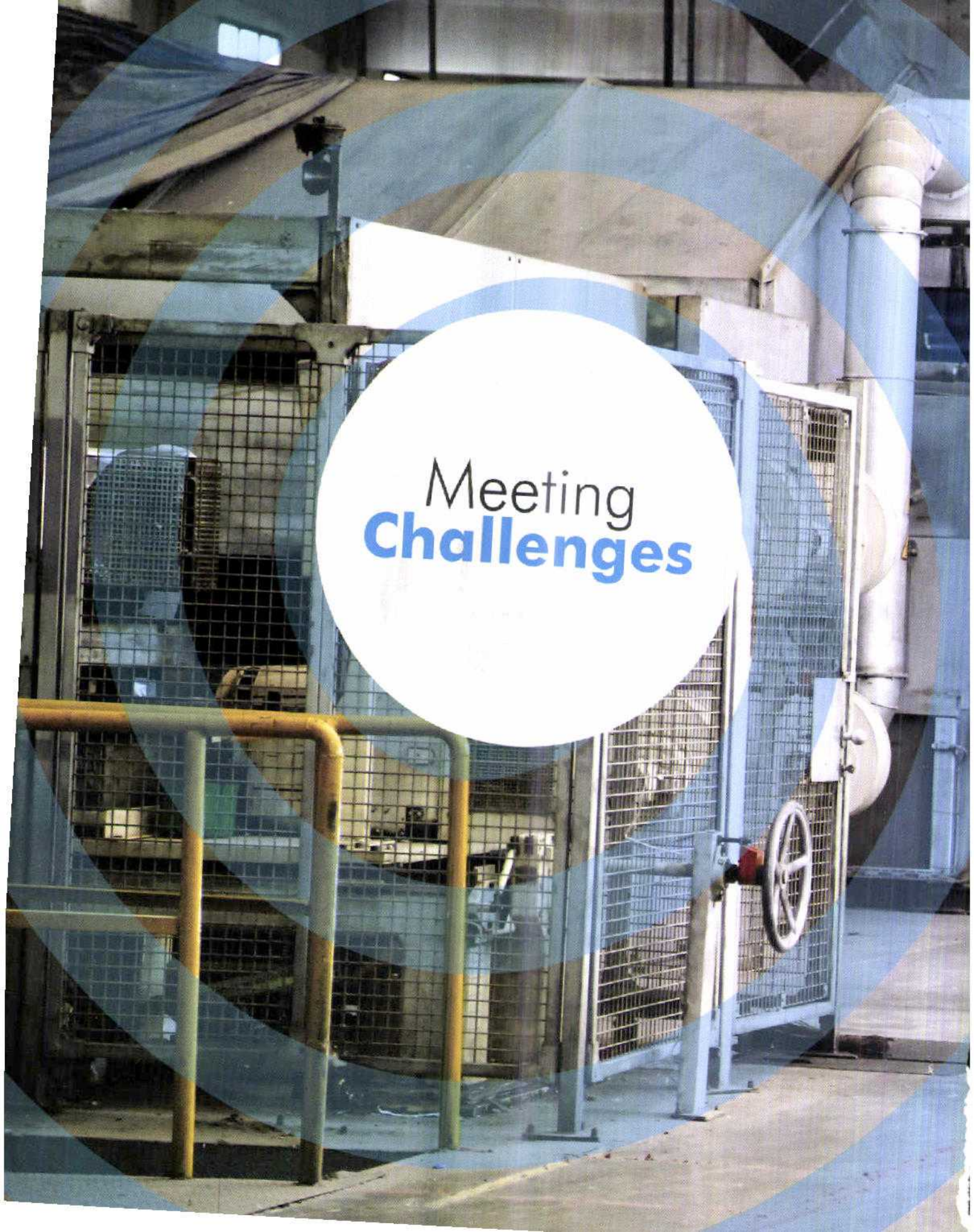
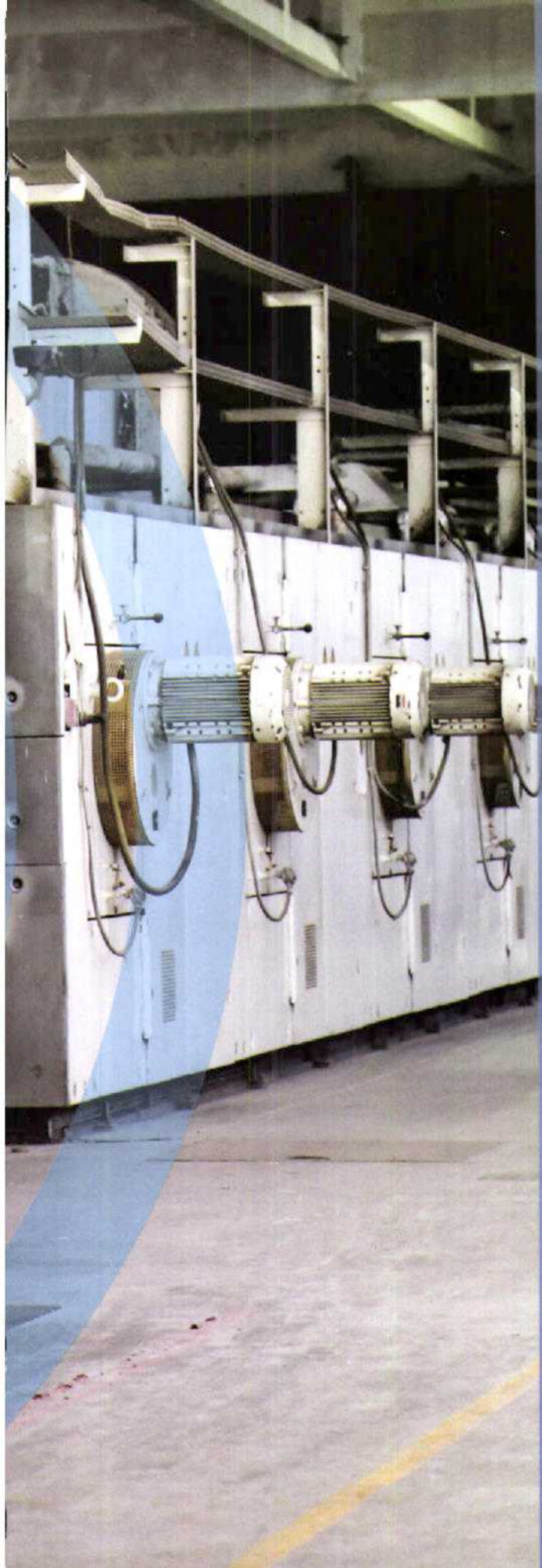
Manufacturers of Multilayer Co-Extruded BOPP Films

MACPAC FILMS LTD.

ANNUAL REPORT **2015**



Meeting **Challenges**



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Company Information

Board of Directors
Air Marshal (R) Azim Daudpota (Chairman)
Mr. Maqbool Elahi Shaikh (Chief Executive)
Mr. Mohammad Sadiq Khan (Executive Director)
Mr. Naeem Munshi (Non-Executive Director)
Mr. Ehtesham Maqbool Elahi (Executive Director)
Mr. Shariq Maqbool Elahi (Non-Executive Director)
Mr. Fahad Munshi (Non-Executive Director)
Mr. Mansoor Younus (Non-Executive Director)
Mr. Syed Wasi Hyder (Nominee Director of EOBI)

Audit Committee of the Board
Mr. Mansoor Younus (Committee Chairman)
Mr. Naeem Munshi
Air Marshal (R) Azim Daudpota

HR & Remuneration Committee
Mr. Naeem Munshi (Committee Chairman)
Mr. Ehtesham Maqbool Elahi
Mr. Shariq Maqbool Elahi

Chief Financial Officer & Company Secretary
Mr. M. Javid Ansari

Auditor
Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

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

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

Bankers (in alphabetical order)
Bank Alfalah Limited
Faysal Bank Limited
Bank Al Habib Limited
Habib Bank Limited
Habib Metro Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Silkbank
Soneri Bank Limited

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

City Office
Plot # 21, Maqboolabad, Jinnah Cooperative Housing Society (J.C.H.S.), Tipu Sultan Road, Karachi

Email
info@macpacfilms.com

Website
www.macpacfilms.com

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

Macpac Films Ltd

Macpac Films Ltd is the pioneer of BOPP (biaxially-oriented polypropylene) films in the local manufacturing arena, offering its customers with the highest quality products. For more than two decades, the company has stood for quality in sealable and plain BOPP products, as well as metalized films. Our success is driven by our people and their commitment to get results the right way - by operating responsibly, executing with excellence, applying innovative technologies and capturing new opportunities for profitable growth. Today, our long-term relationships, embedded with trust and harmony, turn to us for their packaging solutions.

History

Founded and incorporated in 1993, Macpac Films Ltd is the brainchild of Mr. Maqbool Elahi Shaikh, who is considered to be the pioneer of BOPP film in Pakistan. His contributions to the plastic packaging film industry are recognized industry-wide. Our history is a part of who we are today. With an experience of more than two decades in the industry, we strive each day to grow our business and become the market leader.

Technology

Macpac Films Ltd has state-of-the-art equipment from Brückner, world's leading advanced packaging equipment manufacturer. Our highly skilled R&D and production teams ensure constant development and integration of the latest technology in our machines.

Quality

Our commitment to quality is a never-ending quest to find new and better ways to meet and exceed our customers' expectations. Our films conform to international standards of quality processes and involve biaxial orientation of films at high speeds. It is followed by Corona treatment which ensures excellent printability. During the production of films, focused attention on quality enables us to attain best capacity utilization, desired barrier properties along with tensile and sealing strengths tailored according to our customers' needs.

We are dedicated to achieve customer satisfaction through ISO 9001:2008 certification for continuous and innovative quality improvement. The continuous improvement philosophy behind our quality management system drives the improvement in our manufacturing and business processes to better meet the requirements of our customers.

Environment and Safety

As a company and as individuals, we take great pride in contributing to the communities where we live and work. We also care about the environment and are proud of the many ways in which our employees work to safeguard it. As a part of our core values and business ethics, we provide a safe and healthy working environment which ensures an atmosphere of minimal accidents and work-related illnesses.

We believe that a safe and healthy workplace is a fundamental right of every person and also a business imperative. All of our workplaces are fully equipped with modern safety gear, fire safety equipment and safety attire, as per international safety requirements.

Vision

To be the market leader recognized locally and internationally as a premium quality manufacturer of multi-layered packaging materials.

Mission

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

Core Values

Accountability
We believe accountability in our operations is fundamental to our business. Our actions are conducted in a responsible, timely and professional manner.

Passion
Underlying our diligence and hard work is the core reason that we develop a passion in what we do.

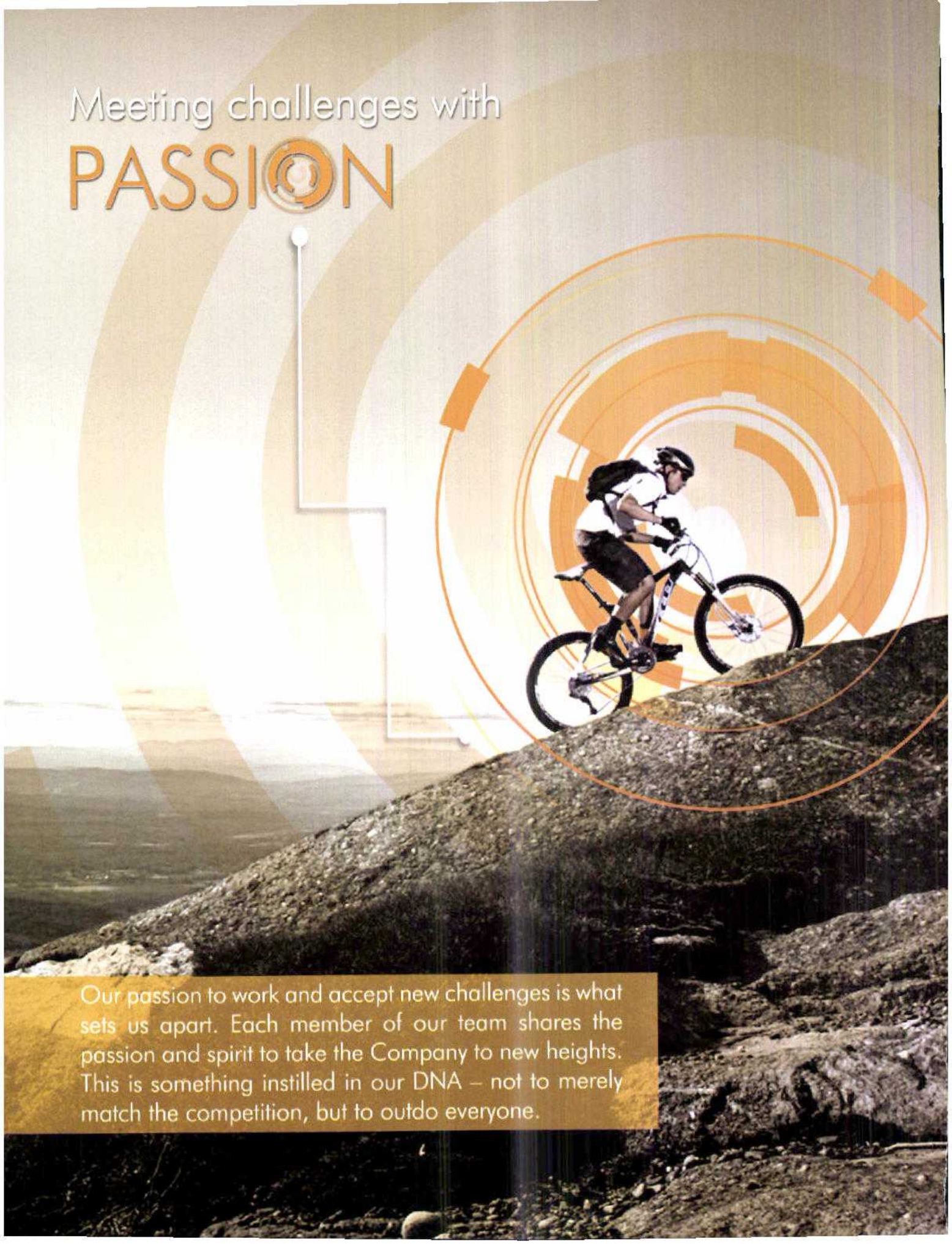
Honesty
All our business dealings are conducted in a transparent manner in line with our moral principles.

