

# Tri-Pak Films Limited

Annual Report 2000

## CONTENTS

Company :Information

Highlights

Notice of Meeting

Directors' Report to the Shareholders

Auditors' Report to the Members

Balance Sheet

Profit and Loss Account

Statement of Changes in Equity

Cash Flow Statement

Notes to the Accounts

Pattern of Shareholding

## COMPANY IN FORMATION

### Board of Directors

Akira Yamamura

Javed Aslam

Khalid Yacob

Minoru Shibata

Mujeeb Rashid (Managing Director)

Syed Babar All (Chairman)

Syed Hyder Ali

Yukio Imamura (Alternate to Minoru Shibata)

M. Saeed Iqbal (Alternate to Syed Babar Ali)

### Company Secretary

Khalid Yacob

### Auditors

A.F. Ferguson & Co.

Chartered Accountants

### Legal advisors

Khan and Piracha

### Bankers

ABN-Amro Bank N.V.

Albaraka Islamic Bank B.S.C. (E.C)

Al Tawfeek Investment Bank Limited

American Express Bank Limited'

ANZ Grindlays Bank Limited

Bank of Khyber

Credit Agricole Indosuez

Deutsche Bank A.G.

Emirates Bank International P.J.S.C.

Habib Bank A.G. Zurich  
Muslim Commercial Bank Limited  
National Bank of Pakistan

**Registered Office** First Floor, Hilal-e-Ahmer House,  
Khayaban-e-Tqbal, Main Clifton Road,  
Karachi-75600, Pakistan  
PABX: (021) 5863941-42, 5874047-49  
Fax: (021) 5860251

**Head Office &  
Sales Office** First Floor, G.D. Arcade, Fazal-uI-Haq Road,  
73-E, Blue Area, Islamabad  
Tel: (051) 273135, 273907-8, Fax: (051) 273136

### Regional Sales Offices

**Karachi** 201-202, Marine Pride, Block 7, Clifton,  
Karachi-75600  
Tel: (021) 5871801-2, Fax: (021) 5871803

**Lahore** First Floor, 41-Commercial Area,  
Main Boulevard,  
Cavalary Ground, Lahore  
Tel: (042) 6676848, 6676455, Fax: (042) 6675899

**Works** Plot No.78/1, Phase  
Hattar ]:industrial Estate, Hattar, N.W.F.P.  
Tel' (0995) 617406~7, Fax: (0995) 617054

## HIGHLIGHTS

	<i>Year to June 30,</i>	
	<i>2000</i>	<i>1999</i>
Sales - million rupees	769.78	605.93
Net profit - million rupees	134.15	95.89
Cash dividend - as a %age of paid up capital	15.00	25.00
Earnings per share -rupees	4.47	3.20
Total assets - million rupees	505.27	494.24
Finished BOPP film production -tonnes	5,752	5,193
Number of employees	123	127

## NOTICE OF MEETING

Notice is hereby given that the Eighth Annual General Meeting of Tri-Pack Films Limited

will be held at Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi on Friday September 29, 2000 at 10:00 a.m. to transact the following ordinary and special business :-

**A. Ordinary Business:**

1. To confirm the minutes of the previous Annual General Meeting held on December 7, 1999.
2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2000, the Report of the Auditors thereon and the Report of the Directors.
3. To approve dividend. The Directors have recommended a final dividend of 15% (Rs. 1.50 per share of Rs. 10) on the existing issued share capital of the Company.
4. To appoint Auditors and to fix their remuneration.
5. To elect Directors in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 for a term of three years commencing from October 3, 2000.

As decided by the Board of Directors, the number of Directors to be elected would be seven as at present.

The present Directors of the Company will retire on October 2, 2000. The retiring Directors namely, Messrs Akira Yamamura, .laved Aslam, Khalid Yacob, Minoru Shibata, Mujeeb Rashid, Syed Babar Ali and Syed Hyder Ali being eligible, have notified their intention to offer themselves for re-election as Directors for a fresh term of three years commencing from October 3, 2000.

**B. Special Business:**

6. To consider and if thought fit, to approve the remuneration payable to the Chief Executive and working Director of the Company.

By Order of the Board

Karachi  
September 1, 2000

Khalid Yacob  
Director & Company Secretary

**Notes:**

1. The Share Transfer Books of the Company will remain closed from September 14, 2000 to September 29, 2000 (both days inclusive) for the purpose of entitlement of dividend and to attend the Annual General

## Meeting.

2. Every candidate for election of Directors, whether he is a retiring Director or otherwise, shall file with the Company, not later than fourteen days before the date of the Annual General Meeting a notice of his intention to offer himself for election as a Director of the Company.

