



**Tri-Pack Films Limited**

Rising  
Everywhere  
with Every Product



Half Yearly Report  
June 2012

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# Company Information

## Board of Directors

Syed Babar Ali (Chairman)  
Shahid Hussain (Chief Executive)  
Kimihide Ando  
Syed Hyder Ali  
Tetsuo Obana  
Khalid Yacob  
Faisal Farid

## Audit Committee

Khalid Yacob (Chairman)  
Kimihide Ando  
Faisal Farid  
Tetsuo Obana

## Company Secretary

Adi J. Cawasji

## Chief Financial Officer

Amjad Ali

## Auditors and Tax Advisor

A. F. Ferguson & Co.  
Chartered Accountants

## Legal Advisor

Sattar & Sattar  
Khan & Paracha

## Website

[www.tripack.com.pk](http://www.tripack.com.pk)

## Registered Office

4th Floor, The Forum,  
Suite No. 416-422,  
G-20, Block No. 9, Clifton,  
Khayaban-e-Jami,  
Karachi - 75600, Pakistan.  
Tel : (021) 35874047-49  
(021) 35831618  
Fax : (021) 35860251

## Bankers

Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited

Bank Al-Habib Limited  
Bank Islami Pakistan Limited  
Barclays Bank PLC, Pakistan  
Citibank N.A.  
Deutsche Bank A.G.  
Faysal Bank Limited  
Habib Bank Limited  
HSBC Bank Middle East Limited  
MCB Bank Limited  
Meezan Bank Limited  
NIB Bank Limited  
Standard Chartered Bank Limited  
The Bank of Khyber  
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

## Head Office & Works

Plot No. G-1 to G-4,  
North Western Industrial Zone,  
Port Qasim Authority, Karachi.  
Tel : (021) 34720247-48  
Fax : (021) 34720245

## Works & Sales Office

Hattar  
Plot No. 78/1, Phase IV,  
Hattar Industrial Estate,  
Hattar, Khyber Pakhtunkhwa,  
(Formerly N.W.F.P.)  
Tel : (0995) 617406-07  
Fax : (0995) 617054

## Regional Sales Offices

Karachi  
House No. 18-B,  
Sir Abdullah Haroon Road,  
Near Marriott Hotel,  
Saddar, Karachi.  
Tel : (021) 35224336-37  
Fax : (021) 35224338

Lahore  
Plot No. 5 FC. C,  
Maratib Ali Road,  
Gulberg II, Lahore.  
Tel : (042) 35716068-70  
Fax : (042) 35716071

# Directors' Report to the Shareholders

The Directors have the pleasure of presenting the report for the half year ended June 30, 2012 along with unaudited financial statements of the Company.

## Financial Performance

Business conditions remained challenging during the first half 2012. Power shortage in the country affected the production capabilities of our customers which caused pressure on our sales prices. Natural gas also remained short for our power generation and we had to switch over to oil. During the period, Pak Rupee also devalued.

Further, the imports of BOPP film at dumping prices coupled with under invoicing and mis-declaration is directly hitting local BOPP film industry and the Government exchequer. We have made representations with the Customs authorities to check such mal-practices of the importers.

Despite all these factors, with the blessing of Almighty, the performance of your Company during the 1<sup>st</sup> half under review remained satisfactory. Comparison of the financial results with the corresponding period of 2011 is as follows:

		Quarter ended June 30 2012	2011	Half year ended June 30 2012	2011
Sales Volume	- (M. Tonnes)	10,130	9,237	19,912	18,782
Sales Value	- (Million Rs)	2,623	2,543	5,070	4,933
Net profit	- (Million Rs)	168	197	338	389
EPS	- (Rs per share)	5.60	6.56	11.28	12.97

The Company recorded 6% growth in volume during the first half 2012 with a net sales of Rs 5,070 million as compared to the Rs 4,933 in same period of 2011. However, the net profit of the Company decreased by Rs 50 million as a result of increase in the cost of sales and finance cost.

