Tri-Pack Films Limited

Enhancing
Technological
Competence

Annual Report 2009

Net Profit

(Rupees in thousand)

464,075

Gross Profit/Sales

17.42%

Our new metallizer and CPP plant are now in full swing and will contribute to improve our margins during the coming years. We will strive to further improve operational efficiencies, attain economically efficient resources, increase in value-added products and further enhance quality of our products and services to our customers.

All the three BOPP film manufacturing lines operated to their full production capacity level. From December 2009 the CPP film manufacturing line started full production capacity level.

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Company Profile

Company Profile

Tri-Pack Films Limited (Tri-Pack), a public limited company, is a joint venture between Mitsubishi Corporation of Japan and Packages Limited of Pakistan. Tri-Pack was incorporated in Pakistan in 1993 and it commenced commercial production in 1995. The Company is listed on the Karachi, Lahore and Islamabad Stock Exchanges. It has a paid-up capital of Rs 300 million and its gross sales has exceeded to Rs. 6.8 billion this year.

Our principal area of business involves the manufacturing and selling of Biaxially Oriented Polypropylene (BOPP) films and Cast Polypropylene (CPP) films, packaging material widely used in the consumer goods industry. BOPP is used extensively for biscuits and cigarette packaging overwrap, food products, medicines, confectionery, tea, adhesive tape and lamination. We are the largest BOPP film producers in Pakistan. The production facilities are located in Hattar Industrial Estate in the N.W.F.P. and North Western Industrial Zone Port Qasim, Karachi. Our Head Office and Registerd Office are located in Karachi. Our Regional Sales Offices are in Karachi, Hattar and Lahore. We maintain high quality standards and are ISO 9001: 2000, ISO 14001 and ISO 18001 certified.

Credit Rating

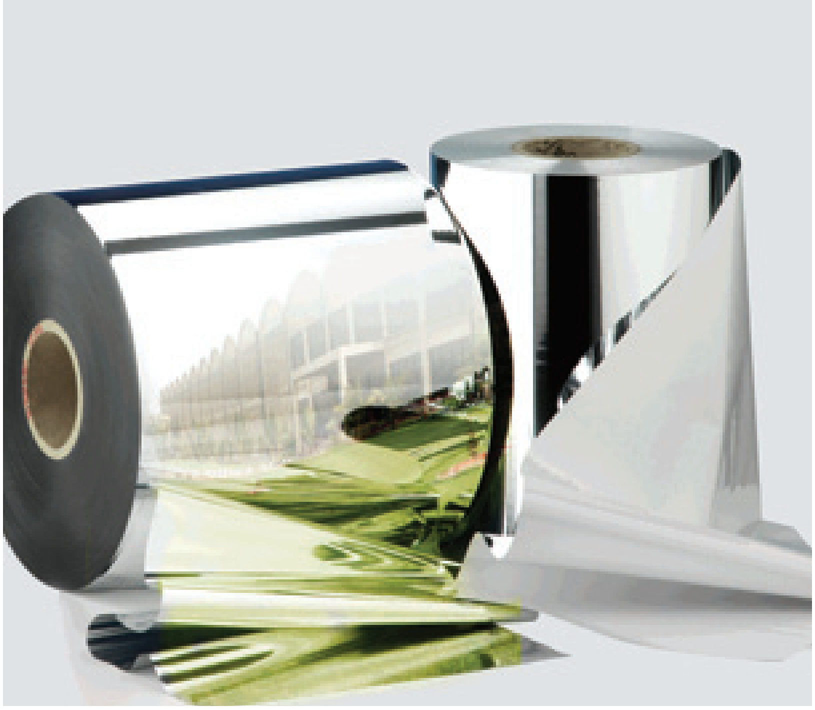
The Pakistan Credit Rating Agency (Pvt) Ltd. (PACRA), an affiliate of IBCA Limited, UK has assigned our Company a long-term rating of "A+" (single A plus) and a short -term rating of "A1" (single A one). This confirms a strong capacity of the Company for timely payment of its financial commitments.

Production Facilities

In 1993, Tri-Pack started its operations with one plant having a capacity to produce 5,400 tonnes finished BOPP film per annum. To meet the rising demand of the country and to cater customer needs efficiently in time, the

Company decided to go into expansion and added another line of BOPP film in 2001, thus increasing the installed capacity to manufacture BOPP film from 5,400 tonnes to 10,800 tonnes annually. In 2004 the Company installed its third manufacturing line of 16,000 tonnes per annum at Port Qasim Industrial Zone, Karachi. In 2007, the de-bottlenecking of line 3 increased the production facility by 1,000 tonnes per annum at Port Qasim, Karachi. Thus increasing total installed capacity to 27,800 tonnes per annum. In 2008 the Company installed it's Cast Polypropylene Film (CPP) manufacturing line of 7,000 tonnes per annum. While selecting plant and equipment, due care was taken to ensure that the new production line would be based on the latest technology available.

The enhanced features in our new line BOPP & CPP have further improved our operational efficiency and provided us with the technical capabilities to fully respond to the expectations of our customers.



Biaxially Oriented Polypropylene (BOPP) Film

Tri-Pack's BOPP films are the products of state-of-the art technology. This packaging film is available in four different grades i.e. Plain, Composite, Pearlized and Metallized, and its thickness ranges between 12 to 60 microns. The principal properties of our products are:

- Good barrier to moisture
- Excellent transparent gloss
- Good printability
- Good sealability

Grades of BOPP Film

Plain Film

Excellent clarity, high tensile strength, good dimensional stability and flatness, low electrostatic charge, corona treatment on one or both sides & waterproof. The Plain film is used for laminating cardboard, general packaging, wrap for fresh flowers and adhesive tape.

Composite

This grade has the property of heat sealability on both sides, dimensional stability and flatness, designed for high-speed workability, low-friction, high stiffness, elegant appearance, heat resistant and heat shrinking capabilities. The Composite film is used in packing of confectionery/biscuits, soap and processed food items.

Cigarette Grade

Cigarette grade both sides heat-sealable BOPP film is manufactured specially to suit high-speed cigarette wrapping machines having excellent antistatic and slip with high seal strength, clarity and moisture barrier properties. Tri-Pack has attained the competency to manufacture the said grade and currently it is being supplied to the tobacco industry of the country.

Company Profile

Pearlized
Pearlized BOPP film is a both sides heat-sealable one side corona treated film having uniform thickness, low transparency for minimum see through with good seal strength. It is suitable for high quality printing, over wrapping and flow pack machines for packaging. The Pearlized film is used as a packaging material for processed food, ice bars, candies, gift wrappers and tea.

Metallized
This film is used as an alternate to al-foil in packaging requirements. It offers excellent oxygen and moisture barriers and can be printed, laminated or used as a single film to provide barrier in the food products.

Cast Polypropylene (CPP) Film

CPP is an extrusion cast polypropylene film with treatment on one side. This film is available in different grades and its thickness ranges from 20-150 micron. This film is particularly well suited for coating, lamination, form fill seal and side weld bag manufacture. It offers improved seal strength and excellent sheet flatness for superior performance on high speed sealing equipment either by itself or in laminated form. CPP offers high gloss, low haze and good barrier properties.

Grades of CPP Film

Transparent Lamination Grade
Both side heat sealable, one side treated Cast Polypropylene (CPP) film for web lamination.

Metallizable Heat Sealable CPP Film
Both side heat sealable, one side treated Cast Polypropylene (CPP) film specially designed for vacuum metallizing purpose. When metallized, it retains excellent metal adhesion.

Metallized Heat Sealable CPP Film
It is co-extruded Cast Polypropylene (CPP) film. With one side heat sealable layer and one side metallized surface. For general packaging application, requiring barrier properties film (potato chips, cookies, snacks, coffee etc;)

White Opaque Heat Sealable CPP Film
Both sides heat sealable, one side treated white Cast Polypropylene (CPP) film for web Lamination.

Transparent Barrier Film
Transparent both sides heat sealable PA and EVOH based barrier film for packaging of products requiring high oxygen barrier such as fresh cheese and processed meat and poultry.

Metallized BOPP film is used as an alternate to al-foil in packaging requirements. It offers excellent oxygen and moisture barriers and can be printed, laminated or used as a single film to provide barrier in the food products.

Board of Directors
Syed Babar Ali (Chairman)
Shahid Hussain (Chief Executive)
Khalid Yacob
Masaharu Domichi
Faisal Farid
Syed Hyder Ali
Tetsuo Obana

Audit Committee
Khalid Yacob (Chairman)
Masaharu Domichi
Faisal Farid
Tetsuo Obana

Company Secretary
Adi J. Cawasji

Chief Financial Officer
Amjad Ali

Auditors and Tax Advisor
A. F. Ferguson & Co.
Chartered Accountants

Legal Advisor
Sattar & Sattar
Khan & Paracha

Website
www.tripack.com.pk

Registered Office
4th Floor, The Forum,
Suite No. 416-422,
G-20, Block No. 9, Clifton,
Khayaban-e-Jami,
Karachi- 75600, Pakistan
Tel: (021) 35874047-49,
(021) 35831618
Fax: (021) 35860251

Company Information

Bankers
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Barclays Bank PLC, Pakistan
Deutsche Bank A.G.
Faysal Bank Limited
HSBC Bank Middle East Limited
MCB Bank Limited
Meezan Bank Limited
NIB Bank Limited
Standard Chartered Bank Limited
The Bank of Khyber
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

Head Office & Works
Plot No. G-1 - G-4,
North Western Industrial Zone,
Port Qasim, Karachi.
Tel : (021) 34720247-48
Fax : (021) 34720245

Works & Sales Office
Hattar
Plot No. 78/1, Phase IV,
Hattar Industrial Estate,
Hattar, N.W.F.P.
Tel: (0995) 617406-7
Fax: (0995) 617054

Regional Sales Offices
Karachi
101-106, Marine Pride, Block 7,
Clifton, Karachi- 75600.
Tel: (021) 35871801-2
Fax: (021) 35871803

Lahore
305, Siddique Trade Centre,
Main Boulevard, Gulberg II, Lahore.
Tel: (042) 35781982-3
Fax: (042) 35781985

Vision

To become most successful packaging films manufacturing Company in the region.

Mission Statement & Corporate Strategy

We will:

- Satisfy our customers with timely supplies of products conforming to quality standards at competitive prices and follow-up services.
- Achieve sustained growth to meet the growing demand of our customers and also for the benefits of economies of scale to optimize return on investments.
- Continue developing new markets, products, applications and replacement of other structures in close collaboration with our customers and suppliers.
- Keep on enhancing cost-effective technological competence to retain our competitive edge.
- Nurture and inculcate an ethical corporate culture to fulfill our obligations towards society and the state.
- Attract competent staff, develop their professional skills and retain them through motivation, performance reward and growth opportunities.
- Care for health and safety of our employees and play our due role for a cleaner environment.

Health, Safety, Environment & Quality Policy

The Health, Safety, Environment & Quality Policy of Tri-Pack Films Limited is based on:

- Ensure customer satisfaction through product of best quality, developments, modern technologies & by acquiring knowledge and skills.
- Establish, implement and review objectives & targets to ensure continual improvement in our HSEQ System.
- Comply with all legal and statutory requirements related to Environment, Health & Safety.
- Protect employees and community from health & safety hazards and to prevent environmental pollution.
- Use raw materials efficiently, manage waste effectively and economically and to conserve resources.
- Communicate to all stakeholders about our occupational health and safety, environment and quality policy & performance.
- Ensure that any new plant, equipment and processes installed will minimize hazards and impact to the environment.

Statement of Ethics & Business Practices

A. Tri-Pack Films Limited shall endeavor to promote fair business practices and conduct the business with the principles of integrity, objectivity and financial prudence.

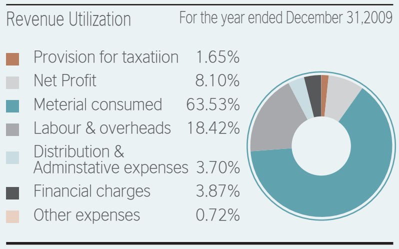
B. It is the policy of Tri-Pack Films Limited to observe all applicable laws, rules and regulations of the Government. Accordingly every director and employee will obey the law of the land. Any director and employee guilty of violation will be liable to disciplinary consequences.

