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 the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of MACPAC FILMS LIMITED, to comply with the listing regulations No. 37 of the Karachi Stock Exchange (Guarantee) Limited and chapter XIII of Lahore Stock Exchange 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) of Listing Regulation 37 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 transaction distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transaction and transactions which are not executed at arm length price recording proper justification for using such alternate price mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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

Based on our review, with the exception of the matters described in the preceding paragraph, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2009.

AVAIS HYDER LIAQUAT NAUMAN
Chartered Accountants
Engagement partner: Adnan Zaman

Date: October 04, 2008
Karachi

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of MACPAC Films Limited as at June 30, 2009 and the related profit and loss account, 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) confirmation of balances in respect of long term loans of Rs. 558.406 million have not been received therefore, the balance remain unconfirmed;

(b) the valuation of Company's gratuity plan has not been done by actuarial valuation methods as required by International Accounting Standard 19 "Employee benefits";

(c) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(d) 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;

(e) in our opinion, except for the effect if any on the financial statements of the matters referred to in paragraph 'a' and 'b', if any above, the balance sheet, profit and loss

account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2009 and of the loss, its cash flows and changes in equity for the year then ended;

(f) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

(g) without further qualifying our opinion we draw attention to the fact that the company has during the year incurred a loss after tax of Rs.109.64 million, its accumulated losses have reached Rs.510.17 million and its current liability exceeds its current assets by Rs.410.35 million. These conditions, along with the other matters set forth in Note 2.2 indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern;

AVAIS HYDER LIAQUAT NAUMAN
Chartered Accountants
Engagement partner: Adnan Zaman

Date: ___________________
Karachi

BALANCE SHEET
AS AT JUNE 30, 2009

	Note	2009 Rupees	2008 Rupees
Non current assets			
Property, Plant and Equipment	3	**796,740,542**	840,230,578
Intangible	4	**417,048**	521,308
Long-term Deposits	5	**53,237,300**	1,373,300
Deferred Cost	6	**–**	–
Deferred Taxation	7	**55,997,047**	65,315,936
Current Assets			
Stock-in-trade	8	**15,251,757**	35,104,843
Trade debts	9	**45,255,628**	42,412,994
Loans and advances	10	**904,969**	5,085,363
Trade deposits and prepayments	11	**7,979,923**	9,832,681
Other receivables	12	**21,691,234**	70,913,138
Cash and bank balances	13	**3,918,027**	62,804,002
		95,001,538	226,153,021
		1,001,393,475	1,133,594,143
Equity and liabilities			
Share capital and reserves			
Share capital	14	**388,860,000**	388,860,000
Reserves	15	**79,930,000**	79,930,000
Unappropriated losses		**(510,175,153)**	(400,536,319)
		(41,385,153)	68,253,681
Non current liabilities			
Short retirement benefits-staff gratuity	16	**8,527,150**	6,957,650
Long term loans	17	**332,142,519**	434,438,781
Due to directors and associated company	18	**196,760,457**	196,760,457
Liability against assets subject to finance lease	19	**–**	–
		537,430,126	638,156,888
Current liabilities			
Short-term finance	20	**–**	20,000,000
Current portion of long-term liabilities	21	**317,225,901**	204,820,408
Trade and other payables	22	**66,739,609**	67,750,286
Accrued mark-up	23	**121,382,992**	134,612,880
		505,348,502	427,183,574
Contingencies and Commitments	24		
		1,001,393,475	1,133,594,143

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

Maqbool Elahi
Chief Executive

Mohammad Sadiq Khan
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	**2009 Rupees**	2008 Rupees
Net Sales	25	**133,066,218**	335,116,290
Cost of goods sold	26	**(190,446,416)**	(363,934,038)
Gross (loss)		**(57,380,198)**	(28,817,748)
Selling and marketing expenses	27	**(4,856,156)**	(7,911,361)
Administrative expenses	28	**(17,855,322)**	(21,085,892)
		(22,711,478)	(28,997,253)
Operating (loss)		**(80,091,676)**	(57,815,001)
Financial charges	29	**(48,703,774)**	(96,845,005)
Other income	30	**28,475,505**	2,425,376
Loss due to fire	31	**–**	(78,301,168)
		(20,228,269)	(172,720,797)
(Loss) Before Taxation		**(100,319,945)**	(230,535,798)
Taxation	32	**(9,318,889)**	63,723,230
(Loss) After Taxation		**(109,638,834)**	(166,812,568)
Earnings/(loss) per share	33	**Rs. (2.82)**	Rs. (4.29)

