

Interim Report (Unaudited)
3rd Quarter Ended September 30, 2005



Tri-Pack Films Limited

Company information

Board of directors

Syed Babar Ali (Chairman)
Shahid Hussain (Chief Executive)
Hiroshi Kojima
Khalid Yacob
Masaharu Domichi
Mujeeb Rashid
Syed Hyder Ali

Company secretary

Adi J. Cawasji

Audit committee

Khalid Yacob (Chairman)
Hiroshi Kojima
Masaharu Domichi
Mujeeb Rashid

Auditors and tax advisor

A. F. Ferguson & Co.
Chartered Accountants

Legal advisor

Khan & Piracha

Website

www.tripack.com.pk

Registered office

4th Floor, The Forum,
Suit # 416-422,
G-20, Block # 9, Clifton,
Khayaban-e-Jami,
Karachi- 75600, Pakistan
Tel: (021) 5874047-49,
5378650-52
Fax: (021) 5860251

Bankers

ABN-Amro Bank N.V.
AlBaraka Islamic Bank B.S.C. (E.C.)
American Express Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Deutsche Bank A.G.
Faysal Bank Limited
Habib Bank Limited
Muslim Commercial Bank Limited
National Bank of Pakistan
NIB NDLC-IFIC Bank Limited
Standard Chartered Bank Limited
The Bank of Tokyo-Mitsubishi, Limited
The Bank of Khyber
Union Bank Limited

Head office & Work

Plot No. G-1 - G-4,
North Western Industrial Zone,
Port Qasim, Karachi.
Tel : (021) 4750690 Fax : (021) 4750689

Works & Sales Office**Hattar**

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

Regional sales offices**Karachi**

101-106, Marine Pride, Block 7,
Clifton, Karachi- 75600.
Tel: (021) 5871801-2 Fax: (021) 5871803

Lahore

305, Siddique Trade Centre,
Main Boulevard, Gulbeg II, Lahore.
Tel: (042) 5781982-3 Fax: (042) 5781985

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors take pleasure in presenting their report and accounts of the Company for the nine months ended September 30, 2005.

OPERATING AND FINANCIAL RESULTS

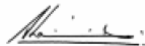
The overall performance of your Company is gradually and consistently improving. The continuous growth in the volume of sales coupled with improvement in the profitability ratio reflect positive signs regarding the strategy adopted by the management in persistent difficult business conditions.

The Company's sales net of sales tax for the period of nine months was Rs 2,136 million in comparison to Rs 1,235 million of last year - a growth of 73 percent. The raw material prices remained high as a result of soaring oil prices and tight demand and supply situation. The energy and financing costs have kept an accelerated trend during the third quarter of the year. Whereas selling price of BOPP film remained under pressure due to excess supply situation prevailing in the international market. Resultantly, the net profit during the nine months period was 47 million in comparison to 88 million of last year.

FUTURE OUTLOOK

It is a matter of satisfaction to note that Company's recently increased production capacity has been well absorbed in the local and international market. InshaAllah with this trend of increase in capacity utilization and development of value added products we look forward for better financial results in next quarter of the year.

On behalf of the board



Shahid Hussain
Chief Executive

Karachi – October 29, 2005.

BALANCE SHEET
AS AT SEPTEMBER 30, 2005 (UNAUDITED)

		September 30, 2005	December 31, 2004
	Note	(Rupees in thousand)	
SHARE CAPITAL AND RESERVES			
Authorised capital		300,000	300,000
Issued, subscribed and paid-up capital		300,000	300,000
General reserve		604,500	604,500
Unappropriated profit		47,838	45,736
		952,338	950,236
NON-CURRENT LIABILITIES			
Long-term finance	3	900,000	1,000,000
Deferred taxation	4	33,036	20,957
Accumulated compensated absences		4,253	3,908
CURRENT LIABILITIES AND PROVISIONS			
Current portion of long-term finance	3	168,750	137,500
Short-term finance	5	336,177	458,069
Trade and other payables	6	320,686	205,303
		825,613	800,872
COMMITMENTS	7	2,715,240	2,775,973
PROPERTY, PLANT AND EQUIPMENT			
		1,810,704	1,890,571
LONG-TERM DEPOSITS			
		1,094	1,183
CURRENT ASSETS			
Stores and spares		105,062	90,199
Stock in trade		282,528	433,768
Income tax refundable		2,556	11,273
Trade debts	8	442,370	255,900
Advances, deposits, prepayments and other receivables		50,779	79,063
Cash and bank balances		20,147	14,016
		903,442	884,219
		2,715,240	2,775,973

