Tri-pack

Tri-Pack Films Limited

EN ROUTE

TO NEW HEIGHTS

ANNUAL REPORT 2013

EN ROUTE
TO NEW HEIGHTS

We have come a long way in the journey which started in 1993; reaching one milestone after another. Taking inspiration from migrating birds, in this journey we will continue to discover new horizons and destinations, only to make the journey all over again in pursuit of new heights of success.

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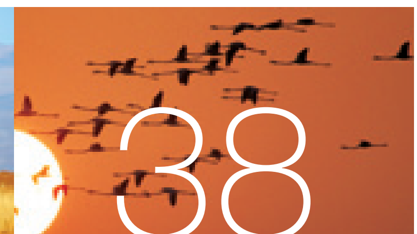
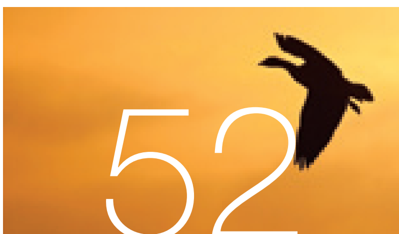


Corporate Governance



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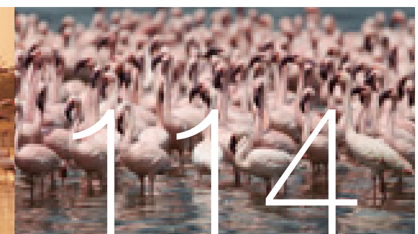
Financial Statements



Notice of AGM and Proxy Form

Vision

To enhance stakeholders' value by being a supplier of first choice whilst maintaining leadership position in domestic market and profitably expanding footprint in the International market.

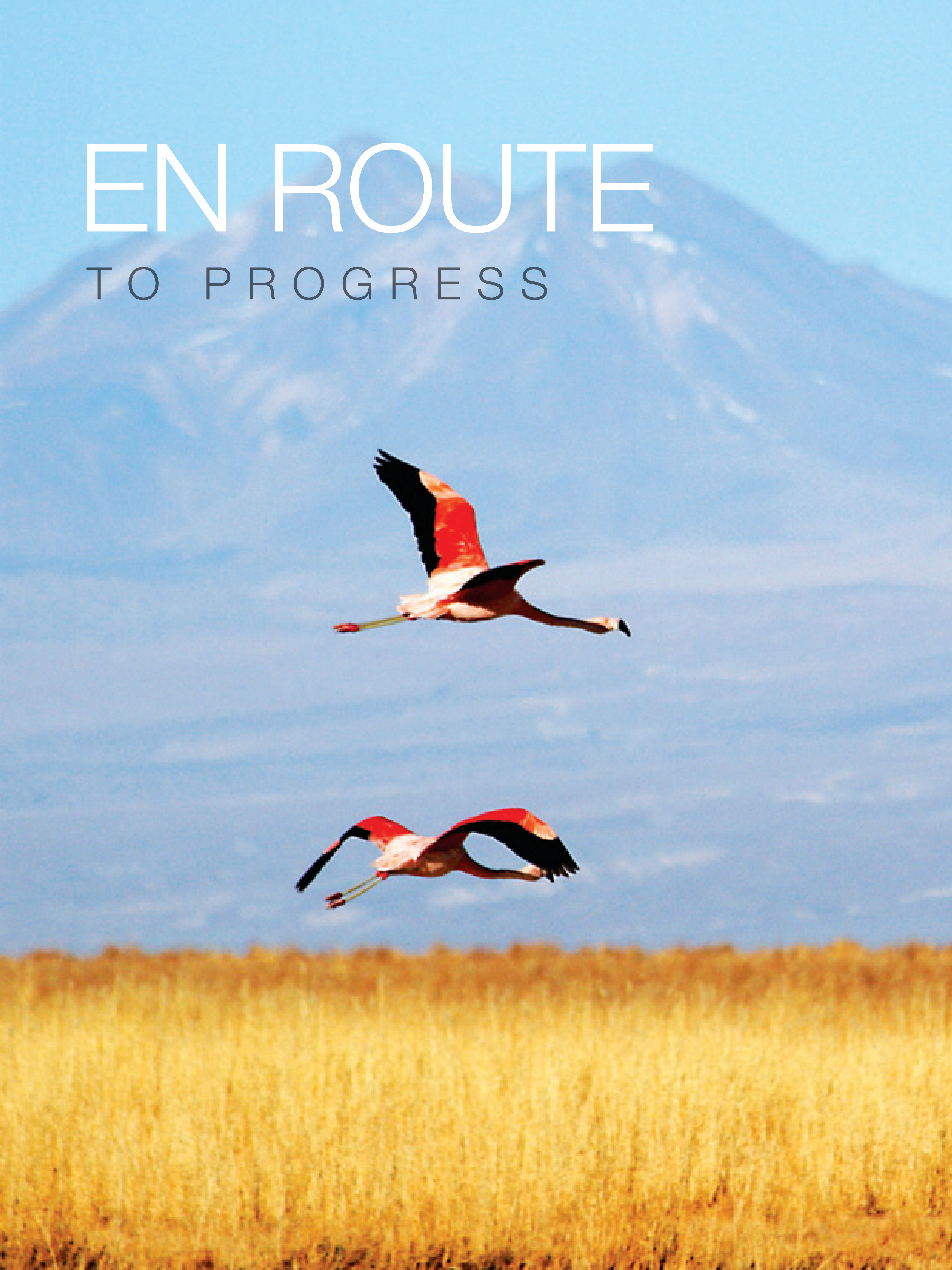
Mission Statement & Corporate Strategy

We will:

- Satisfy our customers with timely supplies of products and services at economic prices, conforming to quality standards.
- Achieve sustained growth to meet the demands of our customers' and stakeholders' expectations.
- Continue developing new markets, products, applications and solutions in concert with our customers and suppliers.
- Employ cost-effective technology to retain our competitive edge.
- Nurture and inculcate a culture based on high ethical standards to meet our obligations towards the communities we operate in.
- Attract, develop and retain talent through motivation, training, performance reward and providing growth opportunities.
- Care for health and safety of our employees and stakeholders and play our due role towards the environmental requirements.

EN ROUTE

TO PROGRESS



Stakeholders’ Information

Company Information

BOARD OF DIRECTORS
Syed Babar Ali (Chairman)
* Syed Hyder Ali
Kimihide Ando
Shahid Hussain (Chief Executive)
Yasumasa Kondo
Asif Qadir
Khalid Yacob

AUDIT COMMITTEE
Asif Qadir (Chairman)
* Kimihide Ando
Yasumasa Kondo
Khalid Yacob

EXECUTIVE COMMITTEE
Kimihide Ando (Chairman)
* Syed Hyder Ali
Shahid Hussain
Khalid Yacob

HUMAN RESOURCE AND REMUNERATION COMMITTEE
Mr. Asif Qadir (Chairman)
* Mr. Shahid Hussain
Mr. Khalid Yacob

CHIEF FINANCIAL OFFICER
Nasir Jamal

COMPANY SECRETARY
Adi J. Cawasji

AUDITORS AND TAX ADVISOR
A. F. Ferguson & Co.
Chartered Accountants

LEGAL ADVISOR
Sattar & Sattar
Khan & Paracha

* In alphabetical order

SHARES REGISTRAR
FAMCO Associates (Pvt.) Ltd
8-F, Next to Hotel Faran
Nursery, Block 6, P.E.C.H.S.,
Shahrah-e-Faisal
Karachi - 75400
Tel : (021) 34380101-2
Fax : (021) 34380106

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

WORKS
Plot No. G-1 to G-4,
North Western Industrial Zone,
Port Qasim Authority,
Karachi.
Tel : (021) 34720247-48
Fax : (021) 34720245

WORKS & REGIONAL SALES OFFICE
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 OFFICE
Plot No. 5 FC. C,
Maratib Ali Road,
Gulberg II,
Lahore.
Tel: (042) 35716068-70
Fax: (042) 35716071

REGIONAL SALES & HEAD OFFICE
House No. 18,
Sir Abdullah Haroon Road,
Adjacent Marriott Hotel,
Karachi.
Tel: (021) 35224336-37
Fax: (021) 35224338

Business Overview

THE COMPANY

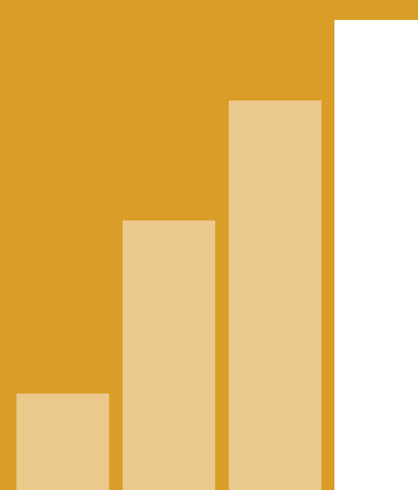
Tri-Pack Films Limited (Tri-Pack) – a joint venture between Mitsubishi Corporation of Japan and Packages Limited of Pakistan was incorporated as a Public Limited Company on April 29, 1993 to produce Biaxially Orientated Polypropylene (BOPP) Films in Pakistan. Its head office is based in Karachi and regional offices are located in Karachi, Lahore and Hattar where focus is to provide customers with dependable, economical and quality films backed by strong customer services. Tri-Pack is indeed proud of making distinctive contributions to the packaging industry in Pakistan.

The Company is continuously growing since inception and has touched the country's ever highest production of BOPP films in the year 2013 through the commissioning of BOPP Line-4 in March 2013 at a cost of Rs 5.4 billion.

The project of Cast Polypropylene (CPP) Line-2 with a capacity of 9,000 MT per annum was completed and commissioned in March 2014 within the budgeted cost of Rs 1.3 billion. This shall increase the combined CPP production capacity of the company from the present 7,200 MT per annum to 16,200 MT per annum.

KEY FACTS

More than 450 Employees



Largest

BOPP & CPP Films
Manufacturer in Pakistan

EXPANDING FOOTPRINT IN

INTERNATIONAL MARKET

GEOGRAPHICAL PRESENCE

Export Markets

- Oman
- UAE
- Srilanka
- Nigeria
- Netherland
- South Africa
- Bahrain
- Chile
- Kenya
- Bangladesh

PRODUCT

Keeping in view the needs of our customers, Transparent, Pearlized and Metallized films are produced in different varieties and thickness ranging from 12 to 60 micron. We also make specialized films having unique characteristics to suit specialized applications while creating a niche market. The most valuable property of our film is its versatility as a packaging material. We carefully craft our films to ensure good barrier properties against moisture, gas and odours. Excellent optical properties distinguish our films from the rest. Trouble free printing and sealability makes our products, the first choice of converters.

"We are in your life; everywhere in everything"

Awarded by
Management Association
of Pakistan (MAP)
Corporate Excellence Award
in General Industrial Sector

"My experience at Tri-Pack has been particularly intriguing and unique. Joining as a Management Trainee in the Exports Department I was given the responsibility of marketing and sales for the Middle East region. Handling major export customer accounts across Middle East, operating in a completely different business culture, travelling the Middle East markets exploring business development opportunities and working against targets in a rapidly growing and evolving company has been a very learning and challenging experience with support and guidance from senior managers. I was able to learn fast, refine my ideas and take the challenge head-on".

Muhammad Hamza Alvi
Export Sales Executive – Middle East
LUMS Graduate

Our Business Strengths

MARKET LEADERSHIP

Tri-Pack is currently considered as market leader, capturing almost 70 percent of the BOPP market in Pakistan. We have successfully increased our sales level in 2013 despite volatile law and order situation and challenging market conditions. In 2013, with additional capacity we also expanded our footprint successfully in the international market.

CUSTOMER SUPPORT

Tri-Pack besides producing high quality film also helps the customers in further processing and shares professional knowledge to achieve economic and sustainable solutions. We also manufacture the products in accordance with the customer requirement whilst meeting the international quality standards. In order to produce high quality films, we are using top of the line fully automated machines procured from world top suppliers such as Mitsubishi Corporation - Japan, Windmöller & Hölscher - Germany, General Vacuum and Galileo Vacuum - England, Bruckner – Germany and Bonfanti - Italy.

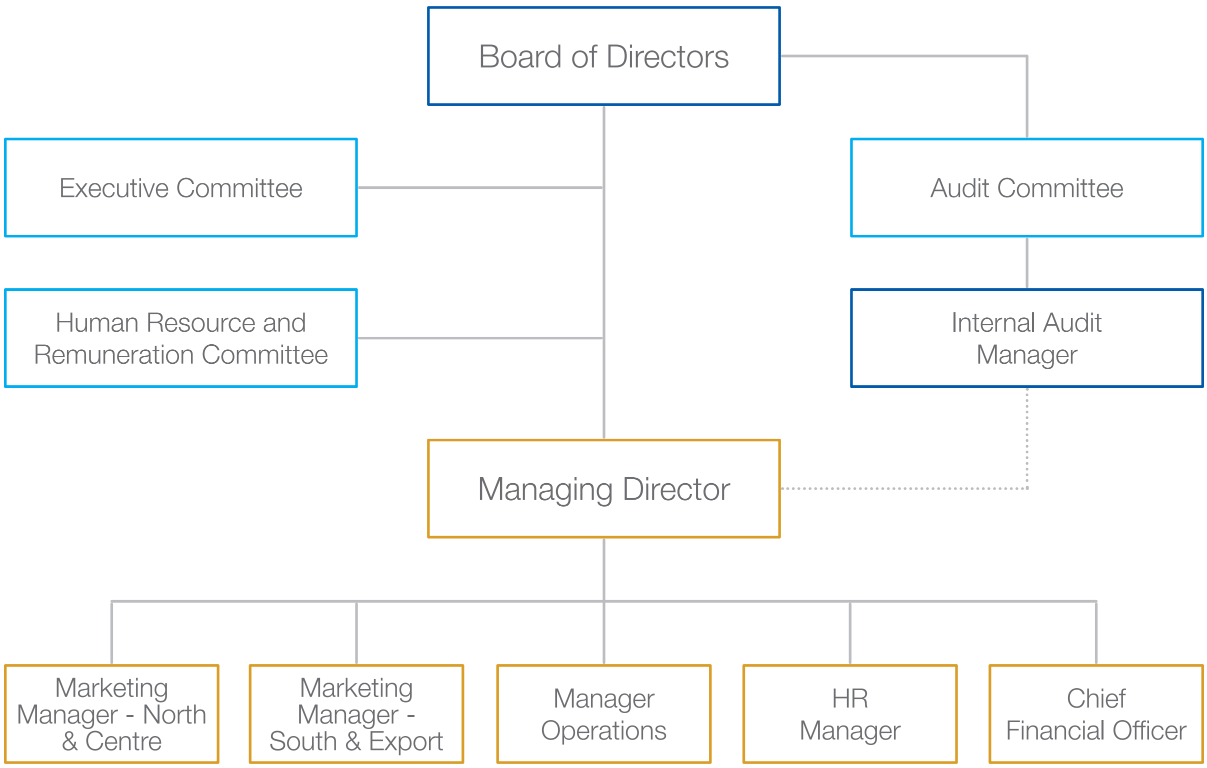
ADVANCE RESEARCH AND DEVELOPMENT FACILITIES

Our in-house R&D department is equipped with contemporary and sophisticated accessories. Not only the equipment but also the R&D team is highly professional who work round the clock 24 hours to ensure the production of high quality film. Product demand and development process is used to ensure that the product meets customer requirements by giving better run-ability and cost effective solutions while adding to our bottom line. With the core competency for developing any kind of BOPP and CPP films the target products are those which are rare in the market and difficult to produce like Plain 10, High Barrier Metallized films etc.

Smooth seas do not make skilful sailors"
- African Proverb
"My experience as Marketing & Sales Executive at Tri-Pack has remained a diverse one, with each day a new challenge to broaden my horizon and to look beyond the obvious. Such an experience goes a long way and I am grateful to have been provided the opportunity to navigate through rough seas".

Sufyan Javed
LUMS Graduate
Marketing & Sales Executive

Organizational Structure



Stakeholder Engagement

At Tri-Pack we understand that engaging with all our stakeholders is the only way to ensure that we remain a responsible corporate citizen and have a positive impact on all our stakeholder groups.

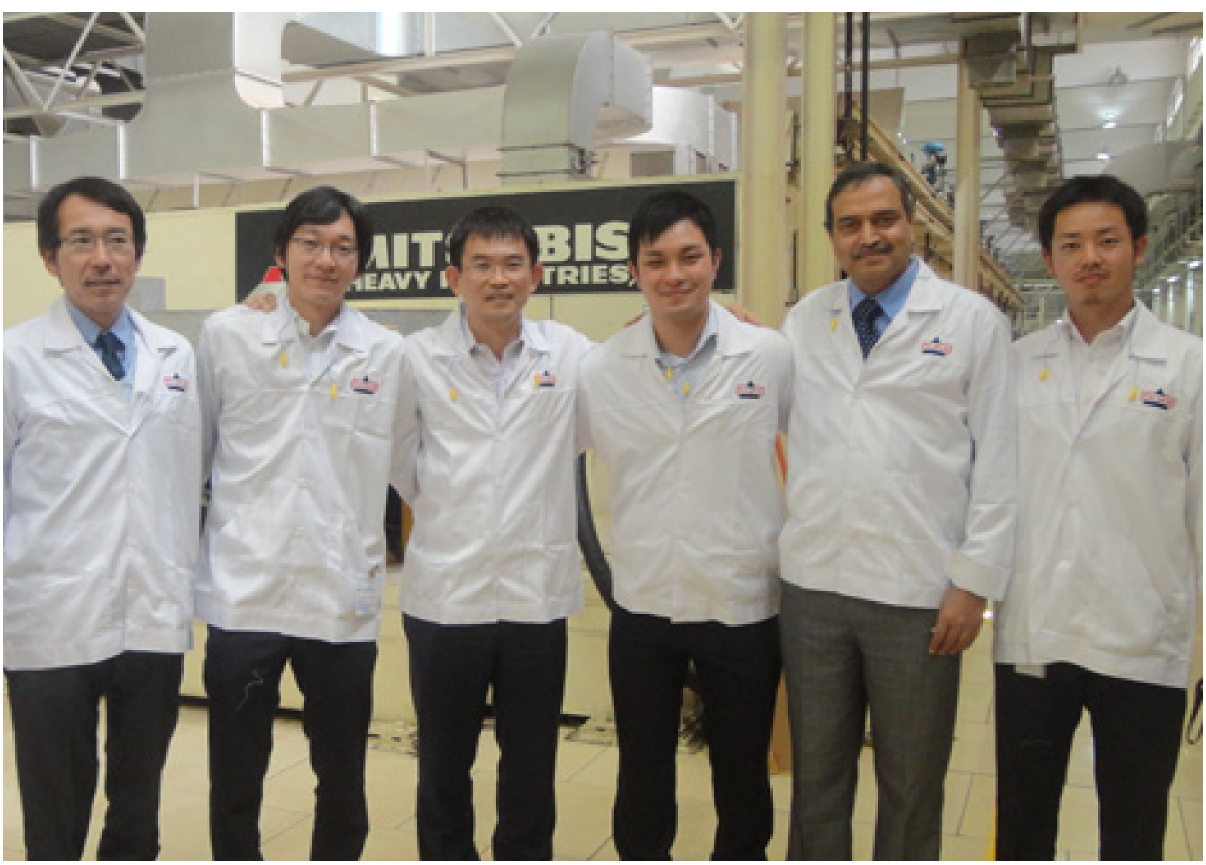
Our stakeholders include any person or organisation that interact with us, or have an interest in Tri-Pack Films and include shareholders, employees, suppliers, customers, communities and national and international trade associations.

Tri-Pack engages with shareholders through Annual General Meeting and Annual report, which include comprehensive information on financial and non-financial matters relating to the Company.

Tri-Pack has realigned its focus on employee engagement through Annual Conference, formal and informal discussions to identify the extent to which employees are motivated on job and enhance the capability and performance level within the Company.

We have a vast base of suppliers and customers and we seek to engage them from time to time through formal and informal meetings and conferences. Technical assistance to customers is being provided to enhance value for the benefit of industry and the economy in general.

We believe that highest standard of corporate behaviour in our society is essential to our long-term success. For this, we actively endeavour to meet our responsibilities to the society.



Key Operational Highlights

- Highest ever sale volumes of 43,468 tons in any year.
- Highest Export of around 3,355 tons of BOPP and CPP Films in any year.
- BOPP Line-4 was commissioned enhancing the capacity by 40,000 tons. Tri-Pack is now capable of producing 68,800 tons of BOPP Films annually.
- Ground Breaking Ceremony of CPP Line-2 on 9th June to increase the capacity of production. (Production commenced in March 2014).
- Commissioning of fourth Metallizer in January.
- Commissioning of tenth Secondary Slitting Machine in January.

"I recently joined Tri-Pack as a Finance Trainee Officer. Tri-Pack is a growing company bordered by massive opportunities therefore I believe that this company will be able to provide me with such training where not only will I be able to enhance my skills through learning and development but also explore more of my potential, competence and capability"

Sana Aslam
ACCA Affiliate
Finance Trainee Officer

Health, Safety, Environment & Quality Policy

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

- Ensure customer satisfaction through product of best quality, developments, modern technologies & by acquiring knowledge and skills.
- Establish, implement and review objectives & targets to ensure continuous improvement in our HSEQ System.
- Comply with all regulatory requirements on Health, Safety and Environment.
- 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, safety, environment and quality policy & performance.
- Ensure that any new plant, equipment and processes installed will minimize hazards and impact to the environment.
- Ensure sustainable use of energy and water resources.

