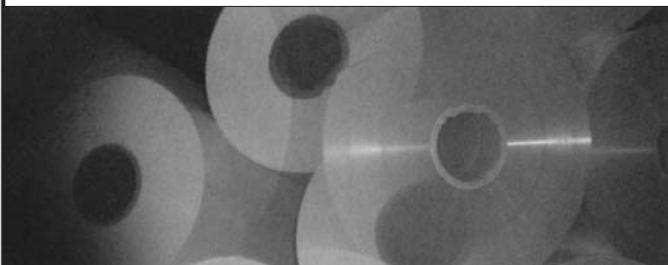


MACPAC FILMS LTD.



Pioneers of BOPP Films in Pakistan

CONDENSED INTERIM FINANCIAL INFORMATION

**For The 3rd Quarter &
Nine Months Ended
Mar 31, 2012**



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 3rd quarter and nine months ended March 31, 2012.

Business Overview

With the Blessings of ALL MIGHTY, ALLAH, your company has been able to maintain the positive trend inspite of economic challenges. The company was able to maintain and even increase its productions volumes resulting in the performance achieved.

Financial Reporting

The net sales for nine months ended March 31, 2012 of Rs. 848.79 million as compared to Rs. 643.83 million for the same period last year. This additional 32% has been achieved due to efficient utilization of production capacity and increased market share. Profit before tax for the period under review is Rs. 164.16 million as compared to Rs. 152.58 million for the same period last year, having a 8% growth.

Earnings per share of the company are Rs. 4.00 per share till March 31, 2012, which was Rs. 3.76 per share during the same period last year.

Future Outlook

The Bopp business like all other industries in Pakistan is currently facing the challenges of high energy costs, law and order instability in lower Pakistan and Energy Crisis in upper Pakistan, thus resulting in weak consumption of materials than expected in growth expectations. These challenges are uniform for all major Industries and serious steps have to be taken at micro and macro level in order to re-originate the industrial sector of Pakistan which is highly dependent on each other.

Inspite of the present challenges the Management is optimistic and is devoting all resources to devise strategies to excel through the tough times and ride the wave on the top by performing efficiently and smartly.

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

April 30, 2012

Maqbool Elahi
Chief Executive

Macpac Films Limited

Condensed Interim Balance Sheet (Un-Audited)
as at March 31, 2012

	NOTE	Un-audited Mar 31 2012 Rupees	Audited Jun 30 2011 Rupees
Non current assets			
Property, Plant and Equipment	4.	551,059,273	577,507,431
Intangible		226,874	266,912
Long-term deposits	5.	56,723,421	51,735,250
Deferred taxation	6.	90,105,250	90,105,250
Current assets			
Stock-in-trade		156,085,001	155,734,668
Trade debts		151,370,038	46,995,849
Loans and advances		2,117,271	1,785,247
Trade deposits and prepayments		9,179,756	8,057,576
Tax refund from Government		48,504,998	33,323,002
Cash and bank balances		3,571,084	6,273,718
		370,828,147	252,170,060
		<u>1,068,942,965</u>	<u>971,784,903</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		(209,997,737)	(365,669,365)
		258,792,263	103,120,635
Non current liabilities			
Staff retirement benefits - staff gratuity		10,288,797	9,690,177
Long term loans	8.	-	58,360,810
Due to directors and associated company		196,760,457	196,760,457
Deferred Markup		125,774,153	130,734,504
		332,823,407	395,545,948
Current liabilities			
Short-term finance		700,000	-
Current portion of long-term liabilities		95,647,252	128,050,987
Trade and other payables		310,205,194	281,331,700
Accrued mark-up		70,774,849	63,735,633
		477,327,295	473,118,320
Contingencies and commitments	9.	-	-
Total equity and liabilities		<u>1,068,942,965</u>	<u>971,784,903</u>

The annexed notes 1 - 13 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 3rd quarter & Nine Months ended March 31, 2012