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

Maqbool Elahi
Chief Executive

Mohammad Sadiq Khan
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

		Note	2009 Rupees	2008 Rupees
A.	**CASH GENERATED FROM OPERATIONS**			
	(Loss) before taxation		**(100,319,945)**	(230,535,798)
	Adjustments:			
	Depreciation		**79,688,335**	98,197,610
	Amortization of deferred cost		**–**	4,146,690
	Amortization of intangible asset		**104,260**	47,392
	Provision for gratuity		**2,467,500**	2,017,520
			2,571,760	6,211,602
	Loss due to acceptance of claim of fire		**–**	78,301,168
	Other income		**(26,148,796)**	–
	Gain on sale of fixed assets		**(66,709)**	(428,382)
	Financial charges		**48,703,774**	96,845,005
			104,748,364	279,174,395
	Operating cash flows before working capital changes		**4,428,419**	48,638,597
	Changes in Working Capital			
	(Increase)/decrease in current assets:			
	Stock-in-trade		**19,853,086**	5,257,470
	Trade debts		**(2,842,634)**	7,784,349
	Loans and advances		**4,180,394**	(850,873)
	Trade deposits and prepayments		**1,852,758**	11,221,549
	Other receivables		**50,787,912**	(52,132,849)
			73,831,516	(28,720,354)
	Increase/(decrease) in current liabilities:			
	Short term finance		**(16,147,656)**	(2,988,732)
	Short-term running finance		**–**	(19,970,234)
	Trade and other payables		**(3,691,702)**	(68,915,648)
	Income tax deducted at source		**1,946,607**	157,085
			(17,892,751)	(91,717,529)
			55,938,765	(120,437,883)
	Cash Generated from/(used in) operation		**60,367,184**	(71,799,286)
	Income tax paid		**(900,680)**	(1,317,934)
	Gratuity paid		**(898,000)**	(990,000)
	Financial charges paid		**(22,328,863)**	(25,444,431)
	Long term deposits		**(51,864,000)**	5,000,000
			(75,991,543	(22,752,365)
	Net cash (used in) operating activities		**(15,624,359)**	(94,551,651)
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Fixed capital expenditures		**(36,306,616)**	(7,131,197)
	Fixed assets written off due to fire		**–**	234,782,233
	Proceeds from disposal of fixed assets		**175,000**	650,000
	Cash flow (used in)/from investing activities		**(36,131,616)**	228,301,036
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Long term finance		**(7,130,000)**	–
	Obligation paid for assets		**–**	(72,254,250)
	Net cash flow from financing activities		**(7,130,000)**	(72,254,250)
	Net (decrease) increase in cash and cash equivalent (A + B + C)		**(58,885,975)**	61,495,135
	Cash and cash equivalent at the beginning of the year		**62,804,002**	1,308,867
	Cash and cash equivalent at the end of the year		**3,918,027**	62,804,002

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

Maqbool Elahi	Mohammad Sadiq Khan
Chief Executive	Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

Particulars	Issued, subscribed and paid-up capital	Reserves Premium on shares	Unappropriated profit	Total
	R U P E E S			
Balance as at July 1, 2007	388,860,000	79,930,000	(233,723,751)	235,066,249
Net (loss) for the year	–	–	(166,812,568)	(166,812,568)
Balance as at June 30, 2007	388,860,000	79,930,000	(400,536,319)	68,253,681
)Loss) for the year	–	–	(109,638,834)	(109,638,834)
Balance as at June 30, 2009	**388,860,000**	**79,930,000**	**(510,175,153)**	**(41,385,153)**

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

Maqbool Elahi
Chief Executive

Mohammad Sadiq Khan
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

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 principle 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".

2.2 Statement of compliance

The Company has incurred after tax loss of Rs. 109.638 million for the year ended June 30, 2009 and has accumulated losses of Rs. 510.175 million as at that date. The Company is under heavy debt burden and its long-term finance from banks amounting to Rs 649.368 million have further deteriorated its debt equity ratio. These factors raise doubt that the Company will be able to continue as going concern.

These financial statements however have been prepared on the basis of going concern on the expectation of future profitability and support from financial institutions and continuous support of the sponsors. The Company has taken major steps to reduce expenses. The financial institutions have approved rescheduling and restructuring of its long term finances after considering viability of project and future prospects of the company. The production unit of the Company located at Port Qasim which was damaged due to fire and was inoperational since October 2007 has been re-commissioned after repair and replacement of damaged components from March 2009. Further, the Company has also made market valuations of its operating fixed assets, which exceeds the book value.

As a result these financial statements have been prepared on assumption that based on management's plan for restructuring, the Company will continue as a going concern and subsequently do not include an adjustment that might result had the Company not be able to continue as a going concern.

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 judgments

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and associated assumption that affect the application of policies and the related amount of assets and liabilities and income and expenses. The judgments/estimates and the associated assumption are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on periodic basis. Revision to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned against the respective standard or interpretation.

Standard or interpretations	**Effective date (accounting periods beginning on or after)**
IAS 1-Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23-Borrowing Costs (Revised)	January 01, 2009
IAS 27-Consolidated and Separate Financial Statements (Revised)	January01, 2009
IFRS 3-Business Combinations	January01, 2009
IFRS 8-Operating Segments	January 01, 2009
IFRIC 12-Service Concession Arrangements	January 01, 2009
IFRIC 14-The Limit on Defined Benefit Asset, Minimum Funding Requirement and their interpretations	January 01, 2009

2.5 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 rending 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.

Exchange difference in respect of foreign currency translation relating to an asset is incorporated in the cost of the relevant asset, if any.

