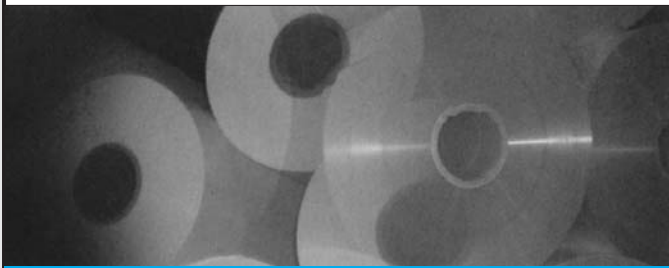


MACPAC FILMS LTD.



Pioneers of BOPP Films in Pakistan

**CONDENSED
INTERIM
FINANCIAL
INFORMATION**

**For 1st Quarter Ended,
September 30, 2011
(Un-Audited)**



COMPANY INFORMATION

Board of Directors

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

Audit Committee of the Board

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

Company Secretary & Chief Financial Officer

Israr Ullah Khan

Bankers

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

Auditors

Avais Hyder Liaquat Nauman
Chartered Accountants

Registered Office

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

City Office

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

Factory

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

Shares Registrar

Noble Computer Services (Pvt) Ltd
Mezzanine Floor, House of Habib Building (Siddiqsons Tower),
3-Jinnah Cooperative Housing Society,
Main Shahrah-e-Faisal,
Karachi - 75350

Legal Advisor

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

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, 2011.

Business Overview

With the Blessings of ALL MIGHTY, ALLAH, your company shows continuing growth from the subsequent 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 39.291 million.

Financial Reporting

The net sales for this quarter was approximately double and reached to Rs. 217.827 million as compared to Rs. 121.018 million for the same quarter last year. This mark achieved due to efficiently used of production capacity. Profit before tax for the quarter is Rs. 41.470 million as compared to a Loss of Rs. 4.609 million for the same period last year.

Earnings per share of the company is Rs. 1.01 per share which was Rs. (0.15) per share during same period last year.

Future Outlook

The business environment is still competitive and demanding. Raw material prices show continuous fluctuations and maintaining costs of purchases and selling price adjustments remain a challenge. This year the company would pay major portion of its remaining debts and would be able to breathe easily.

The management of the company is confident that after enhancement of LC limits and availability of working capital the company will able to increase current level of production and the bottom line subsequently.

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

October 29, 2011

Maqbool Elahi
Chief Executive

Macpac Films Limited

Condensed Interim Balance Sheet (Un-Audited)
as at September 30, 2011

	NOTE	Un-audited Sep 30 2011 Rupees	Audited Jun 30 2011 Rupees
Non current assets			
Property, Plant and Equipment	4	564,546,211	577,507,431
Intangible		253,566	266,912
Long-term deposits	5	51,735,250	51,735,250
Deferred taxation	6	90,105,250	90,105,250
Current assets			
Stock-in-trade		174,736,631	155,734,668
Trade debts		84,025,621	46,995,842
Loans and advances		2,166,648	1,785,229
Trade deposits and prepayments		8,798,704	8,057,576
Tax refund from Government		39,119,911	33,323,001
Cash and bank balances		5,095,283	6,273,726
		313,942,799	252,170,042
		1,020,583,076	971,784,885
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		(326,377,406)	(365,669,364)
		142,412,594	103,120,636
Non current liabilities			
Staff retirement benefits - staff gratuity		10,190,177	9,690,177
Long term loans	8	49,134,946	58,360,811
Due to directors and associated company		196,760,457	196,760,457
Deferred Markup		130,734,504	130,734,504
		386,820,084	395,545,949
Current liabilities			
Current portion of long-term liabilities		122,268,851	128,050,986
Trade and other payables		303,267,049	281,331,684
Accrued mark-up		65,814,498	63,735,630
		491,350,398	473,118,300
Contingencies and commitments	9	-	-
Total equity and liabilities		1,020,583,076	971,784,885

The annexed notes 1 - 12 form an integral part of these condensed interim financial information.

