



**CONDENSED
INTERIM
FINANCIAL
INFORMATION**

**For 1st Quarter Ended,
September 30, 2012
(Un-Audited)**

MACPAC FILMS LTD.

The MACPAC logo consists of two stylized circular patterns, each resembling a spiral or a target, positioned below the company name.

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

Mr. Israr Ullah Khan

Company Secretary

M. Javid Ansari

Auditors

Avais Hyder Liaquat Nauman
Chartered Accountants

Bankers

Al-Baraka Bank Pakistan 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

MACPAC FILMS LIMITED

DIRECTOR'S REVIEW

In the name of Allah, The Most Gracious, The Most Benevolent and the Most Merciful.

Assalam-o-Alaikum

The Directors of your company are pleased to present the un-audited financial information of the company for the 1st quarter ended September 30, 2012.

Business Overview

With the Blessings of ALL MIGHTY, ALLAH, your company shows continuing growth from the corresponding period and tries to enhance the capacity utilization in coming months. The 1st quarter results significantly proven an upward trend which has resulted in net profit of Rs 59.20 million.

Financial Reporting

Your company has recorded net sales of Rs. 355 million as compared to Rs. 218 million for the same quarter last year. This mark was achieved due to the efficient use of production capacity. Profit before tax for the quarter is Rs. 60.98 million as compared to Rs. 41.47 million for the same period last year.

Earnings per share of the company is Rs. 1.52 per share which was Rs. 1.01 per share during same period last year.

Future Outlook

Management of the Company is continuously devoting its 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.

Acknowledgement

I take this opportunity to thank the financial institutions, customers, suppliers, colleagues and other stakeholders for the confidence they shown in the company and also wish to place on record my appreciation for the dedication and hard work of all members of our team.

On behalf of the Board

Maqbool Elahi Shaikh
Chief Executive

October 25, 2012

Macpac Films Limited

Condensed Interim Balance Sheet (Un-Audited)
as at September 30, 2012

	NOTE	Sep 30 2012 Rupees	Jun 30 2012 Rupees
Non current assets			
Property, Plant and Equipment	4.	528,296,256	540,839,060
Intangible		202,852	213,528
Long-term deposits	5.	57,398,421	57,398,421
Deferred taxation	6.	90,105,250	90,105,250
Current assets			
Stock-in-trade		214,992,774	213,889,611
Trade debts		153,835,384	155,584,374
Loans and advances		2,652,809	1,734,415
Trade deposits and prepayments		8,800,416	8,852,147
Tax refund from Government		20,418,901	20,418,901
Advance income tax		44,367,951	32,914,599
Cash and bank balances		6,892,432	1,624,860
		451,960,667	435,018,907
		<u>1,127,963,445</u>	<u>1,123,575,166</u>
Equity and liabilities			
Share capital and reserves			
Share capital	7.	388,860,000	388,860,000
Reserves		79,930,000	79,930,000
Unappropriated losses		(48,230,891)	(107,433,374)
		420,559,109	361,356,626
Non current liabilities			
Staff retirement benefits - staff gratuity		10,049,910	10,141,460
Long term loans	8.	-	-
Due to directors and associated company		196,760,457	196,760,457
Deferred Markup		125,774,153	125,774,153
		332,584,520	332,676,070
Current liabilities			
Short-term finance		-	734,696
Current portion of long-term liabilities	8.	38,611,641	90,070,368
Trade and other payables		322,478,547	326,782,959
Provision for taxation		13,729,628	11,954,447
		374,819,816	429,542,470
Contingencies and commitments	9.	-	-
Total equity and liabilities		<u>1,127,963,445</u>	<u>1,123,575,166</u>

The annexed notes 1 - 10 form an integral part of these financial information.

Maqbool Elahi Shaikh
Chief Executive

Mohammad Sadiq Khan
Director

MACPAC FILMS LIMITED

Macpac Films Limited

Condensed Interim Profit and Loss Account (Un-audited)
for the 1st Quarter ended Sept. 30, 2012

	Note	Quarter Ended	
		September 30 2012 Rupees	September 30 2011 Rupees
Sales			
Gross sales			
- Local		316,805,431	219,412,130
- Processing income		95,036,638	46,337,800
		<u>411,842,069</u>	<u>265,749,930</u>
Sales tax		(56,805,803)	(47,922,119)
Net sales		<u>355,036,267</u>	<u>217,827,812</u>
Cost of goods sold	10.	<u>(282,300,879)</u>	<u>(167,880,413)</u>
Gross profit		<u>72,735,388</u>	<u>49,947,399</u>
Selling and marketing expenses		(2,607,695)	(770,288)
Administrative expenses		(8,630,795)	(5,152,336)
		<u>(11,238,490)</u>	<u>(5,922,624)</u>
Operating profit		<u>61,496,898</u>	<u>44,024,775</u>
Financial charges		(388,394)	(2,304,541)
Other income		169,260	-
Other expense		(300,000)	(250,000)
		<u>(519,134)</u>	<u>(2,554,541)</u>
Profit before taxation		<u>60,977,763</u>	<u>41,470,234</u>
Taxation		(1,775,181)	(2,178,278)
Profit after taxation		<u>59,202,582</u>	<u>39,291,956</u>
Earning per share		<u>1.52</u>	<u>1.01</u>

The annexed notes 1 - 10 form an integral part of these financial information.

