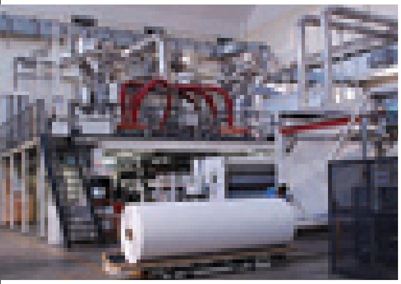
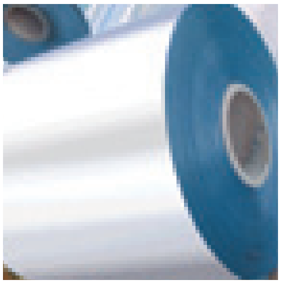
Tri-Pack Films Limited

Growth is in our Nature





Annual Report 2010

Growth is in our Nature

From 1993 we have come a long way, but growth has always been in our nature. We achieved it with our persistent efforts, one milestone after another. Bringing new verve to our business, now almost doubling our production with a new plant, we take another step towards becoming a bigger better company.

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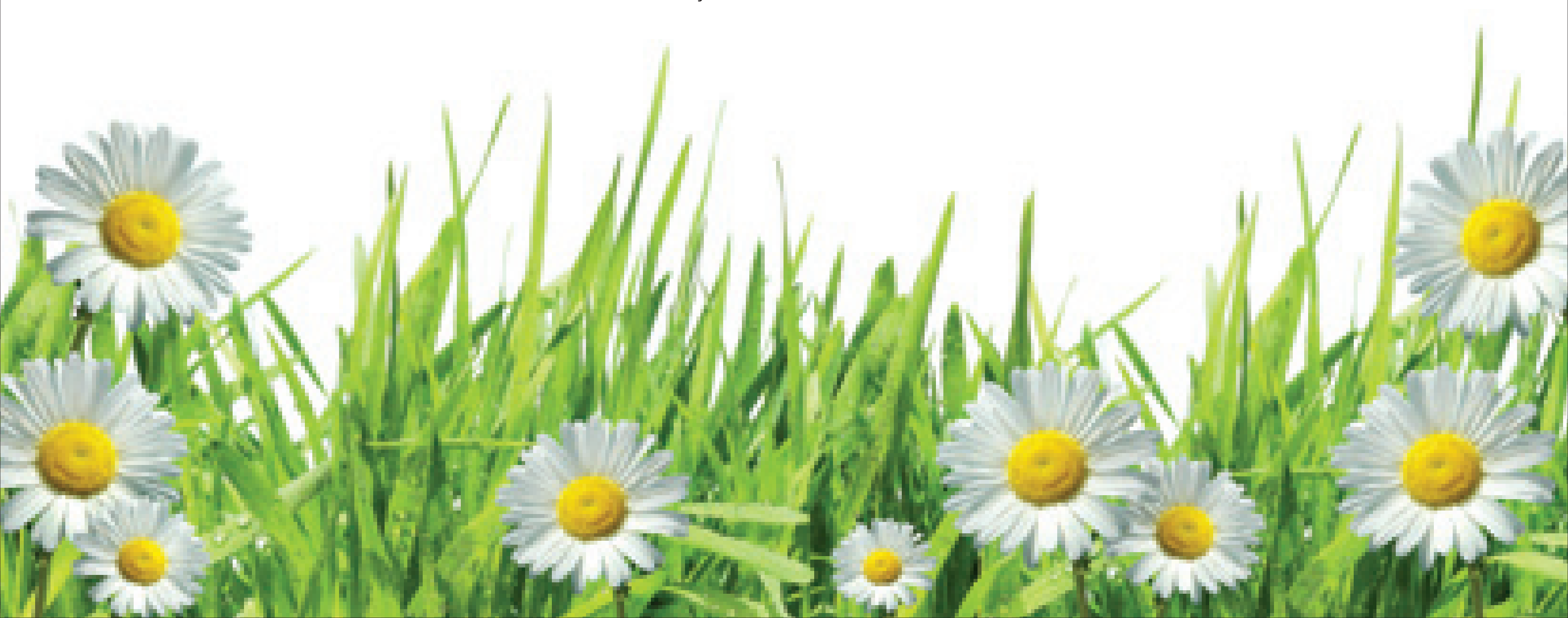
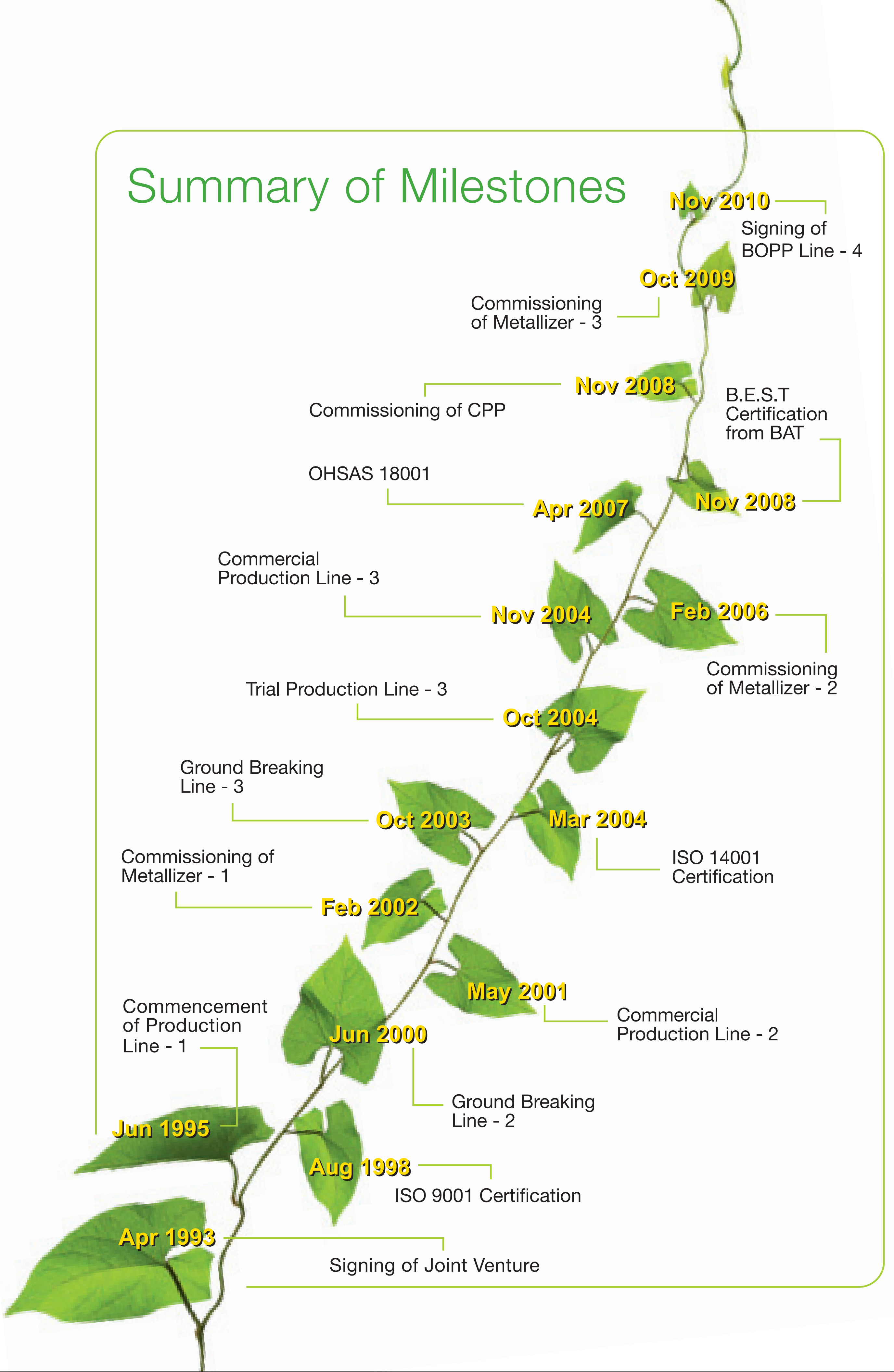


