



GROWING A DREAM

ANNUAL REPORT 2012

Manufacturers of Multi Layer Co-extruded BOPP & CPP Films

MACPAC FILMS LTD.



HIGHLIGHTS OF 2012



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BUSINESS STRENGTHS



- ▷ **Pioneers** of BOPP film making, having strong brand identity and reasonable customer equity.

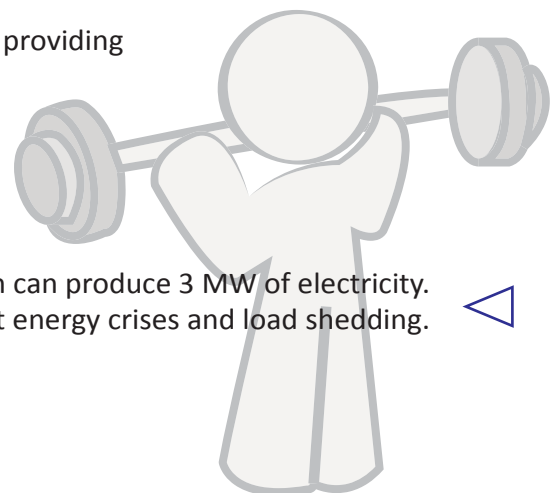
Completely **automated** Brukners plant which can produce superior quality films with less wastage and higher efficiency.

- ▷ **Strong relationships** with our stakeholders and our suppliers are committed to provide quality services with market compatible rates and credit terms.

Top management is **focused** and believes in continuous improvement.

- ▷ Not only satisfying the real need of our customers but also providing **quality service** with on time delivery.

Own power generation plant which can produce 3 MW of electricity. So we are completely hedged against current energy crises and load shedding.



COMPANY INFORMATION

Board of Directors

Mr. Maqbool Elahi Shaikh Chief Executive
Air Marshal Azim Daudpota*
Mr. Ehtesham Maqbool Elahi
Mr. Mohammad Sadiq Khan
Mr. Naeem Ali Mohammad Munshi
Mrs. Sana Nauman
Mr. Shariq Maqbool Elahi

Chief Financial Officer & Company Secretary

Mr. Israr Ullah Khan **

Auditors

Avais Hyder Liaquat Nauman
Chartered Accountants

Bankers

Al-Baraka Bank Pakistan Private Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
NIB Bank Limited

Legal Advisor

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

Share Registrar

Nobel Computer Services (Pvt.) Limited
First floor, House of Habib building
(Siddiqsons Tower)
3-Jinnah Cooperative Housing Society
Main Shahrah-e-Faisal,
Karachi – 75350
Tel: 021-34325482-87
Fax: 021-34325442

Registered Office

F/2, A-F, S.I.T.E., Karachi
Tel: 021-32576341-2
Fax: 021-32579060

City Office

43-H, 2-A, P.E.C.H.S., Block-6, Karachi
Tel: 021-34305811-13
Fax: 021-34305810
Email: macpac@cyber.net.pk

Factory

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

Website

www.macpac.com.pk

* Effective August 30, 2012 Air Marshal Azim Daudpota has been appointed as Chairman to the Board of Directors, succeeded by Mr. Maqbool Elahi Shaikh.

**Effective September 12, 2012 Mr. M. Javid Ansari has been appointed as Company Secretary.

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.

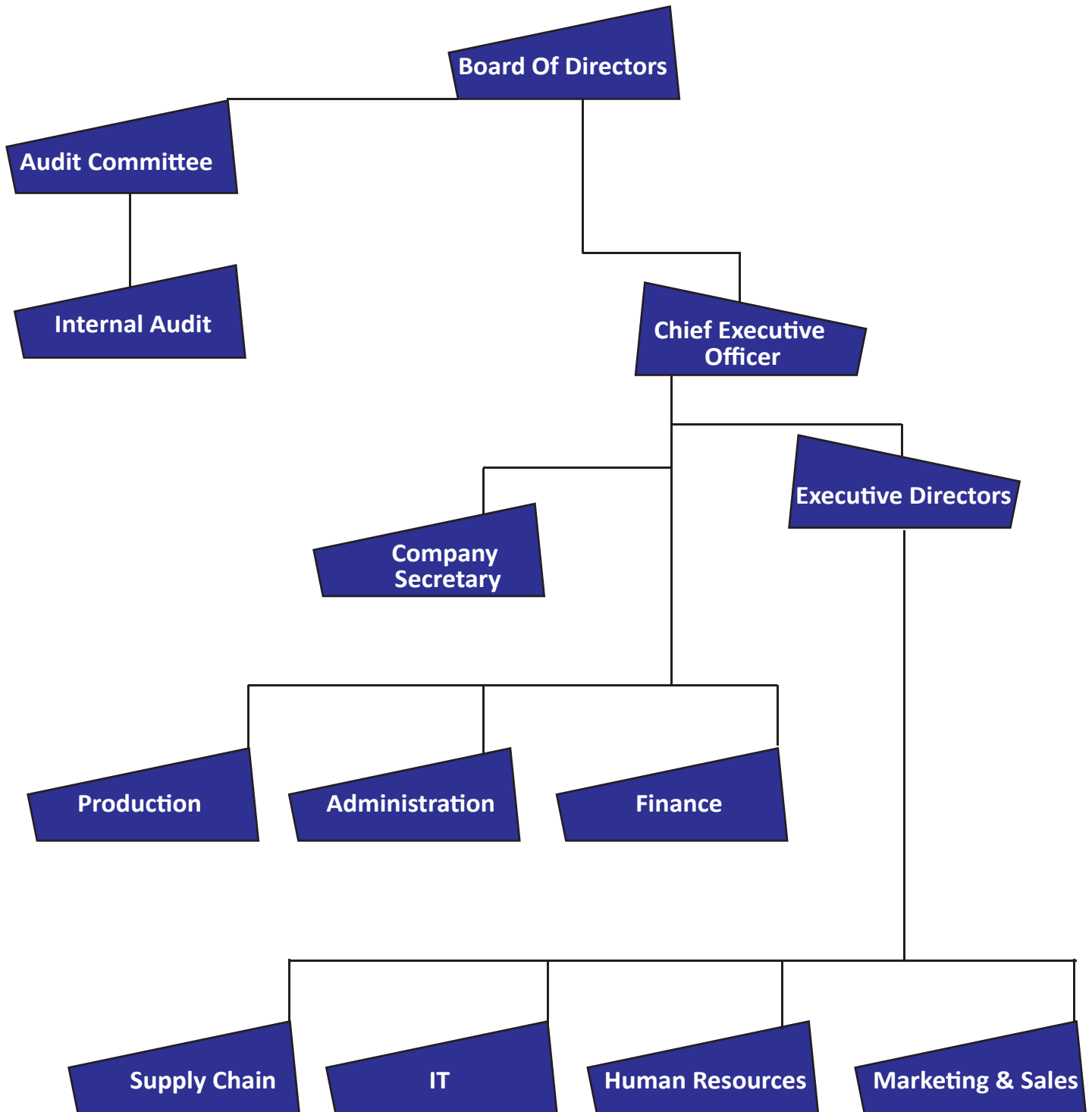
Aim to keep the highest level of quality in the manufacture of its products thereby adding value for all stakeholders.

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 citizens.



ORGANOGRAM



STATEMENT OF ETHICS

- ▶ Macpac Films Limited will conduct its business honestly and ethically.
- ▶ Personal interests must never be permitted to conflict, or appear to conflict, with the interests of the Company, its clients or affiliates.
- ▶ All applicable laws and regulations including labor laws and equal opportunity must be complied with.
- ▶ Directors, officers and employees must act with respect and responsibility towards others in all of their dealings.
- ▶ All Company policies and procedures including Company's Code of Conduct must be followed.
- ▶ The Company's core values must be upheld at all times.

REMEMBER
GOOD THAT
GOOD ETHICS
IS GOOD
BUSINESS!



HEALTH, SAFETY & ENVIRONMENT POLICY

It is our policy at MACPAC Films Limited that in the conduct of our production business we are committed to the health and safety of employees, subcontractors, hired persons, customers and general public. We are also committed to safeguard our natural environment. Our health, safety and environment objectives are equal in status to our other business activities. Line management and supervision is responsible for implementing these objectives.

OBJECTIVES

Remaining within the framework of the Health, Safety and Environment policy and Pakistan's legislative requirements, we will progressively strive to :

- 1- Prevent all production incidents.
- 2- Prevent other incidents/accidents at our business sites, machines and installations.
- 3- Prevent all occupational diseases and promote the health of our employees and the people who work with us.
- 4- Minimize the impact of our operation on the environment.
- 5- Adopt work practices that are safe and environment-friendly.
- 6- Develop systems and individual personal responsibilities for Health, Safety and Environment.
- 7- Encourage involvement of employees in Health, Safety and Environment affairs.



QUALITY POLICY

Macpac Films is committed to improve and provide best quality of products to its valuable customer at competitive rates, product reliability and fulfill the requirement related to product and services.

Macpac Films is also committed to achieve the **CUSTOMER SATISFACTION** through full commitment in implementing ISO 9001:2008 for continual improvement.

It is the policy of **Macpac Films** to provide training to its employees for improving efficiency, skills and professionalism.



*ISO 9001: 2008 certification effective from August 30, 2012.

PRODUCT PROFILE

PACKAGING IS THE FIRST INTRODUCTION OF A PRODUCT TO ITS CONSUMER.

Bi-axially Oriented Polypropylene (BOPP) films are designed for flexible packaging and label applications.

MACPAC Films Limited offer a wide variety of supreme quality BOPP Films of multiple grades to cater the packaging needs of our valuable customers; whilst maintaining high quality standards at the most up-to-date European Plant.

FEATURES

- Improved Stiffness
- Dimensional Stability and Flatness
- Excellent Clarity
- High Tensile Strength
- Excellent Optic
- Low electrostatic Charge
- High Gloss
- Excellent Performance on high speed machines
- Recyclable and Reusable

GRADES

We excel in producing the following grades, ranging from thickness of 12 microns up to 60 microns.

- PLAIN
- SEALABLE
- PEARLIZED
- MATT
- METALIZABLE

APPLICATIONS



UPCOMING GRADES

- METALIZED
- PEARL METALIZED

For more information on the products, visit <http://macpac.com.pk/products.aspx>

BOARD OF DIRECTORS

CHIEF EXECUTIVE OFFICER **Mr. Maqbool Elahi Shaikh**

He is the Pioneer of BOPP Films in Pakistan and his contributions to the Plastics Packaging Films Industry of Pakistan are recognized by all. Major contributions include introducing vast ranges of packaging films starting from cellophane, BOPP, metalized and CPP films in Pakistan. He introduced BOPP films in 1980 and bought the country's first line of BOPP films machinery in 1985, first packing metalizer in 1985 and first CPP line in 2001.

He is one of the major founders of Macpac Films Ltd. His depth of industry knowledge combined with his four decades experience rightly fits him as the commander in chief of the Company. His strategic commitment is to steer the Company through modern management techniques under his strong leadership.

CHAIRMAN **Air Marshal Azim Daudpota**

He has served on various boards and held many honorary positions in the Country such as Air Marshal of the Pakistan Air Force, Governor of Sindh, MD and Chairman – PIA and Chairman – PIDC. He carries with him years of leadership experience and the strength of enormous humbleness, insight, vision and true direction that is required to inspire and lead the Company's Board as Chairman.

DIRECTOR **Mr. Ehtesham Maqbool Elahi**

Having about 5 years of experience with the Company as part of Senior Management, he recently joined the Board and is a certified director from PICG. He is a Management graduate from an International University. His role as an Executive Director is to help take the Company to new achieved boundaries. Sharing and taking forward the vision of the CEO and the Board, he is committed to take the Company to new heights via newly adapted management practices.



DIRECTOR **Mr. Mohammad Sadiq Khan**

As an Executive Director, he commands all external and public affairs of the Company. His vast experience of more than 25 years in the Packaging Industry adds great value and expertise to the Board and he is an integral supporting pillar of the Company. He is also the Chairman of the Audit Committee of the Board.

DIRECTOR **Mr. Naeem Ali Mohammad Munshi**

He is the CEO of Hilal Confectionary (Pvt.) Ltd, associated since 1978 and has been serving as a Non-Executive Director of Macpac Films Ltd. since inception. He graduated from Sindh University, Hyderabad. His experience of successfully managing one of the largest confectionary business gives Macpac an integral insight deep into the customer demands and trends of the end users. He is also the Chairman of the HR Committee of the Board.

