupees	2010 Rupees
Not later than one year		**32,020,290**	42,693,720
Later than one year and not later than five years		**-**	32,020,290
Later than five years		**-**	-
Total		**32,020,290**	**74,714,010**

23 Sales

	2011	2010
Gross sales		
- Local	**806,611,858**	110,072,158
- Export	**-**	3,077,485
- Processing income	**290,126,707**	164,280,105
	1,096,738,565	277,429,749
Sales tax	**(195,348,669)**	(47,224,570)
Special excise duty	**(13,441,402)**	(2,248,789)
	887,948,494	**227,956,390**

24 Cost of good sold

	Note	2011 Rupees	2010 Rupees
Opening stock of raw material		**5,386,507**	3,364,307
Purchases during the year		**509,159,941**	98,442,346
Raw material available for use		**514,546,448**	101,806,653
Closing stock of raw material		**(11,585,560)**	(5,386,507)
Raw material consumed		**502,960,888**	96,420,146
Other manufacturing overheads:			
Salaries, wages and other benefits	24.1	**21,520,290**	18,957,941
Oil and lubricants/diesel		**6,218,883**	2,981,198
Packing material consumed		**10,673,005**	6,568,552
Consumable stores		**2,087,609**	628,664
Water charges		**937,600**	86,598
Repair and maintenance		**5,286,502**	2,988,441
Vehicle running and maintenance		**1,110,668**	987,371
Power/electricity/gas		**57,596,614**	30,355,342
Insurance		**5,634,193**	5,568,395
Telephone		**345,713**	191,408
Cartage and octroi		**4,632,138**	2,712,255
Consultancy charges		**2,944,159**	2,160,090
Staff welfare		**906,808**	321,776
Security charges		**1,013,012**	1,493,000
Depreciation		**60,387,203**	72,867,693
Ijara rentals		**42,479,011**	35,632,086
Other expense		**1,132,404**	724,516
Transportation		**2,658,671**	2,252,823
		227,564,482	187,478,149
		730,525,370	283,898,295
Work-in-process - stock			
Opening		**15,407,860**	4,460,550
Closing		**(36,988,545)**	(15,407,860)
Cost of goods manufactured		**708,944,685**	272,950,985
Finished goods - stock			
Opening		**8,574,715**	7,426,900
Closing		**(24,203,360)**	(8,574,715)
		693,316,040	**271,803,170**

24.1 Salaries, wages and other benefits includes staff retirement benefits (gratuity) amounting to Rs.1,016,255 (2010: Rs. 1,335,860).

25 Selling and marketing expenses

	Note	2011 Rupees	2010 Rupees
Salaries, wages and other benefits	25.1	**2,426,052**	2,834,658
Vehicle maintenance		**258,932**	540,306
Traveling and accommodation		**79,133**	-
Rent, rates and taxes		**300,448**	272,250
Postage and stationery		**21,182**	10,036
Telephone		**62,500**	55,468
Power/electricity		**29,908**	31,126
Staff welfare		**5,640**	1,544
Sales promotion		**216,720**	10,400
Depreciation		**28,404**	64,944
Other expenses		**26,313**	82,921
		3,455,232	**3,903,653**

25.1 Salaries, wages and other benefits includes staff retirement benefits (gratuity) amounting to Rs.41,107 (2010: Rs. 233,900).

26 Administrative expenses	Note	2011 Rupees	2010 Rupees
Directors' remuneration		**4,905,223**	4,471,099
Salaries, wages and other benefits	26.1	**5,492,104**	5,377,513
Vehicle maintenance		**811,311**	771,994
Legal and professional charges		**668,629**	97,000
Traveling and accommodation		**744,864**	94,855
Insurance		**240,919**	197,296
Fees and subscription		**497,034**	632,158
Rent, rates and taxes		**866,324**	122,357
Advertisement		**130,400**	133,200
Postage and stationery		**314,970**	147,031
Donation		**125,000**	25,000
Consultancy charges		**500,000**	650,000
Telephone		**245,649**	274,397
News paper and periodicals		**8,168**	9,207
Bad debts expenses		**11,054,020**	1,613,162
Amortization		**66,728**	83,408
Power/electricity		**146,111**	84,300
Auditors' remuneration	26.2	**410,000**	387,000
Depreciation		**1,328,113**	1,074,580
Repair and maintenance		**242,334**	54,844
Staff welfare		**177,168**	160,929
Security charges		**240,734**	755,957
Water charges		**161,240**	413,760
Other expenses		**239,626**	364,696
		29,616,667	**17,995,743**

26.1 Salaries, wages and other benefits includes staff retirement benefits (gratuity) amounting to Rs.243,165 (2010: Rs. 399,670).

