



**Tri-Pack Films Limited**

Enhancing  
Technological  
Competence



## Contents

	02	Company Information
	03	Directors' Report to the Shareholders
Balance Sheet	04	
Profit and Loss Account	06	
Statement of Changes in Equity	07	
Cash Flow Statement	08	
Notes to and Forming Part of the Financial Statements	09	

## Company Information

### Board of Directors

Syed Babar Ali (Chairman)  
 Shahid Hussain (Chief Executive)  
 Khalid Yacob  
 Kimihide Ando  
 Faisal Farid  
 Syed Hyder Ali  
 Tetsuo Obana

### Company Secretary

Adi J. Cawasji

### Audit Committee

Khalid Yacob (Chairman)  
 Kimihide Ando  
 Faisal Farid  
 Tetsuo Obana

### 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

### Bankers

Askari Bank Limited  
 Bank Alfalah Limited  
 Bank Al Habib Limited  
 BankIslami Pakistan 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, Khyber Pakhtunkhwa,  
 (Formerly 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

B-70/1, Gulberg III, Behind KFC,  
 MM Alam Road, Lahore.  
 Tel: (042) 35716068-70  
 Fax: (042) 35873659

## Directors' Report to the Shareholders

The Directors are pleased to present their report together with the un-audited financial statements of the Company for the third quarter ended September 30, 2010.

### Financial Performance

By the grace of Almighty Allah, your Company's performance has further improved during the third quarter of the year. We were able to achieve better results by focusing on value-added products and optimizing operating efficiencies.

Comparison of the financial results with the corresponding period of 2009 is as follows:

		For the quarter July to Sept		For the nine months Jan to Sept	
		2010	2009	2010	2009
Sales volume	- (Metric tonnes)	9,093	7,548	26,015	22,940
Sales value	- (Rs Million)	1,965	1,380	5,446	4,084
Gross profit	- (Rs Million)	312	211	824	777
EBITDA	- (Rs Million)	343	243	930	895
Net profit	- (Rs Million)	121	73	308	300
Earnings per share (EPS)	- (Rs)	4.05	2.43	10.28	10.00

Net sales during the nine months increased to Rs 5,446 million which is higher by Rs 1,362 million (33%) in comparison to same period of last year. The earnings before interest, tax, depreciation and amortization (EBITDA) during the nine months is Rs. 930 million as compared to Rs. 895 million of corresponding period last year.

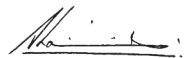
### Future Outlook

Despite continued increase in raw material price in the international market, and volatile business conditions in the country, we are confident that by maintaining economies of operations and successful marketing strategies Inshallah, the results for the remaining period of the year will further improve.

### Acknowledgement

The Directors wish to record their appreciation for the patronage of all stakeholders and continued efforts of the employees of the Company.

On behalf of the board



Shahid Hussain  
Chief Executive

Karachi – October 19, 2010

## Condensed Interim Balance Sheet

as at September 30, 2010 (Unaudited-note 2.1)

	Note	September 30, 2010 (Rs '000)	December 31, 2009 (Rs '000)
<b>Share Capital and Reserves</b>			
Authorised capital		1,000,000	1,000,000
Issued, subscribed and paid-up capital		300,000	300,000
Reserves		1,304,671	1,296,280
		1,604,671	1,596,280
<b>Non-current Liabilities</b>			
Long-term finances	3	375,000	608,000
<b>Deferred Liabilities</b>			
Deferred taxation		235,993	267,061
Accumulated compensated absences		15,156	10,291
<b>Current Liabilities and Provisions</b>			
Trade and other payables	5	1,097,589	1,163,309
Accrued mark-up		21,501	49,574
Short-term borrowings	4	840,246	606,312
Current portion of long-term finances	3	233,000	216,000
		2,192,336	2,035,195
<b>Contingencies and Commitments</b>			
	6	4,423,156	4,516,827

## Condensed Interim Balance Sheet

as at September 30, 2010 (Unaudited-note 2.1)