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

2.6 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.

2.7 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.

2.8 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

2.9 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.

2.10 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.

2.11 Stores, spares

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

2.12 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.

2.13 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.

2.14 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.

2.15 Staff retirement benefits

The company operates an unfunded Gratuity Scheme for all employees. Actuarial valuation, as required under IAS-19 is not 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 Revenue recognition

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

Returns on deposits and investments are recognized on accrual basis.

	Note	2009 Rupees	2008 Rupees
3. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets-cost less accumulated depreciation	3.1	**796,740,542**	839,430,835
Capital work-in-progress	3.4	**–**	799,743
		796,740,542	840,230,578

3.1 Summary of operating fixed assets

Particulars	COST			Depreciation			WDV	Rate
	As on July 01, 2008	Addition / (deletion)	As on June 30, 2009	As on July 01, 2008	For the period/ Adjustment	As on June 30, 2009	As on June 30, 2009	
OWNED ASSETS								
Land-leased hold	30,980,000	–	30,980,000	–	–	–	30,980,000	–
Building on - leased hold land	55,951,486	21,889,095	77,840,581	10,303,728	2,373,593	12,677,321	65,163,260	5%
Plant and machinery	1,032,772,496	13,235,264	1,046,007,760	371,730,048	66,404,486	438,134,534	607,873,226	10%
Furniture and Fixture	1,716,687	1,825,600	3,542,287	604,971	126,719	731,690	2,810,597	10%
Electric Installation	8,595	15,100	23,695	6,165	1,252	7,417	16,278	10%
Refrigeration and air conditioning	1,213,520	30,300	1,243,820	399,215	81,949	481,164	762,656	10%
Generators	4,280,000	–	4,280,000	2,715,336	156,468	2,871,804	1,408,196	10%
Office equipment	779,675	–	779,675	400,181	37,956	438,137	341,538	10%
Computers	1,358,050	111,000	1,469,050	983,934	109,718	1,093,652	375,398	25%
Motor vehicles	17,354,972	– (373,547)	16,981,425	10,884,838	1,291,818 (265,256)	11,911,400	5,070,025	20%
	1,146,415,481	37,106,359 (373,547)	1,183,148,293	398,028,416	70,583,959 (265,256)	468,347,119	714,801,174	
LEASED ASSETS								
Plant and machinery	31,448,398	–	31,448,398	7,673,412	2,377,500	10,050,912	21,397,486	10%
Generators and fittings	88,979,841	–	88,979,841	21,711,083	6,726,876	28,437,959	60,541,882	10%
	120,428,239	–	120,428,239	29,384,495	9,104,376	38,488,871	81,939,368	
June 30, 2009	**1,266,843,720**	**37,106,359 (373,547)**	**1,303,576,532**	**427,412,911**	**79,688,335 (265,256)**	**506,835,990**	**796,740,542**	

The following fixed asset was disposed of during the year:

Description	Cost	Accumulated depreciation	Net book value	Sales Proceeds/ Insurance claims	Mode of disposal	Particulars of purchaser
	----------Rupees----------					
Motor Vehicle						
Vehicle	373,547	265,256	108,291	175,000	Negotiation	Mr. Muhammad Ali Lakhani, House No. 8, Street No. 2, Muslimabad, Karachi.

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 charged in contigencies. The management is of the view that a substantial portion of these charges will be waive by the leasing companies.

3.2 Summary of operating fixed assets

2008

Particulars	COST			Depreciation			WDV	Rate
	As on July 01, 2007	Addition / (deletions)	As on June 30, 2008	As on July 01, 2007	Depreciation for the year	As on June 30, 2008	As on June 30, 2008	
OWNED ASSETS								
Leasehold land	30,980,000	–	30,980,000	–	–	–	30,980,000	–
Building on - leased hold land	70,174,958	6,554,227	55,951,486	10,027,522	2,603,780	10,303,728	45,647,758	5%
		(20,777,699)			(2,327,574)			
Plant and machinery	1,104,883,209	1,589,950	1,032,772,496	323,805,825	74,956,128	371,730,048	661,042,448	10%
		(73,700,663)			(27,031,905)			
Furniture and Fixture	1,364,687	450,000	1,716,687	545,701	80,347	604,971	1,111,716	10%
		(98,000)			(21,077)			
Electric Installation	1,512,333	–	8,595	246,493	42,375	6,165	2,430	10%
		(1,503,738)			(282,703)			
Refrigeration and air conditioning	1,197,120	135,400	1,213,520	340,286	81,305	399,215	814,305	10%
		(119,000)			(22,376)			
Generators	4,280,000	–	4,280,000	2,541,484	173,852	2,715,336	1,564,664	10%
Office equipment	814,275	–	779,675	363,544	43,141	400,181	379,494	10%
		(34,600)			(6,504)			
Computers	1,344,400	96,050	1,358,050	899,414	119,713	983,934	374,116	25%
		(82,400)			(35,193)			
Motor vehicles	17,020,372	1,625,500	17,354,972	10,443,070	1,511,050	10,884,838	6,470,134	20%
		(1,290,900)			(1,069,282)			
	1,233,571,354	10,451,127	1,146,415,481	349,213,339	79,611,691	398,028,416	748,387,065	
		(97,607,000)			(30,796,614)			
LEASED ASSETS								
Plant and machinery	333,946,238	866,400	31,448,398	53,431,399	11,111,607	7,673,412	23,774,986	10%
		(303,364,240)			(56,869,594)			
Generators and fittings	88,979,841	–	88,979,841	14,236,771	7,474,312	21,711,083	67,268,758	10%
	422,926,079	866,400	120,428,239	67,668,170	18,585,919	29,384,495	91,043,744	
		(303,364,240)			(56,869,594)			
June 30, 2008	**1,656,497,433**	**11,317,527**	**1,266,843,720**	**416,881,509**	**98,197,610**	**427,412,911**	**839,430,835**	
		(400,971,240)			**(87,666,208)**			