3. A member of the Company entitled to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.

### **CDC Account Holders will further have to follow the undermentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan:**

#### **A. For Attending the Meeting:**

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original National Identity Card (NIC) or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

#### **B. For Appointing Proxies:**

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.

iii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his original NIC or original passport at the time of the meeting.

v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

**Statement in regard to special business:**

**Remuneration to Chief Executive and working Director:**

The shareholders' approval will be sought for the payment of remuneration and the provision of certain facilities to the Chief Executive / Managing Director and working Director in accordance with their terms and conditions of service with the Company.

For the purpose, the following ordinary resolutions which set out the terms of appointment of the Chief Executive / Managing Director and working Director will be moved at the meeting.

**RESOLVED** that consent be and is hereby given for the payment as remuneration to Mr. Mujeeb Rashid, Chief Executive / Managing Director of the sums not exceeding Rs. 2.6 million per year effective October 1, 2000 and for the provision to him of housing, transport, medical and leave fare facilities and other benefits incidental or relating to his office in accordance with the Company's rules from time to time in force.

**RESOLVED** that consent be and is hereby given for the payment as remuneration to Mr. Javed Aslam, working Director of the sums not exceeding Rs. 0.9 million per year effective October 1, 2000 and for the provision to him of transport and other benefits incidental or relating to his office in accordance with the Company's rules from time to time in force.

**FURTHER RESOLVED** that in the event of any of the aforesaid offices falling vacant, the approval hereby given shall be equally applicable to any other person appointed to fill such vacancy.

Mr. Mujeeb Rashid and Mr. Javed Aslam are interested in this business to the extent of their respective remuneration.

**DIRECTORS' REPORT  
TO THE SHAREHOLDERS**

The Directors are pleased to present their annual report, together with the Company's audited accounts for the year ended June 30, 2000.

Although our country's business environment had to encounter many changes and uncertainties during the year under review, your Company maintained its growth tempo to further consolidate its market standing. Sales increased by 15% to Rs. 696 million from last year's Rs. 606 million.

With the help of planned longer runs and reduced wastage, the Company was able to increase plant capacity utilization from 96% during the previous years to 107% during the year under review by producing 5,752 tonnes against 5,193 tonnes last year.

As a result of higher capacity utilization, increased operational efficiency and lower financial costs, your Company was able to register a 40% growth in its net profit over the previous year from Rs. 96 million to Rs. 134 million.

Your Company completed its five years sales tax exemption period on January 17th, 2000. We are pleased to inform you that we have made a successful transition to the sales tax regime, with full support of our customers.

### **Earnings Per Share**

Based on the net profit for the current year the earnings per share were Rs. 4.47 (1999: Rs. 3.20).

### **Credit Rating**

The Pakistan Credit Agency (Pvt.) Limited (PACRA), an affiliate of IBCA Limited UK has assigned your 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.

### **Expansion Program**

The work on setting up of a second line with a production capacity of 5800 tonnes finished BOPP film is in full swing. Construction work has started and agreements with major suppliers of Plant & Machinery have been finalised. Total cost of the project is expected to be Rs. 800 million, which will be financed through a long term loan of

Rs. 650 million from local financial institutions and Rs. 150 million from internal cash generation. This mode of financing which does not ask for an increase in current share capital will go a long way in considerably increasing the long term return to our Shareholders.

While selecting plant and equipment, due care was taken to ensure that the new production line would be based on the latest technology available today. The enhanced features in our new line will further improve our operational efficiency, and will provide us with the technical capabilities to fully respond to the rising expectations of our customers in the years to come.

### **Our Vision for the Future**

Our vision for the future is to develop your Company into becoming a regional leader in the business of stretched films for which focused efforts will be made in the coming years to develop and acquire the required competencies and know how.

### **Human Resources**

Your Company's motivated employees have contributed immeasurably to the

achievements of last year's financial results. The Directors would like to thank them for all of their dedicated efforts.

The realization of our future vision will depend mainly on their efforts. Your Company will allocate sufficient funds in the future for their training and development.

### **Our Business Partners**

Our Company's operational efficiency depends as much on the support of our customers, suppliers, service providers and consultants as on our own internal efforts. We would like to thank them for their valuable support during last year.

### **Appropriation**

The Directors recommend payment of cash dividend of 15% (Rs. 1.50 per share) on the paid up capital of the Company. Accordingly the following appropriations have been made:-

	(Rupees in thousand)
The Company made a net Profit of	134,152
Adding thereto unappropriated profit at June 30,1999	816
Makes available for appropriation a sum of	134,968
From that sum the Directors recommend payment of a cash dividend of Rs. 1.50 per share	45,000
Transfer to general reserve	89,000
And propose to carry forward to 2000-2001, the balance of	968

### **Appointment of Auditors**

The present Auditors Messrs A. F. Ferguson & Co., Chartered Accountants retire and offer themselves for re-appointment.

You are requested to appoint the Auditors and fix their remuneration for the year 2001.

