AIMING FOR NEW heights

Manufacturers of Multi Layer Co-extruded BOPP & CPP Films

MACPAC FILMS LTD.

CONTENTS

VISION & MISSION

Vision

To be the Market Leaders recognized locally and Internationally as the Top Quality Manufacturers of Multi-layered Packaging Materials.

Mission Statement

The company will:

- Aim to gain the confidence of its stakeholders by earning a reputation of a responsible and progressive enterprise that is prepared to change for benefits of its stakeholders.
- Aim to keep the highest level of quality in the manufacture of its product thereby adding value for all stakeholders.
- Focus on the changing customer's needs and requirements and strive to improve and innovate the product line for the benefit of its customers.
- Be ethical in practice and fulfill its social responsibilities by contributing towards the environment as good corporate citizens.

BUSINESS STRENGHTS

- **Pioneers** of BOPP film manufacturing, having strong brand identity and reasonable customer equity.
- Completely **automated** Bruckner's plant which can produce superior quality films with less wastate and higher efficiency.
- **Strong relationships** with our stakeholders and our suppliers are commited to provide quality services with market compatible rates and credit terms.
- Top management is **focused** and believes in continuous improvement.
- Not only satisfying the real need of our customers but also providing **quality service** with on time delivery.
- **Efficient** sales team.
- **Own power generation plant** which can produce 3 MW of electricity.

COMPANY INFORMATION

Board of Directors
Air Marshal Azim Daudpota (Chairman)
Mr. Maqbool Elahi Shaikh (Chief Executive)
Mr. Mohammad Sadiq Khan
Mr. Naeem Ali Mohammad Munshi
Mr. Ehtesham Maqbool Elahi
Mr. Shariq Maqbool Elahi
Mr. Fahad Munshi
Mr. Mansoor Younus (Independent Director)
Mr. Atif Awan

Audit Committee of the Board
Mr. Mansoor Younus (Chiarman)
Mr. Naeem Ali Mohammad Munshi (Member)
Air Marshal Azim Daudpota (Member)

HR & Remuneration Committee
Mr. Naeem Ali Mohammad Munshi (Chiarman)
Mr. Ehtesham Maqbool Elahi (Member)
Mr. Shariq Maqbool Elahi (Member)

Chief Financial Officer & Company Secretary
Mr. Javid Ansari

Auditors
Avais Hyder Liaquat Nauman
Chartered Accountants

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

Share Registrar
Central Depository Company Pakistan Limited
CDC House, 99 – B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi-74400
Tel: Customer Support Services (Toll Free)
0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: info@cdcpak.com
Website: www.cdcpakistan.com

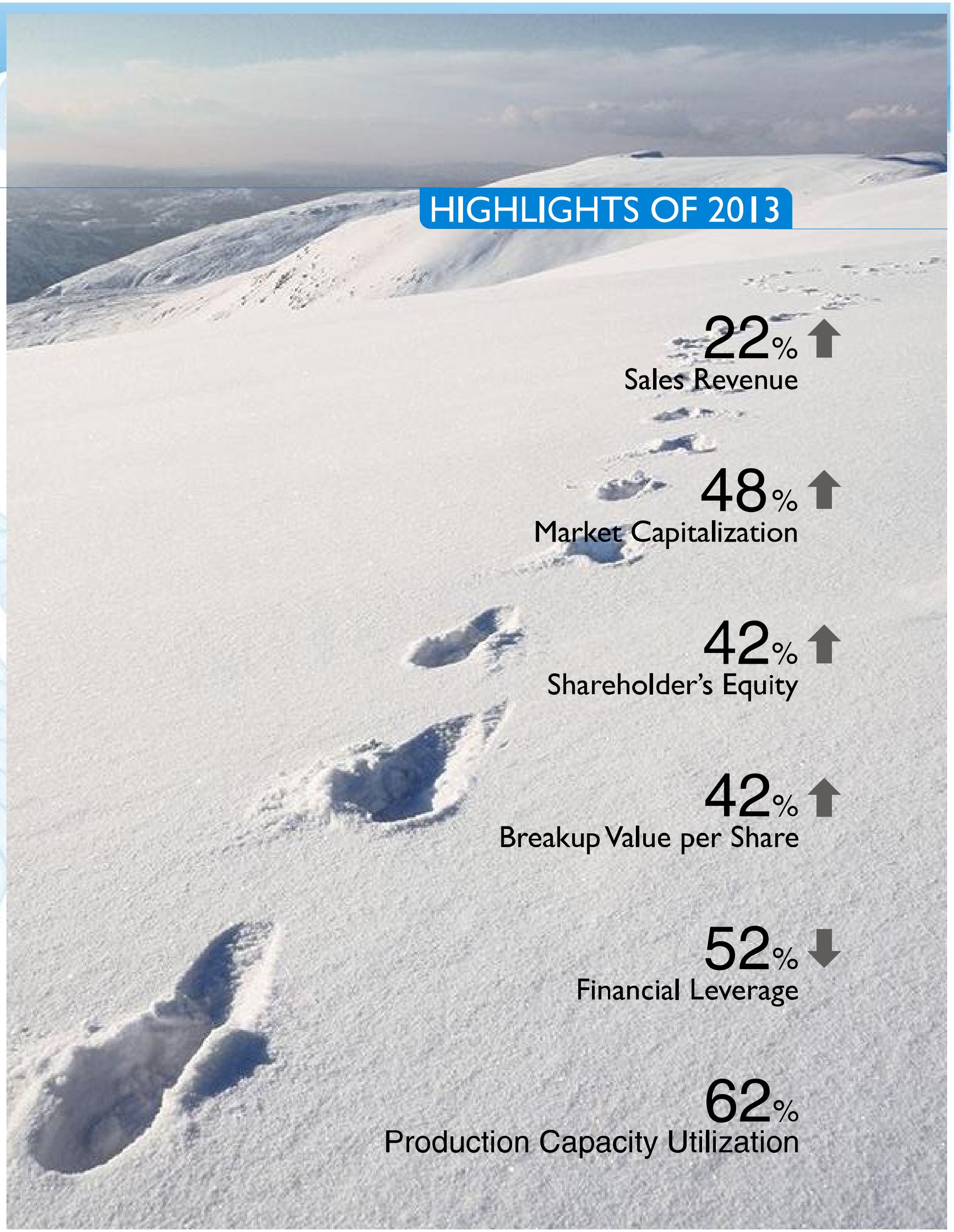
Bankers
Al-Baraka Bank (Pakistan) Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
Soneri Bank Limited

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

City Office
43-H, II-A, P.E.C.H.S., Block-6, Karachi
Email : info@macpacfilms.com
Website : www.macpacfilms.com

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

HIGHLIGHTS OF 2013



22% ↑
Sales Revenue

48% ↑
Market Capitalization

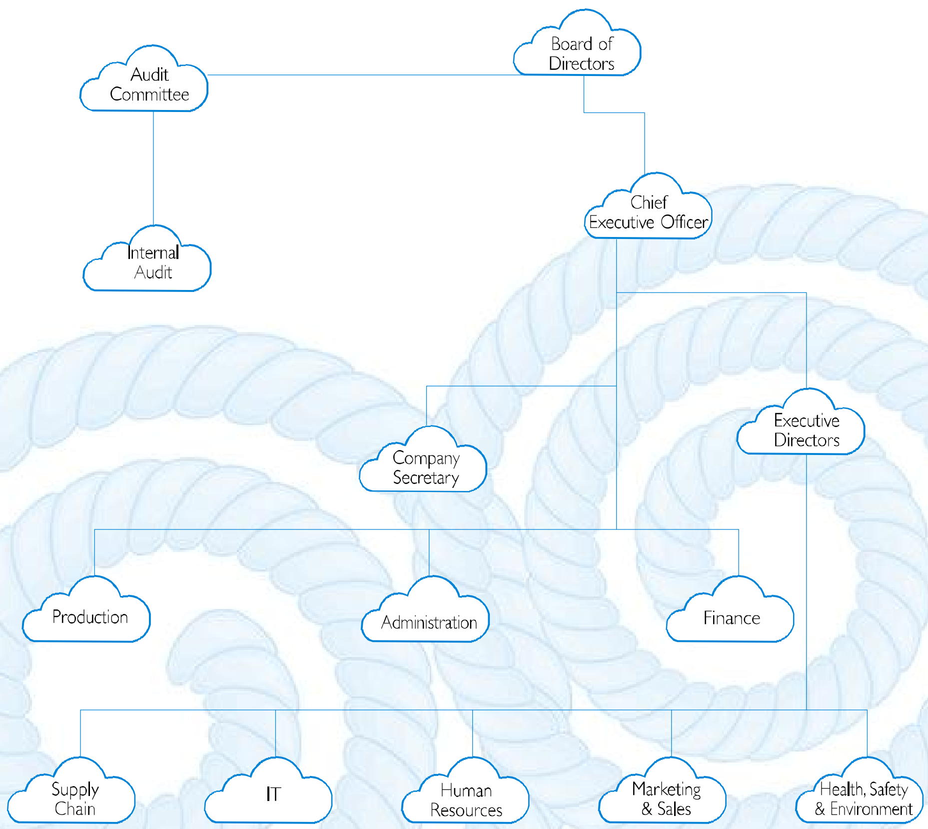
42% ↑
Shareholder's Equity

42% ↑
Breakup Value per Share

52% ↓
Financial Leverage

62%
Production Capacity Utilization

ORGANOGRAM



STATEMENT OF ETHICS

Ethical Standards

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

Remember that good ethics is good business!

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

Employee Welfare

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

Safety and Health

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

Social Services

While CSR is a corporate responsibility, in keeping with the values of the company and our traditions, MACPAC also makes philanthropic contributions to institutions that are making significant efforts to help the underprivileged for example, Shaukat Khanum Hospital, The Citizens Foundation, Heart Care Society, Civil Hospital, etc. We also contribute a considerable amount every year towards various educational efforts as part of our CSR initiatives.

Our future plans are to further increase our charitable efforts through utilizing different ways of reaching out to society like fundraising and motivating our employees to engage in volunteering activities. We are also keen on creating a greener environment, so work is underway on this aspect as well.

QUALITY POLICY

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

BUREAU VERITAS Certification

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

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

PROFILE OF THE BOARD

Air Marshal Azim Daud Pota - Chairman

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

Mr. Maqbool Elahi Shaikh - Chief Executive Officer

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

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

Mr. Mohammad Sadiq Khan - Director

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

Mr. Naeem Ali Mohammad Munshi - Director

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

Mr. Ehtesham Maqbool Elahi - Director

Having more than half a decade's experience with the Company as part of Senior Management, he joined the Board in 2012. He is a certified director from PICG and a Management graduate from American University in Dubai. His role as an Executive Director is to help take the Company to new achieved boundaries. Sharing and taking forward the vision of the CEO and the Board, he is committed to take the Company to new heights via newly adapted management practices. He is also a member of the HR&R Committee of the Board.

Mr. Shariq Maqbool Elahi - Director

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

Mr. Fahad Munshi - Director

He is serving as a Non-Executive Director at Macpac Films Limited. After completing his graduation from Bentley University in Waltham Massachusetts, he joined Hilal Confectionery Pvt. Limited as a Director. With a dynamic personality and an achievement oriented approach he started off his career in Management Operations with focus towards process improvement and innovation. With his determination and inherent passion, he developed himself in Human Resources Management.

Mr. Mansoor Younus - Independent Director

He has done his Masters of Business Administration from the Institute of Business Administration, Karachi in 1981. He has vast experience in International business, finance and marketing. Being the only Independent Director on the Board, he is also serving as the Chairman of the Audit Committee. Currently, he holds the position of Managing Partner at Oriental Sales Corporation.

Mr. Atif Awan - Director

He is the nominee director of Employees Old Age Benefits Institution (EOBI), an institutional investor holding 12% shares of Macpac Films Limited.

HEALTH SAFETY & ENVIRONMENTAL POLICY

Health, Safety & Environment is the topmost component of our business core values and commitment to subsist by this value brings our employees and contractors together to work as a family. The organization is certified with ISO 9001-2008, and is the pioneer of BOPP Films in Pakistan.

