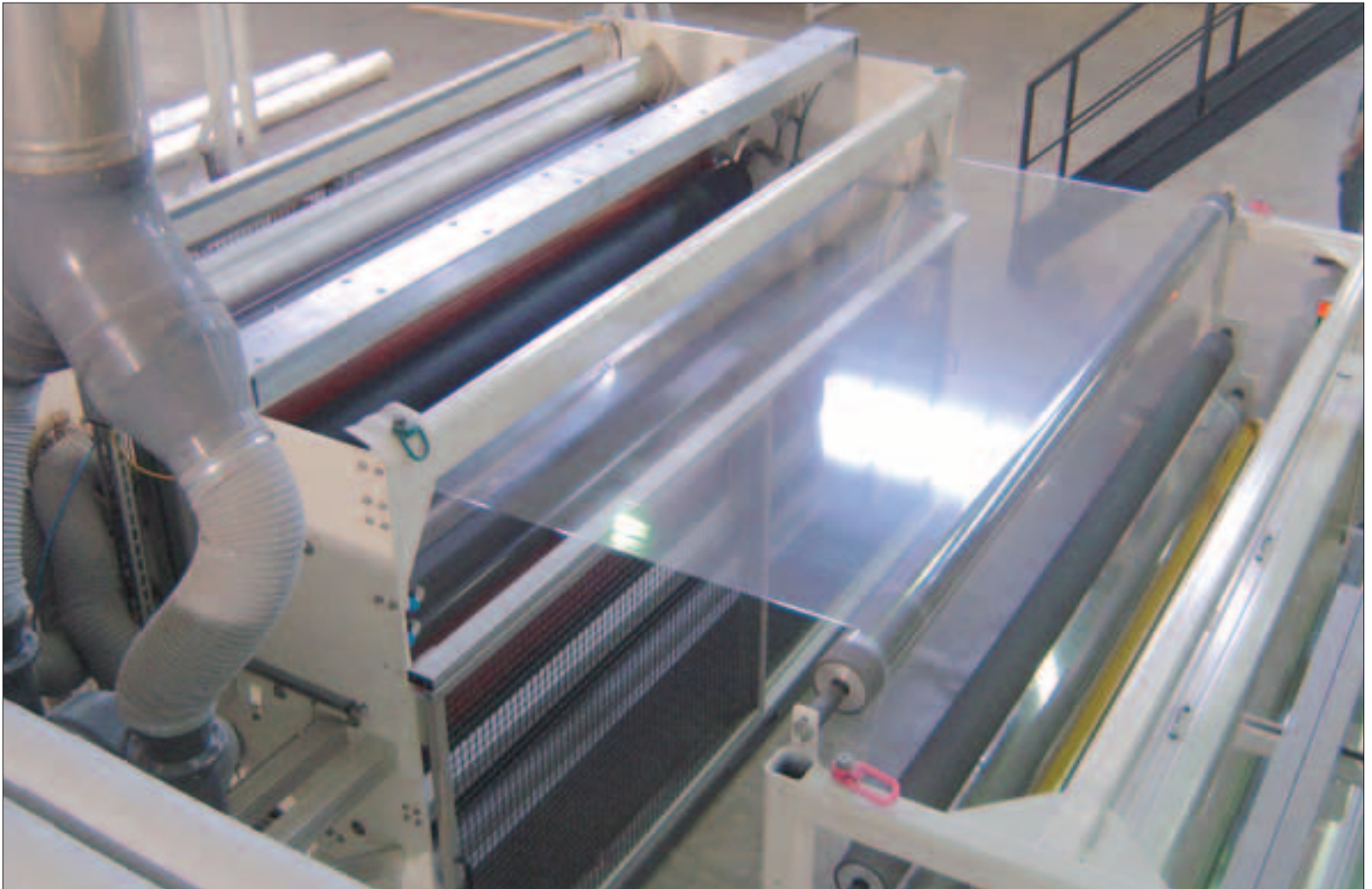




Tri-Pack Films Limited

ANNUAL REPORT 2008



CPP Plant (Cast Polypropylene Film)

Continued focus on innovation, understanding of our customer need, delivering high value quality products, made your Company to invest in a latest seven layer CPP plant.

By the grace of Almighty, the plant is in operation and commercial production has been started since the month of December 2008. With CPP plant, your Company is better placed to cater the diversified needs of its customers ranging from the normal grade films to very sophisticated, high-value-added films for special applications.

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Company Profile

Tri-Pack Films Limited (Tri-Pack), a public limited company, is a joint venture between Mitsubishi Corporation of Japan and Packages Limited of Pakistan. Tri-Pack was incorporated in Pakistan in 1993 and it commenced commercial production in 1995. The Company is listed on the Karachi, Lahore and Islamabad Stock Exchanges. It has a paid-up capital of Rs 300 million and its gross sales has exceeded Rs 7.1 billion this year.

We are the largest BOPP film producers in Pakistan. The production facilities are located in Hattar Industrial Estate in the N.W.F.P. and North Western Industrial Zone Port Qasim Karachi. Our Head Office and Registerd Office are located in Karachi. Our Regional Sales Offices are in Karachi, Hattar and Lahore. We maintain high quality standards and are ISO 9001: 2000, ISO 14001 and ISO 18001 certified.



Our principal area of business involves the manufacturing and selling of Biaxially Oriented Polypropylene (BOPP) films and Cast Polypropylene (CPP) films, packaging material widely used in the consumer goods industry. BOPP is used extensively for biscuits and cigarette packaging overwrap, food products, medicines, confectionery, tea, adhesive tape, and lamination.

Credit Rating

The Pakistan Credit Rating Agency (Pvt) Ltd. (PACRA), an affiliate of IBCA Limited, UK has assigned our Company a long-term rating of “A+” (single A plus) and a short term rating of “A1” (single A one). This confirms a strong capacity of the Company for timely payment of its financial commitments.

Production Facilities

In 1993, Tri-Pack started its operations with one plant having a capacity to produce 5,400 tonnes finished BOPP film per annum. To meet the rising demand of the country and to cater customer needs efficiently in time, the Company decided to go into expansion and added another line of BOPP film in 2001, thus increasing the installed capacity to manufacture BOPP film from 5,400 tonnes to 10,800 tonnes annually. In 2004 the Company installed its third manufacturing line of 16,000 tonnes per annum at Port Qasim Industrial Zone, Karachi. In 2007, the de-

efficiency and provided us with the technical capabilities to fully respond to the expectations of our customers.

Biaxially Oriented Polypropylene (BOPP) Film

Tri-Pack's BOPP films are the products of state-of-the-art technology. This packaging film is available in four different grades i.e. Plain, Composite, Pearalized and Metallized, and its thickness ranges between 12 to 60 microns. The principal properties of our products are:

bottlenecking of line 3 increased the production facility by 1,000 tonnes per annum at Port Qasim Karachi. Thus increasing total installed capacity to 27,800 tonnes per annum. In 2008 the Company installed its Cast Polypropylene Film (CPP) manufacturing line of 7,000 tonnes per annum. While selecting plant and equipment, due care was taken to ensure that the new production line would be based on the latest technology available.

The enhanced features in our new line BOPP & CPP have further improved our operational

- Good barrier to moisture
- Excellent transparent gloss
- Good printability
- Good sealability

Grades of BOPP Film

Plain Film

Excellent clarity, high tensile strength, good dimensional stability and flatness, low



Company Profile

electrostatic charge, corona treatment on one or both sides & waterproof. The Plain film is used for laminating cardboard, general packaging, wrap for fresh flowers, and adhesive tape.

Composite

This grade has the property of heat sealability on both sides, dimensional stability and flatness, designed for high-speed workability, low-friction, high stiffness, elegant appearance, heat resistant and heat shrinking capabilities. The Composite film is used in packing of confectionery/ biscuits, soap and processed food items.

Cigarette Grade

Cigarette grade both sides heat-sealable BOPP film is manufactured specially to suit high-speed cigarette wrapping machines having excellent antistatic and slip with high seal strength, clarity and moisture barrier properties. Tri-Pack has attained the competency to manufacture the said grade and currently it is being supplied to the tobacco industry of the country.

Pearlized

Pearlized BOPP film is a both sides heat-sealable one side corona treated film having uniform thickness, low transparency for minimum see through with good seal strength. It is suitable for high quality printing, over wrapping and flow pack machines for packaging. The Pearlized film is used as a packaging material for processed food, ice bars, candies, gift wrappers and tea.

Metallized

This film is used as an alternate to al-foil in packaging requirements. It offers excellent oxygen and moisture barriers and can be printed, laminated or used as a single film to provide barrier in the food products.

Cast Polypropylene (CPP) Film

CPP is an extrusion cast polypropylene film with treatment on one side. This film is available in different grades and its thickness ranges from 20-150 micron. This film is particularly well suited for coating, lamination, form fill seal and side weld bag manufacture. It offers improved seal strength and excellent sheet flatness for superior performance on high speed sealing equipment either by itself or in laminated form. CPP offers high gloss, low haze and good barrier properties.

Grades of CPP Film

Transparent Lamination Grade

Both side heat sealable, one side treated Cast Polypropylene (CPP) film for web lamination.

Metallizable Heat Sealable CPP Film

Both side heat sealable, one side treated Cast Polypropylene (CPP) film specially designed for vacuum metallizing purpose. When metallized, it retains excellent metal adhesion.

Metallized Heat Sealable CPP Film

It is co-extruded Cast Polypropylene (CPP) film. With one side heat sealable layer and one side metallized surface. For general packaging application, requiring barrier properties film (potato chips, cookies, snacks, coffee etc;)

White Opaque Heat Sealable CPP Film

Both sides heat sealable, one side treated white Cast Polypropylene (CPP) film for web Lamination.

Transparent Barrier Film

Transparent, both sides heat sealable PA and EVOH based barrier film for packaging of products requiring high oxygen barrier such as fresh cheese and processed meat and poultry.

Company Information

Board of Directors

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

Audit Committee

Khalid Yacob (Chairman)
Masaharu Domichi
Mujeeb Rashid
Tetsuo Obana

Company Secretary

Adi J. Cawasji

Chief Financial Officer

M. Saeed Iqbal

Auditors and Tax Advisor

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisor

Sattar & Sattar

Website

www.tripack.com.pk

Registered Office

4th Floor, The Forum,
Suit No. 416-422,
G-20, Block No. 9, Clifton,
Khayaban-e-Jami,
Karachi- 75600, Pakistan
Tel: (021) 5874047-49,
5378650-52
Fax: (021) 5860251

Bankers

Bank Alfalah Limited
Bank Al Habib Limited
Deutsche Bank A.G.
Faysal Bank Limited
HSBC Bank Middle East Limited
MCB Bank Limited
NIB NDLC-IFIC Bank Limited
Standard Chartered Bank Limited
The Bank of Khyber
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
The Royal Bank of Scotland

Head Office & Works

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, Gulberg II, Lahore.
Tel: (042) 5781982-3
Fax: (042) 5781985

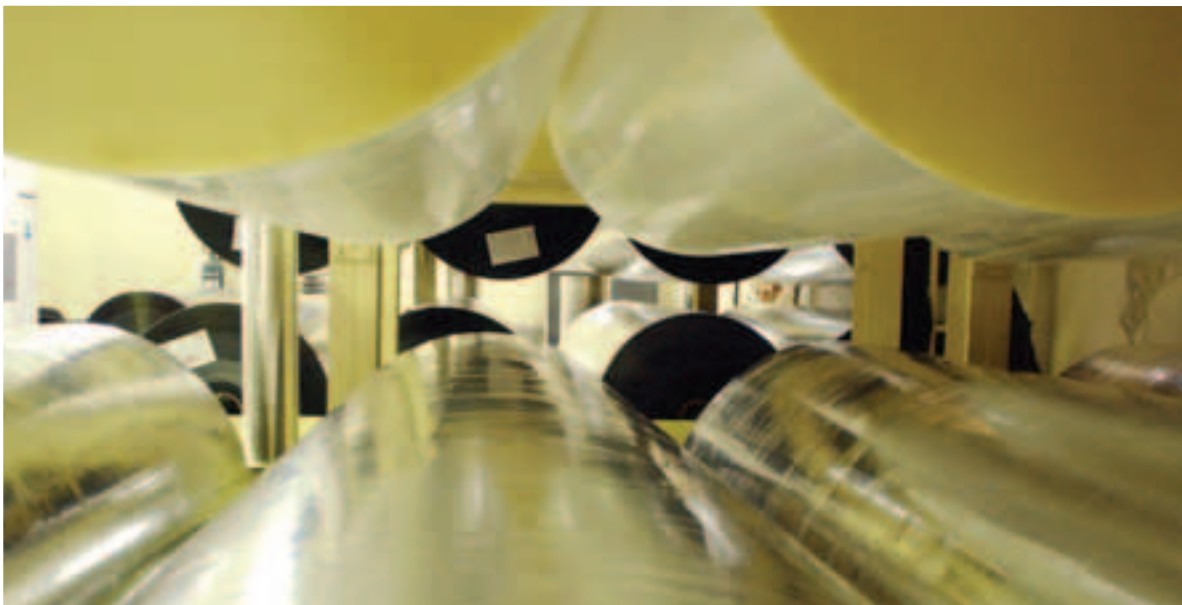
Vision

To increase the value for our customers, shareholders and employees by maintaining role of market leader in the country while at the same time operating internationally to mark our presence in the region.