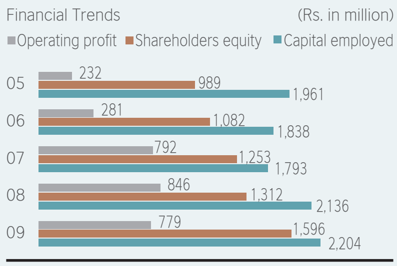
C. All employees are expected to adhere to all internal corporate rules and policies in the performance of their jobs.

D. Employees must avoid conflicts of interest between their private financial activities and conduct of Company business.

E. All managers and supervisors shall be responsible to see that there is no violation of laws within their area of responsibility which proper supervision could have prevented. The manager and supervisor shall still be responsible if he/she delegates particular tasks.

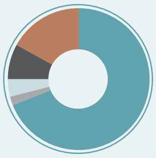
Highlights



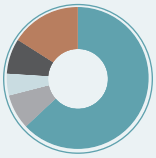


	2009	2008
Gross sales - Rupees in million	6,879.63	7,100.21
Net profit - Rupees in million	464.07	479.99
Cash dividend percentage of paid-up capital	100.00	140.00
Earnings per share - Rupees	15.47	16.00
Total assets - Rupees in million	4,516.82	4,313.19
Finished BOPP & CPP film production - Tonnes	31,550	27,598
Number of employees	351	333

Distribution of Value Added 2008



Distribution of Value Added 2009



Sales (Net)

(Rupees in million)

5,685.687

Value Added and its Distribution

The statement below shows value added by the operations of the Company and its distribution to the stakeholders.

Wealth Generated

	2009 (Rs '000)		2008 (Rs '000)	
Sales	6,879,633		7,100,211	
Other Income	43,046		29,570	
Bought-in-material & services	(4,264,902)		(4,621,956)	
	2,657,777	100%	2,507,825	100%
Wealth Distributed				
To Employees				
Remuneration, benefits and facilities	256,702	10%	191,640	8%
To Government				
Income Tax, Sales Tax, Custom & Excise Duties, WPPF, WWF, EOBI, Social Security, Professional & Local Taxes	1,715,277	65%	1,727,355	69%
To Shareholder				
Cash dividend	300,000	11%	420,000	17%
To Lenders				
Mark-up & finance cost	221,723	8%	108,844	4%
Retained for Reinvestment & Future Growth				
For expansion program & operations	164,075	6%	59,986	2%
	2,657,777	100%	2,507,825	100%

Financial Statistical Summary

	Year to December 31, 2009	Year to December 31, 2008	Year to December 31, 2007	Year to December 31, 2006
Balance Sheet Summary				
Paid-up-capital	300,000	300,000	300,000	300,000
General reserve	831,000	772,000	632,000	614,000
Unappropriated profit/(loss)	465,280	240,205	320,219	168,064
Share holders' funds	1,596,280	1,312,205	1,252,608	1,082,064
Long-term financing facilities	608,000	824,000	540,000	756,000
Fixed capital expenditure	2,095,567	2,111,285	1,608,744	1,703,966
Long-term deposits	1,178	1,218	1,104	858
Deferred asset / (liability) - net	(277,352)	(304,735)	(192,731)	(104,426)
Net current assets/(liabilities)	384,887	328,437	375,491	237,666
Profit & Loss Summary				
Sales (net of sales tax)	5,685,687	5,865,487	4,555,172	3,825,643
Cost of sales	4,695,035	4,855,356	3,627,470	3,316,875
Gross profit	990,652	1,010,131	927,702	508,768
Distribution & administrative expenses	211,723	163,890	135,913	127,804
Operating profit	778,929	846,241	791,789	380,964
Other income	43,046	29,570	25,729	11,989
Financial cost	221,723	108,844	93,167	130,595
Other charges	41,418	43,310	49,981	18,103
Profit/(loss) before taxation	558,834	723,657	674,370	244,255
Provision for taxation	94,759	243,671	234,215	76,373
Profit/(loss) after taxation	464,075	479,986	440,155	167,882
Dividend	300,000	420,000	300,000	150,000
Transfer to reserve	59,000	140,000	18,000	9,500
Key Financial Ratios				
Gross profit / sales	17.42%	17.22%	20.37%	13.30%
Profit before tax / sales	9.83%	12.34%	14.80%	6.38%
Return on capital employed	35.34%	39.61%	44.18%	20.73%
Interest coverage (times)	3.7	8.0	8.8	3.0
Inventory turnover (times)	3.91	4.30	4.63	8.18
Fixed assets turnover (times)	2.71	2.78	2.7	2.2
Debt : equity ratio	28:72	39:61	30:70	41:59
Current ratio	1.2	1.2	1.3	1.3
Shares & Earning				
Break-up value (Rs per share)	53.2	43.7	41.7	36.1
Price earning ratio (times)	6.6	7.8	14.7	9.7
Earnings per share Rs	15.47	16.00	14.67	5.60
Dividend	100%	140%	100%	50%
Market value per share	102	125	215	54
Taxes, duties and levies	1,715,277	1,727,355	1,161,337	713,209

(Rupees in thousand)

Year to December 31, 2005	Year to December 31, 2004	Year to December 31, 2003	Year to December 31, 2002	Year to December 31, 2001	Six months to December 31, 2000
300,000	300,000	300,000	300,000	300,000	300,000
604,500	534,500	424,500	266,500	164,000	119,000
84,682	115,736	200,298	248,193	192,670	75,297
989,182	950,236	924,798	814,693	656,670	494,297
972,000	1,000,000	137,500	275,000	517,250	-
1,879,300	1,890,571	820,232	854,419	896,358	352,713
1,048	1,183	793	896	759	890
(43,895)	(24,865)	22,648	20,837	-	-
124,729	83,347	218,625	213,541	276,803	140,694
2,998,386	1,754,302	1,485,811	1,278,853	1,018,693	363,474
2,648,729	1,472,810	1,088,927	892,944	704,577	261,585
349,657	281,492	396,884	385,909	314,116	101,889
117,910	94,618	96,658	83,865	61,724	24,715
231,747	186,874	300,226	302,044	252,392	77,174
12,114	7,611	6,460	4,894	3,646	1,404
117,064	20,349	24,573	61,701	51,019	337
6,340	8,405	18,402	14,933	10,251	3,912
120,457	165,731	263,711	230,304	194,768	74,329
36,511	50,293	63,606	(17,719)	2,395	-
83,946	115,438	200,105	248,023	192,373	74,329
75,000	45,000	90,000	90,000	90,000	30,000
70,000	110,000	158,000	102,000	45,000	89,000
11.66%	16.05%	26.71%	30.18%	30.84%	28.03%
4.02%	9.45%	17.75%	18.01%	19.12%	20.45%
11.82%	9.58%	28.26%	27.72%	21.50%	15.61%
2.1	9.6	12.5	5.0	5.0	233.2
6.46	2.81	4.36	5.13	4.69	3.09
1.6	0.9	1.8	1.5	1.1	1.0
50:50	51:49	13:87	25:75	44:56	0:100
1.2	1.1	2.0	2.1	3.2	3.8
33.0	31.7	30.8	27.2	21.9	16.5
16.1	20.3	12.0	6.4	5.0	14.1
2.80	3.85	6.67	8.27	6.41	2.48
25%	15%	30%	30%	30%	10%
52	78	80	53	32	35
523,813	572,110	511,711	264,843	197,912	69,955

Notice of Annual General Meeting

Notice is hereby given that the 18th Annual General Meeting of Tri-Pack Films Limited will be held at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi on Wednesday, March 24, 2010 at 10:30 a.m. to transact the following ordinary business :-

1. To confirm the minutes of the Extraordinary General Meeting held on September 30, 2009.

2. To receive, consider and adopt the audited financial statements of the Company together with the Directors' and Auditors' Reports thereon for the year ended December 31, 2009.

3. To declare a final dividend of Rs.10 per ordinary share of Rs. 10/- each for the year ended December 31, 2009 as recommended by the Board of Directors.

4. To appoint Auditors for the year 2010 and to fix their remuneration. (Messrs A. F. Ferguson & Co., Chartered Accountants, retire and have offered themselves for re-appointment)

By Order of the Board

Karachi
February 11, 2010

Adi J. Cawasji
Company Secretary

Notes :

1. The Share Transfer Books of the Company will remain closed from March 16, 2010 to March 24, 2010 (both days inclusive). Transfers received in order by our Shares Registrar, FAMCO Associates (Pvt.) Limited, 1st Floor, State Life Building No. 1-A, I. I. Chundrigar Road, Karachi-74000 by the close of business on March 15, 2010 will be considered in time for entitlement of dividend.

The Company is immensely proud of its human resources and thankful to all executives, officers and workers for consistently delivering outstanding performance resulting in a higher level of success and profitability for the Company.

2. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf.

3. Duly completed forms of proxy must be deposited with the Company Secretary at the Registered Office of the Company at 4th Floor, The Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi-75600 not later than 48 hours before the time appointed for the meeting.

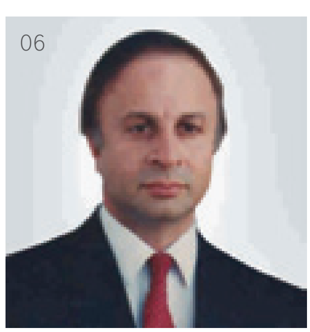
4. Shareholders are requested to notify any change in their addresses immediately.

5. Members who have not yet submitted photocopy of their valid computerized national identity cards to the Company are requested to send the same at the earliest.

6. CDC account holders will further have to follow the guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

7. Form of proxy is attached in the Annual Report.

Board of Directors



01 Syed Babar Ali
Chairman

02 Masaharu Domichi
Director

03 Shahid Hussain
C.E.O. & Director

04 Syed Hyder Ali
Director

05 Tetsuo Obana
Director

06 Khalid Yacob
Director

07 Faisal Farid
Director

Despite all these challenges, your Company was able to achieve satisfactory results by improving productivity, curtailing wastage, focusing value-added products and controlling costs.

Directors' Report to the Shareholders

The directors are pleased to present Annual Report and Audited Financial Statements of the Company for year ended December 31, 2009 together with the Auditor's Report thereon.

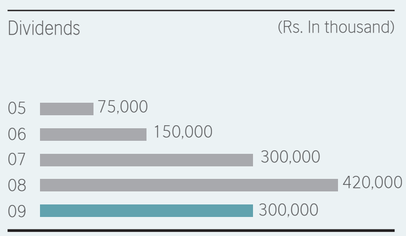
Operating and Financial Results

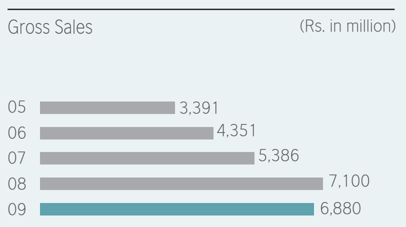
The year 2009 started with challenging business conditions. We faced deteriorating economy, electricity crisis, rupee devaluation, uncertain political situation and security conditions. While we struggled to survive in such difficult business environment, cheap availability of smuggled BOPP film created an unfair competition directly hitting our domestic sales and margins.

Despite all these challenges, your Company was able to achieve satisfactory results by improving productivity, curtailing wastage, focusing value-added products and controlling costs.

Comparisons of the financial result with the corresponding period last year are as under:

Directors' Report to the Shareholders





	2009	2008
Sales Volume - (M. Tonnes)	31,497	27,752
Sales Value - (Million Rs)	5,686	5,865
Gross Profit - (Million Rs)	991	1,010
Net Profit - (Million Rs)	464	480
Earnings Per Share EPS - (Rs.)	15.47	16.00

Decline in net profit is mainly on account of increase in raw material cost which could not be fully passed on to our customers due to availability of smuggled film at cheaper rates. Our financial cost also increased as a result of higher mark-up rates and financing requirements during the current period.

Production Facilities

All the three BOPP film manufacturing lines operated to their full production capacity level.

From December 2009 the CPP film manufacturing line started full production capacity level.

Future Outlook

Our new metallizer and CPP plant are now in full swing and will contribute to improve our margins during the coming years.

We will strive to further improve operational efficiencies, attain

The enhanced features in our new line BOPP & CPP have further improved our operational efficiency and provided us with the technical capabilities to fully respond to the expectations of our customers.

The Company's commitment to ensure a safe work environment for all its employees and stakeholders was clearly manifested in various programmes carried out during the year. The Company pro-actively assessed and improved its processes and practices, identifying areas of reduction in energy consumption, waste and emissions.

economically efficient resources, increase in value-added products and further enhance quality of our products and services to our customers.