## Progress Towards the New BOPP Plant

The civil construction work of New BOPP plant is nearly at its completion. The shipments of the BOPP plant and other machinery have started to arrive at the site. Other activities of the project are progressing as per the plan. Insha Allah the commercial production will commence as planned in the last quarter of 2012.

## Investment Plans

In order to cater the increasing demand of Cast Polypropylene (CPP), the Board of Directors has approved the investment in CPP Line 2 Project with a capacity of 9,000 metric tonnes per annum at a budgeted cost of Rs 1,500 million. This would increase the combined CPP production capacity of the Company from the present 7,200 metric tonnes per annum to 16,200 metric tonnes per annum.

The above investment demonstrates our commitment to offer faster delivery, better quality, greater convenience and increased flexibility.

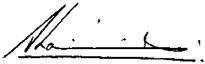
### Future Outlook

With the enhanced capacity of 40,000 metric tonnes of BOPP films by the end of 2012, your Company would be in a better position to serve its customers effectively with fast delivery and improved quality. We shall also cater efficiently the growing requirements of local as well as international market.

### Acknowledgement

The Directors wish to place on record their appreciation for continued support extended by all stakeholders and committed efforts of loyal and devoted employees towards achieving Company's goals.

For and on behalf of the Board



Shahid Hussain  
Chief Executive

Karachi – August 15, 2012

# Auditors' Report

## To The Members On Review Of Interim Financial Statement

### Introduction

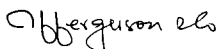
We have reviewed the accompanying condensed interim balance sheet of Tri-Pack Films Limited as at June 30, 2012 and the related condensed interim profit and loss account, condensed interim statement of changes in equity, condensed interim cash flow statement together with the notes forming part thereof for the six months period then ended (here-in-after referred to as the 'condensed interim financial statement'). Management is responsible for the preparation and presentation of this condensed interim financial statement in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial statement based on our review. The figures included in the condensed interim profit and loss account for the quarters ended June 30, 2012 and 2011 and the note forming part thereof have not been reviewed as we are required to review only the cumulative figures for the half year ended June 30, 2012.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statement as of and for the six months period ended June 30, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



Chartered Accountants  
Engagement Partner: Khurshid Hasan

Karachi, August 24, 2012

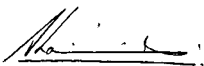
# Condensed Interim Balance Sheet

As at June 30, 2012 (Un-audited - note 2.1)

	Note	June 30, 2012 Rs '000	December 31, 2011 Rs '000
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital		1,000,000	1,000,000
Issued, subscribed and paid-up capital		300,000	300,000
Reserves		1,664,812	1,921,197
		1,964,812	2,221,197
<b>NON-CURRENT LIABILITIES</b>			
Long-term finances	3	2,249,204	250,000
<b>DEFERRED LIABILITIES</b>			
Deferred taxation		131,672	158,165
Accumulated compensated absences		24,790	19,389
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Trade and other payables	4	1,708,995	2,073,526
Accrued mark-up		78,033	36,740
Derivative financial instruments		72,058	79,725
Short-term borrowings	5	1,274,878	1,229,758
Current portion of long-term finances	3	125,000	125,000
		3,258,964	3,544,749
<b>CONTINGENCIES AND COMMITMENTS</b>			
	6	7,629,442	6,193,500

	Note	June 30, 2012 Rs '000	December 31, 2011 Rs '000
PROPERTY, PLANT AND EQUIPMENT	7	3,908,903	2,430,754
INTANGIBLES		13,428	18,727
LONG-TERM DEPOSITS		2,205	2,195
CURRENT ASSETS			
Stores and spares		464,720	321,433
Stock-in-trade		1,475,651	1,542,125
Trade debts	8	1,233,892	991,922
Financial assets at fair value through profit or loss		-	262,884
Advances, prepayments and other receivables		130,984	91,824
Taxation		27,257	55,202
Cash and bank balances		372,402	476,434
		3,704,906	3,741,824
		7,629,442	6,193,500

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Shahid Hussain  
Chief Executive