26.2 Auditors' remuneration

Audit fee	**275,000**	250,000
Half yearly review	**30,000**	30,000
Review of code of corporate governance	**30,000**	30,000
Tax consultancy	**50,000**	50,000
Other certification	**15,000**	15,000
Out-of-pocket	**10,000**	12,000
	410,000	**387,000**

27 Financial charges

Mark-up on term finance	**10,848,666**	23,712,607
Markup on annual maintenance charges	**984,083**	-
Interest on Workers' Profits Participation Fund	**734,418**	734,418
Bank charges	**713,424**	451,455
	13,280,591	**24,898,480**

		Note	2011 Rupees	2010 Rupees
28	**Other income**			
	Rent Income		**140,118**	1,651,298
	Gain on sale of fixed assets		**41,653,143**	25,046,271
	Liability no more payable		**88,334**	3,068,604
	Other		**30,000**	336,500
	Exchange (loss)/gain		**(67,677)**	33,827
			41,843,918	**30,136,500**
29	**Taxation**			
	Current	29.1	**(8,879,485)**	(1,285,137)
	Deferred		**-**	34,108,203
			(8,879,485)	**32,823,066**

29.1 Provision for taxation

29.1.1 The tax liability of the company represents the minimum tax at the rate of 1% (2010: 0.5%) of turnover under section 113 of the Income Tax Ordinance, 2001 (ITO) on local sales.

29.1.2 Relationship between tax expense at accounting profit

The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements as the total income of the company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001 or falls under final tax regime and hence tax has been provided under section 154 and 169 of the Income tax Ordinance, 2001.

		Note	2011 Rupees	2010 Rupees
30	**Earnings/(loss) per share**			
	Profit/(loss) after taxation attributable to ordinary shareholders		**172,190,879**	(27,685,090)
	Number of ordinary shares issued and subscribed at the end of the year		**38,886,000**	38,886,000
	Earnings/(loss) per share		**4.43**	**(0.71)**

There is no dilutive effect on the basic earnings/(loss) per share of the Company.

31 Defined benefit plan

31.1 General description

The company was maintaining Unfunded Gratuity for its permanent employees. The scheme provides for terminal benefits for all permanent employees who complete qualifying period of service with Macpac Films Limited at varying percentages of last drawn salary. The percentage depends on the number of service years with Macpac Films Limited.

Annual provision is based on actuarial valuation, which was carried out for the year ended June 30, 2011 by using the Projected Unit Credit Method.

31.2 Principal actuarial assumptions
Following principal actuarial assumptions were used for the valuation.

	2011 Rupees	2010 Rupees
Estimated rate of increase in salary of the employees	**14.00%**	-
Discount rate	**14.00%**	-

31.3 Amount recognized in the balance sheet

	2011 Rupees	2010 Rupees
Present value of defined benefit obligation	**9,690,177**	-
Fair value of plan assets	**-**	-
Unrecognized transitional liability	**-**	-
Unrecognized actuarial gains / (losses)	**-**	-
(Liability) / asset	**9,690,177**	**-**

31.3.1 Movement in net liability recognized

	2011 Rupees	2010 Rupees
Present value of obligation at the beginning of the year	**9,083,140**	-
Provision for the year	**1,300,527**	-
Benefits paid	**(693,490)**	-
Present value of obligation at the end of the year	**9,690,177**	-

31.4 Gratuity scheme expense recognized in the profit and loss account

	2011 Rupees	2010 Rupees
Current service cost	**1,185,959**	-
Interest cost	**1,074,637**	-
Expected return on plan assets	**-**	-
Recognition of actuarial (gain) / loss	**(246,402)**	-
Recognition of transitional (assets)/liability	**(713,668)**	-
Net expense	**1,300,527**	**-**

The Company amortizes actuarial gains and losses over the expected remaining services of current plan members.