### **Directors**

Since the holding of the last Annual General Meeting on December 7, 1999, following changes have taken place in the Board of Directors:-

Mr. Tariq Hamid resigned from the Company's Board and Mr. Mujeeb Rashid filled in the vacancy.

Mr. Kiyohide Inoue representing Mitsubishi Corporation of Japan resigned from the Company's Board and was replaced by Mr. Minoru Shibata.

The Board of Directors wishes to record its appreciation for the valuable services rendered by the retiring Directors and extends its warm welcome to the incoming Directors.

Mr. Javed Aslam resigned as Managing Director of the Company and Mr.. Mujeeb Rashid was appointed in his place.

The Board of Directors wishes to record its appreciation of the valuable services rendered by Mr. Javed Aslam during his tenure as Managing Director.

### **Pattern of shareholding**

A statement reflecting the pattern of shareholding as on .June 30, 2000 is attached to the Annual Report.

For and on behalf of the Board.

Mujeeb Rashid  
(Managing Director)

August 22,2000

### **AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of Tri-Pack Films Limited as at June 30, 2000 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 and, after due verification thereof, 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, 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 June 30, 2000 and of the profit, 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 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  
Islamabad.

August 23, 2000

## BALANCE SHEET AS AT JUNE 30, 2000

	<i>Note</i>	<i>2000</i> <i>(Rupees in thousand)</i>	<i>1999</i>
<b>SHARE CAPITAL</b>			
Authorised	3	300,000	300,000
		=====	=====
Issued, subscribed and paid up	3	300,000	300,000
<b>GENERAL RESERVE</b>		119,000	30,000
<b>UNAPPROPRIATED PROFIT</b>		968	816
		-----	-----
		419,968	330,816
<b>REDEEMABLE CAPITAL</b>	4	--	6,667
<b>CURRENT LIABILITIES</b>			
Current portion of redeemable capital	4	--	13,333
Current portion of liabilities against assets subject to finance lease	5	--	45,741
Creditors, accrued and other liabilities	6	40,302	22,684
Proposed dividend		45,000	75,000
		-----	-----
		85,302	156,758
<b>CONTINGENCIES AND COMMITMENTS</b>	7	-----	-----
		505,270	494,241
<b>FIXED CAPITAL EXPENDITURE</b>			
Operating fixed assets	8	288,422	333,288
Capital work-in-progress	9	7,095	--
		-----	-----
		295,517	333,288
<b>LONG-TERM DEPOSITS</b>	10	888	888
<b>CURRENT ASSETS</b>			

Stores and spares	11	28,786	26,866
Stock-in-trade	12	52,570	61,162
Trade debts	13	68,423	47,937
Advances, deposits, prepayments and other receivables	14	8,206	12,506
Cash and bank balances	15	50,880	11,594
		-----	-----
		208,865	160,065
		-----	-----
		505,270	494,241
		=====	=====

The annexed notes form an integral part of these accounts.

**Mujeeb Rashid**  
Chief Executive

**Akira Yamamura**  
Director

### **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2000**

	<i>Note</i>	<i>2000</i> <i>(Rupees in thousand)</i>	<i>1999</i>
Sales	16	769,777	605,932
Less: Sales tax		73,569	--
		-----	-----
Net sales		696,208	605,932
Cost of sales	17	504,457	439,434
		-----	-----
Gross profit		191,751	166,498
Operating expenses			
Administrative and general	18	315,471	21,469
Selling and distribution	19	18,984	17,832
		-----	-----
		50,531	39,301
		141,220	127,197
		-----	-----
Financial charges	20	3,094	28,930
Other income	21	(3,087)	(2,669)
		-----	-----
		7	26,261
		-----	-----
		141,213	100,936
Workers' profit participation fund		7,061	5,047
		-----	-----

Profit for the year		134,152	95,889
Accumulated profit brought forward		816	9,927
		-----	-----
Available for appropriation		134,968	105,816
<b>Appropriations</b>			
Transfer to general reserve		89,000	30,000
Proposed dividend @ 15% (1999 @ 25%)		45,000	75,000
		-----	-----
		134,000	105,000
		-----	-----
Unappropriated profit carried forward		968	816
		=====	=====
		(Rupees)	
Earnings per share	22	4.47	3.20
		=====	=====

The annexed notes form an integral part of these accounts.