Kimihide Ando  
Director

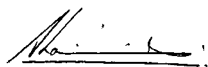


# Condensed Interim Profit and Loss Account

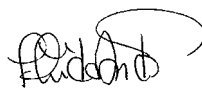
For the quarter and six months period ended June 30, 2012 (Un-audited - note 2.1)

	Note	Quarter ended		Six months period ended	
		June 30, 2012 Rs '000	June 30, 2011 Rs '000	June 30, 2012 Rs '000	June 30, 2011 Rs '000
Sales		3,146,688	3,141,027	6,132,593	6,076,624
Less: Sales tax and special excise duty		524,241	598,734	1,062,683	1,143,976
Net sales		2,622,447	2,542,293	5,069,910	4,932,648
Cost of sales	9	2,180,920	2,068,565	4,231,077	4,017,149
Gross profit		441,527	473,728	838,833	915,499
Distribution cost		60,739	47,032	116,369	101,998
Administrative expenses		50,489	38,164	96,268	74,682
		111,228	85,196	212,637	176,680
Operating profit		330,299	388,532	626,196	738,819
Other income		10,707	10,144	21,825	16,705
		341,006	398,676	648,021	755,524
Finance cost		58,171	37,937	81,961	66,715
Other expenses		26,860	34,711	49,811	67,589
		85,031	72,648	131,772	134,304
Profit before taxation		255,975	326,028	516,249	621,220
Taxation					
- Current		110,044	136,060	206,794	252,359
- Deferred		(21,965)	(6,743)	(28,876)	(20,251)
		88,079	129,317	177,918	232,108
Profit after taxation		167,896	196,711	338,331	389,112
Other comprehensive income for the period					
Loss arising on revaluation of derivative financial instruments		(110,949)	-	(56,149)	-
Transfer to capital work-in-progress on settlement of derivative financial instruments		63,816	-	63,816	-
Less: Income tax relating to hedging reserves		16,087	-	(2,383)	-
		(31,046)	-	5,284	-
Total comprehensive income for the period		136,850	196,711	343,615	389,112
Earnings per share (Rupees)	10	5.60	6.56	11.28	12.97

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Shahid Hussain  
Chief Executive



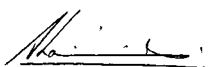
Kimihide Ando  
Director

# Condensed Interim Statement of Changes in Equity

For the six months period ended June 30, 2012 (Un-audited - note 2.1)

	Issued, Subscribed and Paid up Share Capital Rs '000	General Reserve Rs '000	Hedging Reserves Rs '000	Unapp- ropriated Profit Rs '000	Total Rs '000
Balance at January 1, 2011	300,000	995,000	-	496,125	1,791,125
<b>Transactions with owners</b>					
Dividend relating to the year ended December 31, 2010 @ 100%	-	-	-	(300,000)	(300,000)
Transfer to general reserve	-	194,000	-	(194,000)	-
<b>Total comprehensive income</b>	-	194,000	-	(494,000)	(300,000)
Total comprehensive income for the six months period ended June 30, 2011	-	-	-	389,112	389,112
Balance at June 30, 2011	300,000	1,189,000	-	391,237	1,880,237
Balance at January 1, 2012	300,000	1,189,000	(52,533)	784,730	2,221,197
<b>Transactions with owners</b>					
Dividend relating to the year ended December 31, 2011 @ 200%	-	-	-	(600,000)	(600,000)
Transfer to general reserve	-	182,000	-	(182,000)	-
<b>Total comprehensive income</b>	-	182,000	-	(782,000)	(600,000)
Total comprehensive income for the six months period ended June 30, 2012	-	-	5,284	338,331	343,615
Balance at June 30, 2012	300,000	1,371,000	(47,249)	341,061	1,964,812

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Shahid Hussain  
Chief Executive



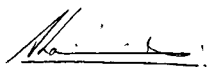
Kimihide Ando  
Director

# Condensed Interim Cash Flow Statement

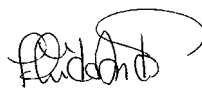
For the six months period ended June 30, 2012 (Un-audited - note 2.1)