32 Chief executive, directors and executive remuneration

The aggregate amount charged in the financial statements in respect of remuneration, perquisites and benefits to the Chief Executive, Directors and Executives are as follows:

Particulars	2011 Rupees			2010 Rupees		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
Directors' fee	-	-	-	-	-	-
Remuneration	1,500,000	2,700,000	10,558,067	1,500,000	2,700,000	9,893,146
Re-imbursement of medical expenses	526,604	150,000	129,070	80,184	150,000	142,785
Other perquisites, benefits and utilities						
Utilities	28,619	-	-	40,915	-	-
Other perquisites (Motor vehicle maintenance)	315,453	95,612	903,146	299,961	90,209	1,063,563
Total	**2,370,676**	**2,945,612**	**11,590,283**	**1,921,060**	**2,940,209**	**11,099,494**
No. of Persons	1	2	13	1	2	13

The above figures do not include amounts and facilities paid or provided for by associated companies to the Chief Executive and other directors.

33 Related party disclosures

A. Related parties with whom the company had transactions:

	Related party	Nature of transactions	2011 Rupees	2010 Rupees
i.	TOYO Packaging (Private) Limited	Sale of goods/processing charges	188,145,130	164,280,105
		Sale of generator/land and building	13,000,000	40,000,000
		Lease rentals	42,479,011	35,632,086
	Director	Loan acquired during the year	10,000,000	4,700,000
		Loan repaid during the year	5,963,200	-

B. Disclosure of transactions between the company and Associated Companies:

	Associated companies	Nature of transactions	2011 Rupees	2010 Rupees
ii.	Hilal Confectionery (Private) Limited	Sale of goods	990,464	919,482
	Kings Foods (Private) Limited	Sale of goods	7,620,163	747,783
	Metaplast (Private) Limited	Sale of goods	6,649,938	-

C. Related parties with whom the company had no transactions:

	Relationship with the company	Name of related party
iii.	Associated company	National Management Consultancy Services (Private) Limited.

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

Related party transactions are stated at prices considered equivalent to prices that would prevail in arm's length transactions substantiated in the following manner:

a) for certain goods and services at prices determined in accordance with the methods prescribed in the Fourth Schedule to the Companies Ordinance, 1984.

The related party status of outstanding balances as at June 30, 2011 are included in long term deposits, creditors, accrued & other liabilities and due to directors & associated company.

	Note	2011 Rupees	2010 Rupees
34 Cash generated form operations			
Profit/(loss) before taxation		**181,070,364**	(60,508,156)
Adjustment from non-cash charges and other items			
Depreciation		**61,743,720**	74,007,215
Amortization of software		**66,728**	83,408
Provision for bad debts		**11,054,020**	1,535,441
Provision for gratuity		**1,300,527**	1,969,430
Ijara rentals		**42,479,011**	35,632,086
Financial charges		**13,280,591**	24,898,480
Gain on sale of fixed assets		**(41,653,143)**	(25,046,271)
Other income		**(88,334)**	(3,068,604)
		88,183,120	110,011,185
		269,253,483	49,503,029
Changes in working capital	34.1	**(72,297,522)**	130,447,126
		196,955,962	179,950,155

34.1 Changes in working capital

	2011 Rupees	2010 Rupees
(Increase) / decrease in current assets		
Stock in trade	**(126,237,489)**	(14,245,422)
Trade debts	**(29,599,846)**	15,270,164
Loans and advances	**(670,457)**	(209,821)
Trade deposits and prepayments	**(418,585)**	397,436
Tax refunds due from Government	**-**	1,636,117
	(156,926,376)	2,848,474
Increase in current liabilities		
Trade and other payables	**83,055,614**	126,760,758
Income tax deducted at source	**1,573,240**	837,894
Net changes in working capital	**84,628,854**	127,598,652
	(72,297,522)	130,447,126