**Mujeeb Rashid**  
Chief Executive

**Akira Yamamura**  
Director

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2000

	<i>Share Capital</i>	<i>General Reserve</i>	<i>Unappro- priated Profit</i>	<i>Total</i>
	<b>(Rupees in thousand)</b>			
Balance at June 30, 1998	300,000	--	9,927	309,927
Net profit for the year ended	--	--	95,889	95,889
June 30, 1999				
Transfer to general reserve	--	30,000	(30,000)	--
Dividend	--	--	(75,000)	(75,000)
	-----	-----	-----	-----
Balance at June 30, 1999	300,000	30,000	816	330,816
Net profit for the year ended	--	--	134,152	134,152
June 30, 2000				
Transfer to general reserve	--	89,000	(89,000)	--
Dividend	--	--	(45,000)	(45,000)
	=====	=====	=====	=====

Balance at June 30, 2000	300,000	119,000	968	419,968
	=====	=====	=====	=====

The annexed notes form an integral part of these accounts.

**Mujeeb Rashid**  
Chief Executive

**Akira Yamamura**  
Director

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2000**

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees in thousand)</i>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	24	202,800	157,315
Financial charges paid		(8,895)	(28,786)
		-----	-----
Net cash inflow from operating activities		193,905	128,529
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
Sale proceeds of fixed assets		1,997	881
Fixed capital expenditure		(16,625)	(6,087)
		-----	-----
Net cash (outflow) from investing activities		(14,628)	(5,206)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of redeemable capital		(20,000)	(13,333)
Repayment of liability against assets subject to finance lease		(45,741)	(83,858)
Dividend paid		(74,250)	
		-----	-----
Net cash (outflow) from financing activities		(139,991)	(97,191)
		-----	-----
<b>NET INCREASE [N CASH AND CASH EQUIVALENTS</b>		39,286	26,132
Cash and cash equivalents at beginning of the year		11,594	(14,538)
		-----	-----
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		50,880	11,594
		=====	=====

**Mujeeb Rashid**  
Chief Executive

**Akira Yamamura**  
Director

**NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED JUNE 30, 2000**

## **1. The Company and its operations**

The Company is a public company incorporated in Pakistan under the Companies Ordinance, 1984 and is listed on stock exchanges in Pakistan. It is principally engaged in the manufacture and sale of biaxially oriented polypropylene (BOPP) film.

## **2. Significant accounting policies**

### **2.1 Accounting convention**

These accounts have been prepared under the historical cost convention and in accordance with International Accounting Standards as applicable in Pakistan.

### **2.2 Retirement benefits**

The Company operates a defined Contributory Provident Fund covering permanent employees who complete prescribed qualifying period of service. Equal monthly contributions are made, both by the Company and the employee, to the fund.

The Company also contributes towards pension of certain executives of the Company who are members of an approved Contributory Pension Fund of an associated company.

The Company also operates a gratuity scheme covering permanent employees who complete prescribed qualifying period of service, for which provision is made on the basis of actuarial valuation which will be carried out once in every three years or earlier if required.

Contributions made by the Company are charged to income currently.

### **2.3 Taxation**

Profit and gains derived by the Company are exempt from income tax for a period of eight years beginning commencement of commercial production on June 1, 1995, in terms of clause 118C of the Second Schedule of the Income Tax Ordinance, 1979.

### **2.4 Fixed capital expenditure and depreciation**

#### **a) Owned assets**

Operating fixed assets except leasehold land are stated at cost less accumulated depreciation. 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 from commencement of commercial production.

Depreciation on operating fixed assets is charged to profit on

straight line method at the rates given in note 8. Full year's depreciation is charged on normal additions while no depreciation is charged on deletions during the year.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains and losses on disposal of assets, if any, are included in income currently.

#### **b) Assets subject to finance lease**

Assets subject to finance lease are stated at the lower of present value of minimum lease payments at the inception of the lease and their fair value at that date. Related financial expenses are charged to the profit and loss account' except those related to the period upto the commencement of commercial production, which expenses have been capitalised.

Assets subject to finance lease are amortised over the useful life of the asset on a straight line method at the rates given in note 8. Amortisation of leased assets is charged to income.

#### **2.5 Stores and spares**

Stores and spares, except for those in transit, are valued at weighted average cost.

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

#### **2.6 Stock-in-trade**

Stock of raw materials, except for those in transit, work-in-process and finished good are valued at the lower of 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.

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

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.

#### **2.7 Rates of exchange**

Transactions in foreign currencies are recorded at the rates of exchange ruling on the date of the transaction. Assets and liabilities in foreign currencies at the year end are translated into rupees at the rates prevailing on the balance sheet date or at the contracted rate where exchange risk cover has been obtained. Exchange differences are included in the income for the year.