MACPAC remains committed towards providing a safe and healthy working environment for its employees and other stakeholders.

The HSE policy has been designed to ensure compliance with applicable laws. It aims to concurrently achieve continuous performance improvement, aligned with QMS 9001.

HSE Policy

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

HSE Objectives

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

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

PRODUCT PORTFOLIO

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

MACPAC Films Limited being the Pioneer BOPP films manufacturing company in Pakistan, offers supreme quality BOPP Film in multiple grades to cater the packaging needs of our valued customers operating in various vital industries throughout Pakistan; whilst maintaining high quality standards at the most up-to-date European Plant.

Features:

- Improved Stiffness
- Dimensional Stability and Flatness
- Excellent Clarity
- High Tensile Strength
- Excellent Optic
- Low Electrostatic Charge
- High Gloss
- Excellent Performance on High Speed Machines
- Recyclable and Reusable

Applications:

Grades:

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

- PLAIN
- SEALABLE
- PEARLIZED
- MATT
- METALIZABLE

Upcoming Grades

- METALIZED
- BROAD SEAL METALIZED

> "Packaging is the first introduction of a product to its consumer."

FOR MORE INFORMATION ON THE PRODUCTS, VISIT HTTP://MACPAC.COM.PK/PRODUCTS.ASPX

BOARD COMMITTEES

HR & REMUNERATION COMMITTEE

MEMBERS

Mr. Naeem Munshi (Committee Chairman)
Mr. Shariq Maqbool (Non-Executive Director)
Mr. Ehtesham Maqbool (Executive Director)

TERMS OF REFERENCE

Purpose

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

Composition

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

Responsibilities

The HR&R Committee has the following responsibilities

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

Meetings

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

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

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

AUDIT COMMITTEE

MEMBERS

Mr. Mansoor Younus (Committee Chairman & Independent Director)
Mr. Naeem Ali Munshi (Non-Executive Director)
Air Marshal Azim Daud Pota (Non-Executive Director)

TERMS OF REFERENCE

Purpose

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

Authority

The audit committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- Recommend to the Board, the appointment of external auditors, their removal, audit fees, the provision by external auditors of any service to the Company in addition to audit of the financial statements.
- Resolve any disagreements between management and the external auditors regarding financial reporting.
- Meet with company officers, external auditors, or outside counsel, as necessary.
- Seek any information it requires from any employee (and all employees are directed to co-operate with any request made by the audit committee) and external parties.
- Obtain outside legal or other professional advice.

Meetings

The Audit Committee shall meet at least once every quarter of the financial year. The provisions of the Code of Corporate Governance, 2012 shall be complied in this regard.

Responsibilities

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

- Determination of appropriate measures to safeguard the Company's assets.
- Review of preliminary announcements of results prior to publication.
- Review of quarterly, half yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on :-
- Major judgmental areas.
- Significant adjustments resulting from the audit.
- The going concern assumption.
- Any change in accounting policies and practices.
- Compliance with applicable accounting standards, and
- Compliance with listing regulations and other statutory and regulatory requirements.
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of Management, where necessary).
- Review of Management Letter issued by external auditors and Management's response thereto.
- Ensuring coordination between the internal and external auditors of the Company.
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- Consideration of major findings of internal investigations and Management's response thereto.
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
- Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors.
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.
- Determination of compliance with relevant statutory requirements.
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.
- Consideration of any other issue or matter as may be assigned by the Board of Directors.

CORPORATE CALENDAR 2013

August 30, 2012 - Board Meeting for review and implementation of the Code of Corporate Governance 2012

October 05, 2012 - Audit Committee Meeting and Board Meeting to approve the audited accounts for the year ended June 30, 2012

October 25, 2012 - 1st Quarter Audit Committee and Board Meeting

October 31, 2012 - 17th Annual General Meeting & Election of Directors + Board's and Shareholders unanimous approval for investment in New General K-5000 Metalizer

November 07, 2012 - Board Meeting for Appointment of Chief Executive Officer

February 21, 2013 - 2nd Quarter Audit Committee and Board Meeting

March 29, 2013 - 3rd Quarter Audit Committee and Board Meeting

METALIZER

The new General K-5000 Metalizer with a capacity of 6000 tons per annum is under Installation and Commissioning phase.

In Sha Allah, Commercial Production will start in the second quarter of FY 2014.

POWER GENERATION PLANT

HUMAN RESOURCES DEVELOPMENT

The human capital of the Company is the driving force to integrate the Company's other vital resources like equipment, technology and systems to produce the desired performance.

Our human assets and their ability to achieve and enhance our organizations success are our pride and joy. We hire staff with personal attitudes and professional skills enabling them to develop a long-term relationship with the Company. Our main focus is to nurture and further improve our teams by our exemplary HR policies, development programs and promotions / incentives.

Recruitment & Selection

We are an equal opportunity employer and strictly prohibit discrimination on any ground whether on the basis of religion, cast, color, creed or gender. We hire individuals through a process that is professional and consistent; one that reflects the Company's commitment to the principles of hiring the best possible candidates and ensuring employment equity. Selection is made on the basis of merit in view of the job requirements and on a salary which is competitive and in line with the compensation structure of the Company.

Training & Development

Learning is part of the Company culture and Training and development is an integral part of our HR policy. Each employee, at all levels, is conscious of the need to upgrade continuously her/his knowledge and skills. The willingness to learn is therefore a non-negotiable condition. The Company imparts focused training and development to enhance the competency of employees. Motivational drills and corporate retreats are also a regular feature of our HR policy.

Performance Appraisals

Annual appraisals are aimed to align employee skills with the company's strategic objectives. A benchmark has been set to compare the performance of each employee and feedback is then provided to improve the overall efficiency. Employees are rewarded on the basis of their performance and attitude towards work.

Succession Planning

Succession Planning is considered to be an HR priority for key positions to ensure employees development and sustainable leadership.

SHAREHOLDER'S INFORMATION

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

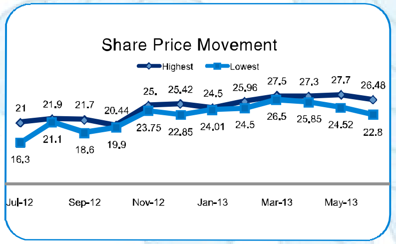
City Office
43-H, 2-A, P.E.C.H.S., Block-6, Karachi
Tel: 021-34305811-13
Fax: 021-34305810
Email: info@macpacfilms.com

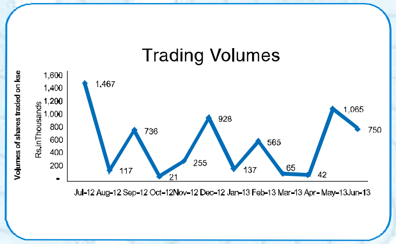
Shares Registrar
Central Depository Company Pakistan Limited
CDC House, 99 - B, Block 'B', S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi-74400
Tel: Customer Support Services
(Toll Free) 0800-CDCPL (23275)
Fax: (92-21) 34326053
Email: info@cdcpak.com, Website: www.cdcpakistan.com

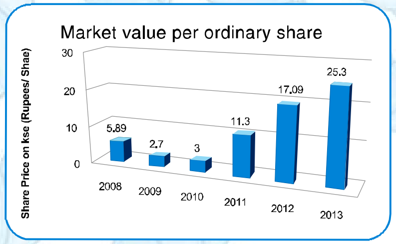
Listing on Stock Exchanges
Shares of Macpac Films Limited are listed on Karachi and Lahore Stock Exchanges.

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

Contact Person
Mr. Javid Ansari
Company Secretary
Email: javid.ansari@macpacfilms.com
Tel: +92-21-34305811-13 Ext. 114







PATTERN OF SHAREHOLDING

# Of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
97	1	100	1,946
554	101	500	273,122
207	501	1000	204,979
246	1001	5000	708,700
83	5001	10000	649,807
16	10001	15000	214,712
23	15001	20000	423,357
12	20001	25000	276,512
5	25001	30000	144,002
5	30001	35000	168,000
1	35001	40000	40,000
6	40001	45000	252,651
4	45001	50000	195,500
2	50001	55000	107,984
1	55001	60000	60,000
1	70001	75000	75,000
4	95001	100000	400,000
2	105001	110000	215,117
1	110001	115000	115,000
1	115001	120000	117,912
1	120001	125000	122,500
1	125001	130000	125,214
1	170001	175000	170,498
1	180001	185000	182,143
1	195001	200000	200,000
1	210001	215000	213,629
1	365001	370000	369,750
1	380001	385000	381,000
1	490001	495000	495,000
1	1450001	14550001	1,451,193
1	2730001	2735000	2,732,143
1	4665001	4670000	4,666,000
1	5825001	5830000	5,827,235
1	17305001	17310000	17,305,394
Total 1,285			38,886,000

CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	Shareholders	Shares Held	Percentage (%)
Government of Pakistan			
EMPLOYEES OLD AGE BENEFITS INSTITUTION	1	4,666,000	12.00
Directors and their spouse(s) and minor children			
MR. MAQBOOL ELAHI	1	17,305,394	44.50
MR. MOHAMMAD SADIQ KHAN	2	1,453,693	3.74
MR. MUAMMAD AZIM DAUDPUTA.	1	45,000	0.12
MR. SHARIQ MAQBOOL	1	182,143	0.47
FAHAD MUNSHI	1	500	0.00
NAEEM ALI MOHAMMAD MUNSHI	1	5,827,235	14.99
MANSOOR YOUNUS	1	7,000	0.02
ATIF	1	500	0.00
EHTESHAM MAQBOOL ELAHI	1	40,650	0.10
Associated Companies, undertakings and related parties	-	-	-
Executives	-	-	-
Public Sector Companies and Corporations	-	-	-
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	3	17,500	0.05
Mutual Funds			
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	1	213,629	0.55
CDC - TRUSTEE NAFA STOCK FUND	1	5,500	0.01
CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	1	46,500	0.12
General Public			
a. Local	1249	8,449,291	21.73
b. Foreign	2	490,617	1.26
OTHERS	17	134,848	0.35
Totals	1285	38,886,000	100.00

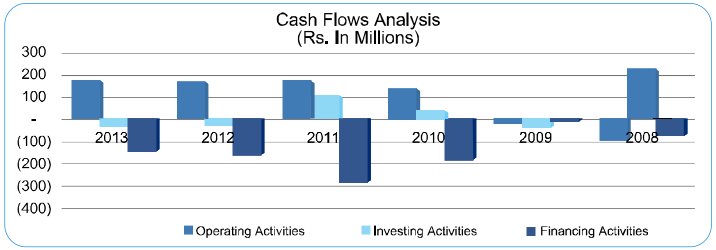
Share holders holding 5% or more voting interest	Shares Held	Percentage
MR. MAQBOOL ELAHI	17,305,394	44.50
NAEEM ALI MOHAMMAD MUNSHI	5,827,235	14.99
EMPLOYEES OLD AGE BENEFITS INSTITUTION	4,666,000	12.00
MISS. SANA NAUMAN	2,732,143	7.03