Summary of Milestones



Products

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, Pearlized and Metallized, and its thickness ranges between 10 to 60 microns.

The principal properties of our products are:

- 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 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 CPP film for web lamination.

Metallizable Heat Sealable CPP Film

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

Metallized Heat Sealable CPP Film

It is co-extruded 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 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.

Growth with

Quality

Hi-tech top of the machines are added to assure the best of quality.

Metallized BOPP 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.

Company Information

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

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

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
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) 617406-7
Fax: (0995) 617054

Regional Sales Offices
Karachi
101-106, Marine Pride, Block 7,
Clifton, Karachi - 75600.
Tel: (021) 35871801-2
Fax: (021) 35871803

Lahore
B-70/1, Gulberg III, Behind KFC,
MM Alam Road, Lahore.
Tel: (042) 35716068-70
Fax: (042) 35873659

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 globally.

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.

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

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

Highlights

Sales

(Rupees in million)

9,273.39

	2010	2009
Gross sales - Rupees in million	9,273.39	6,879.63
Net profit - Rupees in million	494.85	464.07
Cash dividend percentage of paid-up capital	100.00	100.00
Earnings per share - Rupees	16.49	15.47
Total assets - Rupees in million	4,399.75	4,516.82
Finished BOPP & CPP film production - Tonnes	35,574	31,550
Number of employees	374	351

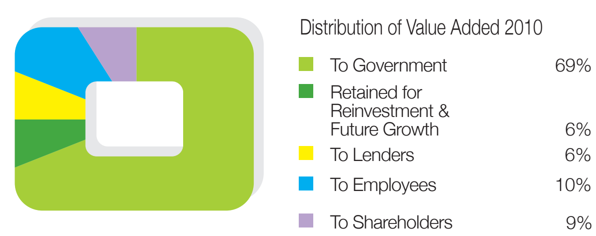
Value Added and its Distribution

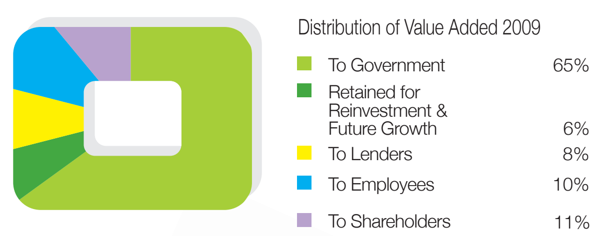
The statement below shows value added by the operations of the Company and its distribution to the stakeholders.