## 2.8 Revenue recognition

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

## 3. Share capital

	<i>2000</i>	<i>1999</i>
	<i>(Rupees in thousand)</i>	
Authorised		
30,000,000 ordinary shares of Rs. 10 each (1999: 30,000,000)	300,000	300,000
	=====	=====
Issued, subscribed and paid-up		
30,000,000 ordinary shares of Rs. 10 each (1999: 30,000,000) fully paid in cash	300,000	300,000
	=====	=====

## 4. Redeemable capital

Long term running finance under mark-up arrangements		
Finance I (note 4.1)	--	20,000
Finance 2 (note 4.2)	--	--
	-----	-----
	--	20,000
Less: Current portion shown under current liabilities	--	13,333
	-----	-----
	--	6 6,67
	=====	=====

4.1 The balance payable on Company's long term finance facility of Rs. 40 million under mark-up arrangement from ANZ Grindlays Bank Ltd. was repaid in full during the year. This facility carried mark-up at the rate of Rs. 0.4657 (1999: Rs. 0.4657) per one thousand Rupees per day and was secured by second hypothecation charge over machinery and equipment and second equitable mortgage over land and buildings. The charge was satisfied in full on February 29, 2000.

4.2 The Company has arranged a long term finance facility aggregating Rs. 550 million under mark-up arrangement from a consortium of banks. Mark-up is payable half yearly at the rate of Rs. 0.0548 per one thousand rupees per day over and above six months yield of the Treasury Bill rate, subject to a minimum of Rs. 0.3:[51 per one thousand rupees per day and maximum of Rs. 0.3973 per one thousand rupees per day. The finance is repayable in eight equal half yearly installments commencing after one year of first draw

down. No draw down against this facility was made upto June 30, 2000. This facility is secured by first 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.

#### 5. Liabilities against assets subject to finance lease

Present value of minimum lease rental payments (US \$ Nil; 1999: US \$ 1.5 million)	--	45,741
Less: Current portion shown under current liabilities	--	(45,741)
	-----	-----
	--	--
	=====	=====

The minimum lease rental payment due under the lease agreement was fully paid on November 8, 1999. The liability was secured by first priority equitable charge over land and buildings, hypothecation charge over plant, machinery and equipment. The charge was satisfied in full on January 5, 2000.

#### 2000                      1999 (Rupees in thousand)

#### 6. Creditors, accrued and other liabilities

Creditors	7,113	4,284
Accrued expenses	5,796	4,511
Advances from customers	1,245	851
Mark-up and related charges	149	5,950
Gratuity payable	3,071	--
Unclaimed dividend	750	--
Income tax payable	125	56
Sales tax payable	13,204	447
Workers' profit participation fund (WPPF) (note 6.1)	7,064	5,047
Other payables	1,785	1,538
	-----	-----
	40,302	22,684
	=====	=====

Creditors include Rs. 4,095 thousand (1999: Rs. 2,229 thousand) payable to associated companies.

Accrued expenses include Rs. 2,600 thousand (1999: Rs. 2,595 thousand) payable to an associated company.

Mark-up and related charges include Rs. Nil (1999: Rs. 4,158 thousand) related to liabilities against assets subject to finance lease.



**6.1 Workers' profit participation fund**

Balance as at July 1	5,047	3,268
Interest for the year	3	5
Allocation for the year	7,061	5,047
Amount paid during the year	(5,047)	(3,273)
	-----	-----
	7,064	5,047
	=====	=====

**7. Contingencies and commitments****Contingencies:**

Indemnity bonds issued to custom authorities	--	9,196
Guarantees issued by banks on behalf of the Company	500	2,638

**Commitments:**

Commitment for capital expenditure	431,389	620
Letters of credit for purchase of raw materials and spares	20,814	24,367

**8. Operating fixed assets**

The following is the statement of operating fixed assets.

(Rupees in thousand)										
	Cost			DEPRECIATION/AMORTISATION				Book value as at June 30, 2000	Annual rate of depreciation/ amortization %	
	As at June 30, 1999	Additional adjustment*	Deletions/ Adjustment*	As at June 30, 2000	As at June 30, 1999	Change for the year/ adjustment*	On deletions /adjustment*			As at June 30, 2000
	<b>8.1 Owned assets</b>									
Leasehold land	7,197	--	--	7,197	302	74	--	376	6,821	1.03
Buildings	44,888	50	--	44,938	9,038	2,247	--	11,285	33,653	5
Plant and machinery	162,040	134	--	436,087	64,883	43,609	--	220,339	215,748	10
		273,913*				111,847*				
Electric installations	36,869	--	--	36,869	14,830	3,687	--	18,517	18,352	10
Tubewell and pumps	1,941	--	--	1,941	804	194	--	998	943	10
Furniture and fixtures	5,981	602	173	6,410	2,881	807	127	3,561	2,849	10-20
Office equipment	2,810	980	--	3,790	1,657	702	--	2,359	1,431	20
Laboratory equipment	868	--	--	868	331	162	--	493	375	20
Vehicles	9,770	7,628	3,495	13,903	6,500	2,499	3,149	5,850	8,053	20
Tools	93	136	--	229	9	23	--	32	197	10
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	272,457	9,530	3,668	552,232	101,235	54,004	3,276	263,810	288,422	
		273,913*				111,847*				