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


Shahid Hussain
Chief Executive


Masaharu Domichi
Director

PROFIT AND LOSS ACCOUNT FOR THE QUARTER AND
NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2005 (UNAUDITED)

Note	Quarter ended		Nine months period ended	
	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
	(Rupees in thousand)			
Sales	915,984	499,313	2,420,159	1,457,120
Less: sales tax	101,984	63,670	284,472	222,224
Net sales	814,000	435,643	2,135,687	1,234,896
Cost of sales	9	711,273	370,843	1,901,975
Gross profit	102,727	64,800	233,712	221,862
Distribution expenses	16,131	11,472	46,478	33,904
Administrative expenses	12,845	13,121	41,885	38,047
Operating profit	28,976	24,893	88,363	71,951
	73,751	40,207	145,349	149,911
Other income	3,327	1,878	9,091	5,025
	77,078	42,885	154,440	154,936
Finance cost	35,265	2,785	78,959	9,510
Other charges	2,091	2,984	3,774	10,773
	37,356	5,769	82,733	20,283
Profit before taxation	39,722	36,316	71,707	134,653
Provision for taxation	10	13,059	12,212	24,605
Profit after taxation	26,663	24,104	47,102	88,623
Earnings per share - basic and diluted (Rupees)	0.89	0.80	1.57	2.95

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

STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2005 (UNAUDITED)

	Share capital	General reserve	Unappropriated profit	Total
	(Rupees in thousand)			
Balance at January 1, 2004	300,000	534,500	90,298	924,798
Net profit for the nine months period ended September 30, 2004	-	-	88,623	88,623
Dividend relating to the year ended December 31, 2003 @ 30%	-	-	(90,000)	(90,000)
Balance at September 30, 2004	300,000	534,500	88,921	923,421
Balance at January 1, 2005	300,000	604,500	45,736	950,236
Net profit for the nine months period ended September 30, 2005	-	-	47,102	47,102
Dividend relating to the year ended December 31, 2004 @ 15%	-	-	(45,000)	(45,000)
Balance at September 30, 2005	300,000	604,500	47,838	952,338

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


Shahid Hussain
Chief Executive


Masaharu Domichi
Director

CASH FLOW STATEMENT
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2005 (UNAUDITED)

Note	Nine months period ended September 30, 2005	Nine months period ended September 30, 2004
(Rupees in thousand)		
CASH FLOWS FROM OPERATING ACTIVITIES		
	391,843	277,731
A	(1,495)	-
	89	(220)
	(52,994)	(7,458)
	(3,809)	(50,095)
	<u>333,634</u>	<u>219,958</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
	(95,748)	(1,141,716)
	127	-
	3,614	1,523
	<u>(92,007)</u>	<u>(1,140,193)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	1,000,000
	(68,750)	(68,750)
	(44,854)	(89,753)
	<u>(113,604)</u>	<u>841,497</u>
	128,023	(78,738)
	(444,053)	12,703
	<u>(316,030)</u>	<u>(66,035)</u>
B		

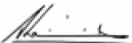
A. CASH GENERATED FROM OPERATIONS

Profit before taxation	71,707	134,653
Adjustment for non cash charges and other items		
Depreciation	174,427	98,548
Profit on bank balance	(127)	-
Provision for accumulated compensated absences	1,840	1,787
Profit on disposal of fixed assets	(2,426)	(1,491)
Financial charges	78,959	9,510
working capital changes	67,463	34,724
	<u>320,136</u>	<u>143,078</u>
	<u>391,843</u>	<u>277,731</u>
Changes in working capital (Increase)/decrease in current assets		
Stores and spares	(14,863)	(2,895)
Stock in trade	151,240	25,510
Trade debts	(186,470)	(60,356)
Advances, deposits, prepayments and other receivables	28,284	12,597
	<u>(21,809)</u>	<u>(25,144)</u>
Increase/(decrease) in current liabilities Creditors, accrued and other liabilities	89,272	59,868
	<u>67,463</u>	<u>34,724</u>

B. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

Cash and bank balances	20,147	8,965
Short term finance	(336,177)	(75,000)
	<u>(316,030)</u>	<u>(66,035)</u>

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


Shahid Hussain
Chief Executive


Masaharu Domichi
Director

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2005 (UNAUDITED)**

1. INTRODUCTION

The company is a public company incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on all stock exchanges in Pakistan. It is principally engaged in the manufacture and sale of Biaxially Oriented Polypropylene (BOPP) 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. BASIS OF PRESENTATION

2.1 These financial statements have been prepared in accordance with the requirements of the International Accounting Standard No. 34 'Interim Financial Reporting' and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges.

The financial statements comprise of the balance sheet as at September 30, 2005 and the profit and loss account, statement of changes in equity and the cash flow statement for the nine months period ended September 30, 2005. The financial statements also include the profit and loss account for the quarter ended September 30, 2005.

The comparative balance sheet presented in these financial statements as at December 31, 2004 has been extracted from the audited financial statements of the company for the year ended December 31, 2004 whereas the comparative profit and loss account, statement of changes in equity and cash flow statement are for the nine months period ended September 30, 2004. The comparative profit and loss account for the quarter ended September 30, 2004 is also included in these financial statements.

2.2 The accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the company for the year ended December 31, 2004.

	September 30, 2005	December 31, 2004
3. LONG TERM FINANCE - SECURED	(Rupees in thousand)	
Finance 1 - note 3.1	68,750	137,500
Finance 2 - note 3.2	<u>1,000,000</u>	<u>1,000,000</u>
	1,068,750	1,137,500
Less: Amounts payable within twelve months shown under current liabilities	<u>168,750</u>	<u>137,500</u>
	<u>900,000</u>	<u>1,000,000</u>

3.1 The company has obtained a long-term finance facility of Rs.550 million (2004: Rs.550 million) from a consortium of banks under mark-up arrangement. Mark-up is payable half yearly at the rate of 1.75% over and above cut-off yield of 6 months treasury bills of the State Bank of Pakistan (SBP). The effective rate of mark-up during the period was 7.79% (2004: 3.71%) per annum. The outstanding balance of Rs.68.750 million is repayable in December 2005. This facility is secured by first hypothecation/mortgage charge on all of the company's present and future fixed assets including but not limited to land, buildings, plant and machinery, equipment, furniture and fixtures, etc

3.2 The company has arranged a long-term finance facility of Rs.1,000 million (2004: Rs.1,000 million) from a commercial bank under mark-up arrangement. Mark-up is payable on quarterly basis at the rate of base rate plus 1% per annum. The base rate is the simple average of last three cut-off yields of 6 months treasury bills of SBP. The effective rate of mark-up during the half year was 6.57% (2004: 3.75%) per annum. The principal amount will be repayable in 10 equal semi annual installments after grace period of two years, from the date of advance payment/retirement of the letter of credit documents. This facility is secured by first pari passu hypothecation/mortgage charge on all of the company's present and future fixed assets including but not limited to land, buildings, plant and machinery, equipment, furniture and fixtures, etc.

The Company has also obtained a long term facility of Rs. 100 million (December 31, 2004: Rs. 100 million) from the same bank which was unavailed at the period end. Mark-up is payable on quarterly basis at the rate of 3 months KIBOR plus 1 percent per annum.

3.3 The Company has a morabaha facility of Rs. 110 million (December 31, 2004: Rs. 110 million) from a commercial bank which was unavailed at the period end. Profit is payable half yearly at the rate of 8 percent per annum. The facility is repayable in six equal half yearly installments commencing after one year of first draw down. This facility is secured by pari passu hypothecation / mortgage charge on all of the Company's present and future fixed assets including but not limited to land, buildings, plant and machinery, equipment, furniture and fixtures etc.

4. DEFERRED TAXATION

This represents temporary differences between accounting and tax depreciation.