PERFORMANCE INDICATORS

		2013	2012	2011	2010	2009	2008
Profitibility Ratios							
Gross Profit ratio	%	**18%**	24%	22%	-19%	-43%	-9%
Net Profit to Sales	%	**14%**	22%	19%	-12%	-82%	-50%
EBITDA Margin to Sales	%	**18%**	26%	25%	4%	0%	13%
Operating leverage ratio	times	**-0.90**	1.72	1.19	0.25	0.64	-1.66
Return on Equity	%	**41%**	71%	167%	-40%	-265%	-244%
Return on Capital employed	%	**33%**	56%	51%	-7%	-19%	-19%
Liquidity Ratios							
Current ratio	times	**0.96**	1.01	0.53	0.19	0.19	0.53
Quick ratio	times	**0.50**	0.51	0.20	0.12	0.16	0.45
Cash to Current Liabilities	%	**1%**	0%	1%	0%	1%	15%
Cash flow from Operations to Sales	%	**14%**	17%	22%	79%	45%	-21%
Turnover Ratios							
Inventory turnover ratio	times	**5.32**	4.90	7.49	12.15	7.56	9.64
No. of Days in Inventory	days	**68**	73	48	30	48	37
Debtor turnover ratio	times	**7.91**	10.25	18.93	5.70	2.96	7.24
No. of Days in Receivables	days	**46**	35	19	63	122	50
Creditor turnover ratio	times	**3.28**	4.11	6.57	5.23	0.80	5.25
No. of Days in Creditors	days	**110**	88	55	69	448	69
Operating Cycle	days	**113**	109	67	93	169	87
Cash conversion Cycle	days	**3**	21	12	24	-278	19
Total Assets turnover ratio	times	**1.17**	1.06	0.91	0.24	0.13	0.30
Fixed Assets turnover ratio	times	**2.17**	2.21	1.54	0.32	0.17	0.40
Market Ratios							
Earnings per share (EPS)	Rs.	**5.37**	6.64	4.43	-0.71	-2.82	-4.29
Price Earnings ratio	times	**4.71**	2.57	2.55	-4.21	-0.96	-1.37
Price to Book ratio	times	**0.79**	0.59	0.45	0.12	0.10	0.20
Break-up value per share	Rs.	**13.16**	9.29	2.65	-1.78	-1.06	1.76
Capital Structure Ratios							
Net Assets per share	Rs.	**13.16**	9.29	2.65	-1.78	-1.06	1.76
Financial leverage ratio	times	**0.38**	0.79	3.72	-9.24	-19.87	12.25
Debt to Equity ratio	times	**0.38**	0.54	2.47	-5.50	-12.20	9.25

SUMMARY OF CASH FLOWS

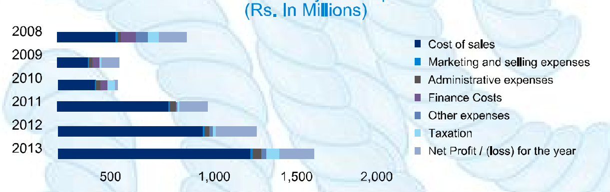
	2013	2012	2011	2010	2009	2008
			Rupees			
Cash & cash equivalents - Opening	**1,624,860**	6,273,718	176,613	3,918,027	62,804,002	1,308,867
Net cash flows from Operating activities	**176,540,824**	171,330,777	176,888,481	139,126,796	(15,624,359)	(94,551,651)
Net cash flows from Investing activities	**(27,871,616)**	(17,186,532)	112,463,635	37,717,940	(36,131,616)	228,301,036
Net cash flows from Financing activities	**(145,424,315)**	(158,793,103)	(283,255,011)	(180,586,150)	(7,130,000)	(72,254,250)
Changes in cash & cash equivalents	**3,244,893**	(4,648,858)	6,097,105	(3,741,414)	(58,885,975)	61,495,135
Cash & cash equivalents - Closing	**4,869,753**	1,624,860	6,273,718	176,613	3,918,027	62,804,002



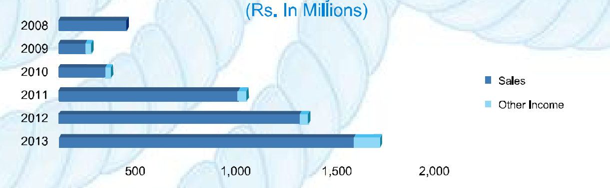
HORIZONTAL ANALYSIS

	2013		2012		2011		2010		2009		2008	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Balance Sheet												
Property, Plant and Equipment	673,500,047	24.5	540,839,060	(6.3)	577,507,431	(18.7)	710,061,643	(10.9)	796,740,542	(5.2)	840,751,886	(32.5)
Intangible assets	170,824	(20.0)	213,528	(20.0)	266,912	(20.0)	333,640	(20.0)	417,048	100.0	-	100.0
Other non-current assets	69,419,359	(52.9)	147,503,671	4.0	141,840,500	(0.2)	142,168,550	30.2	109,234,347	63.8	66,689,236	536.9
Current assets	503,070,524	15.6	435,018,907	72.5	252,170,060	179.9	90,091,441	(5.2)	95,001,538	(58.0)	226,153,021	65.9
Total assets	1,246,160,754	10.9	1,123,575,166	15.6	971,784,903	3.1	942,655,274	(5.9)	1,001,393,475	(11.7)	1,133,594,143	(18.6)
Share capital	388,860,000	-	388,860,000	-	388,860,000	-	388,860,000	-	388,860,000	-	388,860,000	-
Reserves	79,930,000	-	79,930,000	-	79,930,000	-	79,930,000	-	79,930,000	-	79,930,000	-
Unappropriated profits / (losses)	42,952,633	(140.0)	(107,433,374)	(70.6)	(365,669,365)	(32.0)	(537,860,243)	5.4	(510,175,153)	27.4	(400,536,319)	71.4
Non-current liabilities	208,187,606	(37.4)	332,676,070	(15.9)	395,545,948	(26.6)	538,670,758	0.2	537,430,126	(15.8)	638,156,888	(24.5)
Current liabilities	526,230,515	22.5	429,542,470	(9.2)	473,118,320	0.0	473,054,759	(6.4)	505,348,502	18.3	427,183,574	37.0
Total equity and liabilities	1,246,160,754	10.9	1,123,575,166	15.6	971,784,903	3.1	942,655,274	(5.9)	1,001,393,475	(11.7)	1,133,594,143	(18.6)
Operating Results												
Net sales	1,462,013,514	22.3	1,195,444,744	34.6	887,948,494	289.5	227,956,390	71.3	133,066,218	(60.3)	335,116,290	(17.6)
Cost of sales	(1,204,060,050)	32.9	(906,076,912)	30.7	(693,316,040)	193.6	(236,171,084)	24.0	(190,446,416)	(47.7)	(363,934,038)	(21.0)
Gross profit / (loss)	257,953,464	(10.9)	289,367,832	48.7	194,632,454	(2,469.3)	(8,214,694)	(85.7)	(57,380,198)	99.1	(28,817,748)	(46.4)
Marketing and selling expenses	(10,132,404)	71.1	(5,922,481)	71.4	(3,455,232)	(11.5)	(3,903,653)	(19.6)	(4,856,156)	(38.6)	(7,911,361)	(11.2)
Administrative expenses	(41,375,009)	62.6	(25,442,364)	(14.1)	(29,616,667)	64.6	(17,995,743)	0.8	(17,855,322)	(15.3)	(21,085,892)	10.0
Operating profit / (loss)	206,446,051	(20.0)	258,002,987	59.7	161,560,555	(636.5)	(30,114,090)	(62.4)	(80,091,676)	38.5	(57,815,001)	(29.3)
Finance Costs	(7,301,191)	209.7	(2,357,184)	(82.3)	(13,280,591)	(78.1)	(60,530,566)	24.3	(48,703,774)	(49.7)	(96,845,005)	(20.2)
Other income	127,002,684	209.1	41,084,859	(1.8)	41,843,918	38.8	30,136,500	5.8	28,475,505	1,074.1	2,425,376	100.1
Other expenses	(32,038,157)	20.7	(26,540,224)	193.1	(9,053,518)	100.0	-	-	-	(100.0)	(78,301,168)	100.0
Profit / (loss) before taxation	294,109,387	8.9	270,190,438	49.2	181,070,364	(399.2)	(60,508,156)	(39.7)	(100,319,945)	(56.5)	(230,535,798)	14.1
Taxation	(85,394,380)	614.3	(11,954,447)	34.6	(8,879,485)	(127.1)	32,823,066	(452.2)	(9,318,889)	(114.6)	63,723,230	7.1
Net profit / (loss) for the year	208,715,007	(19.2)	258,235,991	50.0	172,190,879	(722.0)	(27,685,090)	(74.7)	(109,638,834)	(34.3)	(166,812,568)	17.0

Profit & Loss Analysis - Expenses
(Rs. In Millions)



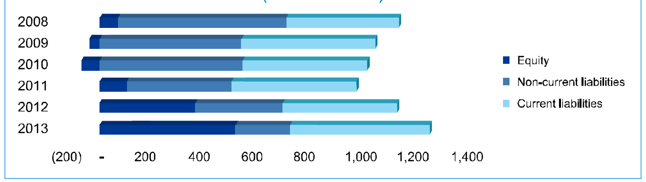
Profit & Loss Analysis - Income
(Rs. In Millions)



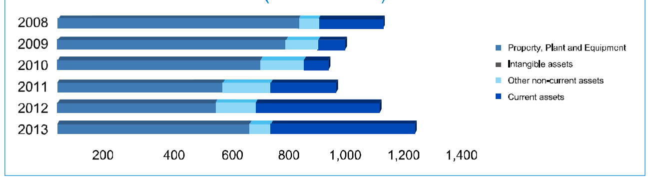
VERTICAL ANALYSIS

	2013		2012		2011		2010		2009		2008	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Balance Sheet												
Property, Plant and Equipment	673,500,047	54.0	540,839,060	48.1	577,507,431	59.4	710,061,643	75.3	796,740,542	79.6	840,751,886	74.2
Intangible assets	170,824	0.0	213,528	0.0	266,912	0.0	333,640	0.0	417,048	0.0	-	-
Other non-current assets	69,419,359	5.6	147,503,671	13.1	141,840,500	14.6	142,168,550	15.1	109,234,347	10.9	66,689,236	5.9
Current assets	503,070,524	40.4	435,018,907	38.7	252,170,060	25.9	90,091,441	9.6	95,001,538	9.5	226,153,021	20.0
Total assets	1,246,160,754	100.0	1,123,575,166	100.0	971,784,903	100.0	942,655,274	100.0	1,001,393,475	100.0	1,133,594,143	100.0
Share capital	388,860,000	31.2	388,860,000	34.6	388,860,000	40.0	388,860,000	41.3	388,860,000	38.8	388,860,000	34.3
Reserves	79,930,000	6.4	79,930,000	7.1	79,930,000	8.2	79,930,000	8.5	79,930,000	8.0	79,930,000	7.1
Unappropriated profits / (losses)	42,952,633	3.4	(107,433,374)	(9.6)	(365,669,365)	(37.6)	(537,860,243)	(57.1)	(510,175,153)	(50.9)	(400,536,319)	(35.3)
Non-current liabilities	208,187,606	16.7	332,676,070	29.6	395,545,948	40.7	538,670,758	57.1	537,430,126	53.7	638,156,888	56.3
Current liabilities	526,230,515	42.2	429,542,470	38.2	473,118,320	48.7	473,054,759	50.2	505,348,502	50.5	427,183,574	37.7
Total equity and liabilities	1,246,160,754	100.0	1,123,575,166	100.0	971,784,903	100.0	942,655,274	100.0	1,001,393,475	100.0	1,133,594,143	100.0
Operating Results												
Net sales	1,462,013,514	100.0	1,195,444,744	100.0	887,948,494	100.0	227,956,390	100.0	133,066,218	100.0	335,116,290	100.0
Cost of sales	(1,204,060,050)	(82.4)	(906,076,912)	(75.8)	(693,316,040)	(78.1)	(236,171,084)	(103.6)	(190,446,416)	(143.1)	(363,934,038)	(108.6)
Gross profit / (loss)	257,953,464	17.6	289,367,832	24.2	194,632,454	21.9	(8,214,694)	(3.6)	(57,380,198)	(43.1)	(28,817,748)	(8.6)
Marketing and selling expenses	(10,132,404)	(0.7)	(5,922,481)	(0.5)	(3,455,232)	(0.4)	(3,903,653)	(1.7)	(4,856,156)	(3.6)	(7,911,361)	(2.4)
Administrative expenses	(41,375,009)	(2.8)	(25,442,364)	(2.1)	(29,616,667)	(3.3)	(17,995,743)	(7.9)	(17,855,322)	(13.4)	(21,085,892)	(6.3)
Operating profit / (loss)	206,446,051	14.1	258,002,987	21.6	161,560,555	18.2	(30,114,090)	(13.2)	(80,091,676)	(60.2)	(57,815,001)	(17.3)
Finance Costs	(7,301,191)	(0.5)	(2,357,184)	(0.2)	(13,280,591)	(1.5)	(60,530,566)	(26.6)	(48,703,774)	(36.6)	(96,845,005)	(28.9)
Other income	127,002,684	8.7	41,084,859	3.4	41,843,918	4.7	30,136,500	13.2	28,475,505	21.4	2,425,376	0.7
Other expenses	(32,038,157)	(2.2)	(26,540,224)	(2.2)	(9,053,518)	(1.0)	-	-	-	-	(78,301,168)	(23.4)
Profit / (loss) before taxation	294,109,387	20.1	270,190,438	22.6	181,070,364	20.4	(60,508,156)	(26.5)	(100,319,945)	(75.4)	(230,535,798)	(68.8)
Taxation	(85,394,380)	(5.8)	(11,954,447)	(1.0)	(8,879,485)	(1.0)	32,823,066	14.4	(9,318,889)	(7.0)	63,723,230	19.0
Net profit / (loss) for the year	208,715,007	14.3	258,235,991	21.6	172,190,879	19.4	(27,685,090)	(12.1)	(109,638,834)	(82.4)	(166,812,568)	(49.8)

