

Interim Report (Unaudited)
3rd Quarter Ended September 30, 2007



Tri-Pack Films Limited

Company information

Board of directors

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

Company secretary

Adi J. Cawasji

Audit committee

Khalid Yacob (Chairman)
Masaharu Domichi
Mujeeb Rashid
Tetsuo Obana

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) 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 nine months ended September 30, 2007 along with unaudited financial statements of the Company.

OPERATING AND FINANCIAL RESULTS

By the grace of Almighty Allah, your company has maintained its performance momentum during the third quarter of the year as well. We were able to improve our operating results by focusing value-added products and optimizing operating efficiencies.

Net sales during the nine months increased to Rs 3,363.54 million which is higher by Rs 627 million (23%) in comparison to same period of last year. Profit after tax for the nine months period also increased to Rs 318.46 million from Rs 101.54 million of last year.

SAP ERP

To automate business process integration, and to take advantage of global best practice business processes, your company has entered into a contract with Siemens Pakistan Limited for the Implementation of SAP Enterprise Resource Planning (ERP) solution. This will not only enable us to robust IT infrastructure to support the on-going business but also provide a scalable solution to future expansion in business operations.

INVESTMENT IN CPP PLANT

Considering the market situation and to maintain Company's growth by product diversification, your Company has signed a Memorandum of Understanding (MOU) with M/s Windmoller & Holscher KG, Germany to setup a Cast Polypropylene (CPP) Film Plant at Port Qasim site.

This CPP plant is based on multi-layers, state-of-the-art technology to produce high-value specialized films and would help the company to enhance its product range and to provide better services to our customers.

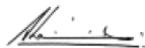
FUTURE OUTLOOK

The price of raw material in the international market has been continually increasing. We are closely monitoring this trend and Inshallah will 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 – October 24, 2007.

CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2007 (UNAUDITED)

		September 30, 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		830,526	782,064
		1,130,526	1,082,064
Non-current liabilities			
Long-term finances	3	540,000	756,000
Deferred liabilities			
Deferred taxation		192,676	99,585
Accumulated compensated absences		5,505	4,841
Current liabilities and provisions			
Current portion of long-term finances	3	216,000	216,000
Trade and other payables	4	804,374	626,710
Accrued mark-up		21,603	27,089
Taxation		50,951	-
		1,092,928	869,799
Contingencies and commitments			
	6	2,961,635	2,812,289
Property, plant and equipment			
	7	1,566,968	1,703,966
Long-term deposits			
		1,074	858
Current assets			
Stores and spares		135,392	128,700
Stock-in-trade		306,873	276,990
Trade debts	8	554,605	465,422
Advances, deposits, prepayments and other receivables		37,904	27,076
Investments		50,225	-
Taxation		-	410
Cash and bank balances		308,594	208,867
		1,393,593	1,107,465
		2,961,635	2,812,289

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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2007 (UNAUDITED)

	-----Quarter ended-----		-----Nine months period ended-----	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Note	----- (Rupees in thousand) -----			
Sales	1,485,144	1,082,247	3,948,500	3,100,760
Less: sales tax	255,113	132,940	584,956	363,992
Net sales	1,230,031	949,307	3,363,544	2,736,768
Cost of sales	953,843	834,327	2,683,303	2,394,273
Gross profit	276,188	114,980	680,241	342,495
Distribution cost	19,632	17,778	55,145	54,340
Administrative expenses	14,927	13,816	45,661	41,291
	34,559	31,594	100,806	95,631
Operating profit	241,629	83,386	579,435	246,864
Other income	3,844	3,129	9,908	9,205
	245,473	86,515	589,343	256,069
Finance cost	21,942	33,339	71,892	100,210
Other expenses	10,439	3,671	30,719	10,756
	32,381	37,010	102,611	110,966
Profit before taxation	213,092	49,505	486,732	145,103
Taxation				
-Current	75,007	4,767	75,178	13,738
-Deferred	(1,393)	10,134	93,092	29,829
	73,614	14,901	168,270	43,567
Profit after taxation	139,478	34,604	318,462	101,536
Earnings per share - basic and diluted (Rupees)	4.65	1.15	10.62	3.38

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

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2007 (UNAUDITED)