	Note	Six months period ended June 30, 2012 Rs '000	Six months period ended June 30, 2011 Rs '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	12	86,498	1,543
Payment on account of accumulated compensated absences		(6,599)	(3,549)
Long-term deposits		(10)	(211)
Staff retirement benefits paid		(22,671)	(17,008)
Income taxes paid		(178,849)	(230,092)
Net cash outflow from operating activities		(121,631)	(249,317)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(1,660,853)	(438,001)
Profit on bank balances received		140	(253)
Redemption of held-for-trading financial assets		268,783	-
Sale proceeds on disposal of fixed assets		3,545	2,266
Net cash outflow from investing activities		(1,388,385)	(435,988)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term finance acquired		2,061,704	-
Long-term finance paid		(62,500)	(170,500)
Short-term loan acquired		-	1,015,325
Finance cost paid		(40,739)	(63,772)
Dividend paid		(597,601)	(298,644)
Net cash inflow from financing activities		1,360,864	482,409
Net decrease in cash and cash equivalents		(149,152)	(202,896)
Cash and cash equivalents at the beginning of the period		(753,324)	54,337
Cash and cash equivalents at the end of the period	13	(902,476)	(148,559)

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



Shahid Hussain  
Chief Executive



Kimihide Ando  
Director

# Notes to and Forming Part of the Financial Statements

For the six months period ended June 30, 2012 (Un-audited - note 2.1)

## 1. INTRODUCTION

Tri-Pack Films Limited (the Company) was incorporated in Pakistan as a public company on April 29, 1993 under the Companies Ordinance, 1984 (the Ordinance) 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. BASIS OF PRESENTATION

2.1 These condensed interim financial statements of the Company for the six months period ended June 30, 2012 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

These condensed interim financial statements comprise of the condensed interim balance sheet as at June 30, 2012 and the condensed interim profit and loss account, condensed interim statement of changes in equity and the condensed interim cash flow statement for the six months period ended June 30, 2012 which have been subjected to a review in accordance with the listing regulations but not audited. These condensed interim financial statements also include the condensed interim profit and loss account for the quarter ended June 30, 2012 which is not subjected to review.

The comparative balance sheet, presented in these condensed interim financial statements, as at December 31, 2011 has been extracted from the audited financial statements of the Company for the year ended December 31, 2011 whereas the comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement are for the six months period ended June 30, 2011 have been extracted from the condensed interim financial statements of the Company for the six months period then ended, which were subjected to a review but not audited. The comparative profit and loss account for the quarter ended June 30, 2011 is also included in these condensed interim financial statements.

2.2 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended December 31, 2011.

# Notes to and Forming Part of the Financial Statements

For the six months period ended June 30, 2012 (Un-audited - note 2.1)

## 3. LONG-TERM FINANCES

### Secured

Finance 1 – note 3.1

Finance 2 – note 3.3

Finance 3 – note 3.4

Finance 4 – note 3.2

Less: Amounts payable within twelve months shown under current liabilities

	June 30, 2012 Rs '000	December 31, 2011 Rs '000
	312,500	375,000
	1,000,000	-
	500,000	-
	561,704	-
	2,374,204	375,000
	125,000	125,000
	2,249,204	250,000

- 3.1 The Company had obtained a long-term finance facility of Rs 500 million (December 31, 2011: Rs 500 million) from a commercial bank under mark-up arrangements. Mark-up is payable on semi-annual basis at the rate of six months Karachi Inter Bank Offer Rate (KIBOR) plus 0.50% per annum. The effective rate of mark-up during the six months was 12.70% (December 31, 2011: 13.97%) per annum. The principal amount is repayable in 8 equal installments commencing after six months with a grace period of two years from the date of first draw down. The facility is secured by first pari passu hypothecation/mortgage charges on all of the Company's present and future fixed assets including but not limited to land, building, plant and machinery, equipment, furniture and fixtures, etc.
- 3.2 The Company had obtained a long-term finance facility of Rs 2,000 million (December 31, 2011: Rs 2,000 million) from a commercial bank under mark-up arrangements. Mark-up is payable in arrears on a semi-annual basis at the rate of six months Karachi Inter Bank Offer Rate (KIBOR) plus 0.75 percent per annum. The principal amount will be repayable in 10 equal semi-annual installments commencing after thirty months with a grace period of two 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.
- 3.3 The Company had obtained a long-term finance facility of Rs 1,000 million (December 31, 2011: 1,000 million) from a commercial bank under mark-up arrangements. Mark-up is payable in arrears on a semi-annual basis at the rate of six months Karachi Inter Bank Offer Rate (KIBOR) plus 0.75 percent per annum. The principal amount will be repayable in 10 equal semi-annual installments commencing after six months with a grace period of two 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 plant and machinery, equipment, furniture and fixtures etc.