	Note	Nine Months Ended		Quarter Ended	
		March 31	March 31	March 31	March 31
		2012	2011	2012	2011
		Rupees	Rupees	Rupees	Rupees
Sales					
Gross sales					
- Local		805,880,900	608,254,464	289,326,362	275,383,233
- Processing income		229,640,608	184,493,668	103,960,503	113,670,234
		<u>1,035,521,508</u>	<u>792,748,132</u>	<u>393,286,865</u>	<u>389,053,467</u>
Sales tax		(186,733,387)	(141,641,950)	(70,920,582)	(69,436,400)
Special excise duty		-	(7,279,139)	-	(3,997,069)
Net sales		<u>848,788,122</u>	<u>643,827,044</u>	<u>322,366,283</u>	<u>315,619,998</u>
Cost of goods sold	10.	<u>(649,215,376)</u>	<u>(504,634,775)</u>	<u>(241,291,979)</u>	<u>(230,035,948)</u>
Gross profit		<u>199,572,746</u>	<u>139,192,269</u>	<u>81,074,304</u>	<u>85,584,050</u>
Selling and marketing expenses		<u>(4,440,824)</u>	<u>(2,873,047)</u>	<u>(1,715,907)</u>	<u>(1,019,511)</u>
Administrative expenses		<u>(19,511,133)</u>	<u>(13,930,297)</u>	<u>(8,640,946)</u>	<u>(4,755,601)</u>
		<u>(23,951,957)</u>	<u>(16,803,344)</u>	<u>(10,356,853)</u>	<u>(5,775,112)</u>
Operating profit		<u>175,620,789</u>	<u>122,388,925</u>	<u>70,717,451</u>	<u>79,808,938</u>
Financial charges		<u>(3,737,746)</u>	<u>(9,700,500)</u>	<u>(573,762)</u>	<u>(2,848,923)</u>
Other income		484,438	39,888,454	(116,525)	611,832
Workers profit participation fund		<u>(8,207,975)</u>	<u>-</u>	<u>(3,090,959)</u>	<u>-</u>
		<u>(11,461,283)</u>	<u>30,187,954</u>	<u>(3,781,245)</u>	<u>(2,237,091)</u>
Profit before taxation		<u>164,159,506</u>	<u>152,576,879</u>	<u>66,936,206</u>	<u>77,571,848</u>
Taxation		<u>(8,487,881)</u>	<u>(6,403,878)</u>	<u>(3,223,663)</u>	<u>(3,121,808)</u>
Profit after taxation		<u>155,671,625</u>	<u>146,173,001</u>	<u>63,712,543</u>	<u>74,450,040</u>
Earning per share		<u>4.00</u>	<u>3.76</u>	<u>1.64</u>	<u>1.91</u>

The annexed notes 1 - 13 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 3rd quarter & Nine Months ended March 31, 2012

	Period Ended		Quarter Ended	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
	R U P	E E S	R U P	E E S
Net Income after taxation	155,671,626	146,173,001	63,712,544	74,450,041
Other comprehensive Income	-	-	-	-
Total Comprehensive income for the period	155,671,626	146,173,001	63,712,544	74,450,041

Macpac Films Limited

Condensed Interim Statement of Changes in Equity
for the 3rd quarter & Nine Months ended March 31, 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	(537,860,243)	(69,070,243)
Profit for the period	-	-	146,173,001	146,173,001
Balance as at , March 31, 2011	388,860,000	79,930,000	(391,687,242)	77,102,758
Balance as at July 1, 2012	388,860,000	79,930,000	(365,669,365)	103,120,635
Profit for the period	-	-	155,671,626	155,671,626
Balance as at , March 31, 2012	388,860,000	79,930,000	(209,997,739)	258,792,261

The annexed notes 1 - 13 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 Nine Months ended March 31, 2012