	Note	2009 Rupees	2008 Rupees
3.3 Depreciation allocated as follows:			
Cost of goods sold		**78,438,896**	96,814,637
Selling and marketing expenses		**136,988**	138,256
Administration expenses		**1,112,451**	1,292,109
		79,688,335	98,245,002
3.4 Capital Work-in-progress			
Opening balance			
Civil works		**799,743**	5,554,773
Additions during thde year		**27,182,608**	1,799,197
		27,982,351	7,353,970
Transferred to operating fixed assets		**(27,982,351)**	(6,554,227)
Closing balance		**–**	799,743

4. INTANGIBLE-SOFTWARE

	Note	2009 Rupees	2008 Rupees
Opening		**521,308**	568,700
Amortized during the year		**(104,260)**	(47,392)
Closing balance		**417,048**	521,308

5. LONG-TERM DEPOSITS

	Note	2009 Rupees	2008 Rupees
Leased assets deposits	4.1	**50,000,000**	–
Others		**3,237,300**	1,373,300
		53,237,300	1,373,300

5.1 The deposit amount has been given to TOYO Packaging (Private) Limited a related party for onward deposit with Emirates Global Islamic Bank Limited as security deposit against lease of Primary Slitter.

6. DEFERRED COST

	Note	2009 Rupees	2008 Rupees
Opening balance		**–**	4,194,082
Amortized during the year		**–**	(4,194,082)
		–	–

7. DEFERRED TAXATION

	Note	2009 Rupees	2008 Rupees
Deferred tax liability arising due to:			
Accelerated tax depreciation allowance		**(141,101,338)**	(116,901,583)
Deferred tax asset arising due to:			
Provision for unfunded staff retirement gratuity		**863,625**	2,435,178
Tax loss-to the extent of unutilise tax depreciation		**196,234,760**	179,782,341
		197,098,385	182,217,519
		55,997,047	65,315,936
7.1 Reconciliation of deferred tax asset			
Deferred tax asset/(liability) as at July 1,		**65,315,936**	(96,606)
Charge for the year		**(9,318,889)**	65,412,542
Deferred tax asset/(liability) as at June 30,		**55,997,047**	65,315,936

8. STOCK-IN-TRADE

	Note	2009 Rupees	2008 Rupees
Raw material		**3,364,307**	16,616,488
Work-in-process		**4,460,550**	13,789,040
Finished goods		**7,426,900**	4,699,315
		15,251,757	35,104,843

	Note	2009 Rupees	2008 Rupees

9. TRADE DEBTS - UNSECURED

	Note	2009 Rupees	2008 Rupees
Considered good:			
Associated undertaking	9.1	**77,721**	77,721
Others	9.2	**45,555,692**	42,335,273
Provision for bad debts		**(2,377,785)**	–
		45,177,907	42,335,273
		45,255,628	42,412,994

9.1 The maximum aggregate amount due from associated undertakings at the end of any month during the year was Rs.0.077million (2008: Rs. 0.077 million).

9.2 This amount includes Rs. 29.179 million (2008: 20.691 million) due from related party.

10. LOANS AND ADVANCES

	2009 Rupees	2008 Rupees
Advances considered good		
Suppliers	**472,015**	1,657,933
Construction work	**73,696**	3,293,400
Staff	**359,258**	134,030
	904,969	5,085,363

11. TRADE DEPOSITS AND PREPAYMENTS

	2009 Rupees	2008 Rupees
Deposits	**7,619,620**	7,603,612
Prepayments	**360,303**	2,229,069
	7,979,923	9,832,681

12. OTHER RECEIVABLES

	Note	2009 Rupees	2008 Rupees
Advance income tax		**19,895,672**	18,329,664
Sales tax refundable		**1,739,058**	102,226
Insurance Claim Receivable		**–**	44,962,293
Other Receivable	12.1	**56,504**	7,518,955
		21,691,234	70,913,138

12.1 Other receivable includes an amount of Rs. Nil (2008: 7.2 million) due from a related party of the Company.

13. CASH AND BANK BALANCES

	2009 Rupees	2008 Rupees
Cash in hand	**161,694**	154,446
Cash at banks - in current accounts	**3,756,333**	62,649,556
	3,918,027	62,804,002