Balance Sheet Analysis - Equity and Liabilities
(Rs. In Millions)



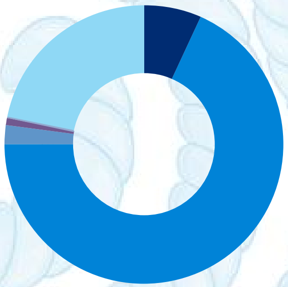
Balance Sheet Analysis - Assets
(Rs. In Millions)



STATEMENT OF VALUE ADDED
AND ITS DISTRIBUTION

	2013	2012
	(Rupees in 000)	
Wealth Generated		
Sales	**1,462,013,514**	1,195,444,744
Other Income	**127,002,684**	41,084,859
Raw Materials and other goods & services	**(721,818,018)**	(429,441,583)
	867,198,180	807,088,020
Wealth Distributed		
Employees as Remuneration	**56,740,260**	42,375,528
Government as Taxes	**592,931,722**	503,849,317
Shareholders as Dividends	**19,443,000**	38,886,000
Providers of finance as Financial Charges	**7,301,191**	2,357,184
To Society	**1,510,000**	270,000
Retained within the Business	**189,272,007**	219,349,991
	867,198,180	807,088,020

Wealth Dustribution - 2013



DIRECTOR'S REPORT TO THE SHAREHOLDERS

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

Assalam-o-alaikum

Dear Shareholders,

The Board of Directors of your Company is pleased to present the Annual Report 2013 and Audited Financial Statements for the year ended June 30, 2013 together with Auditor's Report thereon.

GENERAL

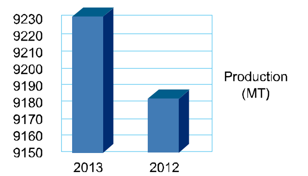
The principal activity of the Company is to manufacture, produce, buy and sell plastic packaging films. The operational capacity of Biaxially Oriented Polypropylene (BOPP) films is 15,000 metric tons (MT). The plant is located at Eastern Industrial Zone, Port Qasim Area.

OPERATING AND FINANCIAL PERFORMANCE

Production

The Company's production during the year was 9,230 metric tons which is 62% of total capacity of the plant, increasing by 1% as compared to the previous year.

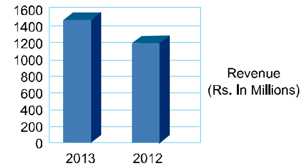
The management of the Company is continuously devoting efforts to further enhance the capacity utilization. Therefore, the main focus in the coming quarters would be enhancing capacity utilization further to yield better results.



Sales performance

The Company has recorded net sales of Rs.1,462 million during the year as compared to Rs.1,195 million during the previous year thereby, registering an increase of 22%.

This is mainly due to increase in direct market sales of BOPP films rather than processing.

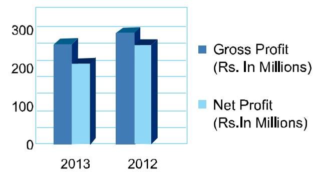


Profitability

The gross profit of the Company was Rs.258 million for the current year as compared to Rs.289 million last year which is 10.7% lower than the last year.

The net profit for the current year was Rs.209 million as compared to Rs.258 million in the previous year which has decreased by 19%.

This decline is mainly due to shrinking margins per unit owing to higher input costs and increasing competition, making it difficult to pass on the gained costs to the customers.



Earnings per share

The Earnings per share for the current year were Rs.5.37 as compared to Rs.6.64 in the past year.

Comparative financial results

Broad comparative financial results of previous three years are given hereunder. Key performance indicators for the last six years are also summarized on page 27 of the Annual Report 2013.

Rs. 'millions	2013		2012		2011	
	Rs.	% of Sales	Rs.	% of Sales	Rs.	% of Sales
Sales (net)	1,462		1,195		888	
Gross Profit	258	18%	289	24%	195	22%
Profit before tax	294	20%	270	23%	181	20%
Profit after tax	209	14%	258	21%	172	19%
EPS (Rupees)	5.37		6.64		4.43	

DIVIDEND

The company paid an interim dividend of 5% for the half year ended December 31, 2012. However, at the year end the company is focusing on adding more products to its portfolio to add value to future sales revenues via mainly due to the upcoming Metalizer Project and other expansion plans. Therefore, the Board has not announced any dividend for the year end as the retained earnings and cash flows will be used to invest in expansion plans to increase the overall value of the company.

FUTURE OUTLOOK

The business environment is still competitive and challenging. Raw material prices show continuous fluctuations. The regional shortages and shut downs of Raw material plants have caused supply and pricing pressures on cost of purchases in the future. Depreciating Rupee coupled with overall inflationary trends is causing difficulty in keeping equilibrium in the purchases and selling prices, but the management of your Company is endeavoring to devote their efforts for best results. Thus maintaining costs of purchases and selling price adjustments remain a hard task.

We are confident that your Company has the potential to sustain all challenges by maintaining its position in the market and keeping the current focus.

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

Your company is focusing on adding more products to its portfolio to add value to future sales revenues via mainly due to the upcoming Metalizer Project and other expansion plans.

METALIZER PROJECT

The new General K-5000 Metalizer with a capacity of 6,000 tons per annum is under Installation and Commissioning phase. In Sha Allah, commercial production will commence in the second quarter of FY 2014.

AUDITORS

The present auditors M/s. Avais Hyder Liaqat Nauman, Chartered Accountants are retiring and have offered themselves for reappointment for the year ending June 30, 2014 at remuneration to be mutually agreed.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance contained in the Listing Regulations, relevant for the year ended June 30, 2013 have been adopted by the Company and have been duly complied with. A separate statement of compliance with the Code of Corporate Governance, duly signed by the Chief Executive Officer is also included in the Annual Report 2013 on page 36.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

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

CORPORATE AND FINANCIAL REPORTING FRAME WORK

- The financial statements together with the notes thereon have been drawn up by the management in conformity with the Companies Ordinance, 1984. These Statements present fairly Company's state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards / International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no departure from the best practices of Corporate Governance, as detailed in the listing regulations.
- There is no other significant and material change from last year's operating and financial results except as explained in the Directors' Report.
- The key performance indicators for the last six years are summarized on page 27 of the Annual Report 2013.

ELECTION OF DIRECTORS

Election of directors were held on October 31, 2012 in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 for the next term of three years. Following nine (9) persons have been elected as directors of the Company for the next tenure of three years commencing from November 01, 2012.

1. Air Marshal Azim Daudpota - Chairman
2. Mr. Maqbool Elahi Shaikh - Chief Executive Officer
3. Mr. Mansoor Younus Shaikh - Independent Director
4. Mr. Atif Awan - Nominee of Employees' Old-Age Benefits Institution (EOBI)
5. Mr. Ehtesham Maqbool Elahi
6. Mr. Fahad Munshi
7. Mr. Mohammad Sadiq Khan
8. Mr. Naeem Ali Mohammad Munshi
9. Mr. Shariq Maqbool Elahi

APPOINTMENT OF CHIEF EXECUTIVE

Mr. Maqbool Elahi Shaikh, has been appointed as Chief Executive of the Company for the next three years commencing from November 01, 2012 in accordance with the Companies Ordinance, 1984. The Board of Directors also approved terms and conditions of Chief Executive in accordance with the Companies Ordinance, 1984 and the Articles of Association of the Company. The Board of Directors approved monthly remuneration of Rs.300,000/- per month alongwith Company's maintained car and other benefits as per Company' policy to Chief Executive w.e.f. November 01, 2012.

BOARD OF DIRECTORS' MEETINGS

The number of board and audit committee meetings held during the year and meetings attended by each director is shown hereunder:

Name of Director	Board of Directors	Audit Committee
Mr. Maqbool Elahi Shaikh	6	-
Mr. Muhammad Sadiq Khan	6	2
Mr. Naeem Ali Muhammad Munshi	6	4
Mr. Ehtesham Maqbool Elahi	5	-
Mr. Shariq Maqbool Elahi	6	3
Air Marshal Azim Daudpota	6	4
Mr. Mansoor Younus Shaikh	3	1
Mr. Fahad Munshi	3	-
Mr. Atif Awan	3	-

AUDIT COMMITTEE AND INTERNAL CONTROL SYSTEM

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

The Board has formed an Audit Committee. It comprises three (3) members, all are non-executive directors including the chairman of the committee who is an independent director. The Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

HR AND REMUNERATION COMMITTEE

The Board has formed an HR and Remuneration Committee. It comprises three (3) members, including two non-executive directors and one executive director. The Chairman of the committee is a non-executive director.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

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

HUMAN CAPITAL AND EMPLOYEE RELATIONS

The human capital of the company is the driving force to integrate the other resources like equipment and technology systems to produce the performance desired by the company. The directors of the company wish to record their appreciation for the dedicated hard and focused work put in by the company employees in achieving the performance during the year.

The need of the company changes all the time and it is changing at faster pace now because of the increasingly demanding business environment. Effective human resource management requires constant analysis of the pool of the human assets in the company for any skill gaps and training requirements, so the human capital can be better utilized and rewarded for their efforts one way of development human skills is getting exposure to the latest technology in our business.

PATTERN OF SHAREHOLDING

The total number of Company's shareholders as at June 30, 2013 were 1,285. The pattern of shareholding as at June 30, 2013 along-with necessary disclosures as required under the Code of Corporate Governance is disclosed in the Annual Report 2013.

ACKNOWLEDGEMENT

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

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

For and on behalf of the Board

MAQBOOL ELAHI SHAIKH
Chief Executive Officer

Karachi
October 01, 2013

REVIEW REPORT TO THE MEMBERS

ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the statement of compliance with best practices (the statement) contained in the Code of Corporate Governance prepared by the Board of Directors of MACPAC FILMS LIMITED (the Company), to comply with the Listing Regulations No. 35 of the Karachi Stock Exchange Limited and Listing Regulations No. 35 of the Lahore Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provision of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statement we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control and effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by Karachi Stock Exchange Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm length price recording proper justification for using such alternative price mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2013.

AVAIS HYDER LIAQUAT NAUMAN
Chartered Accountants
Karachi.
Dated: October 01, 2013

Engagement Partner: Moazzam Saddique

STATEMENT OF COMPLIANCE
WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (Code) contained in listing regulations of Karachi Stock Exchange Limited and Lahore Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:-

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors. At present, the Board includes:

Category	Names
Independent directors	1. Mr. Mansoor Younus
Executive Directors	1. Mr. Maqbool Elahi 2. Mr. Mohammad Sadiq Khan 3. Mr. Ehtesham Maqbool Elahi
Non-Executive Directors	1. Mr. Naeem Ali Mohammad Munshi 2. Air Marshal Azim Daudpota 3. Mr. Shariq Maqbool Elahi 4. Mr. Fahad Munshi 5. Mr. Atif Awan (Nominee of EOBI)

The independent director meets the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3. All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-banking Financial Institution. None of them are members of any Stock Exchange.

4. No casual vacancy occurred in the Board of Directors during the year.

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

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were also circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board arranged training programs for its directors Mr.Shariq Maqbool Elahi and Mr. Fahad Munshi during the year.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors' report has been prepared in compliance with the requirements of the CODE and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CODE.