Mission Statement & Corporate Strategy

We will:

- Satisfy our customers with timely supplies of products conforming to quality standards at competitive prices and follow-up services.
- Achieve sustained growth to meet the growing demand of our customers and also for the benefits of economies of scale to optimize return on investments.
- Continue developing new markets, products, applications and replacement of other structures in close collaboration with our customers and suppliers.
- Keep on enhancing cost-effective technological competence to retain our competitive edge.
- Nurture and inculcate an ethical corporate culture to fulfill our obligations towards society and the state.
- Attract competent staff, develop their professional skills and retain them through motivation, performance reward and growth opportunities.
- Care for health and safety of our employees and play our due role for a cleaner environment.



While selecting plant and equipment, due care was taken to ensure that the new production line would be based on the latest technology available.



Health, Safety, Environment & Quality Policy

The Health, Safety, Environment & Quality Policy of Tri-Pack Films Limited is based on:

- Ensure customer satisfaction through product of best quality, developments, modern technologies & by acquiring knowledge and skills.
- Protect employees and community from health & safety hazards and to prevent environmental pollution.
- Use raw materials efficiently, manage waste effectively and economically and to conserve resources.



- Establish, implement and review objectives & targets to ensure continual improvement in our HSEQ System.
- Comply with all legal and statutory requirements related to Environment, Health & Safety.
- Communicate to all stakeholders about our occupational health and safety, environment and quality policy & performance.
- Ensure that any new plant, equipment and processes installed will minimize hazards and impact to the environment.

Statement of Ethics & Business Practices

- A. Tri-Pack Films Limited shall endeavor to promote fair business practices and conduct the business with the principles of integrity, objectivity and financial prudence.
- B. It is the policy of Tri-Pack Films Limited to observe all applicable laws, rules and regulations of the Government. Accordingly
- C. All employees are expected to adhere to all internal corporate rules and policies in the performance of their jobs.
- D. Employees must avoid conflicts of interest between their private financial activities and conduct of Company business.
- E. All managers and supervisors shall be responsible to see that there is no violation of laws within their area of responsibility which proper supervision could



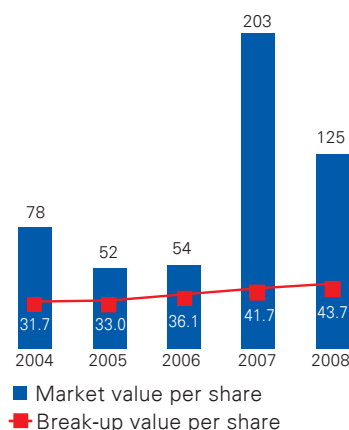
every director and employee will obey the law of the land. Any director and employee guilty of violation will be liable to disciplinary consequences.

have prevented. The manager and supervisor shall still be responsible if he/she delegates particular tasks.

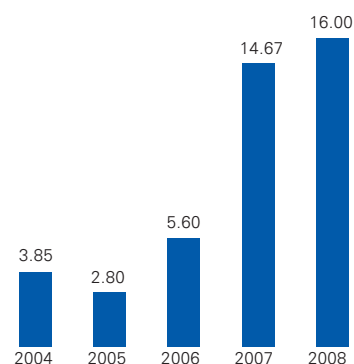
- C. All employees are expected to adhere to all internal corporate rules and policies in the performance of their jobs.

Highlights

Market value per share vs Break-up value per share - (Rupees)

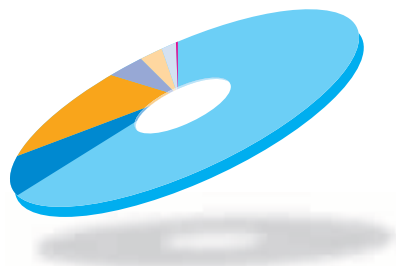


Earnings per share - (Rupees)



	2008	2007
Gross sales - Rupees in million	7,100.21	5,386.09
Net profit - Rupees in million	479.99	440.16
Cash dividend percentage of paid-up capital	140.00	100.00
Earnings per share - Rupees	16.00	14.67
Total assets - Rupees in million	4,313.19	3,341.66
Finished BOPP & CPP film production - Tonnes	27,598	27,603
Number of employees	333	308

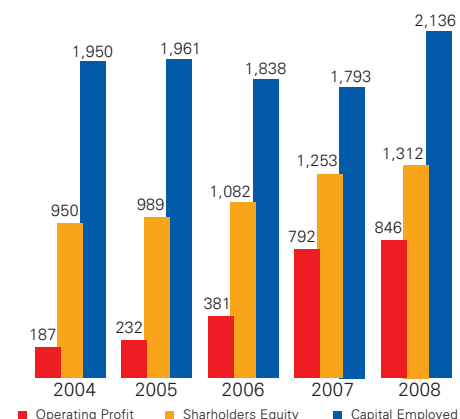
Revenue Utilization for the Year 2008



- 66.73% Material Consumed
- 4.15% Provision for Taxation
- 0.23% Other Expenses & Income
- 16.06% Labour & Overheads
- 1.86% Financial Charges
- 8.18% Net Profit
- 2.79% Distribution & Administrative Expenses

Financial Trends

(Rs. in million)



Highlights

Value Added and its Distribution

The statement below shows value added by the operations of the Company and its distribution to the stakeholders.

Wealth Generated

	2008 (Rupees in thousand)		2007 (Rupees in thousand)	
Sales	7,100,211		5,386,091	
Other Income	29,570		25,729	
Bought-in-material & services	(4,621,956)		(3,565,160)	
	2,507,825	100%	1,846,660	100%

Wealth Distributed

To Employees

Remuneration, benefits and facilities

2008	191,640	8%	2007	152,001	8%
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To Government

Income Tax, Sales Tax, Custom & Excise Duties, WPPF, WWF, EOBI, Social Security, Professional & Local Taxes

2008	1,727,355	69%	2007	1,161,337	63%
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To Shareholders

Cash dividend

2008	420,000	17%	2007	300,000	16%
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To Lenders

Mark-up & finance cost

2008	108,844	4%	2007	93,167	5%
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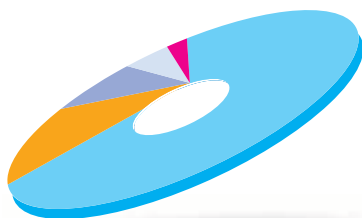
Retained for Reinvestment & Future Growth

For expansion program & operations

2008	59,986	2%	2007	140,155	8%
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2008	2,507,825	100%	2007	1,846,660	100%
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Distribution of Vaule Added 2008



- 69% To Government
- 2% Retained for Reinvestment & Future Growth
- 4% To Lenders
- 8% To Employees
- 17% To Shareholders

Distribution of Vaule Added 2007



- 63% To Government
- 8% Retained for Reinvestment & Future Growth
- 5% To Lenders
- 8% To employees
- 16% To Shareholders

Financial Statistical Summary

	Year to December 31, 2008	Year to December 31, 2007	Year to December 31, 2006	Year to December 31, 2005
Balance Sheet Summary				
Paid-up-capital	300,000	300,000	300,000	300,000
General reserve	772,000	632,000	614,000	604,500
Unappropriated profit/(loss)	240,205	320,219	168,064	84,682
Share holders' funds	1,312,205	1,252,608	1,082,064	989,182
Long-term financing facilities	824,000	540,000	756,000	972,000
Fixed assets	2,111,285	1,608,744	1,703,966	1,879,300
Long-term deposits	1,218	1,104	858	1,048
Deferred asset / (liability) - net	(304,735)	(192,731)	(104,426)	(43,895)
Net current assets/(liabilities)	328,437	375,491	237,666	124,729
Profit & Loss Summary				
Sales (net of sales tax)	5,865,487	4,555,172	3,825,643	2,998,386
Cost of sales	4,855,356	3,627,470	3,316,875	2,648,729
Gross profit	1,010,131	927,702	508,768	349,657
Distribution & administrative expenses	163,890	135,913	127,804	117,910
Operating profit	846,241	791,789	380,964	231,747
Other income	29,570	25,729	11,989	12,114
Financial cost	108,844	93,167	130,595	117,064
Other charges	43,310	49,981	18,103	6,340
Profit/(loss) before taxation	723,657	674,370	244,255	120,457
Provision for taxation	243,671	234,215	76,373	36,511
Profit/(loss) after taxation	479,986	440,155	167,882	83,946
Dividend	420,000	300,000	150,000	75,000
Transfer to reserve	140,000	18,000	9,500	70,000
Key Financial Ratios				
Gross profit / sales	17.22%	20.37%	13.30%	11.66%
Profit before tax / sales	12.34%	14.80%	6.38%	4.02%
Return on capital employed	39.61%	44.18%	20.73%	11.82%
Interest coverage (times)	8.0	8.8	3.0	2.1
Inventory turnover (times)	4.30	4.63	8.18	6.46
Fixed assets turnover (times)	2.78	2.7	2.2	1.6
Debt : equity ratio	39:61	30:70	41:59	50:50
Current ratio	1.2	1.3	1.3	1.2
Shares & Earnings				
Break-up value (Rs per share)	43.7	41.7	36.1	33.0
Price earning ratio (times)	7.8	13.8	9.7	16.1
Earnings per share Rs	16.00	14.67	5.60	2.80
Dividend	140%	100%	50%	25%
Market value per share	125	203	54	52
Taxes, duties and levies	1,727,355	1,161,337	713,209	523,813

(Rupees in thousand)

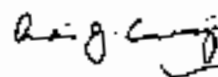
Year to December 31, 2004	Year to December 31, 2003	Year to December 31, 2002	Year to December 31, 2001	Six months to December 31, 2000	Year to June 30, 2000
300,000	300,000	300,000	300,000	300,000	300,000
534,500	424,500	266,500	164,000	119,000	30,000
115,736	200,298	248,193	192,670	75,297	134,968
950,236	924,798	814,693	656,670	494,297	464,968
1,000,000	137,500	275,000	517,250	-	-
1,890,571	820,232	854,419	896,358	352,713	295,517
1,183	793	896	759	890	888
(24,865)	22,648	20,837	-	-	-
83,347	218,625	213,541	276,803	140,694	168,563
1,754,302	1,485,811	1,278,853	1,018,693	363,474	696,208
1,472,810	1,088,927	892,944	704,577	261,585	504,457
281,492	396,884	385,909	314,116	101,889	191,751
94,618	96,658	83,865	61,724	24,715	50,531
186,874	300,226	302,044	252,392	77,174	141,220
7,611	6,460	4,894	3,646	1,404	3,087
20,349	24,573	61,701	51,019	337	3,094
8,405	18,402	14,933	10,251	3,912	7,061
165,731	263,711	230,304	194,768	74,329	134,152
50,293	63,606	(17,719)	2,395	-	-
115,438	200,105	248,023	192,373	74,329	134,152
45,000	90,000	90,000	90,000	30,000	45,000
110,000	158,000	102,000	45,000	89,000	30,000
16.05%	26.71%	30.18%	30.84%	28.03%	27.54%
9.45%	17.75%	18.01%	19.12%	20.45%	19.27%
9.58%	28.26%	27.72%	21.50%	15.61%	30.37%
9.6	12.5	5.0	5.0	233.2	46.6
2.81	4.36	5.13	4.69	3.09	6.20
0.9	1.8	1.5	1.1	1.0	2.4
51:49	13:87	25:75	44:56	0:100	0:100
1.1	2.0	2.1	3.2	3.8	5.2
31.7	30.8	27.2	21.9	16.5	15.5
20.3	12.0	6.4	5.0	14.1	6.7
3.85	6.67	8.27	6.41	2.48	4.47
15%	30%	30%	30%	10%	15%
78	80	53	32	35	30
572,110	511,711	264,843	197,912	69,955	144,118