Quality
Our product quality is a symbol of our excellence. Constant monitoring and stringent checks ensure we satisfy our customers in the best possible manner.

Innovation
We believe in the ideology of innovating our offering not just for the betterment of our customers, but for the overarching aim of benefitting the industry as a whole.

Caring
Our aim is to do business in a sustainable manner while contributing positively to the society as well.

Meeting challenges with PASSION



Our passion to work and accept new challenges is what sets us apart. Each member of our team shares the passion and spirit to take the Company to new heights. This is something instilled in our DNA – not to merely match the competition, but to outdo everyone.

Statement of Ethics

Ethical Standards

- Macpac Films Ltd 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 its affiliates.
- All applicable laws and regulations including labor laws and equal opportunity must be complied with.
- Directors, officers and employees must respect and act responsibly with 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.

Product Profile

Macpac Films Ltd produces multiple grades of co-extruded BOPP Films which conform to international standards of quality processes, involving biaxial orientation of films at high speeds. We focus on the following applications:

- Food (confectionery items, biscuits, snacks, tea, baked products)
- Labels (opaque and transparent)
- Other applications (overwrapping, textile bags, tobacco, decorative purposes, pharmaceutical products, adhsive tapes, etc.)

Macpac Films is committed towords product quality leadership. To meet that commitment, the mission of its experts is to create value-added products for our valuable customers and provide them with innovative and effective solutions that allow them to succeed in their businesses.

Keeping in view the needs of our customers, transparent; matte; pearlized and metalized films are produced in different varieties and thicknesses, ranging from 10 to 60 microns. We also manufacture specialized films having unique characteristics to suit well in specialized applications while creating a niche market. We excel in producing the following grades:

- Plain
- Sealable
- Pearlized
- Pearl white (opaque)
- Pearl white for labels
- Hologramable
- Overwrap
- Matte
- Metalized
- Metalizable
- Biodegradable BOPP
- Sheet lamination

The most valuable property of our films is their versatility as packaging carriers. We carefully craft our films to ensure good barrier properties against moisture, gas and odors. Excellent optical properties distinguish our films from the rest. Trouble-free printing and sealablity make our products the first choice of converters.

We produce and deliver high quality films in the market, having the following key features:

- Excellent optical properties (high gloss and clarity)
- Improved stiffness
- Good dimensional stability and flatness
- Excellent resistance to UV light
- High tensile strength
- Low electrostatic charge
- Excellent chemical and abrasion resistance
- Good barrier to water vapor
- Excellent performance on high speed machines
- Good scuff and acid resistance
- Not affected by moisture and does not wrinkle or shrink with environmental changes
- Good puncture and flex-crack resistance over a wide range of temperatures
- Biodegradable
- Recyclable and reusable

For further details, please visit www.macpacfilms.com

Tea

Beverages

Textiles

Confectionery Items

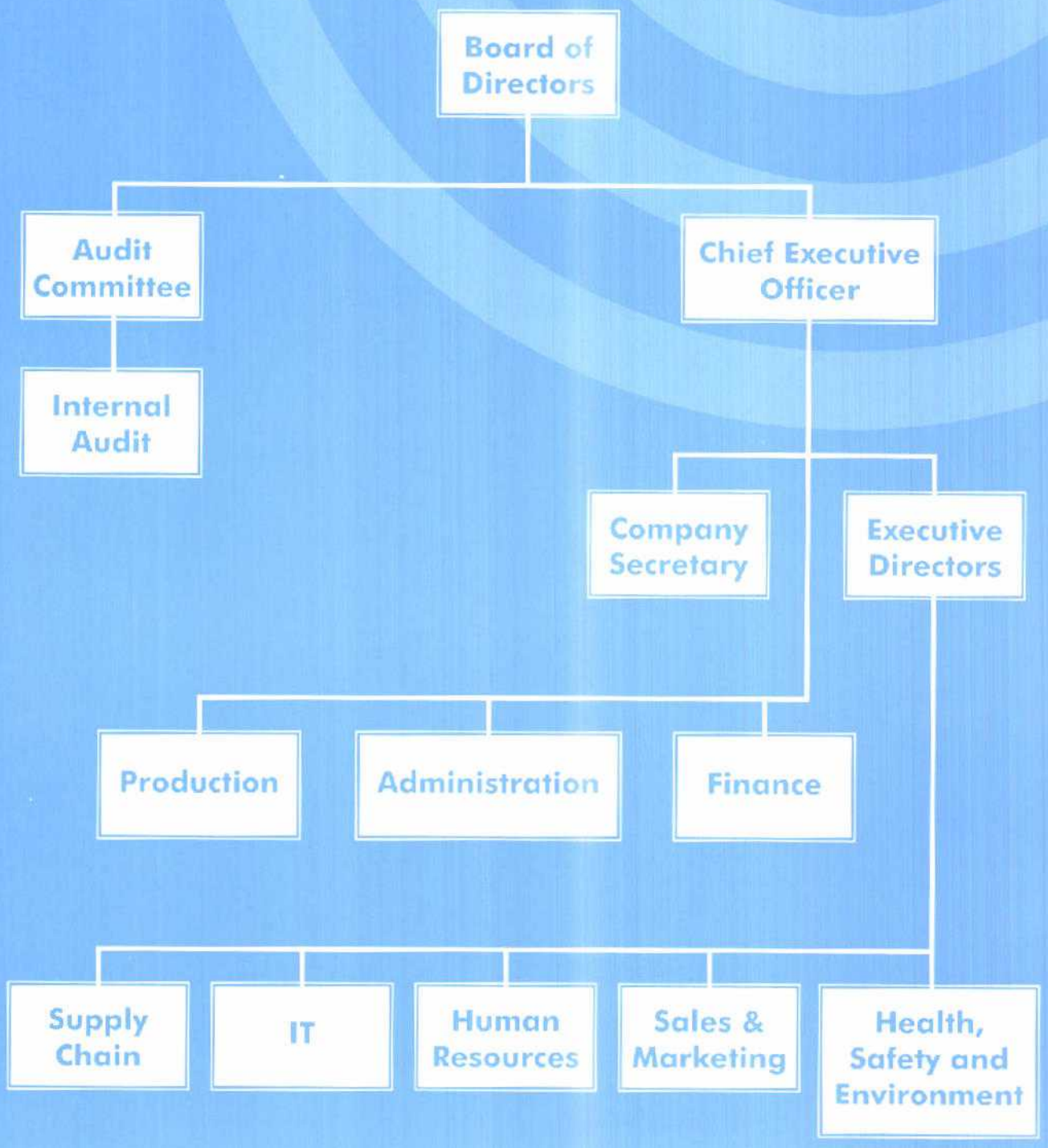
Chips & Snacks

Ice Cream

Overwrapping

Sheet Lamination

Organizational Structure



Quality Policy

Macpac Films Ltd is committed to improve and provide the best quality products to its valuable customers consistently and at competitive rates while ensuring that the requirements of our customers are fulfilled through a resolute after-sales service.

We are determined to achieve good customer satisfaction through the implementation of ISO 9001:2008 quality assurance certification whereby we will target superior quality through a process of continuous improvement.

Our policy is to empower and train our human resource periodically in order to improve efficiency and ensure quality of our products and services.

ISO 9001
BUREAU VERITAS
Certification

UKAS
QUALITY MANAGEMENT
008

Health, Safety and Environment

As a part of our core values and business ethics, Macpac Films Ltd provides a safe and healthy working environment which ensures an atmosphere of minimal accidents and work-related illnesses. The organization is certified with ISO 9001:2008 certification.

All of our workplaces are fully equipped with modern safety gear, fire safety equipment and safety attire, as per international safety requirements.

HSE Policy

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

We are committed to the health and safety of employees, subcontractors, hired personnel, 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 progressively strive to:

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

Corporate Social Responsibility

For a business to take responsibility for its actions, it must be fully accountable. Here at Macpac Films Ltd, we have gone beyond the legal requirements to enhance transparency and 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 its 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 Ltd respects the dignity and rights of its human capital. The work environment is 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 our Human Resource Policy. Apart from on-the-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 a highly talented lot of future leaders 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, keeping in line with the values of the Company and our traditions, we also make philanthropic contributions to institutions that are making significant efforts to help the underprivileged, e.g., Shaukat Khanum Hospital, The Citizens Foundation, Heart Care Society, Civil Hospital etc. Apart from such institutions, a significant contribution is made every year towards various educational organizations as part of our CSR initiatives.

Human Resource Development

The human capital of a company is the driving force to integrate its other vital resources, e.g., equipment, technology and systems to produce the desired performance.

Our human assets and their ability to achieve and enhance our organization's success are our pride. We hire staff with the right personal attitude 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 - 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 his/her 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 its 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 a sustainable leadership model.

Meeting challenges with TEAMWORK

A lone warrior can never win a battle, no matter how well-equipped he may be. At Macpac, we believe in working together harmoniously as a formidable unit, utilizing each other's strengths and accepting challenges fearlessly.

Profile of the Board

Air Marshal (R) Azim Daudpota
Chairman of the Board

He has served on various Boards and held many honorary positions in the country, such as Air Marshal of Pakistan Air Force, Governor of Sindh, MD and Chairman of PIA and Chairman of 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 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 metalizer in 1985 and the first CPP machine in 2001. He is one of the major founders of Macpac Films Ltd. His in-depth industry knowledge combined with four decades of 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
Executive 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 Munshi
Non-Executive Director

He has been serving as a Non-Executive Director at Macpac Films Ltd ever since its inception and currently holds the office of CEO at Hilal Confectionery (Pvt) Ltd. A graduate of Sindh University, Hyderabad, his experience of successfully managing one of the largest confectionery businesses gives Macpac an integral insight deep into the customer demands and trends of the end users. He is also the Chairman of the HR & Remuneration Committee and a member of the Audit Committee of the Board.

Mr. Ehtesham Maqbool Elahi
Executive Director

Having about a decade's experience with the Company as part of senior management, he joined the Board in 2012. A certified director from PICG and a management graduate of American University in Dubai, his role as an Executive Director is to help take the Company to new heights. Sharing and taking forward the vision of the CEO and the Board, he is committed to take the Company forward via newly adapted management practices. He is also a member of the HR & Remuneration Committee of the Board.

Mr. Shariq Maqbool Elahi
Non-Executive Director

He is the technical mind of the Board pertaining to the packaging industry. Serving as a Non-Executive Director and a member of the HR & Remuneration Committee, he adds immense value to the Board by his understanding of the business from his first-hand experience.

Mr. Fahad Munshi
Non-Executive Director

He is serving as a Non-Executive Director at Macpac Films Ltd. After completing his graduation from Bentley University in Waltham, Massachusetts, he joined Hilal Confectionery (Pvt) Ltd as a Director. Having a dynamic personality and an achievement-oriented approach, he started off his career in management operations with a focus towards process improvement and innovation. With his determination and inherent passion, he developed himself in human resource management.

Mr. Mansoor Younus
Independent Director

He has done his MBA from Institute of Business Administration, Karachi in 1981 and possesses 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. Syed Wasi Haider
Director

He is a nominee director of Employees' Old Age Benefits Institution (EOBI). An institutional investor, his stake in the Company amounts to 12%.

Profile of the Management

Muhammad Saleem Sheikh
Chief Operating Officer

Possessing rich expertise in the packaging industry through an experience of more than three decades, Mr. Saleem's vast technical knowledge makes him one of the most valued assets of the organization. He has been a crucial part of the Company since 2005.

Jawed Ahmed Siddiqui
General Manager – Production

A qualified mechanical engineer from NED University of Engineering & Technology, Mr. Jawed carries with him experience of more than three decades in production engineering. He has been overseeing production at the Company's plant since the last 15 years.

Muhammad Javid Ansari
Chief Financial Officer, Company Secretary

Mr. Javid Ansari has been associated with Macpac Films Ltd since 2012, as Chief Financial Officer and Company Secretary. He has more than 15 years of experience and by qualification he is an associated member of ICMAP and fellow member of ICSP.

Mehreen Shah Khalid
Human Resources

An MBA in human resource management and MA in economics, Ms. Mehreen spearheads all HR duties: conducting performance appraisal and other surveys, while ensuring a tight-knit organization. She has been associated with the Company since 2011.

Ashiq Ali Khan
Sales Manager

Having done his MBA from Institute of Business Administration, Karachi in 1968 and BSc in zoology and microbiology, Mr. Ashiq possesses a wealth of experience from pharmaceutical, industrial chemical and packaging industries. He has been an integral part of the Company since the past 17 years.

Board Committees

HR & REMUNERATION COMMITTEE

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

Purpose

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

Responsibilities

The HR & Remuneration 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, matters regarding key management positions which report directly to the 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 a needs 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 within the Board.

AUDIT COMMITTEE

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

Purpose

To assist the Board of Directors in fulfilling its oversight responsibilities for the:

1. Integrity of the company's financial statements.
2. Company's compliance with legal and regulatory requirements.
3. Independent auditor's qualifications and independence.
4. Performance of the company's internal audit function and independent auditors.

Authority

The Audit Committee has the authority to conduct or authorize investigations into any matter 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, 2013 shall be complied with 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.
    - 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.

Message from the Chairman

Dear Stakeholders:

It gives me immense pleasure to present this year's annual report of your Company. By the grace of Almighty, the Company has successfully set its pace towards progress and the growth is on an upward trajectory. Despite the industry challenges surfaced through external factors this year, Macpac Films Ltd stayed resilient and stood firmly to embrace those challenges.