We have taken up the issue of smuggling of BOPP film at all appropriate forums. We are confident that relevant government departments shall take necessary action to curb this mal-practice. Meanwhile, we shall continue pursuing at all levels.

Amendments in the Articles of Association

To comply with the latest changes in corporate laws including Stock Exchanges and CDC regulations, the Directors have decided to amend the Articles of Association of the Company. The amendments were approved by the shareholders in their extra ordinary general meeting held on September 30, 2009.

Environment, Health and Safety

Your Company takes highest priority to ensure a safe and healthy work environment for all its staff and stakeholders. The Company pro-actively assessed and improved its processes and practices, identifying areas of reduction in energy consumption, waste and emissions.

Your Company is ISO 14001, ISO 9001 and OHSAS 18001 certified. Your Company is also holder of the B.E.S.T. certification from British American Tobacco Company (BAT). The Company provides extensive fire fighting, health and safety trainings to all the relevant employees, conducts safety audits, investigates incidents and communicates safety related matters regularly.

Changes in Directors

Since the holding of the meeting for the quarter ended June 30, 2009, Mr. Mujeeb Rashid, Director of the Company resigned and Mr. Faisal Farid was appointed in his place. The Board of Directors wish to record its appreciation for the valuable services rendered by Mr. Mujeeb Rashid and extends its warm welcome to Mr. Faisal Farid.

Election of Directors

The election of directors was held on September 30, 2009 and all the existing directors were reappointed by the shareholders in an extraordinary general meeting of the Company for a term of three years commencing October 3, 2009.

Human Resources

Your Company fully recognizes the importance of maintaining focus on diversity of workforce and providing everyone the opportunity to develop and grow. To equip the employees with required skills both in-house and outsourced resources were utilized.

Dividend

The directors have recommended a cash dividend of 100% i.e.
Rs 10.00 per share (2008: 140%).

Code of Corporate Governance

The Board of Directors have taken all the necessary steps to comply with the requirements of the Code of Corporate Governance included in the listing regulations of Stock Exchanges in Pakistan and are pleased to declare the following as required by the Code:

Directors' Report to the Shareholders

i) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

ii) Proper books of account of the Company have been maintained.

iii) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates except for the changes in accounting policies as stated in note 2.3 to the annexed financial statements. The accounting polices are based on reasonable and prudent judgment.

iv) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

v) The system of internal control is sound in design and has been effectively implemented and monitored.

vi) There are no doubts upon the Company's ability to continue as a going concern.

vii) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

viii) Key operating and financial data of last ten years is annexed.

ix) The value of investments of provident and gratuity funds, as at June 30, 2009 based on their audited accounts is as follows:

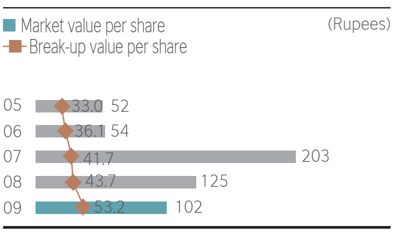
	(Rs '000)
Provident	39,440
Gratuity	17,602

The value of investment includes accrued interest.

x) Board Meetings

In the year 2009, four meetings of the Board of Directors were held. The attendance of each director for these meetings is as follows:

Name of Director	Meetings attended
Syed Babar Ali – Chairman	4
Mr. Shahid Hussain- MD	4
Mr. Faisal Farid (Appointed on August 28, 2009)	0
Syed Hyder Ali	2
Mr. Khalid Yacob	3
Mr. Masaharu Domichi	4
Mr. Mujeeb Rashid (Resigned on August 28, 2009)	1
Mr. Tetsuo Obana	4



Leave of absence was granted to Directors who could not attend the Board Meetings.

xi) Purchase and sale of shares

Purchase of shares:	No. of shares
Chief Executive Officer	Nil
Directors – Mr. Mujeeb Rashid	5,000
Chief Financial Officer	Nil
Company Secretary	Nil
Spouses	Nil
Sales of shares:	Nil

The directors, CEO, CFO, Company Secretary and their spouses or minor children did not carry out any trade in the shares of the Company during the year except as noted above.

Auditors

The present auditors M/s A. F. Ferguson & Co., Chartered Accountants retire and offer themselves for reappointment. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as auditors of the Company for the year ending December 31, 2010, at a fee to be mutually agreed.

Audit Committee

An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance, which comprises of four non-executive directors (including its Chairman). During the year Mr. Mujeeb Rashid member of the Committee resigned and Mr. Faisal Farid was appointed in his place.

During the year, four meetings of the Audit Committee were held. The Audit Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

Chief Executive officer, Chief Financial Officer, Head of Internal Audit and external auditors attend Audit Committee meeting by way of invitation. However, they are not the formal members of the Audit Committee. The Company Secretary is the Secretary of the Audit Committee.

Material Changes

There have been no material changes since December 31, 2009 and the Company has not entered into any commitment, which would affect its position at that date.

Pattern of Shareholding

A statement of the pattern of shareholding of certain class of shareholders as at December 31, 2009, whose disclosure is required under the reporting framework, is included in the shareholders' information.

Acknowledgements

We wish to place on record our sincere appreciation for the valuable services of our employees whose continued unending efforts has made possible achievement of these results.

We also appreciate to the Company's stakeholders for their cooperation and support which intensified the Company's success, and looks forward for their continued supports in the future as well.

For and on behalf of the Board.

Shahid Hussain
Chief Executive

Karachi, February11, 2010

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi, Lahore and Islamabad stock exchanges 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 six independent non-executive directors. However, no minority shareholder offered himself for election.

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

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institute (DFI) or a Non- Banking Financial Institute (NBFI) or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Syed Babar Ali and Mr. Khalid Yacob are Directors of Tri-Pack Films Limited, and they also hold similar positions in IGI Investment Bank Limited (formerly First International Investment Bank Limited) which is the holding company of IGI Finex Securities Limited, a company engaged in the business of stock brokerage. However, both Syed Babar Ali and Mr. Khalid Yacob undertake that neither they nor their spouses are personally engaged in the business of stock brokerage.

5. A casual vacancy occurred in the board on August 28, 2009 which was filled up by the directors on the day.

6. The Company has prepared a ‘Statement of Ethics and Business Practices’, which has been signed by all the directors and employees of the Company.

7. 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.

8. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment, determination of remuneration and terms and conditions of employment of CEO have been taken by the Board.

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

10. The Board ensures arrangement of orientation courses for its directors to apprise them of their duties and responsibilities.

11. The Board approves the appointment, remuneration and terms and conditions of employment of Chief Financial Officer, Head of Internal Audit and the Company Secretary. During the year previous Chief Financial Officer retired from the Company and another employee was promoted as Chief Financial Officer of the Company.

12. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

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

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

15. The Company has complied with all the corporate and financial reporting requirements of the Code.

16. The Board has formed an Audit Committee. It comprises of four members, all of whom are non-executive directors including the chairman of the committee.

17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

18. The Board has set-up an effective internal audit function.

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

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

21. The related party transactions were placed before the Audit Committee and approved by the Board of Directors.

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

Shahid Hussain
Chief Executive

Karachi, February 11, 2010

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended December 31, 2009 prepared by the Board of Directors of Tri-pack films Limited to comply with the Listing Regulation No. 35 of Karachi, Lahore and Islamabad Stock Exchanges.

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

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

Further, Sub-Regulation (xiiia) of Listing Regulation 35 of Karachi, Lahore and Islamabad Stock Exchanges requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required to check the approval of the related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended December 31, 2009.

A.F. Ferguson & Co.
Chartered Accountants

Karachi, February 18, 2010

Shareholders' Information

Registered Office
4th Floor, The Forum
Suite # 416-422, G-20, Block 9
Khayaban-e-Jami, Clifton
Karachi-75600
Tel # 92 21 35831618 / 35831664 / 35833011 35874047 - 49
Fax # 92 21 35860251

Shares Registrar
FAMCO Associates (Pvt.) Ltd
1st Floor, State Life Building No.1-A
Off: I. I. Chundrigar Road
Karachi-74000
Tel. # 92 21 32425467 / 32427012 / 32426597 / 32475606 / 32420755
Fax # 92 21 32426752

Listing on Stock Exchanges
Tri-Pack's equity shares are listed on Karachi, Lahore and Islamabad Stock Exchanges.

Listing Fees
The annual listing fee for the financial year 2009-10 has been paid to all the three stock exchanges within the prescribed time limit.

Stock Code
The stock code for dealing in equity shares of Tri-Pack Films at KSE, LSE and ISE is TRIPF.

Shares Registrar
Tri-Pack's shares department is operated by FAMCO Associates (Pvt.) Ltd and services about 1,754 shareholders. It is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function.

The Shares Registrar has online connectivity with Central Depository Company of Pakistan Limited. It undertakes activities pertaining to dematerialization of shares, share transfers, transmissions, issue of duplicate/re-validated dividend warrants, issue of duplicate/ replaced share certificates, change of address and other related matters.

For assistance, shareholders may contact either the Registered Office or the Shares Registrar.

Contact persons:
Mr. Rafique Khatri
Tel # 92 21 35831618 / 35831664 / 35833011
Fax # 92 21 35860251
Mr. Ovais Khan
Tel. # 92 21 32425467 / 32427012 / 32426597 / 32475606 /32420755
Fax # 92 21 32426752

Service Standards
Tri-Pack has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution:

Shareholders' Information

	For requests received through post	Over the counter
Transfer of shares	30 days after receipt	30 days after receipt
Transmission of shares	30 days after receipt	30 days after receipt
Issue of duplicate share certificates	30 days after receipt	30 days after receipt
Issue of duplicate dividend warrants	5 days after receipt	5 days after receipt
Issue of revalidated dividend warrants	5 days after receipt	5 days after receipt
Change of address	2 days after receipt	15 minutes

Well qualified personnel of the Shares Registrar have been entrusted with the responsibility of ensuring that services are rendered within the set time limits.

Statutory Compliance
During the year the Company has complied with all applicable provisions, filed all returns/ forms and furnished all the relevant particulars as required under the Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

Dematerialization of Shares
The equity shares of the Company are under the compulsory dematerialization category. As of date 38.26% of the equity shares of the Company have been dematerialized by the shareholders.

Dividend Announcement
The board of directors of the Company has proposed a final dividend of 100% (Rs 10.00 per share of Rs.10) for the financial year ended December 31, 2009. The aforesaid final cash dividend is subject to approval by the shareholders of the Company at the Annual General Meeting (2008: 140% cash dividend (Rs.14.00 per share of Rs.10).

Book Closure Dates
The Register of Members and Share Transfer Books of the Company will remain closed from March 16, 2010 to March 24, 2010 both days inclusive.

Dividend Remittance
Dividend declared and approved at the Annual General Meeting will be paid well before the statutory time limit of 30 days:

(i) **For shares held in physical form:**
to shareholders whose names appear in the Register of Members of the Company after entertaining all requests for transfer of shares lodged with the Company on or before the book closure date.

(ii) **For shares held in electronic form:**
to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on book closure date.

Withholding of Tax & Zakat on Dividend
As per the provisions of the Income Tax Ordinance, 2001, Income Tax is deductible at source by the Company at the rate of 10% wherever applicable.

Zakat is also deductible at source from the dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for non-deduction.

Dividend Warrants
Cash Dividends are paid through dividend warrants addressed to the shareholders whose names appear in the Register of Shareholders at the date of book closure. Shareholders are requested to deposit those warrants into their bank accounts, at their earliest, thus helping the Company to clear the unclaimed dividend account.

Investors' Grievances
To date none of the investors or shareholders have filed any letter of complaints against any service provided by the Company to its shareholders.

Legal Proceedings
No case has ever been filed by shareholders against the Company for non-receipt of shares/refund.

General Meetings & Voting Rights
Pursuant to section 158 of the Companies Ordinance, 1984, Tri-Pack Films holds a General Meeting of shareholders at least once a year. Every shareholder has a right to

Shareholders having holding of at least 10% of voting rights may also apply to the board of directors to call for meeting of shareholders, and if board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore and Islamabad.

Shareholders having holding of at least 10% of voting rights may also apply to the board of directors to call for meeting of shareholders, and if board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

All shares issued by the Company carry equal voting rights. Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member-One Vote". If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded.