	Note	September 30, 2010 (Rs '000)	December 31, 2009 (Rs '000)
Property, Plant and Equipment	7	1,907,836	2,075,859
Intangibles		19,705	19,708
Long-term Deposits		1,714	1,178
Current Assets			
Stores and spares		247,850	198,796
Stock-in-trade		962,142	1,002,595
Trade debts	8	909,369	887,659
Advances, prepayments and other receivables		70,187	37,393
Taxation		125,817	63,873
Cash and bank balances		178,536	229,766
		2,493,901	2,420,082
		4,423,156	4,516,827

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

  
Shahid Hussain  
Chief Executive

  
Kimihide Ando  
Director

## Condensed Interim Profit and Loss Account

For the quarter and nine months period ended September 30, 2010 (Unaudited-note 2.1)

	Note	Quarter ended		Nine months period ended	
		September 30, 2010 (Rs '000)	September 30, 2009 (Rs '000)	September 30, 2010 (Rs '000)	September 30, 2009 (Rs '000)
Sales		2,403,931	1,662,701	6,612,160	4,940,445
Less: sales tax and special excise duty		438,690	283,156	1,166,235	856,403
Net sales		1,965,241	1,379,545	5,445,925	4,084,042
Cost of sales	9	1,653,198	1,168,333	4,621,580	3,306,650
Gross profit		312,043	211,212	824,345	777,392
Distribution cost		37,565	29,672	105,963	91,776
Administrative expenses		29,316	24,189	81,483	66,998
		66,881	53,861	187,446	158,774
Operating profit		245,162	157,351	636,899	618,618
Other income		6,094	5,006	21,778	35,025
		251,256	162,357	658,677	653,643
Finance cost		54,273	48,105	162,629	171,997
Other expenses		13,731	7,884	34,879	33,234
		68,004	55,989	197,508	205,231
Profit before taxation		183,252	106,368	461,169	448,412
Taxation					
-Current		73,347	45,558	183,846	168,206
-Deferred		(11,449)	(12,228)	(31,068)	(19,823)
		61,898	33,330	152,778	148,383
Profit after taxation		121,354	73,038	308,391	300,029
Earnings per share (Rupees)		4.05	2.43	10.28	10.00

Note: The appropriations from profits are set out in the condensed interim statement of changes in equity.

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

  
**Shahid Hussain**  
 Chief Executive

  
**Kimihide Ando**  
 Director

## Condensed Interim Statement of Changes in Equity

For the nine months period ended September 30, 2010 (Unaudited-note 2.1)

	Share Capital (Rs '000)	General Reserve (Rs '000)	Unappropriated Profit (Rs '000)	Total (Rs '000)
Balance at January 1, 2009	300,000	772,000	240,205	1,312,205
<b>Transactions with owners</b>				
Dividend relating to the year ended December 31, 2008 @ 60%	-	-	(180,000)	(180,000)
Transfer to general reserve	-	59,000	(59,000)	-
	-	59,000	(239,000)	(180,000)
<b>Total comprehensive income</b>				
Net profit for the nine months period ended September 30, 2009	-	-	300,029	300,029
Balance at September 30, 2009	300,000	831,000	301,234	1,432,234
Balance at January 1, 2010	300,000	831,000	465,280	1,596,280
<b>Transactions with owners</b>				
Dividend relating to the year ended December 31, 2009 @ 100%	-	-	(300,000)	(300,000)
Transfer to general reserve	-	164,000	(164,000)	-
	-	164,000	(464,000)	(300,000)
<b>Total comprehensive income</b>				
Net profit for the nine months period ended September 30, 2010	-	-	308,391	308,391
Balance at September 30, 2010	300,000	995,000	309,671	1,604,671

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

  
Shahid Hussain  
Chief Executive

  
Kimihide Ando  
Director



## Condensed Interim Cash Flow Statement

For the nine months period ended September 30, 2010 (Unaudited-note 2.1)