Wealth Generated

	2010 (Rs '000)	2010 %	2009 (Rs '000)	2009 %
Sales	9,273,386		6,879,633	
Other Income	27,282		43,046	
Bought-in-material & services	(5,969,680)		(4,264,902)	
	3,330,988	100%	2,657,777	100%
Wealth Distributed				
To Employees Remuneration, benefits and facilities	319,445	10%	256,702	10%
To Government Income Tax, Sales Tax, Custom & Excise Duties, WPPF, WWF, EOBI, Social Security, Professional & Local Taxes	2,311,352	69%	1,715,277	65%
To Providers of Capital Cash dividend	300,000	9%	300,000	11%
To Lenders Mark up & finance cost	205,346	6%	221,723	8%
Retained for Reinvestment & Future Growth For expansion program & operations,	194,845	6%	164,075	6%
	3,330,988	100%	2,657,777	100%

Our dedicated managers, engineers, workers and other members of administrative and marketing staff played key role in achieving these results. Our un-ending efforts to recover the tied-up capital have also contributed to the strong cash flow in 2010.





Vertical and Horizontal Analysis

Balance Sheet	2010		2009		
	Amount Rs '000	% of Total	Amount Rs '000	% of Total	% Change
Equity and Liabilities					
Equity					
Issued, subscribed and paid-up capital	300,000	7%	300,000	7%	-
Reserves	1,491,125	34%	1,296,280	29%	15%
	1,791,125	41%	1,596,280	36%	12%
Non-Current Liabilities					
Long-term finances	375,000	8%	608,000	13%	-38%
Deferred Liabilities					
Deferred taxation	219,508	5%	267,061	6%	-18%
Accumulated compensated absences	13,016	0%	10,291	0%	26%
	232,524	5%	277,352	6%	-16%
Current Liabilities and Provisions					
Trade and other payables	1,443,822	33%	1,163,309	26%	24%
Accrued markup	28,401	1%	49,574	1%	-43%
Short-term borrowings	295,873	7%	606,312	13%	-51%
Current portion of long-term finances	233,000	5%	216,000	5%	8%
	2,001,096	46%	2,035,195	45%	2%
	4,399,745	100%	4,516,827	100%	-3%
Assets					
Non-Current Assets					
Property, Plant and Equipment	1,853,983	42%	2,075,859	46%	-11%
Intangibles	17,836	0%	19,708	0%	-9%
Long-term Deposits	1,763	0%	1,178	0%	50%
	1,873,582	42%	2,096,745	46%	-11%
Current Assets					
Stores and spares	237,119	5%	198,796	5%	19%
Stock-in-trade	1,052,338	24%	1,002,595	22%	5%
Trade debts	767,252	18%	887,659	20%	-14%
Advances, prepayments and other receivables	39,313	1%	37,393	1%	5%
Taxation	79,931	2%	63,873	1%	25%
Cash and bank balances	350,210	8%	229,766	5%	52%
	2,526,163	58%	2,420,082	54%	4%
	4,399,745	100%	4,516,827	100%	-3%

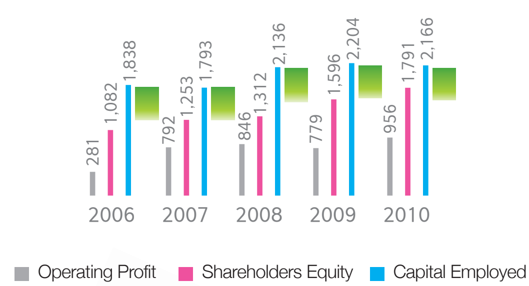
Profit And Loss Account	2010		2009		% Change
	Amount Rs '000	% of Sales	Amount Rs '000	% of Sales	
Net sales	7,620,571	100%	5,685,687	100%	34%
Cost of sales	6,400,820	84%	4,695,035	83%	36%
Gross profit	1,219,751	16%	990,652	17%	23%
Distribution cost	148,458	2%	120,647	2%	23%
Administrative expenses	115,223	2%	91,076	1%	27%
Operating profit	956,070	12%	778,929	14%	23%
Other income	27,282	0%	43,046	1%	-37%
Finance cost	205,346	2%	221,723	4%	-7%
Other expenses	55,012	1%	41,418	1%	33%
Profit before taxation	722,994	9%	558,834	10%	29%
Taxation	228,149	3%	94,759	2%	141%
Profit after taxation	494,845	6%	464,075	8%	7%
Earnings per share (Rupees)	16.49		15.47		6%

Revenue Utilization

For the year ended December 31,2010

Material consumed	66.24%
Labour & overheads	17.76%
Distribution & administrative expenses	3.46%
Financial charges	2.69%
Other expenses & income	0.36%
Provision for taxation	2.99%
Net Profit	6.49%