Notice of Annual General Meeting

Notice is hereby given that the 17th Annual General Meeting of Tri-Pack Films Limited will be held at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi on Tuesday, March 24, 2009 at 10.30 a.m. to transact the following ordinary business:-

1. To confirm the minutes of the 16th Annual General Meeting held on March 26, 2008.
2. To receive, consider and adopt the audited financial statements of the Company together with the Directors' and Auditors' Reports thereon for the year ended December 31, 2008.
3. To approve and declare the final cash dividend of 60% (Rs.6.00 per share) as recommended by the Board of Directors and the 80% (Rs.8.00 per share) interim cash dividend already announced and paid on September 22, 2008 making a total cash dividend of 140% (Rs.14.00 per share) for the year ended December 31, 2008.
4. To appoint Auditors for the year 2009 and to fix their remuneration. (Messrs A. F. Ferguson & Co., Chartered Accountants, retire and have offered themselves for re-appointment)

By Order of the Board



Adi J. Cawasji
Company Secretary

Karachi
February 23, 2009

Notes :

1. The Share Transfer Books of the Company will remain closed from March 16, 2009 to March 24, 2009 (both days inclusive). Transfers received in order by our Shares Registrar, FAMCO Associates (Pvt.) Limited (formerly Ferguson Associates (Pvt.) Limited), 4th Floor, State Life Building No. 2-A, I. I. Chundrigar Road, Karachi-74000 by the close of business on March 13, 2009 will be considered in time for entitlement of dividend.
2. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf.
3. Duly completed forms of proxy must be deposited with the Company Secretary at the Registered Office of the Company at 4th Floor, The Forum, Suite # 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi-75600 not later than 48 hours before the time appointed for the meeting.
4. Shareholders are requested to notify any change in their addresses immediately.
5. Members who have not yet submitted photocopy of their computerized national identity cards to the Company are requested to send the same at the earliest.
6. CDC account holders will further have to follow the undermentioned guidelines as laid down in Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
7. Form of proxy is attached in the Annual Report.

The Company is immensely proud of its human resources and thankful to all executives, officers and workers for consistently delivering outstanding performance resulting in a higher level of success and profitability for the Company.



Board of Directors



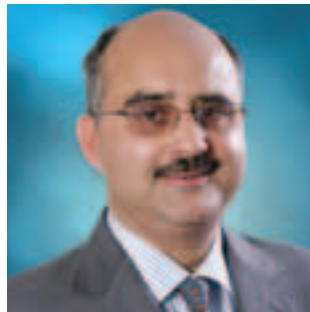
Shahid Hussain
C.E.O. & Director



Syed Babar Ali
Chairman



Masaharu Domichi
Director



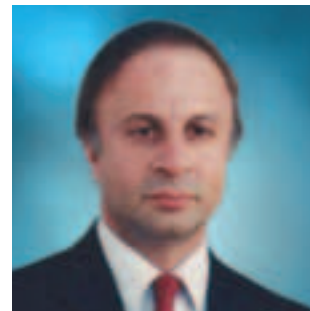
Syed Hyder Ali
Director



Tetsuo Obana
Director



Mujeeb Rashid
Director



Khalid Yacob
Director

Directors' Report to the Shareholders

The Directors of Tri-Pack Films Limited take pleasure in presenting their report along with annual audited financial statements of the Company for year ended December 31, 2008.

Operating and Financial Results

Overall operating results for the year ended December 31, 2008 remained satisfactory. We were able to achieve production and sales targets with improved margins.

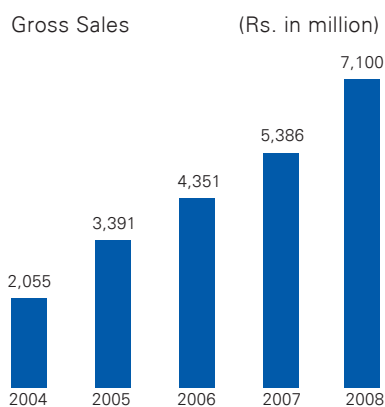
Year 2008 started with healthy business environment backed by soaring demand, expanding markets, supportive financial systems and growing investment climate. From the second quarter of the year, business conditions started changing in the developed world. However, it did not affect Pakistan until the beginning of

3rd quarter of 2008 when we witnessed a free fall of all commodity prices, including oil. BOPP film prices in the international markets dropped abruptly while our raw materials in stocks and on orders were still at old high cost. In addition to this, banking system faced acute liquidity problem which resulted into higher lending rates ultimately increasing our financial costs. Pakistan Rupee also depreciated considerably against all major foreign currencies and our production cost escalated accordingly. All these factors adversely affected our bottom line directly.

Despite all these challenges, your Company was able to achieve better results than last year mainly on account of higher sales volume of value-added products, optimum operational efficiencies, effective cost control and waste reduction measures.

Comparative key financial indicators are as under:

(Rupees in thousand)



	2008	2007	Increase
Gross Turnover	7,100,211	5,386,091	1,714,120
Gross Profit	1,010,131	927,702	82,429
Operating profit	846,241	791,789	54,452
Profit before tax	723,657	674,370	49,287
Profit after tax	479,986	440,155	39,831
Earnings per share – EPS (Rs)	16.00	14.67	1.33

Directors’ Report to the Shareholders

The sales net of sales tax increased by 29% to Rs 5.865 billion from Rs 4.555 billion of last year. There was also improvement in net profit for the year. The profit after tax was Rs 480 million as compared to Rs 440 million of last year.

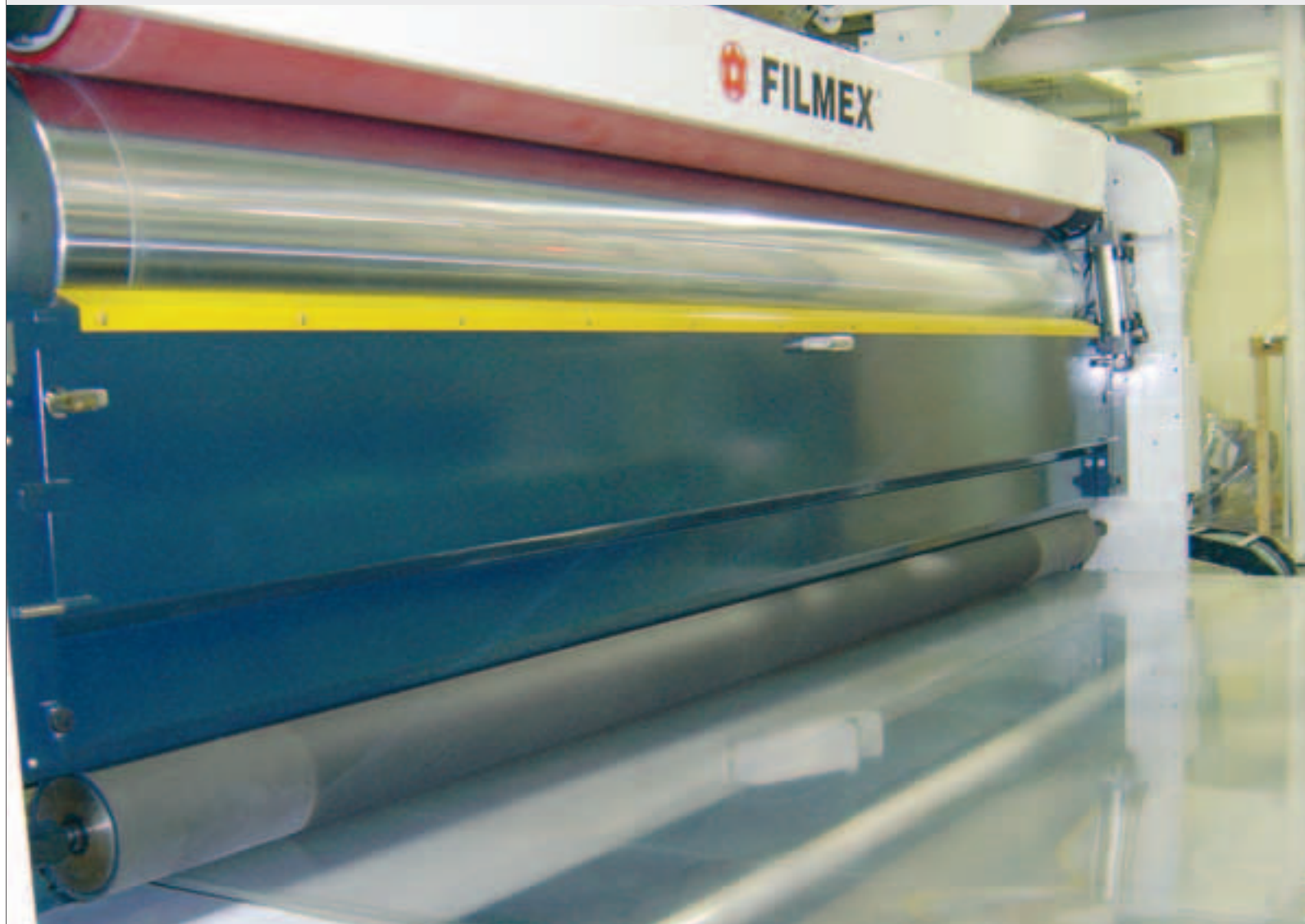
Future Outlook

At present, global financial markets are under severe pressure facing liquidity squeeze and financial difficulties. Our country is also influenced with this situation and its consumer products growth is affected, which in turn is curtailing our market. This

turbulent situation may continue till the end of 1st quarter of year 2009. With the stability in international raw material and oil prices and improvement in the general economic conditions in the country, we hope to have normal business conditions and smooth operations from the second quarter of the year 2009.



The enhanced features in our new line BOPP & CPP have further improved our operational efficiency and provided us with the technical capabilities to fully respond to the expectations of our customers.



Directors' Report to the Shareholders

We 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.

Innovation and Developments

CPP Plant (Cast Polypropylene Film)

Continued focus on innovation, understanding of our customer need, delivering high value quality products, made your Company to invest in a latest seven layer CPP plant. By the grace of Almighty, the plant is in operation and commercial production has been started since the month of December 2008. With CPP plant, your Company is better placed to cater the diversified needs of its customers ranging from the normal grade films to very sophisticated, high-value-added films for special applications.

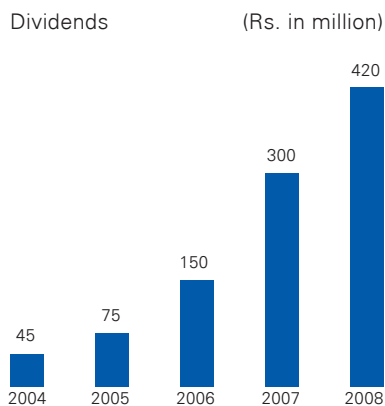
The market of CPP film is growing rapidly due to its

properties, cost benefits and newer barrier enhancement technologies. CPP can be identified by good texture, superior resistance to tear and punctures, superb moisture barrier and excellent seal strength.

Environment, Health and Safety

The Company's commitment to ensure a safe work environment for all its employees and stakeholders was clearly manifested in various programmes carried out during the year. The Company pro-actively assessed and improved its processes and practices, identifying areas of reduction in energy consumption, waste and emissions.

Your Company has been awarded B.E.S.T. certification from British American Tobacco Company (BAT), for Hattar plant. Now your Company can supply BOPP film to all BAT companies in the region. Your Company is already ISO 14001, ISO 9001 and OHSAS 18001 certified. The Company provides extensive



Your Company has been awarded B.E.S.T. certification from British American Tobacco Company (BAT), for Hattar plant. Now your Company can supply BOPP film to all BAT companies in the region.

fire fighting, health and safety trainings to all the relevant employees, conducts safety audits, investigates incidents and communicates safety related matters regularly.

Dividend

The Company has paid an interim cash dividend of 80% (2007: 40%) i.e. Rs 8.00 per share for the year.

The Directors propose a final dividend of 60 % (2007: 60%).