DIRECTOR **Mrs. Sana Nauman**

Holding a bachelors degree in textile designing, she adds creative ideas and value to the Board. Her significance as the only woman on the Board emanates from the added diversity, extra energy and vibrancy.

DIRECTOR **Mr. Shariq Maqbool Elahi**

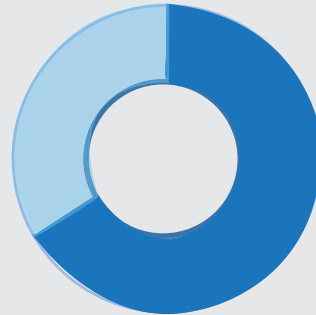
He is the packaging technical mind of the Board. With years of experience of leading and turning around a downward integrated industry, he adds immense value to the Board by his understanding of the business from his first hand experience and serves as a Non-Executive Director on the Board.

BOARD COMMITTEES

HR COMMITTEE

Members

- Mr. Naeem Ali Mohammad Munshi (Chairman)
- Mr. Shariq Maqbool Elahi (Non-Executive Director)
- Mr. Ehtesham Maqbool Elahi (Executive Director)



- Non-Executive Directors
- Executive Directors

Terms of Reference

Composition

The HR&R Committee shall have at least three members comprising a majority of non-executive directors.

Purpose

The HR&R Committee is appointed by the Board to assist the Board in fulfilling its responsibilities relating to leadership development and compensation of the Company's directors, executive officers and other key management personnel.

Meetings

The Committee shall meet on as required basis or when directed by the Board.

The Company Secretary sets the agenda, time, date and venue of the meeting in consultation with the Chairman of the Committee.

The Secretary of the Committee shall submit the minutes of the meeting duly signed by its Chairman to the Company Secretary. These minutes are then circulated to the Board.

Responsibilities

The HR&R Committee has the following responsibilities:

- Recommend significant human resource management policies to the Board.
- Recommend to the Board, the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO.
- Recommend to the Board, the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit.
- Consider and approve on recommendation of the CEO on such matters for key management positions who report directly to CEO or COO.
- Consider and approve recommendations of the HR Executive Committee.
- Report regularly to the Board following meetings of the Committee.



AUDIT COMMITTEE

Members

- Mr. Mohammad Sadiq Khan (Chairman)
- Mr. Shariq Maqbool Elahi (Non-Executive Director)
- Air Marshal Azim Daudpota (Non-Executive Director)

Terms of Reference

Purpose

To assist the Board of Directors in fulfilling its oversight responsibilities for (1) the integrity of the Company's financial statements, (2) the Company's compliance with legal and regulatory requirements, (3) the independent auditor's qualifications and independence, and (4) the performance of the Company's internal audit function and independent auditors.

Responsibilities

In the absence of strong grounds to proceed otherwise, the Board of Directors acts in accordance with the recommendations of the Audit Committee in the following matters:

- Determination of appropriate measures to safeguard the Company's assets.
- Review of preliminary announcements of results prior to publication.
- Review of quarterly, half yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on :

- Major judgmental areas,
- Significant adjustments resulting from the audit,
- The going concern assumption,
- Any change in accounting policies and practices,
- Compliance with applicable accounting standards,
- Compliance with listing regulations and other statutory and regulatory requirements.

- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence

of Management, where necessary).

- Review of Management Letter issued by external auditors and Management's response thereto.
- Ensuring coordination between the internal and external auditors of the Company.
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- Consideration of major findings of internal investigations and Management's response thereto.
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
- Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors.
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.
- Determination of compliance with relevant statutory requirements.
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.
- Consideration of any other issue or matter as may be assigned by the Board of Directors.

Corporate Calender 2012

- September 29, 2011 - Participation in the Plasti & Pack 2011 Exhibition at Lahore Expo Center
- October 07, 2011 - Board Meeting to approve the audited accounts for 2011
- October 29, 2011 - 16th Annual General Meeting
1st Quarter Board and Audit Committee Meeting
- February 28, 2012 - 2nd Quarter Board and Audit Committee Meeting
- April 30, 2012 - 3rd Quarter Board and Audit Committee Meeting

EXPANSION PLAN

‘We, as the pioneers of BOPP films in Pakistan firmly believe in continuous product innovation.’

In order to expand our Company’s Product Portfolio, fulfill market requirements and boost the Company’s Value Added Product sales; the Company has signed an MOU with a world renowned manufacturer, for import of a BOPP Metalizer and Slitter adding capacity of 500 tons per month of Metalized film to the Company’s existing Portfolio.

METALIZER PROJECT



SHAREHOLDERS' INFORMATION

Registered Office

F/2, A-F, S.I.T.E., Karachi
 Tel: 021-32576341-2
 Fax: 021-32579060

City Office

43-H, 2-A, P.E.C.H.S., Block-6, Karachi
 Tel: 021-34305811-13
 Fax: 021-34305810
 Email: macpac@cyber.net.pk

Shares Registrar

Nobel Computer Services (Pvt.) Limited
 First floor, House of Habib building
 (Siddiqsons Tower)
 3-Jinnah Cooperative Housing Society
 Main Shahrah-e-Faisal
 Karachi - 75350
 Ph: 021-34325482-87
 Fax: 021-34325442

Listing on Stock Exchanges

Shares of Macpac Films Limited are listed on Karachi and Lahore Stock Exchanges.

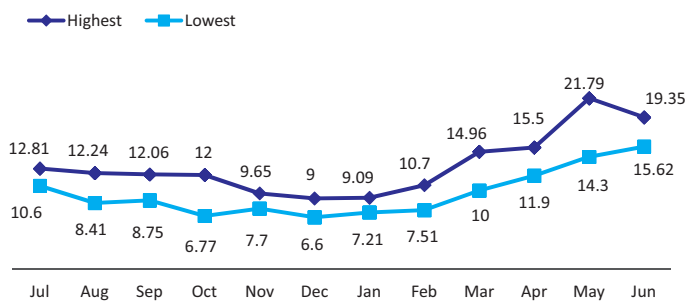
Stock Code

The stock code for dealing in equity shares of Macpac Films Limited at KSE and LSE is MACFL

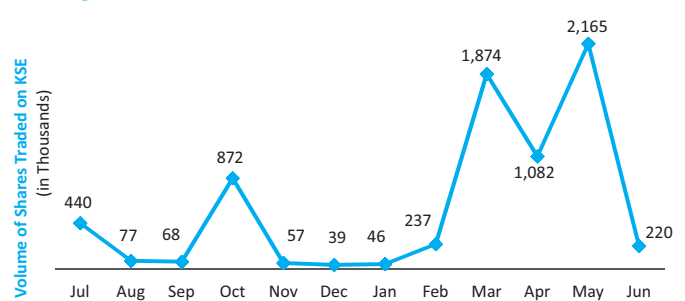
Contact Person

Mr. M. Javid Ansari
 Company Secretary
 Email: company.secretary@macpacfilms.com
 Tel: +92-21-34305811-13 Ext. 114

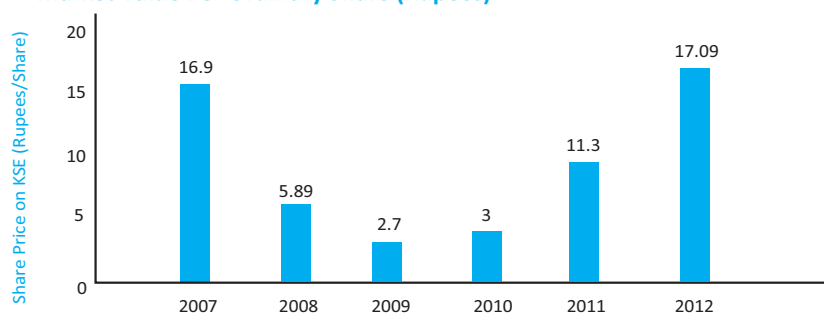
Share Price Movement



Trading Volumes



Market Value Per Ordinary Share (Rupees)



Pattern of Shareholding

As at June 30, 2012

Shareholding		Number of Shareholders	Total shares held
From	To		
1	100	97	2,538
101	500	580	282,450
501	1,000	190	185,992
1,001	5,000	283	785,299
5,001	10,000	69	533,824
10,001	15,000	24	305,567
15,001	20,000	25	452,729
20,001	25,000	5	115,000
25,001	30,000	6	172,539
30,001	35,000	1	33,162
35,001	40,000	2	73,177
40,001	45,000	4	169,650
45,001	50,000	2	94,990
50,001	55,000	1	54,000
80,001	85,000	1	82,266
95,001	100,000	5	499,124
100,001	105,000	1	102,610
105,001	110,000	1	105,500
110,001	115,000	1	115,000
115,001	120,000	1	117,912
170,001	175,000	1	170,498
180,001	185,000	2	366,627
190,001	195,000	1	195,000
195,001	200,000	2	400,000
220,001	225,000	1	223,831
365,001	370,000	1	369,750
395,001	400,000	1	400,000
490,001	495,000	1	495,000
1,450,001	1,455,000	1	1,451,193
2,730,001	2,735,000	1	2,732,143
4,665,001	4,670,000	1	4,666,000
5,825,001	5,830,000	1	5,827,235
8,460,001	8,465,000	1	8,464,179
8,840,001	8,845,000	1	8,841,215
Total		1,315	38,886,000

Details of Shareholding

Shareholders' category	Number of shareholders	Number of shares held	Category wise number of shares held	Percentage of shares held (%)
Individuals	1,284		6,160,819	15.84
Investment Companies	1		14,500	0.04
Joint Stock Companies	18		423,931	1.09
Directors and their Spouse(s) and Minor Children	8		27,583,758	70.93
Mr. Maqbool Elahi Shaikh		8,841,215		
Air Marshal Azim Daudpota		45,000		
Mr. Ehtesham Maqbool Elahi		40,650		
Mr. Mohammad Sadiq Khan		1,451,193		
Mr. Naeem Ali Mohammad Munshi		5,827,235		
Mrs. Sana Nauman		2,732,143		
Mr. Shariq Maqbool Elahi		182,143		
Mrs. Rukhsana Maqbool w/o Mr. Maqbool Elahi Shaikh		8,464,179		
Executives	NIL		NIL	
Associated Companies , Undertakings And Related Parties	NIL		NIL	
Public Sector Companies And Corporations	NIL		NIL	
Banks, Dfis, Nbfis, Insurance Companies, Takaful, Modarabas & Pension Funds	1		6,492	0.02
Mutual Funds	2		30,500	0.08
MCBFSL - Trustee Pak Oman Advantage Asset Allocation Fund		25,000		
CDC - Trustee NAFA Stock Fund		5,500		
Foreign Investors	NIL		NIL	
Co-Operative Societies	NIL		NIL	
Charitable Trusts	NIL		NIL	
Others	1		4,666,000	12.00
Total	1,315		38,886,000	100.00

Shareholders' holding Ten percent or more voting interest in the Company

Total Paid-up capital of the Company		38,886,000	Shares
5% of the Paid-up capital of the Company		1,944,300	Shares
Shareholders	Description	Number of shares held	Percentage (%)
Mr. Maqbool Elahi Shaikh	Director	8,841,215	22.74
Mrs. Rukhsana Maqbool	Director's spouse	8,464,179	21.77
Mr. Naeem Ali Mohammad Munshi	Director	5,827,235	14.99
Employee'S Old-Age Benefits Institution	Other	4,666,000	12.00
Mrs. Sana Nauman	Director	2,732,143	7.03
Total		30,530,772	78.51

