

Interim Report (Unaudited)
1st Quarter Ended March 31, 2007



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

Chief Financial Officer

M. Saeed Iqbal

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
MCB 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
The Hongkong and Shanghai Banking Corporation Limited

Head office & Work

Plot No. G-1 - G-4,
North Western Industrial Zone,
Port Qasim, Karachi.
Tel : (021) 4720247-48 Fax : (021) 4720245

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 are pleased to present their report along with unaudited accounts of the Company for the first quarter ended March 31, 2007.

OPERATING AND FINANCIAL RESULTS

The result of operations for the first quarter ended March 31, 2007 remained satisfactory. We were able not only to achieve production and sales targets but also to improve our margins.

Net sales during the period increased to Rs 1,062 million which is higher by Rs 185 million (21%) in comparison to first quarter of last year. Profit after tax also increased to Rs 83.30 million from Rs 33.63 million for the corresponding period of last year. Improvement in profit is attributed to various steps including successful marketing strategy, improved operational efficiencies and continuous efforts to curtail under-invoicing of BOPP film imports.

INCREASE IN AUTHORISED SHARE CAPITAL

In last Annual General Meeting of the Company held on March 12, 2007, an increase in the authorised share capital was approved. The Company has completed all statutory requirements in this respect and its authorised share capital now stands at Rs 1 billion. This shall facilitate further issue of capital from time to time according to the requirements of the Company.

FUTURE OUTLOOK

The price of raw material in the international market is still high and very sensitive towards the present geo-political environment. We are closely monitoring the situation and will endeavor to maintain our sales volumes and margins by offering wide range of value added products at competitive prices, excellent after sales services, reduced lead time, maintaining economies of operations and human resource development strategies.

ACKNOWLEDGEMENT

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

On behalf of the board


Shahid Hussain
Chief Executive

Karachi – April 25, 2007.

**BALANCE SHEET (UNAUDITED)
AS AT MARCH 31, 2007**

		March 31, 2007	December 31, 2006
	Note	(Rupees in thousand)	
SHARE CAPITAL AND RESERVES			
Authorised capital		1,000,000	300,000
Issued, subscribed and paid-up capital		300,000	300,000
Reserves		715,372	782,064
		1,015,372	1,082,064
NON-CURRENT LIABILITIES			
Long-term finances	3	648,000	756,000
DEFERRED LIABILITIES			
Deferred taxation		139,084	99,585
Accumulated compensated absences		4,861	4,841
CURRENT LIABILITIES AND PROVISIONS			
Current portion of long-term finances	3	216,000	216,000
Trade and other payables	4	713,223	626,710
Accrued mark-up		24,244	27,089
Taxation		986	-
		954,453	869,799
CONTINGENCIES AND COMMITMENTS	6	2,761,770	2,812,289
PROPERTY, PLANT AND EQUIPMENT			
	7	1,661,620	1,703,966
LONG-TERM DEPOSITS			
		887	858
CURRENT ASSETS			
Stores and spares		132,050	128,700
Stock-in-trade		275,105	276,990
Trade debts	8	440,394	465,422
Advances, prepayments and other receivables		57,755	27,076
Taxation		-	410
Cash and bank balances		193,959	208,867
		1,099,263	1,107,465
		2,761,770	2,812,289

The annexed notes 1 to 13 form an integral part of these financial statements.


Shahid Hussain
Chief Executive


Masaharu Domichi
Director

**PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE 1ST QUARTER ENDED MARCH 31, 2007**

	Note	First quarter ended	
		March 31, 2007 (Rupees in thousand)	March 31, 2006 (Rupees in thousand)
Net sales		1,062,566	877,481
Cost of sales	9	867,863	766,511
Gross profit		194,703	110,970
Distribution expenses		18,734	18,752
Administrative expenses		15,229	11,549
		33,963	30,301
Operating profit		160,740	80,669
Other income		2,754	2,524
		163,494	83,193
Finance cost		25,864	31,030
Other expenses		9,496	2,608
		35,360	33,638
Profit before taxation		128,134	49,555
Taxation		44,826	15,920
Profit after taxation		83,308	33,635
Basic earnings per share (Rupees)		2.78	1.12

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

**STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007**

	Share capital	General reserve	Unappropriated profit	Total
	(Rupees in thousand)			
Balance at January 1, 2006	300,000	604,500	84,682	989,182
Dividend relating to the year ended December 31, 2005 @ 25%	-	-	(75,000)	(75,000)
Transfer to general reserve		9,500	(9,500)	-
Net profit for the first quarter ended March 31, 2006	-	-	33,635	33,635
Balance at March 31, 2006	300,000	614,000	33,817	947,817
Balance at January 1, 2007	300,000	614,000	168,064	1,082,064
Dividend relating to the year ended December 31, 2006 @ 50%	-	-	(150,000)	(150,000)
Transfer to general reserve	-	18,000	(18,000)	-
Net profit for the first quarter ended March 31, 2007	-	-	83,308	83,308
Balance as at March 31, 2007	300,000	632,000	83,372	1,015,372

The annexed notes 1 to 13 form an integral part of these financial statements.