15. The Board has formed an Audit Committee. It comprises three (3) members, all are non-executive directors and the chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CODE. The terms of reference of the committee have been determined and approved by the Board of Directors and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises three (3) members, among them two are non-executive directors and the chairman of the committee is also a non-executive director.

18. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountant of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountant of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles contained in the Code have been complied with.

On behalf of the Board of Directors

MAQBOOL ELAHI
Chief Executive Officer

Karachi
October 01, 2013

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of MACPAC FILMS LIMITED as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

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

(b) in our opinion:

   (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   (ii) the expenditure incurred during the year was for the purpose of the company's business; and

   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2013 and the profit, comprehensive income, cash flows and changes in equity for the year then ended; and

(d) In our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company. Subsequent to the balance sheet date, Zakat deducted at source was deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

AVAIS HYDER LIAQUAT NAUMAN
Chartered Accountants
Karachi.
Dated: October 01, 2013

Engagement partner: Moazzam Saddique

NOTICE OF THE 18TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 18th Annual General Meeting of MACPAC Films Limited will be held on Wednesday, October 30, 2013 at 5:00 p.m. at Registered Office of the Company, F/2, A-F, S.I.T.E., Karachi, to transact the following ordinary business:

1. To confirm the Minutes of the 17th Annual General Meeting held on October 31, 2012.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended June 30, 2013, together with the Auditors' and Directors' Report thereon.
3. To appoint Auditors of the Company for the year ending June 30, 2014 and fix their remuneration.
4. To transact any other business with the permission of the Chair.

By order of the Board

Karachi
October 04, 2013

M. Javid Ansari
Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from October 23, 2013 to October 31, 2013 (both days inclusive). Transfers received at the Company's Share Registrar, M/s. Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99 - B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, at the close of business on October 22, 2013 will be treated in time.
2. Members are requested to notify any change in their addresses immediately to our Share Registrar.
3. A member entitled to attend and vote at the meeting shall be entitled to appoint another person, as his/her proxy to attend, demand, join in demanding a poll, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the meeting as are available to a member. Proxies, in order to be valid, must be deposited at Company' Share Registrar office not less than 48 hours before the meeting. A proxy must be a member of the Company.
4. CDC shareholders or their proxies must bring their Computerized National Identity Card (CNIC)/passport along with CDC Participant ID and Account number at the meeting venue for identification purpose. In case of representative of corporate member, the Board of Directors' Resolution/Power of Attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier).

FINANCIAL STATEMENTS 2013

BALANCE SHEET
AS AT JUNE 30, 2013

	Note	2013	2012
		(Rupees)	
Assets			
Non-current assets			
Property, plant and equipment	3	673,500,047	540,839,060
Intangible asset	4	170,824	213,528
Long term deposits	5	57,398,421	57,398,421
Deferred taxation	6	12,020,938	90,105,250
Current assets			
Stock-in-trade	7	238,624,594	213,889,611
Trade debts	8	178,535,689	155,584,374
Loans and advances - unsecured	9	3,422,351	1,734,415
Trade deposits, prepayments and other receivables	10	14,378,805	8,852,147
Tax refund due from Government	11	20,431,250	20,418,901
Advance income tax		42,808,082	32,914,599
Cash and bank balances	12	4,869,753	1,624,860
		503,070,524	435,018,907
		1,246,160,754	1,123,575,166
Equity and liabilities			
Share capital and reserves			
Share capital	13	388,860,000	388,860,000
Reserves	14	79,930,000	79,930,000
Unappropriated profits / (losses)		42,952,633	(107,433,374)
		511,742,633	361,356,626
Non-current liabilities			
Staff retirement benefits - gratuity	15	11,427,149	10,141,460
Long term loans	16	-	-
Loans from directors and associated company	17	196,760,457	196,760,457
Deferred markup	18	-	125,774,153
		208,187,606	332,676,070
Current liabilities			
Short term finance	19	-	734,696
Current portion of long term loans	20	-	90,070,368
Trade and other payables	21	518,920,447	326,782,959
Provision for taxation		7,310,068	11,954,447
		526,230,515	429,542,470
Contingencies and commitments	22	-	-
		1,246,160,754	1,123,575,166

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

Maqbool Elahi Shaikh
Chief Executive

Mohammad Sadiq Khan
Director

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		(Rupees)	
Net sales	23	1,462,013,514	1,195,444,744
Cost of sales	24	(1,204,060,050)	(906,076,912)
Gross profit		257,953,464	289,367,832
Marketing and selling expenses	25	(10,132,404)	(5,922,481)
Administrative expenses	26	(41,375,010)	(25,442,364)
		(51,507,414)	(31,364,845)
Operating profit		206,446,050	258,002,987
Finance costs	27	(7,301,190)	(2,357,184)
Other income	28	127,002,684	41,084,859
Other expenses	29	(32,038,157)	(26,540,224)
		87,663,337	12,187,451
Profit before taxation		294,109,387	270,190,438
Taxation	30	(85,394,380)	(11,954,447)
Profit after taxation		208,715,007	258,235,991
Earning per share - basic and diluted	31	5.37	6.64

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

Maqbool Elahi Shaikh
Chief Executive

Mohammad Sadiq Khan
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		(Rupees)	
Net profit after taxation		208,715,007	258,235,991
Other comprehensive income		-	-
Total comprehensive income for the year		208,715,007	258,235,991

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

Maqbool Elahi Shaikh
Chief Executive

Mohammad Sadiq Khan
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013

(Rupees)

	Issued, subcribed & paid-up capital	Capital Reserve - share premium	Unappropriated (losses) / profits	Total
Balance as at July 1, 2012	388,860,000	79,930,000	(365,669,365)	103,120,635
Total comprehensive income for the year	-	-	258,235,991	258,235,991
Balance as at June 30, 2012	388,860,000	79,930,000	(107,433,374)	361,356,626
Total comprehensive income for the year	-	-	208,715,007	208,715,007
Final dividend @ Re. 1 / ordinary share for the year ended June 30, 2012	-	-	(38,886,000)	(38,886,000)
Interim dividend @ Re.0.5 / ordinary share for the year ended June 30, 2013	-	-	(19,443,000)	(19,443,000)
Balance as at June 30, 2013	388,860,000	79,930,000	42,952,633	511,742,633

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

Maqbool Elahi Shaikh
Chief Executive

Mohammad Sadiq Khan
Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013

	Note	2013	2012
		(Rupees)	
A. Cash generated from operating activities			
Cash generated from operations	35	201,262,472	199,669,826
Income tax paid		(21,860,280)	(20,010,498)
Gratuity paid		(2,554,470)	(2,175,180)
Finance costs paid		(306,898)	(490,200)
Long-term deposits		-	(5,663,171)
		(24,721,648)	(28,339,049)
Net cash generated from operating activities		176,540,824	171,330,777
B. Cash generated from investing activities			
Capital expenditure		(28,197,652)	(18,421,532)
Proceeds from sale of fixed assets		326,036	1,235,000
Net Cash (used in) investing activities		(27,871,616)	(17,186,532)
C. Cash flow from financing activities			
Repayment of loan		(90,070,368)	(126,884,509)
Ijarah rentals paid		-	(31,908,594)
Dividend paid		(55,353,947)	-
Net cash used in financing activities		(145,424,315)	(158,793,103)
Net Increase / (decrease) in cash and cash equivalents (A + B + C)		3,244,893	(4,648,858)
Cash and cash equivalents at the beginning of the period		1,624,860	6,273,718
Cash and cash equivalents at the end of the period		4,869,753	1,624,860

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

Maqbool Elahi Shaikh
Chief Executive

Mohammad Sadiq Khan
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2013

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 and city office is 43-H, II-A, P.E.C.H.S., Block -6, Karachi.

The principal activity of the Company is to manufacture, produce, buy and sell plastic packaging films.

2. Summary of significant accounting policies

2.1 Accounting convention

These financial statements have been prepared under the historical cost except obligation in respect of staff retirement benefits. In these financial statements, except for the amounts reflected in cash flow statements, all the transactions have been accounted for on accrual basis.

2.2 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Approved accounting standards comprise of such International Accounting Standards (IAS) / IFRS as notified under the provision of Companies Ordinance, 1984.

Whenever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.3 Critical accounting estimate and judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

(a) Recognition of provision for current taxation and deferred taxation (note 30 & 6);

(b) Accounting for staff retirement benefits (note 15);

(c) Determining the recoverable amounts, useful lives and residual values of property, plant and equipment and intangibles (note 3 & 4);

(e) Estimation of net realizable value for stock-in-trade (note 7); and

(f) Recognition of provision for doubtful debts (note 8)

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

2.4 Standards, amendments to published standards and new interpretations effective during the year ended June 30, 2013

There are certain new standards, amendments to approved accounting standards and new interpretations that are mandatory for the Company's accounting periods but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not mentioned in these financial statements.

Approved accounting standards, interpretations and amendments thereto issued but not effective as at the reporting date

The following standards, interpretations and amendments are issued which are not effective as at the reporting date. Their impact on the Company's financial statements cannot be ascertained as at the reporting date.

Revision / Improvements / amendments to IFRSs and interpretations	Effective for periods beginning on or after
IFRS 7 - Financial Instruments: Disclosures (Amendment)	January 01, 2013 & January 01, 2015
IAS 1 - Presentation of Financial Statements (Amendment) regarding disclosure requirement for comparative figures	July 01, 2012 & January 01, 2013
IAS 27 - Separate Financial Statements	January 1, 2013
IAS 28 - Investments in Associates and Joint Ventures	January 1, 2013
IAS 32 - Financial Instruments: Presentation (Amendment)	January 1, 2014
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013
Annual Improvements to IFRS (the 2009 - 2011 cycle)	January 1, 2013
IAS 19 - Employee Benefits (Revised)	January 1, 2013
Standards issued by IASB but not yet notified by SECP	
IFRS 9 - Financial Instruments: Classification and Measurement	January 1, 2015
IFRS 10 - Consolidated Financial Statements	January 1, 2013
IFRS 11 - Joint Arrangements	January 1, 2013
IFRS 12 - Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13 - Fair Value Measurement	January 1, 2013

2.5 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is Company's functional currency. All the financial information presented in Pak Rupee has been rounded off to nearest Rupee.

2.6 Property, plant & equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation except for freehold land, which is stated at cost.

Depreciation is charged using the reducing balance method at the rates specified in note 3 except those assets which are not available for their intended use or commercial productions has not commenced.

Depreciation on additions are charged from the month the assets are available for use while no depreciation is charged for the month in which is disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized.

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

2.7 Intangible assets

Intangible assets acquired are capitalized at cost and stated at cost less amortization. The rate of amortization is 20% applying reducing balance method.

2.8 Impairment of assets

At each balance sheet date, the company reviews the carrying amount of its assets for identifications of impairment/loss. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying value, the carrying value of the assets is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

2.9 Provisions

Provisions are recognized when the company has present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash-in-hand and at banks which are carried at cost. For the purpose of cash flow statement, cash equivalents are short term highly liquid instruments which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in values.

2.11 Stock in trade

These are valued at lower of cost and net realizable value applying the following basis:

Raw material	weighted average cost
Work in process	weighted average cost
Finished goods	weighted average cost

Weighted average cost in relation to work in process and finished goods signify average manufacturing cost including direct material, labour and proportionate share of related direct overheads.

Net realizable value signifies the selling price prevailing in the market less selling expenses incidental to sale.

2.12 Stores and spares

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

2.13 Trade debts and other receivables

Trade receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

2.14 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services.

2.15 Taxation

Current
The provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits, rebates and exemptions available, if any.

Deferred
The Company recognizes deferred taxation using the liability method, deferred income tax is provided in full, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liability is generally recognized for all taxable temporary differences and deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax is charged or credited in the profit and loss account.

2.16 Staff retirement benefits

The company operates an unfunded Gratuity Scheme for all employees. Actuarial valuation, as required under IAS-19 is carried out to make an estimate of the amount of benefit. The provision is made to meet the obligation under the scheme for all employees who have completed one year service with the company.