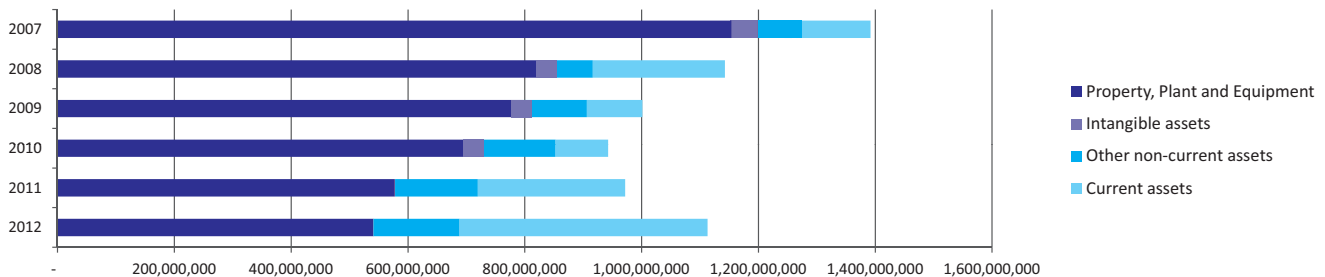
HORIZONTAL ANALYSIS

	2012		2011		2010		2009		2008		2007	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Balance Sheet												
Property, Plant and Equipment	540,839,060	(6.3)	577,507,431	(18.7)	710,061,643	(10.9)	796,740,542	(5.2)	840,751,886	(32.5)	1,245,170,696	(9.2)
Intangible assets	213,528	(20.0)	266,912	(20.0)	333,640	(20.0)	417,048	100.0	-	-	-	-
Other non-current assets	147,503,671	4.0	141,840,500	(0.2)	142,168,550	30.2	109,234,347	63.8	66,689,236	536.9	10,470,776	(124.0)
Current assets	435,018,907	66.6	261,049,545	189.8	90,091,441	(5.2)	95,001,538	(58.0)	226,153,021	65.9	136,308,910	(23.1)
Total assets	1,123,575,166	14.6	980,664,388	4.0	942,655,274	(5.9)	1,001,393,475	(11.7)	1,133,594,143	(18.6)	1,391,950,382	(7.5)
Share capital	388,860,000	-	388,860,000	-	388,860,000	-	388,860,000	-	388,860,000	-	388,860,000	-
Reserves	79,930,000	-	79,930,000	-	79,930,000	-	79,930,000	-	79,930,000	-	79,930,000	-
Unappropriated losses	(107,433,374)	(70.6)	(365,669,365)	(32.0)	(537,860,243)	5.4	(510,175,153)	27.4	(400,536,319)	71.4	(233,723,751)	156.3
Non-current liabilities	332,676,070	(15.9)	395,545,948	(26.6)	538,670,758	0.2	537,430,126	(15.8)	638,156,888	(24.5)	845,073,623	67.3
Current liabilities	429,542,470	(10.9)	481,997,805	1.9	473,054,759	(6.4)	505,348,502	18.3	427,183,574	37.0	311,810,510	(49.9)
Total equity and liabilities	1,123,575,166	14.6	980,664,388	4.0	942,655,274	(5.9)	1,001,393,475	(11.7)	1,133,594,143	(18.6)	1,391,950,382	(7.5)

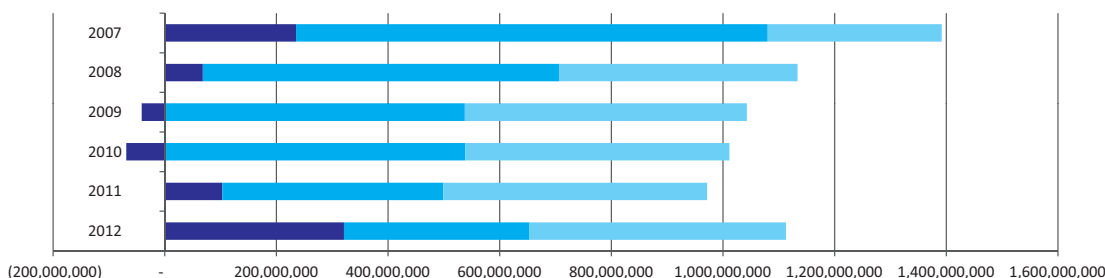
Operating Results

Net sales	1,195,444,744	34.6	887,948,494	289.5	227,956,390	71.3	133,066,218	(60.3)	335,116,290	(17.6)	406,891,529	(14.6)
Cost of sales	(906,076,912)	30.7	(693,316,040)	193.6	(236,171,084)	24.0	(190,446,416)	(47.7)	(363,934,038)	(21.0)	(460,607,097)	(1.8)
Gross profit / (loss)	289,367,832	48.7	194,632,454	(2,469.3)	(8,214,694)	(85.7)	(57,380,198)	99.1	(28,817,748)	(46.4)	(53,715,568)	(835.4)
Marketing and selling expenses	(5,922,481)	71.4	(3,455,232)	(11.5)	(3,903,653)	(19.6)	(4,856,156)	(38.6)	(7,911,361)	(11.2)	(8,910,078)	64.1
Administrative expenses	(25,442,364)	(14.1)	(29,616,667)	64.6	(17,995,743)	0.8	(17,855,322)	(15.3)	(21,085,892)	10.0	(19,161,008)	5.8
Operating profit / (loss)	258,002,987	59.7	161,560,555	(636.5)	(30,114,090)	(62.4)	(80,091,676)	38.5	(57,815,001)	(29.3)	(81,786,654)	403.9
Finance Costs	(2,357,184)	(82.3)	(13,280,591)	(78.1)	(60,530,566)	24.3	(48,703,774)	(49.7)	(96,845,005)	(20.2)	(121,432,884)	66.9
Other income	41,084,859	(1.8)	41,843,918	38.8	30,136,500	5.8	28,475,505	1,074.1	2,425,376	100.1	1,212,083	100.0
Other Expenses	(26,540,224)	193.1	(9,053,518)	100.0	-	-	-	-	(78,301,168)	100.0	-	-
Profit / (loss) before taxation	270,190,438	49.2	181,070,364	(399.2)	(60,508,156)	(39.7)	(100,319,945)	(56.5)	(230,535,798)	14.1	(202,007,455)	127.0
Taxation	(11,954,447)	34.6	(8,879,485)	(127.1)	32,823,066	(452.2)	(9,318,889)	(114.6)	63,723,230	7.1	59,476,532	(167.1)
Net profit / (loss) for the year	258,235,991	50.0	172,190,879	(722.0)	(27,685,090)	(74.7)	(109,638,834)	(34.3)	(166,812,568)	17.0	(142,530,923)	(19.8)

Balance Sheet Analysis - Assets



Balance Sheet Analysis - Equity and Liabilities



VERTICAL ANALYSIS

	2012		2011		2010		2009		2008		2007	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Balance Sheet												
Property, Plant and Equipment	540,839,060	48.1	577,507,431	58.9	710,061,643	75.3	796,740,542	79.6	840,751,886	74.2	1,245,170,696	89.5
Intangible assets	213,528	0.0	266,912	0.0	333,640	0.0	417,048	0.0	-	-	-	-
Other non-current assets	147,503,671	13.1	141,840,500	14.5	142,168,550	15.1	109,234,347	10.9	66,689,236	5.9	10,470,776	0.8
Current assets	435,018,907	38.7	261,049,545	26.6	90,091,441	9.6	95,001,538	9.5	226,153,021	20.0	136,308,910	9.8
Total assets	1,123,575,166	100.0	980,664,388	100.0	942,655,274	100.0	1,001,393,475	100.0	1,133,594,143	100.0	1,391,950,382	100.0
Share capital	388,860,000	34.6	388,860,000	39.7	388,860,000	41.3	388,860,000	38.8	388,860,000	34.3	388,860,000	27.9
Reserves	79,930,000	7.1	79,930,000	8.2	79,930,000	8.5	79,930,000	8.0	79,930,000	7.1	79,930,000	5.7
Unappropriated losses	(107,433,374)	(9.6)	(365,669,365)	(37.3)	(537,860,243)	(57.1)	(510,175,153)	(50.9)	(400,536,319)	(35.3)	(233,723,751)	(16.8)
Non-current liabilities	332,676,070	29.6	395,545,948	40.3	538,670,758	57.1	537,430,126	53.7	638,156,888	56.3	845,073,623	60.7
Current liabilities	429,542,470	38.2	481,997,805	49.2	473,054,759	50.2	505,348,502	50.5	427,183,574	37.7	311,810,510	22.4
Total equity and liabilities	1,123,575,166	100.0	980,664,388	100.0	942,655,274	100.0	1,001,393,475	100.0	1,133,594,143	100.0	1,391,950,382	100.0
Operating Results												
Net sales	1,195,444,744	100.0	887,948,494	100.0	227,956,390	100.0	133,066,218	100.0	335,116,290	100.0	406,891,529	100.0
Cost of sales	(906,076,912)	(75.8)	(693,316,040)	(78.1)	(236,171,084)	(103.6)	(190,446,416)	(143.1)	(363,934,038)	(108.6)	(460,607,097)	(113.2)
Gross profit / (loss)	289,367,832	24.2	194,632,454	21.9	(8,214,694)	(3.6)	(57,380,198)	(43.1)	(28,817,748)	(8.6)	(53,715,568)	(13.2)
Marketing and selling expenses	(5,922,481)	(0.5)	(3,455,232)	(0.4)	(3,903,653)	(1.7)	(4,856,156)	(3.6)	(7,911,361)	(2.4)	(8,910,078)	(2.2)
Administrative expenses	(25,442,364)	(2.1)	(29,616,667)	(3.3)	(17,995,743)	(7.9)	(17,855,322)	(13.4)	(21,085,892)	(6.3)	(19,161,008)	(4.7)
Operating profit / (loss)	258,002,987	21.6	161,560,555	18.2	(30,114,090)	(13.2)	(80,091,676)	(60.2)	(57,815,001)	(17.3)	(81,786,654)	(20.1)
Finance Costs	(2,357,184)	(0.2)	(13,280,591)	(1.5)	(60,530,566)	(26.6)	(48,703,774)	(36.6)	(96,845,005)	(28.9)	(121,432,884)	(29.8)
Other income	41,084,859	3.4	41,843,918	4.7	30,136,500	13.2	28,475,505	21.4	2,425,376	0.7	1,212,083	0.3
Other Expenses	(26,540,224)	(2.2)	(9,053,518)	(1.0)	-	-	-	-	(78,301,168)	(23.4)	-	-
Profit / (loss) before taxation	270,190,438	22.6	181,070,364	20.4	(60,508,156)	(26.5)	(100,319,945)	(75.4)	(230,535,798)	(68.8)	(202,007,455)	(49.6)
Taxation	(11,954,447)	(1.0)	(8,879,485)	(1.0)	32,823,066	14.4	(9,318,889)	(7.0)	63,723,230	19.0	59,476,532	14.6
Net profit / (loss) for the year	258,235,991	21.6	172,190,879	19.4	(27,685,090)	(12.1)	(109,638,834)	(82.4)	(166,812,568)	(49.8)	(142,530,923)	(35.0)



PERFORMANCE INDICATORS

Profitability Ratios

		2012	2011	2010	2009	2008	2007
Gross Profit Ratio	%	24%	22%	-4%	-43%	-9%	-13%
Net Profit to Sales	%	22%	19%	-12%	-82%	-50%	-35%
EBITDA Margin to Sales	%	27%	25%	19%	-0.22%	13%	13%
Operating Leverage Ratio	times	1.72	2.20	0.88	0.64	-1.66	27.73
Return on Equity	%	71%	167%	-40%	-265%	-244%	-61%
Return on Capital Employed	%	56%	51%	-7%	-19%	-19%	-15%

Liquidity Ratios

		2012	2011	2010	2009	2008	2007
Current Ratio	times	1.01	0.53	0.19	0.19	0.53	0.44
Quick Ratio	times	0.51	0.20	0.13	0.16	0.45	0.31
Cash Flow from Operations to Sales	%	14%	20%	61%	-12%	-28%	-55%

Turnover Ratios

		2012	2011	2010	2009	2008	2007
Inventory Turnover	times	5	7	12	8	10	10
No of Days in Inventory	days	73	48	30	48	37	35
Debtor Turnover Ratio	times	10	19	6	3	7	6
No of Days in Receivables	days	35	19	63	122	50	57
Creditor Turnover Ratio	times	4	7	5	1	5	6
No of Days in Payables	days	90	55	69	448	69	62
Operating Cycle	days	109	67	93	169	87	92
Total Assets Turnover	times	1.08	0.91	0.24	0.13	0.30	0.29
Fixed Assets Turnover Ratio	times	2.21	1.54	0.32	0.17	0.40	0.33

Market Ratios

		2012	2011	2010	2009	2008	2007
Earning Per Share	Rs.	6.64	4.43	-0.71	-2.82	-4.29	-3.67
Price to Earning Ratio	times	2.57	2.55	-4.23	-0.96	-1.37	-4.60
Breakup value / share	Rs.	9.29	2.65	-1.78	-1.06	1.76	6.05