Code of Corporate Governance

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 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, 2008 based on their audited accounts is as follows:

Rupees in thousand

Provident	29,311
Gratuity	16,137

The value of investment includes accrued interest.

x) Board Meetings

There was no change in the board of directors of the Company during the year 2008. In the year 2008, five meetings of the Board of Directors were held. The attendance of each director for these meetings is as follows:

Name of Director	Meetings attended
Syed Babar Ali-Chairman	4
Mr Shahid Hussain-MD	5
Mr. Khalid Yacob	5
Mr. Masaharu Domichi	4
Mr. Mujeeb Rashid	3
Syed Hyder Ali	4
Mr. Tetsuo Obana	2
Mr. Masaya Suzuki (Alternate to Mr. Tetsuo Obana)	3

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

Directors' Report to the Shareholders

(xi) Purchase and sale of shares

Purchase of shares:	No. of shares
Chief Executive Officer	Nil
Directors Mr. Mujeeb Rashid	5,000
Chief Financial Officer	Nil
Company Secretary	Nil
Spouses	Nil
Sales of shares:	Nil

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 except as noted above.

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, 2009, 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 Audit Committee were held. The Audit Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

Managing Director, Finance Manager, Head of Internal Audit and external auditors attend Audit Committee meeting by way of invitation. However, they are not the formal members of the Audit Committee. The Company Secretary is the Secretary of the Audit Committee.

Material changes

There have been no material changes since December 31, 2008 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, 2008, whose disclosure is required under the reporting framework, is included in the shareholders' information.

Acknowledgement

The Board would like to thank our extremely valued shareholders, customers,

suppliers, contractors, vendors and financial institutions whose faith, cooperation and support over the years strengthen our relationship which plays a vital role in improving our products and services and contribution to the national economy.

The Company is immensely proud of its human resources and thankful to all executives, officers and workers for consistently delivering outstanding performance resulting in a higher level of success and profitability for the Company.

We also appreciate the valuable role and active participation of the Audit Committee in achieving the targets of the Company.

For and on behalf of the Board.

A handwritten signature in black ink, appearing to read 'Shahid Hussain'. The signature is written in a cursive style with some flourishes.

Shahid Hussain
Chief Executive

Karachi, February 10, 2009

The Company has paid an interim cash dividend of 80% (2007: 40%) i.e. Rs 8.00 per share for the year.

The Directors propose a final dividend of 60 % (2007: 60%).

Statement of Compliance with the Code of Corporate Governance

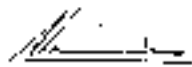
This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi, Lahore and Islamabad stock exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six independent non-executive directors. However, no minority shareholder offered himself for election.
2. The directors of the Company have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institute (DFI) or a Non-Banking Financial Institute (NBFI) or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Syed Babar Ali and Mr. Khalid Yacob are Directors of Tri-Pack Films Limited, and they also hold similar positions in IGI Investment Bank Limited (formerly First International Investment Bank Limited) which is the holding company of IGI Finex Securities Limited, a company engaged in the business of stock brokerage. However, both Syed Babar Ali and Mr. Khalid Yacob undertake that neither they nor their spouses are personally engaged in the business of stock brokerage.
5. No casual vacancy occurred in the board of directors during the year 2008.
6. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment, determination of remuneration and terms and conditions of employment of CEO have been taken by the Board.
9. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
10. The Board ensures arrangement of orientation courses for its directors to apprise them of their duties and responsibilities.

Statement of Compliance with the Code of Corporate Governance

11. The Board approves the appointment, remuneration and terms and conditions of employment of Chief Financial Officer, Head of Internal Audit and the Company Secretary.
12. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee. It comprises of four members, all of whom are non-executive directors including the chairman of the committee.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The Board has set-up an effective internal audit function.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other material principles contained in the Code have been complied with.



Shahid Hussain
Chief Executive

Karachi, February 10, 2009

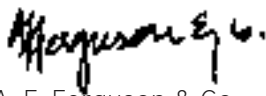
Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Tri-Pack Films Limited to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange, Chapter XIII of the Lahore Stock Exchange and Section 36 (Chapter XI) of the Islamabad Stock Exchange where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended December 31, 2008.



A. F. Ferguson & Co.
Chartered Accountants

Karachi, February 27, 2009

Shareholders' Information

Registered Office

4th Floor, The Forum
Suite # 416-422, G-20, Block 9
Khayaban-e-Jami, Clifton,
Karachi-75600
Tel # 92 21 5831618, 5831664,
5833011
Fax # 92 21 5860251

Shares Registrar

FAMCO Associates (Pvt.) Ltd
[formerly Ferguson Associates
(Pvt.) Ltd.] 4th Floor, State Life
Building No.2-A Wallace Road,
Off I.I. Chundrigar Road
Karachi-74000.
Tel. # 92 21 2425467, 2427012,
2426597, 2475606, 2420755
Fax # 92 21 2426752

Listing on Stock Exchanges

Tri-Pack's equity shares are listed on Karachi, Lahore and Islamabad Stock Exchanges.

Listing Fees

The annual listing fee for the financial year 2008-09 has been

paid to all the three stock exchanges within the prescribed time limit.

Stock Code

The stock code for dealing in equity shares of Tri-Pack Films at KSE, LSE and ISE is TRIPF.

Shares Registrar

Tri-Pack's shares department is operated by FAMCO Associates (Pvt.) Ltd [formerly Ferguson Associates (Pvt) Ltd] and provide services over 1,363 shareholders. It is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function.

The Shares Registrar has online connectivity with Central Depository Company of Pakistan Limited. It undertakes activities pertaining to dematerialization of shares, share transfers,

transmissions, issue of duplicate/re-validated dividend warrants, issue of duplicate/replaced share certificates, change of address and other related matters.

For assistance, shareholders may contact either the Registered Office or the Shares Registrar.

Contact persons:

Mr. Rafique Khatri
Tel # 92 21 5831618, 5831664,
5833011
Fax # 92 21 5860251

Mr. Ovais Khan
Tel. # 92 21 2425467, 2427012,
2426597, 2475606, 2420755
Fax # 92 21 2426752

Service Standards

Tri-Pack has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution:

	For requests received through post	Over the counter
Transfer of shares	30 days after receipt	30 days after receipt
Transmission of shares	30 days after receipt	30 days after receipt
Issue of duplicate share certificates	30 days after receipt	30 days after receipt
Issue of duplicate dividend warrants	5 days after receipt	5 days after receipt
Issue of revalidated dividend warrants	5 days after receipt	5 days after receipt
Change of address	2 days after receipt	15 minutes

Shareholders' Information

Well qualified personnel of the Shares Registrar have been entrusted with the responsibility of ensuring that services are rendered within the set time limits.

Statutory Compliance

During the year the Company has complied with all applicable provisions, filed all returns/ forms and furnished all the relevant particulars as required under the Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

Dematerialization of Shares

The equity shares of the Company are under the compulsory dematerialization category. As of date 38.16% of the equity shares of the Company have been dematerialized by the shareholders.

Dividend Announcement

The board of directors of the Company has proposed a final dividend of 60% (Rs. 6 per share of Rs.10) for the financial year ended December 31, 2008. Additionally, 80% (Rs. 8.00 per share) interim dividend was announced and paid to the shareholders on September 22, 2008. The aforesaid interim and final cash dividend is subject to approval by the shareholders of the Company at the Annual General Meeting (2007: 100% cash dividend (Rs.10.00 per share of Rs.10).

Book Closure Dates

The Register of Members and Share Transfer Books of the Company will remain closed from March 16, 2009 to March 24, 2009 both days inclusive.

Dividend Remittance

Dividend declared and approved at the Annual General Meeting will be paid well before the statutory time limit of 30 days:

- (i) **For shares held in physical form:**
to shareholders whose names appear in the Register of Members of the Company after entertaining all requests for transfer of shares lodged with the Company on or before the book closure date.
- (ii) **For shares held in electronic form:**
to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on book closure date.

Withholding of Tax & Zakat on Dividend

As per the provisions of the Income Tax Ordinance, 2001, Income Tax is deductible at source by the Company at the rate of 10% wherever applicable.

Zakat is also deductible at source from the dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for non-deduction.

Dividend Warrants

Cash Dividends are paid through dividend warrants addressed to the shareholders whose names appear in the Register of Shareholders at the date of book closure. Shareholders are requested to deposit those warrants into their bank accounts, at their earliest, thus helping the Company to clear the unclaimed dividend account.

Investors' Grievances

To date none of the investors or shareholders have filed any letter of complaints against any service provided by the Company to its shareholders.

Legal Proceedings

No case has ever been filed by shareholders against the Company for non-receipt of shares/refund.

General Meetings & Voting Rights

Pursuant to section 158 of the Companies Ordinance, 1984, Tri-Pack Films holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore and Islamabad.

Shareholders having holding of at least 10% of voting rights may also apply to the board of

Shareholders' Information

directors to call for meeting of shareholders, and if board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

All shares issued by the Company carry equal voting rights. Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member-One Vote". If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded.

Since the fundamental voting principle in a company is "One Share-One Vote", voting takes place by a poll, if demanded. On

a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

Proxies

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another person as his/her proxy to attend and vote instead of him/her. Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy, who may not be a member of the Company.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the office of the Company not less than forty-eight hours before the meeting.

Web Presence

Updated information regarding the Company can be accessed at Tri-Pack's website, www.tripack.com.pk. The website contains the Company's profile, the corporate philosophy and major products.



Shareholders' Information

Shareholding Pattern

The shareholding pattern of the equity share capital of the Company as at December 31, 2008 is as follows:

From	Shareholding	To	Number of shareholders	Total shares held
1	-	100	236	10,570
101	-	500	598	268,970
501	-	1000	136	129,407
1001	-	5000	206	582,492
5001	-	10000	61	483,660
10001	-	15000	25	329,500
15001	-	20000	22	402,600
20001	-	25000	10	238,900
25001	-	30000	6	167,800
30001	-	35000	5	167,600
35001	-	40000	5	186,000
40001	-	45000	4	172,000
45001	-	50000	3	148,300
50001	-	55000	4	212,200
55001	-	60000	8	472,201
60001	-	65000	5	307,700
70001	-	75000	1	70,200
75001	-	80000	1	80,000
80001	-	85000	1	83,400
85001	-	90000	2	171,500
90001	-	95000	1	93,500
95001	-	100000	3	300,000
110001	-	115000	1	113,117
125001	-	130000	2	256,400
140001	-	145000	1	142,300
170001	-	175000	1	172,100
180001	-	185000	1	182,000
205001	-	210000	1	210,000
230001	-	235000	1	231,600
245001	-	250000	1	250,000
395001	-	400000	2	797,600
470001	-	475000	1	474,500
620001	-	625000	1	620,300
680001	-	685000	1	680,500
705001	-	710000	1	707,400
775001	-	780000	1	777,200
855001	-	860000	1	859,983
945001	-	950000	1	947,500
7495001	-	7500000	1	7,499,000
9995001	-	10000000	1	10,000,000
			1,363	30,000,000

Shareholders' Information

Information as required under the Code of Corporate Governance		
Shareholders' category	Number of Shareholders	Number of shares held
Associated Companies, Undertakings and Related Parties		
M/s. Mitsubishi Corp. - Japan	1	7,499,000
M/s. Packages Limited	1	10,000,000
IGI Investment Bank Limited	1	1,042
IGI Insurance Limited	1	947,500
NIT and ICP		
National Bank of Pakistan, Trustee Deptt.	3	975,566
Directors		
Mr. Khalid Yacob	1	1,000
Syed Hyder Ali	1	93,500
Syed Babar Ali	1	474,500
Mr. Shahid Hussain	1	500
Mr. Masaharu Domichi	1	500
Mr. Tetsuo Obana	1	500
Mr. Mujeeb Rashid	1	5,500
Directors spouses and minor children	NIL	NIL
CEO's spouse and minor children	NIL	NIL
Executives	NIL	NIL
Public Sector Companies and Corporations	2	682,260
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Funds		
	45	2,862,733
Shareholders holding 10% or more voting interest		
M/s. Mitsubishi Corp. - Japan	1	7,499,000
M/s. Packages Limited	1	10,000,000

Shareholders' Information

S.No.	Shareholders' category	No. of shareholders	No. of sharesv	%
1	Associated Companies, Undertakings and Related Parties	4	18,447,542	61.49
2	NIT and ICP	3	975,566	3.25
3	Directors, CEO and their Spouses	7	576,000	1.92
4	Public Sector Companies and Corporations	2	682,260	2.27
5	Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Funds	45	2,862,733	9.55
6	Others	75	2,700,621	9.00
7	Individuals	1,227	3,755,278	12.52
		1,363	30,000,000	100.00

