

Half Yearly Report ( Unaudited )  
Ended June 30, 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

### **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](http://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) 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 for the half year ended June 30, 2007 along with unaudited financial statements duly reviewed by the auditors of the Company.

### **OPERATING AND FINANCIAL RESULTS**

With the blessing of Almighty, your Company was able to maintain its good performance. Untiring efforts of our team made it possible to produce and sell high quality products resulting in good operating margins.

Net sales during the half year increased to Rs 2,133.51 million which is higher by Rs 346 million (19%) in comparison to same period of last year. Profit after tax for the six months period also increased to Rs 178.98 million from Rs 66.93 million of last year. Timely procurement of raw material, smooth and quality production and successful marketing strategy are the main factors which have brought improvement in profits.

### **GAS-FIRED GENERATORS**

The Company has entered into a contract for the acquisition and setting-up of two gas-fired generators at our production facilities located at Port Qasim. This will enable us to meet our energy and power requirement at an economical rate. This is in line with Company's policy to operate with least production cost. The project is expected to be completed by March 2008.

### **DIVIDEND**

The Board of Directors is delighted to declare an interim dividend of 40% (Rs 4.00 per share).

### **DEBOTTLE-NECKING OF EXISTING LINES**

At the moment production from all the three lines has attained the maximum level of present designed capacity. We have taken-up a project of de-bottlenecking of existing production facilities. This will create some additional capacity by the end of year 2007.

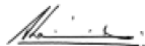
### **FUTURE OUTLOOK**

The price of raw material in the international market has kept an upward trend which is expected to continue. We are closely monitoring the prices which are linked to various factors and international geo-political events. This will be our endeavor to maintain our sales volumes and profit 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 – August 21, 2007.

**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF  
INTERIM FINANCIAL INFORMATION**

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of Tri-Pack Films Limited as at June 30, 2007 and the related condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement together with the notes forming part thereof for the half year then ended (here-in-after referred to as the 'interim financial information'). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended June 30, 2007 and 2006 and the note forming part thereof have not been reviewed as we are required to review only the cumulative figures for the half year ended June 30, 2007.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended June 30, 2007 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.



A. F. Ferguson & Co.


Chartered Accountants

Karachi – August 28, 2007.

**CONDENSED INTERIM BALANCE SHEET  
AS AT JUNE 30, 2007 (UNAUDITED - NOTE 2.1)**

		<b>June 30,</b>	<b>December 31,</b>
		<b>2007</b>	<b>2006</b>
	<b>Note</b>	<b>(Rupees in thousand)</b>	
<b>Share capital and reserves</b>			
Authorised capital		1,000,000	300,000
Issued, subscribed and paid-up capital		300,000	300,000
Reserves		811,048	782,064
		<u>1,111,048</u>	<u>1,082,064</u>
<b>Non-current liabilities</b>			
Long-term finances	3	648,000	756,000
<b>Deferred liabilities</b>			
Deferred taxation		194,070	99,585
Accumulated compensated absences		5,255	4,841
<b>Current liabilities and provisions</b>			
Current portion of long-term finances	3	216,000	216,000
Trade and other payables	4	617,581	626,710
Accrued mark-up		23,131	27,089
		856,712	869,799
<b>Contingencies and commitments</b>			
	6	<u>2,815,085</u>	<u>2,812,289</u>
<b>Property, plant and equipment</b>	7	1,613,172	1,703,966
<b>Long-term deposits</b>		917	858
<b>Current assets</b>			
Stores and spares		130,318	128,700
Stock-in-trade		289,483	276,990
Trade debts	8	481,738	465,422
Advances, deposits, prepayments and other receivables		36,196	27,076
Taxation		7,902	410
Cash and bank balances		255,359	208,867
		<u>1,200,996</u>	<u>1,107,465</u>
		<u>2,815,085</u>	<u>2,812,289</u>

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

  
Shahid Hussain  
Chief Executive

  
Masaharu Domichi  
Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER AND SIX MONTHS PERIOD ENDED JUNE 30, 2007 (UNAUDITED-NOTE 2.1)