Maqbool Elahi
Chief Executive

Mohammad Sadiq Khan
Director

MACPAC FILMS LIMITED

Macpac Films Limited

Condensed Interim Profit and Loss Account (Un-audited)
For the three months ended September 30, 2011

		Three month ended	
		September 30	September 30
		2011	2010
		Rupees	Rupees
Sales	Note		
Gross sales			
- Local		219,412,130	134,833,745
- Processing income		46,337,800	14,019,045
		<u>265,749,930</u>	<u>148,852,790</u>
Sales tax		(47,922,119)	(26,624,076)
Special excise duty		-	(1,210,185)
Net sales		<u>217,827,812</u>	<u>121,018,529</u>
Cost of goods sold	10	<u>(167,880,413)</u>	<u>(116,026,530)</u>
Gross profit		49,947,400	4,991,999
Selling and marketing expenses		(770,288)	(984,193)
Administrative expenses		(5,152,336)	(4,920,674)
Operating profit / (loss)		44,024,776	(912,869)
Financial charges		(2,554,541)	(3,837,075)
Other income		-	140,118
		<u>(2,554,541)</u>	<u>(3,696,957)</u>
Profit/(loss) before taxation		<u>41,470,235</u>	<u>(4,609,825)</u>
Taxation		(2,178,278)	(1,210,185)
Profit/(loss) after taxation		<u>39,291,957</u>	<u>(5,820,010)</u>
Earning/(Loss) per share		<u>1.01</u>	<u>(0.15)</u>

The annexed notes 1 - 12 form an integral part of these condensed interim financial information.

Maqbool Elahi
Chief Executive

Mohammad Sadiq Khan
Director

MACPAC FILMS LIMITED

Macpac Films Limited

Condensed Interim Statement of Comprehensive Income (Un-Audited)
for the three months ended September 30, 2011

	YEAR ENDED 2011	
	Sep 30, 2011	Sep 30, 2010
	R U P E E S	S
Net Income/(loss) after taxation	39,291,957	(5,820,010)
Other comprehensive		-
Income		
Total Comprehensive income/(loss) for the	39,291,957	(5,820,010)

The annexed notes 1 - 12 form an integral part of these condensed interim financial information.

Macpac Films Limited

Condensed Interim Statement of Changes in Equity (Un-Audited)
for the three months ended September 30, 2011

Particulars	Issued, subscribed and paid-up capital	Reserves share premium	Unappropriated profit / (losses)	Total
Balance as at July 1, 2010	388,860,000	79,930,000	(537,860,243)	(69,070,243)
(Loss) for the period	-	-	(5,820,010)	(5,820,010)
Balance as at September, 2010	388,860,000	79,930,000	(543,680,253)	(74,890,253)
Balance as at July 1, 2011	388,860,000	79,930,000	(365,669,364)	(69,070,243)
Profit for the period	-	-	39,291,957	39,291,957
Balance as at September 30, 2011	388,860,000	79,930,000	(326,377,407)	(29,778,286)

The annexed notes 1 - 12 form an integral part of these condensed interim financial information.

Maqbool Elahi
Chief Executive

Mohammad Sadiq Khan
Director

MACPAC FILMS LIMITED

Macpac Films Limited

Condensed Interim Cash Flow Statement (Un-Audited)
for the three months ended September 30, 2011

A. CASH GENERATED FROM OPERATIONS

Profit / (Loss) before taxation 41,470,235 (4,609,825)

Adjustments:

Depreciation	13,478,759	15,051,846
Amortization of intangible asset	13,346	16,682
Provision for Bad debts	500,000	500,000
Provision for gratuity	500,000	629,410
	1,013,346	1,146,092
Financial charges	2,554,541	3,837,075
	17,046,646	20,035,013
Operating cash flows before working capital changes	58,516,881	15,425,187

Changes in working capital

(Increase)/decrease in current assets:

Stock-in-trade	(19,001,963)	(2,416,249)
Trade debts	(37,529,780)	(18,451,893)
Loans and advances	(381,419)	113,513
Trade deposits and prepayments	(741,128)	(2,050,297)
	(57,654,289)	(22,804,925)