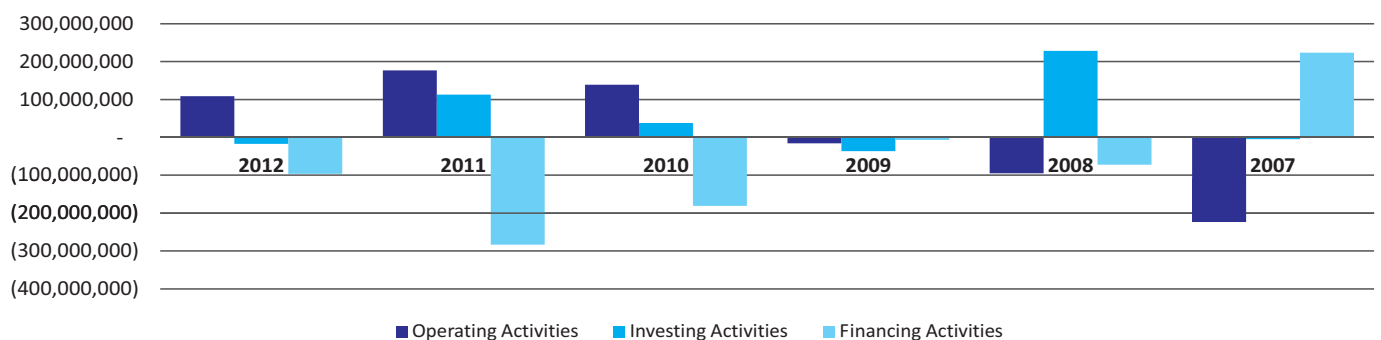
Capital Structure Ratios

		2012	2011	2010	2009	2008	2007
Financial Leverage Ratio	times	0.79	3.72	-9.24	0.80	12.25	4.05
Debt to Equity Ratio	times	0.54	2.47	-5.50	0.55	9.25	3.57

Summary of Cash Flows

	2012	2011	2010	2009	2008	2007
	Rupees					
Cash & cash equivalents - Opening	6,273,718	176,613	3,918,027	62,804,002	1,308,867	6,203,778
Net cash flows from Operating activities	171,330,777	176,888,481	139,126,796	(15,624,359)	(94,551,651)	(223,666,495)
Net cash flows from Investing activities	(17,186,532)	112,463,635	37,717,940	(36,131,616)	228,301,036	(4,614,248)
Net cash flows from Financing activities	(158,793,103)	(283,255,011)	(180,586,150)	(7,130,000)	(72,254,250)	223,385,832
Changes in cash & cash equivalents	(4,648,858)	6,097,105	(3,741,414)	(58,885,975)	61,495,135	(4,894,911)
Cash & cash equivalents - Closing	1,624,860	6,273,718	176,613	3,918,027	62,804,002	1,308,867

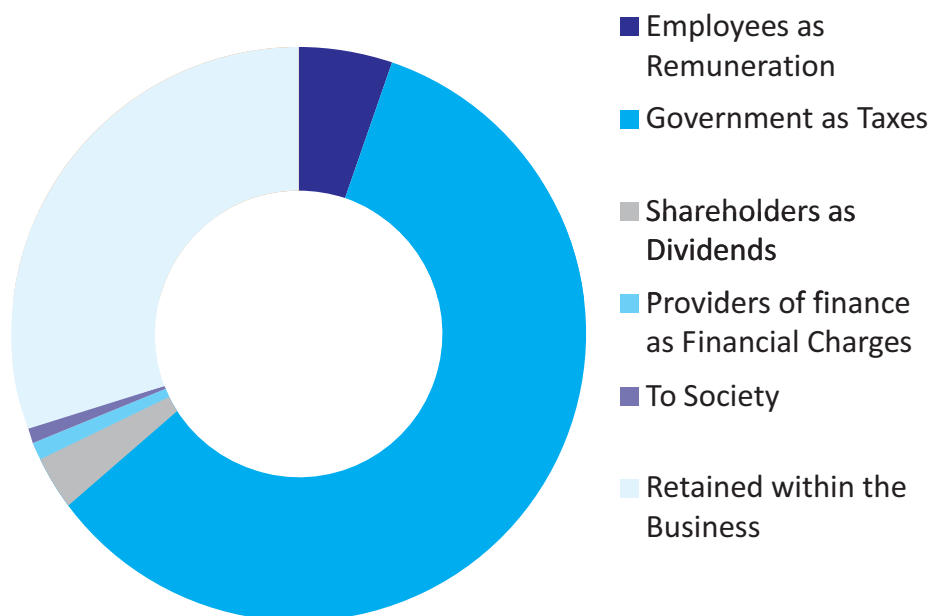
Cash Flows Analysis



STATEMENT OF VALUE ADDED AND ITS DISTRIBUTION

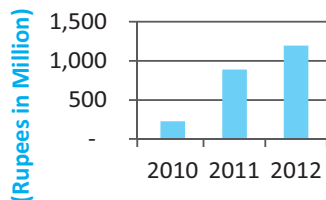
	2012	2011
	Rupees	
Wealth Generated		
Sales	1,195,444,744	887,948,494
Other Income	41,084,859	41,843,918
Raw Materials and other goods & services	(429,441,583)	(331,805,059)
	807,088,020	597,987,353
Wealth Distributed		
Employees as Remuneration	42,375,528	34,343,669
Government as Taxes	503,849,317	379,031,297
Shareholders as Dividends	38,886,000	-
Providers of finance as Financial Charges	2,357,184	12,296,508
To Society	270,000	125,000
Retained within the Business	219,349,991	172,190,879
	807,088,020	597,987,353

Wealth Distribution - 2012



DIRECTOR'S REPORT TO THE SHAREHOLDER'S

Sales



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

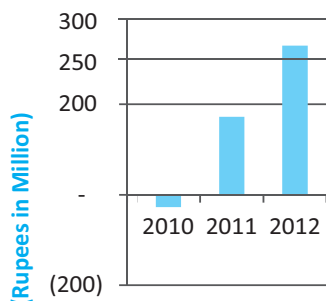
Assalam-o-alaikum

The Board of Directors of your Company is pleased to present Annual Report 2012 and Audited Financial Statements for the year ended June 30, 2012 together with Auditor's Report thereon.

GENERAL

The principal activity of the Company is to manufacture, produce, buy and sell plastic packaging films. The operational capacity of Biaxially Oriented Polypropylene (BOPP) films is 15,000 metric tons(MT). The plant is located at Eastern Industrial Zone, Port Qasim Area.

Net profit for the year



OPERATING AND FINANCIAL PERFORMANCE

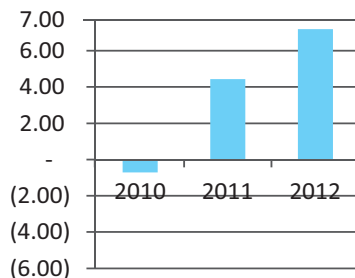
Production

With the grace and blessing of Almighty Allah, your Company persists with the upward trend and achieved a higher production level in the year. The Company's production increased by 40% as compared to the corresponding year.

Sales performance

Your Company has recorded net sales of Rs. 1,195 million during the year as compared to Rs.888 million during the previous year which is an increase of 35% in revenue as compared to the last year.

Earnings per share



Profitability

The gross profit of the Company recorded for this year is Rs. 289 million in the current year as compared to Rs. 195 million last year which is 48% higher than the corresponding year.

The bottom line and net results showed a net profit for the year of Rs. 258 million as compared to net profit for the year of Rs. 172 million in the corresponding year. The Company increased its bottom line by Rs. 86 million which is 50% higher than the previous year.

Earnings per share

The Earnings per share is Rs. 6.64 as compared to Rs.4.43 in the corresponding year reflecting 50% improvement.

Comparative financial results

Broad comparative financial results of previous three years are given hereunder. Key performance indicators for the last six years are also summarized on page 21 of the Annual Report 2012.

Rupees in Million	2012		2011		2010	
	Rs.	% of Sales	Rs.	% of Sales	Rs.	% of Sales
Sales	1,195		888		228	
Gross Profit/(loss)	289	24	195	22	(44)	(19)
Profit/(Loss) before taxation	270	23	181	20	(61)	(27)
Net Profit/(Loss) for the year	258	22	172	19	(28)	(12)
EPS/(LPS) (Rupees)	6.64		4.43		(0.71)	

DIVIDEND

Alhamdulillah, with the grace and blessing of Almighty Allah, the Board of Directors of your Company are pleased to announce a final cash dividend for the year ended June 30, 2012 on ordinary shares at 10% i.e. Re. 1 per share.

FUTURE OUTLOOK

The directors along with the management of the Company are continuously devoting their best efforts for achieving better results. We are confident that your Company has the potential to sustain all challenges by maintaining its position in the market.

The market has become ever more competitive with new supplementary products competition but your company is geared up to continue and further provide vast variety of products for its customers to be on top of the curve.

Your Company is focused on adding more products to its portfolio to add value to future sales revenues.

AUDITORS

The present auditors Avais Hyder Liaqat Nauman, Chartered Accountants are retiring and have offered themselves for reappointment. As suggested by the Audit Committee, the Board of Directors have also recommended their reappointment as auditors of the Company for the year ending June 30, 2013, at a remuneration to be mutually agreed

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance contained in the Listing Regulations, relevant for the year ended June 30, 2012 have been adopted by the Company and have been duly complied with. A separate statement of compliance with the Code of Corporate Governance has been signed by the Chief Executive Officer and included in the Annual Report 2012 on page 28.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

The Board has prepared and adopted a "Code of Ethics" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

CORPORATE AND FINANCIAL REPORTING FRAME WORK

- The financial statements together with the notes thereon have been drawn up by the management in conformity with the Companies Ordinance, 1984. These Statements present fairly Company's 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 preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards / International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- There is no other significant and material change from last year's operating and financial results except as explained in the Directors' Report.
- The key performance indicators for the last six years is summarized on page 21 of the Annual Report 2012.

BOARD OF DIRECTORS' MEETINGS

The Board of Directors feel grief on the sad demise of Mrs. Rukhsana Maqbool, one of the directors of the Company. She was passed away on February 29, 2012. May Almighty Allah bless the departed soul and grant fortitude to the bereaved family to bear this irreparable loss.

The Board of Directors appointed Mr. Ehtesham Maqbool Elahi as a director of the Company in place of the deceased director for the remainder of the term of the deceased director to fill the casual vacancy in accordance with the provision of Section 180 of the Companies Ordinance, 1984 and clause (iii) of the Code of Corporate Governance contained in the Listing Regulations.

The number of Board and Board committees' meetings held during the year and meetings attended by each director is shown hereunder:

Name of Director	Board of Director	Audit Committee
Total Numbers of Meetings	4	4
Mr. Maqbool Elahi Shaikh	4	-
Air Marshal Azim Daudpota	4	4
Mr. Ehtesham Maqbool Elahi	1	-
Mr. Mohammad Sadiq Khan	4	4
Mr. Naeem Ali Mohammad Munshi	3	-
Mrs. Rukhsana Maqbool Elahi	2	2
Mrs. Sana Nauman	3	-
Mr. Shariq Maqbool Elahi	4	-

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

AUDIT COMMITTEE AND INTERNAL CONTROL SYSTEMS

The management of your Company believes in good corporate governance, implemented through a well defined and efficiently applied system of check and balance, and the provision of transparent, accurate and timely financial information. The Board of Directors have established a system of sound internal control, which is effectively implemented at all level within the Company.

The Board has formed an Audit Committee of three(3) members, The Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

HR AND REMUNERATION COMMITTEE

The Board has formed an HR and Remuneration Committee of three (3) members, comprising a majority of non-executive directors and the chairman of the committee is also a non-executive director.

CORPORATE SOCIAL RESPONSIBILITY

For a business to take responsibility for its actions, it must be fully accountable. Here at Macpac Films Limited, we have gone beyond the legal requirements to enhance transparency and credibility and strengthened have our management infrastructure. All this is done to ensure that we fulfill our social responsibility, as it is the least we can do.

The company's utmost priority has always been conducting ethical and sustainable business with an aim to build stronger relations with the stakeholders and to make contributions towards the welfare of the society. The goal of our CSR is to embrace responsibility for the Company's actions and create a positive impact through its activities on the environment, employees, communities and stakeholders.