"We are committed towards making workers' lives better not only at the workplace but also outside."

Human Rescource Development and Management

OUR PEOPLE

Over the course of 2013, Human Resource Department has achieved progress in the areas of strategic workforce planning, talent attraction and management, recruitment, learning and development, work environment, staff relations and overall improved work environment.

At Tri-Pack, our people have proven to be the most significant asset and an integral part of our existence as an enterprise and the key pillar of success of our business. We strive to keep our employees engaged and focused through our extensive reward and recognition programs. At the same time we also try to enhance skill development over a period of time through which our people evolve both personally and professionally. As an organization we have not only expanded in terms of our manufacturing capacity but have also taken the overall skill level of our employees to the next level via initiatives of continuous learning and development.

Various initiatives which contributed to key strategic areas, including, succession, learning and development, recruitment and retention, have been launched across the organization. This strategic trend is likely to continue as being a true business partner, the HR department endeavours to consult on the key challenges ahead including managing, retaining and aggressively attracting talent from the newly available pools of external candidates, continuous change management, developing transparent and clear communication channels at all levels of the organization and getting a deeper understanding of the real issues affecting our long term strategy.

TALENT INDUCTION

The year 2013 was an exceptional year as far as talent induction was concerned. We initiated an extensive recruitment drive to fulfil the resource requirements for the plant expansion at our Port Qasim Facility – Karachi.

As part of our hiring philosophy, we are an equal opportunity employer ensuring that right candidates are hired through a transparent and efficient process aimed at facilitating the right skill-set for the organization.

We strongly believe in hiring and retaining the best, that is why we are in continuous pursuit of driving performance through improved employee engagement. Our aim is to further build upon our internal talent pool by attracting and retaining the best talent available.

LEARNING AND DEVELOPMENT

The Tri-Pack learning strategy is aligned to address current and emerging organizational needs and core learning at all levels.

Our training strategy keeps in view the emerging requirements of every area and endeavours to train and develop employees by improving their skills, knowledge, abilities necessary for their professional and personal development. Our programs have helped improve the overall organizational efficiency and productivity levels. Overall a total of 2,894 training hours were achieved via on the job trainings, internal and external trainings both at local and international levels.

EMPLOYEE COMMUNICATION

We believe in a culture of openness and freedom of expression. We do this by providing several forums for employees to bring their valuable suggestions and feedback to the management. Suggestion boxes are installed at different locations for employees to send in their feedback, concerns and recommendations.

EMPLOYEE ENGAGEMENT

At Tri-Pack we want an open and supportive culture that blends together with diversity and innovation.

We value the level of dedication with which our employees contribute to the organization as it is essential to our success. Our aim is to offer an employee proposition which enables our employees to deliver the best each day. Our engaged workforce is better able to communicate effectively with clients and candidates, and are committed to finding solutions and improving business results on a sustainable basis.

Our aspiration is to make the engagement of our employees a leading indicator towards our journey of being an employer of choice.

We engage our people with various ways by participating in internal and external community activities. In fact engagement activities keep alive Tri-Pack employees. Fun at work is our motto towards more sustained team building, higher emotional quotients and overall a healthy work environment, which is both open and inclusive.

During 2013, a number of such activities were organized including team building and health awareness sessions, annual / iftar dinners and sports events.

WORK-LIFE BALANCE

At Tri-Pack work-life balance is an effective component of our talent management strategy that fosters strong performance for both employees and the Company over the long-term by promoting a conducive work environment that is capable of responding to changes in current and future business needs while providing employees the control they need to work smarter, address their non-work priorities and be consistent and effective at work.

PERFORMANCE APPRAISAL SYSTEM

Performance appraisal is an ongoing critical business and people management process. At Tri-Pack appraisals are conducted twice a year and we endeavour to:-

- Clearly connect individual's work objectives to company objectives.
- Provide clear performance expectations.
- Provide timely, objective and behavioural feedback.
- Foster a culture for continuous performance improvement and personal development.
- Foster commitment to collaboration.
- Strengthen organizational capability to live our values.

REWARD AND RECOGNITION

Providing constructive feedback to our employees and recognizing their achievements is an important part of our culture and business practice. Our reward philosophy is to promote sustainable performance which is aligned with the overall business strategy.

The intention is to link the reward & recognition structure directly to the employees' performance and behaviour and the performance of the business. Individual and team achievements are also recognized through a number of internal and external awards, which include certificates of appreciation, length of service awards and awards for achievement of strategic objectives.

CORPORATE SOCIAL RESPONSIBILITY

Tri-Pack strongly believes in playing a proactive role in supporting the community and social development of Pakistan. Our Corporate Social Responsibility recognizes that an educated and healthy society is Pakistan's key to ensuring sustainable development.

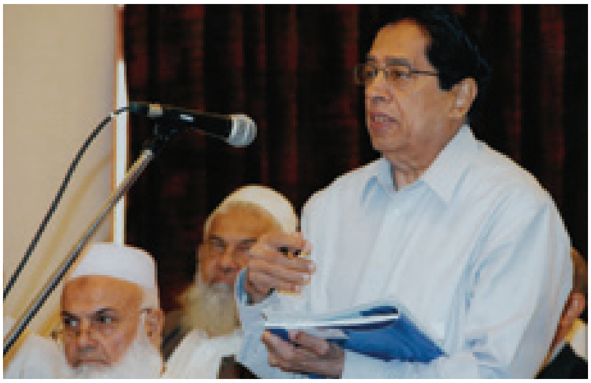
SUSTAINABILITY

Sustainability has emerged as a result of significant concerns about the profit, people, planet and the society. At Tri-Pack, sustainability is the cornerstone of our values. Our sustainability principles are strictly based on to create and maintain the atmosphere under which nature and humans can co-exist in a constructive manner that will lead to gratifying the social, economic and other requirements of present and future generations.

"My professional experience with Tri-Pack as an HR Executive has been truly amazing. The opportunities and challenges provided by the Company are constantly pushing me to be the best that I possibly can be. I have learned more, worked harder and enjoyed myself beyond my expectations. Proudly moving forward in the company knowing that this is where my future lies".

Alina Rizvi
HR Executive
MBA SZABIST

Major Events



Q1

Approval of Annual Budget – January 22nd

Sustainability Conference – January 22nd

Annual Sales Conference – February 06th

Directors Visit – February 28th

Audit Committee Meeting – 11th March

Q2

Annual General Meeting – April 17th

Audit Committee Meeting – April 22nd

Visit of Mr. Joseph Mueller (Ex Managing Director Nestle Pakistan) – May 06th

Visit of GM Plastic from Mitsubishi Corporation – June 06th

Q3

Half Yearly Sales Conference – July 08th

Audit Committee Meeting – July 30th

Board Meeting for Half Yearly Accounts – 20th August

South African Delegation – September 21st

Visit of Mitsubishi Corporation – September 23rd

Q4

Board and Audit Committee meeting – October 26th

Visit of Chairman- Syed Babar Ali – October 28th

Directors Visit – November 05th

Board Meeting – November 20th

Visit of Mitsubishi Corporation – December 16th

Key Financial Information

Sales Volume
(In Metric Tons)

8%

2013	2012
43,468	40,145

Total Assets
(Rs in Million)

21%

2013	2012 (Restated)
13,736	11,383

Sales Revenue
(Rs in Million)

17%

2013	2012 (Restated)
11,950	10,241

Production
(In Metric Tons)

25%

2013	2012 (Restated)
44,590	35,770

EBITDA
(Rs in Million)

17%

2013	2012 (Restated)
1,697	1,455

Number of Employees

25%

2013	2012
478	383

Profit After Taxation*
(Rs in Million)

-64%

2013	2012 (Restated)
209	583

* Includes Financial Charges of Rs. 614 million (2012: Rs. 171 million)

Earning Per Share (EPS)
(In Rupees)

-64%

2013	2012 (Restated)
6.97	19.42

Operating Cash Flow
(Rs in Million)

780%

2013	2012 (Restated)
1,628	209

Price Earning Ratio
(In Times)

173%

2013	2012 (Restated)
28.4	10.4

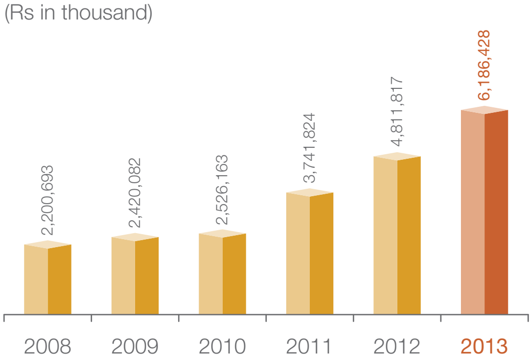
Financial Statistical Summary

	Year to December 31, 2013	Year to December 31, 2012 Restated	Year to December 31, 2011	Year to December 31, 2010
Balance Sheet Summary				
Paid-up-capital	300,000	300,000	300,000	300,000
Reserves	1,575,468	1,371,000	1,136,467	995,000
Unappropriated profit/(loss)	199,717	530,890	784,730	496,125
Share holders' funds	2,075,185	2,201,890	2,221,197	1,791,125
Long term financing facilities	4,576,924	4,101,924	250,000	375,000
Fixed capital expenditure	7,546,207	6,569,376	2,449,481	1,871,819
Long term deposits	2,999	2,303	2,195	1,763
Deferred asset / (liability) - net	(333,500)	(239,758)	(177,554)	(232,524)
Net current assets/(liabilities)	(563,597)	(28,107)	197,075	525,067
Profit & Loss Summary				
Sales (net of sales tax)	11,950,081	10,240,532	10,009,875	7,620,571
Cost of sales	10,516,592	8,725,781	8,252,920	6,400,820
Gross profit	1,433,489	1,514,751	1,756,955	1,219,751
Administration and selling expenses	525,665	455,332	397,505	263,681
Operating profit	907,824	1,059,419	1,359,450	956,070
Other income	47,956	32,816	52,298	27,282
Financial charges	614,150	171,374	122,429	205,346
Other charges	23,573	57,341	90,289	55,012
Profit/(loss) before taxation	318,057	863,520	1,199,030	722,994
Provision for taxation	108,901	280,788	416,425	228,149
Profit/(loss) after taxation	209,156	582,732	782,605	494,845
Dividend	-	300,000	600,000	300,000
Transfer to reserves	234,000	182,000	194,000	164,000
Key Financial Ratios				
Gross profit / sales	12.00%	14.79%	17.55%	16.01%
Profit before tax / sales	2.66%	8.43%	11.98%	9.49%
Return on capital employed	13.68%	16.69%	53.30%	41.00%
Interest coverage (times)	1.6	6.4	11.5	4.8
Inventory turnover (times)	3.72	3.30	4.43	4.96
Fixed assets turnover (times)	1.58	1.56	4.09	4.07
Debt : equity ratio	69:31	65:35	10:90	17:83
Current ratio	0.9	1.0	1.1	1.3
Shares & Earning				
Break-up value (Rs per share)	69.2	73.4	74.0	59.7
Price earning ratio (times)	28.4	10.4	6.9	6.8
Earnings per share (Rupees)	6.97	19.42	26.09	16.49
Dividend	-	100%	200%	100%
Market value per share	198	202	180	112
Taxes, duties and levies	2,870,109	2,787,579	3,166,097	2,311,352

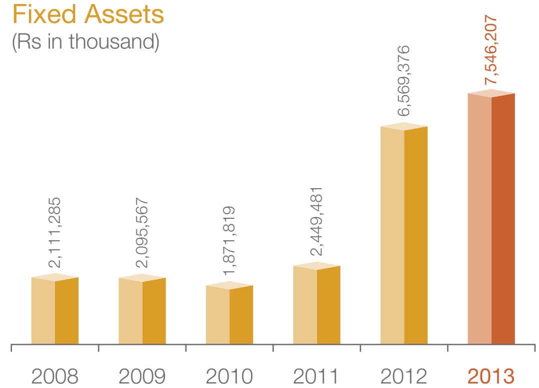
Year to December 31, 2009	Year to December 31, 2008	Year to December 31, 2007	Year to December 31, 2006	Year to December 31, 2005	Year to December 31, 2004
300,000	300,000	300,000	300,000	300,000	300,000
831,000	772,000	632,000	614,000	604,500	534,500
465,280	240,205	320,219	168,064	84,682	115,736
1,596,280	1,312,205	1,252,608	1,082,064	989,182	950,236
608,000	824,000	540,000	756,000	972,000	1,000,000
2,095,567	2,111,285	1,608,744	1,703,966	1,879,300	1,890,571
1,178	1,218	1,104	858	1,048	1,183
(277,352)	(304,735)	(192,731)	(104,426)	(43,895)	(24,865)
384,887	328,437	375,491	237,666	124,729	83,347
5,685,687	5,865,487	4,555,172	3,825,643	2,998,386	1,754,302
4,695,035	4,855,356	3,627,470	3,316,875	2,648,729	1,472,810
990,652	1,010,131	927,702	508,768	349,657	281,492
211,723	163,890	135,913	127,804	117,910	94,618
778,929	846,241	791,789	380,964	231,747	186,874
43,046	29,570	25,729	11,989	12,114	7,611
221,723	108,844	93,167	130,595	117,064	20,349
41,418	43,310	49,981	18,103	6,340	8,405
558,834	723,657	674,370	244,255	120,457	165,731
94,759	243,671	234,215	76,373	36,511	50,293
464,075	479,986	440,155	167,882	83,946	115,438
300,000	420,000	300,000	150,000	75,000	45,000
59,000	140,000	18,000	9,500	70,000	110,000
17.42%	17.22%	20.37%	13.30%	11.66%	16.05%
9.83%	12.34%	14.80%	6.38%	4.02%	9.45%
33.12%	35.88%	41.18%	20.23%	12.16%	9.85%
3.7	8.0	8.8	3.0	2.1	9.6
3.91	4.30	4.63	8.18	6.46	2.81
2.7	2.8	2.7	2.2	1.6	0.9
28:72	39:61	30:70	41:59	50:50	51:49
1.2	1.2	1.3	1.3	1.2	1.1
53.2	43.7	41.7	36.1	33.0	31.7
6.6	7.8	14.7	9.7	16.1	20.3
15.47	16.00	14.67	5.60	2.80	3.85
100%	140%	100%	50%	25%	15%
102	125	215	54	52	78
1,715,277	1,727,355	1,161,337	713,209	523,813	572,110

Analytical Review

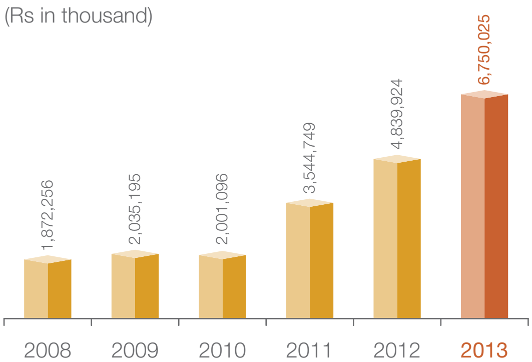
Current Assets
(Rs in thousand)



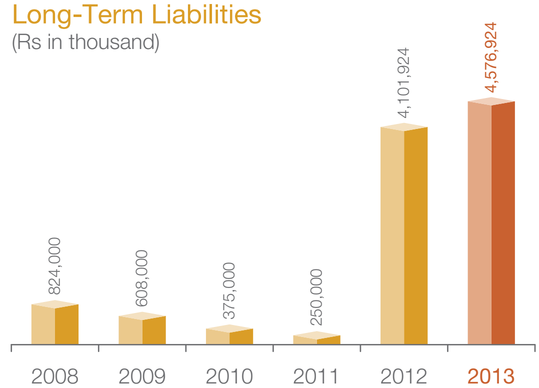
Fixed Assets
(Rs in thousand)



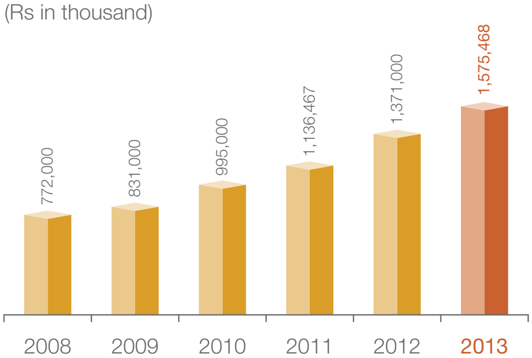
Current Liabilities
(Rs in thousand)



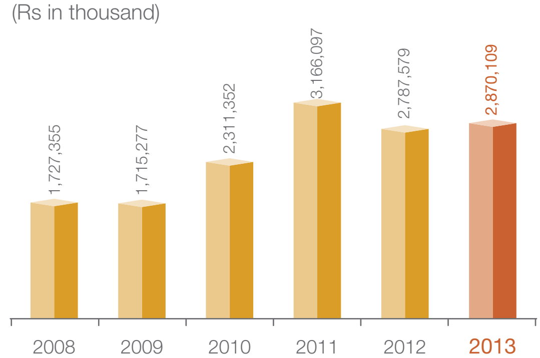
Long-Term Liabilities
(Rs in thousand)



Reserves
(Rs in thousand)

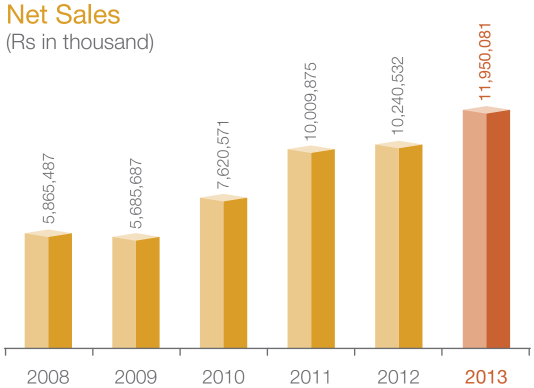


Contribution to National Exchequer
(Rs in thousand)

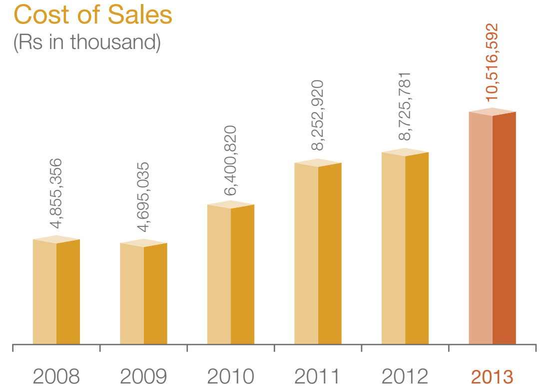


Note: FY 2012 has been restated.