**8.2 Assets subject to finance lease**

Plant and machinery	273,913	--	273,913*	--	111,847	--	111,847*	--	--	10
	-----	-----	-----	-----	-----	-----	-----	-----	-----	
	546,370	9,530	3,668	552,232	213,082	54,004	3,276	263,810	28,8,422	
		273,913*	273,913*			111,847*	111,847*			
	=====	=====	=====	=====	=====	=====	=====	=====	=====	
1999	573,975	9,581	1,186	546,370	161,192	52,958	1,068	213,082	333,288	
	=====	=====	=====	=====	=====	=====	=====	=====	=====	

### 8.3 Operating fixed assets sold

	<b>(Rupees in thousand)</b>		
	<i>Cost</i>	<i>Book Value</i>	<i>Sale proceeds</i>
<b>Vehicles</b>			
By the Company policy to executives			
Mr. Asadullah Butt	235	--	78
Mr. Aurangzeb Ashfaq	370	222	280
By negotiations to outsiders			
Mrs. Alya Zaman			
Mr. Naveed Ahmed Cheema	330	--	110
Mr. Abdul Majeed	766	--	260
Mr. Mohammad Tanveer Malik	212	--	115
Mrs. Salma Faruqi	722	--	500
Mr. Rashid Shafiq	475	47	344
	385	77	310

	<b>2000</b>	<b>1999</b>
	<b>(Rupees in thousand)</b>	

### 9. Capital work-in-progress

Plant and machinery	3,970	--
Civil works	3,125	--
	-----	-----
	7,095	--
	=====	=====

### 10. Long-term deposits

These represent long-term security deposits.

### 11. Stores and spares

Stores	4,099	5,095
Spares	24,191	20,380
Stores and spares in transit	496	1,391

-----	-----
28,786	26,866
=====	=====

**12. Stock-in-trade**

Raw materials	42,969	40,825
Raw materials in transit	3,237	12,461
Work-in-process	4,291	4,082
Finished goods	2,073	3,794
	-----	-----
	52,570	61,162
	=====	=====

**13. Trade debts**

These are unsecured and considered good. Amount due from associated companies at the year end was Rs. 1,697 thousand (1999: Rs. 1,921 thousand).

The maximum aggregate amount due from such companies at the end of any month during the year was Rs. 6,725 thousand (1999: Rs. 5,001 thousand).

**14. Advances, deposits, prepayments, and other receivables**

Advances, considered good, to:

Chief Executive	44	150
Executives	539	316
Other employees	128	102
	-----	-----
	711	568

Advances to suppliers	1,519	2,375
Trade deposits	438	637
Prepayments (Including insurance premium of Rs. Nil; 1999: Rs. 2,566 thousand paid to an associated company)	960	3,284
:Income tax refundable	3,650	2,949
Custom rebate recoverable on exports	--	11
Excise duty recoverable on exports	557	557
Accrued profit on bank balances	188	1,226
Other receivables	183	899
	-----	-----
	8,206	12,506
	=====	=====

The maximum amounts due at the end of any month during the year from. the chief executive and executives were Rs. 275 thousand (1999: Rs. 237 thousand) and Rs. 1,119 thousand (1999: Rs. 1,002 thousand)respectively.

**15. Cash and bank balances**

Cash at bank on current accounts	50,531	10,493
----------------------------------	--------	--------

Cash in hand	349	81
Cash in transit	--	1~020
	-----	-----
	50,880	11 594
	=====	=====

**16. Sales**

Local	769,777	600,653
Export	--	5,279
	-----	-----
	769,777	605 9,32
	=====	=====

**17. Cost of sales****Raw materials consumed**

Opening stock of raw materials	40,825	19,718
Purchases	328,809	285,090
Closing stock or raw materials	(42,969)	(40,825)
	-----	-----
	326,665	263,983

**Manufacturing expenses**

Salaries, wages and other benefits	14,921	13,878
Fuel, power and water	37,406	28,487
Excise duty	17,585	27,319
Packing expenses	23,853	23,887
Repairs and maintenance (includes stores and spares consumed Rs. 18,682 thousand; 1999: Rs. 14,636 thousand)	20,310	20,585
Insurance	2,663	2,084
Vehicle running and maintenance	1,992	1,957
Travel ling	681	1,572
Technical fee	3,602	3,584
Retirement benefits	2,160	622
Depreciation/amortization	50,860	50,868
Other expenses	247	212
	-----	-----
	176,280	175,055
	-----	-----
	502,945	439,038

**Work-in-process**

Opening stock	4,082	3,838
Closing stock	(4,291)	(4,082)
	-----	-----
	(209)	(244)

Cost of goods manufactured	502,736	438,794
Finished goods		
Opening stock	37,941	4,434
Closing stock	(2,073)	(3,794)
	1,721	640
	504,457	439,434