Share Price/Volume

The monthly high and low prices and the volume of shares traded on the Karachi Stock Exchange during the financial year 2008 are as under:

Month	Share price on the KSE (Rs.)		Volume of shares traded
	Highest	Lowest	
January	208.00	183.00	3,714,600
February	229.70	182.15	3,966,700
March	263.00	229.50	3,282,700
April	263.90	246.90	4,253,800
May	248.00	182.31	1,830,300
June	207.77	157.80	2,332,500
July	170.50	134.00	767,000
August	178.50	136.80	498,100
September	164.99	152.99	33,700
October	152.99	152.99	-
November	152.99	152.99	-
December	152.99	124.64	2,300

Auditors' Report to The Members

We have audited the annexed balance sheet of Tri-Pack Films Limited as at December 31, 2008 and the related profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion-
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of changes in equity and cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at December 31, 2008 and of the profit, its changes in equity and cash flows for the year then ended; and
- (d) in our opinion zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



A. F. Ferguson & Co.
Chartered Accountants

Karachi, February 27, 2009

Balance Sheet

as at December 31, 2008

	Note	2008 (Rupees in thousand)	2007
Share Capital and Reserves			
Authorised capital	4	1,000,000	1,000,000
Issued, subscribed and paid-up capital	4	300,000	300,000
Reserves	5	1,012,205	952,219
Unrealised surplus on revaluation of investment		-	389
		1,312,205	1,252,608
Non-current Liabilities			
Long-term finances	6	824,000	540,000
Deferred Liabilities			
Deferred taxation	7	297,932	185,530
Accumulated compensated absences	8	6,803	7,201
Current Liabilities and Provisions			
Current portion of long-term finances	6	216,000	216,000
Short-term running finance	9	649,878	-
Trade and other payables	10	931,137	1,010,778
Accrued mark-up	11	55,616	20,188
Taxation		19,625	109,350
		1,872,256	1,356,316
Contingencies and Commitments			
	12		
		4,313,196	3,341,655

Balance Sheet

as at December 31, 2008

	Note	2008 (Rupees in thousand)	2007
Property, Plant and Equipment	13	2,111,285	1,608,744
Long-term Deposits	14	1,218	1,104
Current Assets			
Stores and spares	15	178,069	142,651
Stock-in-trade	16	950,426	640,772
Trade debts	17	681,822	534,197
Advances, prepayments and other receivables	18	93,259	38,503
Investments	19	-	50,389
Cash and bank balances	20	297,117	325,295
		2,200,693	1,731,807
		4,313,196	3,341,655

The annexed notes 1 to 37 form an integral part of these financial statements.


Shahid Hussain
Chief Executive


Masaharu Domichi
Director

Profit and Loss Account

for the year ended December 31, 2008

	Note	2008 (Rupees in thousand)	2007
Net sales	21	5,865,487	4,555,172
Cost of sales	22	4,855,356	3,627,470
Gross profit		1,010,131	927,702
Distribution cost	23	88,648	74,226
Administrative expenses	24	75,242	61,687
		163,890	135,913
Operating profit		846,241	791,789
Other income	25	29,570	25,729
		875,811	817,518
Finance cost	26	108,844	93,167
Other expenses	27	43,310	49,981
		152,154	143,148
Profit before taxation		723,657	674,370
Taxation	28	243,671	234,215
Profit after taxation		479,986	440,155
Earnings per share (Rupees)	30	16.00	14.67

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

The annexed notes 1 to 37 form an integral part of these financial statements.


Shahid Hussain
Chief Executive


Masaharu Domichi
Director

Statement of Changes in Equity

for the year ended December 31, 2008

	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
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 year ended December 31, 2007	-	-	440,155	-	440,155
Interim dividend for the year ended December 31, 2007 @ 40%	-	-	(120,000)	-	(120,000)
Unrealised surplus on revaluation of 'available for sale' investments	-	-	-	389	389
Balance at December 31, 2007	300,000	632,000	320,219	389	1,252,608
Dividend relating to the year ended December 31, 2007 @ 60%	-	-	(180,000)	-	(180,000)
Transfer to general reserve	-	140,000	(140,000)	-	-
Net profit for the year ended December 31, 2008	-	-	479,986	-	479,986
Interim dividend for the year ended December 31, 2008 @ 80%	-	-	(240,000)	-	(240,000)
Surplus on revaluation of 'available for sale' investments realised during the year	-	-	-	(389)	(389)
Balance as at December 31, 2008	300,000	772,000	240,205	-	1,312,205

The annexed notes 1 to 37 form an integral part of these financial statements.


Shahid Hussain
Chief Executive

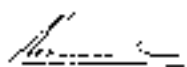

Masaharu Domichi
Director

Cash Flow Statement

for the year ended December 31, 2008

	Note	2008 (Rupees in thousand)	2007
Cash Flows from Operating Activities			
Cash generated from operations	32	481,868	944,321
Payment on account of accumulated compensated absences		(4,734)	(1,249)
Long-term deposits		(114)	(246)
Staff retirement benefits paid		(12,426)	(10,197)
Income taxes paid		(220,994)	(38,510)
Net cash inflow from operating activities		243,600	894,119
Cash Flows from Investing Activities			
Fixed capital expenditure		(771,784)	(150,788)
Profit on bank balances received		807	3,994
Investment purchased during the year		(120,000)	(120,000)
Investment disposed off during the year		171,991	71,500
Sale proceeds on disposal of fixed assets		4,554	2,496
Net cash outflow from investing activities		(714,432)	(192,798)
Cash Flows from Financing Activities			
Long-term finance paid		(216,000)	(216,000)
Long-term finance obtained during the year		500,000	-
Finance cost paid		(73,416)	(100,068)
Dividend paid		(417,808)	(268,825)
Net cash outflow from financing activities		(207,224)	(584,893)
Net (decrease) / increase in cash and cash equivalents		(678,056)	116,428
Cash and cash equivalents at the beginning of the year		325,295	208,867
Cash and cash equivalents at the end of the year	33	(352,761)	325,295

The annexed notes 1 to 37 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 year ended December 31, 2008

1. The Company and Its Operations

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 and Cast Polypropylene (CPP) film. The registered office of the Company is situated at 4th floor, the Forum, Suite No. 416 to 422, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi.

2. Significant Accounting Information and Policies

2.1 Accounting convention

These financial statements have been prepared under the historical cost convention except for the recognition of certain employee retirement benefits at present value and 'available for sale' investments which are stated at fair value.

2.2 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), the International Financial Reporting Standards (IFRSs), as applicable in Pakistan, issued by the International Accounting Standards Board (IASB). However, the requirements of the Ordinance and the directives issued by the Securities and Exchange Commission of Pakistan have been followed in case where its requirements are not consistent with the requirements of IFRSs.

Standards, amendments and interpretations effective in 2008:

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2008.

IFRIC 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction', provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have any impact on the Company's financial statements on the following grounds:

- The Company recognises the defined benefit asset on the pension plan which is quiet lower than unrecognised net actuarial losses. Therefore, the need for determining the present value of economic benefit available in the form of refund from the plan or future reduction in contribution does not arise;
- There are no statutory contractual minimum funding requirements; and
- The funded gratuity scheme does not have any surplus requiring recognition of an asset.

There are other new standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2008 but are considered not to be relevant or have any significant effect to the Company's operations and are therefore not listed here.

Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant:

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2009 or later periods:

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

IFRS 7, 'Financial instruments: Disclosures' (effective from January 1, 2009 in case of the Company) introduces new disclosures relating to financial instruments. However, it will not have any impact on the classification and valuation of the Company's financial instruments.

IAS 1 - Presentation of financial statements (effective from January 1, 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The above standard will only impact the presentation of financial statements.

IAS 19 (Amendment), 'Employee benefits' (effective from January 1, 2009).

- The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.
- The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.
- The distinction between short-term and long-term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.
- IAS 37, 'Provisions, contingent liabilities and contingent assets, requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.

The management is in the process of assessing the impact of its adoption on the Company.

IAS 23 - (Amendment) 'Borrowing costs' (effective from January 1, 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. Further, the definition of borrowing cost has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial instruments: Recognition and measurement'. Adoption of the amendment is not expected to have significant effect on the Company's financial statements.

IAS 36 (Amendment), 'Impairment of assets' (effective from January 1, 2009). According to the new requirements, where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. Adoption of the amendment is not expected to have significant effect on the Company's financial statements.

IAS 38 (Amendment), 'Intangible assets' (effective from January 1, 2009). The amended standard states that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. Adoption of the amendment is not expected to have significant effect on the Company's financial statements.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

2.3 Staff retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

2.3.1 Defined contribution plan

Provident fund

The Company operates a recognised provident fund for all its permanent employees who have completed prescribed qualifying period of service. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of ten percent of basic salary.

2.3.2 Defined benefit plans and other service benefits

Pension fund

The Company also contributes towards pension of employees of the Company who have completed prescribed qualifying period of service and are a member of an approved funded defined benefit pension plan of an associated company. The monthly contributions are made to the fund on the basis of actuarial recommendation. The latest actuarial valuation was carried out as at December 31, 2008.

The 'projected unit credit method' is based on the following significant assumptions and is used for valuation of the aforementioned fund:

- Discount rate 16% (2007: 11%) per annum
- Expected rate of increase in salary levels – 13.79% (2007: 8.89%) per annum
- Expected rate of return on plan assets – 16% (2007: 11%) per annum

The Company's policy with regard to actuarial gains / losses is to follow minimum recommended approach under the International Accounting Standard on Employee Benefits (IAS-19).

Gratuity fund

The Company operates an approved defined benefit gratuity fund plan for all its permanent employees who have completed the prescribed qualifying period of service. Monthly contributions are made to the fund on the basis of actuarial recommendation. The latest actuarial valuation of the fund was carried out as at December 31, 2008.

The 'projected unit credit method' is based on the following significant assumptions and is used for valuation of the aforementioned fund:

- Discount rate – 15% (2007: 10%) per annum
- Expected rate of increase in salary levels – 14% (2007: 9%) per annum
- Expected rate of return on plan assets – 10% (2007: 9%) per annum

The Company's policy with regard to actuarial gains / losses is to follow minimum recommended approach under International Accounting Standard on Employee Benefits (IAS-19).

Employee compensated absences

The Company also provides for compensated absences for all eligible employees in accordance with the rules of the Company. The provision is recognised on the basis of actuarial valuation. The valuation is based on the following significant assumptions:

- Discount rate – 16% (2007: 11%) per annum
- Expected rate of increase in salary levels – 13.79% (2007: 8.89%) per annum

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

2.4 Taxation

Current

Provision for current tax is based on the taxable income for the year at the current rates of taxation. The charge for current tax is calculated using prevailing tax rates after taking into account tax credits, rebates and exemption available.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on enacted tax rates.

2.5 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received.

2.6 Provisions

Provisions are recognised when the Company has a present obligation as a result of past events, it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimates can be made of the amount of obligation.

2.7 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders / directors, as appropriate.

2.8 Property, plant and equipment

Property, plant and equipment except leasehold land are stated at cost less accumulated depreciation and any identified impairment loss. Capital work-in-progress is stated at cost. Cost of the leasehold land is amortised using the straight line basis over the period of the lease.

Residual values and useful lives are reviewed, at each balance sheet date, and adjusted if impact on depreciation is significant.

Depreciation is charged to income on straight line method at the rates stated below, which are reviewed annually:

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

Nature of fixed asset	Annual rate of depreciation (%)
- Leasehold land	1.03 to 2.22
- Buildings on leasehold land	5
- Plant and machinery, electrical installations, tube well, pumps and tools	10
- Furniture and fittings	10 to 20
- Office equipment	20 to 33.33
- Laboratory equipment and vehicles	20

Depreciation on additions and deletions during the year is charged on a pro-rata basis from the month when asset is put into use or upto the month when asset is disposed off, respectively.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and depreciated in a manner that represents the consumption pattern and useful lives. Minor repairs and renewals are charged to income. Profit or loss on disposal of assets are included in income currently.

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in income currently.

2.9 Stores and spares

Stores and spares are valued at weighted average cost less allowance for obsolete and slow moving items.

Stores and spares in transit are stated at cost comprising invoice value and other related charges incurred upto the balance sheet date.

2.10 Stock-in-trade

Stock of raw materials, work-in-process and finished goods are valued at the lower of weighted average cost and net realisable value.

Cost of work-in-process and finished goods comprises cost of direct materials and labour and appropriate manufacturing overheads.