3.4 The Company had obtained a long-term finance facility of Rs 1,000 million (December 31, 2011: Rs 1,000 million) from an Islamic bank under musharika agreement. Profit is payable in arrears on a semi-annual basis at the rate of six months Karachi Inter Bank Offer Rate (KIBOR) plus 0.75 percent per annum. The facility redemption amount will be repayable in 10 equal semi-annual installments commencing after six months with a grace period of two 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.

#### 4. TRADE AND OTHER PAYABLES

These include Rs 6.948 million (December 31, 2011: Rs 12.730 million) payable to associated undertakings.

#### 5. SHORT-TERM BORROWINGS

	June 30, 2012 Rs '000	December 31, 2011 Rs '000
<b>Secured</b>		
Short-term loan	450,000	700,000
Short-term running finance – note 5.1	824,878	529,758
	<b>1,274,878</b>	<b>1,229,758</b>

5.1 Total facilities available under mark-up arrangements aggregated Rs 5,350 million (December 31, 2011: Rs 5,350 million) out of which the amount unavailed at the year end was Rs 4,075 million (December 31, 2011: Rs 4,120 million).

#### 6. CONTINGENCIES AND COMMITMENTS

	June 30, 2012 Rs '000	December 31, 2011 Rs '000
<b>Contingencies</b>		
Guarantees issued by banks on behalf of the Company	62,530	58,650
<b>Commitments</b>		
Letter of credit for purchase of raw material and spares	636,087	552,767
Letter of credit for purchase of items of plant and machinery	2,091,905	2,124,305
Contracts for civil works	427,581	701,856

# Notes to and Forming Part of the Financial Statements

For the six months period ended June 30, 2012 (Un-audited - note 2.1)

- 6.1 The facilities for opening of letter of credits and for guarantees as at June 30, 2012 amount to Rs 7,600 million (December 31, 2011: Rs 7,600 million) and Rs 210 million (December 31, 2011: Rs 210 million) of which the amount remaining unutilised was of Rs 3,389 million (December 31, 2011: Rs 3,074 million) and Rs 147.47 million (December 31, 2011: Rs 151.35 million) respectively.
- 6.2 The status of the matters disclosed in notes 13.2 and 13.3 to the latest annual financial statements for the year ended December 31, 2011 has remained unchanged.

## 7. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2012 Rs '000	December 31, 2011 Rs '000
Operating fixed assets – note 7.1	1,655,970	1,794,346
Capital work-in-progress – note 7.2	2,252,933	636,408
	<b>3,908,903</b>	<b>2,430,754</b>

	Six months period ended June 30, 2012 Rs '000	Six months period ended June 30, 2011 Rs '000
7.1 Operating fixed assets		
Additions	44,399	188,043
Disposals [having a net book value of Rs 3.145 million (June 30, 2011: Rs 5.092 million)]	5,435	3,208

	June 30, 2012 Rs '000	December 31, 2011 Rs '000
7.2 Capital work-in-progress		
Plant and machinery	731,982	381,026
Building and civil works	554,720	77,066
Advances to suppliers and contractors	966,231	178,316
	<b>2,252,933</b>	<b>636,408</b>

- 7.2.1 Capital work-in-progress includes borrowing cost capitalised aggregating Rs 105.946 million (December 31, 2011: Rs 34.586 million).