Being socially responsible is more than just a corporate requirement for us. The company continuously takes multifaceted initiatives to fulfill this moral obligation.

EMPLOYEE WELFARE

The Company respects the dignity and rights of its human capital. The work environment is very friendly and steps are taken to ensure a family like environment. To uplift the living standards of our employees and improve their life is our motive. We provide interest free loans and medical facility to our employees and their families. Training and development is considered an integral part of Human Resource Policy. Apart from on job training, we encourage our employees to attend seminars, short courses and lectures. We are an equal opportunity employer and provide employment opportunities to young graduates with an aim to nurture high-talented lot of future executives for the country.

SAFETY AND HEALTH

We are committed to the health and safety of employees, subcontractors, customers and the general public. We are also dedicated to safeguard our natural environment. Our health, safety and environment objectives are equal in status to our other business activities. Line management and supervision is responsible for implementing these objectives. Regular workshops and trainings are conducted to educate our employees about the various safety and health issues.

SOCIAL SERVICES

We actively participate in philanthropic activities to serve the society at large. The Company contributed a considerable amount in the year 2011-2012 towards various charitable institutions. Our future plans are to further increase philanthropic activities by utilizing different avenues of reaching out to the society.

ENVIRONMENT

We are also keen on creating a greener environment, so in this regard we have planned a major plantation project in the vicinity of the Company's plant.

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 the 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.

PATTERN OF SHAREHOLDING

The total number of Company's shareholders as at June 30, 2012 were 1,315. The pattern of shareholding as at June 30, 2012 along with necessary disclosures as required under the Code of Corporate Governance is included in Annual Report 2012 on page 17.

ACKNOWLEDGEMENT

The Directors of the Company would like to take the opportunity to thank the Securities and Exchange Commission of Pakistan, Shareholders, Partners, Customers, Government Authorities, Autonomous bodies and the Financial Institutions for their co-operation & continued support.

The Directors are also pleased to record their appreciation of the valuable and untiring efforts and services rendered by the employees of the Company.

For and on behalf of the Board



MAQBOOL ELAHI SHAIKH
Chief Executive Officer

Karachi
October 05, 2012

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.

Based on our review, 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, 2012.


Chartered Accountants
Karachi.
Dated: 10 OCT 2012

Engagement Partner: Adnan Zaman

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (Code) contained in listing regulations of Karachi Stock Exchange Limited for the purpose 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 interests on its Board of directors. At present, the Board includes:

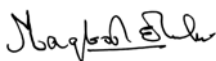
Non-Executive Directors	1.	Mr. Naeem Ali Mohammad Munshi
	2.	Mr. Shariq Maqbool Elahi
	3.	Mrs. Sana Nauman
	4.	Air Marshal Azim Daudpota
Executive Directors	1.	Mr. Maqbool Elahi Shaikh
	2.	Mr. Mohammad Sadiq Khan
	3.	Mr. Ehtesham Maqbool Elahi
Independent directors	--	

The condition of clause 1(b) of the Code in relation to independent director will be applicable after election of next Board of Directors of the Company on October 31, 2012.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-banking Financial Institution. None of them are members of any Stock Exchange.
4. A casual vacancy occurring on the Board on February 29, 2012 has been filled up by the directors in due course.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
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 the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and non-executive directors, have been taken 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 also circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board arranged training programs for its directors during the year. Mr. Ehtesham Maqbool Elahi has completed the training program organized by the Pakistan Institute of Corporate Governance (PICG) and he is a certified director from PICG.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The directors' report 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 CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that 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 of three (3) members.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CODE. The terms of reference of the committee have been determined and approved by the Board of Directors and advised to the committee for compliance.
17. The Board has formed an HR and Remuneration Committee of three (3) members, comprising a majority of non-executive directors and the chairman of the committee is also a non-executive director.
18. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the 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 the Institute of Chartered Accountant of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board of Directors



MAQBOOL ELAHI SHAIKH
Chief Executive Officer

Karachi
October 05, 2012

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **MACPAC FILMS LIMITED** as at June 30, 2012 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

Avais Hyder Liaquat Nauman
Chartered Accountants

RSM International

true and fair view of the state of the company's affairs as at June 30, 2012 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.


Chartered Accountants
Karachi.
Dated: 06 OCT 2012

Engagement partner: Adnan Zaman

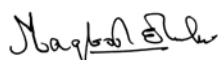
**FINANCIAL
STATEMENTS
2012**

BALANCE SHEET

AS AT JUNE 30, 2012

	Note	June 30, 2012	June 30, 2011
		Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	3	540,839,060	577,507,431
Intangible assets	4	213,528	266,912
Long-term deposits	5	57,398,421	51,735,250
Deferred taxation	6	90,105,250	90,105,250
Current assets			
Stock-in-trade	7	213,889,611	155,734,668
Trade debts	8	155,584,374	46,995,849
Loans and advances	9	1,734,415	1,787,747
Trade deposits, prepayments and other receivables	10	8,852,147	8,055,076
Tax refund from Government	11	20,418,901	23,110,904
Advance Income tax		32,914,599	19,091,583
Cash and bank balances	12	1,624,860	6,273,718
		435,018,907	261,049,545
TOTAL ASSETS		1,123,575,166	980,664,388
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		(107,433,374)	(365,669,365)
		361,356,626	103,120,635
Non-current liabilities			
Staff retirement benefits - gratuity	15	10,141,460	9,690,177
Long-term loans	16	-	58,360,810
Loans from directors and associated company	17	196,760,457	196,760,457
Deferred mark-up	18	125,774,153	130,734,504
		332,676,070	395,545,948
Current liabilities			
Short-term finance	19	734,696	-
Current portion of long-term loans	20	90,070,368	128,050,987
Trade and other payables	21	326,782,959	281,331,700
Accrued mark-up	22	-	63,735,633
Provision for taxation		11,954,447	8,879,485
		429,542,470	481,997,805
Contingencies and commitments	23		
TOTAL EQUITY AND LIABILITIES		1,123,575,166	980,664,388

The annexed notes 1 - 43 form an integral part of these financial statements.



Maqbool Elahi Shaikh
Chief Executive

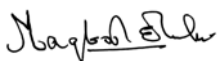


Mohammad Sadiq Khan
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2012

		June 30, 2012	June 30, 2011
	Note	Rupees	
Net sales	24	1,195,444,744	887,948,494
Cost of sales	25	(906,076,912)	(693,316,040)
Gross profit		289,367,832	194,632,454
Marketing and selling expenses	26	(5,922,481)	(3,455,232)
Administrative expenses	27	(25,442,364)	(29,616,667)
		(31,364,845)	(33,071,899)
Operating profit		258,002,987	161,560,555
Finance costs	28	(2,357,184)	(13,280,591)
Other income	29	41,084,859	41,843,918
Other expenses	30	(26,540,224)	(9,053,518)
		12,187,451	19,509,809
Profit before taxation		270,190,438	181,070,364
Taxation	31	(11,954,447)	(8,879,485)
Net profit for the year		258,235,991	172,190,879
Earnings per share - basic and diluted	32	6.64	4.43

The annexed notes 1 - 43 form an integral part of these financial statements.



Maqbool Elahi Shaikh
 Chief Executive



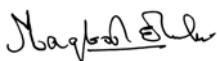
Mohammad Sadiq Khan
 Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2012

	June 30, 2012	June 30, 2011
	Rupees	
Net profit for the year	258,235,991	172,190,879
Other comprehensive income for the year	-	-
Total comprehensive income for the year	258,235,991	172,190,879

The annexed notes 1 - 43 form an integral part of these financial statements.



Maqbool Elahi Shaikh
 Chief Executive



Mohammad Sadiq Khan
 Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2012

	Issued, subscribed & paid-up capital	Capital Reserve - share premium	Unappropriated losses	Total
	Rupees			
Balance as at July 1, 2011	388,860,000	79,930,000	(537,860,244)	(69,070,244)
Net profit for the year	-	-	172,190,879	172,190,879
Balance as at , June 30, 2011	<u>388,860,000</u>	<u>79,930,000</u>	<u>(365,669,365)</u>	<u>103,120,635</u>
Balance as at July 1, 2012	388,860,000	79,930,000	(365,669,365)	103,120,635
Net profit for the year	-	-	258,235,991	258,235,991
Balance as at , June 30, 2012	<u>388,860,000</u>	<u>79,930,000</u>	<u>(107,433,374)</u>	<u>361,356,626</u>

The annexed notes 1 - 43 form an integral part of these financial statements.



Maqbool Elahi Shaikh
Chief Executive



Mohammad Sadiq Khan
Director

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2012

	Note	June 30, 2012	June 30, 2011
		Rupees	
A. Cash flows from operating activities			
Cash generated from operations	36	199,669,826	196,955,962
Income tax paid		(20,010,498)	(18,988,617)
Gratuity paid		(2,175,180)	(693,490)
Finance costs paid		(490,200)	(713,424)
Long - term deposits		(5,663,171)	328,050
Net cash generated from operating activities		171,330,777	176,888,481
B. Cash flows from investing activities			
Capital expenditure		(18,421,532)	(5,536,365)
Proceeds from sale of property, plant and equipment		1,235,000	118,000,000
Net cash (used in) / generated from investing activities		(17,186,532)	112,463,635
C. Cash flows from financing activities			
Repayment of loan		(126,884,509)	(240,776,000)
Ijara rentals paid		(31,908,594)	(42,479,011)
Net cash used in financing activities		(158,793,103)	(283,255,011)
Net (decrease) / increase in cash and cash equivalents		(4,648,858)	6,097,105
Cash and cash equivalents at the beginning of the year		6,273,718	176,613
Cash and cash equivalents at the end of the year		1,624,860	6,273,718

The annexed notes 1 - 43 form an integral part of these financial statements.



Maqbool Elahi Shaikh
Chief Executive



Mohammad Sadiq Khan
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

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, 2012

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.

Revision / Improvements / amendments to IFRSs and interpretations

Effective for periods beginning on or after

IFRS 7 - Financial Instruments: Disclosures (Amendment)	January 01, 2013 & January 01, 2015
IAS 1 - Presentation of Financial Statements (Amendment)	July 01, 2012 & January 01, 2013
IAS 12 - Income Taxes (Amendment)	January 1, 2012
IAS 27 - Separate Financial Statements	January 1, 2013
IAS 28 - Investments in Associates and Joint Ventures	January 1, 2013
IAS 32 - Financial Instruments: Presentation (Amendment)	January 1, 2014
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013
Annual Improvements to IFRS (the 2009 - 2011 cycle)	January 1, 2013
IAS 19 - Employee Benefits (Revised)	January 1, 2013

Standards issued by IASB but not yet notified by SECP

Effective for periods beginning on or after

IFRS 9 - Financial Instruments: Classification and Measurement	January 1, 2015
IFRS 10 - Consolidated Financial Statements	January 1, 2013
IFRS 11 - Joint Arrangements	January 1, 2013
IFRS 12 - Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13 - Fair Value Measurement	January 1, 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

	As at July 01, 2011			During the year ended June 30, 2011			As at July 01, 2011			Rate %
	Cost	Accumulated depreciation	Net book value	Additions / (deletions)	Depreciation / (on deletions)	Net book value of disposals	Cost	Accumulated depreciation	Net book value	
Rupees										
Owned Assets										
Leasehold land	21,200,000	-	21,200,000	-	-	-	21,200,000	-	21,200,000	
Building on leasehold land	59,120,433	11,481,687	47,638,746	91,070	2,383,074	-	59,211,503	13,864,761	45,346,742	5
Plant and machinery	793,255,906	351,509,552	441,746,354	1,604,326	44,265,883	-	794,860,232	395,775,435	399,084,797	10
Furniture and fixtures	4,115,721	1,297,486	2,818,235	71,650	282,940	-	4,187,371	1,580,426	2,606,945	10
Electric installations	23,695	10,509	13,186	-	1,316	-	23,695	11,825	11,870	10
Refrigeration and air conditioning	1,580,806	647,939	932,867	62,177	93,296	-	1,642,983	741,235	901,748	10
Generators	4,367,000	3,152,631	1,214,369	-	121,432	-	4,367,000	3,274,063	1,092,937	10
Office equipment	1,591,575	537,505	1,054,070	-	105,404	-	1,591,575	642,909	948,666	10
Computers	1,737,940	1,287,425	450,515	303,880	142,852	-	2,041,820	1,430,277	611,543	25
Motor vehicles	18,408,410	12,500,186	5,908,224	3,567,200 (2,041,900)	1,340,272 (1,871,871)	170,029	19,933,710	11,968,587	7,965,123	20
Total Owned Assets	905,401,486	382,424,920	522,976,566	5,700,303 (2,041,900)	48,736,469 (1,871,871)	170,029	909,059,889	429,289,518	479,770,371	
Leased Assets*										
Plant and machinery	31,448,398	14,116,439	17,331,959	-	1,733,196	-	31,448,398	15,849,635	15,598,763	10
Generators and fittings	67,496,435	30,297,529	37,198,906	12,721,229	4,450,209	-	80,217,664	34,747,738	45,469,926	10
Total Leased Assets	98,944,833	44,413,968	54,530,865	12,721,229	6,183,405	-	111,666,062	50,597,373	61,068,689	
Total Property, plant and equipment	1,004,346,319	426,838,888	577,507,431	18,421,532 (2,041,900)	54,919,874 (1,871,871)	170,029	1,020,725,951	479,886,891	540,839,060	

* 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.