Note	Quarter ended		Six months period ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
	(Rupees in thousand)			
Sales	1,243,588	1,031,246	2,463,356	2,018,513
Less: sales tax	172,641	121,266	329,843	231,052
Net sales	1,070,947	909,980	2,133,513	1,787,461
Cost of sales	861,597	794,825	1,729,460	1,559,946
Gross profit	209,350	115,155	404,053	227,515
Distribution cost	16,779	17,790	35,513	36,562
Administrative expenses	15,505	14,556	30,734	27,475
Operating profit	177,066	82,809	337,806	163,478
Other income	3,310	3,552	6,064	6,076
Finance cost	180,376	86,361	343,870	169,554
Other expenses	24,086	35,841	49,950	66,871
Profit before taxation	145,506	46,043	273,640	95,598
Taxation				
-Current	(5,156)	4,568	171	8,971
-Deferred	54,986	8,178	94,485	19,695
Profit after taxation	95,676	33,297	178,984	66,932
Earnings per share - basic and diluted (Rupees)	3.19	1.11	5.97	2.23

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2007 (UNAUDITED-NOTE 2.1)

	Share capital	General reserve	Unappropriated profit	Total
	(Rupees in thousand)			
Balance at January 1, 2006	300,000	604,500	84,682	989,182
Transfer to general reserve	-	9,500	(9,500)	-
Dividend relating to the year ended December 31, 2005 @ 25%	-	-	(75,000)	(75,000)
Net profit for the six months period ended June 30, 2006	-	-	66,932	66,932
Balance at June 30, 2006	300,000	614,000	67,114	981,114
Balance at January 1, 2007	300,000	614,000	168,064	1,082,064
Transfer to general reserve	-	18,000	(18,000)	-
Dividend relating to the year ended December 31, 2006 @ 50%	-	-	(150,000)	(150,000)
Net profit for the six months period ended June 30, 2007	-	-	178,984	178,984
Balance at June 30, 2007	300,000	632,000	179,048	1,111,048

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

  
Shahid Hussain  
Chief Executive

  
Masaharu Domichi  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2007 (UNAUDITED - NOTE 2.1)**

	Note	Six months period ended June 30, 2007	Six months period ended June 30, 2006
------(Rupees in thousand)-----			
<b>Cash flows from operating activities</b>			
Cash generated from operations	11	402,289	174,994
Payment of accumulated compensated absences		(786)	(715)
Long-term deposits		(59)	124
Retirement benefits paid		(7,394)	(3,200)
Income taxes paid		(7,663)	(5,299)
Net cash inflow from operating activities		<u>386,387</u>	<u>165,904</u>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(30,674)	(30,850)
Profit on bank balances received		1,089	1
Sale proceeds on disposal of fixed assets		796	2,467
Net cash outflow from investing activities		<u>(28,789)</u>	<u>(28,382)</u>
<b>Cash flows from financing activities</b>			
Finance costs paid		(53,908)	(64,164)
Long-term finance paid		(108,000)	-
Dividend paid		(149,198)	(74,459)
Net cash outflow from financing activities		<u>(311,106)</u>	<u>(138,623)</u>
Net increase/(decrease) in cash and cash equivalents		<u>46,492</u>	<u>(1,101)</u>
Cash and cash equivalents at the beginning of the period		208,867	(176,816)
Cash and cash equivalents at the end of the period	12	<u>255,359</u>	<u>(177,917)</u>

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

  
Shahid Hussain  
Chief Executive

  
Masaharu Domichi  
Director

**NOTES TO AND FORMING PART OF THE  
CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2007 (UNAUDITED-NOTE 2.1)**

**1. INTRODUCTION**

The company is a public company incorporated in Pakistan on April 29, 1993 under the Companies Ordinance, 1984 and is listed on all the stock exchanges in Pakistan. It is principally engaged in the manufacture and sale of Biaxially Oriented Polypropylene (BOPP) film. The registered office of the company is situated at 4<sup>th</sup> floor, the Forum, Suite # 416 to 422, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi.

**2. BASIS OF PRESENTATION**

2.1 These condensed interim 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 condensed interim financial statements comprise of the balance sheet as at June 30, 2007 and the profit and loss account, statement of changes in equity and the cash flow statement for the six months period ended June 30, 2007 which have been subjected to a review but not audited. The condensed interim financial statements also include the profit and loss account for the quarter ended June 30, 2007.

The comparative balance sheet presented in these condensed interim 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 six months period ended June 30, 2006 and were subjected to a review but not audited. The comparative profit and loss account for the quarter ended June 30, 2006 is also included in these condensed interim financial statements.

2.2 The accounting policies adopted in the preparation of these condensed interim 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.