35 Financial instruments and related disclosures

Financial assets and liabilities

	2011						
	Interest/mark-up bearing			Non interest/mark-up bearing			
Particular	**Maturity up to one Year**	**Maturity after one Year**	**Sub Total**	**Maturity up to one Year**	**Maturity after one Year**	**Sub Total**	**Total**
Financial assets							
Long-term deposits	-	-	-	-	51,735,250	51,735,250	51,735,250
Trade debts	-	-	-	46,995,849	-	46,995,849	46,995,849
Loans and advances	-	-	-	1,785,247	-	1,785,247	1,785,247
Trade deposits and other receivables	-	-	-	7,955,998	-	7,955,998	7,955,998
Cash and bank balances	-	-	-	6,273,718	-	6,273,718	6,273,718
Total financial assets	-	-	-	63,010,812	51,735,250	114,746,062	114,746,062
Financial liabilities							
Long term loan	28,988,658	42,423,140	71,411,798	70,568,000	44,432,000	115,000,000	186,411,798
Due to director and associate	-	-	-	-	196,760,457	196,760,457	196,760,457
Deferred markup	-	-	-	-	130,734,504	130,734,504	130,734,504
Trade and other payables	-	-	-	281,331,700	-	281,331,700	281,331,700
Accrued markup	-	-	-	63,735,633	-	63,735,633	63,735,633
Total financial liabilities	28,988,658	42,423,140	71,411,798	415,635,333	371,926,961	787,562,294	858,974,092
On balance sheet gap	(28,988,658)	(42,423,140)	(71,411,798)	(352,624,522)	(320,191,711)	(672,816,233)	(744,228,031)
Unrecognized							
Letter of credit	-	-	-	-	-	-	-
Off balance sheet gap	(28,988,658)	(42,423,140)	(71,411,798)	(352,624,522)	(320,191,711)	(672,816,233)	(744,228,031)

The rate of mark-up on long term loan is 3 months KIBOR plus 3% per annum (2010: 3 months KIBOR plus 3% per annum).

35.1 Financial instruments and related disclosures

Financial assets and liabilities

	2010						
	Interest/mark-up bearing			Non interest/mark-up bearing			
Particular	**Maturity up to one Year**	**Maturity after one Year**	**Sub Total**	**Maturity up to one Year**	**Maturity after one Year**	**Sub Total**	**Total**
Financial assets							
Long-term deposits	-	-	-	-	52,063,300	52,063,300	52,063,300
Trade debts	-	-	-	28,450,023	-	28,450,023	28,450,023
Loans and advances	-	-	-	1,114,790	-	1,114,790	1,114,790
Trade deposits and other receivables	-	-	-	7,532,190	-	7,532,190	7,532,190
Cash and bank balance	-	-	-	176,613	-	176,613	176,613
	-	**-**	**-**	**37,273,616**	**52,063,300**	**89,336,916**	**89,336,916**
Financial liabilities							
Long term loan	56,988,658	56,988,658	113,977,316	201,672,000	126,104,000	327,776,000	441,753,316
Due to director and associate	-	-	-	-	196,760,457	196,760,457	196,760,457
Deferred markup	-	-	-	-	136,734,504	136,734,504	136,734,504
Trade and other payables	-	-	-	195,072,679	-	195,072,679	195,072,679
Accrued markup	-	-	-	32,321,422	-	32,321,422	32,321,422
Total financial liabilities	56,988,658	56,988,658	113,977,316	429,066,101	459,598,961	888,665,062	1,002,642,378
On balance sheet gap	(56,988,658)	(56,988,658)	(113,977,316)	(391,792,485)	(407,535,661)	(799,328,146)	(913,305,462)
Unrecognized							
Letter of credit	-	-	-	52,065,634	-	-	52,065,634
Off balance sheet gap	(56,988,658)	(56,988,658)	(113,977,316)	(443,858,119)	(407,535,661)	(799,328,146)	(965,371,096)

35.2 Concentration of credit risk and credit risk exposure

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The Company believes that it is not exposed to major concentration of credit risk as the exposure is spread over a number of counter parties. To manage exposure to credit risk, Company applies credit limit to its customers. Out of total financial assets of Rs. 114.669 million (2010: Rs.89.177 million), financial asset which are subject to credit risk are as follows:

	Note	**2011 Rupees**	2010 Rupees
Long term deposits		**51,735,250**	52,063,300
Trade debts		**46,995,849**	28,450,023
Loans and advances		**1,785,247**	1,114,790
Trade deposits and other receivables		**7,955,998**	7,532,190
Bank balances		**6,197,535**	17,217
		114,669,879	**89,177,520**

Due to the Company's long standing relations with the counterparties, the management does not expects non performance by these counterparties on their obligations to the Company.