Stocks-in-transit are stated at cost comprising invoice value and other related charges incurred thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business less cost necessarily to be incurred in order to make a sale.

2.11 Trade debts

Trade debts are carried at original invoice amount less provision for doubtful debts estimated on the basis of review of all outstanding balances at the year end. Bad debts are written off when identified.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

2.12 Investments

2.12.1 The Company classifies its financial instruments in the following categories:

- (a) Investments 'at fair value through profit or loss':

- Financial instruments 'held-for-trading'

These include financial instruments acquired principally for the purpose of generating profit from short-term fluctuations in prices or dealers' margins or are securities included in a portfolio in which a pattern of short-term profit taking exists.

- Financial instruments designated 'at fair value through profit or loss upon initial recognition'

These include investments that are designated as investments 'at fair value through profit and loss upon initial recognition'.

- (b) Held to maturity

These are securities acquired by the Company with the intention and ability to hold them upto maturity.

- (c) Loans and receivables originated by the enterprise

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the Company as fair value through profit or loss or available for sale.

- (d) Available for sale

These financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

2.12.2 Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a 'financial asset or financial liability not at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on 'financial assets and financial liabilities at fair value through profit or loss' are expensed immediately.

Subsequent to initial recognition, instruments classified as 'financial assets at fair value through profit or loss' and 'available for sale' are measured at fair value. Gains or losses arising, from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognised in the income statement. Changes in the fair value of instruments classified as 'available for sale' are recognised in equity until derecognised or impaired when the accumulated fair value adjustments recognised in equity are included in the income statement.

Financial assets classified as 'loans and receivables' and 'held to maturity' are carried at amortised cost using the effective yield method, less impairment losses, if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective yield method.

The Company follows trade date accounting for purchase and sale of investments.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

2.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash on hand, demand deposits, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short-term finances under mark-up arrangements.

2.14 Revenue recognition

Sales revenue is recognised at the time of despatch of goods to customers.

Returns on bank deposits are accrued on a time proportion basis by reference to the principal outstanding amount and the applicable rate of return.

2.15 Borrowing costs

Mark-up, interest and other charges related to long-term finance obtained for acquisition of property, plant and equipment are capitalised upto the date of commissioning of the plant. All other mark-up, interest and other charges are charged to income.

2.16 Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling on the date of the transaction. All monetary assets and liabilities in foreign currencies at the year end date are translated into Rupees at the rates prevailing on the balance sheet date.

Exchange differences are included in income for the year.

The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.17 Financial assets and liabilities

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortised cost or cost, as the case may be. The particular measurement methods adopted are disclosed in the individual policy statements associated with each item.

2.18 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is set off and the net amount is reported in the balance sheet if the Company has a legal right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

3. Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

- (a) Recognition of provision for taxation (current and prior years) and deferred taxation (notes 7 and 28).
- (b) Accounting for staff retirement benefits (notes 8 and 29).
- (c) Determining the recoverable amounts, useful lives and residual values of property, plant and equipment (note 13).
- (d) Recognition of provision for obsolete and slow moving stores and spares (note 15)
- (e) Estimation of net realisable value for stock-in-trade (note 16)
- (f) Recognition of provision for doubtful debts (note 17)
- (g) Classification of investments (note 19)

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

	2008 (Rupees in thousand)	2007
4. Share Capital		
Authorised		
100,000,000 ordinary shares of Rs 10 each (2007: 100,000,000)	1,000,000	1,000,000
Issued, subscribed and paid-up		
30,000,000 ordinary shares of Rs 10 each (2007: 30,000,000) fully paid in cash	300,000	300,000
4.1 Packages Limited, Mitsubishi Corporation, Japan and International General Insurance Company of Pakistan Limited held 10,000,000 (2007: 10,000,000), 7,499,000 (2007: 7,499,000) and 947,500 (2007: 785,800) ordinary shares of the Company respectively, as at December 31, 2008.		
	2008 (Rupees in thousand)	2007
5. Reserves		
General reserve	772,000	632,000
Unappropriated profit	240,205	320,219
	1,012,205	952,219

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

	2008 (Rupees in thousand)	2007 (Rupees in thousand)
6. Long-term Finances		
Secured		
Finance-1 - note 6.1	500,000	700,000
Finance-2 - note 6.2	40,000	56,000
Finance-3 - note 6.3	500,000	-
	1,040,000	756,000
Less : Amounts payable within twelve months shown under current liabilities	216,000	216,000
	824,000	540,000

6.1 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 a 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 the State Bank of Pakistan. The effective rate of mark-up during the year was 11.40% (2007: 9.89 %) per annum. The principal amount is repayable in 10 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.

6.2 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 had availed Rs 80 million. Mark-up is payable on a 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 year was 13.11% (2007: 10.72%) per annum. The principal amount is repayable in 10 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.

6.3 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 which has been fully utilised during the year. Mark-up is payable in arrears on a semi-annual basis at the rate of six months Karachi Inter Bank Offer Rate (KIBOR) plus 0.50 percent per annum. The effective rate of mark-up during the year was 14.41% (2007: Nil) per annum. The principal amount is repayable in 8 equal installments commencing after six (6) months with a grace period of two (2) years 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.

	2008 (Rupees in thousand)	2007 (Rupees in thousand)
7. Deferred Taxation		
Debit / (credit) balances arising from:		
Accelerated tax depreciation allowance	300,830	188,050
Provision for accumulated compensated absences	(2,381)	(2,520)
Provision for doubtful debts	(517)	-
	297,932	185,530

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

	2008 (Rupees in thousand)	2007
8. Accumulated Compensated Absences		
Opening balance	7,201	4,841
Provision for the year	4,336	3,609
	11,537	8,450
Less: Payments during the year	4,734	1,249
Closing balance	6,803	7,201
9. Short-term Running Finances		
From banks – secured	649,878	-

9.1 Short-term finances are under mark-up arrangement with banks payable on various maturity dates upto December 31, 2009. 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 10.32% to 17.20% (2007: 9.87% to 10.89%) per annum. Total facilities available under mark-up arrangements aggregated Rs 1,600 million (2007: Rs 1,710 million) out of which the amount unavailed at the year end was Rs 950 million (2007: Rs 1,710 million).

9.2 The facilities for opening of letter of credits and for guarantees as at December 31, 2008 amount to Rs 3,500 million (2007: Rs 2,690 million) and Rs 110 million (2007: Rs 110 million), of which the amount remaining unutilised was of Rs 2,462.177 million (2007: Rs 1,987.373 million) and Rs 79.245 million (2007: Rs 100.245 million) respectively.

	2008 (Rupees in thousand)	2007
10. Trade and Other Payables		
Creditors – note 10.1	58,195	35,627
Accrued liabilities	838,424	932,972
Advances from customers	5,678	16,032
Retention money	4,390	557
Unclaimed dividend	5,430	3,238
Sales tax payable	3	1,765
Payable to gratuity fund – note 29	304	113
Workers' profits participation fund – note 10.2	1,157	238
Workers' welfare fund	14,589	18,748
Others payable	2,967	1,488
	931,137	1,010,778

10.1 Creditors include Rs 9.077 million (2007: Rs 26.277 million) payable to associated undertakings.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

	2008 (Rupees in thousand)	2007
10.2 Workers' profits participation fund		
Balance at the beginning of the year	238	13,118
Allocation for the year	38,348	36,218
	38,586	49,336
Less: Payments during the year	37,429	49,098
Balance at the end of the year	1,157	238
11. Accrued Mark-up		
On long-term finances	38,798	19,244
On short-term finances	16,818	944
	55,616	20,188
12. Contingencies and Commitments		
Contingencies		
Guarantees issued by banks on behalf of the Company	30,755	9,755
Commitments		
Letters of credit for purchase of raw material and spares	191,623	350,681
Commitments for capital expenditures	194,461	351,946
13. Property, Plant and Equipment		
Operating fixed assets - note 13.1	2,051,498	1,513,925
Capital work-in-progress - note 13.2	59,787	94,819
	2,111,285	1,608,744

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

13.1 Operating fixed assets

13.1.1 The following is a statement of operating fixed assets:

	Leasehold land	Buildings on leasehold land	Plant and machinery	Electrical installations	Tube well and pumps	Furniture and fittings	Office equipments	Vehicles	Tools	Laboratory equipment	Total
(Rupees in thousand)											
At January 1, 2007											
Cost	60,255	267,894	2,426,589	87,809	2,720	25,190	10,209	41,663	674	2,145	2,925,148
Accumulated depreciation	5,530	58,545	1,066,256	49,046	2,087	12,910	9,861	16,063	313	1,773	1,222,384
Net book value	54,725	209,349	1,360,333	38,763	633	12,280	348	25,600	361	372	1,702,764
Year ended December 31, 2007											
Additions	-	431	32,591	2,998	204	2,811	235	17,618	283	-	57,171
Disposals											
- Cost	-	-	-	-	-	-	-	4,942	-	-	4,942
- Depreciation	-	-	-	-	-	-	-	(3,277)	-	-	(3,277)
Transfers											
- Cost	-	-	2,942	(2,942)	-	(7,150)	7,150	-	-	-	-
- Depreciation	-	-	2,452	(2,452)	-	(3,654)	3,654	-	-	-	-
Depreciation charge	1,237	13,406	210,075	10,070	86	3,056	179	5,943	80	213	244,345
Net book value as at December 31, 2007	53,488	196,374	1,183,339	31,201	751	8,539	3,900	35,610	564	159	1,513,925
Year ended December 31, 2008											
Additions-Note 13.1.5	-	81,400	668,625	21,761	-	2,900	9,126	16,036	-	6,968	806,816
Disposals											
- Cost	-	-	-	-	-	215	-	8,576	-	-	8,791
- Depreciation	-	-	-	-	-	(201)	-	(5,116)	-	-	(5,317)
Transfers											
- Cost	-	-	-	-	-	2,584	(2,584)	-	-	-	-
- Depreciation	-	-	-	-	-	1,254	(1,254)	-	-	-	-
Depreciation charge	1,237	14,439	232,022	5,433	108	2,340	1,732	7,565	91	802	265,769
Net book value as at December 31, 2008	52,251	263,335	1,619,942	47,529	643	10,415	9,964	40,621	473	6,325	2,051,498
At December 31, 2007											
Cost	60,255	268,325	2,462,122	87,865	2,924	20,851	17,594	54,339	957	2,145	2,977,377
Accumulated depreciation	6,767	71,951	1,278,783	56,664	2,173	12,312	13,694	18,729	393	1,986	1,463,452
Net book value	53,488	196,374	1,183,339	31,201	751	8,539	3,900	35,610	564	159	1,513,925
At December 31, 2008											
Cost	60,255	349,725	3,130,747	109,626	2,924	26,120	24,136	61,799	957	9,113	3,775,402
Accumulated depreciation	8,004	86,390	1,510,805	62,097	2,281	15,705	14,172	21,178	484	2,788	1,723,904
Net book value	52,251	263,335	1,619,942	47,529	643	10,415	9,964	40,621	473	6,325	2,051,498

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

	Cost	Book value	Sale proceeds
	(Rupees in thousand)		
13.1.2 Details of operating fixed assets disposed during the year			
Items having aggregate book value of Rs 50,000 or more			
Vehicles			
By negotiation to outsiders			
Mr. Zahid Hussain	1,367	367	600
Mr. Haseeb Ahmed	796	64	540
Mr. Tariq Mehmood	617	303	425
Mr. Asif Shahid	848	472	675
Mr. Kashif Shahid	847	472	700
	4,475	1,678	2,940
According to the Company policy to executives			
Mr. Ehsan-ul-Haq	408	131	134
Mr. M.Saeed Iqbal	960	350	193
Mr. Kamran Khan	613	183	146
Mr. Monir Khan	572	307	307
Mr. M.Attique Khan	475	156	156
Mr. Umer Tariq Sultan	555	243	243
	3,583	1,370	1,179
Subtotal	8,058	3,048	4,119
Snatched vehicles			
Insurance claim from IGI Insurance	518	412	419
Total	8,576	3,460	4,538

	2008	2007
	(Rupees in thousand)	
13.1.3 Depreciation charge for the year has been allocated as follows:		
Cost of goods manufactured – note 22.1	261,157	241,790
Distribution cost – note 23	1,778	909
Administrative expenses – note 24	2,834	1,646
	265,769	244,345

13.1.4 Operating fixed assets include assets having cost of Rs 509.759 million (2007:Rs 481.035 million) which were fully depreciated as at the year end.