This year's theme of 'meeting challenges' is our story of the year and our code of survival to emerge as the market leader in the times to come. The milestone of the year was the commencement of commercial production of our newly commissioned metalizer machine. Our promise to provide best products and services is not just a commitment that we have made to ourselves, but a reality that shaped up after the installation of the new machine. We are far better off now in our approach than in the past in terms of doing business and increased customer satisfaction has strengthened our resolve to provide top of the line services. Every passing second, the Company is growing, leaving footprints which credit our success.

Leading this organization, I believe that human capital plays a vital role in the growth of this Company. We put in efforts to retain the best talent, train them and develop them to become future leaders. For this purpose, an employee appreciation ceremony was conducted where the efforts of each and every one of our staff members were recognized. This was done to instill motivation and a sense of ownership in our people.

The international market conditions in the coming years are likely to cause industrial challenges, but Macpac Films Ltd is geared up to be proactive and responsive in the times to come.

I would like to thank the people of this Company, who work day in, day out to create the success story that we are a part of today. Meeting challenges was not easy without them. The support of our shareholders and their firm belief in this organization is highly appreciated. The trust and confidence of our customers, suppliers, financial institutions and other stakeholders have made our efforts fruitful. We wish to continue our long-term relationships with commitment and conviction. In the times to come, Macpac Films Ltd will progress further to explore the unexplored horizons.

Azim Daudpota
AM

Air Marshal (R) Azim Daudpota
Chairman of the Board
September 21, 2015

Directors' 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 2015 and audited financial statements for the year ended June 30, 2015 together with the Auditor's Report thereon.

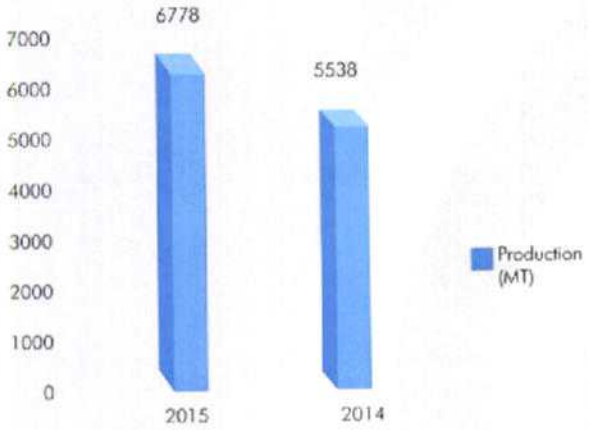
General

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. The plant is located at Eastern Industrial Zone, Port Qasim Area.

Metalizer

The new General K-5000 Metalizer with a capacity of 6,000 tons per annum is installed and commercial production commenced from the second quarter of FY 2015.

Operating and Financial Performance



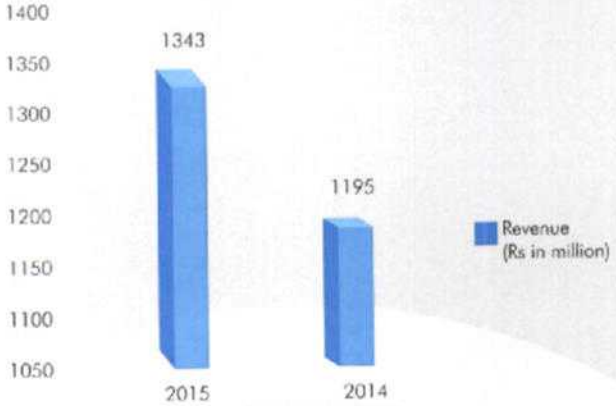
Production

The Company's production during the year was 6,778 metric tons which is 45% of total capacity of the plant, increasing by 22% 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

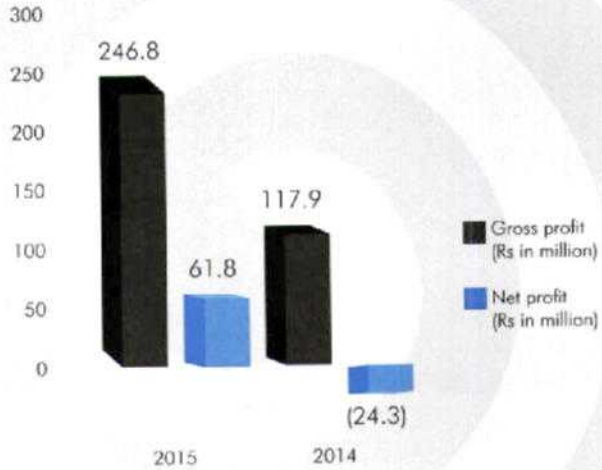
The Company has recorded net sales of Rs 1,343 million during the year as compared to Rs 1,195 million during the previous year, thereby registering an increase of 12%. This is mainly due to the increase in direct market sales of BOPP films along with metalized films.



Profitability

The gross profit of the Company is Rs 246.8 million for the current year as compared to Rs 117.9 million last year, an increase of 109%.

The net profit for the current year is Rs 61.8 million as compared to Rs (24.3) million in the previous year, increasing by 354%.



	2015		2014		2013	
	Rs (millions)	% of sales	Rs (millions)	% of sales	Rs (millions)	% of sales
Sales (net)	1,343		1,195		1,462	
Gross profit	246.8	18%	117.9	10%	258	18%
Profit before tax	128.7	9.5%	31.3	3%	294	20%
Profit after tax	61.8	4.6%	(24.3)	-2%	213	15%
EPS (rupees)	1.59		(0.63)		5.48	

This increase is mainly due to the commencement of metalizer plant operations, producing metalized films and adding more value-added products in our product portfolio.

Earnings per Share

The earnings per share for the current year is Rs 1.59 as compared to Rs (0.63) 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 38 of the Annual Report 2015.

Dividend

Alhamdulillah, with the grace of Almighty Allah, the Board of directors of your Company is pleased to announce a final cash dividend for the year ended June 30, 2015 on ordinary share at 10% i.e. Re 1.00 per share.

Future Outlook

The business landscape is becoming competitive every second and the international market conditions are likely to cause industrial friction. The international prices of raw materials have a fluctuating trend which is likely to prevail in the future. This has made purchase decisions all the more challenging coupled with depreciating Pakistani Rupee (PKR) and inflationary trends in the economy. However, the management of your Company has been putting in its best foot forward to combat the challenges for positive results in the future. The economic environment of the country is likely to become encouraging, thus providing an atmosphere conducive to conduct business activities. There has been an improvement in law and order conditions of the country which will attract more investment in the economy. We are confident that your Company has the potential to sustain all the challenges by maintaining its position in the market and keeping the current focus.

Auditor

The present auditor, M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, are retiring and have offered themselves for reappointment for the year ending June 30, 2016 and the 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, 2015 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 2015 on page 28.

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 Framework

- 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 the 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 38 of the Annual Report 2015.

Remuneration of Chief Executive

The Board of Directors has 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 550,000 per month along with a car, whose maintenance is to be borne by the Company, and other benefits as per the Company's policy to Chief Executive w.e.f. January 01, 2015.

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
1. Mr. Maqbool Elahi Shaikh	4	-
2. Mr. Muhammad Sadiq Khan	4	-
3. Mr. Naeem Munshi	1	1
4. Mr. Ehtesham Maqbool Elahi	4	-
5. Mr. Shariq Maqbool Elahi	2	-
6. Air Marshal (R) Azim Daudpota	4	4
7. Mr. Mansoor Younus	3	3
8. Mr. Fahad Munshi	2	-
9. Mr. S. Wasi Haider / Mr. Kamran Fazal	4	-

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 checks and balances 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 levels within the Company.

The Board has formed an Audit Committee which comprises of 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 of 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 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 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's employees in achieving the performance during the year.

The need of the Company changes all the time and it is changing at a faster pace now because of the increasingly demanding business environment. Effective human resource management requires constant analysis of the pool of human assets in the Company to track any shortcoming in skills which would require training and development efforts so that the human capital can be better utilized and rewarded for their efforts.

Pattern of Shareholding

The total number of Company's shareholders as on June 30, 2015 was 1,169. The pattern of shareholding as on June 30, 2015, along with necessary disclosures as required under the Code of Corporate Governance, is disclosed in the Annual Report 2015.

Acknowledgement

The Directors of the Company would like to take the opportunity to thank the Securities and Exchange Commission of Pakistan, the shareholders, partners, customers, government authorities, autonomous bodies, financial institutions and bankers for their co-operation and 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
September 21, 2015

Meeting challenges with CONSISTENCY

A company's credibility depends upon the consistency of service it provides. While being consistent, we do not believe in maintaining the status quo. Our philosophy is to improve continuously - every day, every minute, making every effort possible to satisfy our stakeholders, across the value chain.

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 Shaikh 2. Mr. Mohammad Sadiq Khan 3. Mr. Ehtesham Maqbool Elahi
Non-Executive Directors	1. Mr. Naeem Munshi 2. Air Marshal (R) Azim Daudpota 3. Mr. Shariq Maqbool Elahi 4. Mr. Fahad Munshi 5. Mr. Wasi Haider(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 on more than seven listed companies, including this Company.

3. All the directors of the Company are registered 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. A casual vacancy occurred on the Board of Directors during the year which was filled by the Board of Directors as per the requirements of the Companies Ordinance, 1984.

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 other executive and non-executive directors, have been taken by the Board.

8. During the period, four Board meetings were held which were all presided over by the Chairman 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.

Building a better working world

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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Pakistan

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Fax: +9221 3568 1965
eyfrsh.khi@pk.ey.com
ey.com/pk

Auditor's Report to the Members

We have audited the annexed balance sheet of Macpac Films Limited as at June 30, 2015 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 bee 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, except for the changes as stated in note 4.1 to the accompanying financial statements with which we concur;

(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, 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, 2015 and of the profit, comprehensive income, cash flows and changes in equity for the year then ended; and

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

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Audit Engagement Partner: Shariq Ali Zaidi
Karachi
Date: September 21, 2015

Shareholders' Information

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

City Office
Plot # 21, Maqboolabad, Jinnah Cooperative Housing Society (J.C.H.S.) , Tipu Sultan Road, 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) 3432605

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. M. Javid Ansari
Company Secretary
Email: javid.ansari@macpacfilms.com
Tel: +92-21-34305811-13

Pattern of Shareholding

	No. of Shareholders	Shareholding			Total Shares Held
	107	1	to	100	1,250
	508	101	to	500	250,291
	175	501	to	1000	173,347
	214	1001	to	5000	617,449
	62	5001	to	10000	500,100
	23	10001	to	15000	295,100
	24	15001	to	20000	440,429
	6	20001	to	25000	140,000
	10	25001	to	30000	287,286
	2	30001	to	35000	68,984
	3	35001	to	40000	113,412
	6	40001	to	45000	254,150
	5	45001	to	50000	242,000
	2	50001	to	55000	105,500
	3	60001	to	65000	189,500
	2	75001	to	80000	159,501
	1	85001	to	90000	88,000
	2	95001	to	100000	200,000
	2	105001	to	110000	211,714
	1	170001	to	175000	173,500
	1	180001	to	185000	182,143
	1	195001	to	200000	200,000
	1	365001	to	370000	369,750
	1	435001	to	440000	436,500
	1	490001	to	495000	495,000
	1	805001	to	810000	809,129
	1	1450001	to	1455000	1,451,193
	1	2730001	to	2735000	2,732,143
	1	4665001	to	4670000	4,666,000
	1	5725001	to	5730000	5,727,235
	1	17305001	to	17310000	17,305,394
Total	1,169				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, Their Spouse(s) and Minor Children			
Mr. Maqbool Elahi Shaikh	1	17,305,394	44.50
Mr. Mohammad Sadiq Khan	2	1,453,693	3.74
Air Marshal (R) Azim Daudpota	1	45,000	0.12
Mr. Shariq Maqbool Elahi	1	182,143	0.47
Mr. Naeem Ali Mohammad Munshi	1	5,757,235	14.81
Mr. Mansoor Younus	1	7,000	0.02
Mr. Ehtesham Maqbool Elahi	1	40,650	0.10
Mr. Fahad Munshi	1	500	0.00
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	1	6,500	0.02
Mutual Funds			
Golden Arrow Selected Stocks Fund Limited	1	809,129	2.08
CDC - Trustee AKD Opportunity Fund	1	436,500	1.12
General Public			
a. Local	1142	8,000,969	20.58
b. Foreign investors	-	-	-
Others	14	175,287	0.45
Total	1169	38,886,000	100.00

Shareholders Holding 5% or More	Shares Held	Percentage
Mr. Maqbool Elahi Shaikh	17,305,394	44.50
Mr. Naeem Ali Mohammad Munshi	5,757,235	14.81
Employees' Old-Age Benefits Institution	4,666,000	12.00
Ms. Sana Nauman	2,732,143	7.03

Details of Sales/Purchases of Shares by Directors, CEO, Chairman, CFO, Company Secretary, Executives and Their Spouses, During the Period from July 01, 2014 to June 30, 2015

Name of Person	Designation	No. of Shares Sold
Mr. Naeem Ali Mohammad Munshi	Non-Executive Director	70,000

Notice of 20th Annual General Meeting

Notice is hereby given that the 20th Annual General Meeting of Macpac Films Limited will be held on Saturday, October 31, 2015 at 4:30 PM, at the registered office of the Company, F/2, A-F, S.I.T.E., Karachi, to transact the following ordinary businesses:

1. To confirm the minutes of the 19th Annual General Meeting held on October 31, 2014.
2. To receive, consider and adopt the annual audited accounts of the Company for the year ended June 30, 2015, together with the Auditor's and Directors' Report thereon.
3. To approve the final cash dividend for the year ended June 30, 2015, at Re 1/- per ordinary share, i.e. 10%, as recommended by the Board of Directors of the Company.
4. To appoint an auditor of the Company for the year ending June 30, 2016 and fix the remuneration. The retiring auditor, Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, being eligible, offered themselves for reappointment. The Audit Committee and Board of Directors have also recommended their name for reappointment.
5. To elect nine directors as fixed by the Board of Directors in accordance with the provision of section 178(1) of the Companies Ordinance, 1984 for the next tenure of three years commencing from November 01, 2015. The names of the retiring directors are as follows:

    1. Mr. Maqbool Elahi Shaikh
    2. Mr. Muhammad Sadiq Khan
    3. Mr. Naeem Munshi
    4. Mr. Ehtesham Maqbool Elahi
    5. Mr. Shariq Maqbool Elahi
    6. Mr. Fahad Munshi
    7. Air Marshal (R) Azim Daudpota
    8. Mr. Mansoor Younus
    9. Mr. Syed Wasi Haider

6. To transact any other business with the permission of the Chair.

By order of the Board

Karachi
October 06, 2015

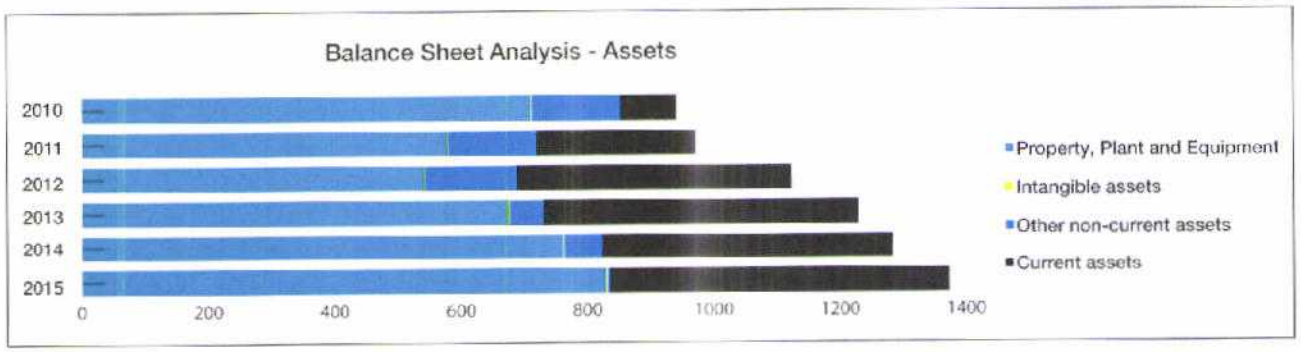
M. Javid Ansari
Company Secretary

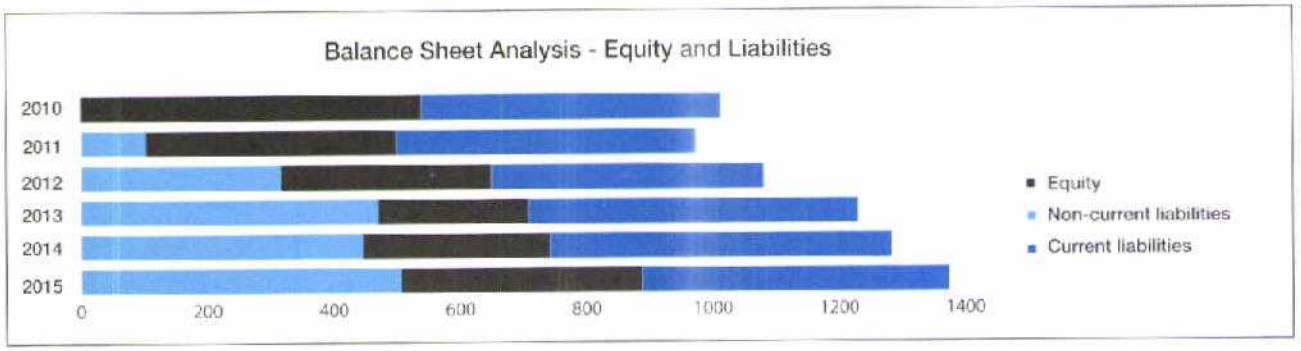
Notes:

1. The share transfer books of the Company will remain closed from October 20, 2015 to October 31, 2015 (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 19, 2015 will be treated in time.
2. Members are requested to notify any change of address 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 the Company's share registrar's office not less than 48 hours before the meeting. A proxy must be a member of the Company.
4. Any member who seeks to contest the election of Director shall file with the Company not later than 14 days before the date of the meeting, a notice of his/her intention to offer himself/herself for election as director in terms of section 178 of the Companies Ordinance, 1984. Declaration in accordance with the Code of Corporate Governance contained in the Listing Regulations along with consent to act as director under section 184 of the Companies Ordinance, 1984 is also to be filed.
5. 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 purposes. In case of a representative of a 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).

Horizontal Analysis

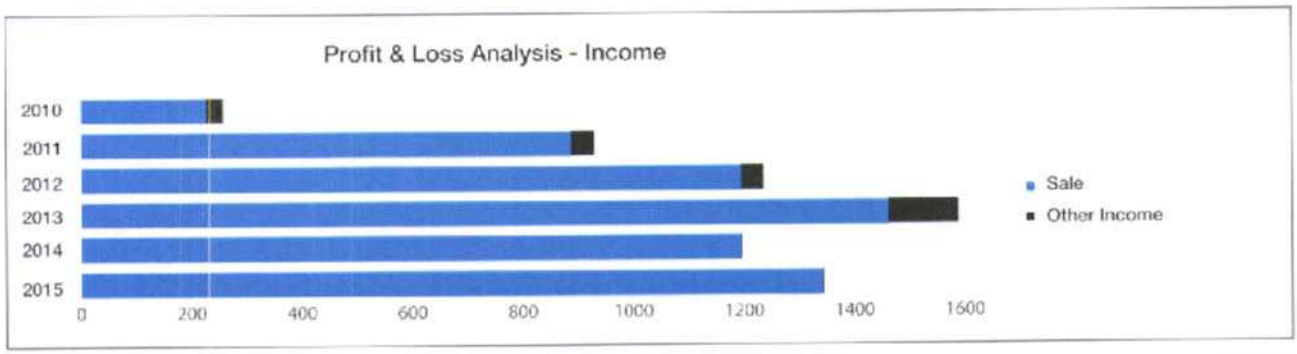
	2015		2014		2013		2012		2011		2010	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Balance Sheet												
Property, plant and equipment	[illegible]	[illegible]	760,931,866	13.0	673,500,047	24.5	540,839,060	(6.3)	577,507,431	(18.7)	710,061,643	(10.9)
Intangible assets	[illegible]	145.1	386,660	126.3	170,824	(20.0)	213,528	(20.0)	266,912	(20.0)	333,640	(20.0)
Other non-current assets	[illegible]	[illegible]	61,561,921	7.2	57,398,491	(44.1)	102,751,636	(27.6)	141,840,500	(0.2)	142,168,550	30.2
Current assets	[illegible]	[illegible]	459,610,413	(8)	497,657,559	[illegible]	422,961,330	62.0	261,049,545	189.8	90,091,441	(5.2)
Total assets	[illegible]	[illegible]	1,282,450,860	4.4	1,228,726,818	5.2	1,066,765,754	8.8	980,664,388	4.0	942,655,274	(5.9)
Share capital	[illegible]		388,860,000	-	388,860,000	-	388,860,000	-	388,860,000	-	388,860,000	-
Reserves	[illegible]		79,930,000	-	79,930,000		79,930,000	-	79,930,000	-	79,930,000	-
Unappropriated profits / (losses)	[illegible]	[illegible]	(22,201,851)	(1,101.7)	2,216,316	(101.5)	(152,185,409)	(68.4)	(365,669,365)	(32.0)	(537,860,243)	5.4
Non-current liabilities	[illegible]	20.0	295,455,623	24.7	236,902,983	(28.8)	332,676,070	(13.9)	395,545,948	(26.6)	538,670,758	0.2
Current liabilities	[illegible]	[illegible]	540,407,088	3.8	520,817,517	24.8	417,485,093	(1.3)	481,597,805	1.7	473,054,759	(6.4)
Total equity and liabilities	[illegible]	[illegible]	1,282,450,860	4.4	1,228,726,818	15.2	1,066,765,754	8.8	980,664,388	4.0	942,655,274	(5.9)
Operating Results												
Net sales	[illegible]	[illegible]	1,195,122,436	(18.7)	1,461,754,911	22.3	1,195,444,744	54.6	887,948,494	289.5	227,956,390	71.3
Cost of sales	[illegible]	[illegible]	(1,077,139,093)	(10.5)	(1,203,582,681)	32.8	(906,076,912)	30.7	(693,316,040)	193.6	(236,171,084)	24.0
Gross profit / (loss)	[illegible]	[illegible]	117,983,343	(54.3)	258,172,233	(10.8)	289,367,832	48.7	194,632,454	(2,469.3)	(8,214,694)	(85.7)
Marketing and selling expenses	[illegible]	27.2	(9,669,009)	(4.1)	(10,081,774)	70.2	(5,922,481)	71.1	(3,455,232)	(11.5)	(3,903,653)	(19.6)
Administrative expenses	[illegible]	[illegible]	(41,449,140)	0.7	(41,179,723)	61.9	(25,447,364)	(14.1)	(29,616,567)	64.6	(17,995,743)	0.8
Operating profit / (loss)	[illegible]	[illegible]	66,865,194	(67.7)	206,910,736	(19.8)	258,000,987	59.7	161,560,555	(636.5)	(30,114,090)	(62.4)
Finance costs	[illegible]	73.7	(20,667,414)	183.1	(7,301,190)	209.7	(2,357,184)	(62.3)	(13,260,591)	(78.1)	(60,530,566)	24.3
Other income	[illegible]	[illegible]	1,772,529	(98.6)	127,261,284	309.8	41,084,859	(1.8)	41,843,918	38.8	30,136,500	5.8
Other expenses	[illegible]	21.3	(16,607,661)	(48.2)	(32,038,157)	20.7	(26,540,224)	193.1	(9,053,518)	100.0	-	-
Profit / (loss) before taxation	[illegible]	210.4	31,362,648	(89.4)	294,832,673	9.1	270,190,438	49.2	181,070,364	(399.2)	(60,508,156)	(39.7)
Taxation	[illegible]	20.0	(55,714,220)	(31.7)	(81,631,810)	582.9	(11,954,447)	34.6	(8,879,485)	(127.1)	32,823,066	(452.2)
Net profit / (loss) for the year	[illegible]	353.9	(24,351,572)	(111.4)	213,200,863	(17.4)	258,235,991	50.0	172,190,879	(722.0)	(27,685,090)	(74.7)

