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The Directors of Tri-Pack Films Limited have pleasure in presenting their report along with audited financial statements of the Company for the year ended December 31, 2007.

Operating and financial results

By the Grace of Almighty, the year 2007 was again a successful year for your Company despite the fact that multiple challenges were faced during this year as well. Your Company achieved record operating efficiencies that led to excellent financial performance. As you are aware, cost of our raw material is linked with international oil prices. During the year, sharp escalation

in oil prices coupled with widened gap between demand and supply of raw material substantially increased our production cost which could have adversely affected our margins. However, we were able to remain competitive by improving productivity, curtailing wastage, focusing value added products and controlling costs. With the support of all the stakeholders we were able to implement such measures which enabled us to achieve the targets set for year 2007.

The sales net of sales tax increased by 19% to Rs 4.555 billion from Rs 3.826 billion of last year. There was also

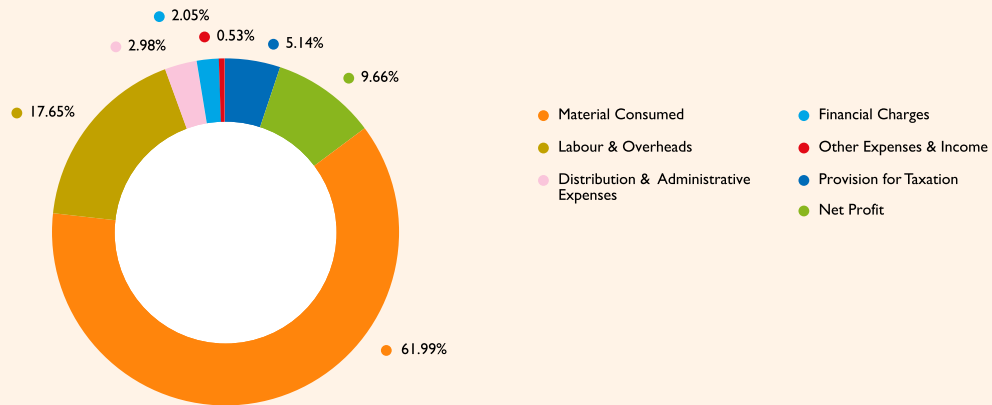
improvement in net profit for the year. The profit after tax was Rs 440 million as compared to Rs 168 million of last year.

The supply of BOPP film from regional countries at under-invoiced prices is still continuing and we are taking up this issue at all the available forums to curtail this malpractice and to ensure level playing field for the Company.

Production Facilities

All the three film manufacturing lines operated to their full production capacity level.

Revenue Utilization
For the year ended December 31, 2007



Directors' Report to the Shareholders

The de-bottlenecking of line 3 was successfully completed in the last month of the year adding about 1,000 tonnes to the existing capacity.

Investment in Cast Polypropylene (CPP) Film Plant

The Company is continuing to strive for development of new value added products. Your Company has ordered a state-of-the-art Cast Polypropylene Film Plant (CPP). The production from this unit will Inshallah commence in the fourth quarter of year 2008. With vast varieties of high-end CPP products, we would be in a better position to cater to our customers' requirements. This increase in production capacity of value added products will make positive impact on profit margins of the Company.

SAP Implementation

To strengthen control on operating activities and enhance functional efficiencies, your Company is implementing mySAP Enterprise Resource Planning (ERP) system. The initial work in this regard has been completed. The project is expected to complete in 2nd quarter of the year 2008. Once completed, the Company will be benefited from a world class business process integrated system to handle complex business operations conveniently and smoothly.



Directors' Report to the Shareholders



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 will facilitate further issue of capital from time to time according to the requirements of the Company.

Human Resources

Your Company fully recognizes the importance of maintaining focus on diversity of workforce and providing everyone the opportunity to develop and grow. To equip the employees with

required skills both in-house and outsourced resources were utilized.

Dividend

The directors have recommended a cash dividend of 60% i.e. Rs 6.00 per share (2006: 50%). During the year an interim dividend of 40% i.e. Rs 4.00 per share was also paid.

Future Outlook

In an environment of consistent growth in the local market and well maintained production facilities enabling us to provide smooth supplies, we look forward to a better future.

We will strive to further improve operational efficiencies, attain

economically efficient resources, increase in value added products and further enhance quality of our products.

Corporate and Financial Reporting

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

Directors' Report to the Shareholders

- 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. 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 financial statements.
- v) The system of internal control is sound in design and has been effectively implemented and monitored.

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

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

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

ix) The value of investments of provident and gratuity funds, as at June 30, 2007 based on their audited accounts is as follows:

**Rupees in
thousand**

Provident	29,462
Gratuity	13,593

The value of investment includes accrued interest.

x) **Changes in Directors**

Mr. Tetsuo Obana was appointed Director on the Board w.e.f. August 21, 2007 in place of Mr. Hiroshi Kojima who resigned on August 21, 2007. The Board of Directors wishes to express its appreciation for the valuable services of Mr. Hiroshi Kojima during the tenure of his office as Director of the Company. The Board of Directors welcomes Mr. Tetsuo Obana on the Board.

xi) **Board Meetings**

During the year 2007, five meetings of the Board of Directors were held. The attendance of each director for these meetings is as follows:

Name of Directors	No of meetings attended
Syed Babar Ali - <i>Chairman</i>	4
Mr. Shahid Hussain - <i>Managing Director</i>	5
Mr. Hiroshi Kojima (<i>Resigned on August 21, 2007</i>)	2
Mr. Khalid Yacob	5
Mr. Masaharu Domichi	4
Mr. Mujeeb Rashid	3
Syed Hyder Ali	4
Mr. Tetsuo Obana (<i>Appointed on August 21, 2007</i>)	1
Mr. Masaya Suzuki (<i>Alternate to Mr. Hiroshi Kojima / Mr. Tetsuo Obana</i>)	4

Directors' Report to the Shareholders

Your Company has ordered a state-of-the-art Cast Polypropylene Film Plant (CPP). The production from this unit will Inshallah commence in the fourth quarter of year 2008. With vast varieties of high-end CPP products, we would be in a better position to cater to our customers' requirements.

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

xii) **Purchase and Sale of Shares**

Purchase of shares:	No. of shares
Chief Executive Officer	Nil
Directors	Nil
Chief Financial Officer	Nil
Company Secretary	Nil
Spouses	Nil
Sales of shares:	Nil



Directors' Report to the Shareholders



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

Auditors

The present auditors M/s A. F. Ferguson & Co., Chartered Accountants retire and offer themselves for reappointment. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as auditors of the Company for the year ending December 31, 2008, 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, which comprises of four non-executive directors (including its Chairman). During the year four meetings of the Committee were held. During the year, one member of audit committee (Mr. Hiroshi Kojima) retired and a new member (Mr. Tetsuo Obana) joined the audit committee. The Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

Material changes

There have been no material changes since December 31, 2007 and the Company has not entered into any commitment, which would affect its position at that date.

Pattern of shareholding

A statement of the pattern of shareholding of certain class of shareholders as at December 31, 2007, whose disclosure is required under the reporting framework, is included in the annexed shareholders' information.

For and on behalf of the Board

Shahid Hussain
Chief Executive

Karachi, February 13, 2008

Directors' Report to the Shareholders