13.1.5 Finance cost aggregating Rs 19.932 million (2007: Nil) has been included in the cost of operating fixed assets.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

	2008 (Rupees in thousand)	2007
13.2 Capital work-in-progress at cost		
Plant and machinery	44,974	67,477
Software implementation cost	13,265	7,367
Building and civil works	-	11,384
Advances to suppliers and contractors	1,548	8,591
	59,787	94,819
14. Long-term Deposits		
These represent long-term security deposits.		
15. Stores and Spares		
Stores	24,524	20,826
Spares	137,293	109,588
Stores and spares-in-transit	16,252	12,237
	178,069	142,651
16. Stock-in-trade		
Raw materials		
• in hand	523,290	293,939
• in transit	284,584	246,456
	807,874	540,395
Work-in-process	103,427	43,849
Finished goods	28,599	47,091
Packing material	10,526	9,437
	950,426	640,772
17. Trade Debts		
Unsecured		
Considered good		
- from related parties - notes 17.1 and 17.2	10,681	2,236
- others	652,335	519,907
	663,016	522,143
Considered doubtful – others	1,477	758
Secured		
Considered good	18,806	12,054
	683,299	534,955
Less: Provision for doubtful debts – note 17.3	1,477	758
	681,822	534,197

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

	2008 (Rupees in thousand)	2007
17.1 Trade debts include the following amounts due from related parties:		
Packages Limited	5,068	1,074
Packages Lanka (Private) Limited	5,297	1,162
Tetra Pak Pakistan Limited	316	-
	10,681	2,236
17.2 These are in the normal course of business and are interest free.		
17.3 Provision for doubtful debts		
Balance at beginning of the year	758	1,011
Provision / (reversal) for the year	719	(253)
Balance at end of the year	1,477	758
18. Advances, Prepayments and Other Receivables		
Advances, considered good - note 18.1		
- Executives	1,403	788
- Other employees	649	438
	2,052	1,226
Advances to suppliers - considered good	9,421	11,590
Prepayments	2,040	2,190
Receivable from pension fund – note 29	19,511	12,491
Sales tax recoverable	839	839
Rebate on exports recoverable	2,161	1,493
Discounts receivable from suppliers	50,124	-
Return on placement – note 18.3	1,333	-
Other receivables – note 18.2	5,778	8,674
	93,259	38,503
18.1 These advances are given to meet business expenses and are settled as and when the expenses are incurred. The maximum amounts due at the end of any month during the year from the chief executive and executives were Rs 0.345 million (2007: Rs 0.301 million) and Rs 2.341 million (2007: Rs 1.429 million) respectively.		
18.2 Other receivables include an amount of Rs 3.496 million (2007: Rs 2.275) receivable from International General Insurance Company of Pakistan Limited (a related party) on account of an insurance claim.		
18.3 This represents receivable from IGI Investment Bank Limited (an associated investment bank) on account of return on placement in certificate of deposits.		

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

	2008 (Rupees in thousand)	2007
19. Investments		
Available for sale- NAFA cash fund		
4,793,681 units of Rs.10 each	-	50,000
Gain on re-measurement to fair value	-	389
	-	50,389
20. Cash and Bank Balances		
With banks		
On current accounts - note 20.1	95,605	99,532
On savings accounts - note 20.2	8	225,139
Certificate of deposits - note 20.3	200,000	-
	295,613	324,671
Cash-in-hand - note 20.1	1,504	624
	297,117	325,295

20.1 These include an aggregate amount of Rs 2.748 million (2007: Rs 0.972 million) held in foreign currency.

20.2 The balances in savings accounts bear mark-up which ranges from 1.98% to 8% (2007: 0.25% to 8.75%) per annum.

20.3 This represents placement in certificate of deposits of an associated investment bank for a period of six months and is maturing on June 19, 2009. The rate of return on this placement is 18.7% per annum.

	2008 (Rupees in thousand)	2007
21. Net Sales		
Local sales	7,033,541	5,348,604
Export sales	66,670	37,487
	7,100,211	5,386,091
Less:		
Sales tax	1,176,603	806,858
Special excise duty	58,121	24,061
	1,234,724	830,919
	5,865,487	4,555,172

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

	2008 (Rupees in thousand)	2007
22. Cost of Sales		
Opening stock of finished goods	47,091	24,511
Cost of goods manufactured—note—22.1	4,836,864	3,650,050
Less: Closing stock of finished goods	(28,599)	(47,091)
	4,855,356	3,627,470
22.1 Cost of goods manufactured		
Opening stock of work-in-process	43,849	38,238
Raw materials consumed - note 22.2	3,913,536	2,823,579
Salaries, wages and other benefits	128,565	96,352
Fuel, power and water	351,929	287,089
Packing material consumed – note 22.3	115,280	102,910
Repairs and maintenance (includes stores and spares consumed Rs 28.994 million (2007: Rs 18.533 million))	79,603	68,129
Insurance	21,036	15,377
Vehicle running and maintenance	13,664	9,954
Travelling	3,720	3,765
Staff retirement benefits	6,144	5,264
Depreciation - note 13.1.3	261,157	241,790
Others	1,808	1,452
	4,940,291	3,693,899
Less: Closing stock of work-in-process	(103,427)	(43,849)
	4,836,864	3,650,050
22.2 Raw materials consumed		
Opening stock	293,939	201,001
Purchases	4,142,887	2,916,517
Less: Closing stock	(523,290)	(293,939)
	3,913,536	2,823,579
22.3 Packing material consumed		
Opening stock	9,437	9,490
Purchases	116,369	102,857
Less: Closing stock	(10,526)	(9,437)
	115,280	102,910

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

	2008 (Rupees in thousand)	2007
23. Distribution Cost		
Salaries, wages and other benefits	16,515	16,300
Outward freight	56,626	44,943
Travelling	4,895	3,773
Rent, rates and taxes	3,698	3,258
Repairs and maintenance	329	485
Vehicle running and maintenance	1,080	985
Insurance	839	699
Provision / (reversal) for doubtful debts - note 17.3	719	(253)
Staff retirement benefits	1,181	1,859
Depreciation - note 13.1.3	1,778	909
Other expenses	988	1,268
	88,648	74,226
24. Administrative Expenses		
Salaries, wages and other benefits	36,627	28,927
Rent, rates and taxes	2,845	4,236
Printing, stationery and periodicals	3,286	3,084
Postage and telephone	6,062	5,096
Repairs and maintenance	948	675
Vehicle running and maintenance	2,012	1,725
Travelling	6,633	4,553
Insurance	1,434	1,207
Staff training and development	1,030	969
Staff retirement benefits	2,608	3,299
Auditors' remuneration – note 24.1	3,820	1,296
Legal and professional expenses	1,454	1,580
Depreciation - note 13.1.3	2,834	1,646
Electricity, gas and water	879	606
Advertisement	268	174
Other expenses	2,502	2,614
	75,242	61,687
24.1 Auditors' remuneration		
Audit fee	445	385
Review of half yearly accounts, review of statement of compliance on best corporate practices, audit of employees' retirement funds and other special reviews	2,735	303
Tax services	440	458
Out of pocket expenses	200	150
	3,820	1,296

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

	2008 (Rupees in thousand)	2007
25. Other Income		
Income from financial assets		
Profit on bank balances	807	3,994
Net realised gain on investments classified as 'available for sale'	1,991	1,500
Accrued return on placement in certificate of deposits of an associated investment bank	1,333	-
	4,131	5,494
Income from assets other than financial assets		
Profit on disposal of fixed assets	1,080	831
Sale of waste material	10,256	9,775
	11,336	10,606
Others		
Commission earned on insurance premium from a related party	2,308	3,731
Income surrendered by an associated undertaking on sale and subsequent purchase of shares of the Company	-	5,737
Insurance claim from a related party	11,795	-
Exchange gain	-	161
	14,103	9,629
	29,570	25,729
26. Finance Cost		
Mark-up on long-term finances	74,449	85,179
Mark-up on short-term finances	25,669	4,214
Bank and other charges	3,151	3,774
Exchange rate difference (net) – note 26.1	5,575	-
	108,844	93,167
26.1 The net exchange rate difference includes net exchange loss on forward contract amounting to Rs 11.711 million (2007: Nil).		
	2008 (Rupees in thousand)	2007
27. Other Expenses		
Workers' profit participation fund	38,348	36,218
Workers' welfare fund – for the year	14,572	13,763
– for prior year	(9,610)	-
	43,310	49,981
28. Taxation		
Current - for the year	134,210	148,270
– for prior year	(2,941)	-
Deferred	112,402	85,945
	243,671	234,215

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

	2008 %	2007 %
28.1 Numerical reconciliation between the average effective tax rate and the applicable tax rate is as follows:		
Applicable tax rate	35.00	35.00
Tax effect of amounts that are:		
Deductible for tax purposes	(0.12)	(0.07)
Tax effect under presumptive tax regime	(0.20)	(0.26)
Tax effect of exempt income	(0.16)	(0.08)
Prior year reversal	(0.87)	-
Others	0.02	0.14
	33.67	34.73

29. Staff Retirement Benefits

Details of post employment benefit plans are as follows:

	Pension fund 2008	2007	Gratuity fund 2008	2007
	(Rupees in thousand)			
29.1 Balance sheet reconciliation				
Fair value of plan assets	48,406	59,140	16,364	17,192
Present value of defined benefit obligations	(50,145)	(36,627)	(18,662)	(15,886)
Funded status	(1,739)	22,513	(2,298)	1,306
Unrecognised net actuarial (gain) / loss	21,250	(10,022)	1,994	(1,419)
Recognised asset / (liability)	19,511	12,491	(304)	(113)
29.2 Movement in payable to defined benefit plan				
Opening asset / (liability)	12,491	9,081	(113)	(87)
Income / (expense) for the year	888	(1,304)	(2,566)	(2,055)
Contributions to the fund	6,132	4,714	2,375	2,029
Closing asset / (liability)	19,511	12,491	(304)	(113)
29.3 Movement in the fair value of plan assets				
Fair value as at January 1	59,140	40,158	17,192	12,620
Expected return on plan assets	6,724	4,666	1,719	1,262
Actuarial gains / (losses)	(22,911)	9,677	(3,177)	1,641
Company contributions	6,132	4,714	2,375	2,029
Employee contributions	1,380	1,061	-	-
Benefits paid	(2,059)	(1,136)	(1,745)	(360)
Fair value as at December 31	48,406	59,140	16,364	17,192

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

	Pension fund		Gratuity fund	
	2008	2007	2008	2007
	(Rupees in thousand)			
29.4 Movement in the defined benefit Obligation				
Obligation as at January 1	36,627	31,078	15,886	12,768
Service cost	3,956	3,673	2,696	2,040
Interest cost	3,919	3,358	1,589	1,277
Actuarial (gains) / losses	7,702	(346)	236	161
Benefits paid	(2,059)	(1,136)	(1,745)	(360)
Obligation as at December 31	50,145	36,627	18,662	15,886
29.5 Expense				
Current service cost	3,956	3,673	2,696	2,040
Interest cost	3,919	3,358	1,589	1,277
Expected return on plan assets	(6,724)	(4,666)	(1,719)	(1,262)
Recognition of actuarial (gain) / loss	(659)	-	-	-
Employee contributions	(1,380)	(1,061)	-	-
(Income) / expense	(888)	1,304	2,566	2,055
Actual return on plan assets	(16,187)	14,343	1,458	2,903
29.6 Actuarial gain to be recognized Corridor limit				
The limits of corridor as at January 1				
10% of obligation	3,663	3,108	1,589	1,277
10% of plan assets	5,914	4,016	1,719	1,262
Which works out to	5,914	4,016	1,719	1,277
Unrecognized actuarial losses / (gains) as at January 1	(10,022)	1	(1,419)	61
Excess	(4,108)	-	-	-
Recognition of actuarial gains as at December 31	659	-	-	-
29.7 Net unrecognized actuarial gains / (losses)				
Net unrecognized actuarial (losses) / gains as at January 1	10,022	(1)	1,419	(61)
Actuarial gain / (loss) on obligation	(7,702)	346	(236)	(161)
Actuarial gain / (loss) on plan assets	(22,911)	9,677	(3,177)	1,641
Subtotal	(20,591)	10,022	(1,994)	1,419
Less: Actuarial gain recognised for the year	(659)	-	-	-
Net unrecognised actuarial gains / (losses) as at December 31	(21,250)	10,022	(1,994)	1,419

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

29.8 Principal actuarial assumptions used are disclosed in note 2.3 to the financial statements.

29.9 Amounts for the current period and previous four annual periods of the fair value of plan assets, present value of defined benefit obligation and surplus arising thereon is as follows:

	2008	2007	2006	2005	2004
	(Rupees in thousand)				
As at December 31					
Fair value of plan assets	64,770	76,332	52,778	43,557	33,403
Present value of defined benefit obligation	(68,807)	(52,513)	(43,846)	(35,852)	(29,668)
(Deficit) / surplus	(4,037)	23,819	8,932	7,705	3,735
Experience adjustment:					
Gain / (loss) on plan assets (as a percentage of plan Assets)	(40)	15	(2)	10	(1)
(Gain) / loss on obligations (as a percentage of obligations)	12	(0.4)	2	8	2

	2008	%	2007	%
	(Rs in thousand)		(Rs in thousand)	
29.10 Plan assets are comprised as follows:				
Debt	15,657	24	18,700	24
Others	49,113	76	57,632	76
	64,770	100	76,332	100

29.11 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective market.