Aging of trade debts at the balance sheet date is as under:

Not past due	**31,617,129**	346,539
Past due 0-30 days	**6,762,772**	12,534,642
Past due 30-60 days	**4,094,611**	3,514,179
Past due 60-90 days	**2,198,169**	232,678
Past due 90 above	**16,773,200**	15,735,211
Less: provision for doubtful debts	**(14,450,032)**	(3,913,226)
	46,995,849	**28,450,023**

The movement in provision for doubtful debts in respect of trade receivables during the year was as follows:

Balance at July 01	**3,913,226**	2,377,785
Provision during the year	**10,536,806**	1,535,441
Balance at June 30	**14,450,032**	**3,913,226**

The allowance accounts in respect of trade receivables are used to record provision for doubtful debts unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount considered doubtful is provided against trade receivables.

35.3 Market risk exposure

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity price will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

35.4 Financial currency risk management

Currency risk is the risk that the fair value or future cash flow of the financial instruments, will fluctuate because of changes in foreign currency rates. Foreign currency risk arises mainly where payables exist due to foreign currency transactions. The Company is exposed to currency risk on bills payables in foreign currency. The Company is not significantly exposed to the currency risk. The total foreign currency risk exposure was Rs. 117.706 million (2010: Rs. 22.457 million) in respect of bills payables.

Sensitivity analysis

The 10 percent strengthening of Pak Rupee against US$ at June 30, 2011 would have increased (decreased) profit and loss by amount Rs. 11.77 million. This analysis assumes that all other variables remain constant.

The 10 percent weakening of the Pak Rupee against US$ at June 30, 2011 would have the equal but opposite effect on US$ to the amount shown above, on the basis that all other variables remain constant.

35.5 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flow of the financial instruments will fluctuate because of the changes in market rates. The Company interest rate arises from short term borrowings obtained with floating rates. All the borrowings of the Company are obtained in the functional currency.

Sensitivity analysis

If the interest rate had increased / decreased by 100 basic points at the reporting date, with all the other variables held constant, profit for the year and the equity would have been lower / higher by Rs. 0.714 million respectively.

35.6 Equity risk

The Company is not exposed to any equity risk.

35.7 Liquidity risk exposure

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customers. The Company's approach to manage liquidity risk is to maintain sufficient level of liquidity based on expected cash flow by holding highly liquid assets and maintaining sufficient reserve borrowing facilities. This include maintenance of balance sheet liquidity ratios through working capital management.

Assets and liabilities maturing within twelve months are prescribed in note 35.

35.8 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanges or a liability be settled between knowledgeable willing parties, in an arms' length transaction. As at reporting date, the fair value of all financial instruments are considered to approximate their book value.

35.9 Capital risk management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order 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 finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

The Company is not subject to any externally imposed capital requirements.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

Gearing ratio

The gearing ratio at end of the year is calculated as follows:

	Note	2011 Rupees	2010 Rupees
Total debt	35.9.1	**383,172,254**	638,513,772
Less: Cash and bank balances		**6,273,718**	176,613
Net debt		**376,898,536**	638,337,159
Total equity	35.9.2	**103,120,635**	(69,070,243)
Total capital		**480,019,171**	569,266,916
Gearing ratio		**78.52%**	112.13%

35.9.1 Total debt is defined as long term and due to directors and associated companies (excluding derivatives) as defined in notes 16 and 17 of these financial statements.

35.9.2 Total equity includes all capital and reserves of the Company that are managed as capital.

36 Capacity and production

	2011		2010	
	Capacity	Production	Capacity	Production
Operational capacity	------------------------- Tons		-------------------------	
BOPP - Port Qasim Authority	15,000	6,564	15,000	3,295
BOPP - Gadani Baluchistan (sold out during the year)	-	-	3,000	18

37 Correspondence figures

Prior year's figures have been reclassified for the purpose of better presentation and comparison. Changes made during the year are as follows:

Reclassified from	Reclassified to	Amount in Rupees
Non-current liabilities	**Current liabilities**	
Deferred markup	Accrued markup	13,000,000
Financial charges	**Cost of goods sold**	
Ijara rentals	Ijara rentals	35,632,086

38 Number of employees

Total number of employees at the year end was 60 (2010: 62)

39 Date of issue

These financial statements were authorized for issue on October 7, 2011 by the Board of the Company.

40 General

Figure have been rounded to the nearest rupee.