Shahid Hussain
Chief Executive


Masaharu Domichi
Director

CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED MARCH 31, 2007 (UNAUDITED)

	Note	First quarter ended	
		March 31, 2007	March 31, 2006
----(Rupees in thousand)----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	A	153,116	17,314
Payment of accumulated compensated absences		(580)	(209)
Long-term deposits		(29)	21
Retirement benefits paid		(2,470)	(586)
Income taxes paid		(3,931)	(2,781)
Net cash inflow from operating activities		146,106	13,759
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(17,806)	(4,770)
Profit on bank balances received		75	1
Sale proceeds on disposal of fixed assets		376	250
Net cash outflow from investing activities		(17,355)	(4,519)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finance paid		(108,000)	-
Finance cost paid		(28,709)	(31,029)
Dividend paid		(6,950)	(3,527)
Net cash outflow from financing activities		(143,659)	(34,556)
Net decrease in cash and cash equivalents		(14,908)	(25,316)
Cash and cash equivalents at the beginning of the period		208,867	(176,816)
Cash and cash equivalents at the end of the period	B	193,959	(202,132)

A. CASH GENERATED FROM OPERATIONS

Profit before taxation		128,134	49,555
Adjustment for non cash charges and other items			
Depreciation		59,826	55,212
Profit on bank balance		(75)	(1)
Provision for doubtful debts		(409)	277
Provision for retirement benefits		2,569	2,260
Provision for accumulated compensated absences		600	546
Profit on disposal of fixed assets		(51)	(250)
Financial charges		25,864	31,030
Working capital changes		(63,342)	(121,315)
		24,982	(32,241)
		153,116	17,314
Changes in working capital			
(Increase)/decrease in current assets			
Stores and spares		(3,350)	(4,778)
Stock in trade		1,885	(35,735)
Trade debts		25,437	(15,349)
Advances, deposits, prepayments and other receivables		(30,681)	(52,841)
		(6,709)	(108,703)
Increase/(decrease) in current liabilities			
Creditors, accrued and other liabilities		(56,633)	(12,612)
		(63,342)	(121,315)
B. CASH AND CASH EQUIVALENTS COMPRISE:			
Cash and bank balances		193,959	24,005
Short term finance		-	(226,137)
		193,959	(202,132)

The annexed notes 1 to 13 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 FIRST QUARTER ENDED MARCH 31, 2007 (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 Bi-axially 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 are unaudited and comprised of the balance sheet as at March 31, 2007 and the profit and loss account, statement of changes in equity and the cash flow statement for the first quarter ended March 31, 2007.

The comparative balance sheet presented in these financial statements as at December 31, 2006 has been extracted from the audited financial statements of the company for the year ended December 31, 2006 whereas the comparative profit and loss account, statement of changes in equity and cash flow statement are for the first quarter ended March 31, 2006.

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, 2006.

**March 31, 2007 December 31, 2006
(Rupees in thousand)**

3. LONG-TERM FINANCE - SECURED

Finance 1 - note 3.1	880,000	880,000
Finance 2 - note 3.2	64,000	72,000
	<u>864,000</u>	<u>972,000</u>
Less: Amounts payable within twelve months shown under current liabilities	216,000	216,000
	<u>648,000</u>	<u>756,000</u>

3.1 The company had obtained a long term finance facility of Rs 1,000 million (2006: Rs 1,000 million) from a commercial bank under mark-up arrangements. Mark-up is payable on quarterly basis at the rate of base rate plus 1 percent 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 quarter was 9.81% (2006: 9.247%) per annum. The outstanding principal amount will be repayable in 8 equal semi annual installments upto March 2011. This facility is secured by first pari passu hypothecation / mortgage charge on all of the company's present and future fixed assets including but not limited to land, buildings, plant and machinery, equipment, furniture and fixtures etc.

3.2 The company had obtained a long term finance facility of Rs 100 million (2006: Rs 100 million) from commercial bank under mark-up arrangements out of which the company has availed Rs 80 million (2006: Rs 80 million) as at March 31, 2007. Mark-up is payable on quarterly basis at the rate of three months Karachi Inter Bank Offer Rate (KIBOR) plus 1 percent per annum. The effective rate of mark-up during the quarter was 11.41% (2006: 9.69%) per annum. The outstanding principal amount will be repayable in 8 equal semi annual installments upto March 2011. 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.

4. TRADE AND OTHER PAYABLES

These include Rs 6,409 million (2006: Rs 7.91 million) payable to associated undertakings.