29.12 Expected contribution to post-employment benefit plans for the year ending December 31, 2009 is Rs 10.258 million.

29.13 The actuary conducts separate valuations for calculating contribution rates and the Company contributes to the pension and gratuity funds according to the actuary's advice. Expense of the defined benefit plans is calculated by the actuary.

29.14 During the year the Company contributed Rs 3.919 million (2007: Rs 3.284 million) to the provident fund.

	2008	2007
30. Earnings Per Share		
Profit after taxation (Rupees in thousand)	479,986	440,155
Number of ordinary shares (in thousand)	30,000	30,000
Earnings per share (Rupees)	16.00	14.67

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

30.1 There were no convertible dilutive potential ordinary shares outstanding on December 31, 2008 and 2007.

	2008		2007	
	Chief Executives	Executive	Chief Executives	Executive
	(Rupees in thousand)			
31. Remuneration of the Chief Executive, Directors and Executives				
Managerial remuneration	2,876	10,969	2,350	8,159
Bonus	585	2,207	256	874
Staff retirement benefits*	385	1,462	694	2,674
Housing	1,691	6,894	1,366	4,944
Utilities	287	1,087	234	809
Leave passage	239	906	195	671
Medical expenses	119	629	124	344
Others	1,056	6,443	324	2,886
	7,238	30,597	5,543	21,361
Number of persons	1	12	1	9

*Staff retirement benefits includes amount contributed towards various retirement benefit plans.

31.1 The Chief Executive and executives were also provided with free transport and reimbursement of residential telephone expenses. No remuneration was paid to the directors of the Company.

	2008	2007
	(Rupees in thousand)	
32. Cash Generated from Operations		
Profit before taxation	723,657	674,370
Adjustments for non-cash charges and other items:		
Depreciation	265,769	244,345
Finance cost	108,844	93,167
Profit on bank balances	(807)	(3,994)
Net realised gain from investments classified as 'available for sale'	(1,991)	(1,500)
Accrued return on placement in certificate of deposits of an associated investment bank	(1,333)	-
Provision / (reversal) for doubtful debts	719	(253)
Provision for accumulated compensated absences	4,336	3,609
Provision for staff retirement benefits	5,597	6,813
Profit on disposal of fixed assets	(1,080)	(831)
Working capital changes - note 32.1	(621,843)	(71,405)
	(241,789)	269,951
	481,868	944,321

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

	2008 (Rupees in thousand)	2007
32.1 Working capital changes		
Decrease / (increase) in current assets:		
Stores and spares	(35,418)	(13,951)
Stock-in-trade	(309,654)	(363,782)
Trade debts	(148,344)	(68,522)
Advances, prepayments and other receivables	(46,403)	(8,017)
	(539,819)	(454,272)
(Decrease) / increase in current liabilities:		
Trade and other payables (excluding unclaimed dividend)	(82,024)	382,867
	(621,843)	(71,405)
33. Cash and Cash Equivalents		
Short-term finances – note 9	(649,878)	-
Bank balance and cash-in-hand – note 20	297,117	325,295
	(352,761)	325,295

34. Financial Assets and Liabilities

(i) Financial assets and liabilities as on December 31, 2008 are as follows:

	Interest / mark-up bearing			Non-interest / mark-up bearing			Total 2008	Total 2007
	Maturity upto one year	Maturity after one year	Sub-total	Maturity upto one year	Maturity after one year	Sub-total		
	(Rupees in thousand)							
Financial assets								
Long-term deposits	-	-	-	-	1,218	1,218	1,218	1,104
Trade debts	-	-	-	681,822	-	681,822	681,822	534,197
Other receivables	-	-	-	57,235	-	57,235	57,235	8,674
Investments – available for sale	-	-	-	-	-	-	-	50,389
Cash and bank balances	200,008	-	200,008	97,109	-	97,109	297,117	325,295
2008	200,008	-	200,008	836,166	1,218	837,384	1,037,392	919,659
2007	225,139	-	225,139	693,416	1,104	694,520		
Financial liabilities								
Long-term finances	216,000	824,000	1,040,000	-	-	-	1,040,000	756,000
Trade and other payables	-	-	-	909,406	-	909,406	909,406	973,882
Accrued mark-up	-	-	-	55,616	-	55,616	55,616	20,188
Short-term running finance	649,878	-	649,878	-	-	-	649,878	-
2008	865,878	824,000	1,689,878	965,022	-	965,022	2,654,900	1,750,070
2007	216,000	540,000	756,000	994,070	-	994,070		
Off-balance sheet items								
Letters of credit							386,084	702,627
Guarantees							30,755	9,755

The effective interest / mark-up rates for the monetary financial assets and liabilities are given in respective notes.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

(ii) Interest rate risk exposure

Interest/ mark-up rate risk arises from the possibility that changes in interest/ mark-up rates will affect the value of financial instruments. As at the year end the Company had total financial liabilities of Rs 1,689.878 million (2007: Rs 756 million) subject to interest rate risk exposure.

(iii) Concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the Company applies credit limits to its customers. The total financial assets of 1,035.888 million (2007: Rs 919.035 million) are subject to credit risk.

(iv) Foreign exchange risk management

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to change in foreign exchange rates. Foreign exchange risk arises mainly where receivables and payables are required to be settled in foreign currency. As at the year end the Company had assets and liabilities in foreign currencies aggregating Rs 8.045 million (2007: Rs 2.416 million) and Rs 811.341 million (2007: Rs 886.862 million) respectively.

(v) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. The Company implies prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines.

(vi) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain / repay long-term financing from / to financial institutions.

Consistent with others in the industry, the Company monitors capital on the basis of the Debt Equity ratio. This ratio is calculated as under:

Debt = Long-term portion of debt divided by long-term portion of debt plus total equity.

Equity = Total equity divided by long-term portion of debt plus total equity.

During the year, the Company's strategy, which was unchanged from 2007, was to maintain the debt equity ratio below 60:40 in accordance with the long-term finance agreements as more fully explained in note 6. The debt equity ratios as at December 31, 2008 and 2007 were as follows:

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

	2008 (Rupees in thousand)	2007
Long-term portion of debt (note 6)	824,000	540,000
Total equity	1,312,205	1,252,608
Total	2,136,205	1,792,608
Debt equity ratio	39:61	30:70

The increase in the debt equity ratio during the year resulted primarily due to new long-term loan obtained during the year which was partially set off by the increase in total equity as a result of increase in profit after taxation and repayment of other long-term loans (note 6).

(vii) Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair values.

35. Transactions with Related Parties

The related parties comprise related group companies, companies in which directors are interested, 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 and particulars	Nature of transaction	2008 (Rupees in thousand)	2007
Purchase of goods and services			
International General Insurance Company Limited (IGI)	Insurance services	83,333	55,713
Mitsubishi Corporation, Japan Packages Limited	Raw material	58,620	67,674
Siemens Pakistan Engineering Company Limited	Purchase of goods and services	46,059	36,533
	Goods and services	8,358	345
		196,370	160,265
Sale of goods and services			
Packages Lanka (Private) Limited	Supplies	14,732	5,755
Packages Limited	Supplies	308,316	184,799
Tetra Pak Pakistan Limited	Supplies	11,776	5,970
		334,824	196,524
Purchase of plant and machinery			
Mitsubishi Corporation, Japan	Supervisory fee and spare parts	1,615	5,000
Purchase of an intangible asset			
Siemens Pakistan Engineering Company Limited	Purchase of an intangible asset (Included in CWIP)	11,067	7,555

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

Name and particulars	Nature of transaction	2008 (Rupees in thousand)	2007
Contributions to staff retirement benefit funds			
Gratuity fund	Contribution	2,375	2,029
Pension fund	Contribution	6,132	4,714
Provident fund	Contribution	3,919	3,284
		12,426	10,027
Investments			
IGI Income Fund	Purchase of units	-	70,000
IGI Income Fund	Redemption of units	-	(71,500)
IGI Income Fund	(Gain) on redemption of units	-	(1,500)
Cash and bank balances IGI Investment Bank Limited	Placement in certificate of deposits	200,000	-
Dividend			
International General Insurance Company Limited		12,294	6,700
Mitsubishi Corporation, Japan Packages Limited		104,986	67,491
		140,000	90,000
		257,280	164,191
Commission			
International General Insurance Company Limited	Commission earned on insurance premium	2,308	3,731
Other income			
Packages Limited	Income surrendered on sale and subsequent purchase of shares of the Company	-	5,737
International General Insurance Company Limited	Insurance claim received in respect of damaged inventory	11,795	-
		11,795	5,737
Key management personnel	Salaries and other short-term employees' benefits Post retirement benefits	22,943 1,249	10,823 1,629
		24,192	12,452

The amounts payable to and receivable from related parties have been disclosed in the relevant notes to these financial statements.

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2008

	2008 (Metric tonnes)	2007
36. Plant Capacity and Actual Production		
Operational capacity at year end	34,800	27,800
Operational capacity available during the year	27,920	26,800
Production	27,598	27,603

36.1 Reasons for shortfall in production

Production during the year ended December 31, 2008 was lower than operational capacity due to market constraints.

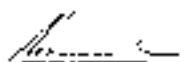
37. Date of Authorisation for Issue and Non-adjusting Events after the Balance Sheet Date

37.1 These financial statements were authorised for issue on February 10, 2009 by the board of directors of the Company.

37.2 The board of directors have:

- proposed a final dividend of Rs 6.00 (2007: Rs 6.00) per share, amounting to Rs 180 million (2007: Rs 180 million) for the year ended December 31, 2008 at their meeting held on February 10, 2009 subject to the approval of the members at the annual general meeting to be held on March 24, 2009 ; and
- approved transfer to general reserve amounting to Rs 59 million (2007: Rs 140 million) for the year ended December 31, 2008.

These financial statements do not recognise the appropriations to dividend as a liability and transfer to general reserves as they have been proposed and approved subsequent to the balance sheet date.



Shahid Hussain
Chief Executive



Masaharu Domichi
Director

Proxy Form

17th Annual General Meeting

I/We _____
of _____ being a member of Tri-Pack Films Limited

and holder of _____ Ordinary Shares as per Share Register Folio No. _____
(Number of Shares)

and/or CDC Participant I.D. No. _____ and Sub Account No. _____

hereby appoint _____ of _____ or failing him _____
of _____ or failing him _____ of _____ as my proxy to
vote for me and on my behalf at the Annual General Meeting of the Company to be held on
Tuesday, March 24, 2009 at 10:30 a.m. at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road,
Karachi and at any adjournment thereof.

Signed this _____ day of _____ 2009

WITNESSES:

1. Signature: _____
Name: _____
Address: _____

Signature

Please
affix Rupees Five
revenue stamp

CNIC or
Passport No: _____

(Signature should agree with the
specimen signature registered
with the Company)

2. Signature: _____
Name: _____
Address: _____

CNIC or
Passport No: _____

Note: Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the Company. CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary:
Tri-Pack Films Limited
4th Floor, The Forum, Suite No. 416-422
G-20, Block No. 9, Clifton, Khayaban-e-Jami,
Karachi-75600, Pakistan.

Registered Office

4th Floor, The Forum, Suite No. 416-422
G-20, Block No. 9, Clifton, Khayaban-e-Jami, Karachi-75600, Pakistan.
Tel: 92 21-587 4047-49, 537 8650-52 Fax: 92 21-586 0251