	Note	2009 Rupees	2008 Rupees
14. SHARE CAPITAL			
14.1 Authorized capital			
40,000,000 (2008: 40,000,000) Ordinary shares of Rs.10/- each		400,000,000	400,000,000
14.2 Issued, subscribed and paid-up capital			
25,986,000 (2008: 25,986,000 Ordinary shares of Rs. 10/- each fully paid up in cash		259,860,000	259,860,000
12,900,000 (2008: 12,900,000 Ordinary shares of Rs.10/- each issued as fully paid bonus shares		129,000,000	129,000,000
38,886,000 (2008: 38,886,000 Ordinary shares of Rs.10/- each		388,860,000	388,860,000
15. RESERVES			
Capital reserves			
Share premium		79,930,000	79,930,000
16. STAFF RETIREMENT BENEFITS - STAFF GRATUITY			
Balance at the beginning of the year		6,957,650	5,930,130
Allocation during the year		2,467,500	2,017,520
		9,425,150	7,947,650
Paid during the year		(898,000)	(990,000)
Balance at the end of the year		8,527,150	6,957,650
17 LONG TERM LOANS			
Secured			
Commercial bank	17.1	160,468,769	272,885,954
Commercial bank	17.2	260,000,000	212,676,833
Financial institutions	17.3	137,937,666	106,853,733
		558,406,435	592,416,520
Term installment due		90,961,985	39,494,435
		649,368,420	631,910,955
Less: Current portion shown under current liabilities		226,263,916	157,977,739
Term installment due		90,961,985	39,494,435
		332,142,519	434,438,781

17.1 Habib Bank Limited's term loan was restructured for a period of five years. The effective date of restructuring was January 01, 2007. the rate of mark up is 3 months KIBOR plus 4% per annum (2008: 3 months KIBOR plus 4% per annum) payable quarterly on the outstanding balance starting from July 01, 2007. Repayment of the principal is on the quarterly basis starting from April 2008. The facility is secured by pari passu charge over existing and future assets of the company to the tune of Rs. 485.131 million.

Habib Bank Limited, has filed a suit for recovery of all facilities previously given to the company along with mark up till December 2008, in the High Court of Sindh, the detail of which is refer to the note 24.1.2.

17.2 The Company and Faysal Bank Limited have signed a Memorandum of Understanding (MoU), in which all past, present and future mark up has been frozen and the total liabilities in the term of all facilities have been agreed Rs. 260 million which will be payable in 24 equal installments on monthly basis except initial and last payment of Rs 15 million starting from July 2009.

Previously this facility under morahaba financing agreement was restructured for the period of five years including grace period of one year. The effective date of restructuring was January 01, 2007. The rate of mark up is 03 months KIBOR plus 4% per annum (2008: 03 months KIBOR plus 4% per annum) payable quarterly on the outstanding balance starting from July 2007. Repayment of the principal is on the quarterly basis starting from April 2008. The facility is secured by pari passu charge over existing and future assets of the company to the tune of Rs. 378.092 million.

17.3 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 principal 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 tune of Rs. 189.962 million.

	Note	2009 Rupees	2008 Rupees

18. DUE TO DIRECTORS AND ASSOCIATED COMPANIES

Loan from directors-unsecured		136,998,800	136,998,800
Share premium		59,761,657	59,761,657
		196,760,457	196,760,457

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

19. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE - SECURED

Present value of minimum lease payments		–	7,348,234
Less: Current portion shown under current liabilities		–	(7,348,234)
		–	–
Due within one year		–	7,348,234
Due after one year but within five years		–	–
		–	7,348,234
Less: Financial chaerges		–	–
Present value of minimum lease payments		–	7,348,234

	Note	**2009 Rupees**	2008 Rupees

20. SHORT-TERM RUNNING FINANCE

	Note	**2009 Rupees**	2008 Rupees
Secured			
Murabaha financing	20.1	**–**	20,000,000
		–	20,000,000

20.1 Murabaha financine
Short term murabaha financing had obtained from a commercial bank for a period of 12 months for the settlement of running finance facility obtained from an other commercial bank. The rate of mark up is 3 months KIBOR plus 4% per annum.

21. CURRENT PORTION OF LONG-TERM LIABILITIES

		2009 Rupees	2008 Rupees
Current maturity		**226,263,916**	157,977,739
Term loan installments due		**90,961,985**	39,494,435
Liabilities against assets subject to - finance lease		**–**	7,348,234
		317,225,901	204,820,408

22. TRADE AND OTHER PAYABLES

	Note	**2009 Rupees**	2008 Rupees
Creditors		**12,471,373**	8,992,386
Accrued liabilities		**8,927,094**	11,943,611
Advance from customers		**895,282**	2,433,921
Audit fee		**200,000**	150,000
Workers' profit participation fund	22.1	**13,307,347**	12,572,929
Income tax deducted at source		**2,107,261**	160,654
Sales tax		**8,017,074**	2,026,337
Import bills for goods		**–**	25,680,580
Others		**20,814,178**	3,789,868
		66,739,609	67,750,286