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2011

NO. OF SHARE HOLDERS	FROM	TO	TOTAL SHARES HELD
69	1-	100	1,468
597	101-	500	292,685
183	501-	1,000	181,728
235	1,001-	5,000	655,343
61	5,001-	10,000	480,390
19	10,001-	15,000	251,893
15	15,001-	20,000	269,773
5	20,001-	25,000	113,900
1	25,001-	30,000	30,000
2	30,001-	35,000	69,000
4	35,001-	40,000	151,214
6	40,001-	45,000	254,127
6	45,001-	50,000	295,437
3	50,001-	55,000	159,201
3	95,001-	100,000	295,500
1	100,001-	105,000	102,610
3	105,001-	110,000	318,500
1	125,001-	130,000	129,502
3	145,001-	150,000	445,278
1	180,001-	185,000	182,143
2	210,001-	215,000	425,500
1	220,001-	225,000	224,694
1	255,001-	260,000	259,399
1	365,001-	370,000	369,750
1	445,001-	450,000	450,000
1	490,001-	495,000	495,000
1	1,450,001-	1,455,000	1,451,193
1	2,730,001-	2,735,000	2,732,143
1	4,665,001-	4,670,000	4,666,000
1	5,825,001-	5,830,000	5,827,235
1	8,460,001-	8,465,000	8,464,179
1	8,840,001-	8,845,000	8,841,215
1231			**38,886,000**

CATEGORY NO.	CATEGORIES OF SHAREHOLDERS	NUMBER OF SHARES HELD	NUMBER OF SHAREHOLDERS	CATEGORY WISE NUMBER OF SHARES HELD	PERCENTAGE OF SHARES HELD(%)
1.	INDIVIDUALS	–	1,201	6,411,446	16.49
2.	INVESTMENT COMPANIES	–	1	14,500	0.04
3.	JOINT STOCK COMPANIES	–	20	244,454	0.62
4.	DIRECTORS, CHIEF EXECUTIVE OFFICER AND THEIR SPOUSE AND MINOR CHILDREN		7	27,543,108	70.83
	MR. MAQBOOL ELAHI	8,841,215			
	MRS. RUKHSANA MAQBOOL	8,464,179			
	MR. NAEEM ALI MOHAMMAD	5,827,235			
	MR. MUHAMMAD SADIQ KHAN	1,451,193			
	MS. SANA MAQBOOL	2,732,143			
	MR. MUHAMMAD AZIM DAUDPUTA	45,000			
	MR. SHARIQ MAQBOOL	182,143			
5.	EXECUTIVES	–	–	–	–
6.	NIT / ICP	–	–	–	–
7.	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	–	–	–	–
8.	PUBLIC SECTOR COMPANIES AND CORPORATIONS	–	–	–	–
9.	BANKS, DFIs, NBFIs, INSURANCE COMPANIES, MODARABAS & MUTUAL FUNDS	–	1	6,492	0.02
10.	FOREIGN INVESTORS	–	–	–	–
11.	CO-OPERATIVE SOCIETIES	–	–	–	–
12.	CHARITABLE TRUSTS	–	–	–	–
13.	OTHERS	–	1	4,666,000	12.00
	TOTAL	–	1,231	38,886,000	100.00

SHARE HOLDERS HOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANY

TOTAL PAID-UP CAPITAL OF THE COMPANY	38,886,000 SHARES
10% OF THE PAID-UP CAPITAL OF THE COMPANY	3,888,600 SHARES

NAME(S) OF SHARE-HOLDER(S)	DESCRIPTION	NO OF SHARES HELD	PERCENTAGE %
MR. MAQBOOL ELAHI	FALLS IN CATEGORY # 4	8,841,215	22.74
MRS. RUKHSANA MAQBOOL	FALLS IN CATEGORY # 4	8,464,179	21.77
MR. NAEEM ALI MOHAMMAD	FALLS IN CATEGORY # 4	5,827,235	14.99
EMPLOYEES OLD-AGE BENEFITS INSTITUTION	FALLS IN CATEGORY # 13	4,666,000	12.00
	TOTAL	27,798,629	71.49

FORM OF PROXY

I/We____

of____

being member(s) of MACPAC FILMS LIMITED holding__________________________

ordinary shares hereby appoint____________________________________

of__________________________or failing him/her__________________________

of________________________________who is/ are also member(s) of MACPAC FILMS LIMITED as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 16th Annual General Meeting of the company to be held on October 29, 2011, at F/2, A-F, S.I.T.E., Karachi and/or any adjournment thereof.

As witness my/our hand(s) this______________________day of____________________2011.