June 30, 2007	December 31, 2006
(Rupees in thousand)	

**3. LONG-TERM FINANCES**

Secured

Finance 1 - note 3.1	800,000	900,000
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	<u>216,000</u>	<u>216,000</u>
	<u>648,000</u>	<u>756,000</u>

3.1 The company had obtained a long term finance facility of Rs 1,000 million (December 31, 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% per annum. The base rate is the simple average of last three cut-off yields of six months treasury bills of the State Bank of Pakistan. The effective rate of mark-up during the half year was 9.82% (December 31, 2006: 9.81%) per annum. The principal amount is repayable in ten equal semi annual installments commencing after thirty months inclusive of two years grace period from the date of first draw down. This facility is secured by first pari passu hypothecation/mortgage charge on all of the company's present and future fixed assets including but not limited to land, buildings, plant and machinery, equipment, furniture and fixtures, etc.

3.2 The company had obtained a long-term finance facility of Rs 100 million (December 31, 2006: Rs 100 million) from a commercial bank under mark-up arrangements out of which the company has availed Rs 80 million (December 31, 2006: Rs 80 million). Mark-up is payable on quarterly basis at the rate of three months Karachi Inter Bank Offer Rate (KIBOR) plus 1% per annum. The effective rate of mark-up during the half year was 10.76% (December 31, 2006: 11.09%) per annum. The principal amount is repayable in ten equal semi annual installments commencing after thirty months inclusive of two years grace period from the date of first draw down. This facility is secured by first pari passu hypothecation/mortgage charge on all of the company's present and future fixed assets including but not limited to land, buildings, plant and machinery, equipment, furniture and fixtures, etc.

#### 4. TRADE AND OTHER PAYABLES

These include Rs 20,976 million (December 31, 2006: Rs 10,881 million) payable to associated undertakings.

#### 5. SHORT-TERM FINANCES

Secured

Secured

Short-term finances are under mark-up arrangement with banks payable on various maturity dates upto May 31, 2008. 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 9.93% to 10.92% (December 31, 2006: 8.80% to 11.53%) per annum. Total facilities available under mark-up arrangements aggregated Rs 1,760 million (December 31, 2006: Rs 935 million) out of which the amount unavailed at the period end was Rs 1,760 million (December 31, 2006: Rs 935 million).

	June 30, 2007	December 31, 2006
	(Rupees in thousand)	
<b>6. CONTINGENCIES AND COMMITMENTS</b>		
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	546,481	429,403

6.1 The facilities for opening of letter of credits and for guarantees as at June 30, 2007 amount to Rs 2,340 million (December 31, 2006: Rs 1,325 million) and Rs 110 million (December 31, 2006: Rs 25 million), of which the amount remaining unutilised was of Rs 1,794 million (December 31, 2006: Rs 895,596 million) and Rs 100,245 million (December 31, 2006: Rs 15,245 million) respectively.

	June 30, 2007	December 31, 2006
	(Rupees in thousand)	
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets – note 7.1	1,608,529	1,702,764
Capital work-in-progress	4,643	1,202
	<u>1,613,172</u>	<u>1,703,966</u>

7.1	Six months period ended June 30, 2007	Six months period ended June 30, 2006
	(Rupees in thousand)	
Operating fixed assets		
Additions	27,233	114,206
Disposals (having a net book value of Rs 0.758 million (2006: Rs 1.252 million))	1,459	3,667

#### 8. TRADE DEBTS

Considered good

These include Rs 6,507 million (December 31, 2006: Rs 14,905 million) receivable from associated undertakings.

9. COST OF SALES

	Quarter ended		Six months period ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
	(Rupees in thousand)		(Rupees in thousand)	
Opening stock of finished goods	23,902	24,717	24,511	26,242
Cost of goods manufactured – note 9.1	861,928	787,026	1,729,182	1,550,622
Less: Closing stock of finished goods	(24,233)	(16,918)	(24,233)	(16,918)
	<u>861,597</u>	<u>794,825</u>	<u>1,729,460</u>	<u>1,559,946</u>

9.1 Cost of goods manufactured

Opening stock of work-in-process	49,851	28,188	38,238	43,413
Raw materials consumed – note 9.2	669,237	614,346	1,357,371	1,186,388
Salaries, wages and other benefits	21,162	19,099	42,351	37,139
Fuel, power and water	69,790	67,505	130,744	124,209
Packing material consumed	25,550	26,691	50,226	51,809
Repairs and maintenance	17,353	7,786	33,409	21,641
Insurance	297	3,252	3,824	7,136
Vehicle running and maintenance	2,398	2,439	4,878	4,570
Travelling	687	478	1,056	816
Staff retirements benefits	1,579	1,337	3,158	2,754
Depreciation	60,185	55,938	119,544	110,394
Others	361	358	705	764
	<u>918,450</u>	<u>827,437</u>	<u>1,785,704</u>	<u>1,591,033</u>
Less: Closing stock of work-in-process	(56,522)	(40,411)	(56,522)	(40,411)
	<u>861,928</u>	<u>787,026</u>	<u>1,729,182</u>	<u>1,550,622</u>