5. SHORT TERM FINANCE - SECURED

Short-term running finances are available under mark-up arrangements from various banks payable on different maturity dates upto May 31, 2006. These facilities are secured by joint hypothecation by way of first floating charge over stores and spares, Stock-in-trade and trade debts. Rate of mark-up applicable to these facilities ranges from 4.10 % to 9.50% (2004: 2.45% to 6.89%) per annum. Total facilities available under mark-up arrangements amounted to Rs.715 million (2004: Rs.715 million). Out of which the amount unavailed at the period end was Rs.379 million (2004: Rs.292 million).

Of the aggregate facility of Rs 940 million (December 31, 2004: Rs 1,000 million) for letters of credit and Rs 35 million (December 31, 2004: Rs 35 million) for guarantees, the amount utilised at June 30, 2005 was Rs 301 million (December 31, 2004: Rs 345 million) and Rs 8 million (December 31, 2004: Rs 8 million) respectively.

6. TRADE AND OTHER PAYABLES

These include Rs. 8.39 million (December 31, 2004: Rs 4.03 million) payable to associated

7. CONTINGENCIES AND COMMITMENTS	September 30,	December 31,
	2005	2004
	(Rupees in thousand)	
Commitments		
Commitments for capital expenditure	52,500	125,036
Letters of credit for purchase of raw material and spares	148,484	249,872

8. TRADE DEBTS

These include Rs 24.56 million (December 31, 2004: Rs 33.80 million) receivable from

9. COST OF SALES	Quarter Ended		Nine Months Ended	
	September 30, 2005	September 30, 2004	September 30, 2005	September 30, 2004
	(Rupees in thousand)			
Raw materials consumed				
Opening stock of raw materials	203,402	108,637	311,758	105,302
Purchases	472,546	224,328	1,301,666	742,566
Closing stock of raw materials	(187,650)	(70,865)	(187,650)	(70,865)
	<u>488,298</u>	<u>262,600</u>	<u>1,425,774</u>	<u>777,003</u>
Manufacturing expenses				
Salaries, wages and other benefits	15,673	7,984	46,050	25,731
Fuel, power and water	50,528	22,197	128,132	60,532
Packing expenses	24,860	12,106	64,371	36,177
Repairs and maintenance	9,725	9,406	25,583	23,267
Insurance	3,866	2,585	10,882	6,687
Vehicle running and maintenance	1,844	1,061	6,500	3,128
Travelling	554	443	1,902	813
Retirement benefits	1,197	885	3,541	2,936
Depreciation	51,337	31,401	170,705	94,939
Other expenses	472	205	1,256	635
	<u>160,056</u>	<u>88,273</u>	<u>458,922</u>	<u>254,845</u>
Work in process				
Opening stock	74,635	32,912	65,083	12,181
Closing stock	(46,654)	(22,229)	(46,654)	(22,229)
	<u>27,981</u>	<u>10,683</u>	<u>18,429</u>	<u>(10,048)</u>
Cost of goods manufactured	<u>676,335</u>	<u>361,556</u>	<u>1,903,125</u>	<u>1,021,800</u>
Finished goods				
Opening stock	50,263	22,457	14,175	4,404
Closing stock	(15,325)	(13,170)	(15,325)	(13,170)
	<u>34,938</u>	<u>9,287</u>	<u>(1,150)</u>	<u>(8,766)</u>
	<u>711,273</u>	<u>370,843</u>	<u>1,901,975</u>	<u>1,013,034</u>

10. PROVISION FOR TAXATION

Current	5,889	17,473	12,526	60,057
Deferred	7,170	(5,261)	12,079	(14,027)
	<u>13,059</u>	<u>12,212</u>	<u>24,605</u>	<u>46,030</u>

Nine months period ended
September 30,
2005 2004
(Rupees in thousand)

11. TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS

Purchase of plant and machinery		-	667,736
Purchase of goods and services		142,169	43,195
Sale of finished goods		136,547	70,373
Sale of plant and machinery and related		3,200	-
Contribution to retirement benefit funds			
• Gratuity fund		1,251	1,067
• pension fund		2,827	2,524
• provident fund		1,824	1,629
Dividend		27,317	54,478

12. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors on October 29, 2005.


Shahid Hussain
Chief Executive


Masaharu Domichi
Director