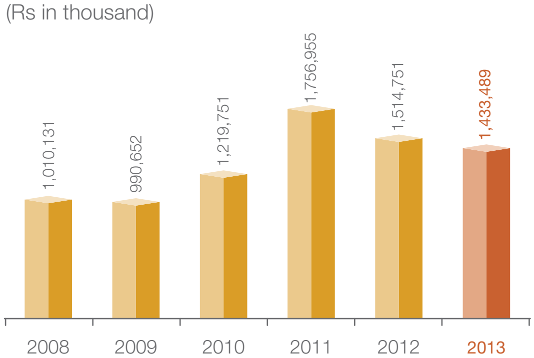
Net Sales
(Rs in thousand)



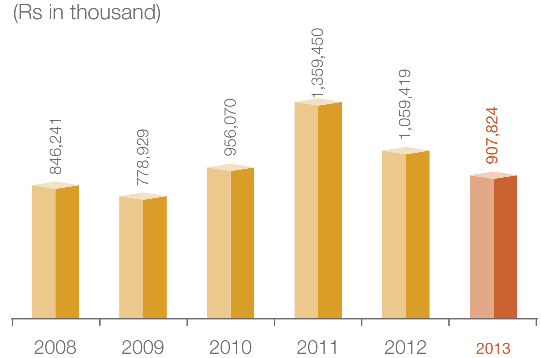
Cost of Sales
(Rs in thousand)



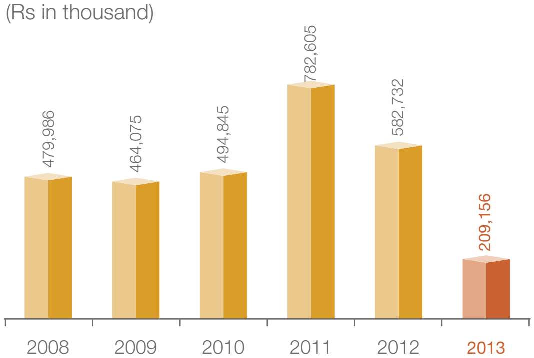
Gross Profit
(Rs in thousand)



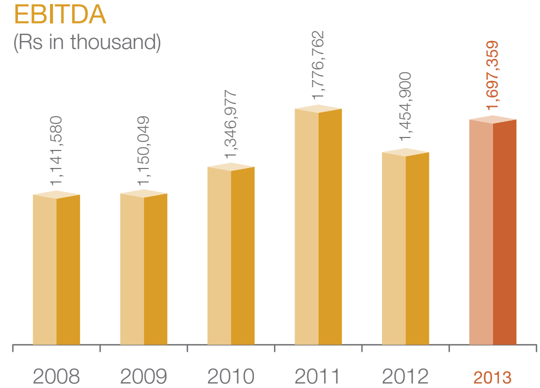
Operating Profit
(Rs in thousand)



Net Profit
(Rs in thousand)

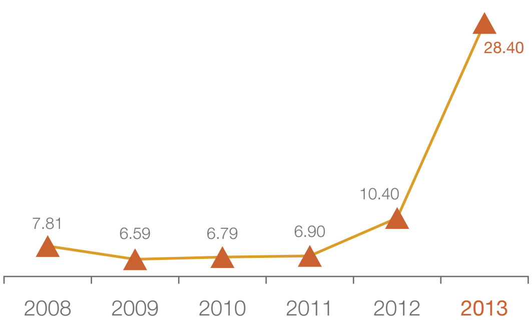


EBITDA
(Rs in thousand)

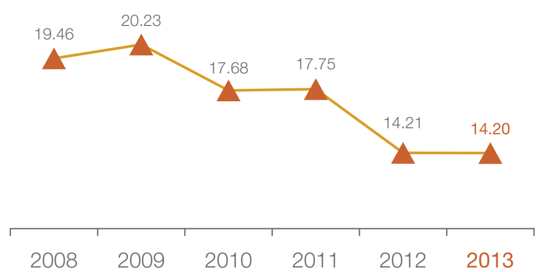


Analytical Review

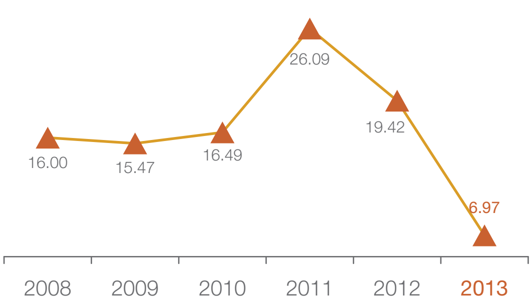
Price Earning Ratio
(In Times)



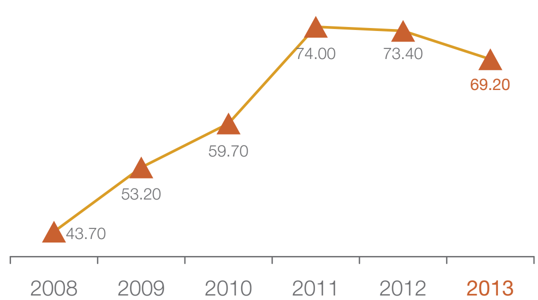
EBITDA Margin to Sales
(In Percentage)



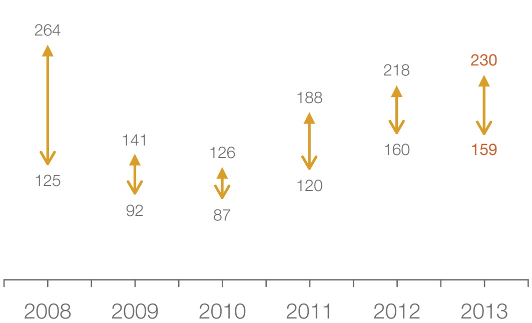
Earning Per Share
(Rupees)



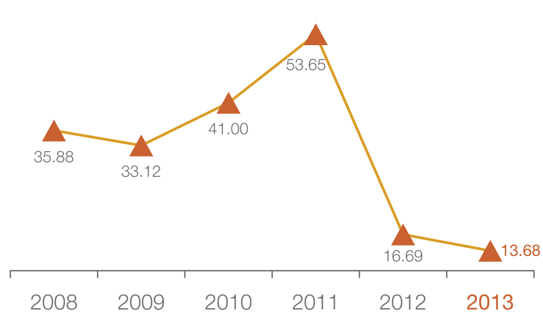
Breakup Value Per Share
(Rupees)



Market Value Per Share
High / Low (Rupees)

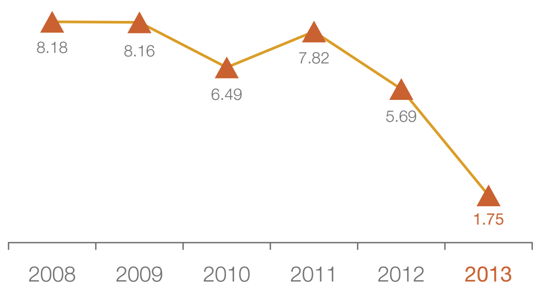


Return on Capital Employed
(In Percentage)

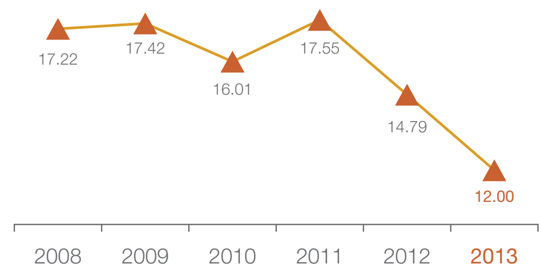


Note: FY 2012 has been restated.

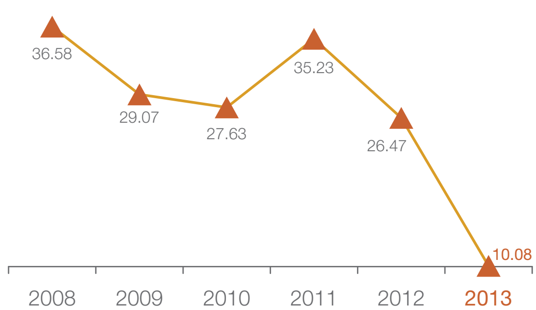
Net Profit Margin
(In Percentage)



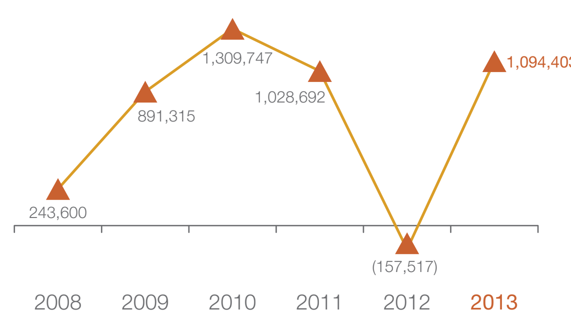
Gross Profit Margin
(In Percentage)



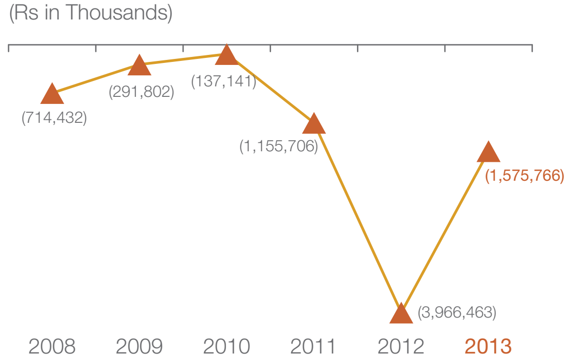
Return on Equity
(In Percentage)



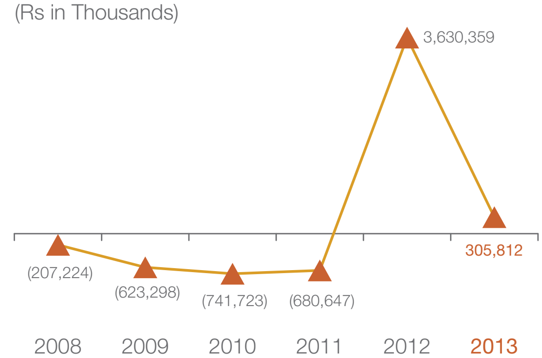
Cash Flows from Operating Activities (Net)
(Rs in Thousands)



Cash Flows from Investing Activities
(Rs in Thousands)



Cash Flows from Financing Activities
(Rs in Thousands)



Horizontal and Vertical Analysis

Horizontal Analysis

Balance Sheet

	2013	13 vs 12	2012 Restated	12 vs 11
	Rs '000	%	Rs '000	%
Equity and Reserves	2,075,185	(5.8)	2,201,890	(0.9)
Long term financing facilities	4,576,924	11.6	4,101,924	1540.8
Deferred Liabilities	333,500	39.1	239,758	35.0
Current Liabilities	6,750,025	39.5	4,839,924	36.5
	13,735,634	20.7	11,383,496	83.8
Property Plant and Equipment	7,535,042	14.8	6,561,106	169.9
Intangibles	11,165	35.0	8,270	(55.8)
Long term deposits	2,999	30.2	2,303	4.9
Current Assets				
Stores and spares	343,874	13.7	302,490	(5.9)
Stock-in-trade	2,485,187	6.0	2,344,940	52.1
Trade debts	1,778,982	47.7	1,204,616	21.4
Financial assets at fair value through profit or loss	-	-	-	-
Advances, prepayments and other receivables	289,413	46.9	197,074	114.6
Taxation	622,937	333.1	143,825	160.5
Cash and bank balances	666,035	7.6	618,872	29.9
	13,735,634	20.7	11,383,496	83.8

Vertical Analysis

Balance Sheet

	2013		2012 Restated	
	Rs '000	%	Rs '000	%
Equity and Reserves	2,075,185	15.2	2,201,890	19.3
Long term financing facilities	4,576,924	33.3	4,101,924	36.0
Deferred Liabilities	333,500	2.4	239,758	2.2
Current Liabilities	6,750,025	49.1	4,839,924	42.5
	13,735,634	100.0	11,383,496	100.0
Property Plant and Equipment	7,535,042	54.9	6,561,106	57.6
Intangibles	11,165	0.1	8,270	0.1
Long term deposits	2,999	0.1	2,303	0.1
Current Assets				
Stores and spares	343,874	2.5	302,490	2.7
Stock-in-trade	2,485,187	18.1	2,344,940	20.6
Trade debts	1,778,982	13.0	1,204,616	10.6
Financial assets at fair value through profit or loss	-	-	-	-
Advances, prepayments and other receivables	289,413	2.1	197,074	1.7
Taxation	622,937	4.5	143,825	1.3
Cash and bank balances	666,035	4.8	618,872	5.4
	13,735,634	100.0	11,383,496	100.0

2011	11 vs 10	2010	10 vs 09	2009	09 vs 08	2008
Rs '000	%	Rs '000	%	Rs '000	%	Rs '000
2,221,197	24.0	1,791,125	12.2	1,596,280	21.6	1,312,205
250,000	(33.3)	375,000	(38.3)	608,000	(26.2)	824,000
177,554	(23.6)	232,524	(16.2)	277,352	(9.0)	304,735
3,544,749	77.1	2,001,096	(1.7)	2,035,195	8.7	1,872,256
6,193,500	40.8	4,399,745	(2.6)	4,516,827	4.7	4,313,196
2,430,754	31.1	1,853,983	(10.7)	2,075,859	(1.7)	2,111,285
18,727	5.0	17,836	(9.5)	19,708	100.0	-
2,195	24.5	1,763	49.7	1,178	(3.3)	1,218
321,433	35.6	237,119	19.3	198,796	11.6	178,069
1,542,125	46.5	1,052,338	5.0	1,002,595	5.5	950,426
991,922	29.3	767,252	(13.6)	887,659	30.2	681,822
262,884	-	-	-	-	-	-
91,824	133.6	39,313	5.1	37,393	(59.9)	93,259
55,202	(30.9)	79,931	25.1	63,873	100.0	-
476,434	36.0	350,210	52.4	229,766	(22.7)	297,117
6,193,500	40.8	4,399,745	(2.6)	4,516,827	4.7	4,313,196

2011		2010		2009		2008	
Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
2,221,197	35.9	1,791,125	40.7	1,596,280	35.3	1,312,205	30.4
250,000	4.0	375,000	8.5	608,000	13.5	824,000	19.1
177,554	2.9	232,524	5.3	277,352	6.1	304,735	7.1
3,544,749	57.2	2,001,096	45.5	2,035,195	45.1	1,872,256	43.4
6,193,500	100.0	4,399,745	100.0	4,516,827	100.0	4,313,196	100.0
2,430,754	39.2	1,853,983	42.1	2,075,859	46.0	2,111,285	48.9
18,727	0.3	17,836	0.4	19,708	0.4	-	
2,195	0.1	1,763	0.1	1,178	0.0	1,218	0.1
321,433	5.2	237,119	5.4	198,796	4.4	178,069	4.1
1,542,125	24.9	1,052,338	23.9	1,002,595	22.2	950,426	22.0
991,922	16.0	767,252	17.4	887,659	19.7	681,822	15.8
262,884	4.2	-	-	-	-	-	-
91,824	1.5	39,313	0.9	37,393	0.8	93,259	2.2
55,202	0.9	79,931	1.8	63,873	1.4	-	-
476,434	7.7	350,210	8.0	229,766	5.1	297,117	6.9
6,193,500	100.0	4,399,745	100.0	4,516,827	100.0	4,313,196	100.0

Horizontal and Vertical Analysis

Horizontal Analysis

Profit & Loss

	2013	13 vs 12	2012 Restated	12 vs 11
	Rs '000	%	Rs '000	%
Net Sales	11,950,081	16.7	10,240,532	2.3
Cost of sales	10,516,592	20.5	8,725,781	5.7
Gross profit	1,433,489	(5.4)	1,514,751	(13.8)
Administration and selling expenses	525,665	15.4	455,332	14.5
Operating profit	907,824	(14.3)	1,059,419	(22.1)
Other income	47,956	46.1	32,816	(37.3)
Financial charges	614,150	258.4	171,374	40.0
Other charges	23,573	(58.9)	57,341	(36.5)
Profit before taxation	318,057	(63.2)	863,520	(28.0)
Provision for taxation	108,901	(61.2)	280,788	(32.6)
Profit after taxation	209,156	(64.1)	582,732	(25.5)

Vertical Analysis

Profit & Loss

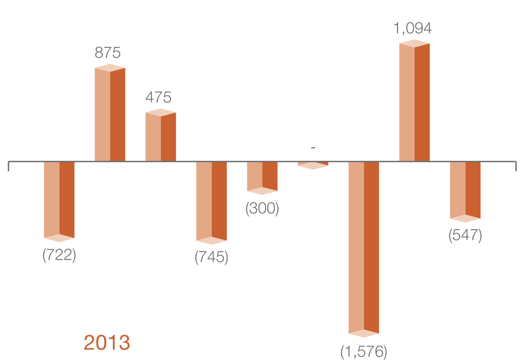
	2013		2012 Restated	
	Rs '000	%	Rs '000	%
Net Sales	11,950,081	100.0	10,240,532	100.0
Cost of sales	10,516,592	88.0	8,725,781	85.2
Gross profit	1,433,489	12.0	1,514,751	14.8
Administration and selling expenses	525,665	4.4	455,332	4.4
Operating profit	907,824	7.6	1,059,419	10.3
Other income	47,956	0.4	32,816	0.3
Financial charges	614,150	5.1	171,374	1.7
Other charges	23,573	0.2	57,341	0.6
Profit before taxation	318,057	2.7	863,520	8.4
Provision for taxation	108,901	0.9	280,788	2.7
Profit after taxation	209,156	1.8	582,732	5.7

2011	11 vs 10	2010	10 vs 09	2009	09 vs 08	2008
Rs '000	%	Rs '000	%	Rs '000	%	Rs '000
10,009,875	31.4	7,620,571	34.0	5,685,687	(3.1)	5,865,487
8,252,920	28.9	6,400,820	36.3	4,695,035	(3.3)	4,855,356
1,756,955	44.0	1,219,751	23.1	990,652	(1.9)	1,010,131
397,505	50.8	263,681	24.5	211,723	29.2	163,890
1,359,450	42.2	956,070	22.7	778,929	(8.0)	846,241
52,298	91.7	27,282	(36.6)	43,046	45.6	29,570
122,429	(40.4)	205,346	(7.4)	221,723	103.7	108,844
90,289	64.1	55,012	32.8	41,418	(4.4)	43,310
1,199,030	65.8	722,994	29.4	558,834	(22.8)	723,657
416,425	82.5	228,149	140.8	94,759	(61.1)	243,671
782,605	58.2	494,845	6.6	464,075	(3.3)	479,986

2011		2010		2009		2008	
Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
10,009,875	100.0	7,620,571	100.0	5,685,687	100.0	5,865,487	100.0
8,252,920	82.4	6,400,820	84.0	4,695,035	82.6	4,855,356	82.8
1,756,955	17.6	1,219,751	16.0	990,652	17.4	1,010,131	17.2
397,505	4.0	263,681	3.5	211,723	3.7	163,890	2.8
1,359,450	13.6	956,070	12.5	778,929	13.7	846,241	14.4
52,298	0.5	27,282	0.4	43,046	0.8	29,570	0.5
122,429	1.2	205,346	2.7	221,723	3.9	108,844	1.9
90,289	0.9	55,012	0.7	41,418	0.7	43,310	0.7
1,199,030	12.0	722,994	9.5	558,834	9.8	723,657	12.3
416,425	4.2	228,149	3.0	94,759	1.7	243,671	4.2
782,605	7.8	494,845	6.5	464,075	8.2	479,986	8.2

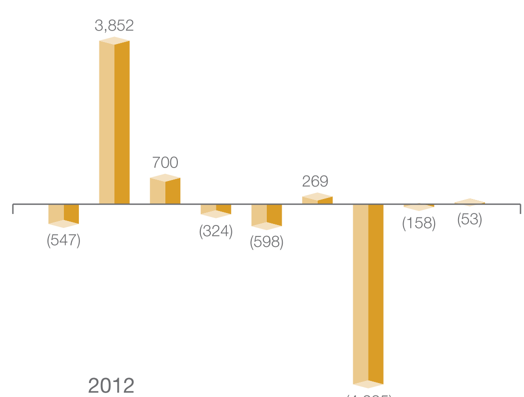
Sources and Application of Funds

	2013	2012 (Restated)	2011	2010	2009	2008
	(Rupees in thousand)					
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash generated from operations	1,627,523	208,715	1,495,885	1,627,161	1,119,745	481,868
Payment on account of accumulated compensated absences	(9,192)	(9,244)	(8,801)	(3,307)	(3,999)	(4,734)
Long-term deposits	(696)	(108)	(432)	(585)	40	(114)
Staff retirement benefits paid	(42,684)	(41,519)	(32,113)	(21,762)	(15,343)	(12,426)
Income taxes paid	(480,548)	(315,361)	(425,847)	(291,760)	(209,128)	(220,994)
Net cash flow from operating activities	1,094,403	(157,517)	1,028,692	1,309,747	891,315	243,600
CASH FLOWS FROM INVESTING ACTIVITIES						
Fixed capital expenditure	(1,570,759)	(4,083,926)	(903,945)	(141,155)	(307,267)	(771,784)
Acquisition of intangible	(10,182)	-	(9,237)	(2,433)	(6,443)	-
Profit on bank balances received	345	222	407	708	565	807
Payment made for settlement of derivative	-	(158,925)	-	-	-	-
Purchase of held-for-trading financial assets	-	-	(450,000)	-	-	(120,000)
Redemption of held-for-trading financial assets	-	268,783	200,000	-	18,650	171,991
Sale proceeds on disposal of fixed assets	4,830	7,383	7,069	5,739	2,693	4,554
Net cash flow from investing activities	(1,575,766)	(3,966,463)	(1,155,706)	(137,141)	(291,802)	(714,432)
CASH FLOWS FROM FINANCING ACTIVITIES						
Long-term finances paid	(125,000)	(125,000)	(233,000)	(216,000)	(216,000)	(216,000)
Long-term finances acquired	1,000,000	3,976,924	-	-	-	500,000
Short term financing - net	475,000	700,000	-	-	-	-
Finance cost paid	(744,506)	(323,914)	(148,676)	(226,519)	(227,765)	(73,416)
Dividends paid	(299,682)	(597,651)	(298,971)	(299,204)	(179,533)	(417,808)
Net cash flow from financing activities	305,812	3,630,359	(680,647)	(741,723)	(623,298)	(207,224)
Net cash inflow / (outflow)	(175,551)	(493,621)	(807,661)	430,883	(23,785)	(678,056)



2013

Cash and Cash Equ. - Closing	(722)
Loan Acquired/(Paid) - net	875
Short term financing - net	475
Finance Cost	(745)
Dividends	(300)
Redemption from Mutual Funds	-
Capital Expenditure	(1,576)
Cash inflow from Operations	1,094
Cash and Cash Equ. - Opening	(547)



2012

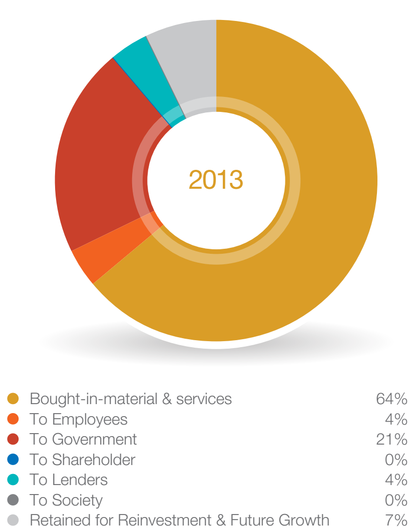
Cash and Cash Equ. - Closing	(547)
Loan Acquired/(Paid) - net	3,852
Short term financing - net	700
Finance Cost	(324)
Dividends	(598)
Redemption from Mutual Funds	269
Capital Expenditure	(4,235)
Cash inflow from Operations	(158)
Cash and Cash Equ. - Opening	(53)

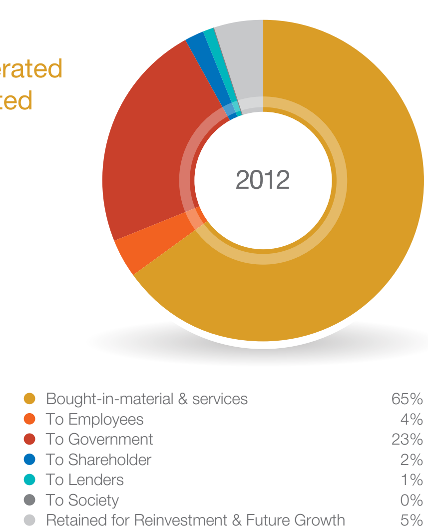
Value Added and its Distribution

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

	2013		2012 (Restated)	
Wealth Generated	(Rs '000)	%	(Rs '000)	%
Sales	13,851,686		12,092,584	
Other Income	47,956		32,816	
Bought-in-material & services	(8,903,824)		(7,819,751)	
	4,995,818	100.0	4,305,649	100.0
Wealth Distributed				
To Employees				
Remuneration, benefits and facilities	585,453	11.7	454,578	10.5
To Government				
Income Tax, Sales Tax, Custom & Excise Duties, WPPF, WWF, EOBI, Social Security, Professional & Local Taxes	2,870,109	57.5	2,787,579	64.7
To Providers of Capital				
Cash dividend	-	-	300,000	7.0
To Lenders				
Mark up & finance cost	614,150	12.3	171,374	4.0
To Society				
Donations	11,232	0.2	20,550	0.5
Retained for Reinvestment & Future Growth				
Unappropriated profit, Depreciation and Amortization	914,874	18.3	571,568	13.3
	4,995,818	100.0	4,305,649	100.0

Wealth Generated & Distributed





EN ROUTE

TO HIGHER STANDARDS

Corporate Governance

Governance Framework

STATEMENT OF ETHICS & BUSINESS PRACTICES

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

B. It is the policy of the Company to comply with all applicable laws, rules and regulations. Violations may result in disciplinary actions.