	Mar 31 2012 Rupees	Jun 30 2011 Rupees
A. CASH GENERATED FROM OPERATIONS		
Profit before taxation	164,159,507	152,576,880
Adjustments:		
Depreciation	40,986,006	46,745,754
Amortization of intangible asset	40,038	50,046
Provision for Bad debts	4,024,658	500,000
Provision for gratuity	2,126,462	989,430
	6,191,158	1,539,476
Gain on sale of fixed assets	(569,321)	(36,911,513)
Capital Gain on Sale of Land	-	(3,220,000)
Financial charges	3,737,746	9,700,500
Ijara Rental	-	31,799,696
	50,345,589	49,653,913
Operating cash flows before working capital changes	214,505,096	202,230,793
Changes in working capital		
(Increase)/decrease in current assets:		
Stock-in-trade	(350,333)	(69,742,968)
Trade debts	(108,398,847)	(65,158,730)
Loans and advances	(332,024)	(228,344)
Trade deposits and prepayments	(1,122,179)	(8,519,312)
	(110,203,383)	(143,880,591)
Increase/(decrease) in current liabilities:		
Short-term running finance	700,000	-
Trade and other payables	20,420,184	122,410,503
Income tax deducted at source	(282,994)	655,604
	20,837,190	123,066,107
	(89,366,193)	(20,814,485)
	125,138,903	181,416,309
Cash generated from/(used in) operation		
Income tax paid	(23,669,878)	(12,860,992)
Gratuity paid	(1,527,842)	(484,900)
Financial charges paid	7,077,423	(647,676)
Fund Utilized in Longterm deposit	(4,988,171)	(50,000)
	(23,108,469)	(14,043,568)
Net cash (used in) operating activities	102,030,434	167,372,741
B. CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditures	(14,603,732)	(26,523,770)
Proceeds from disposal of fixed assets	635,214	138,197,135
Cash flow (used in) / from investing activities	(13,968,517)	111,673,365
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long term finance	(90,764,545)	(235,776,000)
Obligation paid for assets	-	(31,799,696)
Net cash outflow from financing activities	(90,764,545)	(267,575,696)
Net (decrease) / Increase in cash and cash equivalent (A + B + C)	(2,702,628)	11,470,410
Cash and cash equivalent at the beginning of the period	6,273,718	176,613
Cash and cash equivalent at the end of the period	3,571,090	11,647,023

The annexed notes 1 - 13 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 3rd quarter & Nine Months ended March 31, 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 has been prepared in accordance with the requirements of the International Accounting Standards (IAS) 34, "Interim Financial Reporting". This condensed interim financial information is un-audited and submitted as required by section 245 of the Companies Ordinance, 1984 and the listing regulation of the Karachi & Lahore Stock Exchanges.

The condensed interim financial information comprise of the condensed interim balance sheet as at March 31, 2012 and the condensed interim profit and loss account, condensed interim statement of changes in equity and the condensed interim cash flow statement for the nine months ended March 31, 2012. These condensed interim financial information also include the condensed interim profit and loss account for the 3rd quarter ended March 31, 2012.

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.

	Un-Audited March 31 2012 Rupees	Audited June 30, 2011 Rupees
NOTE		

4. PROPERTY, PLANT AND EQUIPMENT

Opening book value	577,507,441	710,061,643
Add:		
Additions during the period	14,603,732	5,536,365
	592,111,172	715,598,008
Less:		
Disposals during the period (book value)	65,884	76,346,857
Depreciation charged during the period	40,986,006	61,743,720
	41,051,890	138,090,577
	551,059,283	577,507,431

Description	Cost	Net book value	Sales Proceeds	Mode of disposal	Particulars of purchaser
VEHICLE LXM-2358	670,500	43,769	475,000	Sold	Sheikh Iqbal Ahmed
VEHICLE AAZ-784	181,400	21,910	160,000	Sold	Mr. Abdullah S/o Ghafoor
	851,900	65,679	635,000		

5. LONG TERM DEPOSITS

Leased asset deposits	5.1	55,123,421	50,000,000
Others		1,600,000	1,735,250
		56,723,421	51,735,250

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

6. DEFERRED TAXATION

Amount shown in deferred taxation represents balance as at June 30, 2011. No deferred tax has been recognized during the period and shall be recorded in annual financial statement.

MACPAC FILMS LIMITED

		Un-audited Mar 31 2012 Rupees	Audited June 30, 2011 Rupees
7. AUTHORIZED CAPITAL			
40,000,000 (2011: 40,000,000) Ordinary shares of Rs.10/- each		400,000,000	400,000,000
Issued, subscribed and paid-up capital			
25,986,000 (2011: 25,986,000) Ordinary shares of Rs. 10/- each fully paid up in cash		259,860,000	259,860,000
12,900,000 (2011: 12,900,000) Ordinary shares of Rs.10/- each issued as fully paid bonus shares		129,000,000	129,000,000
		<u>388,860,000</u>	<u>388,860,000</u>
8. LONG-TERM LOANS			
Secured			
Commercial bank	8.1	60,000,000	111,104,000
Financial institution	8.2	<u>35,647,252</u>	<u>42,423,139</u>
		95,647,252	153,527,139
Term installment due		-	<u>32,884,658</u>
		95,647,252	186,411,797
Less: Current portion shown under current liabilities		95,647,252	95,166,329
Term installment due		-	32,884,658
		<u>-</u>	<u>58,360,810</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 million, out of which Rs. 188.36 million has been paid till Mar 2012. 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. 7.25 million (June 2011: Rs. 2.25 million).