Financial Trends - Rs in million



Summary of Cash Flow Statement

Cash Flows from Operating Activities	2010 (Rs '000)	2009 (Rs '000)
Cash Generated from Operations	1,627,161	1,119,745
Payment on account of accumulated compensated absences	(3,307)	(3,999)
Long-term deposits	(585)	40
Staff retirement benefits paid	(21,762)	(15,343)
Income taxes paid	(291,760)	(209,128)
Net Cash Inflow From Operating Activities	1,309,747	891,315
Cash Flows from Investing Activities		
Fixed capital expenditure	(141,155)	(307,267)
Acquisition of intangible	(2,433)	(6,443)
Profit on bank balances received	708	565
Return received on placement in certificate of deposit of an associated investment bank	-	18,650
Sale proceeds on disposal of fixed assets	5,739	2,693
Net cash outflow from investing activities	(137,141)	(291,802)
Cash Flows from Financing Activities		
Long-term finances paid	(216,000)	(216,000)
Finance cost paid	(226,519)	(227,765)
Dividends paid	(299,204)	(179,533)
Net cash outflow from financing activities	(741,723)	(623,298)
Net cash inflow/(outflow)	430,883	(23,785)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Financial Statistical Summary

	Year to December 31, 2010	Year to December 31, 2009	Year to December 31, 2008	Year to December 31, 2007
Balance Sheet Summary				
Paid-up-capital	300,000	300,000	300,000	300,000
General reserve	995,000	831,000	772,000	632,000
Unappropriated profit/(loss)	496,125	465,280	240,205	320,219
Shareholders' funds	1,791,125	1,596,280	1,312,205	1,252,608
Long-term financing facilities	375,000	608,000	824,000	540,000
Fixed capital expenditure	1,871,819	2,095,567	2,111,285	1,608,744
Long-term deposits	1,763	1,178	1,218	1,104
Deferred asset / (liability) - net	(232,524)	(277,352)	(304,735)	(192,731)
Net current assets/(liabilities)	525,067	384,887	328,437	375,491
Profit & Loss Summary				
Sales (net of sales tax)	7,620,571	5,685,687	5,865,487	4,555,172
Cost of sales	6,400,820	4,695,035	4,855,356	3,627,470
Gross profit	1,219,751	990,652	1,010,131	927,702
Distribution & administrative expenses	263,681	211,723	163,890	135,913
Operating profit	956,070	778,929	846,241	791,789
Other income	27,282	43,046	29,570	25,729
Financial cost	205,346	221,723	108,844	93,167
Other charges	55,012	41,418	43,310	49,981
Profit/(loss) before taxation	722,994	558,834	723,657	674,370
Provision for taxation	228,149	94,759	243,671	234,215
Profit/(loss) after taxation	494,845	464,075	479,986	440,155
Dividend	300,000	300,000	420,000	300,000
Transfer to reserve	164,000	59,000	140,000	18,000
Key Financial Ratios				
Gross profit / sales	16.01%	17.42%	17.22%	20.37%
Profit before tax / sales	9.49%	9.83%	12.34%	14.80%
Return on capital employed	44.14%	35.34%	39.61%	44.18%
Interest coverage (times)	4.8	3.7	8.0	8.8
Inventory turnover (times)	4.96	3.91	4.30	4.63
Fixed assets turnover (times)	4.07	2.71	2.78	2.7
Debt : equity ratio	17:83	28:72	39:61	30:70
Current ratio	1.3	1.2	1.2	1.3
Shares & Earning				
Break-up value (Rs per share)	59.7	53.2	43.7	41.7
Price earning ratio (times)	6.8	6.6	7.8	14.7
Earnings per share Rs	16.49	15.47	16.00	14.67
Dividend	100%	100%	140%	100%
Market value per share	112	102	125	215
Taxes, duties and levies	2,311,352	1,715,277	1,727,355	1,161,337

(Rupees in thousand)

Year to December 31, 2006	Year to December 31, 2005	Year to December 31, 2004	Year to December 31, 2003	Year to December 31, 2002	Year to December 31, 2001
300,000	300,000	300,000	300,000	300,000	300,000
614,000	604,500	534,500	424,500	266,500	164,000
168,064	84,682	115,736	200,298	248,193	192,670
1,082,064	989,182	950,236	924,798	814,693	656,670
756,000	972,000	1,000,000	137,500	275,000	517,250
1,703,966	1,879,300	1,890,571	820,232	854,419	896,358
858	1,048	1,183	793	896	759
(104,426)	(43,895)	(24,865)	22,648	20,837	-
237,666	124,729	83,347	218,625	213,541	276,803
3,825,643	2,998,386	1,754,302	1,485,811	1,278,853	1,018,693
3,316,875	2,648,729	1,472,810	1,088,927	892,944	704,577
508,768	349,657	281,492	396,884	385,909	314,116
127,804	117,910	94,618	96,658	83,865	61,724
380,964	231,747	186,874	300,226	302,044	252,392
11,989	12,114	7,611	6,460	4,894	3,646
130,595	117,064	20,349	24,573	61,701	51,019
18,103	6,340	8,405	18,402	14,933	10,251
244,255	120,457	165,731	263,711	230,304	194,768
76,373	36,511	50,293	63,606	(17,719)	2,395
167,882	83,946	115,438	200,105	248,023	192,373
150,000	75,000	45,000	90,000	90,000	90,000
9,500	70,000	110,000	158,000	102,000	45,000
13.30%	11.66%	16.05%	26.71%	30.18%	30.84%
6.38%	4.02%	9.45%	17.75%	18.01%	19.12%
20.73%	11.82%	9.58%	28.26%	27.72%	21.50%
3.0	2.1	9.6	12.5	5.0	5.0
8.18	6.46	2.81	4.36	5.13	4.69
2.2	1.6	0.9	1.8	1.5	1.1
41:59	50:50	51:49	13:87	25:75	44:56
1.3	1.2	1.1	2.0	2.1	3.2
36.1	33.0	31.7	30.8	27.2	21.9
9.7	16.1	20.3	12.0	6.4	5.0
5.60	2.80	3.85	6.67	8.27	6.41
50%	25%	15%	30%	30%	30%
54	52	78	80	53	32
713,209	523,813	572,110	511,711	264,843	197,912