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 law within their area of responsibility and take proper measures within corporate policy framework and financial ethics standards.

CORPORATE GOVERNANCE FRAMEWORK

Tri-Pack has been guided by a value system that emphasizes on high standards of integrity and trust at all levels of the organization. Our policies and practices are to ensure that the Company is managed with integrity in the best interest of shareholders. In addition, we are committed to upholding sound principles of corporate governance and to meeting the requirements of all statutory laws and regulations and the rules of all Stock Exchanges of the Country. The Board of Directors has adopted Code of Corporate Governance, which along with the charters of the Board Committees, the Company's Code of Conduct for employees and operational policies and procedures, provide the framework for the governance of the Company.

INTERNAL CONTROL FRAMEWORK

The purpose of internal control framework, whilst ensuring conduct of business in smooth, orderly and efficient manner is to:

- Protect and safeguard the Company's assets;
- Prevent and detect fraud and error;
- Ensure the completeness and accuracy of the financial records; and,
- Comply with management policies and procedures.

The Board of Directors through the Senior Management is responsible to ensure the adequacy of the system of internal control covering both business and financial aspects.

The internal control system and compliance with the requirements are monitored through well documented Standard Operating Procedures (SOPs) and combination of audit reviews and periodic performance monitoring. The results of these processes are communicated to the Board of Directors through its Audit Committee which has the ultimate responsibility for the effectiveness of internal control.

While developing controls, the extent and cost of control procedures are assessed with a view to reduce risk to an acceptable and cost effective level.

DIRECTORS

The Board is comprised of one executive director, one non-executive independent director and five non-executive directors. The Board has the collective responsibility for ensuring that the affairs of the company are managed competently and with integrity.

All Board members are given appropriate documentation in advance of each Board meeting. This normally includes a detailed analysis on businesses and full papers on matters where the Board requires to make a decision or give its approval.

THE BOARD AUDIT COMMITTEE

The Committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has the power to call for information from management and to consult directly with the external auditors and other advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board.

AUDIT

The company has an effective Internal Audit function which has been outsourced to KPMG. The Board Audit Committee periodically reviews the appropriateness of this function. The Head of Internal Audit functionally reports to the Audit Committee. The Board Audit Committee approves the audit plan. The Internal Audit function carries out reviews on the financial, operational and compliance controls and reports on findings to the Board Audit Committee, Chief Executive and the management.

RISK MANAGEMENT

The purpose of this framework is to define and identify risks which may compromise the achievement of business objectives and to implement controls against such risks.

To assess and manage credit, investment, business, operational and risks arising from change, appropriate steps are defined in their respective policies and operational SOPs.

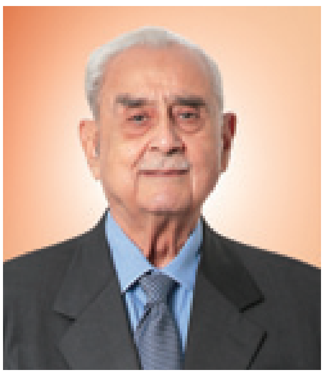
IT GOVERNANCE

Tri-Pack believes that without strong IT Governance, the business value of IT is substantially impaired and the organization becomes subject to the inefficiencies of short-term, tactical IT deployments, unproductive use of human resources and IT assets, breaches of data security and regulatory requirements. We are in the process of implementing IT Strategies and an IT Governance structure fully capable of meeting business and reporting challenges.

"At Tri-Pack we are constantly evolving- everyday there is something new to learn, initiatives are valued & there are boundless opportunities for growth.

Adil Saeed Khan, ACA
Head of Internal Audit

Profile of Board of Directors



Syed Babar Ali - Chairman

Mr. Ali is the founder of various industries and social welfare institutions. He is the Chairman of Board of Directors since inception of the Company. Besides Tri-Pack, he is the chairman of Acumen Fund, Ali Institute of Education, Babar Ali Foundation, Coca Cola Beverages Pakistan Limited, Gurmani Foundation, IGI Insurance Limited, IGI Investment Bank Limited, Industrial Technical & Educational Institute, National Management Foundation, Syed Maratib Ali Religious and Charitable Trust Society and Tetra Pack Pakistan Limited.

Syed Hyder Ali *

Mr. Ali is the non-executive member of the board since inception. He has done his Masters in Sciences from Institute of Paper Chemistry. He holds directorship in several other companies including IGI Insurance Limited, Nestle Pakistan Limited, International Steels Limited, Packages Lanka (Private) Limited and Sanofi-Aventis Pakistan Limited. He is also serving on the Board of certain philanthropic, educational, charitable and business support organizations including Pakistan Centre for Philanthropy, World Wide Fund for Nature, National Management Foundation, Syed Maratib Ali Religious and Charitable Trust and Pakistan Business Council.

Mr. Kimihide Ando

Mr. Ando is associated with the Company as non-executive director, he is the General Manager for Mitsubishi Corporation's operations in Pakistan. He has a degree in liberal arts from the international Christian University, Tokyo, Japan and has been with Mitsubishi Corporation for 28 years. He has a diverse Experience in chemicals. He joined the Board in 2010.

* In alphabetical order

Mr. Shahid Hussain

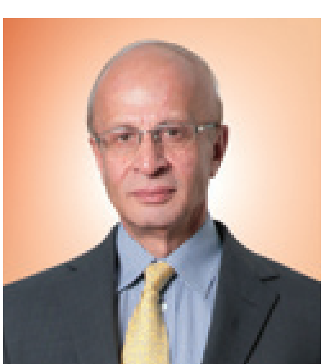
Mr. Hussain is currently serving as Managing Director at Tri-Pack Films Limited. He is associated with the Company since inception. He has a Degree in Mechanical Engineering. In addition, he is the member of the board of Pakistan Japan Business Forum and Pakistan Institute of Corporate Governance.

Mr. Yasumasa Kondo

Mr. Kondo is non-executive member of the board. He joined the Mitsubishi Corporation in 1986 and has worked with the group in different companies associated with the group. He has served as a General Manager at PVC and Plastic Units. He Graduated in 1986 from The University of Tokyo.

Mr. Asif Qadir

Mr. Qadir holds a Degree in Chemical Engineering from Columbia University, New York, USA. He was appointed as non-executive independent Director of the Company on October 03, 2012. He serves on the Board of Engro Corporation Limited, Engro Fertilizers Limited, Engro Polymer & Chemicals Limited, Engro PowerGen Limited, Engro PowerGen Qadirpur Limited, Sindh Engro Coal Mining Company Limited, Pakistan Poverty Alleviation Fund, Karachi Stock Exchange (Guarantee) Limited, and Jin Kwang JAZ (Pvt) Limited. He is Chairman of the Board for Inbox Business Technologies (Pvt) Ltd and Unicol Limited.



Mr. Khalid Yacob

Mr. Yacob is the director of the Company since inception. He is a fellow member of Institute of Chartered Accountants, England & Wales and Institute of Chartered Accountants, Pakistan and has been associated at senior management positions in A.F. Ferguson & Co, Chartered Accountants, Pakistan and Whinney Murray & Co, Chartered Accountants, Riyadh, Saudi Arabia. Mr. Yacob has vast experience in financial planning & budgeting, financial forecasting and analysis, asset investment, taxation, computer services, client development and staff management. He also holds directorship of Packages Limited, IGI Investment Bank Limited, IGI Funds Limited and Packages Lanka (Private) Limited.

Principal Board Committees

EXECUTIVE COMMITTEE

Kimihide Ando (Chairman)
Syed Hyder Ali
Shahid Hussain
Khalid Yacob

The Executive Committee ensures effective and efficient operations of the Company. They meet periodically to assess the progress of the Company against the set targets. The committee is authorized to conduct every business except the business carried out by the board of directors as required by the section 196 of the Companies Ordinance 1984.

AUDIT COMMITTEE

Asif Qadir (Chairman)
Kimihide Ando
Yasumasa Kondo
Khalid Yacob

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The terms of reference of the Audit Committee have been derived from the Code of Corporate Governance applicable to listed companies. Thereby Audit Committee shall, among other things, be responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and shall consider any questions of resignation or removal of external auditors, audit fees and provision

by external auditors of any service to the Company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors shall act in accordance with the recommendations of the Audit Committee in all these matters.

The terms of reference of the Audit Committee also include the following:

a. Determination of appropriate measures to safeguard the Company's assets;

b. Review of preliminary announcements of results prior to publication;

c. Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

- Major judgmental areas;
- Significant adjustments resulting from the audit;
- The going-concern assumption;
- Any changes in accounting policies and practices;
- Compliance with applicable accounting standards; and
- Compliance with listing regulations and other statutory and regulatory requirements.

d. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e. Review of management letter issued by external auditors and management's response thereto;

f. Ensuring coordination between the internal and external auditors of the Company;

g. Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

h. Consideration of major findings of internal investigations and management's response thereto;

i. Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;

j. Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;

k. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;

l. Determination of compliance with relevant statutory requirements;

m. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

n. Consideration of any other issue or matter as may be assigned by the Board of Directors.

The audit committee assists the board in fulfilling its oversight responsibilities as described in the Code of Corporate Governance.

HUMAN RESOURCE AND REMUNERATION (HR & R) COMMITTEE

Mr. Asif Qadir (Chairman)
Mr. Shahid Hussain
Mr. Khalid Yacob

Keeping in view the requirement of the Clause (xxv) of the Code of Corporate Governance 2012 a Human Resource and Remuneration (HR&R) Committee was comprised in 2012. This committee consists of the above three members.

TERMS OF REFERENCE OF THE HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE

i) Recommending human resource management policies to the board;

ii) Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

iii) Recommending to the board the selection, evaluation, compensation (including retirement benefits) of the CEO, CFO, Company Secretary and Head of Internal Audit; and

iv) Consideration and approval on recommendations of the CEO on such matters for key management positions who report directly to the CEO.

Chief Executive's Review

Dear Stakeholders,

I am pleased to share my views on the performance of the Company, which completed two decades of its existence this year. During these two decades, the Company has firmly established its position and has grown at measured and sustainable pace.

We have kept expanding on the back of state of the art machinery and ever improving customer base. In the year 2013, BOPP Line-4 was commissioned whereas; CPP Line-2 has been commissioned in March 2014. The year 2013 remained a challenging year with continuation of energy crisis, deteriorating law and order situation, sharp decline in rupee value and general slow down in economic growth. Despite strong headwinds, we were able to increase our revenue by 17% over the last year and were able to pass exactly the same level of growth in EBITDA over the last year.

Cash generated by the Company from operations showed an impressive improvement and it touched Rs 1,628 million compared to Rs 209 million in 2012.

Our people are our asset and we are focused on creating an engaged work force with continuous capability enhancement through learning and development at both local and international levels and employee engagement programs. I take pride in leading this team, which is a combination of fresh talent and diversified experience of our existing staff.

With our strong heritage, passion and commitment for growth and the core competencies of our people, I am confident of steering out of these difficult times and reach new heights of success. I thank Almighty Allah for His grace, our investors and customers for their trust and loyalty and all the other stakeholders for their partnership.

I wish you the very best.

Shahid Hussain
Chief Executive

“We have achieved another milestone by commissioning of Biaxially Oriented Polypropylene (BOPP) Line-4 in March.”

Statement of Compliance
with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the "Code") 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

Category	Names
Independent Director	Mr. Asif Qadir
Executive Director	Mr. Shahid Hussain
Non-Executive Directors	Syed Babar Ali Syed Hyder Ali Mr. Khalid Yacob Mr. Kimihide Ando Mr. Yasumasa Kondo

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

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

3. All the 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 DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy that occurred on the Board on February 28, 2013 was filled up by the Directors on the same day.

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

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

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

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

9. The Company arranged one orientation course for its Directors during the year. Four directors of the Company viz., Syed Babar Ali, Syed Hyder Ali, Mr. Khalid Yacob and Mr. Asif Qadir are exempted from the

directors' training program as per clause (xi) of the Code of Corporate Governance, since apart from having a minimum of 14 years of education, their experience on the board of listed companies is 15 years or more.

10. There were no new appointments of the Head of Internal Audit or Company Secretary during the year. However, all such appointments including their remuneration and terms and conditions of employment are approved by the Board. There was a change of the CFO during the year. The remuneration and terms and conditions of employment of the CFO have been approved by the Board.

11. 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.

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

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

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

15. The Board has formed an Audit Committee. It comprises of four members, all of whom are non-executive directors and the Chairman of the Committee is an independent director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors, including its Chairman.

18. The Board has outsourced the internal audit function to KPMG Taseer Hadi & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

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

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

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

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

(Shahid Hussain)
Managing Director

Karachi: February 25, 2014

EN ROUTE

TO BRIGHTER TOMORROW

Directors’ Report


BRUCKNER

Directors' Report

The Directors of the Company are pleased to submit the report and the audited financial statements for the year ended December 31, 2013.

Compliance with Health, Safety and Environment HSE standards remained a priority and the Company closed the year without any reportable or serious incident in this respect.

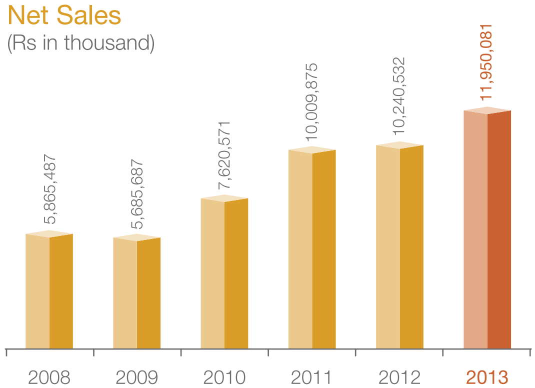
The year 2013 proved to be a challenging and difficult year for the overall economy and in particular the manufacturing sector. Fragile law and order situation, worsening energy supplies, inflationary pressure restricting buying power, and volatility in foreign exchange rates, all contributed towards the slowdown in the downstream consumer demand and the unit margins.

MARKET OVERVIEW

Slower growth in downstream demand and concurrent expansion in capacities by various manufacturers in the (Biaxially Oriented Poly Propylene) BOPP films segment has resulted in a supply overhang in the domestic BOPP films segment.

Similarly in the (Cast Poly Propylene) CPP films segment various expansions in excess of 15ktpa are underway. These expansions are expected to double the local CPP capacities and create a supply overhang in this segment also. It is expected that the current oversupply situation of these two segments will start fading out from 2015 with the ramp-up of downstream demand and the Company is expected to start reaping the benefit of expansion from this upturn in demand.

Net Sales
(Rs in thousand)



BOPET films segment which competes with few of your Company's products is also facing an over capacity situation. Your Company is representing before the relevant Government Forum to remove the uneven benefit passed on to BOPET manufacturers, by declaring them a pioneering industry, explaining that the stretching film technology is not a new technology in Pakistan.

FINANCIAL HIGHLIGHTS

The Company was successful in increasing its sales volumes by 8% to 43,468 tons compared to corresponding period last year despite a slowdown in overall demand. Net Sales Income for the year was higher by 17% on the back of higher volumes and price increases to partially mitigate the negative impact of escalating raw material cost and un-favourable volatility in Pak Rupee value.

With higher input cost, as mentioned above, negatively affecting the unit margins and additional depreciation charge of approximately Rs 376m on account of BOPP Line 4, capitalized in Q1 2013, the gross profit for the year at Rs 1,433m was lower by 5%. Increase in Administrative and Selling expenses were primarily driven by higher transportation cost on account of increasing fuel prices and higher sales volumes. Consequently operating profit was 14% lower at Rs 908m.

In the year 2011-12 your Company started its journey of expansion. BOPP Line 4 was commissioned in 2013 with a cost of Rs 5.4b. CPP Line 2 expansion with a cost of Rs 1.3b is expected to commission in Q1 2014. These expansions were predominantly funded by borrowings from financial institution and partly by internal cash generation as a result financial cost was higher by approximately Rs 443m for the year 2013. Consequently Pre-Tax Profit was lower at Rs 318m. With the recognition of tax benefit on BMR under section 65(b) of the Income Tax Ordinance for expansions, the Profit After Tax was Rs 209m, lower by 64% compared to last year.

Company generated an Operating Cash of Rs 1,628m compared to Rs 209m in 2012. In addition the EBITDA reflecting the operational performance also remained strong and was 17% higher compared to 2012.

Increase in overall debt compared to 2012 was on account of Capital Expenditures towards the two above mentioned projects. Financial covenants have been largely renegotiated with the financial institutions incorporating the effect of subsequent borrowings relating to CPP Line-2 project in 2013 Key Financial Highlights are as follows:

	2013	2012 Restated
Sales Volume - (M. Tons)	43,468	40,145
Net Sales Value - (Rs in Million)	11,950	10,241
Gross Profit - (Rs in Million)	1,433	1,515
Net Profit - (Rs in Million)	209	583
EPS - (Rs per share)	6.97	19.42

PROJECTS

Initial teething problems post commissioning of BOPP Line 4 resulting in 45 days of production loss have been addressed and the line speed is being geared up as per the manufacturer specifications.

Trial production has started for CPP Line 2 project and commissioning is expected in Q1 2014 within the budgeted cost of Rs 1.3b.

DIVIDEND

Recent projects costing approximately Rs 6.7b are expected to contribute significantly towards long term value creation for the Shareholders. In-addition these projects are financed purely by internal cash generation and bank borrowings without requesting for any financial participation from the Shareholders.

Keeping in mind the need to enhance Shareholders' participation and conserve cash the Board of Directors has decided not to pay any dividend for the year in the longer interest of the Stakeholders.

FUTURE OUTLOOK

Continuous hike in input cost, issues around energy supplies, market overcapacity and slower growth in downstream demand are expected to keep the volumes and margins under pressure going forward.

During 2014 focus to remain on effective margin and volume management, cash conservation and cost control whilst expanding foot print in the export market. Also with the launch of new and innovative products we expect 2014 to be a better year.

CHANGE OF DIRECTOR

Mr. Tetsuo Obana, Director of the Company resigned on February 28, 2013 and Mr. Yasumasa Kondo was appointed in his place on the same date. Mr. Yasumasa Kondo shall hold office for the remainder of the period of Mr. Tetsuo Obana in whose place he is so appointed.

The Board of Directors wish to record its appreciation for the valuable services rendered by Mr. Tetsuo Obana and extends its warm welcome to Mr. Yasumasa Kondo.

HUMAN RESOURCE

The effectiveness and success of an organization lies not only in the organization's products or service, but in its resources. The people behind the scenes, operating and running the organization, are by far, the most valuable resource the company has. We at Tri-Pack have a firm belief that these people are the ones who are responsible for helping the organization progress forward and come up with newer more innovative ideas.

We believe that in order to drive commercial success a people oriented approach has to be our top priority. Our development programs not only facilitate personal development but also promote functional excellence. The launch of initiatives such as the Talent Management System and the Leadership Development Program are aimed at developing our future leaders.

HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE

Mr. Asif Qadir (Independent Director)	Chairman
Mr. Khalid Yacob (Non Executive Director)	Member
Mr. Shahid Hussain (Executive Director)	Member

The HR&R Committee was formed on October 2, 2012 and its terms of reference have been approved by the Board and are in line with the guidelines provided in the Code of Corporate Governance.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR is the continuing commitment by businesses to behave in an ethical manner and positively contribute to the development of the community and society in which they operate. Tri-Pack as an organization is aware of this responsibility and has launched various initiatives in the field of promoting education.

In the year 2013, we as an organization contributed generously towards promoting initiatives by various social sector organizations in the pursuit of improving the educational and skill development facilities in Pakistan.

HEALTH, SAFETY AND ENVIRONMENT

Your Company is totally focused on Health, Safety and Environment (HSE) and therefore, proper actions are consistently taken to improve our HSE standards in all business segments.

The management of your Company is committed towards making workers' lives better not only at the workplace but also outside. We strictly adhere to the applicable HSE guidelines to ensure the well-being of our employees. To achieve these objectives, your Company is involved in various awareness programs and training drills:

- Safe driving programs
- Proper usage of fire-fighting equipment
- First aid usage in cases of various emergencies/ events
- Awareness sessions to make staff and workers familiar with workplace hazards and ways to minimize the risks to health, lives and environment.

Further, the system to note and address the weaknesses raised by risk analysis assessments of the work environment is effectively in place.

QUALITY MANAGEMENT

During the year your Company complied with the requirement of all applicable quality standards. To further improve productivity through machine efficiency your Company has also started the implementation of Total Productive Maintenance (TPM) across both the plants which is expected to complete by the mid of 2014 with the help of foreign consultants.

CONTRIBUTION TO THE NATIONAL EXCHEQUER

Your Company's contribution to the exchequer in the form of Sales Tax, Customs Duties and Income Taxes etc is approximately Rs 2,870m in 2013.

RELATED PARTIES

We maintain a complete and updated list of related parties. All transactions with related parties are carried out on an unbiased, arm's length basis. A complete list of all related party transactions is compiled and submitted to the Audit Committee every quarter. After review by the Audit Committee the transactions are placed before the Board for their consideration and approval.

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:

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 as stated in Notes to the Financial Statements. The accounting policies are based on reasonable and prudent judgment.

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

v) The system of internal control is sound in design and has been effectively implemented and monitored. The system is continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with an objective to further strengthen the controls.

vi) Details of significant changes in the Company's operations during the current year as compared to last year and significant plans and decisions for the future prospectus of profits are stated in the Chief Executive's Review as endorsed by the Board of Directors.

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

viii) Information about the taxes and levies is given in the notes to the financial statements.

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

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

xi) The value of investments of provident and gratuity funds, as at June 30, 2013 based on their un-audited accounts is as follows:

	Rs '000
Provident	98,457
Gratuity	52,390

The value of investment includes accrued interest.

xii) A separate statement of compliance signed by the Chief Executive Officer is included in this Annual Report.

BOARD OF DIRECTORS

During the year 2013, six meetings of the Board of Directors were held. The attendance of each Director is as follows:

Name of directors		No. of meetings attended
Syed Babar Ali (Non-Executive Director)	(Chairman)	3
Mr. Shahid Hussain (Executive Director)	(Managing Director)	6
Mr. Asif Qadir (Independent Director)		5
Syed Hyder Ali (Non-Executive Director)		5
Mr. Khalid Yacob (Non-Executive Director)		6
Mr. Kimihide Ando (Non-Executive Director)		6
Mr. Yasumasa Kondo (Non-Executive Director) (appointed w.e.f. February 28, 2013)		2
Mr. Tetsuo Obana (Non-Executive Director) (resigned w.e.f. February 28, 2013)		1
Mr. Masahiko Takahashi (Alternate to Mr. Yasumasa Kondo)		3

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

EXTERNAL AUDITORS

The present auditors M/s A. F. Ferguson & Co., Chartered Accountants are retiring and being eligible, offer themselves for reappointment. The Board of Directors on recommendation of the Audit Committee proposes the appointment of M/s A. F. Ferguson & Co., Chartered Accountants as the auditors until the next annual general meeting 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. At present, the Audit Committee comprises of one Independent and three Non-Executive Directors as follows:

Six meetings of the Audit Committee were held during the year 2013. The attendance of each Member is given hereunder:

Name of member	No. of meetings attended
Mr. Asif Qadir (Independent Director)	6
Mr. Khalid Yacob (Non-Executive Director)	6
Mr. Kimihide Ando (Non-Executive Director)	6
Mr. Yasumasa Kondo (Non-Executive Director) (appointed w.e.f. February 28, 2013)	1
Mr. Masahiko Takahashi (Alternate to Mr. Yasumasa Kondo)	4

Leave of absence was granted to the Members who could not attend the Meetings of the Audit Committee.

The Audit Committee has its terms of reference which have been approved by the Board of Directors and are in line with the guidelines provided in the Code of Corporate Governance.

The Chief Executive Officer, Chief Financial Officer, Head of Internal Audit and external auditors attend Audit Committee meetings 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.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Trading of Shares by the Chief Executive Officer, Directors, Chief Financial Officer, Company Secretary, their spouses and minor children:

Purchase of Shares	No. of shares
Chief Executive Officer	Nil
Directors	Nil
Chief Financial Officer	Nil
Company Secretary	Nil
Spouses	Nil
Sale of Shares	Nil

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding of certain class of shareholders as at December 31, 2013 as required under the reporting framework, is included in the annexed shareholders' information.

The CEO, Directors, CFO, Company Secretary and their spouses or minor children did not carry out any trade in the shares of the Company.

MATERIAL CHANGES

There have been no material changes since December 31, 2013 and the Company has not entered into any commitment, which would affect its position at that date.

ACKNOWLEDGEMENT

We are thankful to our all valued stakeholder including customers, banks, suppliers, contractors, and shareholders, for their excellent support and confidence to achieve the result. We also thank our employees for their focused dedication and hard work throughout this period.

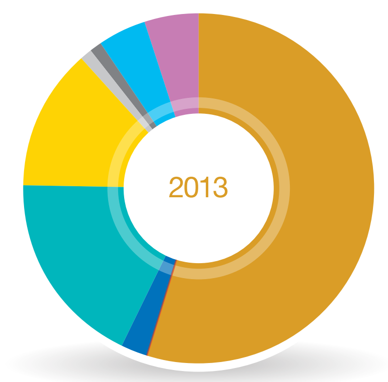
For and on behalf of the Board.

Shahid Hussain
Chief Executive

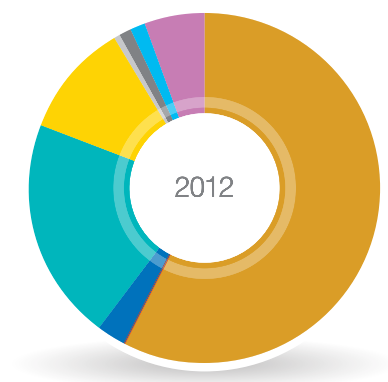
Karachi, February 25, 2014

Balance Sheet Composition

Fixed Assets & Current Assets

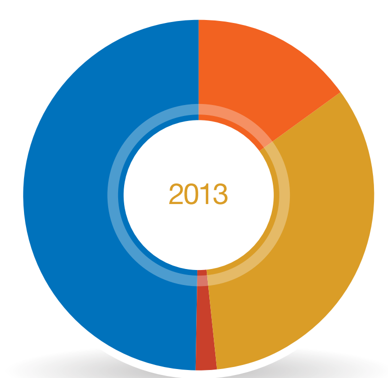


Property, plant and equipment	54.86%
Intangible assets	0.08%
Long term deposits	0.02%
Stores and spares	2.50%
Stock in trade	18.09%
Trade debts	12.95%
Advances and prepayments	1.09%
Other receivables	1.02%
Taxation	4.54%
Cash and bank balances	4.85%

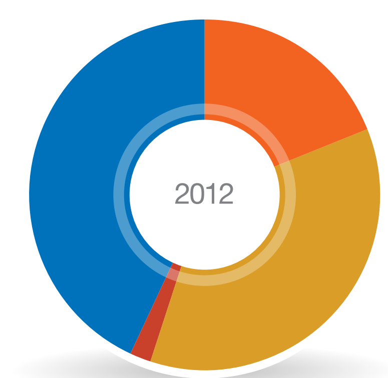


Property, plant and equipment	57.64%
Intangible assets	0.07%
Long term deposits	0.02%
Stores and spares	2.66%
Stock in trade	20.60%
Trade debts	10.58%
Advances and prepayments	0.50%
Other receivables	1.23%
Taxation	1.26%
Cash and bank balances	5.44%

Equity & Liabilities



Equity & Reserves	15.11%
Long term Financing facilities	33.32%
Deferred Liabilities	2.48%
Current Liabilities	49.09%



Equity & Reserves	19.34%
Long term Financing facilities	36.03%
Deferred Liabilities	2.11%
Current Liabilities	42.52%

Note: FY 2012 has been restated.

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Tri-Pack Films Limited (the Company) for the year ended December 31, 2013 to comply with the requirements of Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the 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 are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2013.

AFFerguson & Co

A.F. Ferguson & Co.
Chartered Accountants

Karachi, March 20, 2014

Audit Engagement Partner: Khurshid Hassan

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
8-F, Next to Hotel Faran
Nursery, Block 6, P.E.C.H.S.,
Shahrah-e-Faisal
Karachi-75400
Tel. # 92 21 34380101-2
Fax # 92 21 34380106

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 2013-14 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 1,667 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. S.M. Munawar Moosvi
Tel. # 92 21 35831618 / 35831664 / 35833011
Fax # 92 21 35860251

Mr. Ovais Khan
Tel. # 92 21 34380101-2
Fax # 92 21 34380106

SERVICE STANDARDS

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

Purchase of Shares	For request 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 37.47% of the equity shares of the company have been dematerialized by the shareholders.

DIVIDEND

The Board of Directors of the company has proposed a nil dividend for the financial year ended December 31, 2013 (2012: 100% cash dividend (Rs.10 per share of Rs.10).

BOOK CLOSURE DATES

The Register of Members and Share Transfer Books of the company will remain closed from April 1, 2014 to April 15, 2014 both days inclusive.

DIVIDEND REMITTANCE

Dividend declared and approved at an Annual General Meeting is 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 Limited holds a General Meeting of shareholders at least once a year. Every shareholder has a right to 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 the 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 favour 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 than 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.

Shareholding Pattern

The shareholding pattern of the equity share capital of the company as at December 31, 2013 is as follows:

Shareholding From	Shareholding To	Number of shareholders	Total shares held
1	100	488	11,282
101	500	579	258,838
501	1,000	162	154,949
1,001	5,000	236	680,677
5,001	10,000	76	603,343
10,001	15,000	21	267,675
15,001	20,000	24	428,500
20,001	25,000	11	251,624
25,001	30,000	9	254,722
30,001	35,000	4	131,800
35,001	40,000	7	263,428
40,001	45,000	6	254,932
45,001	50,000	3	143,100
50,001	55,000	4	215,500
55,001	60,000	3	170,908
60,001	65,000	3	185,900
65,001	70,000	2	135,916
70,001	75,000	2	150,000
85,001	90,000	2	174,454
90,001	95,000	2	183,623
95,001	100,000	1	100,000
105,001	110,000	1	106,436
110,001	115,000	1	113,517
115,001	120,000	1	117,800
120,001	125,000	1	125,000
135,001	140,000	1	137,000
150,001	155,000	1	152,500
165,001	170,000	1	168,689
180,001	185,000	2	364,000
205,001	210,000	1	208,410
230,001	235,000	2	466,130
245,001	250,000	1	250,000
260,001	265,000	1	260,705
470,001	475,000	1	474,500
595,001	600,000	1	595,550
680,001	685,000	1	682,260
860,001	865,000	1	862,449
1,040,001	1,045,000	1	1,041,467
1,350,001	1,355,000	1	1,353,416
7,495,001	7,500,000	1	7,499,000
9,995,001	10,000,000	1	10,000,000
		1,667	30,000,000

Information as required under the Code of Corporate Governance

Shareholders' category		Number of shareholders	Number of shares held
i.	Associated Companies, Undertakings and Related Parties (name wise details)		
	Babar Ali Foundation	1	137,000
	IGI Insurance Limited	1	1,353,416
	Mitsubishi Corporation - Japan	1	7,499,000
	Packages Limited	1	10,000,000
	Total:	4	**18,989,416**
ii.	Mutual Funds (name wise details)		
	CDC - Trustee AKD Index Tracker Fund	1	2,079
	CDC - Trustee Al Meezan Mutual Fund	1	36,828
	CDC - Trustee APF-Equity Sub Fund	1	10,000
	CDC - Trustee Askari Asset Allocation Fund	1	39,900
	CDC - Trustee Askari Equity Fund	1	3,900
	CDC - Trustee Atlas Stock Market Fund	1	75,000
	CDC - Trustee Meezan Balanced Fund	1	41,500
	CDC - Trustee Meezan Islamic Fund	1	208,410
	CDC-Trustee Meezan Capital Protected Fund-II	1	2,000
	National Bank of Pakistan-Trustee Department NI(U)T Fund	1	862,449
	Total:	10	**1,282,066**
iii.	Directors and their spouse(s) and minor children (name wise details)		
	Mr. Asif Qadir	1	100
	Mr. Khalid Yacob	1	1,000
	Mr. Kimihide Ando	1	500
	Mr. Shahid Hussain	1	500
	Mr.Yasumasa Kondo	1	500
	Syed Babar Ali	1	474,500
	Syed Hyder Ali	1	93,500
	Total:	7	**570,600**
iv.	Executives	NIL	NIL
	Total:	NIL	**NIL**
v.	Public Sector Companies and Corporations	1	682,260
	Total:	1	**682,260**
vi.	Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	13	704,745
	Total:	13	**704,745**
vii.	Shareholders holding 5% or more voting rights in the Listed Company		
	Mitsubishi Corporation - Japan	1	7,499,000
	Packages Limited	1	10,000,000
	Total:	2	**17,499,000**

Shareholding Pattern

S.No.	Shareholders' category	No. of shareholders	No. of shares	%
1	Directors, Chief Executive Officer, and their spouse and minor children	7	570,600	1.90
2	Associated Companies, undertakings and related parties	4	18,989,416	63.30
3	NIT and ICP	1	862,449	2.87
4	Banks Development Financial Institutions, Non Banking Financial Institutions	2	260,767	0.87
5	Insurance Companies	4	866,266	2.89
6	Modarabas and Mutual Funds	9	419,617	1.40
7	Shareholders holding 10%	2	17,499,000	58.33
8	General Public:			
	a. Local	1,571	5,812,174	19.37
	b. Foreign			
9	Others	69	2,218,711	7.40
	Total (excluding: shareholders holding 10%)	1,667	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 2013 are as under:

Month	Share price on the KSE (Rs.)		
	Highest	Lowest	Volume of shares traded
January	197.00	184.83	1,121,900
February	185.19	181.70	66,200
March	192.07	177.00	587,200
April	192.47	168.05	189,300
May	212.99	170.00	567,100
June	219.99	197.15	156,300
July	230.00	195.25	153,700
August	222.00	191.00	72,900
September	200.00	182.50	91,700
October	192.00	159.00	72,000
November	180.10	163.10	275,700
December	205.00	176.00	383,400

Auditors' Report to the Members

We have audited the annexed balance sheet of Tri-Pack Films Limited (the Company) as at December 31, 2013 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 (the Ordinance). 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 Ordinance;

(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 Ordinance and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4 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 Ordinance, 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, 2013 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) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

AFFerguson &Co

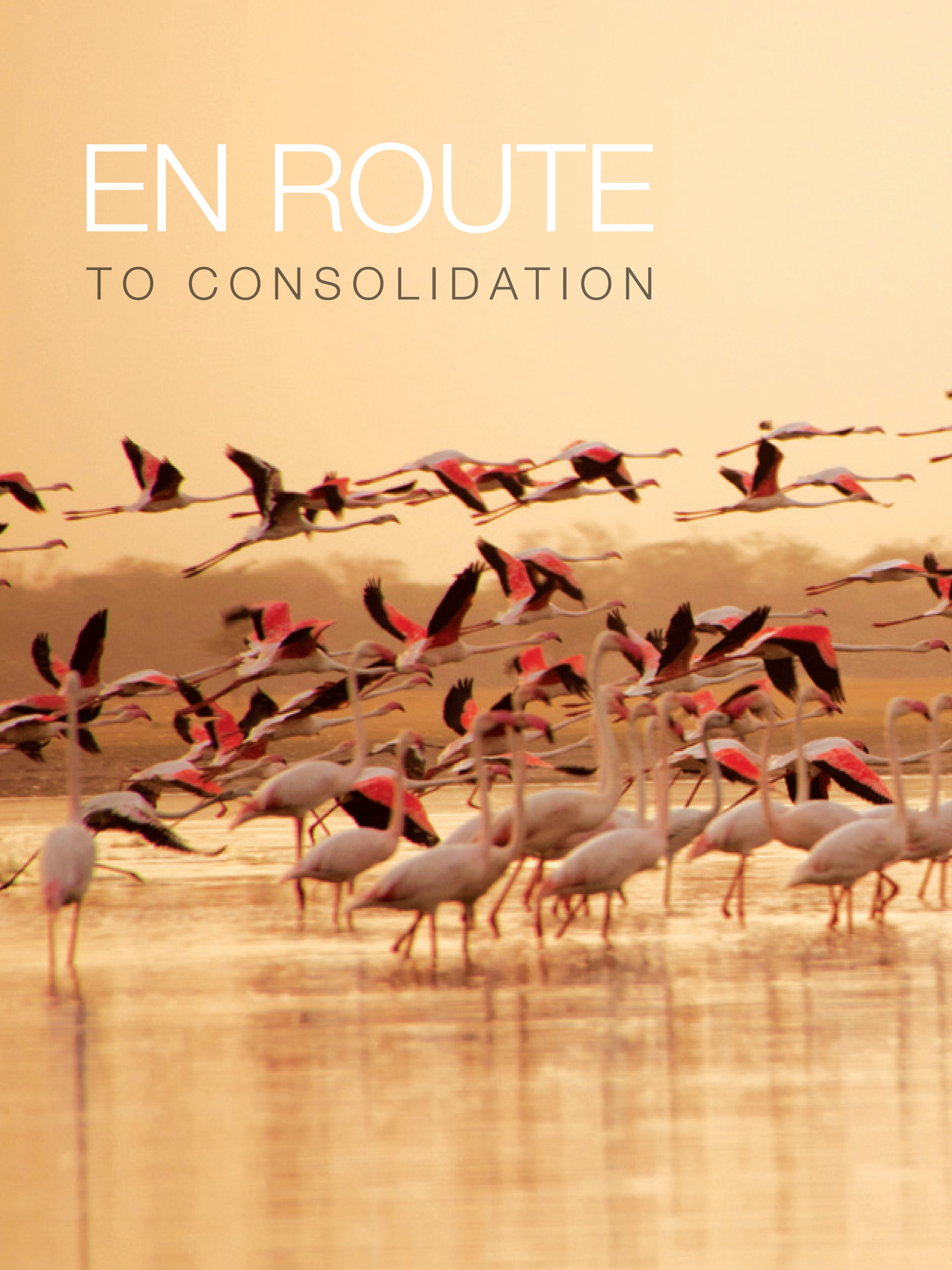
A.F. Ferguson & Co.
Chartered Accountants

Karachi, March 20, 2014

Audit Engagement Partner: Khurshid Hassan

EN ROUTE

TO CONSOLIDATION



Financial Statements

Balance Sheet
As at December 31, 2013

	Note	2013	As at December 31, 2012 Restated	As at January 1, 2012 Restated
		----------------(Rupees in thousand)----------------		
SHARE CAPITAL AND RESERVES				
Authorised share capital	5	1,000,000	1,000,000	1,000,000
Issued, subscribed and paid-up share capital	5	300,000	300,000	300,000
Reserves	6	1,775,185	1,901,890	1,888,974
		2,075,185	2,201,890	2,188,974
NON-CURRENT LIABILITIES				
Long term finances	7	4,576,924	4,101,924	250,000
DEFERRED LIABILITIES				
Deferred taxation	8	299,888	210,022	140,814
Accumulated compensated absences	9	33,612	29,736	19,389
		333,500	239,758	160,203
		4,910,424	4,341,682	410,203
CURRENT LIABILITIES AND PROVISIONS				
Trade and other payables	10	2,742,581	1,985,958	2,106,364
Accrued mark-up	11	175,042	163,149	36,740
Derivative financial instruments	12	43,871	-	79,725
Short term borrowings	13	3,263,531	2,565,817	1,229,758
Current portion of long term finances	7	525,000	125,000	125,000
		6,750,025	4,839,924	3,577,587
		11,660,449	9,181,606	3,987,790
CONTINGENCIES AND COMMITMENTS	14			
		13,735,634	11,383,496	6,176,764

	Note	2013	As at December 31, 2012 Restated	As at January 1, 2012 Restated
		----------------(Rupees in thousand)----------------		
NON CURRENT ASSETS				
Property, plant and equipment	15	7,535,042	6,561,106	2,397,627
Intangible assets	16	11,165	8,270	18,727
Long term deposits	17	2,999	2,303	2,195
		7,549,206	6,571,679	2,418,549
CURRENT ASSETS				
Stores and spares	18	343,874	302,490	354,560
Stock in trade	19	2,485,187	2,344,940	1,542,125
Trade debts	20	1,778,982	1,204,616	991,922
Financial assets at fair value through profit or loss		-	-	262,884
Advances and prepayments	21	149,763	56,542	37,217
Other receivables	22	139,650	140,532	37,871
Taxation		622,937	143,825	55,202
Cash and bank balances	23	666,035	618,872	476,434
		6,186,428	4,811,817	3,758,215
		13,735,634	11,383,496	6,176,764

The annexed notes 1 to 43 form an integral part of these financial statements.