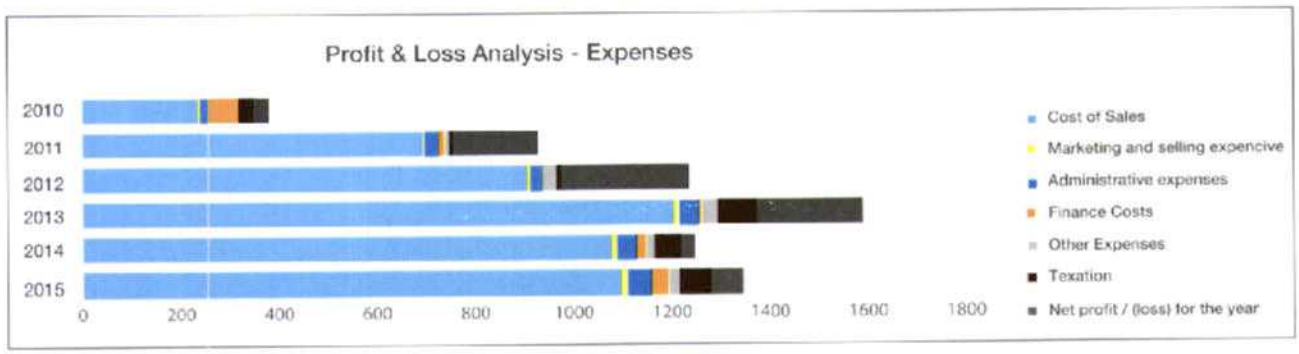




Vertical Analysis

	2015		2014		2013		2012		2011		2010	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Balance Sheet												
Property, plant and equipment	820,644,006	60%	760,901,866	59.3	673,500,047	54.8	540,839,060	50.7	577,507,431	58.9	710,061,643	75.3
Intangible assets	947,828	0.1%	386,660	0.03	170,824	0.0	213,528	0.0	266,912	0.0	333,640	0.0
Other non-current assets	6,428,500	0.5%	61,551,921	4.8	57,398,421	4.7	102,751,636	9.6	141,840,500	14.5	142,168,550	15.1
Current assets	537,226,144	39%	459,610,413	35.8	497,657,526	40.5	422,961,530	39.6	261,049,545	26.6	90,091,441	9.6
Total assets	1,373,346,478	100%	1,282,450,860	100.0	1,228,726,818	100.0	1,066,765,754	100.0	980,664,388	100.0	942,655,274	100.0
Share capital	388,860,000	28%	388,860,000	30.3	388,860,000	31.6	388,860,000	36.5	388,860,000	39.7	388,860,000	41.3
Reserves	79,930,000	6%	79,930,000	6.2	79,930,000	6.5	79,930,000	7.5	79,930,000	8.2	79,930,000	8.5
Unappropriated profits / (losses)	38,700,327	3%	(22,201,851)	(1.7)	2,216,318	0.2	(152,185,409)	(14.3)	(365,669,365)	(37.3)	(537,860,243)	(57.1)
Non current liabilities	380,661,442	28%	295,455,623	23.0	236,902,983	19.3	332,676,070	31.2	395,545,948	40.3	538,670,758	57.1
Current liabilities	485,194,709	35%	540,407,088	42.1	520,817,517	42.4	417,485,093	39.1	481,997,805	49.2	473,054,759	50.2
Total equity and liabilities	1,373,346,478	100%	1,282,450,860	100.0	1,228,726,818	100.0	1,066,765,754	100.0	980,664,388	100.0	942,655,274	100.0
Operating Results												
Net sales	1,342,753,064	100%	1,195,122,436	100.0	1,461,754,914	100.0	1,195,444,744	100.0	887,948,494	100.0	227,956,390	100.0
Cost of sales	(1,095,950,647)	-82%	(1,077,139,093)	(90.1)	(1,203,582,681)	(82.3)	(906,076,912)	(75.8)	(693,316,040)	(78.1)	(236,171,084)	(103.6)
Gross profit / (loss)	246,802,437	18%	117,983,343	9.9	258,172,233	17.7	289,367,832	24.2	194,632,454	21.9	(8,214,694)	(3.6)
Marketing and selling expenses	(12,277,804)	-1%	(9,669,009)	(0.8)	(10,081,774)	(0.7)	(5,922,481)	(0.5)	(3,455,232)	(0.4)	(3,903,653)	(1.7)
Administrative expenses	(48,845,135)	-4%	(41,449,140)	(3.5)	(41,179,723)	(2.8)	(25,442,364)	(2.1)	(29,616,667)	(3.3)	(17,995,743)	(7.9)
Operating profit / (loss)	184,659,498	14%	66,865,194	5.6	206,910,736	14.2	258,002,987	21.6	161,560,555	18.2	(30,114,090)	(13.2)
Finance costs	(37,027,629)	-3%	(20,667,414)	(1.7)	(7,301,190)	(0.5)	(2,357,184)	(0.2)	(13,280,591)	(1.5)	(60,530,566)	(26.6)
Other income	1,714,007	0%	1,772,529	0.1	127,261,284	8.7	41,084,859	3.4	41,843,918	4.7	30,136,500	13.2
Other expenses	(20,650,522)	-2%	(16,607,661)	(1.4)	(32,038,157)	(2.2)	(26,540,224)	(2.2)	(9,053,518)	(1.0)	-	-
Profit / (loss) before taxation	128,705,354	10%	31,362,648	2.6	294,832,673	20.2	270,190,438	22.6	181,070,364	20.4	(60,508,156)	(26.5)
Taxation	(66,882,013)	-5%	(55,714,220)	(4.7)	(81,631,810)	(5.6)	(11,954,447)	(1.0)	(8,879,485)	(1.0)	32,823,066	14.4
Net profit / (loss) for the year	61,823,341	5%	(24,351,572)	(2.0)	213,200,863	14.6	258,235,991	21.6	172,190,879	19.4	(27,685,090)	(12.1)

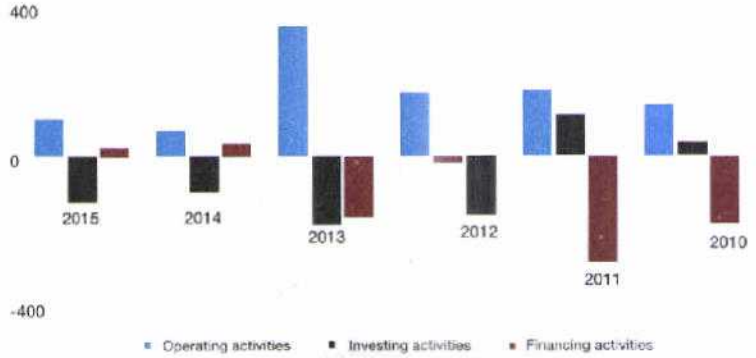




Performance Indicators

		2015	2014	2013	2012	2011	2010
Profitibility Ratios							
Gross profit to sales	%	18%	10%	18%	24%	22%	-19%
Operating profit to sales	%	14%	6%	14%	22%	18%	-29%
Net profit to sales	%	5%	-2%	15%	22%	19%	-12%
EBITDA margin to sales	%	18%	10%	18%	26%	25%	4%
Operating leverage ratio	times	14.26	3.71	-0.89	1.72	1.19	0.25
Return on equity	%	12%	-5%	45%	82%	167%	-40%
Return on capital employed	%	9%	-4%	36%	59%	51%	-7%
Return on fixed assets	%	7%	-3%	32%	48%	30%	-4%
Liquidity Ratios							
Current ratio	times	1.11	0.85	0.96	1.01	0.54	0.19
Quick ratio	times	0.60	0.39	0.50	0.50	0.22	0.12
Cash ratio	times	0.03	0.02	0.01	0.00	0.01	0.00
Cash to current assets	%	2.72%	2.47%	0.98%	0.38%	2.40%	0.20%
Cash flow from operations to sales	%	6%	5%	26%	17%	22%	79%
Turnover/Management Efficiency Ratios							
Inventory turnover ratio	times	4.45	4.42	5.32	4.90	7.49	12.15
No. of days in inventory	days	81	81	68	73	48	30
Debtor turnover ratio	times	5.77	6.34	7.91	10.25	18.93	5.70
No. of days in receivables	days	62	57	46	35	19	63
Creditor turnover ratio	times	2.75	2.29	3.20	4.01	6.36	4.77
No. of days in creditors	days	131	157	113	90	57	75
Operating cycle	days	143	138	113	109	67	93
Cash conversion cycle	days	13	-19	1	19	10	17
Total assets turnover ratio	times	0.98	0.93	1.19	1.12	0.91	0.24
Fixed assets turnover ratio	times	1.62	1.57	2.17	2.21	1.54	0.32
Market Ratios							
Earnings per share (EPS)	Rs	1.59	-0.63	5.48	6.64	4.43	-0.71
Price to earnings ratio	times	11.51	-27.02	4.16	2.57	2.55	-4.21
Price to book ratio	times	0.52	0.51	0.72	0.62	0.45	0.12
Break-up value per share	Rs	13.05	11.48	12.11	8.14	2.65	-1.78
Capital Structure Ratios							
Net assets per share	Rs	13.05	11.48	12.11	8.14	2.65	-1.78
Financial leverage ratio	times	0.58	0.52	0.43	0.97	3.72	-9.24
Debt to equity ratio	times	0.47	0.47	0.42	0.62	2.47	-5.50

SUMMARY OF CASH FLOWS	2015	2014	2013	2012	2011	2010
Cash & cash equivalents - opening	11,336,310	4,869,751	1,624,860	6,273,718	176,613	3,918,027
Net cash flows from operating activities	102,017,519	68,701,416	349,187,702	171,330,777	176,888,481	139,126,796
Net cash flows used in investing activities	(124,014,305)	(98,064,340)	(183,536,696)	(17,186,532)	112,463,635	37,717,940
Net cash flows from financing activities	25,292,996	35,829,483	(162,406,115)	(158,793,103)	(283,255,011)	(180,586,150)
Changes in cash & cash equivalents	3,296,210	6,466,559	3,244,891	(4,648,858)	6,097,105	(3,741,414)
Cash & cash equivalents - closing	14,632,520	11,336,310	4,869,751	1,624,860	6,273,718	176,613



Financial Statements

Balance Sheet

As at June 30, 2015

	Note	2015	2014
		(Rupees)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	828,644,006	760,901,866
Intangible assets	6	947,828	386,660
Long-term deposits	7	6,428,500	61,551,921
		836,020,334	822,840,447
CURRENT ASSETS			
Stock-in-trade	8	244,044,010	248,667,073
Trade debts	9	263,421,032	159,775,636
Loans and advances	10	2,714,493	3,175,189
Trade deposits, prepayments and other receivables	11	4,771,493	8,193,613
Tax refund due from Government - net	12	7,742,593	28,462,590
Cash and bank balances	13	14,632,523	11,336,312
		537,326,144	459,610,413
TOTAL ASSETS		1,373,346,478	1,282,450,860
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
50,000,000 (2014:50,000,000) ordinary shares of Rs.10/- each		500,000,000	500,000,000
Issued, subscribed and paid-up capital	14	388,860,000	388,860,000
Reserves	15	118,630,327	57,728,149
		507,490,327	446,588,149
NON-CURRENT LIABILITIES			
Long term loan from a director and an associated company	16	148,260,457	148,260,457
Diminishing musharaka arrangement	17	15,532,951	31,065,903
Liabilities against asset subject to finance lease	18	73,579,670	29,413,590
Deferred taxation	19	125,982,678	73,181,296
Staff retirements benefits – gratuity	20	17,305,686	13,534,377
		380,661,442	295,455,623
CURRENT LIABILITIES			
Trade and other payables	21	416,059,707	467,642,307
Accrued mark-up	22	840,551	1,130,198
Short term borrowing	23	9,000,000	50,000,000
Current portion of non-current liabilities	24	59,294,451	21,634,583
		485,194,709	540,407,088
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		1,373,346,478	1,282,450,860

The annexed notes from1 to 44 form an integral part of these financial statements.

MAQBOOL ELAHI SHAIKH
CHIEF EXECUTIVE

MOHAMMAD SADIQ KHAN
DIRECTOR

Profit and Loss Accounts

For the year ended June 30, 2015

	Note	2015	2014
		(Rupees)	
Turnover - net	26	1,342,753,084	1,195,122,436
Cost of sales	27	(1,095,950,647)	(1,077,139,093)
Gross profit		246,802,437	117,983,343
Administrative expenses	28	(48,855,135)	(41,449,140)
Marketing and selling expenses	29	(13,277,803)	(9,669,009)
		(62,132,938)	(51,118,149)
Operating Profit		184,669,499	66,865,194
Finance costs	30	(37,027,629)	(20,667,414)
Other expenses	31	(20,650,523)	(16,607,661)
Other Income	32	1,714,007	1,772,529
		(55,964,145)	(35,502,546)
Profit before taxation		128,705,354	31,362,648
Taxation	33	(66,882,013)	(55,714,220)
Profit / (loss) after taxation		61,823,341	(24,351,572)
Earnings/ (loss) per share - basic and diluted	34	1.59	(0.63)

The annexed notes from 1 to 44 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, 2015

	2015	2014
	(Rupees)	
Profit / (loss) after taxation	61,823,341	(24,351,572)
Other comprehensive (loss) / income		
Other comprehensive (loss) / income not to be reclassified to profit and loss account in subsequent periods		
Re-measurement loss on defined benefit plan	(1,354,651)	(99,398)
Income tax effect	433,488	32801
Net comprehensive loss not to be reclassified to profit and loss accounts in subsequent periods	(921,163)	(66,597)
Total comprehensive income / (loss) for the year	60,902,178	(24,418,169)

The annexed notes from 1 to 44 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, 2015

	Note	2015	2014
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	80,200,428	65,325,143
Finance costs paid		(37,317,275)	(11,426,309)
Income tax refund (paid) / received	12.1	(13,570,035)	20,472,383
Gratuity paid	20.2	(3,061,909)	(1,516,300)
Long term deposits received / paid		55,123,421	(4,153,500)
Sales tax-net		20,642,890	-
		21,817,092	3,376,274
Net cash generated from operating activities		102,017,520	68,701,417
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(123,771,805)	(99,019,341)
Proceeds from disposal of fixed assets		350,000	955,000
Additions in intangibles		(592,500)	-
Net cash used in investing activities		(124,014,305)	(98,064,341)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment / proceeds from musharaka arrangement		(7,766,476)	38,832,379
Proceeds from / repayment of finance lease-net		77,054,384	(1,248,215)
Repayment / proceeds from term loan		(41,000,000)	50,000,000
Repayment of loan to a director		(2,994,912)	(49,060,088)
Dividend paid		-	(2,694,593)
Net cash generated from financing activities		25,292,996	35,829,483
Net increase in cash and cash equivalents		3,296,211	6,466,559
Cash and cash equivalents at the beginning of the year		11,336,312	4,869,753
Cash and cash equivalents at the end of the year	13	14,632,523	11,336,312

The annexed notes from 1 to 44 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, 2015

		Reserves			
	Issued, subscribed and paid -up capital	Capital reserve - share premium	(Accumulated losses) / Unappropriated profit	Total	Total
	----------Rupees----------				
Balance as at June 30, 2013	388,860,000	79,930,000	2,216,318	82,146,318	471,006,318
Loss after taxation	-	-	(24,351,572)	(24,351,572)	(24,351,572)
Other comprehensive loss	-	-	(66,597)	(66,597)	(66,597)
Total comprehensive loss for the year	-	-	(24,418,169)	(24,418,169)	(24,418,169)
Balance as at June 30, 2014	388,860,000	79,930,000	(22,201,851)	57,728,149	446,588,149
Profit after taxation	-	-	61,823,341	61,823,341	61,823,341
Other comprehensive loss	-	-	(921,163)	(921,163)	(921,163)
Total comprehensive profit for the year	-	-	60,902,178	60,902,178	60,902,178
Balance as at June 30, 2015	388,860,000	79,930,000	38,700,327	118,630,327	507,490,327

The annexed notes from 1 to 44 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, 2015

1. THE COMPANY AND ITS OPERATIONS

Macpac Films Limited (the Company) was incorporated on August 19, 1993, in Pakistan as a limited liability company under the Companies Ordinance, 1984 and is listed on the Karachi and Lahore stock exchanges. The registered office of the Company is situated at F/2, A – F, S.I.T.E, Karachi, Pakistan and city office is at Plot # 21, Maqboolabad, Jinnah Cooperative Housing Society, (J.C.H.S), Tipu Sultan Road, Karachi.

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

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, shall prevail.

3. BASIS OF PREPARATION

3.1 These financial statements have been prepared under the historical cost convention, except for defined benefit obligations which are stated at present value in accordance with the requirements of IAS-19 "Employee Benefits", as referred to in note 20.

3.2 These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Standards, amendments and interpretations adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

New / Revised Standards, Interpretations and Amendments

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year.

New and amended standards, interpretations and amendments

IAS 19 – Employee Benefits (Amendment) - Defined Benefit Plans: Employee Contributions

IAS 32 – Financial Instruments: Presentation (Amendment): Offsetting Financial Assets and Financial Liabilities

IAS 36 – Impairment of Assets – (Amendment) - Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment) – Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 - Levies

4.9 Taxation

Current

Provision for current taxation is based on taxability of certain income streams of the Company under Normal Tax Regime after taking into account tax credits and tax rebates available, if any and the remaining income streams under Final Tax Regime at the applicable tax rates. The charge for current tax includes adjustments to charge for prior years, if any. The tax charge as calculated above is compared with turnover tax under Section 113 of the Income Tax Ordinance, 2001 and whichever is higher is provided in the financial statements.