## 8. TRADE DEBTS

Considered good

These include Rs 85.80 million (December 31, 2011: Rs 62.93 million) receivable from associated undertakings.

## 9. COST OF SALES

	Quarter ended June 30, 2012 Rs '000	Quarter ended June 30, 2011 Rs '000	Six months period ended June 30, 2012 Rs '000	Six months period ended June 30, 2011 Rs '000
Opening stock of finished goods	41,744	21,739	31,693	11,994
Cost of goods manufactured – note 9.1	2,186,966	2,122,807	4,247,174	4,081,136
Less: Closing stock of finished goods	(47,790)	(75,981)	(47,790)	(75,981)
	<u>2,180,920</u>	<u>2,068,565</u>	<u>4,231,077</u>	<u>4,017,149</u>
<b>9.1 Cost of goods manufactured</b>				
Opening stock of work-in-process	112,354	95,453	94,788	75,308
Raw materials consumed – note 9.2	1,692,091	1,744,958	3,282,698	3,302,345
Toll manufacturing expenses	77,578	61,154	140,656	113,200
Salaries, wages and other benefits	71,356	62,147	146,649	126,247
Fuel, power and water	166,795	127,735	318,758	244,593
Packing material consumed	53,287	47,123	103,330	92,789
Repairs and maintenance	30,721	37,028	61,274	65,445
Insurance	8,067	8,113	16,799	15,531
Vehicle running and maintenance	7,068	4,717	13,166	9,792
Travelling	1,211	1,195	2,613	2,806
Staff retirement benefits	11,290	7,254	20,755	13,634
Depreciation	83,896	85,983	173,990	179,142
Others	1,267	1,191	1,713	1,548
	<u>2,316,981</u>	<u>2,284,051</u>	<u>4,377,189</u>	<u>4,242,380</u>
Less: Closing stock of work-in-process	(130,015)	(161,244)	(130,015)	(161,244)
	<u>2,186,966</u>	<u>2,122,807</u>	<u>4,247,174</u>	<u>4,081,136</u>
<b>9.2 Raw materials consumed</b>				
Opening stock of raw materials	882,948	1,326,843	1,402,758	954,619
Purchases	2,091,698	1,944,311	3,162,495	3,873,922
Less: Closing stock of raw materials	(1,282,555)	(1,526,196)	(1,282,555)	(1,526,196)
	<u>1,692,091</u>	<u>1,744,958</u>	<u>3,282,698</u>	<u>3,302,345</u>

## 10. EARNINGS PER SHARE

There were no convertible dilutive potential ordinary shares outstanding on June 30, 2012 and 2011.



# Notes to and Forming Part of the Financial Statements

For the six months period ended June 30, 2012 (Un-audited - note 2.1)

## 11. 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 relationship	Nature of transaction	Transactions during the six months period ended June 30, 2012 Rs '000	Transactions during the six months period ended June 30, 2011 Rs '000
<b>Purchase of goods and services</b>				
IGI Insurance Limited	Associated undertaking	Insurance services	69,731	71,934
Mitsubishi Corporation, Japan	Associated undertaking	Raw material	-	4,545
Packages Limited	Associated undertaking	Goods and services	14,583	15,515
Siemens Pakistan Engineering Company Limited	Associated undertaking	Goods and services	368	5,593
			<b>84,682</b>	<b>97,587</b>
<b>Sales of goods and services</b>				
Packages Lanka (Private) Limited	Associated undertaking	Supplies	-	7,042
Packages Limited	Associated undertaking	Supplies	373,835	370,451
Tetra Pak Pakistan Limited	Associated undertaking	Supplies	31,886	9,620
Nestle Pakistan Limited	Associated undertaking	Services	2,132	846
			<b>407,853</b>	<b>387,959</b>
<b>Purchase of property, plant and equipment</b>				
Mitsubishi Corporation, Japan	Associated undertaking	Spare Parts	30,476	7,284
Packages Limited	Associated undertaking	Spare Parts	5,528	-
Tetra Pak Pakistan Limited	Associated undertaking	Porta Cabin Office	-	2,640
			<b>36,004</b>	<b>9,924</b>
<b>Capital Work-In-Progress</b>				
Siemens Pakistan Engineering Company Limited	Associated undertaking	Advances to suppliers	19,669	3,450
Packages Limited	Associated undertaking	Plant and Machinery	24,538	24,298
			<b>44,207</b>	<b>27,748</b>
<b>Advances, prepayment and other receivables</b>				
Siemens Pakistan Engineering Company Limited	Associated undertaking	Annual Maintenance Fee	2,421	5,344
<b>Dividend</b>				
IGI Insurance Limited	Associated undertaking		27,068	10,898
Mitsubishi Corporation, Japan	Associated undertaking		149,980	74,990
Packages Limited	Associated undertaking		200,000	100,000
			<b>377,048</b>	<b>185,888</b>