Notice of Annual General Meeting

Notice is hereby given that the 19th Annual General Meeting of Tri-Pack Films Limited will be held at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi on Friday, March 18, 2011 at 10:00 a.m. to transact the following ordinary business :-

1. To confirm the minutes of the previous Annual General Meeting held on March 24, 2010.

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, 2010.

3. To consider and approve payment of cash dividend at the rate of Rs 10 per ordinary share of Rs10 (100%) for the year ended December 31, 2010 as recommended by the Board of Directors.

4. To appoint Auditors for the year 2011 and to fix their remuneration.

By Order of the Board

Adi J. Cawasji
Company Secretary

Karachi
February 12, 2011

Notes :

1. The Share Transfer Books of the Company will remain closed from March 10, 2011 to March 18, 2011 (both days inclusive). Transfers received in order by our Shares Registrar, FAMCO Associates (Pvt.) Limited, 1st Floor, State Life Building No. 1-A, I. I. Chundrigar Road, Karachi-74000 by the close of business on March 9, 2011 will be considered in time for the 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 No. 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. Any individual beneficial owner of the Central Depository Company, entitled to vote at this meeting, must bring his/her computerized national identity card ("CNIC") with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC. The representatives of corporate bodies should bring attested copy of board of directors' resolution/power of attorney and/or all such documents required under Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan for the purpose.

5. Shareholders are requested to notify any change in their addresses immediately to the aforestated Shares Registrar of the Company.

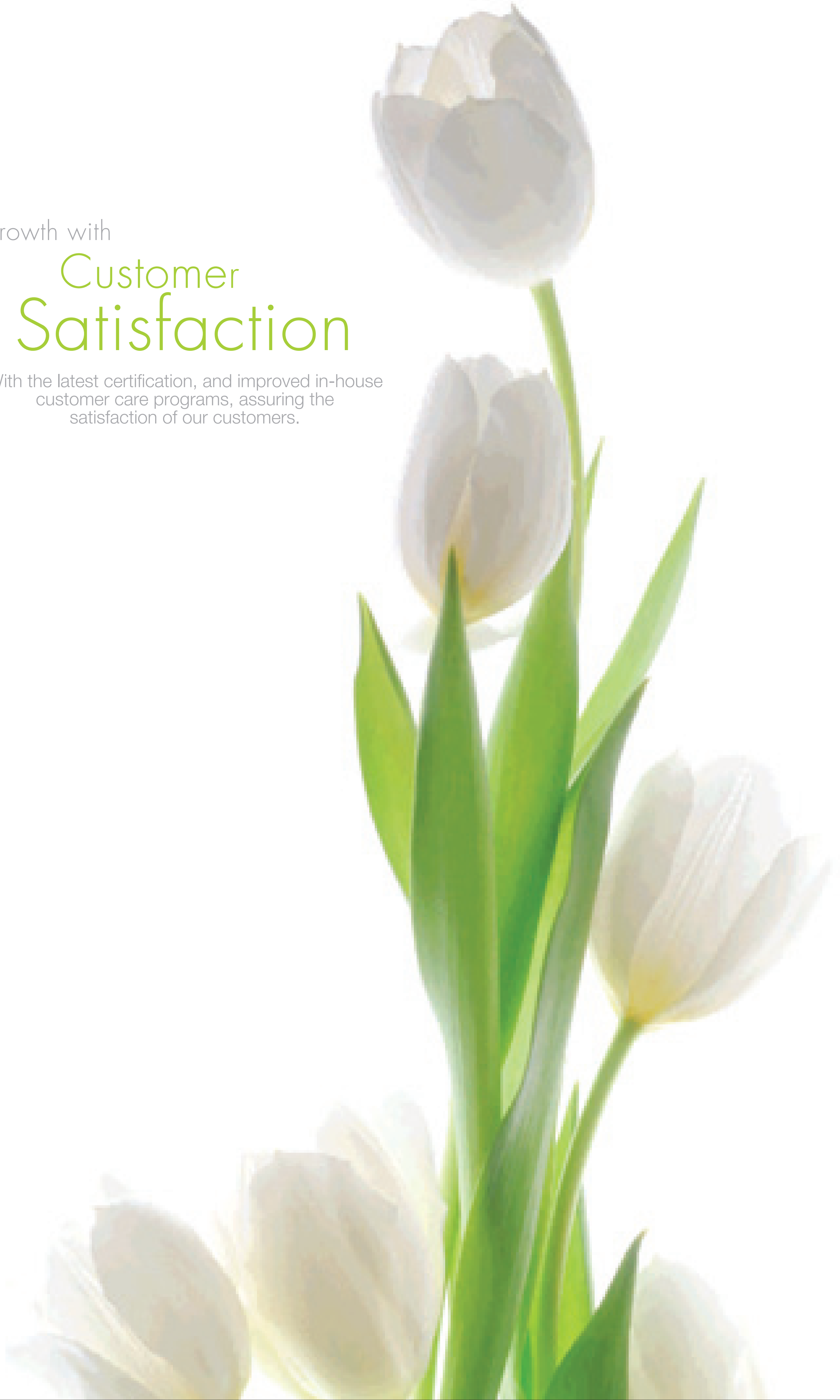
6. Members who have not yet submitted photocopy of their valid CNIC to the Company are requested to send the same at the earliest.