22.1 **Workers' profit participation fund**

	2009 Rupees	2008 Rupees
Balance at the beginning of the year	**12,572,929**	11,836,499
Interest on fund utilised in company's business	**734,418**	736,430
	13,307,347	12,572,929
Paid during the year	**–**	–
Balance at the end of the year	**13,307,347**	12,572,929

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

23. ACCRUED MARK-UP

	2009 Rupees	2008 Rupees
Mark-up accrued on:		
- Long term loan	**121,382,992**	131,102,967
- Murabaha financing	**–**	922,812
- Short term loan	**–**	2,587,101
	121,382,992	134,612,880

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

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

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

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

24.1.2 The Habib Bank Limited, has filed a suit for the recovery of Rs. 366.73 million against all facilities along with mark up till December 2008 in the High Court of Sindh. The term loan and running finance facilities has been restructured previously but the Bank didn't accept it and filed a suit against the initial facilities which will become due on March 2010. The management of the Company is defending its position in the Court and is fully confident that the decision of the case shall be decided in its favour.

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

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

24.2 Commitments

There is no commitment on balance sheet date.

		Note	2009 Rupees	2008 Rupees
25.	**SALES**			
	Gross sales			
	- Local		**26,284,917**	274,426,099
	- Export		**–**	2,747,076
	- Processing income		**136,055,869**	127,742,614
			162,340,786	404,915,789
	Sales tax		**(27,943,906)**	(66,475,253)
	Special excise duty		**(1,330,662)**	(3,324,246)
			133,066,218	335,116,290
26.	**COST OF GOODS SOLD**			
	Opening stock of raw material		**16,616,488**	7,035,766
	Purchase during the year		**3,562,534**	204,808,320
	Raw material available for use		**20,179,022**	211,844,086
	Closing stock of raw material		**(3,364,307)**	(16,616,488)
	Raw material consumed		**16,814,715**	195,227,598
	Others manufacturing overheads:			
	Salaries, wages and other benefits	26.1	**18,658,141**	17,142,339
	Oil and lubricants/diesel		**10,361,474**	8,441,949
	Packing material consumed		**6,488,926**	6,232,764
	Consumable stores		**658,113**	313,725
	Water charges		**500,160**	557,144
	Travelling and conveyance		**288,945**	248,987
	Repair and maintenance		**4,408,560**	4,819,852
	Vehicle running and maintenance		**1,552,518**	1,456,184
	Power/electricity/gas		**33,192,303**	22,259,462
	Insurance		**4,702,182**	3,916,153
	Telephone		**137,833**	198,993
	Cartage and octori		**2,101,277**	2,192,692
	Consultancy charges		**2,240,000**	2,160,000
	Staff welfare		**173,918**	281,978
	Security charges		**1,462,490**	1,102,000
	Depreciation		**78,438,896**	96,814,637
	Other expense		**1,040,134**	2,593,835
	Transportation		**624,926**	394,230
			167,030,796	171,127,924
			183,845,511	366,355,522
	Work-in-process - stock			
	Opening		**13,789,040**	24,531,620
	Closing		**(4,460,550)**	(13,789,040)
	Stock distroyed due to fire		**–**	(16,565,785)
	Cost of goods manufactured		**193,174,001**	360,532,317
	Finished goods - stock			
	Opening		**4,699,315**	8,101,036
	Closing		**(7,426,900)**	(4,699,315)
			190,446,416	363,934,038

26.1 Salaries, wages and other benefits includes staff retirement benefits (gratuity) amounting to Rs.1,435,440 (2008: Rs. 1,198,720).

	Note	**2009 Rupees**	2008 Rupees
27. SELLING AND MARKETING EXPENSES			
Salaries, wages and other benefits	27.1	**3,548,487**	6,057,536
Vehicle maintenance		**497,226**	693,972
Travelling and accommodation		**56,460**	161,964
Rent, rates and taxes		**247,500**	225,000
Postage and stationery		**15,075**	19,367
Telephone		**76,433**	93,745
Power/electricity		**32,004**	15,201
Staff welfare		**12,601**	5,999
Sales promotion		**156,872**	255,352
Other expenses		**76,510**	109,558
Export expenses		**–**	135,411
Depreciation		**136,988**	138,256
		4,856,156	7,911,361

27.1 Salaries, wages and other benefits includes staff retirement benefits (gratuity) amounting to Rs. 188,900 (2008: Rs. 398,200).