3.1 Details of property, plant and equipment disposed off during the year

	Original Cost	Accumulated Depreciation	Net book value	Sale Proceeds	Mode of disposal	Particulars of purchaser
Rupees						
Motor Vehicles						
VEHICLE LXM-2358	670,500	626,731	43,769	475,000	Sold	Sheikh Iqbal Ahmed
VEHICLE AAZ-784	181,400	159,490	21,910	160,000	Sold	Mr. Abdullah S/o Ghafoor
VEHICLE HONDA AEA-993	1,190,000	1,085,650	104,350	600,000	Total Loss	EFU General Insurance Co. Ltd.
June 30, 2012	2,041,900	1,871,871	170,029	1,235,000		
June 30, 2011	288,522,086	212,175,229	76,346,857	118,000,000		

	Note	June 30, 2012	June 30, 2011
		Rupees	
3.2	Depreciation has been allocated as follows:		
	Cost of sales	53,478,234	60,387,203
	Marketing and selling expenses	9,058	28,404
	Administrative expenses	1,432,582	1,328,113
		<u>54,919,874</u>	<u>61,743,720</u>

4. Intangible assets

Computer software

As at July 01

Cost	568,700	568,700
Accumulated amortization	301,788	235,060
Net book value	266,912	333,640

During the year ended June 30, 2012

Additions / (writeoffs)	-	-
Amortization charge for the year @ 20%	53,384	66,728

As at June 30

Cost	568,700	568,700
Accumulated amortization	355,172	301,788
Net book value	<u>213,528</u>	<u>266,912</u>

4.1 Amortization charge for the year has been allocated to Administrative expenses.

5. Long-term deposits

Leased (Ijara) asset deposit	5.1	55,123,421	50,000,000
Margin against bank guarantee	5.2	2,175,000	-
Other deposits		100,000	1,735,250
		<u>57,398,421</u>	<u>51,735,250</u>

5.1 This represents deposit given to TOYO Packaging (Private) Limited which has been submitted onward to Al Baraka Bank Pakistan Private Limited (formerly known as Emirates Global Islamic Bank Limited), as security deposit against lease (Ijara) of primary slitter.

5.2 This represents 30% margin against guarantee (Note 21.4.1) issued by Faysal Bank Limited in favor of Sui Sothern Gas Company Limited.

6. Deferred taxation

	Note	June 30, 2012	June 30, 2011
		Rupees	
As at July 01		90,105,250	90,105,250
Charge for the year	6.1	-	-
As at June 30		<u>90,105,250</u>	<u>90,105,250</u>

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

		June 30, 2012	June 30, 2011
	Note	Rupees	
7 Stock-in-trade			
Raw materials			
In hand		34,838,793	11,585,560
In Bond	7.1	48,069,961	36,283,485
In transit		44,255,592	46,673,718
		127,164,346	94,542,763
Work-in-process		54,174,895	36,988,545
Finished goods		32,550,370	24,203,360
		213,889,611	155,734,668
7.1	This represents the stock in the Company's Custom bond located at Port Qasim factory.		
8. Trade debts - unsecured			
Considered good:			
Related parties	8.1	9,195,487	4,314,735
Others		146,388,887	42,681,114
		155,584,374	46,995,849
Considered doubtful - others		16,155,941	14,450,032
		171,740,315	61,445,881
Provision for doubtful debts	8.2	(16,155,941)	(14,450,032)
		155,584,374	46,995,849
8.1	These represent amounts due from associates of the Company.		
8.2	For ageing analysis and movement of provision, refer note 37.2.		
9. Loans and advances - unsecured			
Considered good:			
Loans due from:			
Employees	9.1	844,334	445,682
Advances to:			
Suppliers		879,327	1,339,565
Employees	9.2	10,754	2,500
		1,734,415	1,787,747
9.1	These represent interest free loans given to the employees in accordance with the Company's policy.		
9.2	These advances are given to meet daily business expenses and are settled as and when the expenses are incurred.		
10. Trade deposits, prepayments and other receivables			
Trade deposits		8,586,655	7,878,970
Prepayments		201,610	101,578
Other receivables		63,882	74,528
		8,852,147	8,055,076

		June 30, 2012	June 30, 2011
	Note	Rupees	
11. Tax refund from Government			
Advance Income tax refundable		20,315,971	23,007,963
Sales tax refundable		102,930	102,941
		<u>20,418,901</u>	<u>23,110,904</u>
12. Cash and bank balances			
With banks in			
Current accounts		1,549,299	6,197,535
Cash in hand		75,561	76,183
		<u>1,624,860</u>	<u>6,273,718</u>
13. Share capital			
13.1 Authorized capital			
50,000,000 Ordinary shares of Rs. 10 each (2011: 40,000,000)		<u>500,000,000</u>	<u>400,000,000</u>
13.2 Issued, subscribed and paid-up capital			
25,986,000 (2011: 25,986,000) Ordinary shares of Rs. 10 each fully paid up in cash		259,860,000	259,860,000
12,900,000 (2011: 12,900,000) Ordinary shares of Rs. 10 each issued as fully paid bonus shares		129,000,000	129,000,000
		<u>388,860,000</u>	<u>388,860,000</u>
14. Reserves			
Capital reserves			
Share premium		<u>79,930,000</u>	<u>79,930,000</u>
15. Staff retirement benefits - gratuity			
Opening balance of liability		9,690,177	9,083,141
Expense recognized for the year	33.4	2,626,463	1,300,526
Payments made by the Company		(2,175,180)	(693,490)
		<u>10,141,460</u>	<u>9,690,177</u>

		June 30, 2012	June 30, 2011
	Note	Rupees	
16. Long-term loans - secured			
Loan from banking company:			
Habib Bank Limited	16.1	40,000,000	111,104,000
Loan from financial institution:			
Saudi Pak Industrial and Agricultural Investment Limited (SAPICO)	16.2	42,917,459	42,423,139
		<u>82,917,459</u>	<u>153,527,139</u>
Term installment due		<u>7,152,909</u>	<u>32,884,658</u>
		<u>90,070,368</u>	<u>186,411,797</u>
Current portion shown under current liabilities			
Term installment due		<u>7,152,909</u>	<u>32,884,658</u>
		<u>-</u>	<u>58,360,810</u>

16.1 As per understanding reached with Habib Bank Limited and in accordance with the order of the court (Note 23.1.4), out of total liability of Rs. 248.36 million, Rs. 208.36 million has been paid till June 30, 2012. The remaining amount will be paid in installments of Rs. 5.56 million per month in accordance with the agreement. The facility is secured by pari passu charge over existing and future assets of the Company to the tune of Rs. 485.131 million.

16.2 The Company & Saudi Pak Industrial and Agriculture Company Limited (SAPICO) reached with settlement of Rs. 100.14 million comprising of Rs. 71.411 million on account of principal and Rs. 28.728 million on account of 50% of the outstanding mark-up which shall be paid in 14 equal installments of Rs. 7.153 million per month. Out of the total liability of Rs. 100.14 million, Rs. 50.070 million has been paid till June 30, 2012. The facility is secured by pari passu charge over existing and future assets of the Company to the extent of Rs. 189.962 million.

		June 30, 2012	June 30, 2011
	Note	Rupees	
17. Loans from directors and associated company - unsecured			
Loans from:			
Directors	17.1	151,138,800	136,998,800
Associated company	17.2	45,621,657	59,761,657
		<u>196,760,457</u>	<u>196,760,457</u>

17.1 This represents interest free loan provided by the directors of the Company to mitigate the working capital requirements of the Company. These loans are subordinated to long-term loans.

17.2 This represents interest free loan provided by National Management Consultancy Services (Private) Limited, an associated company, to mitigate the working capital requirements of the Company. This loan is subordinated to long-term loans.

		June 30, 2012	June 30, 2011
	Note	Rupees	
18. Deferred mark-up			
Mark-up on loan from:			
Banking company		125,774,153	125,774,153
Financial institution		-	4,960,351
		<u>125,774,153</u>	<u>130,734,504</u>

		June 30, 2012	June 30, 2011
	Note	Rupees	
19. Short-term finance - secured			
Short-term finance	21.4.1	734,696	-
		<u>734,696</u>	<u>-</u>
20. Current portion of long-term loans			
Current portion of long-term loans		82,917,459	95,166,329
Term installment due		7,152,909	32,884,658
		<u>90,070,368</u>	<u>128,050,987</u>
21. Trade and other payables			
Trade creditors		32,969,116	13,682,555
Accrued liabilities		7,697,766	11,240,876
Advances from customers	21.1	12,077,531	46,764,520
Loan from director	21.2	20,536,800	8,736,800
Audit fee		430,000	300,000
Workers' profit participation fund	21.3	39,891,247	23,829,701
Income tax deducted at source		2,008,579	4,518,395
Sales tax - net		9,575,084	32,366,698
Import bills for goods	21.4	193,559,028	117,706,673
Others		8,037,808	22,185,482
		<u>326,782,959</u>	<u>281,331,700</u>
21.1 Advances from customers - Unsecured			
Related parties	21.1.1	-	3,176,036
Others		12,077,531	43,588,484
		<u>12,077,531</u>	<u>46,764,520</u>

21.1.1 The maximum aggregate amount due to Toyo Packaging (Private) Limited and Metaplast (Private) limited at the end of any month during the year was Rs. Nil (2011: Rs. 0.103 million) and Rs. Nil (Rs. 3.073 million) respectively.

21.2 A director of the Company has provided interest free loan to mitigate the working capital requirements of the Company. The loan is repayable on demand.

		June 30, 2012	June 30, 2011
	Note	Rupees	
21.3 Workers' profit participation fund			
Balance at the beginning of the year		23,829,701	14,041,765
Amount allocated for the year	30	14,219,563	9,053,518
Interest on funds utilized in Company's business	28	1,866,983	734,418
Amount paid during the year		(25,000)	-
Balance at the end of the year		<u>39,891,247</u>	<u>23,829,701</u>

21.3.1 The interest on workers' profit participation fund has been calculated on the profit of previous year as per the applicable law.

21.4 Total Facilities

	Faysal Bank Limited	Habib Bank Limited	Total
	Rupees		
Total Allowed Limit	200,000,000	71,000,000	271,000,000
Import bills for goods	144,390,795	49,168,233	193,559,028
Short-term finance	734,696	-	734,696
Bank guarantees	7,250,000	-	7,250,000
Unutilized limit	47,624,509	21,831,767	69,456,276
	<u>200,000,000</u>	<u>71,000,000</u>	<u>271,000,000</u>

21.4.1 Faysal Bank Limited has provided the above funded and unfunded facilities. These facilities are secured against existing and future assets of the Company to the tune of Rs. 378.092 million and personal guarantees of directors of the Company. The rate of mark-up on short-term finance is 3 months KIBOR plus 2.5% per annum and on bank guarantees is 0.25% per annum.

21.4.2 Habib Bank Limited has given usance LC line facility of Rs. 71 million. The facility is secured by pari passu charge over existing and future assets of the Company to the tune of Rs. 485.131 million.