	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 nine months period ended September 30, 2006	-	-	101,536	101,536
Balance at September 30, 2006	<u>300,000</u>	<u>614,000</u>	<u>101,718</u>	<u>1,015,718</u>
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 nine months period ended September 30, 2007	-	-	318,462	318,462
Interim dividend	-	-	(120,000)	(120,000)
Balance at September 30, 2007	<u>300,000</u>	<u>632,000</u>	<u>198,526</u>	<u>1,130,526</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 CASH FLOW STATEMENT
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2007 (UNAUDITED)**

Note	Nine months period ended September 30, 2007	Nine months period ended September 30, 2006
	------(Rupees in thousand)-----	
Cash flows from operating activities		
Cash generated from operations	669,048	231,527
Payment of accumulated compensated absences	(1,136)	(927)
Long-term deposits	(216)	194
Retirement benefits paid	(7,553)	(6,416)
Income taxes paid	(23,818)	(6,658)
Net cash inflow from operating activities	636,325	217,720
Cash flows from investing activities		
Fixed capital expenditure	(47,220)	(48,008)
Profit on bank balances received	2,185	2
Investments	(50,000)	-
Sale proceeds on disposal of fixed assets	1,106	3,067
Net cash outflow from investing activities	(93,929)	(44,939)
Cash flows from financing activities		
Finance costs paid	(77,378)	(99,664)
Long-term finance paid	(216,000)	(108,000)
Dividend paid	(149,291)	(74,461)
Net cash outflow from financing activities	(442,669)	(282,125)
Net increase/(decrease) in cash and cash equivalents	99,727	(109,344)
Cash and cash equivalents at the beginning of the period	208,867	(176,816)
Cash and cash equivalents at the end of the period	308,594	(286,160)

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 FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2007 (UNAUDITED)**

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 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, 2007 and the profit and loss account, statement of changes in equity and the cash flow statement for the nine months period ended September 30, 2007. The financial statements also include the profit and loss account for the quarter ended September 30, 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 nine months period ended September 30, 2006. The comparative profit and loss account for the quarter ended September 30, 2006 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, 2006.

	September 30, 2007	December 31, 2006
	(Rupees in thousand)	
3. LONG-TERM FINANCES		
Secured		
Finance 1 - note 3.1	700,000	900,000
Finance 2 - note 3.2	56,000	72,000
	<u>756,000</u>	<u>972,000</u>
Less: Amounts payable within twelve months shown under current liabilities	216,000	216,000
	<u>540,000</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 nine months was 9.85% (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 nine months was 10.70% (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 8.1 million (December 31, 2006: Rs 10.9 million) payable to associated undertakings.

5. SHORT-TERM FINANCES

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 9.87% 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).

6. CONTINGENCIES AND COMMITMENTS

	September 30, 2007	December 31, 2006
	(Rupees in thousand)	
Contingencies		
Guarantees issued by banks on behalf of the company	<u>9,755</u>	<u>9,755</u>
Commitments		
Letter of credit for purchase of raw material and spares	<u>615,285</u>	<u>429,403</u>

6.1 The facilities for opening of letter of credits and for guarantees as at September 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 1,724.7 million (December 31, 2006: Rs 895.6 million) and Rs 100.2 million (December 31, 2006: Rs 15.2 million) respectively.

7. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2007	December 31, 2006
	(Rupees in thousand)	
Operating fixed assets - note 7.1	1,553,585	1,702,764
Capital work-in-progress	13,383	1,202
	<u>1,566,968</u>	<u>1,703,966</u>

7.1 Operating fixed assets

	Nine months period ended September 30, 2007	Nine months period ended September 30, 2006
	(Rupees in thousand)	
Additions	<u>35,073</u>	<u>133,395</u>
Disposals (having a net book value of Rs 0.758 million (2006: Rs 1.444 million))	<u>2,169</u>	<u>4,624</u>

8. TRADE DEBTS

Considered good

These include Rs 6.4 million (December 31, 2006: Rs 14.9 million) receivable from associated undertakings.