Shahid Hussain
Chief Executive

Syed Hyder Ali
Director

Profit And Loss Account

For the year ended December 31, 2013

	Note	2013	2012
			Restated
		-----(Rupees in thousand)-----	
Net sales	24	11,950,081	10,240,532
Cost of sales	25	10,516,592	8,725,781
Gross profit		1,433,489	1,514,751
Distribution cost	26	294,343	243,590
Administrative expenses	27	231,322	211,742
		525,665	455,332
Operating profit		907,824	1,059,419
Other income	28	47,956	32,816
		955,780	1,092,235
Finance cost	29	614,150	171,374
Other expenses	30	23,573	57,341
		637,723	228,715
Profit before taxation		318,057	863,520
Taxation	31	108,901	280,788
Profit after taxation		209,156	582,732
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Loss arising during the year on cash flow hedge		(43,871)	(79,200)
Add: Income tax relating to hedging reserve		14,339	27,720
		(29,532)	(51,480)
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of staff retirement benefits	32	(9,589)	(34,383)
Income tax on items that will not be reclassified		3,260	12,034
Other comprehensive income for the period - net of tax		(6,329)	(22,349)
Total comprehensive income for the year		173,295	508,903
Earnings per share - (Rupees)	33	6.97	19.42

The annexed notes 1 to 43 form an integral part of these financial statements.

Shahid Hussain
Chief Executive

Syed Hyder Ali
Director

Statement of Changes in Equity

For the year ended December 31, 2013

	Issued, subscribed and paid-up share capital	General reserve	Hedging reserve	Unappropriated profit	Total
	---------------------------------(Rupees in thousand)---------------------------------				
Balance as at January 1, 2012 - previously reported	300,000	1,189,000	(52,533)	784,730	2,221,197
Effect of remeasurement of staff retirement benefits (note 4.2)	-	-	-	(32,223)	(32,223)
Balance as at January 1, 2012 - restated	300,000	1,189,000	(52,533)	752,507	2,188,974
Transactions with owners					
Dividend relating to the year ended December 31, 2011 (Rs 20 per share)	-	-	-	(600,000)	(600,000)
Transfer to general reserve	-	182,000	-	(182,000)	-
Comprehensive income for the year					
Profit after taxation for the year ended December 31, 2012	-	-	-	582,732	582,732
Other comprehensive income	-	-	(51,480)	(22,349)	(73,829)
Total comprehensive income for the year ended December 31, 2012	-	-	(51,480)	560,383	508,903
Transfer to capital work in progress - net of tax	-	-	104,013	-	104,013
Balance as at December 31, 2012 - restated	300,000	1,371,000	-	530,890	2,201,890
Transactions with owners					
Dividend relating to the year ended December 31, 2012 (Rs 10 per share)	-	-	-	(300,000)	(300,000)
Transfer to general reserve	-	234,000	-	(234,000)	-
Comprehensive income for the year					
Profit after taxation for the year ended December 31, 2013	-	-	-	209,156	209,156
Other comprehensive income			(29,532)	(6,329)	(35,861)
Total comprehensive income for the year ended December 31, 2013	-	-	(29,532)	202,827	173,295
Balance as at December 31, 2013	300,000	1,605,000	(29,532)	199,717	2,075,185

The annexed notes 1 to 43 form an integral part of these financial statements.

Shahid Hussain
Chief Executive

Syed Hyder Ali
Director

Cash Flow Statement
For the year ended December 31, 2013

	Note	2013	2012
			Restated
		-----(Rupees in thousand)-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	1,627,523	208,715
Payment on account of accumulated compensated absences		(9,192)	(9,244)
Long term deposits		(696)	(108)
Staff retirement benefits paid		(42,684)	(41,519)
Income taxes paid		(480,548)	(315,361)
Net cash inflow / (outflow) from operating activities		1,094,403	(157,517)
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,570,759)	(4,083,926)
Purchase of intangible assets		(10,182)	-
Payment made on settlement of derivatives		-	(158,925)
Profit received on bank balances		345	222
Redemption of held-for-trading financial assets		-	268,783
Sale proceeds on disposal of operating fixed assets		4,830	7,383
Net cash outflow from investing activities		(1,575,766)	(3,966,463)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances paid		(125,000)	(125,000)
Long term financing acquired		1,000,000	3,976,924
Short term financing - net		475,000	700,000
Finance cost paid		(744,506)	(323,914)
Dividends paid		(299,682)	(597,651)
Net cash inflow from financing activities		305,812	3,630,359
Net decrease in cash and cash equivalents		(175,551)	(493,621)
Cash and cash equivalents at the beginning of the year		(546,945)	(53,324)
Cash and cash equivalents at the end of the year	36	(722,496)	(546,945)

The annexed notes 1 to 43 form an integral part of these financial statements.

Shahid Hussain
Chief Executive

Syed Hyder Ali
Director

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2013

1. THE COMPANY AND ITS OPERATIONS

Tri-Pack Films Limited (the Company) was incorporated in Pakistan on April 29, 1993 as a public limited company under the Companies Ordinance, 1984 (the Ordinance) and is listed on all the stock exchanges in Pakistan. It is principally engaged in the manufacturing 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 # 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, as modified by re-measurement of certain financial assets and financial liabilities (including derivative financial instruments) at fair value and recognition of certain staff retirement and other service benefits at present value.

2.2 Statement of compliance

These financial statements have been prepared in accordance with the requirements of 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 and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail.

2.3 New standards, amendments to the approved accounting standards and new interpretations

2.3.1 New standards, amendments to the approved accounting standards and interpretations which became effective during the year ended December 31, 2013

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that are effective for the year ended December 31, 2013 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements except for those explained in note 4.

2.3.2 New standards, amendments to approved accounting standards and new interpretation, that are not yet effective

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2013, but are considered not to be relevant or have any significant effect on the Company's operations and are therefore, not disclosed in these financial statements.

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 provident fund at the rate of ten percent of basic salary.

2.4.2 Defined benefit plan

Gratuity plan

There is an approved funded defined benefit gratuity plan for all employees. Monthly contributions are made to this fund on the basis of actuarial recommendations at the rate of 8.33% per annum of basic salaries. The latest actuarial valuation for the gratuity scheme was carried out as at December 31, 2013. The actual return on plan assets represent the difference between the fair value of plan assets at the beginning and end of the year and adjusted for contributions and benefits paid.

The future contribution rates of these plans include allowances for deficit and surplus. Projected unit credit method, using the following significant assumptions, is used for valuation of this scheme:

- Discount rate used for year end obligation - 13% (2012: 11%) per annum;
- Expected rate of increase in salary levels - 12% (2012: 10%) per annum; and
- Expected mortality rate SLIC (2001 - 2005) mortality table.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the profit and loss account.

Pension plan

The Company was operating an approved defined benefit pension fund plan, upto December 31, 2012. The Board of Trustees of the pension fund decided to convert the defined benefit plan to defined contribution plan for all its active employees with effect from January 1, 2013 with no impact on the pensioners appearing on the pensioners' list as of that date. The proposed scheme was approved for implementation by the Commissioner Inland Revenue on February 22, 2013.

Consequently, the defined benefit pension fund plan currently operates two different plans for its employees:

- Defined contribution plan for all active employees; and
- Defined benefit plan for pensioners who have retired before December 31, 2012.

In respect of the defined contribution plan, the Company contributes 20% of members' monthly salary to the scheme; whereas, an employee may or may not opt to contribute 6% of his monthly salary to the scheme.

The obligation in respect of the defined benefit plan is determined by the actuary at each year end. Any funding gap identified by the actuary is paid by the Company from time to time. The last actuarial valuation was carried out as at December 31, 2013.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions for the defined benefit plan are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in profit and loss account.

2.4.3 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 used for year end obligation - 13% (2012: 11%) per annum; and
- Expected rate of increase in salary levels - 12% (2012: 10%) per annum.

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. The unrecognised actuarial gains or losses at each valuation date are recognised immediately.

2.5 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit and loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current

Provision for current tax is based on the taxable income for the year at the current rates of taxation or one 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 exemptions available. It also includes any adjustment to tax payable in respect of prior years.

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

Investment tax credits are viewed as increase of the related asset's tax base. Accordingly, in such situation the deductible temporary difference that arises qualifies for the initial recognition exception as per IAS 12, 'Income taxes'. Therefore, no deferred tax asset is recognised instead the recognition of the total investment tax occurs as a reduction of current tax.

2.6 Trade and other payables

Liabilities for trade and other 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 legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

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.

2.9 Property, plant and equipment

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land and capital work in progress which are stated at cost. Cost of leasehold land is amortised using the straight line method over the period of lease term.

Operating fixed assets having cost exceeding the minimum threshold as determined by the management are capitalised. All other assets are charged to income in the year when acquired. Depreciation is charged to profit and loss account on straight line method at the following rates:

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

Depreciation rates are reviewed annually. However, in case of assets which are utilized in connection with capital work in progress, the related depreciation is charged to capital work in progress.

Depreciation on additions and deletions during the year is charged from the month when asset is put into use or up to the month immediately before the month in which the asset is disposed off, respectively.

No depreciation is charged if the asset's residual value exceeds its carrying amount.

Residual values and the useful lives are reviewed at each balance sheet date and adjusted if expectations differ significantly from previous estimates.

Residual values are determined by the management as the amount it expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

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 amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in profit and loss account currently.

Useful lives are determined by the management based on the expected usage of assets, physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Maintenance and repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised in accordance with IAS 16, 'Property, plant and equipment' and depreciated in a manner that represents the consumption pattern and useful lives. Minor repairs and renewals are charged to profit and loss account.

Profit or loss on disposal of operating fixed assets are included in profit and loss account in the year in which it is realized.

2.10 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation including applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

2.11 Intangible assets

Intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognised when it is probable that the expected future economic benefits will flow to the Company and the cost of the asset can be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining intangible assets are recognised as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis applying the straight line method at the rate of 33.33%.

Useful lives of intangible assets are reviewed, at each balance sheet date and adjusted if the impact of amortisation is significant.

The carrying amount of the intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the intangible asset's carrying amount exceeds its recoverable amount in profit and loss account. Reversal of impairment losses are also recognised in profit and loss account, however, is restricted to the original cost of the intangible asset.

2.12 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 up to the balance sheet date.

2.13 Stock in trade

Stock in trade is valued at the lower of cost and estimated net realisable value. Cost is determined as follows:

Stages of stock in trade	Basis of valuation
Raw materials, work in process and finished goods	Weighted average cost
Raw materials in transit	Invoice value and other related charges as at balance sheet date

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

Net realisable value is determined on the basis of the estimated selling price of the product in the ordinary course of business less estimated cost of completion and costs necessary to be incurred for its sale.

2.14 Trade debts

Consistent with prior years, trade debts are recognised initially at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at amortised cost less an estimate made for impairment based on a review of all outstanding amounts at the year end. A provision for impairment of trade debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off when identified.

2.15 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 and 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. Cash and cash equivalents also include bank overdrafts / short term borrowings that are repayable on demand or within a period of 3 months from the reporting date.

2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities.

The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company and specific criteria has been met for each of the Company's activities as described below:

i) Sales revenue is recognised at the time of dispatch of goods to customers; and
ii) Returns on bank deposits are accrued on a time proportion basis by reference to the principal outstanding amount and the applicable rate of return.

2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit and loss account in the period in which they are incurred.

2.18 Foreign currency transactions and translation

Foreign currency transactions are recognised or accounted for into Pakistan Rupees using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are converted into Pakistan Rupees at the rates of exchange prevailing on the balance sheet date. Exchange gain / loss on foreign currency translations are included in income / equity along with any related hedge effects.

2.19 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

2.20 Financial instruments

2.21 The Company classifies its financial assets in the following categories:

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

- 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 portfolio in which a pattern of short term profit taking exists. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, these are classified as non-current assets.

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

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

Gains / (losses) arising on sale of investments are included in the profit and loss account currently on the date when the transaction takes place.

Unrealised gains / (losses) arising on revaluation of securities classified as financial assets at 'fair value through profit or loss' are included in the profit and loss account in the period in which they arise.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. The Company's loans and receivables comprise 'long term deposits', 'trade debts', 'advances and prepayments', 'other receivables' and 'cash and bank balances' in the balance sheet.

(c) Held to maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention to hold them up to maturity.

(d) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless the investment matures or management intends to dispose of the financial assets within 12 months of the balance sheet date.

2.22 Recognition

Regular way purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset.

2.23 Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a 'financial asset or financial liability other than those 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 charged to the profit and loss account 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 / (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 until derecognised or impaired when the accumulated fair value adjustments recognised in other comprehensive income are transferred to the profit and loss account.

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.

2.24 Fair value measurement principles

The fair value of units of mutual funds is based on the net asset value of the fund which are declared on daily basis without any deduction for estimated future selling costs. Financial assets and financial liabilities are priced at their fair market value.

2.25 Impairment

Impairment loss on investment other than 'available for sale' is recognised in the profit and loss account whenever the carrying amount of investment exceeds its recoverable amount. If in a subsequent period, the amount of an impairment loss recognised decreases the impairment is reversed through the profit and loss account.

In case of investment classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss account is removed from other comprehensive income and recognised in the profit and loss account. However, any decrease in impairment loss on securities classified as 'available for sale' is reversed through the profit and loss account and is recognised in other comprehensive income.

2.26 Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39, 'Financial instruments: Recognition and measurement'.

The Company uses the weighted average method to determine realised gains and losses on derecognition. A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

2.27 Derivatives financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates derivatives as either fair value hedge or cash flow hedge.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in off-setting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 12. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current asset or liability.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

Amounts accumulated in equity are reclassified to profit and loss account in the periods when the hedged item affects profit and loss account (for example, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss account.

2.28 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. SIGNIFICANT 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. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. There were no significant judgements involved in the application of Company's accounting policies. The management has made the following estimates which are significant to the financial statements:

3.1 Current and deferred income taxes

In making the estimates for income taxes payable by the Company, management considers current income tax laws and the decisions of appellate authorities on certain cases issued in the past. Where the final outcome is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such final outcome is determined. Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3.2 Provision for retirement and other service benefit obligations

The present value of these obligations depends on a number of factors that are determined on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present values of these obligations and the underlying assumptions are disclosed in notes 2.4 and 32.

3.3 Property, plant and equipment and intangible assets

Estimates with respect to residual values and useful lives and pattern flow of economic benefit are based on the recommendation of technical teams of the Company. Further, the Company reviews the internal and external indicators for possible impairment of assets on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment (note 15) and intangible assets (note 16) with a corresponding affect on the depreciation charge, amortisation charge and impairment.

3.4 Stock in trade

Assumptions and estimates used in writing down items of stock in trade to their net realisable value (note 19). Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated cost of completion and the estimated costs necessary to be incurred for its sale.

3.5 Derivative hedging financial instruments designated as cash flow hedges

The Company reviews the changes in fair values of the derivative hedging financial instruments at each reporting date based on the valuations done by the management on the basis of forward rates obtained from the bank. These valuations represent estimated fluctuations in the relevant currencies / interest rates over the reporting period and other relevant variables signifying currency and interest rate risks.

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.

3.6 Provisions

Provisions are based on management's best estimate. Any change in the estimates in future years might affect the carrying amounts of the provision with a corresponding affect on the profit and loss account of the Company.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

4.1 Amendment to IAS 1, 'Presentation of financial statements' regarding 'Other comprehensive income'

The primary change resulting from this amendment is that the Company has grouped items presented in 'Other comprehensive income' on the basis of whether they are potentially classifiable to profit or loss subsequently (reclassification adjustments). Had there been no change in the aforementioned accounting, there would not have been any bifurcation of items appearing in the 'Other comprehensive income'.

4.2 Adoption of amendments in IAS 19, 'Employee benefits'

During the year, the Company has changed its accounting policy in respect to recognition of actuarial gains and losses, past service costs and expected return on plan assets, whereby with effect from current year, the Company has recognized:

- Actuarial gains and losses as they occur in other comprehensive income, instead of past policy, where actuarial gains and losses were recognised as income or expense in accordance with minimum recommended approach under the previous standard IAS 19, 'Employees benefits';

- All past service costs at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or termination benefits, instead of past policy, where the past service costs were recognised on a straight line basis over the average period until the benefits became vested and if the benefits were already vested, following introduction of or change in scheme, past service costs were recognised immediately in profit and loss account;

- Interest on net defined benefit obligation (net of plan assets) in profit and loss account, which is calculated using the discount rate used to measure the defined benefit obligation or asset, and expected return on plan assets will no longer be recognised in profit and loss account;

- The change has been accounted for in accordance with the requirements of IAS 19, 'Employees benefits' as required under IAS 8, 'Accounting policies, change in accounting estimates and errors' such a change to be applied retrospectively. Due to the change in accounting policy, the Company has presented as at the beginning of the earliest comparative period i.e. January 1, 2012 and related notes in accordance requirement of IAS 1, 'Presentation of financial statements';

- There is a new term 'remeasurements'. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost; and

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2013

- Had there been no change in the accounting policy due to recognition of actuarial gains and losses on defined benefit plans in accordance with IAS 19, 'Employees benefits', the following would have been the impact as of January 1, 2012, December 31, 2012 and for the year then ended:

	Note	Balance previously reported	Effect of change in accounting policy	Restated amount
		--------------(Rupees in thousand)--------------		
As at January 1, 2012				
Balance Sheet				
Reserves		1,921,197	(32,223)	1,888,974
Deferred taxation		158,165	(17,351)	140,814
Trade and other payables		2,073,526	32,838	2,106,364
Other receivables		54,607	(16,736)	37,871
As at December 31, 2012				
Balance Sheet				
Reserves	6	1,907,785	(5,895)	1,901,890
Deferred taxation	8	239,407	(29,385)	210,022
Trade and other payables	10	1,967,423	18,535	1,985,958
Other receivables	22	157,277	(16,745)	140,532
For the year ended December 31, 2012				
Profit and Loss				
Cost of sales	25	8,761,569	(35,788)	8,725,781
Administrative expenses	27	224,631	(12,889)	211,742
Statement of Changes in Equity				
Unappropriated profit		534,055	48,677	582,732
Total comprehensive income		482,575	26,328	508,903
Other Comprehensive Income		(51,480)	(22,349)	(73,829)
Earnings per Share	33	17.80	1.62	19.42

4.3 Amendment in the Fourth Schedule to the Ordinance

During the year the Securities and Exchange Commission of Pakistan has notified certain amendments in the Fourth Schedule to the Ordinance. One of the amendments relates to classification of major spare parts and stand-by equipment as part of property, plant and equipment.

Reclassified from	Reclassified to	2012	2011
		-----(Rupees in thousand)-----	
Stores and spares	Property, plant and equipment	94,092	33,127

4.4 Amendment to IAS 1, 'Presentation of financial statements' regarding disclosure requirements for 'Comparative information'

The amendment clarifies disclosure requirements for comparative information when an entity provides a third balance sheet as at the beginning of the preceding period if it applies an accounting policy retrospectively, and the retrospective application has a material effect on the information in the balance sheet at the beginning of the preceding period. However, the entity need not to present the related notes to the opening balance sheet as at the beginning of the preceding period, presented.

5. SHARE CAPITAL

	2013	2012
	-----(Rupees in thousand)-----	
5.1 Authorised share capital		
100,000,000 ordinary shares of Rs 10 each (2012: 100,000,000)	1,000,000	1,000,000
5.2 Issued, subscribed and paid-up share capital		
30,000,000 ordinary shares of Rs 10 each (2012: 30,000,000) fully paid in cash	300,000	300,000

5.3 Packages Limited, Mitsubishi Corporation, Japan and IGI Insurance Limited held 10,000,000 (2012: 10,000,000), 7,499,000 (2012: 7,499,000) and 1,700,349 (2012: 1,700,349) ordinary shares of the Company respectively, as at December 31, 2013.