2.17 Leases

Payments made in respect of operating leases are deducted (as an expense) in the calculation of net profit/loss for the year, on the straight-line basis over the lease term period.

2.18 Foreign currency transactions

Transactions in foreign currencies are accounted for in rupees at the rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are reported using the rates of exchange approximating those prevailing on the balance sheet date, except where forward exchange purchases have been made for payment of liabilities, in that case the contracted rates are applied. Exchange gains and losses are included in income currently except exchange gains and losses on foreign currency loans for acquiring plant and machinery are capitalized.

2.19 Financial instruments

All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provision to the instrument. Any gain or loss on de-recognition of the financial assets and liabilities are included in the net profit/ loss for the period in which it arises.

2.20 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the balance sheet when there is a legal enforceable right to set-off the transactions is available and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.21 Borrowing cost

Borrowing cost are recognized as an expense in the period in which they are incurred except for those that are directly attributable to the acquisition, construction or production of a qualifying asset, which are capitalized as part of the cost of such asset.

2.22 Revenue recognition

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

Processing income is recognized when the services are rendered.

Returns on deposits and investments are recognized on accrual basis.

2.23 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3. Property, plant and equipment

	Notes	2013	2012
		(Rupees)	
Operating fixed assets	3.1	494,567,991	540,839,060
Capital work in progress	3.2	178,932,056	-
		673,500,047	540,839,060

3.1 Operating fixed assets

Description	Leasehold land	Building on leasehold land	Plant and machinery	Furniture and fixtures	Electric installations	Refrigeration and airconditioning	Generators	Office equipments	Computers	Motor Vehicles	Plant and machinery-leased*	Generators and fittings-leased**	Total
Net carrying value basis													
Year end June 30 2013													
Opening net book value (NBV)	21,200,000	45,346,742	399,084,797	2,606,945	11,870	901,748	1,092,937	948,666	611,543	7,965,123	15,598,763	45,469,926	540,839,060
Additions at cost	-	-	16,254,617	61,250	-	545,630	932,642	-	415,300	2,320,000	-	-	20,529,439
Disposals													
Cost	-	-	-	-	-	-	-	-	-	(980,500)	(31,448,398)	-	(32,428,898)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	654,464	15,849,635	-	16,504,099
Disposals at NBV	-	-	-	-	-	-	-	-	-	(326,036)	(15,598,763) *	-	(15,924,799)
Depreciation charged	-	2,267,297	41,509,813	265,260	1,188	125,729	132,608	94,864	183,470	1,748,487	-	4,546,993	50,875,709
Closing net book value (NBV)	21,200,000	43,079,445	373,829,601	2,402,935	10,682	1,321,649	1,892,971	853,802	843,373	8,210,600	-	40,922,933	494,567,991
Gross carrying value basis													
At June 30, 2013													
Cost	21,200,000	59,211,503	826,964,484	4,248,621	23,695	2,188,613	5,299,642	1,591,575	2,457,120	22,253,710	-	80,217,664	1,025,656,627
Accumulated depreciation	-	(16,132,058)	(453,134,883)	(1,845,686)	(13,013)	(866,964)	(3,406,671)	(737,773)	(1,613,747)	(14,043,110)	-	(39,294,731)	(531,088,636)
Net book value	21,200,000	43,079,445	373,829,601	2,402,935	10,682	1,321,649	1,892,971	853,802	843,373	8,210,600	-	40,922,933	494,567,991
Rate of depreciation	-	5%	10%	10%	10%	10%	10%	10%	25%	20%	10%	10%	

Description	Leasehold land	Building on leasehold land	Plant and machinery	Furniture and fixtures	Electric installations	Refrigeration and airconditioning	Generators	Office equipments	Computers	Motor Vehicles	Plant and machinery-leased*	Generators and fittings-leased**	Total
Net carrying value basis													
Year end June 30 2012													
Opening net book value (NBV)	21,200,000	47,638,746	441,746,354	2,818,235	13,186	932,867	1,214,369	1,054,070	450,515	5,908,224	17,331,959	37,198,906	577,507,431
Additions at cost	-	91,070	1,604,326	71,650	-	62,177	-	-	303,880	3,567,200	-	12,721,229	18,421,532
Disposals													
Cost	-	-	-	-	-	-	-	-	-	(2,041,900)	-	-	(2,041,900)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	1,871,871	-	-	1,871,871
Disposals at NBV	-	-	-	-	-	-	-	-	-	(170,029)	-	-	(170,029)
Depreciation charged	-	2,383,074	44,265,883	282,940	1,316	93,296	121,432	105,404	142,852	1,340,272	1,733,196	4,450,209	54,919,874
Closing net book value (NBV)	21,200,000	45,346,742	399,084,797	2,606,945	11,870	901,748	1,092,937	948,666	611,543	7,965,123	15,598,763	45,469,926	540,839,060
Gross carrying value basis													
At June 30, 2012													
Cost	21,200,000	59,211,503	794,860,232	4,187,371	23,695	1,642,983	4,367,000	1,591,575	2,041,820	19,933,710	31,448,398	80,217,664	1,020,725,951
Accumulated depreciation	-	(13,864,761)	(395,775,435)	(1,580,426)	(11,825)	(741,235)	(3,274,063)	(642,909)	(1,430,277)	(11,968,587)	(15,849,635)	(34,747,738)	(479,886,891)
Net book value	21,200,000	45,346,742	399,084,797	2,606,945	11,870	901,748	1,092,937	948,666	611,543	7,965,123	15,598,763	45,469,926	540,839,060
Rate of depreciation	-	5%	10%	10%	10%	10%	10%	10%	25%	20%	10%	10%	

* These are transferred to plant and machinery- owned assets.

** The lease liability against the above leased assets has been fully paid. However, the leasing Companies have not yet transferred the same in the name of the Company due to their claims of late payment penalties. The Company has shown these late payment charges in contingencies. The management is of the view that a substantial portion of these charges will be waived off by the leasing Companies.

3.1.1 Details of operating fixed assets disposed off during the year

	Original Cost	Accumulated Depreciation	Net book value	Sale Proceeds	Mode of disposal	Particulars of purchaser
	Rupees					
Motor Vehicle						
VEHICLE APD-188	980,500	654,464	326,036	326,036	Negotiation	Mr. Nauman Sadiq
June 30, 2012	2,041,900	1,871,871	170,029	1,235,000		

	Note	2013 (Rupees)	2012 (Rupees)
3.1.2 Depreciation allocated as follows:			
Cost of sales	24	48,916,770	53,478,234
Marketing and selling expenses	25	111,412	9,058
Administrative expenses	26	1,847,527	1,432,582
		50,875,709	54,919,874
3.2 Capital work in progress			
Building and civil works		8,263,572	-
Plant and machinery	3.2.1	170,668,484	-
		178,932,056	-

3.2.1 During the year the company opened a letter of credit against Metalizer amounting to Rs. 169.33 million including cost and other charges. Subsequent to the balance sheet date, the Metalizer is in the process of installation.

4 Intangible asset

Computer software	Note	2013 (Rupees)	2012 (Rupees)
As at July 1			
Cost		568,700	568,700
Accumulated amortization		355,172	301,788
Net book value		213,528	266,912
During the year			
Additions / (writeoffs)		-	-
Amortization charge for the year @ 20%		42,704	53,384
As at June 30			
Cost		568,700	568,700
Accumulated amortization		397,876	355,172
Net book value		170,824	213,528

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

5 Long term deposits

	Note	2013	2012
Leased (Ijarah) asset deposit	5.1	55,123,421	55,123,421
Margin against bank guarantee	5.2	2,175,000	2,175,000
Other deposits		100,000	100,000
		57,398,421	57,398,421

5.1 The deposit amount has been given to Toyo Packaging (Private) Limited for onward submission to Albaraka Bank (Pakistan) Limited formerly known as Emirates Global Islamic Bank Limited for security deposit against lease (Ijarah) of Primary Slitter.

5.2 This represents 30% margin against guarantee issued by Faysal Bank Limited in favour of Sui Sothern Gas Company Limited. Please refer note 21.6.1 for further details.

6 Deferred taxation

	Note	2013 (Rupees)	2012 (Rupees)
As at July 1		90,105,250	90,105,250
Charge for the year	30	(78,084,312)	-
As at June 30		12,020,938	90,105,250
6.1 Debit / (credit) balances arising from:			
Accelerated tax depreciation allowance		(110,732,065)	-
Accelerated tax amortization allowance		(59,788)	-
Provision for doubtful debts		6,780,195	-
Provision for staff retirement benefits- gratuity		3,999,502	-
Carried forward tax losses		112,033,094	-
		12,020,938	-

6.2 In the year 2012, the Company has not recognized further deferred tax asset arising during the year on prudent basis.

7 Stock in trade

	Note	2013 (Rupees)	2012 (Rupees)
Raw materials			
- In hand		62,112,649	34,838,793
- In bond	7.1	-	48,069,96
- In transit		73,017,393	44,255,592
		135,130,042	127,164,346
Work-in-process		73,520,490	54,174,895
Finished goods		29,974,062	32,550,370
		238,624,594	213,889,611

7.1 This represents the stock in the Company's Custom bond located at Port Qasim factory.

8 Trade debts - unsecured

	Note	2013	2012
Considered good:			
Related parties	8.1	32,001,399	9,195,487
Others		146,534,290	146,388,887
		178,535,689	155,584,374
Considered doubtful - others		19,371,987	16,155,941
		197,907,676	171,740,315
Provision for bad debts	36.2.4	(19,371,987)	(16,155,941)
		178,535,689	155,584,374

8.1 These represent amounts due from the associates of the Company.

	Note	2013	2012
		(Rupees)	
9 Loans and advances - unsecured			
Considered good:			
Loans due from:			
Staff	9.1	912,391	844,334
Advances to:			
Suppliers		2,487,303	879,327
Staff	9.2	22,657	10,754
		3,422,351	1,734,415

9.1 These represent interest free loans given to the employees in accordance with the Company's policy.

9.2 These advances are given to meet daily business expenses and are settled as and when the expenses are incurred.

	2013	2012
10 Trade deposits, prepayments and other receivables		
Deposits	5,157,852	8,586,655
Prepayments	279,750	201,610
Other receivables	8,941,203	63,882
	14,378,805	8,852,147
11 Tax refund due from Government		
Income tax	20,328,320	20,315,971
Sales tax refundable	102,930	102,930
	20,431,250	20,418,901
12 Cash and bank balances		
Cash in hand	82,349	75,561
Cash at banks - in current accounts	4,787,404	1,549,299
	4,869,753	1,624,860
13 Share capital		
13.1 Authorized capital		
50,000,000 (2012: 50,000,000) ordinary shares of Rs.10/- each	500,000,000	500,000,000
13.2 Issued, subscribed and paid-up capital		
25,986,000 (2012: 25,986,000) ordinary shares of Rs. 10/- each fully paid up in cash	259,860,000	259,860,000
12,900,000 (2012: 12,900,000) ordinary shares of Rs.10/- each issued as fully paid bonus shares	129,000,000	129,000,000
	388,860,000	388,860,000

	Note	2013	2012
		(Rupees)	
14. Reserves			
Capital reserves			
Share premium		79,930,000	79,930,000
15 Staff retirement benefits - gratuity			
Balance at the beginning of the year		10,141,460	9,690,177
Allocation during the year	32.4	3,840,159	2,626,463
		13,981,619	12,316,640
Paid during the year		(2,554,470)	(2,175,180)
Balance at the end of the year		11,427,149	10,141,460
16 Long term loans - secured			
Loan from Banking Company:			
Habib Bank Limited		-	40,000,000
Loan from Financial Institution:			
Saudi Pak Industrial and Agricultural Investment Company Limited		-	42,917,459
		-	82,917,459
Term installment due		-	7,152,909
		-	90,070,368
Less: Current portion shown under current liabilities		-	82,917,459
Term installment due		-	7,152,909
		-	-
17 Loans from directors and associated company - unsecured			
Loans from:			
Directors	17.1	151,138,800	151,138,800
Associated company	17.2	45,621,657	45,621,657
		196,760,457	196,760,457

17.1 The directors of the company have provided interest free loan to mitigate the working capital requirement.

17.2 This represents interest free loan from M/s National Management Consultancy Services (Private) Limited, an associated company, to mitigate the working capital requirement.