5. SHORT TERM FINANCE - SECURED

Short term finances are under mark-up arrangement with banks payable on various maturity dates upto November 30, 2007. 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 10.12% to 10.92% (2006: 8.80% to 10.09%) per annum. Total facilities available under mark-up arrangements aggregated Rs 1,300 million (2006: Rs 935 million) out of which the amount unutilised at the period end was Rs 1,300 million (2006: Rs 935 million).

The facilities for opening of letter of credits and for guarantees as at March 31, 2007 amount to Rs 1,800 million (2006: Rs 1,325 million) and Rs 25 million (2006: Rs 25 million), of which the amount remaining unutilised was of Rs 1,386 million (2006: Rs 895 million) and Rs 15 million (2006: Rs 15 million) respectively.

6. CONTINGENCIES AND COMMITMENTS

**March 31, December 31,
2007 2006
(Rupees in thousand)**

Contingencies		
Guarantees issued by banks on behalf of the company	9,755	9,755
Commitments		
Letter of credit for purchase of raw material and spares	413,694	429,403

7. PROPERTY, PLANT AND EQUIPMENT

**March 31, 2007 December 31, 2006
(Rupees in thousand)**

Operating fixed assets - note 7.1	1,651,659	1,702,764
Capital work in progress	9,961	1,202
	<u>1,661,620</u>	<u>1,703,966</u>

7.1 Operating fixed assets

**First quarter First quarter
ended March ended March 31,
31, 2007 2006
(Rupees in thousand)**

Additions	9,038	95,923
Disposals (having a net book value of Rs 0.325 million (2006: Rs 1.444 million))	818	450

8. TRADE DEBTS - CONSIDERED GOOD

These include Rs 9,577 million (2006: Rs 11,065 million) receivable from associated undertakings.

**First quarter ended
March 31, 2006
2007**
(Rupees in thousand)

9. COST OF SALES

Opening stock of finished goods	24,511	26,242
Cost of goods manufactured - note 9.1	867,254	764,986
Less: Closing stock of finished goods	<u>(23,902)</u>	<u>(24,717)</u>
	<u>867,863</u>	<u>766,511</u>
9.1 Cost of goods manufactured		
Opening stock of work-in-process	38,238	44,414
Raw materials consumed - note 9.2	688,134	572,041
Salaries, wages and other benefits	21,389	19,090
Fuel, power and water	60,954	56,704
Packing expenses	24,676	25,118
Repairs and maintenance	16,056	13,855
Insurance	3,527	3,884
Vehicle running and maintenance	2,480	2,131
Travelling	369	338
Staff retirement benefits	1,579	1,417
Depreciation	59,359	54,776
Others	344	406
	<u>917,105</u>	<u>794,174</u>
Less: Closing stock of work-in-process	<u>(49,851)</u>	<u>(29,188)</u>
	<u>867,254</u>	<u>764,986</u>
9.2 Raw materials consumed		
Opening stock	201,001	177,167
Purchases	690,525	577,236
Less: Closing stock	<u>(203,392)</u>	<u>(182,362)</u>
	<u>688,134</u>	<u>572,041</u>

10. TRANSACTIONS WITH RELATED PARTIES

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

Significant transactions with related parties are as follows:

Name	Nature of transaction	First quarter ended March 31, 2007	First quarter ended March 31, 2006
(Rupees in thousand)			
Purchase of goods and services			
International General Insurance Company Limited	Insurance services	27,661	19,846
Mitsubishi Corporation, Japan	Raw material	1,471	48,199
Packages Limited	Purchase of goods and services	8,708	12,076
Siemens Pakistan Engineering Company Limited	Goods and services	192	36
		<u>38,032</u>	<u>80,157</u>
Sale of goods and services			
Packages Lanka (Private) Limited	Supplies	2,356	3,808
Packages Limited	Supplies	33,156	51,499
		<u>35,512</u>	<u>55,307</u>
Contributions to staff retirement benefit funds			
Gratuity fund	Gratuity fund	455	490
Pension fund	Pension fund	803	1,060
Provident fund	Provident fund	547	70
		<u>1,805</u>	<u>1,620</u>
Key management personnel compensation			
	Salaries and other short-term employees' benefits	2,833	2,763
	Post employment benefits	407	328
		<u>3,240</u>	<u>3,091</u>

11. PLANT CAPACITY AND ACTUAL PRODUCTION

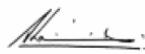
	First quarter ended March 31, 2007	First quarter ended March 31, 2006
(Tonnes)		
Operational capacity available during the period	<u>6,700</u>	<u>6,700</u>
Production	<u>6,739</u>	<u>6,651</u>

12. DATE OF AUTHORISATION FOR ISSUE

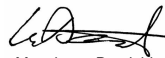
These financial statements were authorised for issue on April 25, 2007 by the board of directors of the company.

13. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.



Shahid Hussain
Chief Executive



Masaharu Domichi
Director