Maqbool Elahi Shaikh
Chief Executive

Mohammad Sadiq Khan
Director

MACPAC FILMS LIMITED

Macpac Films Limited

Condensed Interim Statement of Comprehensive Income (Un-Audited)
for the 1st Quarter ended Sept. 30, 2012

	Sept 30, 2012	Sept 30, 2011
	R U P E E S	
Net Income after taxation	59,202,583	39,291,956
Other comprehensive Income	-	-
Total Comprehensive income for the period	<u>59,202,583</u>	<u>39,291,956</u>

The annexed notes 1 - 10 form an integral part of these financial information.

Macpac Films Limited

Condensed Interim Statement of Changes in Equity (Un-Audited)
for the 1st Quarter ended Sept. 30, 2012

Particulars	Issued, subscribed and paid-up capital	Reserves share premium	Unappropriated profit / (losses)	Total
Balance as at July 1, 2011	388,860,000	79,930,000	(365,669,364)	103,120,636
Profit for the period	-	-	39,291,956	39,291,956
Balance as at , Sept 30, 2011	<u>388,860,000</u>	<u>79,930,000</u>	<u>(326,377,408)</u>	<u>142,412,592</u>
Balance as at July 1, 2012	388,860,000	79,930,000	(107,433,374)	361,356,626
Profit for the period	-	-	59,202,583	59,202,583
Balance as at , Sept 30, 2012	<u>388,860,000</u>	<u>79,930,000</u>	<u>(48,230,791)</u>	<u>420,559,209</u>

The annexed notes 1 - 10 form an integral part of these financial information.

Maqbool Elahi Shaikh
Chief Executive

Mohammad Sadiq Khan
Director

MACPAC FILMS LIMITED

Macpac Films Limited

Condensed Interim Cash Flow Statement (Un-Audited)
for the 1st Quarter ended Sept. 30, 2012

	September 30 2012 Rupees	September 30 2011 Rupees
A. CASH GENERATED FROM OPERATIONS		
Profit before taxation	60,977,764	41,470,235
Adjustments:		
Depreciation	12,467,738	13,478,759
Amortization of intangible asset	10,676	13,346
Provision for Bad debts	-	500,000
Provision for gratuity	664,000	500,000
	674,676	1,013,346
Financial charges	388,394	2,554,541
	<u>13,530,808</u>	<u>17,046,646</u>
Operating cash flows before working capital changes	74,508,572	58,516,881
Changes in working capital		
(Increase)/decrease in current assets:		
Stock-in-trade	(1,103,163)	(19,001,963)
Trade debts	1,748,990	(37,529,780)
Loans and advances	(918,394)	(381,419)
Trade deposits and prepayments	51,731	(741,128)
	(220,838)	(57,654,290)
Increase/(decrease) in current liabilities:		
Short-term running finance	(734,696)	-
Trade and other payables	(5,373,306)	21,140,753
Income tax deducted at source	768,788	609,498
	(5,339,214)	21,750,251
	<u>(5,560,052)</u>	<u>(35,904,039)</u>
Cash generated from/(used in) operation	<u>68,948,521</u>	<u>22,612,842</u>
Income tax paid	(11,453,352)	(7,975,188)
Gratuity paid	(755,550)	-
Financial charges paid	(88,394)	(290,559)
	<u>(12,297,297)</u>	<u>(8,265,747)</u>
Net cash (used in) operating activities	56,651,224	14,347,095
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(250,981)	(517,530)
Proceeds from disposal of fixed assets	326,056	-
Cash flow (used in) / from investing activities	75,075	(517,530)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long term finance	(51,458,727)	(15,008,000)
Net cash outflow from financing activities	<u>(51,458,727)</u>	<u>(15,008,000)</u>
Net (decrease) / Increase in cash and cash equivalent (A + B + C)	<u>5,267,572</u>	<u>(1,178,435)</u>
Cash and cash equivalent at the beginning of the period	1,624,860	6,273,726
Cash and cash equivalent at the end of the period	<u>6,892,432</u>	<u>5,095,291</u>

The annexed notes 1 - 10 form an integral part of these financial information.