7. Form of proxy is attached in the Annual Report.

Growth with

Customer Satisfaction

With the latest certification, and improved in-house customer care programs, assuring the satisfaction of our customers.



Board of Directors

From left to right

Tetsuo Obana Director	Khalid Yacob Director	Shahid Hussain C.E.O. & Director	Syed Babar Ali Chairman
Kimihide Ando Director	Syed Hyder Ali Director		

Directors' Report to the Shareholders

The directors are pleased to present their Annual Report and the Audited Financial Statements of the Company for the year ended December 31, 2010.

Financial Performance

2010 was indeed another year full of challenges for the country with instability in social, economic and volatile business conditions. Despite all of this, by the grace of Almighty Allah, your Company has crossed the Rs 9 billion mark in gross sales.

Comparisons of the financial result with the corresponding period last year are as under:

	2010	2009
Sales Volume - (M. Tonnes)	35,745	31,497
Sales Value - (Million Rs)	9,273	6,880
Gross profit - (Million Rs)	1,220	991
Net profit - (Million Rs)	495	464
EPS - (Rs per share)	16.49	15.47

Net sales during the year increased by 34% in comparison to the last year. The earnings before interest, tax, depreciation and amortization (EBITDA) during the year is Rs 1,343 million as compared to Rs 1,150 million in the corresponding period last year. This performance is the results of our team work, using best management practices, building operational efficiencies and better economies of scale achieved during the year.

Our dedicated managers, engineers, workers and other members of administrative and marketing staff played key role in achieving these results. Our un-ending efforts to recover the tied-up capital have also contributed to the strong cash flow in 2010.

We also appreciate the measures taken by the Government to control the smuggling through Afghan Transit Trade and under-invoicing of BOPP films.

As a result of our successful marketing strategies, the demand in the local market increased during the year. To cater this increase, your Company invested in de-bottlenecking of Port Qasim Plant and added about 1,000 tonnes of BOPP films to the capacity.

Production Facilities

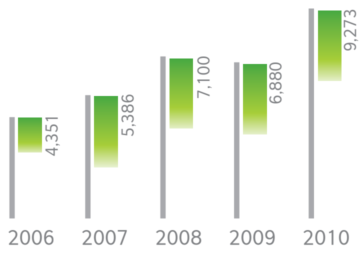
To maintain efficient and stable operations without disruptions, the management proactively adopted preventive maintenance plans which kept all three BOPP film manufacturing line, CPP line and metallizers in operation to their full production capacity level.

Change of Director

During the year, Mr. Masaharu Domichi, Director of the Company resigned and Mr. Kimihide Ando was appointed in his place. Mr. Kimihide Ando shall hold office for the remainder of the period of Mr. Masaharu Domichi in whose place he is so appointed.

The Board of Directors wish to record its appreciation for the valuable services rendered by Mr. Masaharu Domichi and extends its warm welcome to Mr. Kimihide Ando.

Gross Sales - Rupees in Million



Human Resource

To handle rising business challenges and issues, your Company continues to encourage its employees in pursuit of professional development and organized various internal as well as external technical and managerial training courses to abreast them with new developed operational techniques and practices.

Social Responsibility

We work actively to meet our social responsibilities to the nation. Your Company and its employees has contributed towards flood relief activities and rehabilitation of displaced persons during August 2010 when our country faced catastrophic flood that claimed many human lives across the country.

	2010	2009
Sales Volume - (M. Tonnes)	35,745	31,497
Sales Value - (Million Rs)	7,621	5,686
Gross Profit - (Million Rs)	1,220	991
Net Profit - (Million Rs)	495	464
Earnings Per Share EPS - (Rs.)	16.49	15.47

Future Outlook

We are well aware of the challenges faced by the country. We are also keeping a close eye on the increasing crude oil and polypropylene granuals prices in the international markets. We will strive to manage these forces in our favour by providing enhanced product quality and personalized service to our customers, maintaining operational efficiencies and availing full economies of scale. This will InshaAllah lead to further growth in business.

Investment in New BOPP Plant

As a result of our marketing strategies, demand of BOPP films is consistently growing in the local market. In order to meet this growth and offer faster delivery, better quality, greater convenience and increased flexibility, your Company has decided to further expand its production capabilities by setting-up a new Biaxially Oriented Polypropylene (BOPP) Plant with a capacity of 40,000 metric tonnes per annum at a budgeted cost of PKR 5.2 billion. This shall increase the existing BOPP production capacity of the Company from present 29,000 metric tonnes per annum to 69,000 metric tonnes per annum.