Since the fundamental voting principle in a company is "One Share-One Vote", voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

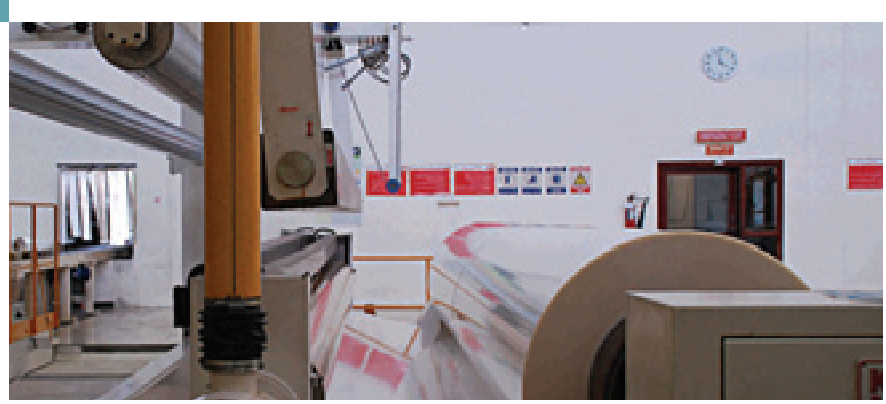
Proxies

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another person as his/her proxy to attend and vote instead of him/her. Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy, who may not be a member of the Company.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the office of the Company not less then forty-eight hours before the meeting.

Web Presence

Updated information regarding the Company can be accessed at Tri-Pack's website, www.tripack.com.pk. The website contains the Company's profile, the corporate philosophy and major products.

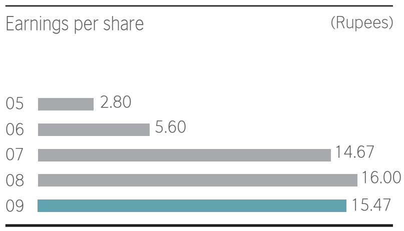


Shareholders' Information

Shareholding Pattern

The shareholding pattern of the equity share capital of the Company as at December 31, 2009 is as follows:

Shareholding From		To	Number of shareholders	Total shares held
1	-	100	329	14,999
101	-	500	686	299,416
501	-	1,000	195	186,308
1,001	-	5,000	313	892,595
5,001	-	10,000	78	625,904
10,001	-	15,000	32	402,767
15,001	-	20,000	23	416,247
20,001	-	25,000	17	402,200
25,001	-	30,000	15	419,841
30,001	-	35,000	7	232,400
35,001	-	40,000	7	264,901
40,001	-	45,000	4	170,622
45,001	-	50,000	4	200,000
50,001	-	55,000	2	105,500
55,001	-	60,000	6	350,576
60,001	-	65,000	3	185,815
65,001	-	70,000	1	68,300
70,001	-	75,000	1	70,800
75,001	-	80,000	2	156,200
80,001	-	85,000	1	83,400
90,001	-	95,000	3	278,283
95,001	-	100,000	3	300,000
100,001	-	105,000	1	102,300
110,001	-	115,000	1	113,117
115,001	-	120,000	2	235,200
125,001	-	130,000	3	386,400
170,001	-	175,000	1	174,416
180,001	-	185,000	2	363,163
190,001	-	195,000	1	193,611
195,001	-	200,000	2	400,000
240,001	-	245,000	1	241,700
405,001	-	410,000	1	409,310
470,001	-	475,000	1	474,500
680,001	-	685,000	1	682,260
785,001	-	790,000	1	788,000
860,001	-	865,000	1	862,449
945,001	-	950,000	1	947,500
7,495,001	-	7,500,000	1	7,499,000
9,995,001	-	10,000,000	1	10,000,000
		TOTAL	1,754	30,000,000



The directors have recommended a cash dividend of 100% i.e. Rs 10.00 per share (2008: 140%).

Information as required under the Code of Corporate Governance

Shareholders' category	Number of Shareholders	Number of shares held
Associated Companies, Undertakings and Related Parties		
M/s. Mitsubishi Corp. - Japan	1	7,499,000
M/s. Packages Limited	1	10,000,000
IGI Insurance Limited	1	947,500
NIT and ICP		
National Bank of Pakistan,Trustee Deptt.	2	975,566
Directors		
Mr. Khalid Yacob	1	1,000
Syed Hyder Ali	1	93,500
Syed Babar Ali	1	474,500
Mr. Shahid Hussain	1	500
Mr. Masaharu Domichi	1	500
Mr.Tetsuo Obana	1	500
Directors spouses and minor children	NIL	NIL
CEO's spouse and minor children	NIL	NIL
Executives	NIL	NIL
Public Sector Companies and Corporations	1	682,260
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Funds	22	1,735,617
Shareholders holding 10% or more voting interest		
M/S. Mitsubishi Corp. - Japan	1	7,499,000
M/S. Packages Limited	1	10,000,000

Shareholders' Information

S.No.	Shareholders' Category	No. of Shareholders	No. of Shares	%
1	Associated Companies, Undertakings and Related Parties	3	18,446,500	61.49
2	NIT and ICP	2	975,566	3.25
3	Directors, CEO and their Spouses	6	570,500	1.90
4	Public Sector Companies and Corporations	1	682,260	2.27
5	Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Funds	22	1,735,617	5.79
6	Others	78	2,363,795	7.88
7	Individuals	1,642	5,225,762	17.42
		1,754	30,000,000	100.00

Share Price/Volume

The monthly high and low prices and the volume of shares traded on the Karachi Stock Exchange during the financial year 2009 are as under:

	Share Price on the KSE (Rs.)		Volume of
Month	Highest	Lowest	Shares Traded
January	133.91	110.01	320,300
February	129.00	93.91	485,100
March	106.69	92.72	572,700
April	126.73	92.20	1,879,600
May	106.75	91.68	260,600
June	100.27	95.13	283,800
July	113.97	99.75	690,190
August	124.97	107.17	862,637
September	125.93	116.00	808,269
October	140.78	110.51	2,706,883
November	112.05	103.00	779,618
December	108.76	102.11	289,246

Auditors' Report to The Members

We have audited the annexed balance sheet of Tri-Pack Films Limited as at December 31, 2009 and the related profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion-

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes in accounting policies as stated in note 2.3 to the annexed 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, statement of changes in equity and cash flow statement 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 December 31, 2009 and of the profit, its changes in equity and cash flows for the year then ended; and

(d) in our opinion zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980),

A. F. Ferguson & Co.
Chartered Accountants

Karachi, February 18, 2010

Audit Engagement Partner: Saad Kaliya

Balance Sheet

As at December 31, 2009

	Note	2009 Rs '000	2008 Rs '000
Share Capital and Reserves			
Authorised capital	4	1,000,000	1,000,000
Issued, subscribed and paid-up capital	4	300,000	300,000
Reserves	5	1,296,280	1,012,205
		1,596,280	1,312,205
Non-current Liabilities			
Long-term finances	6	608,000	824,000
Deferred Liabilities			
Deferred taxation	7	267,061	297,932
Accumulated compensated absences	8	10,291	6,803
Current Liabilities and Provisions			
Trade and other payables	9	1,163,309	931,137
Accrued mark-up	10	49,574	55,616
Short-term borrowings	11	606,312	649,878
Current portion of long-term finances	6	216,000	216,000
Taxation		-	19,625
		2,035,195	1,872,256
Contingencies and Commitments	12		
		4,516,827	4,313,196

Balance Sheet

As at December 31, 2009

	Note	2009 Rs '000	2008 Rs '000
Property, Plant and Equipment	13	2,075,859	2,098,020
Intangibles	14	19,708	13,265
Long-term Deposits	15	1,178	1,218
Current Assets			
Stores and spares	16	198,796	178,069
Stock-in-trade	17	1,002,595	950,426
Trade debts	18	887,659	681,822
Advances, prepayments and other receivables	19	37,393	93,259
Taxation		63,873	-
Cash and bank balances	20	229,766	297,117
		2,420,082	2,200,693
		4,516,827	4,313,196

The annexed notes 1 to 38 form an integral part of these financial statements.

Shahid Hussain
Chief Executive

Masaharu Domichi
Director

Profit and Loss Account

For the year ended December 31, 2009

	Note	2009 Rs '000	2008 Rs '000
Net Sales	21	5,685,687	5,865,487
Cost of Sales	22	4,695,035	4,855,356
Gross Profit		990,652	1,010,131
Distribution Cost	23	120,647	88,648
Administrative Expenses	24	91,076	75,242
		211,723	163,890
Operating Profit		778,929	846,241
Other Income	25	43,046	29,570
		821,975	875,811
Finance Cost	26	221,723	108,844
Other Expenses	27	41,418	43,310
		263,141	152,154
Profit before Taxation		558,834	723,657
Taxation	28	94,759	243,671
Profit after Taxation		464,075	479,986
Other Comprehensive Income			
Surplus on revaluation on 'available for sale'			
investments realised during the year		-	(389)
Total comprehensive income for the year		464,075	479,597
Earnings per share (Rupees)	30	15.47	16.00

The annexed notes 1 to 38 form an integral part of these financial statements.

Shahid Hussain
Chief Executive

Masaharu Domichi
Director

Statement of Changes in Equity

For the year ended December 31, 2009

	Share Capital Rs '000	General Reserve Rs '000	Unappropriated Profit Rs '000	Unrealised Surplus on Revaluation of Investment Rs '000	Total Rs '000
Balance at January 1, 2008	300,000	632,000	320,219	389	1,252,608
Dividend relating to the year ended December 31, 2007 @ 60%	-	-	(180,000)	-	(180,000)
Transfer to general reserve	-	140,000	(140,000)	-	-
Profit after taxation for the year ended December 31, 2008	-	-	479,986	-	479,986
Interim dividend for the year ended December 31, 2008 @ 80%	-	-	(240,000)	-	(240,000)
Surplus on revaluation of 'available for sale' investments realised during the year		-	-	(389)	(389)
Balance at December 31, 2008	300,000	772,000	240,205	-	1,312,205
Dividend relating to the year ended December 31, 2008 @ 60%	-	-	(180,000)	-	(180,000)
Transfer to general reserve	-	59,000	(59,000)	-	-
Profit after taxation for the year ended December 31, 2009	-	-	464,075	-	464,075
Balance as at December 31, 2009	300,000	831,000	465,280	-	1,596,280

The annexed notes 1 to 38 form an integral part of these financial statements.

Shahid Hussain
Chief Executive

Masaharu Domichi
Director

Cash Flow Statement

For the year ended December 31, 2009

	Note	2009 Rs '000	2008 Rs '000
Cash Flows from Operating Activities			
Cash generated from operations	32	1,119,745	481,868
Payment on account of accumulated compensated absences		(3,999)	(4,734)
Long-term deposits		40	(114)
Staff retirement benefits paid		(15,343)	(12,426)
Income taxes paid		(209,128)	(220,994)
Net cash inflow from operating activities		891,315	243,600
Cash Flows from Investing Activities			
Fixed capital expenditure		(313,710)	(771,784)
Profit on bank balances received		565	807
Investment purchased during the year		-	(120,000)
Investment disposed off during the year		-	171,991
Accrued return received on placement in certificate of deposits of an associated investment bank		18,650	-
Sale proceeds on disposal of fixed assets		2,693	4,554
Net cash outflow from investing activities		(291,802)	(714,432)
Cash Flows from Financing Activities			
Long-term finance paid		(216,000)	(216,000)
Long-term finance obtained during the year		-	500,000
Finance cost paid		(227,765)	(73,416)
Dividend paid		(179,533)	(417,808)
Net cash outflow from financing activities		(623,298)	(207,224)
Net (decrease) in cash and cash equivalents		(23,785)	(678,056)
Cash and cash equivalents at the beginning of the year		(352,761)	325,295
Cash and cash equivalents at the end of the year	33	(376,546)	(352,761)

The annexed notes 1 to 38 form an integral part of these financial statements.

Shahid Hussain
Chief Executive

Masaharu Domichi
Director

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2009

1. The Company and its Operations

The Company is a public company incorporated in Pakistan on April 29, 1993 under the Companies Ordinance, 1984 and is listed on all the stock exchanges in Pakistan. It is principally engaged in the manufacture and sale of Biaxially Oriented Polypropylene (BOPP) film and Cast Polypropylene (CPP) film. The registered office of the Company is situated at 4th floor, The Forum, Suite No. 416 to 422, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi.

2. Significant Accounting Information and Policies

2.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for the recognition of certain employee retirement benefits at present value.

2.2 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and 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 as are notified under the Ordinance and the requirements of and directives issued under that Ordinance. However, the requirements of and the directives issued under that Ordinance have been followed where those requirements are not consistent with the requirements of the IFRSs, as notified under the Ordinance.