	Note	June 30, 2012	June 30, 2011
		Rupees	
22. Accrued mark-up			
Mark-up accrued on:			
Long-term loan		-	63,735,633
		<u>-</u>	<u>63,735,633</u>

23. Contingencies and commitments

23.1 Contingencies

23.1.1 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. from 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 petition 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.

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 in these financial statements as the Company is reasonably confident that such a contingency will not arise and the petitions shall be decided in its favor.

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 the mistakes, there will be no tax liability in respect of these years.

- 23.1.2** Bank Alfalah Limited has been claiming Rs. 1.5 million against termination of lease finance facility on account of additional lease rentals at the rate of 0.1% per day on all delayed payments of rentals. The Company's management is confident that the dues will be settled amicably and accordingly, no provision has been made for any liability against these claims in these financial statements.
- 23.1.3** NIB Bank Limited, formerly PICIC Commercial Bank Limited has been claiming Rs. 1.3 million against termination of lease finance facility on the account of late payment charges. The Company's management is confident that the dues will be settled amicably and accordingly, no provision has been made for any liability against these claims in these financial statements.
- 23.1.4** 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 no provision has been made for difference of Rs. 22.12 million in these financial statements. The Company's management is confident that they 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 off.
- 23.1.5** Guarantees issued by a Banking Company on behalf of the Company to Sui Southern Gas Company Limited amounted to Rs. 7.25 million (2011: 2.25 million). Refer note 21.4.1 for further details.

23.2 Commitments

23.2.1 Letters of credit

As at June 30, 2012 letters of credit for purchase of raw material amounted to Rs. 12.4 million (2011: Rs. Nil).

23.2.2 Operating Lease

The Company had entered into an operating lease agreement of primary slitter for a period of 3 years. The lease is non-renewable.

Note	June 30, 2012	June 30, 2011
	Rupees	
Not later than one year	-	32,020,290
Late than one year and not later than five years	-	-
Later than five years	-	-
	<u>-</u>	<u>32,020,290</u>

24. Net Sales

Gross sales

Note	June 30, 2012	June 30, 2011
	Rupees	
Local	1,103,834,880	806,611,858
Export	3,467,957	-
Processing income	342,261,944	290,126,707
	<u>1,449,564,781</u>	<u>1,096,738,565</u>
Sales tax	(254,120,037)	(195,348,669)
Special excise duty	-	(13,441,402)
	<u>1,195,444,744</u>	<u>887,948,494</u>

		June 30, 2012	June 30, 2011
	Note	Rupees	
25. Cost of sales			
Opening stock of raw materials		11,585,560	5,386,507
Purchases during the year		718,137,439	509,159,941
Raw materials available for use		729,722,999	514,546,448
Closing stock of raw materials	7	(34,838,793)	(11,585,560)
Raw materials consumed		694,884,206	502,960,888
Other manufacturing overheads:			
Salaries, wages and other employee benefits	25.1	26,546,582	21,520,290
Oil and lubricants / diesel		7,252,187	6,218,883
Packing material consumed		10,549,382	10,673,005
Consumable stores		2,791,323	2,087,609
Water charges		551,603	937,600
Repairs and maintenance		7,519,938	5,286,502
Vehicle maintenance		1,333,560	1,110,668
Fuel and power		73,808,703	57,596,614
Insurance		4,574,831	5,634,193
Telephone		395,220	345,713
Cartage and octroi		6,550,408	4,632,138
Consultancy charges		2,928,000	2,944,159
Staff welfare		1,398,776	906,808
Security charges		1,240,523	1,013,012
Depreciation	3.2	53,478,234	60,387,203
Ijara Rentals		31,908,594	42,479,011
Transportation		3,322,057	2,658,671
Others		576,145	1,132,404
		236,726,066	227,564,482
		931,610,272	730,525,370
Opening work-in-process stock		36,988,545	15,407,860
Closing work-in-process stock		(54,174,895)	(36,988,545)
Cost of goods manufactured		914,423,922	708,944,685
Opening stock of finished goods		24,203,360	8,574,715
Closing stock of finished goods		(32,550,370)	(24,203,360)
		906,076,912	693,316,040

25.1 Salaries, wages and other employee benefits include staff retirement benefits (gratuity) amounting to Rs. 0.635 million (2011: Rs. 1.016 million).

	Note	June 30, 2012	June 30, 2011
		Rupees	
26. Marketing and selling expenses			
Salaries, wages and other employee benefits	26.1	3,242,620	2,426,052
Vehicle maintenance		301,897	258,932
Traveling and accommodation		90,365	79,133
Rent, rates and taxes		332,423	300,448
Postage and stationery		31,733	21,182
Consultancy charges		885,000	-
Telephone		65,909	62,500
Fuel and power		27,972	29,908
Staff welfare		20,663	5,640
Sales promotion		799,258	216,720
Depreciation	3.2	9,058	28,404
Others		115,583	26,313
		<u>5,922,481</u>	<u>3,455,232</u>

26.1 Salaries, wages and other employee benefits include staff retirement benefits (gratuity) amounting to Rs. 0.776 million (2011: Rs. 0.041 million).

27. Administrative expenses

Directors' remuneration		5,349,317	4,905,223
Salaries, wages and other employee benefits	27.1	7,237,009	5,492,104
Repairs and maintenance		483,544	242,334
Vehicle maintenance		910,192	811,311
Insurance		337,067	240,919
Legal and professional charges		622,000	668,629
Traveling and accommodation		833,952	744,864
Fees and subscription		796,735	497,034
Rent, rates and taxes		1,443,964	866,324
Advertisement		347,120	130,400
Postage and stationery		485,080	314,970
Donations		270,000	125,000
Consultancy charges		648,499	500,000
Telephone		357,972	245,649
Newspaper and periodicals		10,204	8,168
Provision for doubtful trade debts		1,705,909	11,054,020
Amortization	4	53,384	66,728
Fuel and power		385,370	146,111
Auditors' remuneration	27.2	535,000	410,000
Depreciation	3.2	1,432,582	1,328,113
Staff welfare		216,701	177,168
Security charges		270,300	240,734
Water charges		5,145	161,240
Penalties and fines		32,452	-
Others		672,866	239,626
		<u>25,442,364</u>	<u>29,616,667</u>

27.1 Salaries, wages and other employee benefits include staff retirement benefits (gratuity) amounting to Rs. 0.152 million (2011: Rs. 0.243 million).

	Note	June 30, 2012	June 30, 2011
Rupees			
27.2 Auditors' remuneration			
Audit fee		400,000	275,000
Review of half yearly accounts		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 expenses		10,000	10,000
		<u>535,000</u>	<u>410,000</u>

28. Finance costs

Mark-up on term finance		-	10,848,666
Mark-up on short-term finance		4,186	-
Interest on workers' profits participation fund	21.3	1,866,983	734,418
Bank guarantee commission		148,900	-
Bank charges		337,115	713,424
		<u>2,357,184</u>	<u>12,296,508</u>

29. Other income

Rental income		-	140,118
Profit on sale of property, plant and equipment		1,064,971	41,653,143
Liabilities no longer payable written back	29.1	40,019,888	88,334
Scrap Sales		-	30,000
		<u>41,084,859</u>	<u>41,911,595</u>

29.1 As per understanding reached with SAPICO, after capitalization of 50% accrued mark-up of Rs. 28.7 million, remaining markup of Rs. 39.99 million (2011: Rs. Nil) has been reversed during the year.

30. Other expenses

Workers' profit participation fund	21.3	14,219,563	9,053,518
Exchange loss		11,924,099	67,677
Surcharge on annual maintenance charges		396,562	984,083
		<u>26,540,224</u>	<u>10,105,278</u>

31. Taxation

Current		11,954,447	8,879,485
		<u>11,954,447</u>	<u>8,879,485</u>

31.1 The tax liability of the Company represents minimum tax at the rate of 1% (2011: 1%) of turnover under section 113 of the Income Tax Ordinance, 2001 (ITO) on net sales.

31.2 Reconciliation of income tax expense for the year

The numerical reconciliation between the average effective 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.

32. Earnings per share - basic and diluted

Note	June 30, 2012	June 30, 2011
Earnings after taxation attributable to ordinary shareholders (Rs.)	258,235,991	172,190,879
Weighted average number of Ordinary shares	<u>38,886,000</u>	<u>38,886,000</u>
Earnings per share - basic and diluted (Rs. / share)	<u>6.64</u>	<u>4.43</u>

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

33. Defined benefit plan

The Company maintains unfunded gratuity for its permanent employees. The scheme provides for terminal benefits for all permanent employees who complete a qualifying period of service with the Company at varying percentages of last drawn salary. The percentage depends on the number of service years with the Company.

Annual provision is based on actuarial valuation, which was carried out by using the Projected Unit Credit Method.

Following principal actuarial assumptions were used for the valuation:

Discount rate 14% per annum compound (2011: 14%)

Expected rate of increase in salaries 14% per annum (2011: 14%)

33.1 The amounts recognized in balance sheet are as follows:

Note	June 30, 2012	June 30, 2011
	Rupees	
Present value of defined benefit obligation	10,141,460	(9,690,176)
Fair value of plan assets	-	-
Unrecognized transitional liability	-	-
Unrecognized actuarial gains / (losses)	-	-
(Liability) / asset - recognized in the balance sheet	<u>10,141,460</u>	<u>(9,690,176)</u>

33.2 Movement in present value of defined benefit obligation

Opening balance	9,690,177	9,083,141
Current service expense	1,357,655	1,185,959
Interest expense	1,268,808	1,074,637
Benefits paid	(2,175,180)	(693,490)
Actuarial gain	-	(246,402)
Transitional assets	-	(713,668)
	<u>10,141,460</u>	<u>9,690,177</u>

33.3 Movement in net liability in the balance sheet :

Opening balance of liability	9,690,177	9,083,141
Expense recognized for the year	2,626,463	1,300,526
Payments made by the Company	(2,175,180)	(693,490)
	<u>10,141,460</u>	<u>9,690,177</u>

June 30,
2012

June 30,
2011

Rupees

33.4 The following amounts have been charged in the profit and loss account in respect of these benefits:

Current service expense	1,357,655	1,185,959
Interest expense	1,268,808	1,074,637
Recognition of actuarial (gain) / loss	-	(246,402)
Recognition of transitional (assets) / liabilities	-	(713,668)
	2,626,463	1,300,526

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

34. Remuneration of the chief executive, directors and executives

The aggregate amounts charged in the financial statements in respect of remuneration, perquisites and benefits of the chief executive, directors and executives of the Company are as follows:

	2012			2011		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees					
Directors' fee	-	-	-	-	-	-
Managerial remuneration	1,800,000	3,300,000	5,598,720	1,500,000	2,700,000	10,558,067
Perquisites and benefits						
Medical	197,522	42,290	224,320	526,604	150,000	129,070
Utilities	-	-	-	28,619	-	-
Other perquisites (Motor vehicle etc.)	283,878	181,478	604,373	315,453	95,612	903,146
	2,281,400	3,523,768	6,427,413	2,370,676	2,945,612	11,590,283
No. of Persons	1	3	4	1	2	13

June 30,
2012

June 30,
2011

Rupees

35. Related party disclosures

A. Transactions with and balances of Related Parties:

Directors

Nature of transactions	Loan acquired during the year	11,800,000	10,000,000
	Loan repaid during the year	-	5,963,200
Balance as at June 30	Loan	151,138,800	145,735,600

B. Transactions with and balances of Associated Companies:

		June 30, 2012	June 30, 2011
		Rupees	
TOYO Packaging (Private) Limited			
Nature of transactions	Sale of goods/processing charges	162,413,046	188,145,130
	Sale of generator/land and building	-	13,000,000
	Purchase of polypropylene resin	13,755,280	-
	Lease rentals	31,908,594	42,479,011
	Deposit paid against leased asset	5,123,421	-
Balance as at June 30	Lease deposit	55,123,421	50,000,000
	Trade debt	5,262,203	-
Hilal Confectionery (Private) Limited			
Nature of transactions	Sale of goods	3,746,664	990,464
Shalimar Food Products (Private) Limited			
Nature of transactions	Sale of goods	22,167,922	7,905,044
Balance as at June 30	Trade debt	1,489,362	1,670,760
Kings Foods (Private) Limited			
Nature of transactions	Sale of goods	9,546,768	7,620,163
Metaplast (Private) Limited			
Nature of transactions	Sale of goods	7,307,322	6,649,938
National Management Consultancy Services (Private) Limited			
Balance as at June 30	Loan	45,621,657	59,761,657

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

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

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

All related party transactions are stated at prices considered equivalent to prices that would prevail in an arm's length transaction.