	Nine Months		Quarter Ended	
	Un-Audited March 31 2012	Un-Audited March 31 2011	Un-Audited March 31 2012	Un-Audited March 31 2011
10. COST OF SALES				
Opening work-in-process	36,988,545	15,407,860	63,835,430	41,116,890
Material consumed	508,074,029	360,727,507	188,830,778	165,744,752
Salaries, wages and other benefits	18,716,754	15,544,128	6,272,809	5,349,292
Oil and lubricants/diesel	5,238,627	4,470,799	2,003,206	1,911,391
Packing material consumed	6,948,264	7,962,036	2,819,319	3,032,172
Consumable stores	1,679,596	1,308,145	706,881	777,960
Water charges	269,000	591,800	15,000	263,200
Repair and maintenance	5,229,567	3,848,073	1,242,898	2,245,248
Vehicle running and maintenance	890,989	866,457	288,485	232,044
Conveyance	-	104,221	-	22,470
Power/electricity/gas	51,046,609	38,752,323	20,234,197	16,255,427
Insurance	4,245,767	4,493,894	1,786,351	1,925,391
Telephone	290,850	249,713	101,750	91,210
Cartage and octroi	4,613,001	3,302,739	1,612,082	1,449,078
Consultancy charges	1,620,000	2,744,159	540,000	930,000
Rent, rates and Taxes	378,979	468,815	115,718	119,518
Staff welfare	1,080,474	691,475	304,930	305,029
Security charges	873,079	791,460	390,964	215,224
Depreciation	39,888,497	44,304,302	13,514,383	14,640,459
Ijara Rentals	31,908,594	31,799,696	10,618,402	10,655,636
Other expense	43,976	235,217	30,356	48,761
Transportation	2,417,490	1,837,690	815,971	625,275
	722,442,686	540,502,510	316,079,909	267,956,428
Less: Closing work-in-process	(64,063,710)	(35,959,490)	(64,063,710)	(35,959,490)
Cost of goods manufactured	658,378,976	504,543,020	252,016,199	231,996,938
Opening stock of finished goods	24,203,360	8,574,715	22,642,740	6,521,970
	682,582,336	513,117,735	274,658,939	238,518,908
Less: Closing stock of finished goods	(33,366,960)	(8,482,960)	(33,366,960)	(8,482,960)
	649,215,376	504,634,775	241,291,979	230,035,948

11. Related party disclosures

A. Related parties with whom the company had transactions:		March 31 2012	March 31 2011
i. Related party	Nature of transactions		
TOYO Packaging (Private) Limited	Sales of goods/Processing charges	153,218,589	147,691,511
	Sale of Generator	-	13,000,000
	Ijara Rentals	31,908,594	24,741,707
B. Disclosure of transactions between the company and Associated Companies:			
ii. Associated companies	Nature of transactions		
Hilal Confectionery (Private) Limited	Sales of goods	3,746,664	-
Kings Foods (Private) Limited	Sales of goods	8,295,647	3,457,589
Metaplast (Pvt.) Ltd.	Sales of goods/Processing charges	5,057,318	2,486,495
C. Related parties with whom the company had no transactions:			
iii. Associated companies	National Management Consultancy Services (Private) Limited. Print-O-Slit (Private) Limited		

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

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

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 March 31, 2012 are included in creditors, accrued and other liabilities, trade debts and other receivables respectively.

12. DATE OF ISSUE

These condensed interim financial information was authorized for issue on April 30, 2012 by the Board of Directors.

13. GENERAL

13.1 Figures have been rounded off to the nearest rupee.

Maqbool Elahi
Chief Executive

Mohammad Sadiq Khan
Director

MACPAC FILMS LIMITED

COMPANY INFORMATION

Board of Directors

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

Audit Committee of the Board

Mr. Mohammad Sadiq Khan Chairman
Mr. Shariq Maqbool Elahi
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