**18. Administrative and general expenses**

Salaries, wages and other benefits	10,889	7,347
Rent, rates and taxes	2,295	1,825
Printing, stationery and periodicals	1,779	1,680
Postage and telephone	3,378	3,458
Repairs and maintenance	512	1,245
Vehicle running and maintenance	475	262
Travelling	1,058	993
Insurance	528	204
Staff training and development	1,032	--
Auditors' remuneration and expenses (note 18.1)	839	430
Legal and professional expenses	893	472
Retirement benefits	3,385	379
Depreciation/amortisation	2,189	1,448
Other expenses	2,295	1,726
	31,547	21,469

**18.1 .Auditors' remuneration and expenses**

Audit fee	175	130
Fee for tax consultancy and other services	639	265
Out of pocket expenses	25	35
	839	430

**19. Selling and distribution expenses**

Salaries, wages and other benefits	6,221	4,850
Distribution expenses	6,727	7,385
Travelling	1,131	1,504
Rent, rates and taxes	1,162	1,264
Repairs and maintenance	183	156
Vehicle running and maintenance	327	399
Insurance	319	243
Retirement benefits	1,217	310

Depreciation	955	642
Other expenses	742	1,079
	-----	-----
	18,984	17,832
	=====	=====

**20. Financial charges**

Mark-up and related charges on liabilities against

assets subject to finance lease	--	22,218
Hark-up on redeemable capital	522	4,438
Hark-up on short-term finance	1,306	1,329
Bank and other charges	1,263	940
Interest on amount payable to WPPF	3	5
	-----	-----
	3,094	28,930
	=====	=====

**21. Other income**

Profit on bank balances	708	1,359
Gain on disposal of fixed assets	1,605	763
Sale of waste material	774	547
	-----	-----
	3,087	2,669
	=====	=====

**22. Earnings per share**

Net profit for the year	134,152	95,889
	=====	=====

(Number in thousand)

Weighted average number of shares in issue during the year	30,000	30,000
	=====	=====

(Rupees)

Earnings per share	4.47	3.20
	=====	=====

There is no dilutive effect in the basic earnings per share of the Company.

**23. Remuneration of chief executive, director and executives**

The aggregate amount charged in the accounts in respect of remuneration, including benefits and perquisites, were as follows:

	Chief Executive		Director		Executives	
	2000	1999	2000	1999	2000	1999
	(Rupees in thousand)					
Managerial remuneration	1,240	921	786	--	7,111	4,754
Retirement benefits	2,103	102	--	--	3,001	545

Housing	690	450	235	--	3,925	2,667
Utilities	126	92	74	--	661	469
Leave passage	99	81	--	--	386	306
Others	125	41	18	--	1,841	1,193
	-----	-----	-----	-----	-----	-----
	4,383	1,687	1,113	--	16,925	9,934
	=====	=====	=====	=====	=====	=====
No of persons	1	1	1	--	31	21

The above were also provided with medical facilities. In addition, the chief executive and certain executives were also provided with free transport and residential telephones. No remuneration was paid to other directors during the year (1999: Nil).

**2000**                      **1999**  
**(Rupees in thousand)**

**24. Cash generated from operations**

Profit for the year	134,152	95,889
Adjustment for non cash charges and other items		
Depreciation	54,004	52,958
Financial charges	3,094	28,930
Gain on disposal of fixed assets	(1,605)	(763)
	-----	-----
	55,493	81,125
	-----	-----
	189,645	177,014

**Change in working capital**

**(Increase)/decrease in current assets**

Stores and spares	(1,920)	(12,373)
<b>Stock-in-trade</b>	8,592	(16,198)
Trade debts	(20,486)	4,555
Advances, deposits, prepayments and other receivables	4,300	1,535
	-----	-----
	(9,514)	(22,481)

**Increase/(decrease) in current liabilities**

Creditors, accrued and other liabilities (excluding mark-up, related charges and unclaimed dividend)	22,669	3,458
	-----	-----
	13,155	(19,023)
	-----	-----
Changes in long-term deposits	--	(676)
	-----	-----

202,800

157,315

**25. Retirement benefits**

Retirement benefits stated in notes 17, 18 and 19 are in respect of provident fund, Pension, gratuity and contribution towards Employees Old Age Benefits scheme. Liability for gratuity stated in note 6 is based on an actuarial valuation as at June 30, 2000, determined on Projected Unit Credit Method, using expected rate of increase in salary level @ 12% per annum.