	Note	Nine months period ended Sep 30, 2010 (Rs '000)	Nine months period ended Sep 30, 2009 (Rs '000)
<b>Cash Flows from Operating Activities</b>			
Cash generated from operations	11	781,945	852,275
Payment on account of accumulated compensated absences		(2,785)	(2,079)
Long-term deposits		(536)	36
Retirement benefits paid		(11,915)	(7,911)
Income taxes paid		(245,790)	(151,761)
Net cash inflow from operating activities		520,919	690,560
<b>Cash Flows from Investing Activities</b>			
Fixed capital expenditure		(104,247)	(281,651)
Profit on bank balances received		373	18,980
Sale proceeds on disposal of fixed assets		3,872	1,121
Net cash (outflow) from investing activities		(100,002)	(261,550)
<b>Cash Flows from Financing Activities</b>			
Finance cost paid		(190,702)	(197,424)
Long-term finance paid		(216,000)	(216,000)
Dividend paid		(299,379)	(179,183)
Net cash (outflow) from financing activities		(706,081)	(592,607)
Net (decrease) in cash and cash equivalents		(285,164)	(163,597)
Cash and cash equivalents at the beginning of the period		(376,546)	(352,761)
Cash and cash equivalents at the end of the period	12	(661,710)	(516,358)

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

  
**Shahid Hussain**  
 Chief Executive

  
**Kimihide Ando**  
 Director

## Notes to and Forming Part of the Financial Statements

For the nine months period ended September 30, 2010 (Unaudited-note 2.1)

### 1. Introduction

Tri-Pack Films Limited (the Company) was incorporated in Pakistan as a public company on April 29, 1993 under the Companies Ordinance, 1984 (the Ordinance) 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. Basis of Presentation

- 2.1 These condensed interim financial statements of the Company for the nine months period ended September 30, 2010 have been prepared in accordance with the requirements of the International Accounting Standard No. 34 'Interim Financial Reporting' and are being submitted to the shareholders as required under section 245 of the Ordinance and the listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges.

The condensed interim financial statements comprise of the balance sheet as at September 30, 2010 and the condensed interim profit and loss account, condensed interim statement of changes in equity and the condensed interim cash flow statement for the nine months period ended September 30, 2010. These condensed interim financial statements also include the condensed interim profit and loss account for the quarter ended September 30, 2010.

The comparative balance sheet presented in these condensed interim financial statements as at December 31, 2009 has been extracted from the audited financial statements of the Company for the year ended December 31, 2009 whereas the comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement are for the nine months period ended September 30, 2009. The comparative profit and loss account for the quarter ended September 30, 2009 is also included in these condensed interim financial statements.

- 2.2 The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2009.

## Notes to and Forming Part of the Financial Statements

For the nine months period ended September 30, 2010 (Unaudited-note 2.1)

### 3. Long-term Finances

	September 30, 2010 (Rs '000)	December 31, 2009 (Rs '000)
Secured		
Finance 1 - note 3.1	100,000	300,000
Finance 2 - note 3.2	8,000	24,000
Finance 3 - note 3.3	500,000	500,000
	608,000	824,000
Less: Amounts payable within twelve months shown under current liabilities	233,000	216,000
	375,000	608,000

- 3.1 The Company had obtained a long-term finance facility of Rs 1,000 million (December 31, 2009: Rs 1,000 million) from a commercial bank under mark-up arrangements. Mark-up is payable on quarterly basis at the rate of base rate plus 1% per annum. The base rate is the simple average of last three cut-off yields of six months treasury bills of the State Bank of Pakistan. The effective rate of mark-up during the nine months was 13.21% (December 31, 2009: 13.85%) per annum. The principal amount is repayable in ten 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.
- 3.2 The Company had obtained a long-term finance facility of Rs 100 million (December 31, 2009: Rs 100 million) from a commercial bank under mark-up arrangements out of which the Company has availed Rs 80 million (December 31, 2009: Rs 80 million). Mark-up is payable on quarterly basis at the rate of three months Karachi Inter Bank Offer Rate (KIBOR) plus 1% per annum. The effective rate of mark-up during the nine months was 13.31% (December 31, 2009: 14.32%) per annum. The principal amount is repayable in ten 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.

## Notes to and Forming Part of the Financial Statements

For the nine months period ended September 30, 2010 (Unaudited-note 2.1)

- 3.3 The Company had obtained a long-term finance facility of Rs 500 million (December 31, 2009: 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 KIBOR plus 0.50 percent per annum. The effective rate of mark-up during the nine months was 13.01% (December 31, 2009: 13.37%) 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. The facility is secured by first pari passu hypothecation/ mortgage charges on all the Company's present and future assets including but not limited to land, building, plant and machinery, equipment, furniture and fixture etc.