Standards, amendments to published standards and new interpretations effective during the year ended December 31, 2009:

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2009:

IFRS 7, 'Financial instruments: Disclosures', effective for the annual periods beginning on or after January 1, 2009 introduces new disclosures relating to financial instruments and does not have any impact on the classification and measurement of the Company's financial instruments. The application of IFRS 7 has resulted in additional disclosures in the Company's financial statements.

IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a statement of other comprehensive income, but entities can choose whether to present one statement of comprehensive income or two statements (the statement of comprehensive income and statement of other comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement of financial position as at the beginning of the earliest comparative period, in addition to the current requirement to present statements of financial position at the end of the current period and comparative period. The Company has applied IAS 1 (revised) from January 1, 2009 and elected to present one performance statement (the profit and loss account).

IFRS 8, 'Operating segments', replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. Management has determined the operating segments based on the reports reviewed by the Chief Operating Decision Maker (i.e Chief Executive Officer) of the Company. The Company considers the business from a product wise perspective i.e. BOPP and CPP films are the two operating segments. These operating segments meet the aggregation criteria set forth in the IFRS 8, therefore, the Company is not required to make segment wise disclosures. Further, the entity wide disclosure requirements as required by the IFRS are not applicable for the Company.

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2009

IAS 23 - (Amendment) 'Borrowing costs' (effective from January 1, 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that, that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. Further, the definition of borrowing cost has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial instruments: Recognition and measurement'. Adoption of the amendment is not expected to have significant effect on the Company's financial statements.

There are other new standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2009 but are considered not to be relevant or have any significant effect to the Company's operations.

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

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2010 or later periods:

IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The Company will apply IFRS 5 (amendment) from January 1, 2010. It is not expected to have a material impact on Company's financial statements.

IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Company will apply IAS 1 (amendment) from January 1, 2010. It is not expected to have a material impact on the Company's financial statements.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2010 but are considered not to be relevant or do not have any significant effect on Company's operations and are therefore not mentioned in these financial statements.

2.3 Changes in accounting policies

2.3.1 IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity.

The Company has applied IAS 1 (revised) from January 1, 2009, and has elected to present one performance statement (profit and loss account). As a result non-owner changes in equity which were previously credited directly in the statement of changes in equity are now shown as other comprehensive income in the profit and loss account in these financial statements. The change in accounting policy has not affected the assets and liabilities of the Company for either the current or prior periods and hence restated balance sheet has not been presented.

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2009

2.3.2 The Company has applied IFRS 7, 'Financial instruments: Disclosures', from January 1, 2009 the application of the standard does not have any impact on the classification and measurement of the Company's financial instruments, the change has only resulted in additional disclosures in the Company's financial statements. The change in accounting policy has not affected the assets and liabilities of the Company for either the current or prior periods and hence restated balance sheet has not been presented.

2.3.3 The Company has applied IFRS 8, 'Operating Segments', from January 1, 2009 the application of the standard does not have any impact on the Company's financial statements. The change in accounting policy has not affected the assets and liabilities of the Company for either the current or prior periods and hence restated balance sheet has not been presented.

2.4 Staff retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

2.4.1 Defined contribution plan

Provident fund

The Company operates a recognised provident fund for all its permanent employees who have completed prescribed qualifying period of service. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of ten percent of basic salary.

2.4.2 Defined benefit plans and other service benefits

Pension fund

The Company also contributes towards pension of employees of the Company who have completed prescribed qualifying period of service and are a member of an approved funded defined benefit pension plan of an associated company. The monthly contributions are made to the fund on the basis of actuarial recommendation. The latest actuarial valuation was carried out as at December 31, 2009.

The 'projected unit credit method' is based on the following significant assumptions and is used for valuation of the aforementioned fund:

- Discount rate 12.75% (2008: 16%) per annum
- Expected rate of increase in salary levels – 10.6% (2008: 13.79%) per annum
- Expected rate of return on plan assets – 12.73% (2008: 16%) per annum

The Company's policy with regard to actuarial gains / losses is to follow minimum recommended approach under the International Accounting Standard on Employee Benefits (IAS-19).

Gratuity fund

The Company operates an approved defined benefit gratuity fund plan for all its permanent employees who have completed the prescribed qualifying period of service. Monthly contributions are made to the fund on the basis of actuarial recommendation. The latest actuarial valuation of the fund was carried out as at December 31, 2009.

The 'projected unit credit method' is based on the following significant assumptions and is used for valuation of the aforementioned fund:

- Discount rate – 12% (2008: 15%) per annum
- Expected rate of increase in salary levels – 11% (2008: 14%) per annum
- Expected rate of return on plan assets – 12% (2008: 10%) per annum

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2009

The Company's policy with regard to actuarial gains / losses is to follow minimum recommended approach under International Accounting Standard on Employee Benefits (IAS-19).

Employee compensated absences

The Company also provides for compensated absences for all eligible employees in accordance with the rules of the Company. The provision is recognised on the basis of actuarial valuation. The valuation is based on the following significant assumptions:

- Discount rate – 12.7% (2008: 16%) per annum
- Expected rate of increase in salary levels – 10.6% (2008: 13.79%) per annum

2.5 Taxation

Current

Provision for current tax is based on the taxable income for the year at the current rates of taxation or half percent of turnover, whichever is higher. The charge for current tax is calculated using prevailing tax rates after taking into account tax credits, rebates and exemption available.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on enacted tax rates.

2.6 Trade and other payables

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

2.7 Provisions

Provisions are recognised when the Company has a present obligation as a result of past events, it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimates can be made of the amount of obligation.

2.8 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders / directors, as appropriate.

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2009

2.9 Property, plant and equipment

Property, plant and equipment except leasehold land are stated at cost less accumulated depreciation and any identified impairment loss. Capital work-in- progress is stated at cost. Cost of the leasehold land is amortised using the straight line basis over the period of the lease.

Residual values and useful lives are reviewed, at each balance sheet date, and adjusted if impact on depreciation is significant.

Depreciation is charged to income on straight line method at the rates stated below, which are reviewed annually:

Nature of fixed asset	Annual rate of depreciation (%)
- Leasehold land	1.03 to 2.22
- Buildings on leasehold land	5
- Plant and machinery, electrical installations, tube well, pumps and tools	10
- Furniture and fittings	10 to 20
- Office equipment	20 to 33.33
- Laboratory equipment and vehicles	20

Depreciation on additions and deletions during the year is charged on a pro-rata basis from the month when asset is put into use or upto the month when asset is disposed off, respectively.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and depreciated in a manner that represents the consumption pattern and useful lives. Minor repairs and renewals are charged to income. Profit or loss on disposal of assets are included in income currently.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in income currently.

2.10 Stores and spares

Stores and spares are valued at weighted average cost less allowance for obsolete and slow moving items.

Stores and spares-in-transit are stated at cost comprising invoice value and other related charges incurred upto the balance sheet date.

2.11 Stock-in-trade

Stock of raw materials, work-in-process and finished goods are valued at the lower of weighted average cost and net realisable value.

Cost of work-in-process and finished goods comprises cost of direct materials and labour and appropriate manufacturing overheads.

Stocks-in-transit are stated at cost comprising invoice value and other related charges incurred thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make a sale.

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2009

2.12 Trade debts

Trade debts are carried at original invoice amount less provision for doubtful debts estimated on the basis of review of all outstanding balances at the year end. Bad debts are written off when identified.

2.13 Investments

2.13.1 The Company classifies its financial instruments in the following categories:

(a) Investments 'at fair value through profit or loss':

- Financial instruments 'held-for-trading'

  These include financial instruments acquired principally for the purpose of generating profit from short-term fluctuations in prices or dealers' margins or are securities included in a portfolio in which a pattern of short-term profit taking exists.

- Financial instruments designated 'at fair value through profit or loss upon initial recognition'

  These include investments that are designated as investments 'at fair value through profit and loss upon initial recognition'.

(b) Held to maturity

These are securities acquired by the Company with the intention and ability to hold them upto maturity.

(c) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Company as fair value through profit or loss or available for sale.

(d) Available for sale

These financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

2.13.2 Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a 'financial asset or financial liability not at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on 'financial assets and financial liabilities at fair value through profit or loss' are expensed immediately.

Subsequent to initial recognition, instruments classified as 'financial assets at fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising, from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognised in the profit and loss account. Changes in the fair value of instruments classified as 'available for sale' are recognised in other comprehensive income in the Profit and loss account until derecognised or impaired when the accumulated fair value adjustments recognised in unrealised surplus on revaluation of investment are included in the profit or loss for the year.

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2009

Financial assets classified as 'loans and receivables' and 'held to maturity' are carried at amortised cost using the effective yield method, less impairment losses, if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective yield method.

The Company follows trade date accounting for purchase and sale of investments.

2.14 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash on hand, demand deposits, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short-term borrowings.

2.15 Revenue recognition

Sales revenue is recognised at the time of despatch of goods to customers.

Returns on bank deposits are accrued on a time proportion basis by reference to the principal outstanding amount and the applicable rate of return.

2.16 Borrowing costs

Consistent with prior years, the Company capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as a part of that asset. All other borrowing cost are charged to income.

2.17 Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling on the date of the transaction. All monetary assets and liabilities in foreign currencies at the year end date are translated into Rupees at the rates prevailing on the balance sheet date.

Exchange differences are included in income for the year.

The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

2.18 Financial assets and liabilities

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.19 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is set off and the net amount is reported in the balance sheet if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2009

3. Critical Accounting Estimates and Judgements

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

(a) Recognition of provision for current taxation (current and prior years) and deferred taxation (notes 7 and 28);

(b) Accounting for staff retirement benefits (notes 8 and 29);

(c) Determining the recoverable amounts, useful lives and residual values of property, plant and equipment (note 13);

(d) Recognition of provision for obsolete and slow moving stores and spares (note 16);

(e) Estimation of net realisable value for stock-in-trade (note 17); and

(f) Recognition of provision for doubtful debts (note 18)

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

4. Share Capital

	2009 Rs '000	2008 Rs '000
Authorised		
100,000,000 ordinary shares of Rs 10 each		
(2008: 100,000,000)	1,000,000	1,000,000
Issued, subscribed and paid-up		
30,000,000 ordinary shares of Rs 10 each		
(2008: 30,000,000) fully paid in cash	300,000	300,000

4.1 Packages Limited, Mitsubishi Corporation, Japan and IGI Insurance Limited held 10,000,000 (2008: 10,000,000), 7,499,000 (2008: 7,499,000) and 947,500 (2008: 947,500) ordinary shares of the Company respectively, as at December 31, 2009.

5. Reserves

	2009 Rs '000	2008 Rs '000
General reserve	831,000	772,000
Unappropriated profit	465,280	240,205
	1,296,280	1,012,205

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2009

6. Long-term Finances

	2009 Rs '000	2008 Rs '000
Secured		
Finance-1 - note 6.1	300,000	500,000
Finance-2 - note 6.2	24,000	40,000
Finance-3 - note 6.3	500,000	500,000
	824,000	1,040,000
Less : Amounts payable within twelve months shown under current liabilities	216,000	216,000
	608,000	824,000

6.1 The Company had obtained a long-term finance facility of Rs 1,000 million (2008: Rs 1,000 million) from a commercial bank under mark-up arrangements. Mark-up is payable on a quarterly basis at the rate of base rate plus 1 percent per annum. The base rate is the simple average of last three cut-off yields of 6 months treasury bills of the State Bank of Pakistan. The effective rate of mark-up during the year was 13.85% (2008: 11.40 %) per annum. The principal amount is repayable in 10 equal semi-annual installments commencing after thirty months inclusive of two years grace period from the date of first draw down. This facility is secured by first pari passu hypothecation / mortgage charge on all of the Company's present and future fixed assets including but not limited to land, buildings, plant and machinery, equipment, furniture and fixtures etc.

6.2 The Company had obtained a long-term finance facility of Rs 100 million (2008: Rs 100 million) from a commercial bank under mark-up arrangements out of which the Company had availed Rs 80 million. Mark-up is payable on a quarterly basis at the rate of three months Karachi Inter Bank Offer Rate (KIBOR) plus 1 percent per annum. The effective rate of mark-up during the year was 14.32% (2008: 13.11%) per annum. The principal amount is repayable in 10 equal semi-annual installments commencing after thirty months inclusive of two years grace period from the date of first draw down. This facility is secured by first pari passu hypothecation / mortgage charge on all of the Company's present and future fixed assets including but not limited to land, buildings, plant and machinery, equipment, furniture and fixtures etc.