Tri Pack Films Limited

**26. Financial assets and liabilities**

	Interest/mark-up bearing			(Rupees in thousand)			
	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>sub total</i>	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub total</i>	<i>Total</i>
Financial assets							
Long-term deposits	--	--	--	--	888	888	888
Trade debts	--	--	--	68,423	--	68,423	68,423
Advances, deposits, prepayments and other receivables	--	--	--	1,520	--	1,520	1,520
Cash and bank balances	20,754	--	20,754	30,126	--	30,126	50,880
	-----	-----	-----	-----	-----	-----	-----
	20,754	--	20,754	100,069	888	100,957	121,711
	=====	=====	=====	=====	=====	=====	=====
Financial liabilities							
Recognised							
Creditors, accrued and other liabilities	--	--	--	18,675	--	18,675	18,675
Proposed dividend				45,000		45,000	45,000
Unrecognised							
Guarantees	--	--	--	500	--	500	500
Commitment for capital expenditure	--	--	--	431,389	--	431,389	431,389
Letters of credit	--	--	--	20,814	--	20,814	20,814
	-----	-----	-----	-----	-----	-----	-----
	--	--	--	516,378	--	516,378	516,378
	=====	=====	=====	=====	=====	=====	=====

**26.1 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. All financial assets except cash in hand and advances to employees are subject to credit risk. The Company believes that it is not



exposed to major concentration of credit risk. The Company's management has established certain credit requirements that its customers must meet before trade. credit is extended.

### 26.2 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transaction with foreign undertakings. Payable balances exposed to foreign currency risks are covered through foreign exchange forward contracts.

### 26.3 Fair value of financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximates their fair value.

### 27. Number of employees

	<i>2000</i>	<i>1999</i>
Number of employees at year end	<b>123</b>	<b>127</b>

### 28. General

#### 28.1 Capacity and production

	(Tonnes)	
Operational capacity	5,400	5,400
Production	5,752	5,193

#### 28.2 Short-term finance facilities

Short-term finance facilities available under mark-up arrangements with commercial banks amounted to Rs. 195 million (1999: Rs. 110 million) which represented the aggregate of sale prices of all mark-up agreements with a corresponding purchase price, subject to prompt payment rebate, payable on various maturity dates upto March 31, 2001. These facilities are secured by joint hypothecation by way of first floating charge over stores and spares, stock-in-trade and trade debts. Rate of mark-up applicable to these facilities ranges between Rs. 0.2986 to Rs. 0.3750 per one thousand rupees per day.

#### 28.3 Aggregate transactions with associated

	(Rupees in thousand)	
Purchase of goods and services	23,115	24,917
Sale of goods and services	62,858	49,257

### 29. Corresponding figures

Corresponding figures have been rearranged, where considered necessary, for the purpose of comparison.

**Mujeeb Rashid**  
**Chief Executive**

**Akira Yamamura**  
**Director**

**PATTERN OF SHAREHOLDING**  
**AS AT JUNE 30, 2000**

Form - 34

Number of shareholders	Shareholding		Total shares held
	From	To	
117	1	100	11,700
1,016	101	500	475,800
178	501	1,000	177,200
296	1,001	5,000	909,200
80	5,001	10,000	661,800
40	10,001	15,000	535,000
16	15,001	20,000	296,800
16	20,001	25,000	381,500
7	25,001	30,000	206,500
4	30,001	35,000	130,000
5	35,001	40,000	192,500
3	40,001	45,000	127,800
10	45,001	50,000	492,000
3	50,001	55,000	159,000
1	55,001	60,000	60,000
1	60,001	65,000	64,500
1	70,001	75,000	75,000
3	75,001	80,000	233,500
2	85,001	90,000	180,000
1	90,001	95,000	93,500
1	95,001	100,000	100,000
2	115,001	120,000	237,000
2	120,001	125,000	250,000
1	130,001	135,000	135,000
1	135,001	140,000	139,500
1	140,001	145,000	143,600
1	160,001	165,000	163,500
1	170,001	175,000	175,000
1	190,001	195,000	195,000
1	200,001	205,000	205,000
1	285,000	290,000	285,500
1	295,001	300,000	299,000
1	545,001	550,000	550,000
1	605,001	610,000	605,500
1	620,001	625,000	625,000
1	1,230,001	1,235,000	1,233,800
1	1,695,001	1,700,000	1,697,800

1	7,495,001	7,500,000	7,499,000
1	9,995,001	10,000,000	9,997,500
	-----	-----	-----
1,821			30,000,000

**Categories of shareholders**

	<i>Number of shareholders</i>	<i>Shares held</i>	<i>Percentage</i>
Individuals	1,747	5,204,400	17.35
Investment Companies	6	1,863,800	6.21
Insurance Companies	8	827,500	2.76
Joint Stock Companies	30	18,376,600	61.26
Financial Institutions	23	3,558,200	11.86
Coop. Society	1	5,000	0.02
Modaraba Companies	4	110,000	0.36
Modaraba Management Cos.	2	54,500	0.18
	-----	-----	-----
	1,821	30,000,000	100.00
	=====	=====	=====