Name and particulars	Nature of relationship	Nature of transaction	Transactions during the six months period ended June 30, 2012 Rs '000	Transactions during the six months period ended June 30, 2011 Rs '000
<b>Contribution to staff retirement benefit funds</b>				
Gratuity fund		Contribution	6,809	4,984
Pension fund		Contribution	10,525	6,600
Provident fund		Contribution	5,384	3,900
			22,718	15,484
<b>Commission</b>				
IGI Insurance Limited	Associated undertaking	Commission earned on insurance premium	4,248	3,743
<b>Other Income</b>				
IGI Money Market Fund	Associated undertaking	Realised gain on redemption of investment	5,899	-
IGI Insurance Limited	Associated undertaking	Insurance claim received in respect of damage inventory	-	668
			5,899	668
<b>Other expenses</b>				
National Management Foundation	Associated undertaking	Donation	10,000	20,000
<b>Remuneration of key management personnel</b>				
		Salaries and other short-term employees' benefits	22,121	18,696
		Gratuity and Pension	3,075	2,409
			25,196	21,105

# Notes to and Forming Part of the Financial Statements

For the six months period ended June 30, 2012 (Un-audited - note 2.1)

## 12. CASH GENERATED FROM OPERATIONS

	Six months period ended June 30, 2012 Rs '000	Six months period ended June 30, 2011 Rs '000
Profit before taxation	516,249	621,220
Adjustment for non cash charges and other items:		
Depreciation	179,630	181,800
Amortisation	5,299	3,653
Finance cost	81,961	66,715
Profit on bank balances	(140)	253
Gain on disposal of investments at fair value through profit or loss	(5,899)	-
(Reversal)/provision for doubtful debts	-	(800)
Provision for accumulated compensated absences	12,000	6,800
Provision for retirement benefits	21,216	15,435
Profit on disposal of fixed assets	(400)	(489)
Working capital changes – note 12.1	(723,418)	(893,044)
	86,498	1,543
<b>12.1 Working capital changes</b>		
(Increase)/decrease in current assets:		
Stores and spares	(143,287)	(51,948)
Stock-in-trade	66,474	(723,043)
Trade debts	(241,970)	(209,123)
Advances, prepayments and other receivables	(39,160)	(49,855)
	(357,943)	(1,033,969)
(Decrease) / increase in current liabilities:		
Trade and other payables	(365,475)	140,925
	(723,418)	(893,044)

### 13. CASH AND CASH EQUIVALENTS

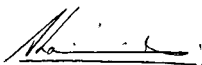
	June 30, 2012 Rs '000	June 30, 2011 Rs '000
Cash and bank balances	372,402	363,658
Short-term borrowings-note 5	(1,274,878)	(512,217)
	(902,476)	(148,559)

### 14. PLANT CAPACITY AND ACTUAL PRODUCTION

	Six months period ended June 30, 2012	Six months period ended June 30, 2011
	(Metric tonnes)	
Operational capacity available during the period	17,900	17,900
Production	17,828	17,085

### 15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on August 15, 2012 by the board of directors of the Company.



Shahid Hussain  
Chief Executive



Kimihide Ando  
Director

## Registered Office

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