### 4. Short-term Borrowings

Short-term finances are under mark-up arrangements with banks payable on various maturity dates upto August 31, 2011. 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 12.89% to 14.46% (December 31, 2009: 13.37% to 17.67%) per annum. Total facilities available under mark-up arrangements aggregated Rs 2,650 million (December 31, 2009: Rs 2,300 million) out of which the amount unavailed at the period end was Rs. 1,810 million (December 31, 2009: Rs 1,694 million).

### 5. Trade and Other Payables

These include Rs 8.136 million (December 31, 2009: Rs 5.085 million) payable to related parties.

### 6. Contingencies and Commitments

	September 30, 2010 (Rs '000)	December 31, 2009 (Rs '000)
Contingencies		
Guarantees issued by banks on behalf of the Company	31,385	30,755
Commitments		
Letter of credit for purchase of raw material and spares	686,864	584,098

## Notes to and Forming Part of the Financial Statements

For the nine months period ended September 30, 2010 (Unaudited-note 2.1)

- 6.1 The facilities for opening of letter of credits and for guarantees as at September 30, 2010 amount to Rs 4,968 million (December 31, 2009: Rs 4,368 million) and Rs 135 million (December 31, 2009: Rs 135 million), of which the amount remaining unutilized was of Rs 3,427 million (December 31, 2009: Rs 2,671 million) and Rs 103.615 million (December 31, 2009: Rs 104.245 million) respectively.

### 7. Property, Plant and Equipment

	September 30, 2010 (Rs '000)	December 31, 2009 (Rs '000)
Operating fixed assets - note 7.1	1,870,568	2,069,838
Capital work-in-progress	37,268	6,021
	<b>1,907,836</b>	<b>2,075,859</b>

	Nine months period ended Sep 30, 2010 (Rs '000)	Nine months period ended Sep 30, 2009 (Rs '000)
<b>7.1 Operating fixed assets</b>		
Additions	97,315	119,499
Disposals [having a net book value of Rs 1.798 million (2009: Rs 0.711 million)]	5,676	2,343

### 8. Trade Debts

Considered good

These include Rs 41.847 million (December 31, 2009: Rs 35.544 million) receivable from related parties.

## Notes to and Forming Part of the Financial Statements

For the nine months period ended September 30, 2010 (Unaudited-note 2.1)

### 9. Cost of Sales

	Quarter ended		Nine months period ended	
	September 30, 2010 (Rs '000)	September 30, 2009 (Rs '000)	September 30, 2010 (Rs '000)	September 30, 2009 (Rs '000)
Opening stock of finished goods	35,508	20,396	36,543	28,599
Cost of goods manufactured - note 9.1	1,633,710	1,185,544	4,601,057	3,315,658
Less: Closing stock of finished goods	(16,020)	(37,607)	(16,020)	(37,607)
	1,653,198	1,168,333	4,621,580	3,306,650
<b>9.1 Cost of goods manufactured</b>				
Opening stock of work-in-process	95,209	78,829	126,043	103,428
Raw materials consumed - note 9.2	1,261,362	948,818	3,568,847	2,547,459
Salaries, wages and other benefits	53,761	43,005	147,368	119,220
Fuel, power and water	104,292	84,133	304,073	223,923
Packing material consumed	41,590	35,222	119,259	101,535
Repairs and maintenance	24,519	19,766	70,667	52,646
Insurance	7,753	7,644	23,145	26,267
Vehicle running and maintenance	4,771	3,770	13,702	10,472
Travelling	1,007	989	3,241	3,256
Staff retirements benefits	4,929	2,593	14,087	7,970
Depreciation	88,708	79,967	263,851	237,347
Others	462	579	1,427	1,906
	1,688,363	1,305,315	4,655,710	3,435,429
Less: Closing stock of work-in-process	(54,653)	(119,771)	(54,653)	(119,771)
	1,633,710	1,185,544	4,601,057	3,315,658
<b>9.2 Raw materials consumed</b>				
Opening stock of raw materials	734,777	358,224	640,419	523,290
Purchases	1,230,202	1,174,459	3,632,045	2,608,034
Less: Closing stock of raw materials	(703,617)	(583,865)	(703,617)	(583,865)
	1,261,362	948,818	3,568,847	2,547,459