The project shall be financed with a mix of debt and internal cash generation. Commencement of commercial production is targeted during the 2nd half of 2012.

Environment, Health and Safety

As always been, your Company takes highest priority to ensure a safe and healthy work environment for all staff. The Company pro-actively assessed and improved its processes and practices, identifying areas of reduction in energy consumption, waste and emissions by installing latest environment friendly equipments.

We strive to continually improve performances in all areas of Environment, Health, and Safety performance and priorities on the basis of risks.

During the year Port Qasim plant got successful implementation of all quality standards, ISO 14001, ISO 9001 and OHSAS 18001 certified. Your Company is also holder of the B.E.S.T. certification from British American Tobacco Company (BAT). Your Company is now also a certified PMI (Philip Morris International) Approved Supplier.

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


SECONDARY SLITTER
SS-5

Contribution to the National Exchequer

Your Company's contribution to the exchequer continues to grow, with 2010 being higher by 35 % over last year. The Company paid a total of Rs 2,311 million in 2010 in the form of Federal Excise Duty, Sales Tax, Customs Duties and Income Taxes.

Related Parties

The Company has fully complied with the best practices on transfer pricing as contained in the listing regulation of Stock Exchanges in Pakistan. The transactions with related parties were carried out at arm's length prices.

Dividend

The directors have recommended a cash dividend of 100 % (2009: 100%) i.e. Rs 10 per share (2009: Rs 10 per share).

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 polices 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.

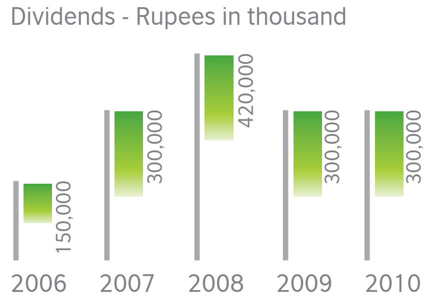
vii) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

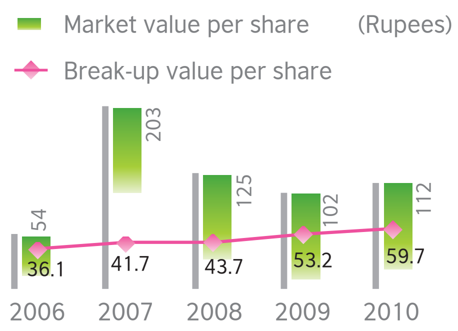
viii) Key operating and financial data of last ten years is annexed.

ix) The value of investments of provident and gratuity funds, as at June 30, 2010 based on their audited accounts is as follows:

	Rupees in thousand
Provident	45,719
Gratuity	18,190

The value of investment includes accrued interest.





x) Board Meetings

In the year 2010, six 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	5
Mr. Shahid Hussain - Managing Director	6
Mr. Faisal Farid	5
Syed Hyder Ali	6
Mr. Khalid Yacob	6
Mr. Masaharu Domichi (Resigned on May 20, 2010)	4
Mr. Kimihide Ando (Appointed on May 20, 2010)	2
Mr. Tetsuo Obana	3
Mr. Masaya Suzuki (Alternate to Mr. Tetsuo Obana)	3

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

xi) Purchase and sale of shares

Purchase of shares:	No. of shares
Chief Executive Officer	Nil
Directors - Mr. Faisal Farid	373
Chief Financial Officer	Nil
Company Secretary	Nil
Spouses	Nil
Sale 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, 2011, 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 Mr. Masaharu Domichi member of the Committee resigned and Mr. Kimihide Ando was appointed in his place.

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.

Chief Executive officer, Chief Financial Officer, Head of Internal Audit and external auditors attend Audit Committee meetings 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, 2010 and the Company has not entered into any commitment, which would affect its position at that date.

Entity Rating

by The Pakistan Credit Rating Agency (Pvt.) Limited

Rating Type	Rating
Long-term	'A+' (Single A Plus)
Short-term	'A1' (A One)

Pattern of Shareholding

A statement of the pattern of shareholding of certain class of shareholders as at December 31, 2010, whose disclosure is required under the reporting framework, is included in the shareholders' information.

Acknowledgement

We wish to place on record our sincere appreciation for the valuable contribution and support of our Shareholders, Customers, Employees, Suppliers and Bankers etc. which has made possible for the achievement of the results and look forward for their continued support in the future as well.

For and on behalf of the Board.

Shahid Hussain
Chief Executive

Karachi, February 12, 2011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Statement of Compliance with the Code of Corporate Governance for the Year Ended December 31, 2010

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. A casual vacancy occurred in the board on May 20, 2010 which was filled up by the directors on the same day.

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.

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. The related party transactions were place before the Audit Committee and approved by the Board of Directors.

22. We confirm that all other material principles contained in the Code have been complied with.

Shahid Hussain
Chief Executive

Karachi, February 12, 2011

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 for the year ended December 31, 2010 prepared by the Board of Directors of Tri-pack films Limited to comply with the Listing Regulation No. 35 of Karachi, Lahore and Islamabad Stock Exchanges.