6. RESERVES

	Note	2013	2012 Restated
		-----(Rupees in thousand)-----	
General reserve		1,605,000	1,371,000
Hedging reserve		(29,532)	-
Unappropriated profit		199,717	530,890
		1,775,185	1,901,890

7. LONG TERM FINANCES

	Note	2013	2012
		-----(Rupees in thousand)-----	
Secured			
Finance - 1	7.1	125,000	250,000
Finance - 2	7.2	1,000,000	1,000,000
Finance - 3	7.2	1,000,000	1,000,000
Finance - 4	7.2	1,976,924	1,976,924
Finance - 5	7.2	1,000,000	-
		5,101,924	4,226,924
Less: Current portion of long term finances		(525,000)	(125,000)
		4,576,924	4,101,924

7.1 The Company has obtained a long term finance facility of Rs 500 million (2012: Rs 500 million) from a commercial bank under mark-up arrangements. Mark-up is payable on semi-annual basis at the rate of six months Karachi Inter Bank Offer Rate (KIBOR) plus 0.50% (2012: 0.50%) per annum. The effective rate of mark-up during the year was 11.55% (2012: 12.45%) per annum. The principal amount is repayable in 8 equal instalments 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 charges on all the Company's present and future fixed assets including but not limited to land, buildings, plant and machinery, equipment, furniture and fixtures etc.

7.2 The Company has obtained long term finance facilities of Rs 5,000 million (2012: Rs 4,000 million) from various commercial banks under mark-up arrangements including Rs 2,300 million (2012: Rs 1,500 million) under long term financing facility scheme provided by State Bank of Pakistan. Mark-up is payable on semi-annual basis at the rate of six months KIBOR plus 0.75% to 0.8% (2012: 0.75%) per annum . The effective weighted average rate of mark-up during the year was 9.07% to 10.32% (2012: 12.14%) per annum. The principal amount is repayable in 10 equal instalments 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 charges on all the Company's present and future fixed assets including but not limited to land, buildings, plant and machinery, equipment, furniture and fixtures etc.

8. DEFERRED TAXATION

	2013	2012 Restated
	-----(Rupees in thousand)-----	
(Debit) / credit balances arising from:		
Accelerated tax depreciation allowance	699,445	148,063
Amortisation allowance	(3,318)	(4,831)
Borrowing cost	7,842	108,168
Remeasurement on staff retirement benefits	(32,645)	(29,385)
Tax loss	(344,583)	-
Provision for accumulated compensated absences	(10,986)	(10,259)
Unrealised gain on hedging instrument	(14,339)	-
Provision for doubtful debts	(1,528)	(1,734)
	299,888	210,022

8.1 The movement in temporary differences is as following

	Balance as at January 1, 2013	Recognised in profit or loss	Recognised in OCI	Balance as at December 31, 2013
	--------------------(Rupees in thousand)--------------------			
Accelerated tax depreciation allowance	148,063	551,382	-	699,445
Amortisation allowance	(4,831)	1,513	-	(3,318)
Borrowing cost	108,168	(100,326)	-	7,842
Remeasurement on staff retirement benefits	(29,385)	-	(3,260)	(32,645)
Tax loss	-	(344,583)	-	(344,583)
Provision for accumulated compensated absences	(10,259)	(727)	-	(10,986)
Unrealised gain on hedging instrument	-	-	(14,339)	(14,339)
Provision for doubtful debts	(1,734)	206	-	(1,528)
	210,022	107,465	(17,599)	299,888

	Note	2013	2012
		-----(Rupees in thousand)-----	

9. ACCUMULATED COMPENSATED ABSENCES

Opening balance		29,736	19,389
Expense recognised		13,068	19,591
Payments made during the year		(9,192)	(9,244)
Closing balance		33,612	29,736

10. TRADE AND OTHER PAYABLES

	Note	2013	2012 Restated
		-----(Rupees in thousand)-----	
Creditors	10.1	43,993	79,333
Accrued liabilities		233,888	73,499
Liability for imported goods		2,353,305	1,730,031
Advances from customers		24,815	14,324
Retention money		16,000	22,238
Unclaimed dividend		10,389	10,071
Sales tax payable		-	14,487
Payable to gratuity fund	32	27,875	18,930
Payable to pension fund	32	1,368	2,012
Workers' profits participation fund	10.3	17,260	178
Workers' welfare fund		6,491	13,760
Other payables		7,197	7,095
		2,742,581	1,985,958

10.1 Creditors include Rs 5.968 million (2012: Rs 17.473 million) payable to associated undertakings.

10.2 The maximum amount due to any related party during the year is Rs 24.825 million (2012: Rs 63.716 million).

10.3 Workers' profits participation fund

	2013	2012
	-----(Rupees in thousand)-----	
Liability / (asset) at the beginning of the year	178	(6,571)
Allocation for the year	17,082	43,609
	17,260	37,038
Less: Payments during the year	-	(36,860)
Liability at the end of the year	17,260	178

11. ACCRUED MARK-UP

	2013	2012
On long term finances	136,258	122,571
On short term finances	38,784	40,578
	175,042	163,149

12. DERIVATIVE FINANCIAL INSTRUMENTS

These represent forward currency contracts designated as cash flow hedges for the foreign currency risk of the firm commitment to purchase raw material. There was no ineffectiveness to be recorded from forward foreign exchange contracts.

The notional principal amounts of the outstanding forward foreign exchange contracts as at December 31, 2013 aggregate Euro 0.242 million (2012: Euro Nil) and USD 16.476 million (2012: USD Nil).

13. SHORT TERM BORROWINGS

	Note	2013	2012
		-----(Rupees in thousand)-----	
Secured			
Short term money market loans	13.1	1,875,000	1,400,000
Short term running finance	13.2	1,388,531	1,165,817
		3,263,531	2,565,817

13.1 Short term money market loans have been arranged from commercial banks as a sub-limit of the running finance facility. 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 9.06% to 10.57% (2012: 9.49% to 12.54%) per annum.

13.2 Short term running finances have been obtained under mark-up arrangement with banks payable on various maturity dates up to June 30, 2014. 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 9.46% to 11.62% (2012: 10.19% to 13.14%) per annum.

13.3 Total facilities available under mark-up arrangements aggregated Rs 8,100 million (2012: 6,500 million) out of which the amount unavailed at the year end was Rs 4,836 million (2012: Rs 3,934 million).

14. CONTINGENCIES AND COMMITMENTS

	2013	2012
	-----(Rupees in thousand)-----	
Contingencies		
Guarantees issued by banks on behalf of the Company	226,184	134,334
Commitments		
Letters of credit for purchase of raw materials and spares	989,094	294,393
Letters of credit for purchase of plant and machinery	30,405	753,606
Contracts for civil works	46,345	239,287

14.1 The facilities for opening of letter of credits and for guarantees as at December 31, 2013 amount to Rs 10,550 million (2012: Rs 7,600 million) and Rs 360 million (2012: Rs 210 million), of which the amount remaining unutilised was of Rs 7,177 million (2012: Rs 4,822 million) and Rs 133.816 million (2012: Rs 75.666 million) respectively.

14.2 During the year 2011, the Commissioner Inland Revenue (Appeals) [CIR (A)] deleted the disallowances made in the amended order in respect of the tax year 2005 issued by the Deputy Commissioner Inland Revenue (DCIR). While framing the appeal effect order DCIR had given appeal effect to the deletions made by the CIR (A). However, sales amounting to Rs 60.282 million during the trial production capitalised as the part of property, plant and equipment have been subjected to tax. The Company filed an appeal with CIR (A) which was heard during the year, however, no appellate order has yet been received. Further, application of rectification under Section 221 of the Income Tax Ordinance, 2001 (the ITO, 2001) was filed during the year 2012 which was time barred by CIR (A) via order number 13/2013 dated October 24, 2013 rejecting the order for condonation. Applications for rectification were filed via letter number DT 2601 and DT 1284 dated February 8, 2012 and November 13, 2013 respectively and the same are pending disposal. The management of the Company, based on the advice of its tax consultant, is confident that the ultimate decision in respect of the aforementioned matters shall be in its favour.

14.3 In respect of tax year 2009, appeal as well as rectification application was filed against the order under Section 122 (1) of the ITO, 2001. However, rectified order has been issued by DCIR under Section 221 of the ITO, 2001. According to the rectified order, disallowances aggregating Rs 22.132 million have been maintained by DCIR with a resulting tax impact of Rs 7.746 million. The Company filed an appeal with CIR (Appeals) which was heard on July 26, 2012 whereas the appellate order is still awaited. The management of the Company, based on the advice of its tax consultant, is confident that the ultimate decision in respect of the aforementioned matter shall be made in its favour.

15. PROPERTY, PLANT AND EQUIPMENT

	Note	2013	2012 Restated
		-----(Rupees in thousand)-----	
Operating fixed assets	15.1	6,394,753	1,572,261
Capital work in progress	15.2	1,100,939	4,894,753
Major spare parts and stand-by equipments	15.3	39,350	94,092
		7,535,042	6,561,106

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2013

15.1 Operating fixed assets

15.1.1 The following is a statement of operating fixed assets

	Leasehold land	Buildings on leasehold land	Plant and machinery	Electrical installations	Tube wells and pumps	Furniture and fittings	Office equipment	Vehicles	Tools	Laboratory equipment	Total
	(Rupees in thousand)										
At January 1, 2012											
Cost	202,639	352,064	3,712,005	104,401	2,924	33,589	31,228	89,826	1,287	12,693	4,542,656
Accumulated depreciation	13,296	139,017	2,424,705	78,518	2,597	23,231	23,853	33,592	733	8,768	2,748,310
Net book value	189,343	213,047	1,287,300	25,883	327	10,358	7,375	56,234	554	3,925	1,794,346
Year ended December 31, 2012											
Additions	391	25,406	52,551	463	-	11,781	4,129	28,692	1,115	-	124,528
Transfer from capital work in progress	-	14,138	-	-	-	-	194	-	-	-	14,332
Disposals											
Cost	-	-	-	-	-	7	-	11,878	-	-	11,885
Depreciation	-	-	-	-	-	(4)	-	(5,768)	-	-	(5,772)
	-	-	-	-	-	3	-	6,110	-	-	6,113
Depreciation charge	4,409	21,628	301,230	6,202	93	3,493	3,960	11,556	168	2,093	354,832
Net book value as at December 31, 2012	185,325	230,963	1,038,621	20,144	234	18,643	7,738	67,260	1,501	1,832	1,572,261
Year ended December 31, 2013											
Additions	-	1,339	144,488	-	2,104	8,308	6,653	6,255	261	-	169,408
Transfer from capital work in progress	-	778,307	4,437,097	178,924	-	-	-	-	-	-	5,394,328
Disposals											
Cost	-	-	-	-	-	-	-	10,497	-	-	10,497
Depreciation	-	-	-	-	-	-	-	(5,717)	-	-	(5,717)
	-	-	-	-	-	-	-	4,780	-	-	4,780
Depreciation charge	4,409	57,987	631,286	20,080	205	4,655	5,067	11,081	200	1,494	736,464
Net book value as at December 31, 2013	180,916	952,622	4,988,920	178,988	2,133	22,296	9,324	57,654	1,562	338	6,394,753
At December 31, 2012											
Cost	203,030	391,608	3,764,556	104,864	2,924	45,363	35,551	106,640	2,402	12,693	4,669,631
Accumulated depreciation	17,705	160,645	2,725,935	84,720	2,690	26,720	27,813	39,380	901	10,861	3,097,370
Net book value	185,325	230,963	1,038,621	20,144	234	18,643	7,738	67,260	1,501	1,832	1,572,261
At December 31, 2013											
Cost	203,030	1,171,254	8,346,141	283,788	5,028	53,671	42,204	102,398	2,663	12,693	10,222,870
Accumulated depreciation	22,114	218,632	3,357,221	104,800	2,895	31,375	32,880	44,744	1,101	12,355	3,828,117
Net book value	180,916	952,622	4,988,920	178,988	2,133	22,296	9,324	57,654	1,562	338	6,394,753

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

	Note	2013	2012
		-----(Rupees in thousand)-----	
Cost of goods manufactured	25.1	713,430	337,983
Distribution cost	26	3,106	2,786
Administrative expenses	27	17,756	11,439
Capital work in progress		2,172	2,624
		736,464	354,832

15.1.3 Operating fixed assets include assets having cost of Rs 1,399.365 million (2012: Rs 1,295.548 million) which were fully depreciated as at the year end.

15.1.4 Details of operating fixed assets disposed off during the year ended December 31, 2013.

The following operating fixed assets with a net book value exceeding Rs 50,000 were disposed off during the year:

Particulars	Sold to	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)
		-------------------------------(Rupees in thousand)-------------------------------				
Vehicles	Ehsan ul Haq	520	350	170	170	-
	Humayun Naseer	524	352	172	172	-
	Babar Jamal	524	352	172	172	-
	Amjad Ali	1,420	652	768	768	-
	Syed Shahid Iqbal	627	422	205	205	-
	Muhammad Hassan Qureshi	639	430	209	209	-
	Muzafar Hameed Butt	1,365	398	967	998	31
	Reza Said	1,364	398	966	982	16
	Ahsan Amjad	542	364	178	178	-
	Afzal Ahmed	641	431	210	210	-
	Mehmood Ahmed	623	419	204	204	-
	Naeem Ahmed	618	416	202	202	-
	Mushtaq Ahmed	522	351	171	174	3
	Umer Maroof	568	382	186	186	-
		10,497	5,717	4,780	4,830	50

15.1.5 All disposals were made as per Company policy.

15.2 Capital work in progress

	2013	2012
	-----(Rupees in thousand)-----	
Plant and machinery	773,776	3,941,795
Building and civil works	23,985	881,401
Advances to suppliers and contractors	303,178	71,557
	1,100,939	4,894,753

15.2.1 Capital work in progress includes borrowing cost capitalised during the year aggregating Rs 142.249 million (2012: Rs 278.949 million). The effective rate for capitalisation of borrowing cost during the year was 10.11% (2012: 10.20%).

15.3 Major spare parts and stand-by equipments

	2013	2012
	-----(Rupees in thousand)-----	
Balance at the beginning of the year	94,092	33,127
Additions during the year	49,186	64,286
Transfers made during the year	(103,928)	(3,321)
Balance at the end of the year	39,350	94,092

16. INTANGIBLE ASSETS

Computer software

	2013	2012
At January 1		
Cost	31,378	31,378
Accumulated amortisation	(23,108)	(12,651)
Net book value	8,270	18,727
Additions during the year	10,182	-
Year ended December 31		
Amortisation for the year	(7,287)	(10,457)
Net book value as at December 31	11,165	8,270
At December 31		
Cost	41,560	31,378
Accumulated amortisation	(30,395)	(23,108)
Net book value	11,165	8,270

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

17. LONG TERM DEPOSITS

These represent long term security deposits given to various parties.

18. STORES AND SPARES

	2013	2012
	-----(Rupees in thousand)-----	
Stores	67,584	60,176
Spares	251,439	228,027
Stores and spares in transit	24,851	14,287
	343,874	302,490

19. STOCK IN TRADE

	2013	2012
Raw materials		
In hand	991,867	1,703,436
In transit	895,822	499,596
	1,887,689	2,203,032
Packing materials	21,244	17,950
Work in process	466,456	102,040
Finished goods	109,798	21,918
	2,485,187	2,344,940

20. TRADE DEBTS

	Note	2013	2012
		-----(Rupees in thousand)-----	
Unsecured			
Considered good			
Due from related parties	20.1 & 20.2	75,170	142,267
Others		1,643,199	1,040,845
		1,718,369	1,183,112
Considered doubtful others		4,675	5,026
Secured			
Considered good			
Due from related parties	20.1 & 20.2	5,468	-
Others		55,145	21,504
		60,613	21,504
		1,783,657	1,209,642
Less: Provision for doubtful debts	20.3	(4,675)	(5,026)
		1,778,982	1,204,616

20.1 Trade debts include the following amounts due from related parties:

	2013	2012
Packages Limited	75,170	142,267
Packages Lanka	5,468	-
	80,638	142,267

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

20.3 Provision for doubtful debts

	2013	2012
Balance at beginning of the year	5,026	332
(Reversal) / provision for the year	(351)	4,694
Balance at end of the year	4,675	5,026

20.4 The maximum amount receivable from any related party during the year is Rs 194.577 million (2012: Rs 187.774 million).

20.5 As at December 31, 2013, trade debts of Rs 270.354 million (2012: Rs 153.091 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade debts is as follows:

	2013	2012
	-----(Rupees in thousand)-----	
Upto 1 - 2 months	66,761	12,186
Upto 3 - 4 months	133,894	90,745
Upto 5 - 6 months	47,420	27,759
More than 6 months	22,279	22,401
	270,354	153,091

20.5.1 Ageing analysis of the amounts due from related parties is as follows:

	Upto 1 month	1 to 6 months	More than 6 months	As at December 31, 2013	As at December 31, 2012
	-----(Rupees in thousand)-----				
Packages Limited	69,660	3,671	1,839	75,170	142,267
Packages Lanka	3,094	2,374	-	5,468	-
	72,754	6,045	1,839	80,638	142,267

20.6 As at December 31, 2013, trade receivables of Rs 4.675 million (2012: Rs 5.026 million) were impaired and provided for. The ageing of these receivables is as follows:

	Note	2013	2012
		-----(Rupees in thousand)-----	
One year to five years		4,675	5,026

21. ADVANCES AND PREPAYMENTS

	Note	2013	2012
Advances, considered good	21.1		
Due from executives		-	4,825
Due from other employees		6,354	1,711
		6,354	6,536
Advances to suppliers - considered good		138,248	46,549
Prepayments		5,161	3,457
		149,763	56,542

21.1 These advances primarily include car loans and house rent given to executives as per terms of employment. The maximum amounts due at the end of any month during the year from the Chief Executive and other executives were Rs 0.470 million (2012: Rs 0.848 million) and Rs 2.829 million (2012: Rs 4.635 million) respectively.

21.2 For better presentation and to comply with the requirements of Fourth Schedule to the Ordinance, certain balances amounting to Rs 140.532 million which were previously included in ‘Advances, prepayments and other receivables’ as disclosed in the financial statements for the year ended December 31, 2012 have now been reclassified to ‘Other receivables’.

22. OTHER RECEIVABLES

	2013	2012
	-----(Rupees in thousand)-----	
Sales tax recoverable	77,747	-
Rebate on exports recoverable	29,485	12,552
Security deposit	774	86,722
Others	31,644	41,258
	139,650	140,532

23. CASH AND BANK BALANCES

	Note	2013	2012
Cash with banks in		-----(Rupees in thousand)-----	
Current accounts			
Local currency		134,549	200,389
Foreign currency	23.1	1,583	3,028
Cheques in hand		529,162	413,440
Cash in hand	23.1	741	2,015
		666,035	618,872

23.1 These include an aggregate amount of Rs 1.942 million (2012: Rs 4.412 million) held in foreign currency.

24. NET SALES

	Note	2013	2012
		-----(Rupees in thousand)-----	
Local sales		13,138,838	11,945,742
Export sales		712,848	146,842
		13,851,686	12,092,584
Less: Sales tax		(1,901,605)	(1,852,052)
		11,950,081	10,240,532

25. COST OF SALES

	Note	2013	2012 Restated
		-----(Rupees in thousand)-----	
Opening stock of finished goods		21,918	31,693
Cost of goods manufactured	25.1	10,604,472	8,716,006
Less: Closing stock of finished goods		(109,798)	(21,918)
		10,516,592	8,725,781

25.1 Cost of goods manufactured

	Note	2013	2012
Opening stock of work in process		102,040	94,788
Raw materials consumed	25.2	8,670,725	6,765,024
Toll manufacturing charges		36,328	260,633
Salaries, wages and other benefits		372,133	301,328
Fuel, power and water		642,455	650,888
Packing materials consumed	25.3	261,341	210,571
Repairs and maintenance	25.4	140,321	124,334
Insurance		54,385	33,118
Vehicle running and maintenance		27,825	26,437
Travelling		3,675	4,389
Staff retirement benefits	25.5	34,065	3,789
Depreciation	15.1.2	713,430	337,983
Lease rentals		359	-
Others		11,846	4,764
		11,070,928	8,818,046
Less: Closing stock of work in process		(466,456)	(102,040)
		10,604,472	8,716,006

25.2 Raw materials consumed

	2013	2012
	-----(Rupees in thousand)-----	
Opening stock	2,203,032	1,402,758
Purchases	8,355,382	7,565,298
Less: Closing stock	(1,887,689)	(2,203,032)
	8,670,725	6,765,024

25.3 Packing materials consumed

	2013	2012
Opening stock	17,950	12,886
Purchases	264,635	215,635
Less: Closing stock	(21,244)	(17,950)
	261,341	210,571

25.4 This includes stores and spares consumed amounting to Rs 57.019 million (2012: Rs 28.456 million).

25.5 This includes Rs 6.732 million (2012: Rs 6.394 million) in respect of contribution to provident fund, Rs 10.813 million (2012: Rs Nil) in respect of pension fund and Rs 8.348 million (2012: Rs 15.103 million) in respect of compensated absences.

26. DISTRIBUTION COST

	Note	2013	2012
		-----(Rupees in thousand)-----	
Salaries, wages and other benefits		49,692	45,802
Outward freight		213,944	167,841
Travelling		8,255	6,645
Rent, rates and taxes		4,139	3,973
Repairs and maintenance		282	461
Vehicle running and maintenance		2,465	2,185
Insurance		1,400	2,492
Staff retirement benefits	26.1	6,921	9,138
Depreciation	15.1.2	3,106	2,786
Lease rentals		181	-
Other expenses		3,958	2,267
		294,343	243,590

26.1 This includes Rs 1.326 million (2012: Rs 1.292 million) in respect of contribution to provident fund, Rs 2.128 million (2012: Rs Nil) in respect of pension fund and Rs 1.785 million (2012: Rs 2.699 million) in respect of compensated absences.

