

Tri-Pack Films Limited

Interim Report (Unaudited)

1st Quarter Ended March 31, 2008



Registered office

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G-20, Block # 9, Clifton, Khayaban-e-Jami, Karachi- 75600.

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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, 2008.

OPERATING AND FINANCIAL RESULTS

The result of operations for the first quarter ended March 31, 2008 remained satisfactory. We were able to achieve production and sales targets with improved margins.

Net sales during the period increased to Rs 1,389 million which is higher by Rs 326 million (31 %) in comparison to first quarter of last year. Profit after tax also increased to Rs 129.910 million from Rs 83.308 million for the corresponding period of last year. Improvement in profit is attributed to increase in the capacity of Port Qasim Plant, improved utilization of available resources and continuous efforts to enhance operational efficiencies.

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.

CPP PLANT

The Company has ordered a state-of-the-art technology CPP (Cast Polypropylene film) Plant for Port Qasim site. The machinery is expected to arrive in September this year. This will be a step forward towards the delivery of new value added products to its wide range of customers all over the Pakistan.

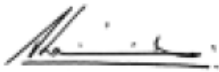
SAP ERP IMPLEMENTATION

Implementation of SAP is in last phase now and Inshallah, in June this year we will be live with the latest technology. This will not only equip us with robust IT infrastructure to support the on-going business but also provide a scalable solution to future expansion in business operations.

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 23, 2008

TRI-PACK FILMS LIMITED
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2008 (UNAUDITED)

	Note	March 31, 2008 (Rupees in thousand)	December 31, 2007
Share capital and reserves			
Authorised capital		1,000,000	1,000,000
Issued, subscribed and paid-up capital		300,000	300,000
Reserves		902,129	952,219
Unrealised surplus on revaluation of investment		-	389
		<u>1,202,129</u>	<u>1,252,608</u>
Non-current liabilities			
Long-term finances	3	432,000	540,000
Deferred liabilities			
Deferred taxation		173,060	185,530
Accumulated compensated absences		7,657	7,201
Current liabilities and provisions			
Current portion of long-term finances	3	216,000	216,000
Trade and other payables	4	1,025,009	1,010,778
Accrued mark-up		20,206	20,188
Taxation		58,282	109,350
		<u>1,319,497</u>	<u>1,356,316</u>
Contingencies and commitments	6	<u>3,134,343</u>	<u>3,341,655</u>
Property, plant and equipment	7	1,616,148	1,608,744
Long-term deposits		1,204	1,104
Current assets			
Stores and spares		159,863	142,651
Stock-in-trade		481,435	640,772
Trade debts	8	594,672	534,197
Advances, deposits, prepayments and other receivables		57,267	38,503
Investments - available for sale		-	50,389
Cash and bank balances		223,754	325,295
		<u>1,516,991</u>	<u>1,731,807</u>
		<u>3,134,343</u>	<u>3,341,655</u>

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

Chief Executive

Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE 1ST QUARTER ENDED MARCH 31, 2008 (UNAUDITED)**

	Note	First quarter ended	
		March 31, 2008	March 31, 2007
(Rupees in thousand)			
Sales		1,677,089	1,219,768
Less: sales tax		288,387	157,202
Net sales		<u>1,388,702</u>	<u>1,062,566</u>
Cost of sales	9	1,113,574	867,863
Gross profit		<u>275,128</u>	<u>194,703</u>
Distribution cost		28,096	18,734
Administrative expenses		17,795	15,229
		<u>45,891</u>	<u>33,963</u>
Operating profit		229,237	160,740
Other income		4,426	2,754
		<u>233,663</u>	<u>163,494</u>
Finance cost		20,857	25,864
Other expenses		14,684	9,496
		<u>35,541</u>	<u>35,360</u>
Profit before taxation		<u>198,122</u>	<u>128,134</u>
Taxation			
-Current		68,212	44,826
-Deferred			
		<u>68,212</u>	<u>44,826</u>
Profit after taxation		<u>129,910</u>	<u>83,308</u>
Earnings per share - basic and diluted (Rupees)		<u>4.33</u>	<u>2.78</u>

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

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

Chief Executive

Director

TRI-PACK FILMS LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED MARCH 31, 2008 (UNAUDITED)

	Share capital	General reserve	Unappropriated profit	Unrealised Surplus on revaluation of Investment	Total
	------(Rupees in thousand)-----				
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 first quarter ended March 31, 2007	-	-	83,308		83,308
Balance at March 31, 2007	<u>300,000</u>	<u>632,000</u>	<u>83,372</u>		<u>1,015,372</u>
Balance at January 1, 2008	300,000	632,000	320,219	389	1,252,608
Transfer to general reserve	-	140,000	(140,000)		-
Dividend relating to the year ended December 31, 2007 @ 60%	-	-	(180,000)		(180,000)
Net profit for the first quarter ended March 31, 2008	-	-	129,910		129,910
Unrealised surplus on revaluation of available for sale' investment				(389)	- (389)
Balance at March 31, 2008	<u>300,000</u>	<u>772,000</u>	<u>130,129</u>	<u>-</u>	<u>1,202,129</u>