6.3 The Company had obtained a long-term finance facility of Rs 500 million (2008: Rs 500 million) from a commercial bank under mark-up arrangements. Mark-up is payable in arrears on a semi-annual basis at the rate of six months Karachi Inter Bank Offer Rate (KIBOR) plus 0.50 percent per annum. The effective rate of mark-up during the year was 13.37% (2008: 14.41%) per annum. The principal amount is repayable in 8 equal installments commencing after six months with a grace period of two years from the date of first draw down. This facility is secured by first pari passu hypothecation / mortgage charge on all of the Company's present and future fixed assets including but not limited to land, buildings, plant and machinery, equipment, furniture and fixtures etc.

7. Deferred Taxation

	2009 Rs '000	2008 Rs '000
Debit / (credit) balances arising from:		
Accelerated tax depreciation allowance	270,840	300,830
Provision for accumulated compensated absences	(3,602)	(2,381)
Provision for doubtful debts	(177)	(517)
	267,061	297,932

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2009

8. Accumulated Compensated Absences

	2009 Rs '000	2008 Rs '000
Opening balance	6,803	7,201
Provision for the year	7,487	4,336
	14,290	11,537
Less: Payments during the year	3,999	4,734
Closing balance	10,291	6,803

9. Trade and Other Payables

	2009 Rs '000	2008 Rs '000
Creditors – note 9.1	50,281	58,195
Accrued liabilities	1,030,528	838,424
Advances from customers	13,295	5,678
Retention money	3,541	4,390
Unclaimed dividend	5,897	5,430
Sales tax payable	43,694	3
Payable to gratuity fund – note 29	435	304
Workers' profits participation fund – note 9.2	-	1,157
Workers' welfare fund	11,425	14,589
Others payable	4,213	2,967
	1,163,309	931,137

9.1 Creditors include Rs 5.085 million (2008: Rs 9.077 million) payable to associated undertakings.

9.2 Workers' profits participation fund

	2009 Rs '000	2008 Rs '000
Balance at the beginning of the year	1,157	238
Allocation for the year	30,013	38,348
	31,170	38,586
Less: Payments during the year	31,463	37,429
Balance at the end of the year	(293)	1,157

10. Accrued Mark-up

	2009 Rs '000	2008 Rs '000
On long-term finances	30,358	38,798
On short-term finances	19,216	16,818
	49,574	55,616

11. Short-term Borrowings

	2009 Rs '000	2008 Rs '000
Secured		
Short-term loan - note 11.1	170,000	-
Short-term running finance - note 11.2	417,972	649,878
Export refinancing - note 11.3	18,340	-
	606,312	649,878

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2009

11.1 Short-term loan has been arranged from a commercial bank as a sub limit of the running finance facility available for a period of one month and rate of mark-up applicable to the facility is 1 month Karachi Inter Bank Offer Rate (KIBOR) plus 0.85 percent per annum. These facilities are secured by joint hypothecation by way of first floating charge over current assets including but not limited to stores and spares, stock-in-trade and trade debts.

11.2 Short-term running finances are under mark-up arrangement with banks payable on various maturity dates upto December 8, 2010. These facilities are secured by joint hypothecation by way of first floating charge over current assets including but not limited to stores and spares, stock-in-trade and trade debts. Rate of mark-up applicable to these facilities ranges between 13.37% to 17.67% (2008: 10.32% to 17.20%) per annum. Total facilities available under mark-up arrangements aggregated Rs 2,300 million (2008: Rs 1,600 million) out of which the amount unavailed at the year end was Rs 1,694 million (2008: Rs 950 million).

11.3 Export refinance facility amounting Rs 18.340 million (2008: Rs Nil) has been arranged with a commercial bank under The State Bank of Pakistan Export Refinance Scheme. The facility is repayable after a period of 45 days of the expiry of usance letter of credit period. Rate of mark-up applicable to the facility is 8 percent per annum.

11.4 The facilities for opening of letter of credits and for guarantees as at December 31, 2009 amount to Rs 4,368 million (2008: Rs 3,500 million) and Rs 135 million (2008: Rs 110 million), of which the amount remaining unutilised was of Rs 2,671 million (2008: Rs 2,462 million) and Rs 104.245 million (2008: Rs 79.245 million) respectively.

12. Contingencies and Commitments

	2009 Rs '000	2008 Rs '000
Contingencies		
Guarantees issued by banks on behalf of the Company	30,755	30,755
Commitments		
Letters of credit for purchase of raw material and spares	584,098	191,623
Commitments for capital expenditures	-	194,461

13. Property, Plant and Equipment

	2009 Rs '000	2008 Rs '000
Operating fixed assets - note 13.1	2,069,838	2,051,498
Capital work-in-progress - note 13.2	6,021	46,522
	2,075,859	2,098,020

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2009

13.1 Operating fixed assets

13.1.1 The following is a statement of operating fixed assets

	Leasehold land	Buildings on leasehold land	Plant and machinery	Electrical installations	Tube well and pumps	Furniture and fitting	Office equipment	Vehicles	Tools	Laboratory equipment	Total
						Rupees in thousand					
At January 1, 2008											
Cost	60,255	268,325	2,462,122	87,865	2,924	20,851	17,594	54,339	957	2,145	2,977,377
Accumulated depreciation	6,767	71,951	1,278,783	56,664	2,173	12,312	13,694	18,729	393	1,986	1,463,452
Net book value	53,488	196,374	1,183,339	31,201	751	8,539	3,900	35,610	564	159	1,513,925
Year ended December 31, 2008											
Additions - 13.1.5	-	81,400	668,625	21,761	-	2,900	9,126	16,036	-	6,968	806,816
Disposals									-		
- Cost	-	-	-	-	-	215	-	8,576	-	-	8,791
- Depreciation	-	-	-	-	-	(201)	-	(5,116)	-	-	(5,317)
Transfers											
- Cost	-	-	-	-	-	2,584	(2,584)	-	-	-	-
- Depreciation	-	-	-	-	-	1,254	(1,254)	-	-	-	-
Depreciation charge	1,237	14,439	232,022	5,433	108	2,340	1,732	7,565	91	802	265,769
Net book value as at December 31, 2008	52,251	263,335	1,619,942	47,529	643	10,415	9,964	40,621	473	6,325	2,051,498
Year ended December 31, 2009											
Additions - 13.1.5	-	1,267	328,045	-	-	2,177	1,543	11,145	84	3,507	347,768
Disposals											
- Cost	-	-	-	5,225	-	30	-	3,748	-	-	9,003
- Depreciation	-	-	-	(5,225)	-	(9)	-	(2,415)	-	-	(7,649)
Depreciation charge	1,237	17,492	286,238	7,541	108	2,199	2,993	8,375	81	1,810	328,074
Net book value as at December 31, 2009	51,014	247,110	1,661,749	39,988	535	10,372	8,514	42,058	476	8,022	2,069,838
At December 31, 2008											
Cost	60,255	349,725	3,130,747	109,626	2,924	26,120	24,136	61,799	957	9,113	3,775,402
Accumulated depreciation	8,004	86,390	1,510,805	62,097	2,281	15,705	14,172	21,178	484	2,788	1,723,904
Net book value	52,251	263,335	1,619,942	47,529	643	10,415	9,964	40,621	473	6,325	2,051,498
At December 31, 2009											
Cost	60,255	350,992	3,458,792	104,401	2,924	28,267	25,679	69,196	1,041	12,620	4,114,167
Accumulated depreciation	9,241	103,882	1,797,043	64,413	2,389	17,895	17,165	27,138	565	4,598	2,044,329
Net book value	51,014	247,110	1,661,749	39,988	535	10,372	8,514	42,058	476	8,022	2,069,838

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2009

13.1.2 Details of operating fixed assets disposed during the year

	Cost Rs '000	Book value Rs '000	Sale proceeds Rs '000
Items having aggregate book value of Rs 50,000 or more			
Vehicles			
By negotiation to outsiders			
Mr. Muhammad Afzal Bhatti	887	155	550
Miss Farhat Afzal	632	372	390
Miss Munaza Kaukab	823	185	430
	2,342	712	1,370
According to the Company policy to executives			
Mr. M.Saeed Iqbal	997	581	600
	3,339	1,293	1,970

13.1.3 Depreciation charge for the year has been allocated as follows:

	2009 Rs '000	2008 Rs '000
Cost of goods manufactured – note 22.1	322,812	261,157
Distribution cost – note 23	1,891	1,778
Administrative expenses – note 24	3,371	2,834
	328,074	265,769

13.1.4 Operating fixed assets include assets having cost of Rs 535.655 million (2008: Rs 509.759 million) which were fully depreciated as at the year end.

13.1.5 Finance cost aggregating Rs Nil (2008: Rs 19.932 million) has been included in the cost of operating fixed assets.

13.2 Capital work-in-progress

	2009 Rs '000	2008 Rs '000	2007 Rs '000
Plant and machinery	5,177	44,974	67,477
Building and civil works	-	-	11,384
Advances to suppliers and contractors	844	1,548	8,591
	6,021	46,522	87,452

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2009

14. Intangibles

	2009 Rs '000	2008 Rs '000	2007 Rs '000
Software under development			
- software implementation cost - note 37	19,708	13,265	7,367

15. Long-term Deposits

These represent long-term security deposits.

16. Stores and Spares

	2009 Rs '000	2008 Rs '000
Stores	36,819	24,524
Spares	161,307	137,293
Stores and spares-in-transit	670	16,252
	198,796	178,069

17. Stock-in-Trade

	2009 Rs '000	2008 Rs '000
Raw materials		
• in hand	640,419	523,290
• in transit	187,686	284,584
	828,105	807,874
Work-in-process	126,043	103,427
Finished goods	36,544	28,599
Packing material	11,903	10,526
	1,002,595	950,426

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2009

18. Trade Debts

	2009 Rs '000	2008 Rs '000
Unsecured		
Considered good		
- from related parties - notes 18.1 and 18.2	35,544	10,681
- others	803,608	652,335
	839,152	663,016
Considered doubtful – others	505	1,477
Secured		
Considered good	48,507	18,806
	888,164	683,299
Less: Provision for doubtful debts – note 18.3	505	1,477
	887,659	681,822

Trade debts include the following amounts due from related parties:

	2009 Rs '000	2008 Rs '000
Packages Limited	31,603	5,068
Packages Lanka (Private) Limited	1,588	5,297
Tetra Pak Pakistan Limited	2,353	316
	35,544	10,681

These are in the normal course of business and are interest free.

Provision for doubtful debts

	2009 Rs '000	2008 Rs '000
Balance at beginning of the year	1,477	758
(Reversal) / provision for the year	(972)	719
Balance at end of the year	505	1,477

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2009

19. Advances, Prepayments and Other Receivables

	2009 Rs '000	2008 Rs '000
Advances, considered good - note 19.1		
- Executives	2,426	1,403
- Other employees	531	649
	2,957	2,052
Advances to suppliers - considered good	2,915	9,421
Prepayments	2,380	2,040
Receivable from pension fund – note 29	17,364	19,511
Sales tax recoverable	839	839
Rebate on exports recoverable	9,656	2,161
Discount receivable from suppliers	-	50,124
Workers' profit participation fund - note 9.2	293	-
Return on placement - note 19.2	-	1,333
Other receivables – note 19.3	989	5,778
	37,393	93,259

19.1 These advances are given to meet business expenses and are settled as and when the expenses are incurred. The maximum amounts due at the end of any month during the year from the chief executive and executives were Rs 0.050 million (2008: Rs 0.345 million) and Rs 1.898 million (2008: Rs 2.341 million) respectively.

19.2 This represents receivable from IGI Investment Bank Limited (an associated investment bank) on account of return on placement in certificate of deposits.

19.3 Other receivables include an amount of Rs 0.409 million (2008: 3.496 million) receivable from IGI Insurance Limited (a related party) on account of an insurance claim.

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2009

20. Cash and Bank Balances

	2009 Rs '000	2008 Rs '000
With banks		
On current accounts - note 20.1	228,333	95,605
On savings accounts - note 20.2	7	8
Certificate of deposits - note 20.3	-	200,000
	228,340	295,613
Cash in hand - note 20.1	1,426	1,504
	229,766	297,117

20.1 This includes an aggregate amount of Rs 4.490 million (2008: Rs 2.748 million) held in foreign currency.

20.2 The balances in savings accounts bear mark-up which ranges from 6% to 10% (2008: 1.98% to 8%) per annum.

20.3 This represented placement in certificate of deposits of an associated investment bank for a period of six months which matured on June 19, 2009. The rate of return on this placement was 18.7% per annum.