Deferred

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences and deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forwards of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised directly in the other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit and loss account.

4.10 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.

4.11 Ijarah rentals

Ijarah payments for assets under Ijarah agreements are recognised as an expense in the profit and loss account on a straight line basis over the Ijarah term.

4.12 Foreign currency transactions

Transactions in foreign currencies are accounted for in Pakistani 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 profit and loss account currently except exchange gains and losses on foreign currency loans for acquiring plant and machinery are capitalised.

4.13 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All financial assets are derecognised at the time when

the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to profit and loss account.

4.14 Offsetting of financial assets and financial liabilities

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.

4.15 Revenue recognition

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

Processing income and other income is recognized on accrual basis.

4.16 Trade debts and other receivables

Trade debts originated by the Company are recognised and carried at original invoice amount less provision for impairment. Other receivables are carried at cost less provision for impairment. Provision for impairment is based on management's assessment of customers outstanding, and credit worthiness. Bad debts are written off as and when identified.

4.17 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

4.18 Dividends

Dividends are recognised in the financial statements in the period in which these are approved. However, if these are approved after the reporting period but before the financial statements are authorised for issue, they are disclosed in the notes to these financial statements.

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

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities (Amendment)	January 01, 2015
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	January 01, 2016

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 11 – Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
IAS 1 – Presentation of Financial Statements: Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 – Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 – Property, Plant and Equipment and IAS 41 Agriculture: Agriculture - Bearer Plants (Amendment)	January 01, 2016
IAS 27 – Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)	January 01, 2016

The Company expects that the adoption of the above standards and amendments will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Standard		IASB Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS 14	Regulatory Deferral Accounts	January 01, 2016
IFRS 15	Revenue from Contracts with Customers	January 01, 2018

The Company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2015	2014
		(Rupees)	
Operating fixed assets	5.1	776,183,053	460,757,435
Capital work in progress	5.4	52,460,953	300,144,431
		828,644,006	760,901,866

5.1 Operating fixed assets

	Owned											Leased		
	Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Electrical installations	Refrigeration and air conditioning	Generators	Office equipments	Computers	Motor vehicles *	Sub Total	Plant and machinery**	Generators and fittings***	Total
	Rupees													
Net carrying value basis														
Net book value (NBV) as at July 01, 2014	21,200,000	40,925,473	343,631,923	2,454,056	9,614	1,189,493	1,815,275	825,236	856,712	10,585,505	423,493,287	-	37,264,148	460,757,435
Additions (at cost)	-	18,525,589	119,823,706	1,803,199	59,450	402,474	-	660,000	641,750	3,697,360	145,514,084	192,636,925	43,354,604	371,456,293
Disposals (at NBV)	-	-	-	-	-	-	-	-	-	(75,408)	(75,408)	-	-	(75,408)
Depreciation charge	-	(2,125,431)	(38,682,437)	(209,741)	(4,066)	(139,415)	(181,528)	(122,601)	(296,177)	(2,447,944)	(47,308,340)	(5,544,800)	(4,101,015)	(65,954,257)
Net book value (NBV) as at June 30, 2015	21,200,000	57,355,548	425,573,194	3,797,511	64,996	1,452,552	1,633,747	1,362,645	1,203,285	11,960,103	526,623,561	173,141,735	76,417,737	776,183,053
Gross carrying value basis														
Cost	21,200,000	77,747,309	953,977,892	6,208,717	83,145	2,501,347	5,423,642	2,331,857	3,356,920	30,360,536	1,103,300,825	192,636,925	123,951,562	1,420,889,312
Accumulated depreciation	-	(20,411,761)	(527,404,698)	(2,411,206)	(18,149)	(1,138,595)	(3,789,895)	(994,212)	(2,153,635)	(18,400,433)	(576,677,344)	(5,544,800)	(47,533,825)	(629,755,769)
Net book value (NBV) as at June 30, 2015	21,200,000	57,355,548	425,573,194	3,797,511	64,996	1,452,552	1,633,747	1,362,645	1,203,285	11,960,103	526,623,561	173,141,735	76,417,737	776,183,053
Rate of depreciation*		5%	10%	10%	10%	10%	10%	10%	25%	20%			10%	

* This includes a vehicle held in the name of a director of the company amounting to Rs 2.302 million. The legal formalities regarding the transfer of ownership in the name of the company are in process.

** During the year the Company entered into a sale and lease back transaction with a commercial bank for the portion of Metalizer Plant at cost of Rs. 136 million. This financing arrangement resulting in no profit or loss effect.

*** Represents assets against which the lease liability has been fully paid. However, the leasing companies have not yet transferred the same in the name of the Company due to their late payment penalties. The Company has shown these late payment charges as contingencies (note 25.1.3). The management is of the view that a substantial portion of these charges will be waived off by the leasing companies.

	Owned											Leased	
	Leasehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Electrical installations	Refrigeration and air conditioning	Generators	Office equipments	Computers	Motor vehicles *	Sub Total	Generators and fittings*	Total
	Rupees												
Net carrying value basis													
Net book value (NBV) as at July 01, 2013*	21,200,000	43,076,445	373,829,631	2,432,038	10,662	1,321,649	1,982,97[illegible]	853,802	943,373	8,2[illegible],690	453,545,058	40,922,939	494,467,997
Additions (at cost)	-	-	7,389,500	306,900	-	-	124,000	60,282	258,060	4,436,840	12,577,072	479,294	13,056,366
Disposals (at NBV)	-	-	-	-	-	-	-	-	-	(154,659)	(154,659)	-	(154,659)
Depreciation charge	-	(2,150,972)	(37,587,178)	(258,779)	(1,068)	(132,156)	(201,599)	(88,848)	(244,711)	(1,909,376)	(42,574,787)	(4,138,079)	(46,712,866)
Net book value (NBV) as at June 30, 2014	21,200,000	40,925,473	343,631,923	2,454,056	9,614	1,189,493	1,815,275	825,236	856,712	10,585,505	423,493,287	37,264,148	460,757,435
Gross carrying value basis													
Cost	21,200,000	56,211,533	934,353,984	4,555,521	20,696	2,188,613	5,423,642	1,651,867	2,715,170	26,637,894	867,961,970	80,696,958	1,038,568,937
Accumulated depreciation	-	(15,286,060)	(490,722,061)	(2,101,465)	(14,081)	(999,120)	(3,808,367)	(826,631)	(1,858,458)	(15,952,489)	(534,468,082)	(43,432,810)	(577,901,502)
Net book value (NBV) as at June 30, 2014	21,200,000	40,925,473	343,631,923	2,454,056	9,614	1,189,493	1,615,275	825,236	856,712	10,585,505	423,493,287	37,264,148	460,757,435
Rate of depreciation	-	5%	10%	10%	10%	10%	10%	10%	25%	20%		10%	

* Represents assets against which the lease liability has been fully paid. However, the leasing companies have not yet transferred the same in the name of the Company due to their late payment penalties. The Company has shown these late payment charges as contingencies (note 25.1.3). The management is of the view that a substantial portion of these charges will be waived off by the leasing companies.

	Note	2015	2014
		(Rupees)	
5.2 The depreciation charge for the year has been allocated as follows:			
Cost of sales	27	53,971,835	44,675,456
Administrative expenses	28	1,257,014	1,584,051
Marketing and selling expenses	29	725,408	453,359
		55,954,257	46,712,866

5.3 The following operating fixed assets were disposed-off during the year:

	Cost	Accumulated Depreciation	Book value	Sale Proceeds	Gain	Mode of disposal	Particulars of buyer
	Rupees						
Vehicles							
SUZUKI BOLAN CN-4203	396,000	356,296	37,704	175,000	137,296	Negotiation	Muhammad Waqas
SUZUKI BOLAN CN-4199	396,000	356,296	37,704	175,000	137,296	Negotiation	Muhammad Waqas
2015	792,000	716,592	75,408	350,000	274,592		
2014	1,950,000	1,795,344	154,656	955,000	800,344		

	2015	Addition / (transfers)	2014
		(Rupees)	
5.4 Capital Work- in- progress			
Building and civil works	9,784,799	1,249,539 (1,909,431)	10,444,691
Plant and machinery	41,261,154	49,486,209 (297,924,795)	289,699,740
Advance for purchase of vehicles	1,415,000	1,415,000	-
	52,460,953	52,150,748 (299,834,226)	300,144,431

	Note	2015	2014
		(Rupees)	
6. INTANGIBLE ASSETS			
Computer software	6.1	185,328	136,660
Capital work-in-progress	6.2	762,500	250,000
		947,828	386,660

6.1 COMPUTER SOFTWARE

Net carrying value basis			
NBV as on July 01		136,660	-
Additions		80,000	170,824
Amortization charge [20% (2014:20%)]	6.3	(31,332)	(34,164)
NBV as at June 30		185,328	136,660
Gross carrying value basis			
Cost		648,700	568,700
Accumulated amortization		(463,372)	(432,040)
NBV as at June 30		185,328	136,660

6.2 Represents advance payment made in respect of acquisition of computer software.

6.3 Amortisation charge for the year has been allocated to administrative expenses.

	Note	2015	2014
		(Rupees)	
7. LONG-TERM DEPOSITS			
Security deposits			
- leased assets		4,153,500	4,153,500
- ijarah assets		-	55,123,421
		4,153,500	59,276,921
Margin against bank guarantee	7.1	2,175,000	2,175,000
Other deposits		100,000	100,000
	7.2	6,428,500	61,551,921

7.1 This represents 30% cash margin against guarantee issued by Faysal Bank Limited in favour of Sui Southern Gas Company Limited.

7.2 These are non-interest bearing and generally on a term of more than a year.

	Note	2015	2014
		(Rupees)	
8. STOCK-IN-TRADE			
Raw material:			
In hand		39,545,679	47,997,100
In transit		57,763,885	86,820,854
		97,309,564	134,817,954
Work in process		88,457,808	69,410,299
Finished goods		58,276,638	44,438,820
		244,044,010	248,667,073
9. TRADE DEBTS – unsecured			
Considered good			
- Related parties		37,137,640	15,728,238
- Others		226,283,392	144,047,398
		263,421,032	159,775,636
Considered doubtful		22,908,950	19,371,987
		286,329,982	179,147,623
Less: Provision for doubtful debts	38.1.1	(22,908,950)	(19,371,987)
		263,421,032	159,775,636
10. LOANS AND ADVANCES			
Loans - unsecured, considered good			
- Staff	10.1	238,445	969,486
Advances - unsecured, considered good			
- Suppliers and contractors		2,304,195	1,701,315
- Employees	10.2	171,853	504,388
		2,476,048	2,205,703
	10.3	2,714,493	3,175,189

10.1 This represents interest free loans given to the employees in accordance with the Company's policy.

10.2 This includes advances given to meet business expenses and are settled as and when the expenses are incurred.

10.3 These are non-interest bearing and generally on an average term of 1 to 6 months.

	Note	2015	2014
		(Rupees)	
11. TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Deposits			
- Containers		2,382,211	1,899,584
- Leasing - net of provision	11.1	-	3,500,000
- Utilities		2,000,000	2,054,912
- Others		109,532	459,367
		4,491,743	7,913,863
Prepayments		279,750	279,750
	11.2	4,771,493	8,193,613

11.1 This represents security deposit paid to NIB Bank Limited (the leasing Company). The lease liability against which has been fully paid by the Company. However, the leasing company has not transferred the same in the name of the Company due to their claims of late payment penalties(note 25.1.3).

11.2 These are non-interest bearing and generally on an average term of 1 to 6 months.

	Note	2015	2014
		(Rupees)	
12. TAX REFUND DUE FROM GOVERNMENT– net			
Income tax refundable	12.1	24,061,343	24,138,451
Sales tax (payable) / refundable	12.2	(16,318,750)	4,324,139
		7,742,593	28,462,590

12.1 Income tax refundable

Opening refundable		24,138,451	55,826,334
Provision for current year tax	33	(13,647,143)	(11,215,500)
Income tax refund received during the year		-	(30,530,199)
Advance tax paid during the year		13,570,035	10,057,816
Closing refundable		24,061,343	24,138,451

12.2 Included herein a provision of Rs. 0.741 million (2014: Rs. 0.741 million) in respect of sales tax demand relating to the tax period starting from July 01, 2010 to June 30, 2011 arose due to the desk audit of the Company u/s 25 (2) of Sales Tax Act, 1990.

	2015	2014
	(Rupees)	

13. CASH AND BANK BALANCES

Cash in hand	71,121	75,576
Cash at banks – current accounts	14,561,402	11,260,736
	14,632,523	11,336,312

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

25,986,000 (2014: 25,986,000) ordinary shares of Rs. 10/- each fully paid in cash	259,860,000	259,860,000
12,900,000 (2014: 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

14.1 Mr. Maqbool Elahi Shaikh, being a director of the Company, held 17,305,394 (2014: 17,305,394) ordinary shares of Rs. 10/- each in the Company representing 44.50% (2014: 44.50%) of the share capital as of the balance sheet date.

	Note	2015	2014
		(Rupees)	

15. RESERVES

Capital Reserve		
Share premium on issue of ordinary shares	79,930,000	79,930,000
Revenue Reserve		
Unappropriated profit / (accumulated losses)	38,700,327	(22,201,851)
	118,630,327	57,728,149

16. LONG TERM LOAN FROM A DIRECTOR AND AN ASSOCIATED COMPANY - unsecured

Director	16.1	88,498,800	91,493,712
Associated company	16.2	59,761,657	59,761,657
		148,260,457	151,255,369
Less: Current portion			
- Director	24	-	(2,994,912)
		148,260,457	148,260,457

16.1 Mr. Maqbool Elahi Shaikh, being a director of the Company, has provided interest free loan to mitigate the working capital requirement of the Company. The current portion represents amount repayable on demand.