Maqbool Elahi Shaikh
Chief Executive

Mohammad Sadiq Khan
Director

MACPAC FILMS LIMITED

Macpac Films Limited

Notes to the Condensed Interim Financial Information for the 1st Quarter ended Sept. 30, 2012

1. STATUS AND NATURE OF THE COMPANY

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 principle activity of the company is to manufacture, produce, buy and sell plastic packaging films.

2. COMPLIANCE WITH STATUTORY REQUIREMENTS

These condensed interim financial information is unaudited and has been prepared and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34- "Interim Financial Reporting". These figures for the three month ended September 30, 2012. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2012.

	Note	Sep 30 2012 Rupees	June 30, 2012 Rupees
4. PROPERTY, PLANT AND EQUIPMENT			
Opening book value		540,839,060	710,061,643
Add:			
Additions during the period		250,981	5,536,365
		<u>541,090,041</u>	<u>715,598,008</u>
Less:			
Disposals during the period (book value)		326,037	76,346,857
Depreciation charged during the period		12,467,738	61,743,720
		<u>12,793,775</u>	<u>138,090,577</u>
		<u>528,296,266</u>	<u>577,507,431</u>
5. LONG TERM DEPOSITS			
Leased asset deposits	5.1	55,123,421	55,123,421
Others		2,275,000	2,275,000
		<u>57,398,421</u>	<u>57,398,421</u>

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

6. DEFERRED TAXATION

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

		Sep 30 2012 Rupees	June 30, 2012 Rupees
7. AUTHORIZED CAPITAL			
50,000,000 Ordinary shares of Rs.10/- each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid-up capital			
25,986,000 Ordinary shares of Rs. 10/- each fully paid up in cash		<u>259,860,000</u>	259,860,000
12,900,000 Ordinary shares of Rs.10/- each issued as fully paid bonus shares		<u>129,000,000</u>	129,000,000
		<u><u>388,860,000</u></u>	<u><u>388,860,000</u></u>
8. LONG-TERM LOANS			
Secured			
Commercial bank	8.1	<u>10,000,000</u>	40,000,000
Financial institution	8.2	<u>21,458,732</u>	42,917,459
		<u>31,458,732</u>	82,917,459
Term installment due		<u>7,152,909</u>	7,152,909
		<u>38,611,641</u>	90,070,368
Less: Current portion shown under current liabilities		<u>31,458,732</u>	82,917,459
Term installment due		<u>7,152,909</u>	7,152,909
		<u>-</u>	-

8.1 As per understanding reached with Habib Bank Limited and in accordance with the order of the court (Note 9.1.4), out of total liability of Rs. 248.36 million, Rs. 238.36 million has been paid till September 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 charges over existing and future assets of the Company to the extent of Rs. 485.131 million.

8.2 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. 71.529 million has been paid till September 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.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

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

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

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

- 9.1.2** 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.
- 9.1.3** NIB Bank Limited, formally 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.
- 9.1.4** In continuation of Note 8.1, 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.
- 9.1.5** Guarantees issued by a Banking Company on behalf of the Company to Sui Southern Gas Company Limited amounted to Rs. 7.25 million (June 2012: 7.25 million).

	Quarter Ended	
	September 30, 2012 Rupees	September 30, 2011 Rupees
10. COST OF SALES		
Opening work-in-process	54,174,895	36,988,545
Material consumed	241,454,761	129,448,935
Salaries, wages and other benefits	7,410,485	5,205,678
Oil and lubricants/diesel	2,022,383	1,501,803
Packing material consumed	3,827,872	1,158,346
Consumable stores	1,823,838	331,549
Water charges	113,200	170,700
Repair and maintenance	1,189,557	2,267,338
Vehicle running and maintenance	350,695	258,673
Power/electricity/gas	19,491,563	13,078,340
Insurance	1,544,633	1,229,708
Telephone	129,850	91,250
Cartage and octori	1,703,826	1,352,154
Consultancy charges	780,000	540,000
Staff welfare	435,441	333,594
Security charges	255,484	228,249
Depreciation	12,058,112	13,116,313
Ijara Rentals	-	10,663,945
Other expense	331,582	5,090
Transportation	866,201	783,653
	349,964,376	218,753,863
Less: Closing work-in-process	(67,072,145)	(59,529,490)
Cost of goods manufactured	282,892,231	159,224,373
Opening stock of finished goods	32,550,370	24,203,360
	315,442,601	183,427,733
Less: Closing stock of finished goods	(33,141,722)	(15,547,320)
	282,300,879	167,880,413

12. DATE OF AUTHORIZATION

These condensed interim financial information was authorized for issue on October 25, 2012 by the Board of Directors.

13. GENERAL

- 13.1** Figures have been rounded off to the nearest rupee.

Maqbool Elahi Shaikh
Chief Executive

Mohammad Sadiq Khan
Director