21. Net Sales

	2009 Rs '000	2008 Rs '000
Local sales	6,637,063	7,033,541
Export sales	242,570	66,670
	6,879,633	7,100,211
Less:		
Sales tax	1,139,380	1,176,603
Special excise duty	54,566	58,121
	1,193,946	1,234,724
	5,685,687	5,865,487

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2009

22. Cost of Sales

	2009 Rs '000	2008 Rs '000
Opening stock of finished goods	28,599	47,091
Cost of goods manufactured - note 22.1	4,702,980	4,836,864
Less: Closing stock of finished goods	(36,544)	(28,599)
	4,695,035	4,855,356

22.1 Cost of goods manufactured

	2009 Rs '000	2008 Rs '000
Opening stock of work-in-process	103,427	43,849
Raw materials consumed - note 22.2	3,639,558	3,913,536
Salaries, wages and other benefits	162,801	128,565
Fuel, power and water	313,400	351,929
Packing material consumed – note 22.3	139,749	115,280
Repairs and maintenance (includes stores and spares consumed		
Rs 34.972 million (2008: Rs 28.944 million)	76,862	79,603
Insurance	33,912	21,036
Vehicle running and maintenance	14,496	13,664
Travelling	5,483	3,720
Staff retirement benefits	14,297	6,144
Depreciation - note 13.1.3	322,812	261,157
Others	2,226	1,808
	4,829,023	4,940,291
Less: Closing stock of work-in-process	(126,043)	(103,427)
	4,702,980	4,836,864

22.2 Raw materials consumed

	2009 Rs '000	2008 Rs '000
Opening stock	523,290	293,939
Purchases	3,756,687	4,142,887
Less: Closing stock	(640,419)	(523,290)
	3,639,558	3,913,536

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2009

22.3 Packing material consumed

	2009 Rs '000	2008 Rs '000
Opening stock	10,526	9,437
Purchases	141,126	116,369
Less: Closing stock	(11,903)	(10,526)
	139,749	115,280

23. Distribution Cost

	2009 Rs '000	2008 Rs '000
Salaries, wages and other benefits	22,036	16,515
Outward freight	78,375	56,626
Travelling	4,873	4,895
Rent, rates and taxes	4,271	3,698
Repairs and maintenance	565	329
Vehicle running and maintenance	1,185	1,080
Insurance	993	839
Provision for doubtful debt - note 18.3	-	719
Staff retirement benefits	3,399	1,181
Depreciation - note 13.1.3	1,891	1,778
Other expenses	3,059	988
	120,647	88,648

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2009

24. Administrative Expenses

	2009 Rs '000	2008 Rs '000
Salaries, wages and other benefits	46,695	36,627
Rent, rates and taxes	3,354	2,845
Printing, stationery and periodicals	3,783	3,286
Postage and telephone	7,365	6,062
Repairs and maintenance	617	948
Vehicle running and maintenance	2,175	2,012
Travelling	5,097	6,633
Insurance	2,677	1,434
Staff training and development	1,594	1,030
Staff retirement benefits	7,474	2,608
Auditors' remuneration – note 24.1	1,338	3,820
Legal and professional expenses	1,520	1,454
Depreciation - note 13.1.3	3,371	2,834
Electricity, gas and water	1,005	879
Advertisement	403	268
Other expenses	2,608	2,502
	91,076	75,242

24.1 Auditors' remuneration

Audit fee	535	445
Review of half yearly accounts, review of statement of compliance on best corporate practices, audit of employees' retirement funds and other special reviews	278	2,735
Tax services	300	440
Out of pocket expenses	225	200
	1,338	3,820

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2009

25. Other Income

	2009 Rs '000	2008 Rs '000
Income from financial assets		
Profit on bank balances	565	807
Net realised gain from investments classified as 'available for sale'	-	1,991
Return on placement in certificate of deposits of an associated investment bank	17,317	1,333
	17,882	4,131
Income from assets other than financial assets		
Profit on disposal of fixed assets	1,339	1,080
Sale of waste material	13,751	10,256
	15,090	11,336
Others		
Commission earned on insurance premium from a related party	2,572	2,308
Insurance claim from a related party	1,958	11,795
Reversal of provision for doubtful debts - note 18.3	972	-
Exchange gain	4,572	-
	10,074	14,103
	43,046	29,570

26. Finance Cost

	2009 Rs '000	2008 Rs '000
Mark-up on long-term finances	125,431	74,449
Mark-up on short-term finances	93,194	25,669
Bank and other charges	3,098	3,151
Exchange rate difference (net) - note 26.1	-	5,575
	221,723	108,844

26.1 The net exchange rate difference includes net exchange loss on forward contract amounting to Rs Nil (2008: Rs 11.711 million).

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2009

27. Other Expenses

	2009 Rs '000	2008 Rs '000
Workers' profit participation fund	30,013	38,348
Workers' welfare fund - for the year	11,405	14,572
- for prior year	-	(9,610)
	41,418	43,310

28. Taxation

	2009 Rs '000	2008 Rs '000
Current - for the year	168,752	134,210
- for prior year -note 28.2	(43,122)	(2,941)
Deferred - note 28.2	(30,871)	112,402
	94,759	243,671

28.1 Numerical reconciliation between the average effective tax rate and the applicable tax rate is as follows:

	2009 %	2008 %
Applicable tax rate	35.00	35.00
Tax effect of amounts that are:		
Deductible for tax purposes	-	(0.12)
Under presumptive tax regime	(1.54)	(0.20)
Exempt income	-	(0.16)
Prior year reversal	(16.50)	(0.87)
Others	-	0.02
	16.96	33.67

28.2 This includes an aggregate amount of Rs 92.194 million representing prior years tax / deferred tax charge reversals. This reversal has arisen on account of the different basis adopted for claim of depreciation in the return of the Company on assets after the expiry of the tax holiday period and in preparation of the financial statements for that year. The management, as a matter of prudence, had not recognised the reduced tax charge in its prior year financial statements. No adverse view has been taken on that matter over the period. As the assessment relating to the tax year when such a difference in the written down value arose, has now become time barred, therefore, the difference in the tax charge has been reversed, as no economic outflow is expected in this regard.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2009

29. Staff Retirement Benefits

Details of post employment benefit plans are as follows:

	Pension fund 2009 Rs '000	Pension fund 2008 Rs '000	Gratuity fund 2009 Rs '000	Gratuity fund 2008 Rs '000
29.1 Balance sheet reconciliation				
Fair value of plan assets	64,533	50,189	17,367	16,364
Present value of defined benefit obligations	(89,621)	(66,824)	(21,293)	(18,662)
Funded status	(25,088)	(16,635)	(3,926)	(2,298)
Unrecognised net actuarial (gain) / loss	42,452	36,146	3,491	1,994
Recognised asset / (liability)	17,364	19,511	(435)	(304)
29.2 Movement in payable to defined benefit plan				
Opening asset / (liability)	19,511	12,491	(304)	(113)
(Expense) / income for the year	(9,690)	888	(3,257)	(2,566)
Contributions to the fund	7,543	6,132	3,126	2,375
Closing asset / (liability)	17,364	19,511	(435)	(304)
29.3 Movement in the fair value of plan assets				
Fair value as at January 1	50,189	59,140	16,364	17,192
Expected return on plan assets	7,238	6,724	2,455	1,719
Actuarial gain / (loss)	207	(21,128)	(121)	(3,177)
Company contributions	7,543	6,132	3,126	2,375
Employee contributions	1,697	1,380	-	-
Benefits paid	(2,341)	(2,059)	(4,457)	(1,745)
Fair value as at December 31	64,533	50,189	17,367	16,364
29.4 Movement in the defined benefit obligation				
Obligation as at January 1	66,824	36,627	18,662	15,886
Current service cost	5,568	3,956	2,902	2,696
Interest cost	10,512	3,919	2,799	1,589
Actuarial loss	9,058	24,381	1,387	236
Benefits paid	(2,341)	(2,059)	(4,457)	(1,745)
Obligation as at December 31	89,621	66,824	21,293	18,662

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2009

		Pension fund 2009 Rs '000	Pension fund 2008 Rs '000	Gratuity fund 2009 Rs '000	Gratuity fund 2008 Rs '000
29.5	Expense				
	Current service cost	5,568	3,956	2,902	2,696
	Interest cost	10,512	3,919	2,799	1,589
	Expected return on plan assets	(7,238)	(6,724)	(2,455)	(1,719)
	Recognition of actuarial loss / (gain)	2,545	(659)	11	-
	Employee contributions	(1,697)	(1,380)	-	-
	Expense / (income)	9,690	(888)	3,257	2,566
	Actual return on plan assets	7,445	(14,404)	2,334	1,458
29.6	Actuarial gain / (loss) to be recognised				
	Corridor limit				
	The limits of corridor as at January 1				
	10% of obligation	6,682	3,663	1,866	1,589
	10% of plan assets	5,019	5,914	1,636	1,719
	Which works out to	6,682	5,914	1,866	1,719
	Unrecognised actuarial loss / (gain) as at January 1	36,146	(10,022)	(1,994)	(1,419)
	Excess	29,464	(4,108)	(128)	-
	Recognition of actuarial (loss)/ gain as at December 31	(2,545)	659	(11)	-
29.7	Net unrecognised actuarial gain / (loss)				
	Net unrecognised actuarial (loss) / gain as at January 1	(36,146)	10,022	(1,994)	1,419
	Actuarial gain / (loss) on obligation	(9,058)	(24,381)	(1,387)	(236)
	Actuarial gain / (loss) on plan assets	207	(21,128)	(121)	(3,177)
	Subtotal	(44,997)	(35,487)	(3,502)	(1,994)
	Less: Actuarial (gain) / loss recognised for the year	2,545	(659)	11	-
	Net unrecognised actuarial gain / (loss) as at December 31	(42,452)	(36,146)	(3,491)	(1,994)

29.8 Principal actuarial assumptions used are disclosed in note 2.4 to the financial statements.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2009

29.9 Amounts for the current period and previous four annual periods of the fair value of plan assets, present value of defined benefit obligation and surplus arising thereon is as follows:

	2009 Rs '000	2008 Rs '000	2007 Rs '000	2006 Rs '000	2005 Rs '000
As at December 31					
Fair value of plan assets	81,900	66,553	76,332	52,778	43,557
Present value of defined benefit obligation	(110,914)	(85,486)	(52,513)	(43,846)	(35,852)
(Deficit) / surplus	(29,014)	(18,933)	23,819	8,932	7,705
Experience adjustment:					
Gain / (loss) on plan assets (as a percentage of plan assets)	0.11	(37)	15	(2)	10
(Gain) / loss on obligations (as a percentage of obligations)	9.4	29	(0.4)	2	8

29.10 Plan assets are comprised as follows:

	2009 Rs '000	2009 %	2008 Rs '000	2009 %
Debt	19,230	24	15,973	24
Equity	11,849	14	9,563	14
Others	50,821	62	41,017	62
	81,900	100	66,553	100

29.11 The amounts for the pension fund for the year ended December 31, 2008 have been restated to incorporate the effect of a supplementary actuary report received from the actuary on March 18, 2009, rectifying the amounts previously reported in his report dated January 23, 2009. The said rectifictions do not have any affect on the pension expense or provision for the year ended December 31, 2008.

29.12 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective market.

29.13 Expected contribution to post-employment benefit plans for the year ending December 31, 2010 is Rs 15.864 million.

29.14 The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the pension and gratuity funds according to the actuary's advice. Expense of the defined benefit plans is calculated by the actuary.

29.15 During the year the Company contributed Rs 4.674 million (2008: Rs 3.919 million) to the provident fund.

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2009

30. Earnings Per Share

	2009	2008
Profit after taxation (Rs '000)	464,075	479,986
Number of ordinary shares (in thousand)	30,000	30,000
Earnings per share (Rupees) - basic	15.47	16.00

30.1 There were no convertible dilutive potential ordinary shares outstanding on December 31, 2009 and 2008.

31. Remuneration of the Chief Executive, Directors and Executives

	2009 Chief Executive Rs '000	2009 Executives Rs '000	2008 Chief Executive Rs '000	2008 Executives Rs '000
Managerial remuneration	3,477	12,038	2,876	10,969
Bonus (including ex-gratia)	717	5,456	585	2,207
Staff retirement benefits - note 31.1	1,274	4,360	385	1,462
Housing	2,082	7,952	1,691	6,894
Utilities	347	1,195	287	1,087
Leave passage	289	1,024	239	906
Medical expenses	153	560	119	629
Others	648	8,674	1,056	6,443
	8,987	41,259	7,238	30,597
Number of persons	1	11	1	12

31.1 Staff retirement benefits includes amount contributed towards various retirement benefit plans.

31.2 The Chief Executive and executives were also provided with free transport and residential telephones. No remuneration was paid to the directors of the Company.