16.2 This represents interest free loan from M/s. National Management Consultancy Services (Private) Limited, a related party, to mitigate the working capital requirement of the Company.

	Note	2015	2014
		(Rupees)	

17. DIMINISHING MUSHARAKA ARRANGEMENT

Long-term portion		31,065,903	38,832,379
Less: Current portion	24	(15,532,952)	(7,766,476)
	17.1	15,532,951	31,065,903

17.1 During the previous year, the Company had obtained a diminishing musharaka facility of Rs.40 million from Soneri Bank Limited, Islamic Banking Division. The Musharaka units are to be re-purchased during a period of 3 years' time with a grace period of 6 months. All of the units comprising 80% of the Bank's Musharaka Share will be purchased during this period. These carry mark-up at the rate of 3 months KIBOR plus 2 percent per annum and are secured against first exclusive charge over plant and machinery to the extent of Rs.55 million.

18. LIABILITIES AGAINST ASSET SUBJECT TO FINANCE LEASE

The Company has entered into a finance lease agreement with Pak Gulf Leasing Company and Faysal Bank Limited in respect of gas generator and metalizer. The rate of returns used as the discounting factor is 6 months KIBOR plus 2.95 percent and 3 months KIBOR plus 2 percent respectively. Overdue rental payments are subject to additional charge upto 3 percent per month. Purchase option can be exercised by the lessee by adjusting security deposit against residual value at the expiry of the lease period. The amount of future lease payments together with the present value of the minimum lease payments and the periods during which they fall due are as follows:

		2015		2014	
		Minimum Lease Payments (MLP)	Present Value of MLP	Minimum Lease Payments (MLP)	Present Value of MLP
	Note	(Rupees)			
Within one year		53,753,740	43,761,499	14,978,580	10,873,195
After one year but not more than five years		79,277,868	69,426,170	32,562,439	29,413,590
Total minimum lease payments		133,031,608	113,187,669	47,541,019	40,286,785
Less: Finance charges		(15,690,438)	-	(7,554,234)	-
Present value of minimum lease payments		117,341,170	113,187,669	40,286,785	40,286,785
Less: Current portion	24	(43,761,500)	(43,761,500)	(10,873,195)	(10,873,195)
		73,579,670	69,426,169	29,413,590	29,413,590

19. DEFFERED TAXATION

	Note	2015	2014
		(Rupees)	
Taxable temporary differences arising due to:			
- accelerated tax depreciation		96,506,520	103,553,064
- accelerated tax amortisation		34,985	127,598
- asset subject to finance lease		79,859,031	-
		176,400,536	103,680,662
Deductible temporary differences arising due to:			
- unused tax losses		-	(18,060,627)
- liabilities against assets subject to finance lease		(37,549,174)	(1,579,639)
- provision for staff retirement benefits – gratuity		(5,537,820)	(4,466,344)
- provision for douotful debts		(7,330,864)	(6,392,756)
		(50,417,858)	(30,499,366)
		125,982,678	73,181,296

20. STAFF RETIREMENT BENEFITS - GRATUITY

20.1 The amount recognised in the balance sheet is as follows:

Present value of defined benefit obligation	20.2	17,305,686	13,534,377

	Note	2015	2014
		(Rupees)	

20.2 Changes in the present value of defined benefit obligation are as follows:

Balance as at July 01		13,534,377	11,427,149
Charge for the period	20.3	5,478,567	3,524,130
Re-measurement loss recognised in other comprehensive income		1,354,651	99,398
Payments made during the year		(3,061,909)	(1,516,300)
Balance as at June 30		17,305,686	13,534,377

20.3 Charge for the year recognised in the profit and loss account is as follows:

Current Service Cost		3,858,105	2,297,195
Interest Cost		1,620,462	1,226,935
		5,478,567	3,524,130

20.4 The Charge for the year has been allocated as follows:

Cost of sales	27.1	3,999,355	2,325,926
Administrative expenses	28.1	876,571	951,515
Marketing and selling expenses	29.1	602,641	246,689
		5,478,567	3,524,130

20.5 The principal assumptions used in the actuarial valuations carried out as of June 30, 2015 using the Projected Unit Credit' menthod are as follows:

	2015	2014
Expected rate of increase in salary level	9.75% p.a	13.5% p.a
Discount rate	9.75% p.a	13.5% p.a

20.6 Maturity profile of the defined benefit obligation:

	2015	2014
Weighted average duration - in number of years	5.85	5.63

20.7 Description of the risks to the company

The defined benefit plan exposes the Company to the following risks:

Mortality risks – The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service/age distribution and the benefit.

Final salary risks – The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks – The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

20.8 Comparison for five years:

As at June 30	2015	2014	2013	2012	2011
	(Rupees)				
Present value of defined benefit obligation	17,305,686	13,534,377	11,427,149	10,141,460	9,690,177
Deficit	17,305,686	13,534,377	11,427,149	10,141,460	9,690,177

21. TRADE AND OTHER PAYABLES

	Note	2015	2014
		(Rupees)	
Trade creditors	21.1	67,135,210	48,708,997
Import bills for goods and fixed asset		219,021,312	294,666,805
Accrued liabilities		13,170,892	15,418,012
Advances from customers		4,846,697	13,005,495
Workers' Profits Participation Fund	21.2	87,424,885	72,914,029
Workers' Welfare Fund		9,773,906	6,851,126
Tax deducted at source		11,753,211	11,635,273
Unclaimed dividend		280,460	280,460
Others		2,653,134	4,162,110
		416,059,707	467,642,307

21.1 Included herein an amount of Rs. 5.292 million (2014: Rs. 2.446 million) payable to TOYO Packaging (Private) Limited, a related party.

21.2 Workers' Profits Participation Fund

	Note	2015	2014
		(Rupees)	
Balance at the beginning of the year		72,914,029	62,680,888
Interest on Workers' Profits Participation Fund	30	7,203,906	8,110,907
		80,117,935	70,791,795
Allocation during the period	31	7,306,950	2,122,234
Balance at the end of the period		87,424,885	72,914,029

22. ACCRUED MARK-UP

Musharaka arrangement	491,667	463,416
Short-term borrowing	348,884	666,782
	840,551	1,130,198

	Note	2015	2014
		(Rupees)	

23. SHORT-TERM BORROWING – secured

Term finance under mark-up arrangement		-	50,000,000
Short term loan from director	23.1	9,000,000	-
		9,000,000	50,000,000

23.1 Mr. Ehtesham Maqbool Elahi, being a director of the Company, has provided interest free loan to mitigate the working capital requirement of the Company.

	Note	2015	2014
		(Rupees)	

24. CURRENT PORTION OF NON-CURRENT LIABILITIES

Long-term loan from a director and an associated company	16	-	2,994,912
Musharaka arrangement	17	15,532,952	7,766,476
Liabilities against asset subject to finance leases	18	43,761,500	10,873,195
		59,294,452	21,634,583

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

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

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

Although the Honorable Supreme Court of Pakistan has accepted the petition for leave to appeal and the Company's lawyers are very hopeful that the tax holiday will be restored. However, in case of an adverse decision by the Honorable Supreme Court of Pakistan, it is certain that the Deputy Commissioner of Income Tax shall disallow the tax holiday. While finalizing the orders the assessing officers have made various mistakes, for which rectification applications have been made. 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 by the Company in these financial statements. As at year end, these civil appeals were at the stage of final arguments and were still pending before the Supreme Court of Pakistan. As per the opinion of the legal advisor of the Company, the Company has a reasonable probability of success in these petitions.

25.1.2 An Income Tax Appeal is pending before the High Court of Sindh for the assessment of tax year 1996-1997 filed by the Commissioner of Income Tax Appeal on the question whether the sale of goods to the leasing company is not a supply and the provision of Section 80C of the Income Tax Ordinance, 1979 are not attracted in the case. The appeal is pending before the relevant court of law and based on the favourable outcome of the cases, no provision against the possible liability has been made in these financial statements.

25.1.3 An order has been passed by the taxation officer for the tax year 2013 with the demand of Rs. 14,028,361/-including WWF. The appeal is pending before the relevant court of law and based on the favourable outcome of the case, no provision against the possible liability has been made in these financial statements.

25.1.4 NIB Bank Limited, formally PICIC Commercial Bank Limited has claimed Rs. 1.3 million against termination of Lease Finance Facility on 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 in these financial statements.

25.1.5 In September 2014, the Federal Government promulgated Gas Infrastructure Development Cess (GIDC) Ordinance No. VI of 2014 to circumvent earlier decision of the Honorable Supreme Court of Pakistan on the subject, where it upheld that earlier introduction of GIDC Act of 2011 was constitutional and ultravires on the grounds that GIDC was a fee and not a tax

The company filed a suit against the above Ordinance in Sindh High Court on the plea that the Honorable Supreme Court of Pakistan has already given its judgment on the subject. Accordingly, the company has not accounted for GIDC amounting to Rs. 18.905 million in these financial statements as the company is confident that the decision of the case will be in its favor.

	2015	2014
	(Rupees)	
25.1.6 Outstanding bank guarantees	7,250,000	7,250,000
25.2 Commitments		
25.2.1 Outstanding letters of credit	52,649,701	45,989,279
26. TURNOVER - net		
Gross Sales -		
- Local	1,483,193,152	1,396,909,235
- Export	4,993,907	4,563,213
- Processing Income	109,606,210	30,085,268
	1,597,793,269	1,431,557,716
Less: Sales Tax	(232,490,358)	(207,963,200)
Less: Sales returns	(22,549,827)	(28,472,080)
	1,342,753,084	1,195,122,436

	Note	2015	2014
		(Rupees)	
27. COST OF SALES			
Opening stock of raw material		47,997,100	62,112,649
Purchases during the year		866,869,179	862,851,980
		914,866,279	924,964,629
Closing stock of raw material		(39,545,679)	(47,997,100)
Raw material consumed		875,320,600	876,967,529
Manufacturing expenses			
Salaries, wages and other benefits	27.1	44,632,330	36,096,408
Oil and lubricants / diesel		6,815,624	5,687,144
Packing material consumed		20,794,379	14,848,622
Consumable stores		9,113,471	4,866,679
Water charges		122,057	279,044
Repairs and maintenance		5,440,062	6,625,926
Vehicle running and maintenance		1,607,594	1,967,879
Utilities		77,716,300	66,331,443
Insurance		6,810,862	6,936,453
Telephone		771,320	496,740
Cartage and octroi		9,301,618	7,956,854
Consultancy charges		4,033,806	3,736,000
Staff welfare		2,052,534	1,538,821
Security charges		1,538,526	1,358,310
Depreciation	5.2	53,971,835	44,675,456
Transportation		5,414,393	4,659,031
Rent, rates and taxes		1,300,448	308,561
Others		2,078,215	2,156,760
		253,515,374	210,526,131
		1,128,835,974	1,087,493,660
Opening work in process		69,410,299	73,520,490
		1,198,246,273	1,161,014,150
Closing work in process		(88,457,808)	(69,410,299)
Cost of goods manufactured		1,109,788,465	1,091,603,851
Finished goods			
Opening stock		44,438,820	29,974,062
Closing stock		(58,276,639)	(44,438,820)
		(13,837,819)	(14,464,758)
		1,095,950,647	1,077,139,093

27.1 Salaries, wages and other benefits includes staff retirement benefits (gratuity) amounting to Rs.3.999 million (2014: Rs.2.326 million).

28. ADMINISTRATIVE EXPENSES

	Note	2015	2014
		(Rupees)	
Salaries, wages and other benefits	28.1	12,350,227	10,079,924
Directors' remuneration		15,026,679	15,960,082
Vehicle maintenance		1,501,202	1,692,746
Legal and professional charges		2,111,750	2,467,200
Traveling and accommodation		710,382	836,338
Insurance		940,401	213,792
Fees and subscription		1,268,353	1,067,815
Rent, rates and taxes		3,230,123	2,496,869
Advertisement		231,930	153,820
Postage and stationery		599,378	735,984
Donation		-	210,000
Consultancy charges		-	100,000
Telephone		500,248	579,985
News paper and periodicals		10,368	10,504
Provision for doubtful debts		3,536,963	-
Amortisation	6.3	31,332	34,164
Fuel and power		817,041	474,206
Auditors' remuneration	28.2	755,000	755,000
Depreciation	5.2	1,257,014	1,584,051
Repair and maintenance		943,296	671,142
Staff welfare		567,205	158,621
Security charges		713,183	640,474
Water charges		44,983	18,177
Penalty and fine		190,467	22,323
Others		1,517,610	485,923
		48,855,135	41,449,140

28.1 Salaries, wages and other benefits includes staff retirement benefits (gratuity) amounting to Rs. 0.877 million (2014: Rs. 0.952 million).

28.2 Auditors' remuneration

	Note	2015	2014
		(Rupees)	
Audit Fee		600,000	600,000
Fee for review of half yearly financial statements		70,000	70,000
Fee for review of Code of Corporate Governance		35,000	35,000
Out of pocket expenses		50,000	50,000
		755,000	755,000

	Note	2015	2014
		(Rupees)	

29. MARKETING AND SELLING EXPENSES

Salaries, wages and other benefits	29.1	4,716,115	3,105,574
Vehicle running and maintenance		672,703	569,911
Travelling and accommodation		253,121	253,723
Rent, rates and taxes		438,462	398,600
Postage and stationery		113,230	50,769
Consultancy charges		4,409,400	3,522,000
Telephone		146,893	118,949
Power / electricity		37,099	34,476
Staff welfare		39,029	11,120
Sales promotion		1,422,990	971,649
Depreciation	5.2	725,408	453,359
Insurance expenses		192,513	124,767
Others		110,840	54,112
		13,277,803	9,669,009

29.1 Salaries, wages and other benefits includes staff retirement benefits (gratuity) amounting to Rs. 0.603 million (2014: Rs. 0.247 million).