	Note	June 30, 2012	June 30, 2011
		Rupees	
36. Cash Generated from operations			
Profit before taxation		270,190,438	181,070,364
Adjustment from non-cash charges and other items			
Depreciation		54,919,874	61,743,720
Amortization of software		53,384	66,728
Provision for doubtful debts		1,705,909	11,054,020
Provision for gratuity		2,626,463	1,300,527
Ijara rentals		31,908,594	42,479,011
Finance costs		2,357,184	13,280,591
Profit on sale of property, plant and equipment		(1,064,971)	(41,653,143)
Other income		(40,019,888)	(88,334)
		52,486,549	88,183,120
		322,676,987	269,253,483
Changes in working capital	36.1	(123,007,161)	(72,297,522)
		199,669,826	196,955,962

36.1 Changes in working capital

	Note	June 30, 2012	June 30, 2011
		Rupees	
(Increase) / decrease in current assets			
Stock in trade		(58,154,943)	(126,237,489)
Trade debts		(110,294,434)	(29,599,846)
Loans and advances		53,332	(670,457)
Trade deposits, prepayments and other receivables		(797,071)	(418,585)
		(169,193,116)	(156,926,376)
Increase / (decrease) in current liabilities			
Short-term finance		734,696	-
Trade and other payables		47,961,075	83,055,614
Income tax deducted at source		(2,509,816)	1,573,240
		46,185,955	84,628,854
Net changes in working capital		(123,007,161)	(72,297,522)

37. Financial instruments and related disclosures

37.1 Financial assets and liabilities

2012

	Interest/mark-up bearing			Non interest/mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
	Rupees						
Financial assets							
Long-term deposits	-	-	-	-	57,398,421	57,398,421	57,398,421
Trade debts	-	-	-	155,584,374	-	155,584,374	155,584,374
Loans and advances	-	-	-	1,734,415	-	1,734,415	1,734,415
Trade deposits and other receivables	-	-	-	8,650,537	-	8,650,537	8,650,537
Cash and bank balances	-	-	-	11,976,566	-	11,976,566	11,976,566
Total financial assets	-	-	-	177,945,892	57,398,421	235,344,313	235,344,313
Financial liabilities							
Long-term loans	90,070,368	-	90,070,368	-	-	-	90,070,368
Loans from directors and associated company	-	-	-	-	196,760,457	196,760,457	196,760,457
Deferred mark-up	-	-	-	-	125,774,153	125,774,153	125,774,153
Short-term finance	734,696	-	734,696	-	-	-	734,696
Trade and other payables	-	-	-	326,782,959	-	326,782,959	326,782,959
Accrued mark-up	-	-	-	-	-	-	-
Total financial liabilities	90,805,064	-	90,805,064	326,782,959	322,534,610	649,317,569	740,122,632
On balance sheet gap	(90,805,064)	-	(90,805,064)	(148,837,067)	(265,136,189)	(413,973,256)	(504,778,320)
Unrecognized							
Letters of credit	-	-	-	12,400,000	-	12,400,000	12,400,000
Off balance sheet gap	(90,805,064)	-	(90,805,064)	(161,237,067)	(265,136,189)	(426,373,256)	(517,178,320)

The rate of mark-up on long-term loans is Nil (2011: 3 months KIBOR plus 3% per annum).

2011	Interest/mark-up bearing			Non interest/mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Total	Maturity up to one year	Maturity after one year	Total	
Rupees							
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	-	-	-	1,787,747	-	1,787,747	1,787,747
Trade deposits and other receivables	-	-	-	7,953,498	-	7,953,498	7,953,498
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 loans	28,988,658	42,423,140	71,411,798	70,568,000	44,432,000	115,000,000	186,411,798
Loans from directors and associated company	-	-	-	-	196,760,457	196,760,457	196,760,457
Deferred mark-up	-	-	-	-	130,734,504	130,734,504	130,734,504
Trade and other payables	-	-	-	281,331,700	-	281,331,700	281,331,700
Accrued mark-up	-	-	-	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							
Letters 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 loans is 3 months KIBOR plus 3% per annum (2010: 3 months KIBOR plus 3% per annum).

37.2 Credit risk

Concentration of credit risk

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. 235.344 million (2011: Rs.114.669 million), financial assets which are subject to credit risk are as follows:

	June 30, 2012	June 30, 2011
Rupees		
Long-term deposits	57,398,421	51,735,250
Trade debts	155,584,374	46,995,849
Loans and advances	1,734,415	1,787,747
Trade deposits and other receivables	8,650,537	7,953,498
Bank balances	1,549,299	6,197,535
	224,917,046	114,669,879

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

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

Not yet due	149,970,993	31,617,129
Past due 01-30 days	2,831,109	6,762,772
Past due 31-60 days	1,050,231	4,094,611
Past due 61-90 days	177,998	2,198,169
Over 90 days	17,709,984	16,773,200
Less: provision for doubtful debts	(16,155,941)	(14,450,032)
	155,584,374	46,995,849

	June 30, 2012	June 30, 2011
Rupees		
37.2.2 The movement in provision for doubtful debts in respect of trade receivables during the year was as follows:		
Balance at July 01	14,450,032	3,913,226
Provision during the year	1,705,909	10,536,806
Balance at June 30	16,155,941	14,450,032
37.2.3		
37.2.3 Particulars of provision		
Specific provision	11,829,671	11,976,566
General provision	4,326,270	2,473,466
	16,155,941	14,450,032

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.

37.3 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity price risks. The objective of market risk management is to manage and control market risk exposures within an acceptable range.

37.4 Foreign currency risk

Foreign 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.

The Company is exposed to foreign currency risk in US Dollars and Euros in respect of trade and other payables for import of raw materials and plant and machinery. Exposure to foreign currency risk is hedged through forward contracts, where appropriate.

The Company's exposure to foreign currency risk in major currencies at their gross values is as follows:

	June 30, 2012	June 30, 2011
US Dollars		
Trade and other payables		
Import bill for goods	1,946,908	1,323,207
EUROS		
Trade and other payables		
Import bill for goods	54,203	29,100

Following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of all currencies applied to assets and liabilities as at June 30, 2012 represented in foreign currencies, with all other variables held constant, of the Company's profit before tax.

		June 30, 2012	June 30, 2011
Change in exchange rate	±	3%	3%
Effect on profit before tax (Rs.)	±	5,806,772	3,531,200

37.5 Interest rate risk

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

If the interest rate had increased / decreased by 100 basis 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. 0.007347 million respectively.

37.6 Equity price risk

Equity price risk is the risk of loss arising from movements in prices of equity investments. The Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares.

37.7 Liquidity risk

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 managing liquidity risk is to maintain sufficient level of liquidity based on expected cash flows by holding highly liquid assets and maintaining sufficient reserve borrowing facilities. This includes maintenance of balance sheet liquidity ratios through working capital management.

Assets and liabilities maturing within twelve months are prescribed in note 37.1.

37.8 Fair values of financial assets and liabilities

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

37.9 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	June 30, 2012	June 30, 2011
		Rupees	
Total debt	37.9.1	286,830,825	383,172,254
Less: Cash and bank balances		1,624,860	6,273,718
Net debt		285,205,966	376,898,536
Total equity	37.9.2	361,356,626	103,120,635
Total capital		646,562,592	480,019,171
Gearing ratio		44.11%	78.52%

37.9.1 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.

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

38. Plant capacity and actual production

	2012		2011	
	Capacity	Production	Capacity	Production
	Metric Tons			
Operational capacity				
BOPP Line	15,000	9,182	15,000	6,564

39. Corresponding figures

The following corresponding figures have been reclassified for the purpose of better presentation:

<u>From</u>	<u>To</u>	<u>Rupees</u>
Trade debts	Trade debts	
Others	Related parties	4,314,735
Trade deposits, prepayments and other receivables	Loans and advances	
Other receivables	Advances to staff	2,500
Workers Profit Participation Fund	Other expenses	
Workers Profit Participation Fund	Workers Profit Participation Fund	9,053,518
Other income	Other expenses	
Exchange loss	Exchange loss	67,677
Financial costs	Other expenses	
Markup on annual maintenance charges	Surcharge on annual maintenance charges	984,083
Tax refund from Government		
Advance income tax	Advance income tax	19,091,583
Advance income tax	Provision for tax	8,879,485

40. Number of employees

Total number of employees at the year end was 63 (2011: 60).

41. Date of Authorization

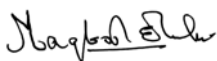
These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on October 05, 2012.

42. Non-adjusting events after balance sheet

The Board of directors, in their meeting held on October 05, 2012 proposed a final dividend of 10% i.e. Re.1 per share (2011: Rs. Nil per share) amounting to Rs. 38,886,000 for the year ended June 30, 2012. These financial statements do not include the effect of this dividend which will be accounted for in the period in which it is declared.

43. General

All amounts in these financial statements have been rounded to the nearest rupee.



Maqbool Elahi Shaikh
Chief Executive



Mohammad Sadiq Khan
Director

Notice of 17th Annual General Meeting

NOTICE is hereby given that the 17th Annual General Meeting of MACPAC Films Limited will be held on Wednesday, October 31, 2012 at 4:00 p.m. at registered office of the Company, F/2, A-F, S.I.T.E., Karachi, to transact the following ordinary business:

1. To confirm the Minutes of the 16th Annual General Meeting held on October 29, 2011.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2012, together with the Auditors' Directors' Report thereon.
3. To approve final cash dividend for the year ended June 30, 2012 at Re.1/- per ordinary share i.e. 10 %, as recommended by the Board of Directors of the Company.
4. To appoint Auditors of the Company for the year ending June 30, 2013 and fix their remuneration. The retiring auditors M/s Avais Hyder Liaquat Nauman, Chartered Accountants, being eligible offered themselves for reappointment. The Audit Committee and Board of Directors have also recommended their name for reappointment.
5. To elect nine directors as fixed by the board of directors in accordance with the provision of section 178(1) of the Companies Ordinance, 1984 for the next tenure of three years commencing from November 01, 2012. Nine persons have already given their consent for election including following retiring directors being eligible for re-election.
 1. Mr. Maqbool Elahi Shaikh
 2. Mr. Mohammad Sadiq Khan
 3. Mr. Naeem Ali Mohammad Munshi
 4. Mr. Ehtesham Maqbool Elahi
 5. Mr. Shariq Maqbool Elahi
 6. Mrs. Sana Nauman
 7. Air Marshal Azim Daudpota
6. To transact any other business with the permission of the Chair.

By Order of the Board



M. Javid Ansari
Company Secretary

Karachi: October 05, 2012

Notes:

1. The share transfer books of the Company will remain closed from October 25, 2012 to October 31, 2012 (both days inclusive). Transfers received at the Company's Share Registrar, 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 October 24, 2012 will be treated in time.
2. Members are requested to notify any change in their addresses immediately to our Share Registrar.
3. 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 valid, must be deposited at Company' Share Registrar office not less than 48 hours before the meeting. A proxy must be a member of the Company.
4. Any member who seeks to contest the election of Director shall file with the Company not later than 14 days before the date of meeting, a notice of his/her intention to offer himself/herself for election as director in term of Section 178 of the Companies Ordinance, 1984. Declaration in accordance with the Code of Corporate Governance contained in the listing regulations along with consent to act as director under section 184 of the Companies Ordinance, 1984 is also to be filed.
5. CDC shareholders or their proxies must bring their Computerized National Identity Card (CNIC)/passport along with CDC Participant ID and Account number at the meeting venue for identification purpose. In case of representative of corporate member, the Board of Directors' Resolution/Power of Attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier).

Proxy Form

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 17th Annual
General Meeting of the Company to be held on October 31, 2012, at Registered Office of the Company F/2,
A-F, S.I.T.E., Karachi and/or any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2012.
Signed by _____
in the presence of _____

Folio No.

Signature

Note:

1. The Proxy Form must be deposited at the Company's share registrar office, 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.

Manufacturers of Multi Layer Co-extruded BOPP & CPP Films

MACPAC FILMS LTD



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

Email: macpac@cyber.net.pk

Website: www.macpac.com.pk

Factory : Plot No. EZ/1/P-10, Eastern Industrial Zone,
Port Qasim area