	Note	2013	2012
		(Rupees)	
18 Deferred markup			
Markup on loan from Banking Company		-	125,774,153
		-	125,774,153
19 Short term finance - secured			
Short term finance	21.6.1	-	734,696
		-	734,696
20 Current portion of long term loans			
Current maturity		-	82,917,459
Term loan installment due		-	7,152,909
		-	90,070,368

21 Trade and other payables

	Note	2013 (Rupees)	2012 (Rupees)
Trade creditors	21.1	40,057,978	32,969,116
Accrued liabilities		10,308,967	7,697,766
Advance from customers	21.2	3,308,226	12,077,531
Loan from director	21.3	3,555,000	20,536,800
Audit fee		530,000	430,000
Workers' profit participation fund	21.4	62,680,888	39,891,247
Workers' welfare fund		6,002,232	-
Income tax deducted at source		8,330,193	2,008,579
Sales tax - net	21.5	7,546,764	9,575,084
Import bills for goods and fixed asset	21.6	369,563,173	193,559,028
Unclaimed dividend		2,975,053	-
Others		4,061,973	8,037,808
		518,920,447	326,782,959

21.1 Creditors include Rs. 98,600 (2012: Nil) payable to associated company.

21.2 Advances from customers - Unsecured

	2013	2012
Related party	-	-
Others	3,308,226	12,077,531
	3,308,226	12,077,531

21.3 Loan from director
A director of the Company has provided interest free loan to mitigate the working capital requirement. The amount of loan is repayable on demand.

21.4 Workers' profit participation fund

	Note	2013	2012
Balance at the beginning of the year		39,891,247	23,829,701
Addition during the year		15,795,348	14,219,563
Interest on fund utilized in company's business	21.4.1	6,994,292	1,866,983
		62,680,888	39,916,247
Paid during the year		-	(25,000)
Balance at the end of the year		62,680,888	39,891,247

21.4.1 This includes interest amounting to Rs.5.35 million calculated on the profits for previous years as per the applicable law.

21.5 This includes provision of Rs. 736,036 in respect of sales tax demand relating to the tax period starting from July 01, 2010 to June 30, 2011 which arose due to Desk audit of the company u/s 25(2) of Sales Tax act 1990.

21.6 This includes Rs. 359.94 million imports bills payable against the following facilities:

Banks	Facility against	Total limit	Import bills for goods	Short term finance	Bank guarantees	Unutillized limit
Faysal Bank Limited	Goods	200 million	134,006,343	-	7,250,000	58,743,657
Faysal Bank Limited	Fixed asset	220 million	155,272,800	-	-	64,727,200
Habib Bank Limited	Goods	71 million	70,656,573	-	-	343,427
		491 million	359,935,716	-	7,250,000	123,814,284

21.6.1 Faysal Bank Limited has provided the above funded and unfunded facilities. These facilities are secured by existing and future assets of the company to the tune of Rs. 378.092 million and personal guarantees of directors. The company has to maintain a cash margin at the rate specified by the bank. The rate of mark-up on short term finance is 3 months KIBOR plus 2.5% per annum and bank guarantee is Rs. 0.4% per quarter or part thereof.

21.6.2 Habib Bank Limited has given usance LC line facility of Rs. 71 million. 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.

22 Contingencies and commitments

22.1 Contingencies

22.1.1 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 petition against these notices was dismissed by the Honorable High Court of Sindh whereas the civil petition for leave has been granted by the Honorable Supreme Court of Pakistan. The Honorable Supreme Court of Pakistan has also stayed the proceedings for these years.

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 favour.

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.

22.1.2 NIB Bank Limited, formally PICIC Commercial Bank Limited has been claiming Rs. 1.3 million against termination of Lease Finance Facility on the account of all delayed rentals / late payment charges. The Company's management is confident that the dues will be settled amicably and accordingly, no provision has been made for any liabilities against these claims in these financial statements.

22.1.3 Guarantees issued by a Banking Company on behalf of the Company to Sui Southern Gas Company Limited amounting to Rs. 7.25 million (2012: 7.25 million). Kindly refer note 21.6 for further details.

22.2 Commitment

22.2.1 Letter of credit

Letter of credit for purchase of raw material amounting to Rs. 30 million (2012: 12.4 million).

23 Net sales

	Note	2013 (Rupees)	2012 (Rupees)
Gross sales			
- Local		1,412,667,402	1,103,834,880
- Export		-	3,467,957
- Processing income		283,596,312	342,261,944
		1,696,263,714	1,449,564,781
Sales tax		(234,250,200)	(254,120,037)
		1,462,013,514	1,195,444,744

24 Cost of sales

	Note	2013	2012
Opening stock of raw material		34,838,793	11,585,560
Purchases during the year		1,019,841,301	718,137,439
Raw material available for use		1,054,680,094	729,722,999
Closing stock of raw material		(62,112,649)	(34,838,793)
Raw material consumed		992,567,445	694,884,206
Other manufacturing overheads:			
Salaries, wages and other benefits		32,875,610	26,546,582
Oil and lubricants / diesel		7,312,215	7,252,187
Packing material consumed		16,328,789	10,549,382
Consumable stores		5,023,409	2,791,323
Water charges		1,069,141	551,603
Repair and maintenance		9,214,637	7,519,938
Vehicle running and maintenance		1,669,816	1,333,560
Power/electricity/gas		76,973,706	73,808,703
Insurance		5,951,961	4,574,831
Telephone		464,730	395,220
Cartage and octroi		9,179,498	6,550,408
Consultancy charges		3,318,600	2,928,000
Staff welfare		1,963,862	1,398,776
Security charges		1,526,935	1,240,523
Depreciation		48,916,770	53,478,234
Ijara rentals		-	31,908,594
Transportation		4,537,927	3,322,057
Rent, rates and taxes		1,325,872	315,694
Other expense		608,414	260,451
		228,261,892	236,726,066
		1,220,829,337	931,610,272
Work-in-process - stock			
Opening		54,174,895	36,988,545
Closing		(73,520,490)	(54,174,895)
Cost of goods manufactured		1,201,483,742	914,423,922
Finished goods - stock			
Opening		32,550,370	24,203,360
Closing		(29,974,062)	(32,550,370)
		1,204,060,050	906,076,912

24.1 Salaries, wages and other benefits includes staff retirement benefits (gratuity) amounting to Rs.2.534 million (2012: Rs. 1.967 million).

25 Marketing and selling expenses

	Note	2013 (Rupees)	2012 (Rupees)
Salaries, wages and other benefits	25.1	3,359,719	3,242,620
Vehicle maintenance		552,803	301,897
Traveling and accommodation		285,703	90,365
Rent, rates and taxes		362,363	332,423
Postage and stationery		27,622	31,733
Consultancy charges		3,004,000	885,000
Telephone		72,881	65,909
Power / electricity		19,151	27,972
Staff welfare		19,666	20,663
Sales promotion		2,222,252	799,258
Depreciation		111,412	9,058
Other expenses		76,592	115,583
Insurance expenses		18,240	-
		10,132,404	5,922,481

25.1 Salaries, wages and other benefits includes staff retirement benefits (gratuity) amounting to Rs. 0.271 million (2012: Rs. 0.853 million).

26 Administrative expenses

	Note	2013	2012
Directors' remuneration		11,228,115	5,349,317
Salaries, wages and other benefits	26.1	9,276,816	7,237,009
Vehicle maintenance		1,051,810	910,192
Legal and professional charges		860,000	622,000
Traveling and accommodation		1,192,814	833,952
Insurance		285,854	337,067
Fees and subscription		1,147,683	796,735
Rent, rates and taxes		2,674,187	1,443,964
Advertisement		407,562	347,120
Postage and stationery		777,443	485,080
Donation	26.2	1,510,000	270,000
Consultancy charges		1,020,000	648,499
Telephone		501,125	357,972
News paper and periodicals		15,641	10,204
Bad debts expenses		3,216,046	1,705,909
Amortization		42,704	53,384
Fuel and power		413,897	385,370
Auditors' remuneration	26.3	635,000	535,000
Depreciation		1,847,527	1,432,582
Repair and maintenance		645,318	483,544
Staff welfare		136,144	216,701
Security charges		570,196	270,300
Water charges		11,483	5,145
Penalty and fine		689,069	32,452
Other expenses		1,218,576	672,866
		41,375,010	25,442,364

26.1 Salaries, wages and other benefits includes staff retirement benefits (gratuity) amounting to Rs.1.036 million (2012: Rs. 0.556 million).

26.2 The directors of the company do not have interest in any donees' fund to which donations were made.

	Note	2013	2012
		(Rupees)	
26.3 Auditors' remuneration			
Audit fee		500,000	400,000
Half yearly review		30,000	30,000
Review of code of corporate governance		30,000	30,000
Tax consultancy		50,000	50,000
Other certification		15,000	15,000
Out-of-pocket		10,000	10,000
		635,000	535,000
27 Finance costs			
Markup on short term finance		28,480	4,186
Interest on workers' profits participation fund		6,994,292	1,866,983
Bank guarantee commission		-	148,900
Bank charges		278,418	337,115
		7,301,190	2,357,184
28 Other income			
Gain on sale of fixed assets		-	1,064,971
Liabilities no more payable	28.1	126,710,769	40,019,888
Sale of scrap		169,260	-
Others		122,655	-
		127,002,684	41,084,859

28.1 It includes a reversal of deferred mark up of Rs.125.70 million due to settlement made with Habib Bank Limited (2012: Markup of Rs. 39.9 million has been reversed as per the understanding reached with SAPICO).

	Note	2013	2012
29 Other expenses			
Workers' profit participation fund		15,795,348	14,219,563
Workers' welfare fund		6,002,232	-
Exchange loss		8,066,328	11,924,099
Surcharge on annual maintenance charges		2,174,249	396,562
		32,038,157	26,540,224
30 Taxation			
Current	30.1	7,310,068	11,954,447
Deferred		78,084,312	-
		85,394,380	11,954,447

30.1 The tax liability of the Company represents the minimum tax at the rate of 0.5% (2012: 1%) of turnover under section 113 of the Income Tax Ordinance, 2001 on net sales.

30.2 Reconciliation of income tax expense for the year

The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements as the total income of the company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001 or falls under final tax regime and hence tax has been provided under section 154 and 169 of the Income tax Ordinance, 2001.

31 Earnings per share - basic and diluted

	2013	2012
Profit after taxation attributable to ordinary shareholders	208,715,007	258,235,991
Number of ordinary shares issued and subscribed at the end of the year	38,886,000	38,886,000
Earnings per share (Rupees)	5.37	6.64

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

32 Defined benefit plan

32.1 General description

The company was maintaining Unfunded Gratuity for its permanent employees. The scheme provides for terminal benefits for all permanent employees who complete qualifying period of service with Macpac Films Limited at varying percentages of last drawn salary. The percentage depends on the number of service years with Macpac Films Limited.

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

32.2 Principal actuarial assumptions

Following principal actuarial assumptions were used for the valuation.