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

Chief Executive

Director

TRI-PACK FILMS LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE 1ST QUARTER ENDED MARCH 31, 2008 (UNAUDITED)

	Note	Ist quarter ended March 31, 2008	Ist quarter ended March 31, 2007
------(Rupees in thousand)-----			
Cash flows from operating activities			
Cash generated from operations	11	179,010	153,116
Payment of accumulated compensated absences		(444)	(580)
Long-term deposits		(100)	(29)
Retirement benefits paid		(1,479)	(2,470)
Income taxes paid		(131,750)	(3,931)
Net cash inflow from operating activities		45,237	146,106
Cash flows from investing activities			
Fixed capital expenditure		(71,254)	(17,806)
Profit on bank balances received		825	75
Investment purchased during the year		(120,000)	-
Investment disposed off during the year		171,984	
Sale proceeds on disposal of fixed assets		553	376
Net cash outflow from investing activities		(17,892)	(17,355)
Cash flows from financing activities			
Finance costs paid		(20,839)	(28,709)
Long-term finance paid		(108,000)	(108,000)
Dividend paid		(47)	(6,950)
Net cash outflow from financing activities		(128,886)	(143,659)
Net increase/(decrease) in cash and cash equivalents		(101,541)	(14,908)
Cash and cash equivalents at the beginning of the period		325,295	208,867
Cash and cash equivalents at the end of the period		223,754	193,959

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

Chief Executive

Director

TRI-PACK FILMS LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED MARCH 31, 2008 (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 March 31, 2008 and the profit and loss account, statement of changes in equity and the cash flow statement for the first quarter ended March 31, 2008.

The comparative balance sheet presented in these financial statements as at December 31, 2007 has been extracted from the audited financial statements of the company for the year ended December 31, 2007 whereas the comparative profit and loss account, statement of changes in equity and cash flow statement are for the first quarter ended March 31, 2007.

- 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, 2007.

March 31, December 31,
2008 2007
(Rupees in thousand)

3. LONG-TERM FINANCES

Secured

Finance 1 - note 3.1	600,000	700,000
Finance 2 - note 3.2	48,000	56,000
	648,000	756,000
Less: Amounts payable within twelve months shown under current liabilities	216,000	216,000
	432,000	540,000

- 3.1 The company had obtained a long term finance facility of Rs 1,000 million (2007: 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 three months was 10.23% (2007: 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 (2007: Rs 100 million) from a commercial bank under mark-up arrangements out of which the company has availed Rs 80 million (2007: 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 three months was 10.90% (2007: 11.41%) 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.
- 3.3 The company had obtained a long term finance facility of Rs 500 million (2007: Rs 500 million) from a commercial bank under mark-up arrangements. The company had not availed the facility as at March 31, 2008. Mark-up is payable on semi-annual basis at the rate of six months KIBOR plus 0.50 percent per annum. The principal amount will be repayable in 8 equal installments commencing after six months from the date of first draw down with a grace period of two years. The facility is secured by first pari passu hypothecation/ mortgage charges on all the company's present and future assets including but not limited to land, building, plant and machinery, equipment, furniture and fixture etc.

4. TRADE AND OTHER PAYABLES

These include Rs 15.799 million (2007: Rs 26.277 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, 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 10.33% to 10.85% (2007: 10.12% to 10.92%) per annum. Total facilities available under mark-up arrangements aggregated Rs 1,650 million (2007: Rs 1,300 million) out of which the amount unavailed at the period end was Rs 1,650 million (2007: Rs 1,300 million).

6. CONTINGENCIES AND COMMITMENTS

	March 31, 2008	December 31, 2007
	(Rupees in thousand)	
Contingencies		
Guarantees issued by banks on behalf of the company	<u>30,755</u>	<u>9,755</u>
Commitments		
Letter of credit for purchase of raw material and spares	<u>543,807</u>	<u>350,681</u>
Commitments for capital expenditures	<u>369,741</u>	<u>351,946</u>

- 6.1 The facilities for opening of letter of credits and for guarantees as at March 31, 2008 amount to Rs 2,650 million (2007: Rs 2,690 million) and Rs 110 million (2007: Rs 110 million), of which the amount remaining unutilised was of Rs 1,736.452 million (2007: Rs 1,987.373 million) and Rs 79.245 million (2007: Rs 100.245 million) respectively.

7. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2008	December 31, 2007
	(Rupees in thousand)	
Operating fixed assets - note 7.1	1,461,327	1,513,925
Capital work-in-progress	<u>154,821</u>	<u>94,819</u>
	<u>1,616,148</u>	<u>1,608,744</u>

7.1 Operating fixed assets

**First quarter
ended March
31, 2008** **First quarter
ended March
31, 2007**
(Rupees in thousand)

Additions	11,253	9,038
Disposals [having a net book value of Rs 0.543 million (2007: Rs 0.325 million)]	926	818

8. TRADE DEBTS

Considered good

These include Rs 4.282 million (2007: Rs 2.275 million) receivable from associated undertakings.

9. COST OF SALES

**First quarter
ended March
31, 2008** **First quarter
ended March
31, 2007**

(Rupees in thousand)

Opening stock of finished goods	47,091	24,511
Cost of goods manufactured - note 9.1	1,090,690	867,254
Less: Closing stock of finished goods	(24,207)	(23,902)
	<u>1,113,574</u>	<u>867,863</u>

9.1 Cost of goods manufactured

Opening stock of work-in-process	43,849	38,238
Raw materials consumed	848,903	688,134
Salaries, Wages and other benefits	30,375	21,389
Fuel, power and water	99,677	60,954
Packing material consumed	29,049	24,676
Repairs and maintenance	20,083	16,056
Insurance	4,601	3,527
Vehicle running and maintenance	2,492	2,480
Travelling	1,010	369
Staff retirements benefits	2,250	1,579
Depreciation	62,451	59,359
Others	327	344
	1,145,067	917,105
Less: Closing stock of work-in-process	(54,377)	(49,851)
	<u>1,090,690</u>	<u>867,254</u>

10. TRANSACTIONS WITH RELATED PARTIES

	First quarter ended March 31, 2008	First quarter ended March 31, 2007
	(Rupees in thousand)	
Purchases of goods and services		
International General Insurance Company of Pakistan Limited	28,415	27,661
Mitsubishi Corporation, Japan	21,172	1,471
Packages Limited	11,056	8,708
Siemens Pakistan Engineering Company Limited	6,545	192
	<u>67,188</u>	<u>38,032</u>
Sales of goods & services		
Packages Lanka (Private) Limited	-	2,356
Packages Limited	80,000	33,156
Tetra Pak Pakistan Limited	1,994	
	<u>81,994</u>	<u>35,512</u>
Purchase of spare parts		
Mitsubishi Corporation, Japan	1,615	-
	<u>1,615</u>	<u>-</u>
Purchase of an intangible asset		
Siemens Pakistan Engineering Company Limited	1,079	-
	<u>1,079</u>	<u>-</u>
Contributions to staff retirement benefit funds		
Gratuity fund	634	455
Pension fund	1,558	803
Provident fund	987	547
	<u>3,179</u>	<u>1,805</u>
Remuneration of key management personnel		
Salaries and other short-term employees' benefits	4,711	2,833
Post employment benefits	665	407
	<u>5,376</u>	<u>3,240</u>

11. CASH GENERATED FROM OPERATIONS

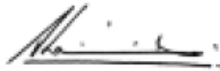
	First quarter ended March 31, 2008	First quarter ended March 31, 2007
	(Rupees in thousand)	
Profit before taxation	198,122	128,134
Adjustment for non cash charges and other items:		
Depreciation	63,307	59,826
(Provision written back)/provision for doubtful debts	8,817	(409)
Provision for retirement benefits	2,191	2,569
Profit on bank balances	(163)	(75)
Profit on disposal of fixed assets	(10)	(51)
Net realized gain from Investment classified as available for sale	(1,984)	-
Provision for accumulated compensated absences	900	600
Finance cost	20,857	25,864
Working capital changes - note 11.1	<u>(113,027)</u>	<u>(63,342)</u>
	<u>179,010</u>	<u>153,116</u>
11.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(17,212)	(3,350)
Stock in trade	159,337	1,885
Trade debts	(69,292)	25,437
Advances, deposits, prepayments and other receivables	<u>(19,426)</u>	<u>(30,681)</u>
	53,407	(6,709)
Increase / (Decrease) in current liabilities:		
Trade and other payables	<u>(166,434)</u>	<u>(56,633)</u>
	<u>(113,027)</u>	<u>(63,342)</u>

12. PLANT CAPACITY AND ACTUAL PRODUCTION

	First quarter ended March 31, 2008	First quarter ended March 31, 2007
	(Metric tonnes)	
Operational capacity available during the period	<u>6,950</u>	<u>6,700</u>
Production	<u>7,105</u>	<u>6,739</u>

13. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on April 23, 2008 by the board of directors of the company.



Chief Executive
Shahid Hussain



Director
Masaharu Domichi