## Notes to and Forming Part of the Financial Statements

For the nine months period ended September 30, 2010 (Unaudited-note 2.1)

## 10. Transactions with Related Parties

Name and particulars	Nature of transactions	Transactions during the nine months period ended September 30, 2010 (Rs '000)	Transactions during the nine months period ended September 30, 2009 (Rs '000)
<b>Purchases of goods and services</b>			
IGI Insurance Limited	Insurance services	63,742	82,529
Mitsubishi Corporation, Japan	Raw material	2,276	5,228
Packages Limited	Goods and services	22,529	22,209
Siemens Pakistan Engineering Company Limited	Goods and services	4,129	6,335
		92,676	116,301
<b>Sales of goods and services</b>			
Packages Lanka (Private) Limited	Supplies	23,619	16,604
Packages Limited	Supplies	322,478	238,309
Tetra Pak Pakistan Limited	Supplies	10,741	6,326
		356,838	261,239
<b>Purchase of plant and machinery</b>			
Mitsubishi Corporation, Japan	Plant and machinery	7,284	-
<b>Purchase of an intangible asset</b>			
Siemens Pakistan Engineering Company Limited	Intangible assets	1,180	4,894
<b>Contributions to staff retirement benefit funds</b>			
Gratuity fund	Contribution	5,686	2,356
Pension fund	Contribution	6,296	5,749
Provident fund	Contribution	3,786	3,565
		15,768	11,670
<b>Dividend</b>			
IGI Insurance Limited		9,475	5,685
Mitsubishi Corporation, Japan		74,990	44,994
Packages Limited		100,000	60,000
		184,465	110,679
<b>Remuneration of key management personnel</b>			
	Salaries and other short-term employees' benefits	21,019	21,287
	Post retirement benefits	3,035	3,008
		24,054	24,295
<b>Commission</b>			
IGI Insurance Limited	Commission earned on insurance premium	4,235	2,572
<b>Other Income</b>			
IGI Insurance Limited	Insurance claim received in respect of damaged inventory	861	1,825

## Notes to and Forming Part of the Financial Statements

For the nine months period ended September 30, 2010 (Unaudited-note 2.1)

### 11. Cash Generated from Operations

	Nine months period ended September 30, 2010 (Rs '000)	Nine months period ended September 30, 2009 (Rs '000)
Profit before taxation	461,169	448,412
Adjustment for non cash charges and other items:		
Depreciation	270,614	241,099
Provision for doubtful debts	1,439	2,937
Provision for retirement benefits	11,480	7,607
Profit on bank balances	(373)	(17,648)
Gain on disposal of fixed assets	(2,213)	(410)
Provision for accumulated compensated absences	7,650	2,700
Finance cost	162,629	171,997
Working capital changes - note 11.1	(130,450)	(4,419)
	781,945	852,275
<b>11.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
Stores and spares	(49,054)	(44,824)
Stock-in-trade	40,453	151,960
Trade debts	(23,149)	(129,259)
Advances, prepayments and other receivables	(32,794)	43,349
	(64,544)	21,226
(Decrease) in current liabilities:		
Trade and other payables	(65,906)	(25,645)
	(130,450)	(4,419)



## Notes to and Forming Part of the Financial Statements

For the nine months period ended September 30, 2010 (Unaudited-note 2.1)

### 12. Cash and Cash Equivalents

	September 30, 2010 (Rs '000)	September 30, 2009 (Rs '000)
Cash and bank balances	178,536	32,982
Short term borrowings - note 4	(840,246)	(549,340)
	(661,710)	(516,358)

### 13. Plant Capacity and Actual Production

	Nine months period ended September 30, 2010 (Metric tonnes)	Nine months period ended September 30, 2009 (Metric tonnes)
Operational capacity available during the period	26,600	26,100
Production	25,867	23,008

### 14 Date of Authorisation for Issue

These condensed interim financial statements were authorised for issue on October 19, 2010 by the board of directors of the Company.

  
Shahid Hussain  
Chief Executive

  
Kimihide Ando  
Director

**Registered Office**

4th Floor, The Forum, Suite No.416-422  
G-20, Block No. 9, Clifton, Khayaban-e-Jami, Karachi-75600, Pakistan.  
Tel: 92 21-3587 4047-49, 3583 1618 Fax: 92 21-3586 0251