	Note	2015	2014
		(Rupees)	

30. FINANCE COSTS

Mark-up on:			
- Overdue letters of credit		13,127,266	9,327,525
- Term finance		2,887,836	2,540,112
Leasing		8,709,997	
Diminishing musharaka		4,175,004	463,416
		28,900,103	12,331,053
Interest on Workers' Profits Participation Fund	21.2	7,203,906	8,110,907
Bank guarantee commission		15,625	92,900
Bank charges		907,995	132,554
		8,127,526	8,336,361
		37,027,629	20,667,414

31. OTHER EXPENSES

Workers' Profit Participation Fund	21.2	7,306,950	2,122,234
Workers' Welfare Fund		2,922,780	848,894
Exchange loss - net		8,060,920	11,406,355
Surcharge on annual maintenance charges		2,359,873	2,230,178
		20,650,523	16,607,661

	Note	2015	2014
		(Rupees)	

32. OTHER INCOME

Scrap Sales	1,090,815	128,785
Gain on disposal of operating fixed assets	274,592	800,344
Others	348,600	843,400
	1,714,007	1,772,529

33. TAXATION

Current	13,647,143	11,215,500
Deferred	53,234,870	44,498,720
	66,882,013	55,714,220

33.1 The income tax assessment of the Company has been finalised upto tax year 2014.

	2015 Rupees
33.2 Relationship between accounting profit and tax expense	
Profit before taxation	128,705,354
Applicable tax rate	33%
Tax at the above rate	42,472,767
Tax effect of income / expenses that are not allowable for tax purposes	40,187,282
Tax effect of rebates under section 65B	(11,962,371)
Tax effect of income subject to lower tax rate	(1,598,050)
Tax effect of change in tax rate	(2,217,615)
Tax expense for the year	66,882,013
Effective tax rate	51.97%

33.3 The Finance Act, 2015 has introduced certain amendments relating to taxation of companies. As per these amendments, one-time super tax at the rate of 3 percent of the taxable income (where such taxable income is equal to or more than Rs.500 million) has been levied and applies retrospectively for the tax year 2015. In addition, a tax on every public company at the rate of 10 percent of such undistributed reserves which exceed the amount of its paid up capital has also been levied. However, this tax shall not apply in case of a public company which distributes cash dividend equal to at least either 40 percent of its after tax profits or 50 percent of its paid up capital, within the prescribed time after the end of the relevant tax year.

The Company believes that it would not be liable to pay any tax in respect of aforesaid taxes, as the required criteria for taxability is not applicable, in case of the Company.

34. BASIC AND DILUTED (LOSS) / EARNING PER SHARE

There is no dilutive effect on the basic earnings / (loss) per share which is based on:

	2015	2014
	(Rupees)	
Profit / (loss) after taxation	61,823,341	(24,351,572)
Weighted average number of ordinary shares	38,886,000	38,886,000
Earnings / (loss) per share	1.59	(0.63)

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for the year in respect of remuneration and benefits to the chief executive, directors and executives of the Company are as follows:

	Chief Executive		Directors		Executives	
	2015	2014	2015	2014	2015	2014
Remuneration	6,000,000	4,500,000	8,691,560	10,714,998	9,198,795	7,006,267
Medical allowance	202,256	484,086	132,863	280,998	407,430	215,578
Other perquisites (Motor vehicle maintenance etc.)	190,900	902,925	305,159	797,353	1,247,327	1,438,023
	6,393,156	5,867,011	9,129,582	11,793,349	10,853,552	8,659,868
Number of person(s)	1	1	6	6	10	6

36. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associate companies, directors and key management personnel and companies in which directors of the Company hold directorship. Transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2015	2014
	(Rupees)	
Director (Key management personnel)		
Loan to the Company		
Loan acquired during the year	24,200,000	4,959,912
Loan repaid during the year	18,194,912	54,020,000
Balance as at 30 June	97,498,800	91,493,712
TOYO Packaging (Private) Limited		
Trade debt		
Sale of goods / processing charges	94,875,550	177,189,321
Purchase of polypropylene resin	-	31,832,932
Balance as at 30 June	30,427,741	12,868,130

	Note	2015	2014
		(Rupees)	
Hilal Confectionery (Private) Limited			
Trade debt			
Sale of goods / processing charges		3,748,777	4,775,805
Balance as at 30 June		(527,792)	331,656
Shalimar Food Products (Private) Limited			
Trade debt			
Sale of goods		17,099,023	7,734,821
Balance as at 30 June		6,037,799	1,895,802
Kings Food (Private) Limited			
Trade debt			
Balance as at 30 June		632,650	632,650

37. CASH FLOWS (USED IN) / FROM OPERATIONS

Profit before taxation		128,705,354	31,362,648
Adjustments for non-cash and other items:			
Depreciation	5.2	55,954,257	46,712,866
Amortisation of software	6.1	31,332	34,164
Provision for doubtful debts	38.1.1	3,536,963	-
Workers' Welfare Fund	32	2,922,780	848,894
Workers' Profit Participation Fund	32	7,306,950	2,122,234
Provision for gratuity	20.3	5,478,567	3,524,130
Finance costs	30	37,027,629	20,667,414
Exchange Loss - net	32	8,060,920	11,406,355
Gain on disposal of operating fixed assets	31	(274,592)	(800,344)
		120,044,806	84,515,713
		248,750,160	115,878,361
Working capital changes	37.1	(168,549,732)	(50,553,218)
		80,200,428	65,325,143

37.1 Working capital changes

(Decrease) / increase in current assets		
Stock-in-trade	4,623,063	(10,042,479)
Trade debts	(107,182,359)	18,760,053
Loans and advances	460,696	247,162
Trade deposits, short-term prepayments and other receivables	3,422,120	8,185,192
	(98,676,480)	17,149,928
Decrease in current liabilities		
Trade and other payables	(69,873,252)	(67,703,146)
	(168,549,732)	(50,553,218)

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are market risks, credit risk and liquidity risk. 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.

38.1 Credit risk

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 the total financial assets of Rs. 243.957 million (2013: Rs. 260.523 million), financial assets which are subject to credit risk are as follows:

	Note	2015	2014
		(Rupees)	
Long-term deposits	7	6,428,500	61,551,921
Trade debts	9	263,421,032	159,775,636
Loans and advances	10	2,714,493	3,175,189
Trade deposits and other receivables	11	4,771,493	7,913,863
Bank balances	13	14,561,402	11,260,736
		291,896,920	243,677,345

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.

38.1.1 Ageing of trade debts as at the balance sheet date is as under:

	Total	Neither past due nor impaired	Past due but not impaired			
			> 30 days upto 60 Days	> 60 days upto90 days	> 90 days upto180 Days	> 180 days
	(Rupees)					
Related parties	37,137,641	-	1,223,115	14,015,529	21,266,347	632,650
Other than related parties	229,320,354	-	15,836,883	141,793,260	63,830,246	7,859,965
2015	266,457,995	-	17,059,998	155,808,789	85,096,593	8,492,615
Related parties	15,728,238	4,682,171	10,088,656	88,545	-	868,866
Other than related parties	144,047,398	69,782,684	46,446,076	17,014,836	4,671,861	6,131,941
2014	159,775,636	74,464,855	56,534,732	17,103,381	4,671,861	7,000,807

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

	2015	2014
	(Rupees)	
Balance at the beginning of the year	19,371,987	19,371,987
Charge for the year	3,536,963	-
Balance at the end of the year	22,908,950	19,371,987

38.1.2 The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank Balances by short-term rating category	Rating agency	2015	2014
		(Rupees)	
A1+	PACRA	12,864,800	10,017,044
A-1+	JCR-VIS	1,660,989	1,208,580
A1	PACRA	35,613	35,112
		14,561,402	11,260,736

38.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate and foreign exchange rates. The objective of market risk management is to manage and control market risk exposures with an acceptable range.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk in respect of Company's long-term and short-term financing arrangements at floating interest rates to meet its business operations and working capital requirements.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Company's (loss) / profit before tax (through impact on floating rate borrowings).This analysis excludes the impact of movement in market variables on non-financial assets and liabilities of the Company. Further, interest rate sensitivity does not have an asymmetric impact on the Company's result.

	Increase / decrease in basis points	Effect on profit / (loss) before tax (Rupees)
2015	+100	1,484,071
	-100	(1,484,071)
2014	+100	1,291,192
	-100	(1,291,192)

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign currency exchange rates primarily relates to the Company's operating activities. The Company manages its currency risk by effective fund management and timely repayment of its current liabilities. The Company, however, has not hedged its foreign currency liabilities as the management has assessed that it will not be cost beneficial.

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

	2015 (US Dollars)	2014 (US Dollars)
Trade and other payables	1,978,065	3,279,115

	2015 (US Dollars)	2014 (US Dollars)
Trade and other payables	136,425	79,960

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, 2015 represented in foreign currencies, with all other variables held constant, of the Company's profit before tax.

		2015	2014
Change in exchange rate	±	5%	5%
Effect on profit / (loss) before tax (Rupees)	±	10,951,066	14,733,340

(iii) Other price risk

Other price risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market prices such as equity price risk. Equity price risk is the risk arising from uncertainties about future values of investment securities. As at the balance sheet date, the Company is not exposed to other price risk as the Company does not have any investment in equity shares.

38.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company applies prudent liquidity risk management by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

Table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments. Balances due within 12 months equals to their carrying balances as the impact of discounting is not significant.

June 30, 2015	On demand	Less than 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total
	Rupees					
Long term loan from a director and an associated company	-	-	-	-	148,260,457	148,260,457
Musharaka arrangement	-	7,766,476	7,766,476	15,532,952	-	31,065,904
Liabilities against assets subject to finance lease	-	21,880,750	21,880,750	69,426,170	-	113,187,670
Trade and other payables	-	415,832,768	280,460	-	-	416,113,228
Accrued mark-up	840,552	-	-	-	-	840,552
Short-term borrowings	9,000,000	-	-	-	-	9,000,000
	9,840,552	445,479,994	29,927,686	84,959,122	148,260,457	718,467,811
June 30, 2014						
Long term loan from a director and an associated company	2,994,912	-	-	-	148,260,457	151,255,369
Musharaka arrangement	-	-	7,766,476	31,065,903	-	38,832,379
Liabilities against assets subject to finance lease	-	5,259,173	5,614,022	29,413,590	-	40,286,785
Trade and other payables	-	375,961,420	280,460	-	-	376,241,880
Accrued mark-up	1,130,198	-	-	-	-	1,130,198
Short-term borrowings	-	50,000,000	-	-	-	50,000,000
	4,125,110	431,220,593	13,660,958	60,479,493	148,260,457	657,746,611

Effective interest / yield rates for the financial liabilities are mentioned in the respective notes to the financial statements.

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

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

40. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to remain as a going concern and continue 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 maintain an appropriate mix between various sources of finance to minimize risk.

The Company monitors capital using a debt equity ratio, which is net debt divided by total capital plus net debt. Equity comprises of share capital and reserves. The gearing ratio as at June 30, 2015 and 2014 are as follows:

	2015	2014
	(Rupees)	
Loan from a director and an associated company	148,260,457	151,255,369
Musharaka arrangement	31,065,903	38,832,379
Liabilities against assets subject to finance lease	117,341,169	40,286,785
Staff retirement benefits - gratuity	15,321,316	13,534,377
Trade and other payables	416,103,786	467,642,307
Accrued mark-up	840,552	1,130,198
Short-term borrowing	9,000,000	50,000,000
Total debts	737,933,183	762,681,415
Less: Cash and bank balances	(14,632,523)	(11,336,312)
Net debt	723,300,660	751,345,103
Share capital	388,860,000	388,860,000
Reserves	118,630,327	57,728,149
Total equity	507,490,327	446,588,149
Total Capital	1,230,790,987	1,197,933,252
Gearing ratio	58.77%	62.72%

41. CAPACITY AND PRODUCTION

Operational capacity	2015		2014	
	Rated Capacity	Actual production	Rated Capacity	Actual production
	Metric Tons			
BOPP – Port Qasim Authority	15,000	6,780	15,000	5,538

41.1 Plant capacity was utilised to the extent of orders received from customers.

42. SUBSEQUENT EVENTS

The Board of Directors of the Company in their meeting held on September 21, 2015 have recommended cash dividend @ 10% amounting to Rs.38,886,000 million (2014: Nil) for approval of the shareholders in the annual general meeting to be held on October 31, 2015.

43. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 21, 2015 by the Board of Directors of the Company.

44. GENERAL

44.1 The number of employees at the year-end was 87(2014: 79) and average number of employees during the year was 87 (2014: 77).

44.2 Figures have been rounded off to the nearest rupee, unless otherwise stated.

MAQBOOL ELAHI SHAIKH
CHIEF EXECUTIVE

MOHAMMAD SADIQ KHAN
DIRECTOR

Notes

Proxy Form

20th 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 20th Annual General Meeting of the company to be held at 4:30 PM on 31st October, 2015 at the registered office of the Company: F/2, A-F, S.I.T.E., Karachi, or at any adjournment thereof.

Witness my/our hand(s) this _____ day of _____, 2015

Signed by the said _____

Witnesses:

1. Signature _____

   Name _____

   Address _____

   CNIC or Passport No. _____

2. Signature _____

   Name _____

   Address _____

   CNIC or Passport No. _____

Signature on Rs 5 Revenue Stamp

Folio/CDC Account No. _____

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 the holding of the meeting. Failing to do so would render this Proxy Form invalid.
2. No person shall act as a proxy unless he/she is a member of the Company.

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Shares Registrar
Macpac Films Limited
Central Depository Company Pakistan Ltd
CDC House, 99-B, Block B, S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi-74400

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Manufacturers of Multilayer Co-Extruded BOPP Films

MACPAC FILMS LTD.

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City Office: Plot No. 21, Maqboolabad,
Jinnah Cooperative Housing Society (J.C.H.S.), Karachi
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