COST OF SALES

	Quarter ended		Nine months period ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
	(Rupees in thousand)		(Rupees in thousand)	
Opening stock of finished goods	24,233	16,918	24,511	26,242
Cost of goods manufactured	945,836	838,294	2,675,018	2,388,916
Less: Closing stock of finished goods	(16,226)	(20,885)	(16,226)	(20,885)
	<u>953,843</u>	<u>834,327</u>	<u>2,683,303</u>	<u>2,394,273</u>
Cost of goods manufactured				
Opening stock of work-in-process	56,522	40,411	38,238	43,413
Raw materials consumed	717,134	654,296	2,074,504	1,840,684
Salaries, Wages and other benefits	25,270	19,544	67,822	56,683
Fuel, power and water	72,776	63,371	203,520	187,580
Packing material consumed	26,373	25,911	76,599	77,720
Repairs and maintenance	16,389	10,674	49,798	32,315
Insurance	3,843	3,012	7,667	10,148
Vehicle running and maintenance	2,490	2,273	7,368	6,843
Travelling	816	250	1,871	1,066
Staff retirements benefits	1,594	1,321	4,752	4,075
Depreciation	62,077	56,035	181,621	166,429
Others	350	215	1,056	979
	<u>985,634</u>	<u>877,313</u>	<u>2,714,816</u>	<u>2,427,935</u>
Less: Closing stock of work-in-process	(39,798)	(39,019)	(39,798)	(39,019)
	<u>945,836</u>	<u>838,294</u>	<u>2,675,018</u>	<u>2,388,916</u>

10. TRANSACTIONS WITH RELATED PARTIES

	Transactions during the nine months period ended September 30, 2007	Transactions during the nine months period ended September 30, 2006
	(Rupees in thousand)	
Purchases of goods and services		
International General Insurance Company of Pakistan Limited	52,706	51,696
Mitsubishi Corporation, Japan	32,000	112,485
Packages Limited	29,426	23,520
Siemens Pakistan Engineering Company Limited	7,577	205
	<u>121,709</u>	<u>187,906</u>
Sales of goods to associated		
Packages Lanka (Private) Limited	4,613	23,880
Packages Limited	146,067	120,512
Tetra Pak Pakistan Limited	3,726	1,095
	<u>154,406</u>	<u>145,487</u>
Dividends		
International General Insurance Company of Pakistan Limited	3,557	1,778
Mitsubishi Corporation, Japan	37,500	18,747
Packages Limited	50,000	24,995
	<u>91,057</u>	<u>45,520</u>
Contribution to the		
• pension fund	3,541	3,308
• gratuity fund	1,556	1,473
• provident fund	2,217	2,154
Remuneration of key management personnel	9,245	7,858

- 10.1 As at September 30, 2007 payable to associated undertakings amounts to Rs 8.1 million (December 31, 2006: Rs 10.9 million).
- 10.2 As at September 30, 2007 receivable from associated undertakings amounts to Rs 6.4 million (December 31, 2006: Rs 14.9 million).

11. CASH GENERATED FROM OPERATIONS

	Nine months period ended September 30, 2007 (Rupees in thousand)	Nine months period ended September 30, 2006
Profit before taxation	486,733	145,103
Adjustment for non cash charges and other items:		
Depreciation	183,481	168,464
(Provision written back)/provision for doubtful debts	(410)	1,932
Provision for retirement benefits	7,653	6,933
Profit on bank balances	(2,566)	(2)
Profit on disposal of fixed assets	(368)	(1,623)
Provision for accumulated compensated absences	1,800	1,182
Finance cost	71,892	100,210
Working capital changes – note 11.1	(79,167)	(190,672)
	<u>669,138</u>	<u>231,527</u>
11.1 Working capital changes		
(Increase) in current assets:		
Stones and spares	(6,692)	(29,148)
Stock in trade	(29,883)	(145,142)
Trade debts	(88,619)	(23,904)
Advances, deposits, prepayments and other receivables	(10,830)	12,013
	<u>(136,024)</u>	<u>(186,181)</u>
Increase/(Decrease) in current liabilities:		
Trade and other payables	56,857	(4,491)
	<u>(79,167)</u>	<u>(190,672)</u>

12. CASH AND CASH EQUIVALENTS

	September 30, 2007 (Rupees in thousand)	September 30, 2006
Cash and bank balances	308,594	36,588
Short-term finances	-	(322,748)
	<u>308,594</u>	<u>(286,160)</u>

13. PLANT CAPACITY AND ACTUAL PRODUCTION

	Nine months period ended September 30, 2007 (Metric tonnes)	Nine months period ended September 30, 2006
Operational capacity available during the period	20,100	20,100
Production	20,790	20,091

14. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 24, 2007 by the board of directors of the company.


Shahid Hussain
Chief Executive


Masaharu Domichi
Director