	2013	2012
	(Rupees)	
Estimated rate of increase in salary of the employees	11.50%	14.00%
Discount rate	11.50%	14.00%
32.3 Amount recognized in the balance sheet		
Present value of defined benefit obligation	(11,427,149)	(10,141,460)
Fair value of plan assets	-	-
Unrecognized transitional liability	-	-
Unrecognized actuarial gains / (losses)	-	-
(Liability) / asset	(11,427,149)	(10,141,460)
32.3.1 Movement in net liability recognized		
Present value of obligation at the beginning of the year	10,141,460	9,690,177
Provision for the year	3,840,159	2,626,463
Benefits paid	(2,554,470)	(2,175,180)
Present value of obligation at the end of the year	11,427,149	10,141,460
32.4 Gratuity scheme expense recognized in the profit and loss account		
Current service cost	1,697,069	1,357,655
Interest cost	1,419,804	1,268,808
Expected return on plan assets	-	-
Recognition of actuarial (gain) / loss	723,286	-
Recognition of transitional (assets)/liability	-	-
Net expense	3,840,159	2,626,463

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

33. Chief executive, directors and executives remuneratioun

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:

Particular	2013 Chief Executive	2013 Director	2013 Executive	2012 Chief Executive	2012 Director	2012 Executive
	(Rupees)					
Directors' fee	-	-	-	-	-	-
Managerial remuneration	3,200,000	7,800,000	7,472,702	1,800,000	3,300,000	5,598,720
Perquisites and benefits						
Medical	152,055	76,060	167,415	197,522	42,290	224,320
Utilities	-	-	-	-	-	-
Other perquisites (Motor vehicle maintenance etc.)	95,957	327,190	854,887	283,878	181,478	604,373
Total	3,448,012	8,203,250	8,495,004	2,281,400	3,523,768	6,427,413
No. of Persons	1	5	5	1	3	4

34 Related party disclosures

Related party comprises of director of the companies, associated companies, companies in which directors of the company hold directorships and key management personnels.

		2013	2012
		(Rupees)	
A. Related parties with whom the Company had transactions:			
i. Related parties			
Directors			
Nature of transactions	Loan acquired during the year	-	11,800,000
	Loan repaid during the year	16,981,800	-
Balance as at June 30	Loan	154,693,800	171,675,600
B. Disclosure of transactions between the company and Associated Companies:			
ii. Associated companies			
TOYO Packaging (Private) Limited*			
Nature of transactions	Sale of goods/processing charges	125,456,726	162,413,046
	Purchase of polypropylene resin	69,614,802	13,755,280
	Lease rentals	-	31,908,594
	Deposit paid against leased asset	-	5,123,421
Balance as at June 30	Lease deposit	55,123,421	55,123,421
	Trade debt	29,380,350	5,262,203
	Trade payable	98,600	-
Hilal Confectionery (Private) Limited*			
Nature of transactions	Sale of goods	1,525,890	3,746,664
Balance as at June 30	Trade debt	85,055	57,971
Shalimar Food Products (Private) Limited*			
Nature of transactions	Sale of goods	15,617,781	22,167,922
Balance as at June 30	Trade debt	1,903,344	1,489,362
Kings Foods (Private) Limited*			
Nature of transactions	Sale of goods	4,877,252	9,546,768
Balance as at June 30	Trade debt	632,650	2,196,292
Metaplast (Private) Limited*			
Nature of transactions	Sale of goods	-	7,307,322
National Management Consultancy Services (Private) Limited.			
Balance as at June 30	Loan	45,621,657	45,621,657

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

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

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

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

* These companies are the related parties of the company on the basis of common directorship.

	Note	2013	2012
		(Rupees)	
35 Cash generated form operations			
Profit before taxation		294,109,387	270,190,438
Adjustment from non-cash charges and other items			
Depreciation		50,875,709	54,919,874
Amortization of software		42,704	53,384
Provision for bad debts		3,216,046	1,705,909
Workers' welfare fund		6,002,232	-
Workers' profit participation fund		15,795,348	14,219,563
Provision for gratuity		3,840,159	2,626,463
Ijara rentals		-	31,908,594
Financial costs		7,301,190	2,357,184
Gain on sale of fixed assets		-	(1,064,971)
Other income		(125,774,153)	(40,019,888)
		(38,700,764)	66,706,113
		255,408,623	336,896,55
Changes in working capital	35.1	(54,146,151)	(137,226,724)
		201,262,472	199,669,826
35.1 Changes in working capital			
(Increase) in current assets			
Stock in trade		(24,734,983)	(58,154,943)
Trade debts		(26,167,361)	(110,294,434)
Loans and advances		(1,687,936)	53,332
Trade deposits, prepayments and other receivables		(5,526,658)	(797,071)
		(58,116,938)	(169,193,116)
Increase / (decrease) in current liabilities			
Short-term finance		(734,696)	734,696
Trade and other payables		(1,616,131)	33,741,512
Income tax deducted at source		6,321,614	(2,509,816)
Net changes in working capital		3,970,787	31,966,392
		(54,146,151)	(137,226,724)

36 Financial instruments

36.1 The Board of Directors of the Company has overall responsibility for the establishment and oversight of the company's risk management framework. The company has exposure to the following risks from its use of financial instruments:

36.2 Credit risk

36.2.1 Concentration of credit risk and credit risk exposure

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company believes that it is not exposed to major concentration of credit risk as the exposure is spread over a number of counter parties. To manage exposure to credit risk, Company applies credit limit to its customers. Out of total financial assets of Rs. 258.2 million (2012: Rs.224.9 million), financial asset which are subject to credit risk are as follows:

	Note	2013	2012
		(Rupees in 000)	
Long term deposits		57,398,421	57,398,421
Trade debts		178,535,689	155,584,374
Loans and advances		3,422,351	1,734,415
Trade deposits and other receivables		14,099,055	8,650,537
Bank balances		4,787,404	1,549,299
		258,242,919	224,917,046

Due to the Company's long standing relations with the counterparties, the management does not expects non performance by these counterparties on their obligations to the Company. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful for recovery.

36.2.2 Long term deposits include deposits of Leased (ijarah) asset amounting to Rs. 55,123,421 (2012: Rs. 55,123,421) given to Toyo Packaging (Private) Limited - the associated company and margin against guarantee issued by Faysal Bank Limited in favour of Sui Sothern Gas Company Limited amounting to Rs. 2,175,000 (2012: Rs. 2,175,000).

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

	Note	2013	2012
Not yet due		172,542,788	149,970,993
Past due 01-30 days		2,929,573	2,831,109
Past due 31-60 days		4,657,643	1,050,231
Past due 61-90 days		406,339	177,998
Over 90 days		17,371,333	17,709,984
Less: provision for doubtful debts	36.2.4	(19,371,987)	(16,155,941)
		178,535,689	155,584,374

The movement in provision for doubtful debts in respect of trade receivables during the year was as follows:

	Note	2013	2012
Balance at July 01		16,155,941	14,450,032
Provision during the year		3,216,046	1,705,909
Balance at June 30	36.2.4	19,371,987	16,155,941

36.2.4 Particulars of provision

	2013	2012
Specific provision	14,839,999	11,829,671
General provision	4,531,988	4,326,270
	19,371,987	16,155,941

The allowance accounts in respect of trade receivables are used to record provision for doubtful debts unless the Company is satisfied that no recovery of the amount owing is possible; at that point the amount considered doubtful is provided against trade receivables.

36.3 Market risk exposure

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

36.4 Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flow of the financial instruments, will fluctuate because of changes in foreign currency rates.

The Company is exposed to foreign currency risk in US Dollars and Euros in respect of trade and other payables for import of raw materials and plant and machinery.

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

	June 30, 2013	June 30, 2012
Import bill for goods and asset		
US Dollars	2,071,488	1,946,908
EUROS	1,274,430	54,203

The company's exposure to foreign currency risk in major currencies relating to commitments is as follows:

	June 30, 2013	June 30, 2012
Purchase of raw material		
US Dollars	300,960	137,610
EUROS	-	-

Following is the demonstration of the sensitivity to a reasonably possible change in exchange rate of all currencies applied to assets and liabilities as at June 30, 2013 represented in foreign currencies, with all other variables held constant, of the Company's profit before tax.

		June 30, 2013	June 30, 2012
US Dollars			
Change in exchange rate	±	5%	3%
Effect on profit before tax (Rs.)	±	18,478,159	5,806,772
EUROS			
Change in exchange rate	±	7%	4%
Effect on profit before tax (Rs.)	±	25,869,422	7,742,361

36.5 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flow of the financial instruments will fluctuate because of the changes in market rates. The Company interest rate arises from short term borrowings obtained with floating rates and on unpaid amount of Workers' profit participation fund. All the borrowings of the Company are obtained in the functional currency. At balance sheet date, there is no short term borrowings exist.

At the balance sheet, the company does not have any fixed rate interest bearing financial instruments. However, the variable rate interest-bearing financial instruments is as follows:

	2013	2012
	(Rupees in 000)	
Financial assets	-	-
Financial liabilities	-	734,696

36.6 Equity risk

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

36.7 Liquidity risk exposure

Liquidity risk reflects the Company's inability in raising funds to meet commitments. The management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customers. The Company's approach to manage liquidity risk is to maintain sufficient level of liquidity based on expected cash flow by holding highly liquid assets and maintaining sufficient reserve borrowing facilities.

Financial liabilities in accordance with their carrying amount and contractual maturities are presented below:

2013 Non-Derivative						
Financial liabilities	Long term loans	Loans from directors and associated company	Deferred markup	Short term finance	Trade and other payables	Total
Carrying amount	-	196,760,457	-	-	518,920,447	715,680,904
Contractual cash flows	-	196,760,457	-	-	518,920,447	715,680,904
Six months or less	-	-	-	-	446,682,327	446,682,327
Six to twelve months	-	-	-	-	72,238,120	72,238,120
One to five years	-	196,760,457	-	-	-	196,760,457
More than five years	-	-	-	-	-	-

2012 Non-Derivative						
Financial liabilities	Long term loans	Loans from directors and associated company	Deferred markup	Short term finance	Trade and other payables	Total
Carrying amount	90,070,368	196,760,457	125,774,153	734,696	326,782,959	740,122,632
Contractual cash flows	90,070,368	196,760,457	125,774,153	734,696	266,354,912	679,694,58
Six months or less	90,070,368	-	125,774,153	734,696	60,428,047	277,007,264
Six to twelve months	-	-	-	-	-	-
One to five years	-	196,760,457	-	-	-	196,760,457
More than five years	-	-	-	-	-	-

36.8 Fair values of financial assets and liabilities

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

36.9 Capital risk management

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Company is not subject to any externally imposed capital requirements.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total debt less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

Gearing ratio
The gearing ratio at end of the year is calculated as follows:

	Note	2013	2012
		(Rupees)	
Total debt	36.9.1	196,760,457	286,830,825
Less: Cash and bank balances		4,869,753	1,624,860
Net debt		191,890,704	285,205,965
Total equity	36.9.2	511,742,633	361,356,626
Total capital		703,633,337	646,562,591
Gearing ratio		27.27%	44.11%

36.9.1 Total debt is defined as long term and due to directors and associated companies (excluding derivatives) as defined in notes 16 and 17 of these financial statements.

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

37 Plant Capacity and actual production

	2013		2012	
	Capacity	Production	Capacity	Production
Operational capacity	Metric Tons			
BOPP - Port Qasim Authority	15,000	9,230	15,000	9,182

37.1 Plant capacity was utilized to the extent of orders received from customers.

38 Number of employees

Total number of employees at the year end was 81 (2012: 63)

39 Date of authorization

These financial statements were authorized for issue on October 01, 2013 by the Board of the Company.

40 General

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

40.2 The corresponding figures, wherever necessary, have been re-arranged for purpose of comparison.

Reclassified from	Reclassified to	Amount in Rupees
Cost of sales	**Cost of sales**	
Other expense	Rent, rates and taxes	315,694

Maqbool Elahi Shaikh
Chief Executive

Mohammad Sadiq Khan
Director

Macpac Films Ltd.

Form of Proxy

18th Annual General Meeting

I / We, ______________________ of ______________ being member(s) of Macpac Films Ltd. holding ____________ ordinary shares hereby appoint ____________ of ______________________ or failing him / her ______________________ of ______________ who is / are also member(s) of Macpac Films Ltd. as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the 18th Annual General Meeting of the Company to be held at 5 p.m. on 30th October, 2013 at at Registered Office of the Company, F/2, A-F, S.I.T.E., Karachi and at any adjournment thereof.

As witness my / our hand / seal this ________ day of ________ 2013.

Signed by the said ______________________

in the presence of 1. ______________________

2. ______________________

Folio / CDC Account No.

Signature on Revenue Stamp of Rs.5/-

Note:

1. This Proxy Form, must be deposited at the Company s share registrar office as soon as possible but not later than 48 hours before the time of holding the meeting, failing which the Proxy Form will not be treated as valid.
2. No person shall act as proxy unless he / she is a member of the Comapny.