9.2 Raw materials consumed

Opening stock of raw materials	203,392	182,362	201,001	177,167
Purchases	650,538	772,895	1,341,063	1,350,132
Closing stock of raw materials	(184,693)	(340,911)	(184,693)	(340,911)
	<u>669,237</u>	<u>614,346</u>	<u>1,357,371</u>	<u>1,186,388</u>

10. TRANSACTIONS WITH RELATED PARTIES

	Transactions during the six months period ended June 30, 2007	Transactions during the six months period ended June 30, 2006
	(Rupees in thousand)	
<b>Purchases of goods and services</b>		
International General Insurance Company of Pakistan Limited	42,534	29,813
Mitsubishi Corporation, Japan	30,481	104,840
Packages Limited	18,941	18,334
Siemens Pakistan Engineering Company Limited	192	199
	<u>92,148</u>	<u>153,186</u>
<b>Sales of goods</b>		
Packages Lanka (Private) Limited	3,316	17,378
Packages Limited	78,120	82,915
Tetra Pak Pakistan Limited	2,197	255
	<u>83,633</u>	<u>100,548</u>
<b>Dividend</b>		
International General Insurance Company of Pakistan Limited	3,557	1,778
Mitsubishi Corporation, Japan	37,500	18,747
Packages Limited	50,000	24,994
	<u>91,057</u>	<u>45,519</u>
Contribution to the		
• pension fund	2,382	2,196
• gratuity fund	1,191	982
• provident fund	1,643	1,429
	<u>5,216</u>	<u>4,607</u>
Remuneration of key management personnel	5,990	5,213

10.1 As at June 30, 2007 payable to associated undertakings amounts to Rs 20,976 million (December 31, 2006: Rs 10,881 million).

10.2 As at June 30, 2007 receivable from associated undertakings amounts to Rs 6,507 million (December 31, 2006: Rs 14,905 million).

**11. CASH GENERATED FROM OPERATIONS**

	Six months period ended June 30, 2007	Six months period ended June 30, 2006
	(Rupees in thousand)	
Profit before taxation	273,640	95,598
Adjustment for non cash charges and other items:		
Depreciation	120,710	111,955
(Provision written back)/provision for doubtful debts	(540)	876
Provision for retirement benefits	7,307	3,178
Profit on bank balances	(1,181)	(1)
Profit on disposal of fixed assets	(38)	(1,215)
Provision for accumulated compensated absences	1,200	864
Finance cost	49,950	66,871
Working capital changes – note 11.1	(48,759)	(103,132)
	<u>402,289</u>	<u>174,994</u>

**11.1 Working capital changes**

(Increase) in current assets:		
Stores and spares	(1,618)	(27,963)
Stock in trade	(12,493)	(113,659)
Trade debts	(15,776)	(2,739)
Advances, deposits, prepayments and other receivables	(9,028)	167
	<u>(38,915)</u>	<u>(144,194)</u>
(Decrease)/increase in current liabilities:		
Trade and other payables	(9,844)	41,062
	<u>(48,759)</u>	<u>(103,132)</u>

**12. CASH AND CASH EQUIVALENTS**

	June 30, 2007	June 30, 2006
	(Rupees in thousand)	
Cash and bank balances	255,359	24,293
Short-term finances	-	(202,210)
	<u>255,359</u>	<u>(177,917)</u>

**13. PLANT CAPACITY AND ACTUAL PRODUCTION**

	Six months period ended June 30, 2007	Six months period ended June 30, 2006
	(Metric tonnes)	
Operational capacity available during the period	13,400	13,400
Production	13,540	13,417

**14. POST BALANCE SHEET EVENT AND DATE OF AUTHORISATION FOR ISSUE**

The board of directors (the board) of the company in their meeting held on August 21, 2007 has approved a forty percent interim cash dividend amounting to Rs 120 million. These condensed interim financial statements do not recognise the effect of interim dividend on appropriation of reserves as it has been approved subsequent to the balance sheet date.

These condensed interim financial statements were authorised for issue on August 21, 2007 by the board.

  
Shahid Hussain  
Chief Executive

  
Masaharu Domichi  
Director