27. ADMINISTRATIVE EXPENSES

	Note	2013	2012 Restated
		-----(Rupees in thousand)-----	
Salaries, wages and other benefits		109,164	94,072
Rent, rates and taxes		6,643	9,302
Printing, stationery and periodicals		6,969	5,788
Postage and telephone		9,242	9,388
Repairs and maintenance		5,000	3,630
Vehicle running and maintenance		3,580	4,095
Travelling		4,721	7,192
Insurance		4,833	4,442
Staff training and development		3,551	3,543
(Reversal) / provision for doubtful debts	20.3	(351)	4,694
Staff retirement benefits	27.1	13,478	450
Auditors' remuneration	27.2	3,405	5,540
Legal and professional expenses		15,576	7,809
Depreciation	15.1.2	17,756	11,439
Amortisation expense	16.1	7,287	10,457
Electricity, gas and water		2,990	2,447
Advertisement		166	206
Donations	27.3	11,232	20,550
Lease rentals		346	-
Other expenses		5,734	6,698
		231,322	211,742

27.1 Staff retirement benefits include Rs 2.313 million (2012: Rs 2.622 million) in respect of contribution to provident fund, Rs 5.609 million (2012: Rs Nil) in respect of pension fund and Rs 2.935 million (2012: Rs 1.789 million) in respect of compensated absences.

27.2 Auditors' remuneration

	2013	2012
	-----(Rupees in thousand)-----	
Audit fee	1,100	950
Review of half yearly accounts, review of statement of compliance on best corporate practices, audit of employees' retirement funds and other special reviews	980	3,680
Tax services	1,000	600
Out of pocket expenses	325	310
	3,405	5,540

27.3 Donations include Rs 10 million (2012: Rs 20 million), Rs 0.250 million (2012: Rs Nil), Rs 0.200 million (2012: Rs Nil) and Rs 0.125 million (2012: Rs Nil) paid to National Management Foundation (NMF), Ali Institute of Education (AIE), Babar Ali Foundation (BAF) and Pakistan Institute of Corporate Governance (PICG) respectively as disclosed in note 39. Syed Babar Ali Esq., and Syed Hyder Ali Esq., the directors of the Company are trustees of NMF. Syed Babar Ali Esq., has the common directorship in the Company, AIE and BAF and Shahid Hussain has common directorship in the Company and PICG.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2013

28. OTHER INCOME

	Note	2013	2012
		-----(Rupees in thousand)-----	
Income from financial assets			
Profit on bank balances		345	222
Realised gain on sale of investment at fair value through profit or loss		-	5,899
		345	6,121
Income from assets other than financial assets			
Profit on disposal of operating fixed assets		50	1,270
Sale of scrap materials		27,514	21,177
		27,564	22,447
Others			
Commission earned on insurance premium from a related party		5,966	3,947
Insurance claim from a related party		-	301
Exchange gain		14,081	-
		20,047	4,248
		47,956	32,816

29. FINANCE COST

		2013	2012
Mark-up on long term finances		327,728	41,824
Mark-up on short term finances		279,671	93,635
Bank and other charges		6,751	3,624
Exchange loss		-	32,291
		614,150	171,374

30. OTHER EXPENSES

		2013	2012
Workers' profits participation fund		17,082	43,609
Workers' welfare fund		6,491	13,732
		23,573	57,341

31. TAXATION

	Note	2013	2012
Current			
For the year	31.2	-	235,488
For prior year		1,436	(8,750)
		1,436	226,738
Deferred		107,465	54,050
		108,901	280,788

31.1 Tax reconciliation

	2013	2012 Restated
	-----(Rupees in thousand)-----	
Profit before taxation	318,057	863,520
Tax @ 34% (2012: 35%)	108,139	302,232
Effect of		
- Minimum tax	115,012	-
- Final tax regime	11,541	6,253
- Tax rebate	(120,740)	(18,947)
- Change in rate adjustment	(6,487)	-
	107,465	289,538
- Prior year charge	1,436	(8,750)
	108,901	280,788
Average effective tax rate	34.24%	32.52%

31.2 The investment tax credit amounting to Rs 120.740 million available to the Company by virtue of investment in plant and machinery in accordance with Section 65B of the Income Tax Ordinance, 2001 has been netted off against the current tax charge for the year.

32. STAFF RETIREMENT BENEFITS

	Note	2013 Pension Fund	2012 Pension Fund Restated	2013 Gratuity Fund	2012 Gratuity Fund Restated
		----------(Rupees in thousand)----------			
32.1 The amounts recognized in the balance sheet are as follows:					
Present value of defined benefit obligation	32.2.1	50,495	51,083	81,474	62,110
Fair value of plan assets	32.2.2	(49,127)	(49,071)	(53,599)	(43,180)
Balance sheet liability December 31		1,368	2,012	27,875	18,930
32.2 Net liability as at January 1		2,012	15,754	18,930	18,540
Charge / (income) to profit and loss account		221	(29,313)	12,253	12,791
(Gain) / loss charged to other comprehensive income		(865)	33,146	10,454	1,237
Contribution by the Company		-	(17,575)	(13,762)	(13,638)
Net liability as at December 31		1,368	2,012	27,875	18,930
32.2.1 The movement in the present value of defined benefit obligation is as follows:					
Present value of defined benefit obligation as at January 1		51,083	119,819	62,110	55,581
Service cost		-	8,362	10,171	10,473
Interest cost on defined benefit obligation		5,306	14,621	6,832	6,948
Benefits paid		(5,691)	(5,697)	(11,118)	(13,031)
Losses arising on plan settlements		-	(32,944)	-	-
Active employees transferred to defined contribution scheme		-	(98,210)	-	-
Experience (gain) / loss		(203)	45,132	13,479	2,139
Present value of defined benefit obligation as at December 31		50,495	51,083	81,474	62,110

	2013	2012	2013	2012
	Pension Fund		Gratuity Fund	
		Restated		Restated
	----------------------------(Rupees in thousand)----------------------------			
32.2.2 The movement in fair value of plan assets is as follows:				
Fair value as at January 1	49,071	104,065	43,180	37,041
Employee contributions	-	5,272	-	-
Contributions made by employer	-	17,575	13,762	13,638
Interest income on plan assets	5,085	14,080	4,750	4,630
Active employees transferred to defined contribution scheme	-	(98,210)	-	-
Return on plan assets excluding interest income	662	11,986	3,025	902
Benefits paid	(5,691)	(5,697)	(11,118)	(13,031)
Fair value of as at December 31	49,127	49,071	53,599	43,180
32.2.3 The amounts recognized in the profit and loss account are as follows:				
Current service cost	-	8,362	10,171	10,473
Actuarial gains in respect of curtailments / settlements	-	(32,944)	-	-
Interest cost on defined benefit obligation	5,306	14,621	6,832	6,948
Interest income on plan assets	(5,085)	(14,080)	(4,750)	(4,630)
Employee contributions	-	(5,272)	-	-
	221	(29,313)	12,253	12,791
32.2.4 Plan assets are comprised as follows:				
Debt	13,706	26,989	36,575	14,073
Equity	16,556	7,851	13,480	21,635
Cash	18,865	14,231	3,544	7,472
	49,127	49,071	53,599	43,180

32.2.5 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	2013	
	Pension	Gratuity
	-----(Rupees in thousand)-----	
Year end sensitivity analysis on defined benefit obligation:		
Discount rate + 100 bps	47,175	73,577
Discount rate - 100 bps	54,290	90,783
Salary increase + 100 bps	54,929	90,658
Salary increase - 100 bps	46,593	73,557

- Average expected remaining working life time of gratuity management employees is 11 years.
- Average expected remaining working life time of pension management employees is 7 years.

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied.

33. EARNINGS PER SHARE

	2013	2012 Restated
	-----(Rupees in thousand)-----	
Profit after taxation	209,156	582,732
	Number of shares --------(In thousand)--------	
Weighted average number of ordinary shares outstanding during the year	30,000	30,000
	2013	2012 Restated
	-----------(Rupees)-----------	
Earnings per share	6.97	19.42

33.1 There were no convertible dilutive potential ordinary shares outstanding on December 31, 2013 and 2012.

34. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Note	2013 Chief Executive	2013 Executives	2012 Chief Executive	2012 Executives
		---------------------(Rupees in thousand)---------------------			
Managerial remuneration		7,560	38,447	6,511	31,606
Bonus		2,168	9,600	1,811	8,290
Ex-gratia		-	-	6,126	-
Staff retirement benefits	34.1	1,510	13,853	2,369	11,238
Housing		4,370	27,179	3,792	20,888
Utilities		755	3,816	650	3,137
Leave passage		629	2,915	542	2,614
Medical expenses		118	1,878	72	1,772
Others		127	27,911	903	17,010
		17,237	125,599	22,776	96,555
Number of persons		1	36	1	30

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

34.2 The Chief Executive and other executives are also provided with free use of Company's maintained cars, residential telephone reimbursement and other benefits.

34.3 Remuneration to non-executive director

Aggregate amount charged in these financial statements for meeting fee to One (2012: One) non-executive director was Rs 325,000 (2012: Rs 50,000).

35. CASH GENERATED FROM OPERATIONS

	Note	2013	2012 Restated
		-----(Rupees in thousand)-----	
Profit before taxation		318,057	863,520
Adjustments for non-cash charges and other items:			
Depreciation		734,292	352,208
Amortisation expense		7,287	10,457
Finance cost		614,150	171,374
Profit on bank balances		(345)	(222)
Gain on investments at fair value through profit or loss		-	(5,899)
(Reversal) / provision for doubtful debts		(351)	4,694
Provision for accumulated compensated absences		13,068	19,591
Provision / (reversal) for staff retirement benefits		41,396	(6,215)
Profit on disposal of operating fixed assets		(50)	(1,270)
Working capital changes	35.1	(99,981)	(1,199,523)
		1,309,466	(654,805)
		1,627,523	208,715

35.1 Working capital changes

	2013	2012
(Increase) / decrease in current assets:		
Stores and spares	(41,384)	52,070
Stock in trade	(140,247)	(802,815)
Trade debts	(574,015)	(217,388)
Advances and prepayments	(93,221)	(19,325)
Other receivables	882	(102,661)
	(847,985)	(1,090,119)
Increase / (decrease) in current liabilities:		
Trade and other payables	748,004	(109,404)
	(99,981)	(1,199,523)

36. CASH AND CASH EQUIVALENTS

	Note	2013	2012
		-----(Rupees in thousand)-----	
Short term running finance	13	(1,388,531)	(1,165,817)
Cash and bank balances	23	666,035	618,872
		(722,496)	(546,945)

37. FINANCIAL INSTRUMENTS BY CATEGORY

	2013	2012 Restated
	-----(Rupees in thousand)-----	
Financial assets		
a) Loans and receivables		
Long term deposits	2,999	2,303
Trade debts	1,778,982	1,204,616
Advances and prepayments	6,354	6,536
Other receivables	31,644	41,258
Cash and bank balances	666,035	618,872
	2,486,014	1,873,585
Financial Liabilities		
a) Derivatives used for hedging		
Derivative financial instruments	43,871	-
b) Financial liabilities at amortised cost		
Long term finances	5,101,924	4,226,924
Trade and other payables	2,654,383	1,912,195
Accrued mark-up	175,042	163,149
Short term borrowings	3,263,531	2,565,817
	11,194,880	8,868,085

38. 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.

Risks managed and measured by the Company are explained below:

38.1 Market risk

38.1.1 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 7), short term borrowings (note 13) and cash at bank in current accounts (note 23).

At December 31, 2013, if interest rates on borrowings had been 50 basis points higher / lower with all other variables held constant, profit after taxation for the year would have been as follows:

	2013		2012	
	At higher interest rate	At lower interest rate	At higher interest rate	At lower interest rate
	-----------------------(Rupees in thousand)-----------------------			
Finance cost	26,135	(26,135)	21,135	(21,135)
Taxation	(8,886)	8,886	(7,397)	7,397
Net impact on profit after taxation	(17,249)	17,249	(13,738)	13,738

38.1.2 Currency 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 foreign exchange rates.

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has foreign currency exposures in USD and Euros, cash and cash equivalents, deposits with banks (note 23), trade debts (note 20) in respect of export sales and account payables (note 10) 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 in USD can be passed on to the customers to some extent through increase in prices of its finished goods.

As per the Company's risk management policy, the Company hedges its exposure on firm commitment to purchase property, plant and equipment and stocks.

At December 31, 2013, if the Company's functional currency (note 2.20) had weakened / strengthened by 5% against the USD with all other variables held constant, profit after taxation for the year would have been higher / lower by Rs 37.026 million (2012: Rs 75.051 million), mainly as a result of foreign exchange losses / gains on translation of financial assets and liabilities denominated in USD.

At December 31, 2013, if the Company's functional currency (note 2.20) 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 0.173 million (2012: Rs 4.430 million), mainly as a result of foreign exchange losses / gains on translation of financial assets and liabilities denominated in Euros.

38.1.3 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.

38.2 Concentration of 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 and cash equivalents, deposits with banks as well as credit exposures to customers and other counterparties which include long term deposits, trade debts, advance to employees, rebate on export sales and other receivables. Out of the total financial assets, those that are subject to credit risk amounted to Rs 2,485.273 million (2012: Rs 1,871.570 million). The management of the Company believes that it is not exposed to major concentration of credit risk.

Total bank balance of Rs 135.728 million (2012: Rs 203.346 million) has been placed with banks which have a short term credit rating of at least A-1.

A significant component of the receivable balances of the Company relates to amounts due from the local customers. Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by those counter parties on their obligations to the Company. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

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.

38.3 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:

	Contractual cash flows	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Between 5 to 10 years
	------------------------------(Rupees in thousand)------------------------------				
Long term finances	7,467,859	650,708	1,296,206	3,706,596	1,814,349
Accrued mark-up	175,042	175,042	-	-	-
Short term borrowings	3,263,531	3,263,531	-	-	-
Trade and other payables	2,654,383	2,654,383	-	-	-
	13,560,815	6,743,664	1,296,206	3,706,596	1,814,349

38.4 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 equity ratio = Long term portion of debt divided by long term portion of debt plus total equity.

The Company's strategy is to maintain the debt equity ratio below 70:30. The debt equity ratios as at December 31, 2013 and 2012 were as follows:

	Note	2013	2012 Restated
		-----(Rupees in thousand)-----	
Long term portion of debt	7	4,576,924	4,101,924
Total equity		2,075,185	2,201,890
Total		6,652,109	6,303,814
Debt equity ratio		69:31	65:35

The increase in the debt equity ratio is due to long term financing aggregating Rs 1 billion was obtained and repayments of loan aggregating Rs 125 million were made during the year.

38.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between the carrying value and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and

c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The estimated fair value of other financial assets and liabilities is considered not significantly different from carrying values as the items are either short term in nature or periodically repriced.

39. TRANSACTIONS WITH RELATED PARTIES

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

Significant transactions with related parties are as follows:

Nature of transaction	Nature of relationship	2013	2012
		-----(Rupees in thousand)-----	
Purchase of goods and services	Associated undertaking	1,960,221	1,516,611
Sale of goods and services	Associated undertaking	916,405	819,439
Contributions to staff retirement benefit funds	Contribution	42,683	41,521
Dividend	Associated undertaking	188,524	377,048
Other income	Associated undertaking	5,966	10,448
Donations	Associated undertaking	10,575	20,000
Key management personnel	Salaries and other benefits to key management employees	70,307	55,760
Financial assets at fair value through profit or loss			
Bonus units received: Nil units (2012: 50,161 units)	Associated undertaking	-	5,056
Redemptions: Nil units (2012: 2,152,805 units)	Associated undertaking	-	217,440
		-	222,496

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

40. PLANT CAPACITY AND ACTUAL PRODUCTION

	2013	2012
	-----(Metric Tons)-----	
Operational capacity	65,800	35,800
Production	44,590	35,770

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2013

41. NUMBER OF EMPLOYEES

The total average number of employees during the year and as at December 31, 2013 and 2012 respectively are as follows:

	2013	2012
Average number of employees during the year	435	385
Number of employees as at December 31	478	383

42. PROVIDENT FUND RELATED DISCLOSURE

The following information is based on un-audited financial statements of the Provident Fund (the Fund) as at December 31, 2013:

	Note	2013	2012
		-----(Rupees in thousand)-----	
Size of the Fund - total assets		106,130	88,777
Cost of investment made		91,895	81,674
Percentage of investment made		87%	92%
Fair value of investments	42.1	106,130	88,777

42.1 The break up of fair value of investment is as follows:

	2013		2012	
	(Rupees in '000)	Percentage	(Rupees in '000)	Percentage
Bank balances	3,106	3%	14,133	16%
Debt securities	29,625	28%	39,400	44%
Mutual funds units	73,399	69%	35,244	40%
	106,130	100%	88,777	100%

42.2 The investment out of the Fund have been made in accordance with the provisions of Section 227 of the Ordinance and the rules formulated for this purpose except for in case of investments made by the Fund in mutual funds during the current year which is more than the authorised 50% of total investments as per the rules of the Fund.

42.3 The assets of the Fund are managed by the trustees.

43. DATE OF AUTHORISATION

43.1 These financial statements were authorised for issue on February 25, 2014 by the Board of Directors of the Company.

43.2 The Board of Directors have:

- proposed a dividend of Rs “Nil” (2012: Rs 10) per share, amounting to Rs “Nil” (2012: Rs 300 million) for the year ended December 31, 2013 at their meeting held on April 17, 2014 subject to the approval of the members at the annual general meeting to be held on February 25, 2014; and

- approved transfer of unappropriated profit to general reserve amounting to Rs “Nil” (2012: Rs 234 million) for the year ended December 31, 2013.

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

Syed Hyder Ali
Director

Notice of Annual General Meeting

Notice is hereby given that the 22nd Annual General Meeting of Tri-Pack Films Limited will be held on Tuesday, April 15, 2014 at 10.30 a.m. at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi to transact the following ordinary business :-

1. To confirm the Minutes of the 21st Annual General Meeting of the Company held on April 17, 2013.

2. To receive and adopt the Audited Financial Statements of the Company for the year ended December 31, 2013 together with the Directors' and Auditors' Reports thereon.

3. To appoint Auditors for the year 2014 and to fix their remuneration.

By Order of the Board

Karachi
February 25, 2014

Adi J. Cawasji
Company Secretary

Notes :

1. The Share Transfer Books of the Company will remain closed from April 1, 2014 to April 15, 2014 (both days inclusive).

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. A Proxy need not be a member of the Company.

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 # 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 (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s FAMCO Associates (Pvt.) Limited, 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400. All the Shareholders holding their shares through the CDC are requested to please update their addresses and Zakat status with their Participants. This will assist in the prompt receipt of Dividend.

5. As instructed by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No.EMD/D-II/Misc/2009-1342 dated April 4, 2013 dividend warrants cannot be issued without insertion of CNIC numbers. Therefore, all those shareholders holding physical shares who have not submitted their valid CNICs are requested to send a photocopy of their valid CNIC/National Tax Numbers along with the folio numbers to the Company's Share Registrar. No future dividend will be payable unless the CNIC Number is printed on the dividend warrants, so please provide the Company with your CNIC Numbers, failing which the Company will not be responsible if it is not able to pay the dividends.

6. In order to make the process of payment of cash dividend more efficient, SECP vide its Circular No.8(4) SM/CDC 2008 dated April 5, 2013 has issued instructions so that the shareholders can get their dividend credited in their respective bank accounts electronically without any delay. The shareholders may, therefore, authorize the Company to credit the dividend directly to their bank account for all future dividends declared by the Company. Accordingly, all non-CDC shareholders are requested to send their bank account details to the Company's Shares Registrar at the address given above. Shareholders who hold shares with Participant/ Central Depository Company of Pakistan Limited (CDC) are advised to provide the mandate to the concerned Stock Broker /Central Depository Company of Pakistan Limited (CDC).

7. Any individual beneficial owner of the Central Depository Company, entitled to vote at this meeting, must bring his/her Computerized National Identity Card ("CNIC") with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC. The representatives of corporate bodies should bring attested copy of board of directors' resolution/power of attorney and/or all such documents required under Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan for the purpose.

8. Form of proxy is attached in the Annual Report and should be witnessed by two persons whose names, addresses and CNIC Numbers are mentioned on the forms.

Proxy Form

22nd 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/her ____________ of ___________________
or failing him/her _______________of _____________ as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on Tuesday, April 15, 2014 at 10.30 a.m. at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi and at any adjournment thereof.

Signed this __________________________day of __________________________ 2014

WITNESSES:

Signature

1. Signature:_______________
   Name:__________________
   Address:________________

   CNIC or________________
   Passport No:____________

2. Signature:_______________
   Name:__________________
   Address:________________

   CNIC or________________
   Passport No:____________

Please
affix Rupees five
revenue stamp

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

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 requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary:
Tri-Pack Films Limited
4th Floor, The Forum, Suite No. 416-422
G-20, Block No. 9, Clifton, Khayaban-e-Jami,
Karachi-75600, Pakistan.

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

www.tripack.com.pk