	Note	**2009 Rupees**	2008 Rupees
28. ADMINISTRATIVE EXPENSES			
Directors' remuneration		**4,200,000**	3,675,000
Salaries, wages and other benefits	28.1	**4,750,591**	5,548,887
Vehicle maintenance		**658,832**	777,312
Legal and professional charges		**1,000**	882,810
Travelling and accommodation		**512,146**	639,109
Insurance		**168,718**	–
Fees and subscription		**593,463**	365,958
Rent, rates and taxes		**260,220**	127,657
Advertisement		**155,645**	103,207
Conveyance		**–**	10,569
Postage and stationery		**193,608**	255,292
Donation		**110,000**	150,000
Consultancy charges		**750,000**	1,105,000
Telephone		**241,557**	251,898
News paper and periodicals		**8,606**	7,546
Bad debts expenses		**2,377,785**	–
Amortization of deferred cost		**–**	4,146,690
Amortization of intangible		**104,260**	47,392
Power/electricity		**79,100**	118,136
Auditors' remuneration	28.2	**343,500**	290,000
Depreciation		**1,112,451**	1,292,109
Repair and maintenance		**41,445**	150,489
Staff welfare		**244,288**	141,003
Security charges		**753,873**	727,200
Water charges		**306,300**	210,774
Other expenses		**67,934**	61,854
		17,855,322	21,085,892

28.1 Salaries, wages and other benefits includes staff retirement benefits (gratuity) amounting to Rs. 409,160 (2008: Rs. 420,600).

	Note	2009 Rupees	2008 Rupees
28.2 Auditors' Remuneration			
Audit fee		**200,000**	150,000
Half yearly review		**30,000**	30,000
Code of corporate governance		**30,000**	30,000
Tax consultancy		**50,000**	50,000
Other certification		**15,000**	10,000
Out-of-pocket		**18,500**	20,000
		343,500	290,000

29. FINANCIAL CHARGES

	Note	2009 Rupees	2008 Rupees
Mark up on Term Finance		**43,788,590**	85,916,659
Mark-up on finance leases		**3,868,545**	6,047,689
Mark-up running finance		**–**	3,692,096
Interest on workers' profits participation fund		**734,418**	736,430
Bank charges		**312,221**	452,131
		48,703,774	96,845,005

30. OTHER INCOME

	Note	2009 Rupees	2008 Rupees
Rent Income		**1,210,000**	1,996,994
Gain on sale of fixed asset		**66,709**	428,382
Liability no more payable	30.1	**26,148,796**	–
Scrap sale		**1,050,000**	–
		28,475,505	2,425,376

30.1 These include an amount of Rs. 20.36 million revised due to restructuring of loan which was previously shown as liability.

31. LOSS DUE TO FIRE

	Note	2009 Rupees	2008 Rupees
Net assets written off due to fire		**–**	338,301,168
Less : Claim accept by insurance company		**–**	(260,000,000)
		–	78,301,168

32. TAXATION

	Note	2009 Rupees	2008 Rupees
Current		**–**	1,689,312
Deferred	7.1	**9,318,889**	(65,412,542)
		9,318,889	(63,723,230)

32.1 Relationship between tax expense at accounting profit.

The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements as the company doesnot have any tax liability.

33. EARNINGS PER SHARE

	2009 Rupees	2008 Rupees
Loss after taxtion attributable to ordinary shareholders	**(109,638,834)**	(166,812,568)
Number of ordinary shares issued and subscribed at the end of the year	**38,886,000**	38,886,000
Earnings/(loss) per share	**(2.82**	(4.29)

34. CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES REMUNERATION

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

Particulars	2009			2008		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	---Rupees---					
Directors' fee	–	–	–	–	–	–
Remuneration	1,500,000	2,700,000	6,627,750	1,500,000	2,250,000	10,992,082
Re-imbursement medical expenses	67,509	–	138,830	67,509	–	160,049
Company's contribution to gratuity funds	–	–	–	–	–	712,000
Other perquisites, benefits and utilities						
Rent	–	–	–	–	–	–
Utilities	–	–	–	–	–	–
Other perquisites (Motor vehicle etc.)	150,940	145,594	681,900	150,940	145,594	818,290
Total	1,718,449	2,845,594	7,446,480	1,718,449	2,395,594	12,682,421
No. of Persons	1	2	6	1	2	8

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

35. RELATED PARTY DISCLOSURES

A. Related parties with whom the company had transactions:

i. Related party — TOYO Packaging (Private) Limited

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

ii. Associated companies — National Management Consultancy Services (Pvt.) Limited
Metaplast (Private) Limited
Hilal Confectionery (Private) Limited
Print-O-Slit (Private) Limited
Kings Foods (Private) Limited

C. Disclosure of transactions between the company and related parties.

Relationship with the company	Nature of transactions	2009 Rupees	2008 Rupees
Related party	Leased security deposit	50,000,000	–
	Sales of goods/Processing charges	136,055,869	127,742,614
	Lease rentals	3,868,545	–

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

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

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

The related party status of outstanding balances as at June 30, 2009 are included in creditors, accrued and other liabilities, trade debts and other receivables respectively.

36. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(i) Financial Assets and Liabilities

Particulars	Interest/mark-up bearing			Non interest/mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	Total 2008
			R U P E E S				
BALANCE SHEET ITEMS							
Financial Assets							
Long term deposits	–	–	–	–	1,373,300	1,373,300	1,373,300
Trade debts	–	–	–	42,412,994	–	42,412,994	42,412,994
Loans and advances	–	–	–	5,085,363	–	5,085,363	5,085,363
Trade deposits and prepayments	–	–	–	9,832,681	–	9,832,681	9,832,681
Other receivable	–	–	–	7,518,955	–	7,518,955	7,518,955
Cash and bank balances	–	–	–	62,804,002	–	62,804,002	62,804,002
	–	–	–	127,653,995	1,373,300	129,027,295	129,027,295
Financial Liabilities							
Long term loan	157,977,739	434,438,781	592,416,520	–	–	–	592,416,520
Due to director and associate	–	–	–	–	196,760,457	196,760,457	196,760,457
Liability Against Assets subject to finance lease secured	7,348,234	–	7,348,234	–	–	–	7,348,234
Short term finance	20,000,000	–	20,000,000	–	–	–	20,000,000
Trade and other payables	–	–	–	8,992,386	–	8,992,386	8,992,386
Accrued mark-up	–	–	–	134,612,880	–	134,612,880	134,612,880
Accrued liabilities	–	–	–	11,943,611	–	11,943,611	11,943,611
Other liabilities	–	–	–	46,814,289	–	46,814,289	46,814,289
	185,325,973	434,438,781	619,764,754	202,363,166	196,760,457	399,123,623	1,018,888,377
Off Balance sheet Items							
Financial Liabilities							
Letter of Credit/Capital Commitments	–	–	–	–	–	–	–

The rate of mark-up on long term loan is 3 months KIBOR plus 4% per annum.

(ii) Financial risk management

The company finance its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

(iii) 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. Out of the total financial assets of Rs.129.027 million (2007:Rs.83.516 million) the financial assets which are subject to credit risk Rs. 47.498 million (2007:Rs.54.780 million). The company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the Company applies credit limits to its customers and also obtains collaterals.

(iv) Foreign exchange risk management

Foreign currency risk arises mainly where payables exist due to transactions with foreign undertakings. Payables exposed to foreign currency risks are covered through forward foreign exchange contracts.

(v) Liquidity risk management

The company manage liquidity risk by maintaining sufficient cash and the availability of financing through banking arrangements.

(vi) Fair values of financial assets and liabilities

The Carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

36. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(i) Financial Assets and Liabilities

Particulars	Interest/mark-up bearing			Non interest/mark-up bearing			
	Maturity up to one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	Total 2009
			R U P E E S				
BALANCE SHEET ITEMS							
Financial Assets							
Long term deposits	–	–	–	–	53,237,300	53,237,300	53,237,300
Trade debts	–	–	–	42,255,628	–	42,255,628	42,255,628
Loans and advances	–	–	–	904,969	–	904,969	904,969
Trade deposits and prepayments	–	–	–	7,979,923	–	7,979,923	7,979,923
Other receivable	–	–	–	21,691,234	–	21,691,234	21,691,234
Cash and bank balances	–	–	–	3,918,027	–	3,918,027	3,918,027
	–	–	–	79,749,781	53,237,300	132,987,081	132,987,081
Financial Liabilities							
Long term loan	226,263,916	332,142,519	558,406,435	–	–	–	558,406,435
Due to director and associate	–	–	–	–	196,760,457	196,760,457	196,760,457
Trade and other payables	–	–	–	127,960,322	–	127,960,322	127,960,322
Accrued mark-up	–	–	–	121,382,992	–	121,382,992	121,382,992
Accrued liabilities	–	–	–	8,927,094	–	8,927,094	8,927,094
Other liabilities	–	–	–	20,814,178	–	20,814,178	20,814,178
	226,263,916	332,142,519	558,406,435	279,084,586	196,760,457	475,845,043	1,034,251,478
Off Balance sheet Items							
Financial Liabilities							
Letter of Credit/Capital Commitments	–	–	–	–	–	–	–

The rate of mark-up on long term loan is 3 months KIBOR plus 4% per annum.

(ii) Financial risk management

The company finance its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

(iii) Concentration of credit risk

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(vi) Fair values of financial assets and liabilities

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37. CAPACITY AND PRODUCTION

	2009		2008	
	Capacity	Production	Capacity	Production
Operational capacity	----------------------	Tons	----------------------	
BOPP - Port Qasim Authority	15,000	1,140	15,000	1,378
BOPP - Gadani Baluchistan	3,000	1,218	3,000	1,054
CPP - Port Qasim Authority	–	–	4,000*	1

* Before fire

38. NUMBER OF EMPLOYEES

Total number of employees at the year end was 65 (2008: 66)

39. DATE OF ISSUE

These financial statements were authorized for issue on 3rd October, 2009 by the Board of Directors of the Company.

40. GENERAL

40.1 Figure have been rounded to the nearest rupee.

40.2 Prior years figures have been reclassified for the purpose of better presentation and comparison. Changes

Reclassification from component	**Reclassification component**	**Amount**
Property, plant and equipment		
Efro Financials & IBS	Intangible	417,048
Trade and other payables		
CreditorsOthers		12,691,712
Term installment due	Long term loans	90,961,985

Maqbool Elahi
Chief Executive

Mohammad Sadiq Khan
Director