Increase/(decrease) in current liabilities:

Trade and other payables	21,140,753	65,785,948
Income tax deducted at source	609,498	(686,250)
	21,750,251	65,099,698
	(35,904,038)	42,294,773
	22,612,843	57,719,960

Cash generated from/(used in) operation

Income tax paid	(7,975,188)	(2,583,980)
Gratuity paid	-	(26,400)
Financial charges paid	(290,559)	(637,979)
	(8,265,747)	(3,248,359)
Net cash (used in) operating activities	14,347,097	54,471,601

B. CASH FLOW FROM INVESTING ACTIVITIES

Fixed capital expenditures	(517,530)	(63,900)
Cash flow (used in) / from investing activities	(517,530)	(63,900)

C. CASH FLOW FROM FINANCING ACTIVITIES

Long term finance	(15,008,000)	(51,668,000)
	-	-
Net cash outflow from financing activities	(15,008,000)	(51,668,000)
Net (decrease) / Increase in cash and cash equivalent (A + B + C)	(1,178,435)	2,739,702
Cash and cash equivalent at the beginning of the period	6,273,726	176,613
Cash and cash equivalent at the end of the period	5,095,293	2,916,315

The annexed notes 1 - 12 form an integral part of these condensed interim financial information.

Maqbool Elahi
Chief Executive

Mohammad Sadiq Khan
Director

MACPAC FILMS LIMITED

Macpac Films Limited

Notes to the Condensed Interim Financial Information
For the three months ended September 30, 2011 (Un-audited)

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 principal 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, 2011, and subject to limited scope review as required by the Code of Corporate Governance. 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, 2011.

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, 2011

	Note	Un-audited Sep 30 2011 Rupees	Audited June 30, 2011 Rupees
4. PROPERTY, PLANT AND EQUIPMENT			
Opening book value		577,507,441	710,061,643
Add:			
Additions during the period		517,530	5,536,365
		<u>578,024,970</u>	<u>715,598,008</u>
Less:			
Disposals during the period (book value)		-	76,346,857
Depreciation charged during the period		13,478,759	61,743,720
		<u>13,478,759</u>	<u>138,090,577</u>
		<u>564,546,211</u>	<u>577,507,431</u>
5. LONG TERM DEPOSITS			
Leased asset deposits	5.1	50,000,000	50,000,000
Others		1,735,250	1,735,250
		<u>51,735,250</u>	<u>51,735,250</u>

5.1 The deposit amount has given to TOYO Packaging (Private) Limited, for onward submission to Al-Baraka Bank (Pakistan) Limited (Formerly Emirates Global Islamic Bank Limited) for security deposit against lease of Primary Slitter.

6. DEFERRED TAXATION

The Company has not recognized further deferred tax assets arises during the period on prudent basis.

7. AUTHORIZED CAPITAL

(40,000,000) Ordinary shares of Rs.10/- each)	<u>400,000,000</u>	<u>400,000,000</u>
Issued, subscribed and paid-up capital		
(25,986,000 Ordinary shares of Rs. 10/- each fully paid up in cash)	259,860,000	259,860,000
(12,900,000 Ordinary shares of Rs.10/- each)	129,000,000	129,000,000
	<u>388,860,000</u>	<u>388,860,000</u>

				Un-audited Sep 30 2011 Rupees	Audited June 30, 2011 Rupees
8. LONG-TERM LOANS					
Secured					
Commercial bank	HBL	8.1	94,436,000	111,104,000	
Financial institution	SAPICO	8.3	49,865,275	42,423,139	
			<u>144,301,275</u>	<u>153,527,139</u>	
Term installment due			27,102,522	32,884,658	
			<u>171,403,797</u>	<u>186,411,797</u>	
Less: Current portion shown under current liabilities			95,166,329	95,166,328	
Term installment due			27,102,522	32,884,658	
			<u>49,134,946</u>	<u>58,360,811</u>	

8.1 As per understanding reached with Habib Bank Limited and in accordance with the order of the court, out of total liability of Rs. 248.36, Rs. 157.818 million has been paid till September 2011. The remaining amount will be paid in installment of Rs. 5.56 million per month as accordance to the agreement. The facility is secured by the pari passu charges over existing and future assets of the Company to the tune of Rs. 485.131 million.