Signed by____

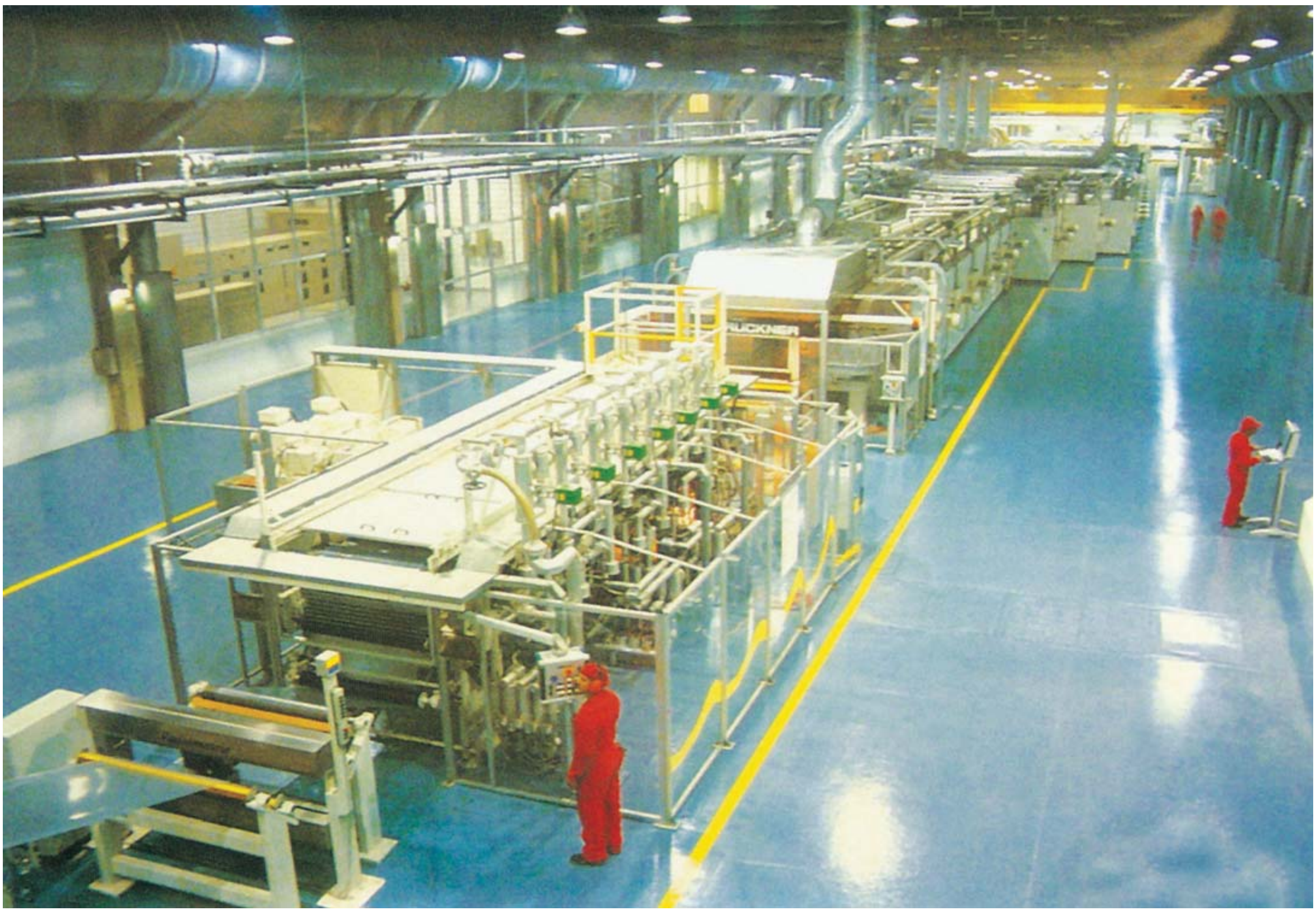
in the presence of____

Folio No.

Signature

Note:

1. The Proxy Form should be deposited in the Registered Office of the Company, as soon as possible but not later than 48 hours before the time of holding the meeting, failing which, Proxy Form will not be treated as valid.
2. No Person shall act as proxy unless he/she is a member of the Company.



MACPAC FILMS LTD.

Registered Office: F/2, A-F, S.I.T.E. Karachi.
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E-mail : macpac@cyber.net.pk
Website : www.macpac.com.pk
Factory : Plot No. EZ/1/P-10, Eastern Industrial Zone
Port Qasim Area.