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2009

32. Cash Generated from Operations

	2009 Rs '000	2008 Rs '000
Profit before taxation	558,834	723,657
Adjustments for non-cash charges and other items:		
Depreciation	328,074	265,769
Finance cost	221,723	108,844
Profit on bank balances	(565)	(807)
Net realised gain from investments classified as 'available for sale'	-	(1,991)
Return on placement in certificate of deposits of an asociated investment bank	(17,317)	(1,333)
(Reversal) / provision for doubtful debts	(972)	719
Provision for accumulated compensated absences	7,487	4,336
Provision for staff retirement benefits	17,621	5,597
Profit on disposal of fixed assets	(1,339)	(1,080)
Working capital changes - note 32.1	6,199	(621,843)
	560,911	(241,789)
	1,119,745	481,868

32.1 Working capital changes

	2009 Rs '000	2008 Rs '000
(Increase) / decrease in current assets:		
Stores and spares	(20,727)	(35,418)
Stock-in-trade	(52,169)	(309,654)
Trade debts	(204,865)	(148,344)
Advances, prepayments and other receivables	52,386	(46,403)
	(225,375)	(539,819)
Increase / (decrease) in current liabilities:		
Trade and other payables	231,574	(82,024)
	6,199	(621,843)

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2009

33. Cash and Cash Equivalents

	Note	2009 Rs '000	2008 Rs '000
Short-term borrowings	11	(606,312)	(649,878)
Bank balances and cash-in-hand	20	229,766	297,117
		(376,546)	(352,761)

34. Financial Instruments and Related Disclosures

34.1 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Financial assets - loans and receivables

	2009 Rs '000	2008 Rs '000
Long-term deposits	1,178	1,218
Trade debts	887,659	681,822
Advances and other receivables	3,946	59,287
Cash and bank balances	229,766	297,117
	1,122,549	1,039,444
Financial liabilities at amortised cost		
Long-term finances	824,000	1,040,000
Trade and other payables	1,088,563	903,976
Accrued mark-up	49,574	55,616
Short-term borrowings	606,312	649,878
	2,568,449	2,649,470

Risks managed and measured by the Company are explained below:

34.2 Market risk

34.2.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates.

The Company's interest rate risk arises from borrowings which include long-term finances (note 6), short-term borrowings (note 11) and cash at bank in savings account (note 20).

At December 31, 2009, if interest rates on borrowings had been 500 basis points higher/lower with all other variables held constant, profit after taxation for the year would have been lower/higher by Rs 71.516 million (2008: Rs 84.494 million).

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2009

34.2.2 Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has foreign currency exposures in US Dollars, Pound Sterling and Euros, on cash equivalents, deposits with banks (note 20), trade debts (note 18) in respect of export sales and account payables (note 9) in respect of import of raw materials, stores and spares and plant and machinery. Since the Company's pricing mechanism is mainly linked to cost of raw materials, therefore, the affects, if any, of any adverse movement in exchange rates can be passed on to the customers to some extent through increase in prices of its finished goods.

At December 31, 2009, if the Company's functional currency (note 2.17) had weakened/strengthened by 5% against the US Dollar with all other variables held constant, profit after taxation for the year would have been lower/higher by Rs 35.125 million (2008: Rs 24.902 million), mainly as a result of foreign exchange losses/gains on translation of financial assets and liabilities denominated in US Dollars.

At December 31, 2009, if the Company's functional currency (note 2.17) had weakened/strengthened by 5% against the Euro with all other variables held constant, profit after taxation for the year would have been lower/higher by Rs 4.647 million (2008: Rs 1.940 million), mainly as a result of foreign exchange losses/gains on translation of financial assets and liabilities denominated in Euro.

34.2.3 Price risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company does not have financial instruments dependent on market prices.

34.3 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from cash equivalents, deposits with banks, as well as credit exposures to customers and other counterparties which include trade debts, advance to employees, discount receivable from suppliers and other receivables. Out of the total financial assets, those that are subject to credit risk amounted to Rs 1,121.123 million (2008: Rs 1,037.940 million).

The maximum exposure to credit risk as at December 31, 2009, along with comparative is tabulated below:

Financial assets

	2009 Rs '000	2008 Rs '000
Long-term deposits	1,178	1,218
Trade debts	887,659	681,822
Advances and other receivables	3,946	59,287
Cash and bank balances	228,340	295,613
	1,121,123	1,037,940

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For the year ended December 31, 2009

Total bank balance of Rs 228.340 million placed with banks have a short-term credit rating of at least A-1.

For trade debts, credit risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limit is regularly monitored. Accordingly, the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk.

In respect of other counter parties, due to the Company's long standing business relationship with them, management does not expect non-performance by these counterparties on their obligations to the Company.

The management does not expect any losses from non-performance by these counterparties.

The maximum exposure to credit risk for trade debts as at the balance sheet date by type of counterparties was:

	2009 Rs '000	2008 Rs '000
Local customers	839,885	668,485
Foreign Customers	48,279	14,814
	888,164	683,299
Less: Provision for doubtful debts	505	1,477
	887,659	681,822

The ageing of trade debtors which were past due (i.e more than 30 days) and not impaired as at year end is as follows:

	2009 Rs '000	2008 Rs '000
Dues 31 to 60 days	237,225	635,772
Dues 61 to 90 days	42,503	18,086
Dues 91 to 180 days	14,453	3,689
	294,181	657,547

Based on past experience, the Company believes that no further provision for doubtful debts (impairment allowance) is necessary as the existing customers have a good track record with the Company.

Other categories of financial assets do not contain any impaired or non-performing assets. The Company does not hold any collateral against these assets other than receivable from foreign customers which are secured by way of Letter of Credits.

34.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The management believes that it will be able to fulfill its financial obligations.

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

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2009

	Contractual cash flows Rs '000	Less than 1 year Rs '000	Between 1 to 2 years Rs '000	Between 2 to 5 years Rs '000
Long-term finances	1,024,386	243,564	306,730	474,092
Accrued mark-up	49,574	49,574	-	-
Short-term borrowings	606,312	606,312	-	-
Trade and other payables	1,088,563	1,088,563	-	-
	2,768,835	1,988,013	306,730	474,092

34.5 Capital risk management

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

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain / repay long-term financing from / to financial institutions.

Consistent with others in the industry, the Company monitors capital on the basis of the Debt Equity ratio. This ratio is calculated as under:

Debt = Long-term portion of debt divided by long-term portion of debt plus total equity.

Equity = Total equity divided by long-term portion of debt plus total equity.

During the year, the Company's strategy, which was unchanged from 2008, was to maintain the debt equity ratio below 60:40 in accordance with the long-term finance agreements as more fully explained in note 6. The debt equity ratios as at December 31, 2009 and 2008 were as follows:

	2009 Rs '000	2008 Rs '000
Long-term portion of debt (note 6)	608,000	824,000
Total equity	1,596,280	1,312,205
Total	2,204,280	2,136,205
Debt equity ratio	28:72	39:61

The decrease in the debt equity ratio is due to profit earned and repayment of loan amounting to Rs 216 million during the year, while no further long term financing has been obtained during the year.

34.6 Fair values of financial assets and liabilities

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

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2009

35. Transactions w ith Related Parties

The related parties comprise related group companies, companies in which directors are interested, staff retirement benefits, directors, key management personnel and close members of the family of all the aforementioned related parties. The Company in the normal course of business carries out transactions with various related parties.

Significant transactions with related parties are as follows:

Name and particulars	Nature of transaction	2009 Rs '000	2008 Rs '000
Purchase of goods and services			
IGI Insurance Limited	Insurance services	100,623	83,333
Mitsubishi Corporation, Japan	Raw material	7,306	58,620
Packages Limited	Goods and services	30,892	46,059
Siemens Pakistan Engineering Company Limited	Goods and services	6,557	8,358
		145,378	196,370
Sale of goods and services			
Packages Lanka (Private) Limited	Supplies	18,182	14,732
Packages Limited	Supplies	322,571	308,316
Tetra Pak Pakistan Limited	Supplies	10,511	11,776
		351,264	334,824
Purchase of plant and machinery			
Mitsubishi Corporation, Japan	Supervisory fee and spare parts	-	1,615
Purchase of an intangible asset			
Siemens Pakistan Engineering Company Limited	Purchase of an intangible asset	4,894	11,067
Contributions to staff retirement benefit funds			
Gratuity fund	Contribution	3,126	2,375
Pension fund	Contribution	7,543	6,132
Provident fund	Contribution	4,674	3,919
		15,343	12,426
Cash and bank balances			
IGI Investment Bank Limited	Placement in certificates of deposits	-	200,000

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2009

Name and particulars	Nature of transaction	2009 Rs '000	2008 Rs '000
Dividend			
IGI Insurance Limited		5,685	12,294
Mitsubishi Corporation, Japan		44,994	104,986
Packages Limited		60,000	140,000
		110,679	257,280
Commission			
IGI Insurance Limited	Commission earned on insurance premium	2,572	2,308
Other income			
IGI Insurance Limited	Insurance claim received in respect of damaged inventory	6,271	11,795
Key management personnel	- Salaries and other short-term employees' benefits	31,144	22,943
	- Post retirement benefits	7,157	1,249
		38,301	24,192

The amounts payable to and receivable from related parties have been disclosed in the relevant notes to these financial statements.

36. Plant Capacity and Actual Production

	2009 (Metric tonnes)	2008 (Metric tonnes)
Operational capacity at year end	34,800	34,800
Operational capacity available during the year	34,800	27,920
Production	31,550	27,598

36.1 Reasons for shortfall in production

Production during the year ended December 31, 2009 was lower than operational capacity due to market contraints.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2009

37. Reclassification of Intangible

For better presentation the Company has reclassified 'Software Implementation cost' from Capital Work-in-Progress (note 13.2) to Intangible assets (note 14). Accordingly, the corresponding amounts for the year ended December 31, 2008 have been reclassified. As the reclassification is not considered to be material, therefore, the Company has not presented the balance sheet as at the beginning of the earliest comparative period presented (i.e. January 1, 2008).

38. Date of Authorisation

38.1 These financial statements were authorised for issue on February 11, 2010 by the board of directors of the Company.

38.2 The board of directors have:

- proposed a dividend of Rs 10.00 (2008: Rs 6.00) per share, amounting to Rs 300 million (2008: Rs 180 million) for the year ended December 31, 2009 at their meeting held on February 11, 2010 subject to the approval of the members at the annual general meeting to be held on March 24, 2010; and

- approved transfer to general reserve amounting to Rs 164 million (2008: Rs 59 million) for the year ended December 31, 2009.

These financial statements do not recognise the appropriations to dividend as a liability and transfer to general reserves as they have been proposed and approved subsequent to the balance sheet date.

Shahid Hussain
Chief Executive

Masaharu Domichi
Director

Proxy Form

18th Annual General Meeting

I/We____

of ____being a member of Tri-Pack Films Limited

and holder of ____________________Ordinary Shares as per Share Register Folio No.____________________

(Number of Shares)

and/or CDC Participant I.D. No.___________ and Sub Account No.___________ hereby appoint

___________________ of _____________or failing him _____________ of _____________________

or failing him _________________of _______________ as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on Wednesday, March 24, 2010 at 10.30 a.m. at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi and at any adjournment thereof.

Signed this __________________day of__________________2010

WITNESSES:

1. Signature: ______________
   Name: ________________
   Address: ______________

   CNIC or
   Passport No: ______________

Signature

Please
affix Rupees five
revenue stamp

(Signature should agree with the specimen signature registered with the Company)

2. Signature: ______________
   Name: ________________
   Address: ______________

   CNIC or
   Passport No: ______________

Note: Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the Company.

CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their Comuterized National Identity Card or Passport with this proxy form before submission to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary:
Tri-Pack Films Limited
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G-20, Block No. 9, Clifton, Khayaban-e-Jami,
Karachi-75600, Pakistan.

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