8.2 Saudi Pak Industrial and Agriculture Company Limited (SAPICO) term loan facility has been restructured for the period of four years. The initial rate of mark up was 3 months KIBOR plus 4% per annum and will be reduced to 3 months KIBOR plus 3% w.e.f the date of restructuring i.e. July 01, 2008, thereafter 03 months KIBOR plus 2% from January 2010 onward. Repayment of principle is on the quarterly basis starting from July 2009. 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 Honourable Supreme Court of Pakistan, the Honourable Supreme Court of Pakistan has also suspended the judgment of the Honourable 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 Honourable High Court of Sindh whereas the civil petition for leave has been granted by the Honourable Supreme Court of Pakistan. The Honourable Supreme Court of Pakistan has also stayed the proceedings for these years.

Although the Honourable 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 Honourable 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 Ltd, is being claimed Rs. 1.5 m against termination of Lease Finance Facility on account of Additional Ijara Rentals at the rate of 0.1% per day on all delayed payments of rentals. The Management of the Company believes that they will settle these dues amicably. Currently no provision has been made in these financial statements.

9.1.3 NIB Bank Limited, formally PICIC Commercial Bank Ltd., is being claimed Rs. 1.3 m against termination of Lease Finance Facility on account of all delayed rentals/late payment charges. The Management of the Company believes that they will settle these dues amicably. Currently no provision has been made 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 jointly and severally have to pay the mark-up amount of Rs. 147.89 million otherwise it will be write off. Currently, the Company has provided Rs. 125.77 million as a deferred mark-up and however no provision has been made for difference of Rs. 22.12 million in these financial statements. The management of the Company believes that it will be able to pay off the whole amount of principal within the time allowed and the mark up will be waived.

9.1.5 Guarantees issued by banks on behalf of the Company to Sui Southern Gas Company Limited amounting to Rs. 2.25 million (June 2011: Rs. 2.25 million).

9.2 Commitments:

Letter of credit for purchase of raw material amounting to Rs. Nil (June 2011: Nil)

10. COST OF SALES	Three months ended - un-audited	
	September 30, 2011	September 30, 2010
Opening work-in-process	36,988,545	15,407,860
Material consumed	129,448,935	68,348,276
Salaries, wages and other benefits	5,205,678	4,865,497
Oil and lubricants/diesel	1,501,803	890,462
Packing material consumed	1,158,346	2,055,450
Consumable stores	331,549	121,333
Water charges	170,700	46,100
Repair and maintenance	2,267,338	866,498
Vehicle running and maintenance	258,673	246,117
Power/electricity/gas	13,078,340	9,036,914
Insurance	1,229,708	1,327,548
Telephone	91,250	63,383
Cartage and octori	1,352,154	658,705
Consultancy charges	540,000	1,006,417
Staff welfare	333,594	118,006
Security charges	228,249	357,000
Depreciation	13,116,313	14,820,178
Ijara Rentals	10,663,945	10,572,030
Other expense	5,090	50,000
Transportation	783,653	708,206
	218,753,863	131,565,980
Less: Closing work-in-process	(59,529,490)	(20,686,365)
Cost of goods manufactured	159,224,373	110,879,615
Opening stock of finished goods	24,203,360	8,574,715
	183,427,733	119,454,330
Less: Closing stock of finished goods	(15,547,320)	(3,427,800)
	167,880,413	116,026,530

11. DATE OF ISSUE

These condensed interim financial information was authorized for issue on October 29, 2011 by the Board of Directors.

12. GENERAL

12.1 Figures have been rounded off to the nearest rupee.

Maqbool Elahi
Chief Executive

Mohammad Sadiq Khan
Director