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.

Further, Sub-Regulation (xiiia) of Listing Regulation 35 of Karachi, Lahore and Islamabad Stock Exchanges requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required to check the approval of the related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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, 2010.

A.F. Ferguson & Co.
Chartered Accountants

Karachi, February 18, 2011

Audit Engagement Partner: Khurshid H. Sabzwari

Shareholders' Information

Registered Office

4th Floor, The Forum
Suite No. 416-422, G-20, Block 9
Khayaban-e-Jami, Clifton
Karachi-75600
Tel # 92 21 35831618 / 35831664 / 35833011
35874047 - 49
Fax # 92 21 35860251

Shares Registrar

FAMCO Associates (Pvt.) Ltd
1st Floor, State Life Building No.1-A
Off: I. I. Chundrigar Road
Karachi-74000
Tel. # 92 21 32425467 / 32427012 / 32426597 /
32475604 / 32420755
Fax # 92 21 32426752

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 2010-11 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 and services about 1,713 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 35831618 / 35831664 / 35833011
Fax # 92 21 35860251
Mr. Ovais Khan
Tel. # 92 21 32425467 / 32427012 / 32426597 /
32475604 / 32420755
Fax # 92 21 32426752

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:

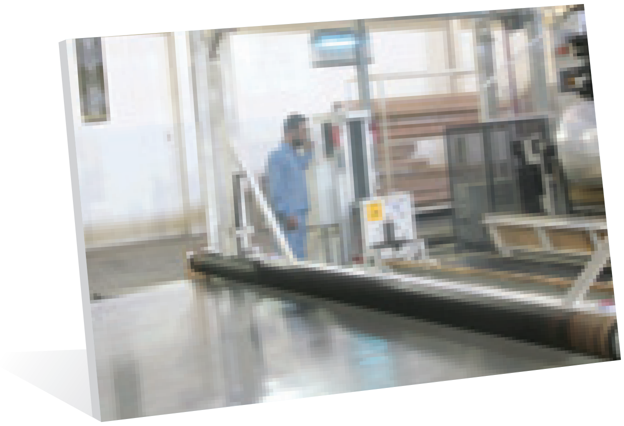
Shareholders' Information

	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

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 38.18% 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 100% (Rs 10.00 per share of Rs 10.00) for the financial year ended December 31, 2010. The aforesaid final cash

dividend is subject to approval by the shareholders of the Company at the Annual General Meeting (2009: 100% cash dividend (Rs.10 per share of Rs.10).

Book Closure Dates

The Register of Members and Share Transfer Books of the Company will remain closed from March 10, 2011 to March 18, 2011 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

Shareholders' Information

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 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

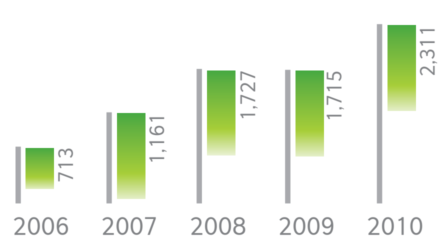
Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another person as his/her proxy to attend and vote instead 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 then 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.

Payment to Govt. Exchequer - Rs million



Shareholders' Information

Shareholding Pattern

The shareholding pattern of the equity share capital of the Company as at December 31, 2010 is as follows:

Shareholding From		Shareholding To	Number of shareholders	Total shares held
1	-	100	396	13,867
101	-	500	631	280,780
501	-	1,000	182	173,027
1,001	-	5,000	277	781,471
5,001	-	10,000	86	684,939
10,001	-	15,000	28	353,638
15,001	-	20,000	26	455,326
20,001	-	25,000	10	234,050
25,001	-	30,000	12	340,782
30,001	-	35,000	9	300,860
35,001	-	40,000	6	226,111
40,001	-	45,000	2	87,300
45,001	-	50,000	4	199,000
50,001	-	55,000	3	155,797
55,001	-	60,000	6	346,385
60,001	-	65,000	3	184,208
65,001	-	70,000	2	133,136
70,001	-	75,000	1	70,300
85,001	-	90,000	3	257,400
90,001	-	95,000	3	278,100
95,001	-	100,000	2	200,000
100,001	-	105,000	1	103,300
105,001	-	110,000	1	106,700
125,001	-	130,000	1	126,400
135,001	-	140,000	1	137,000
140,001	-	145,000	1	141,000
180,001	-	185,000	2	362,400
190,001	-	195,000	1	193,442
195,001	-	200,000	2	400,000
220,001	-	225,000	1	223,616
240,001	-	245,000	1	241,700
385,001	-	390,000	1	389,310
435,001	-	440,000	1	435,100
470,001	-	475,000	1	474,500
680,001	-	685,000	1	682,260
785,001	-	790,000	1	786,200
860,001	-	865,000	1	862,449
1,075,001	-	1,080,000	1	1,079,146
7,495,001	-	7,500,000	1	7,499,000
9,995,001	-	10,000,000	1	10,000,000
		TOTAL	1,713	30,000,000

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 Insurance Limited	2	1,082,846
Trustee Babar Ali Foundation	1	137,000
NIT and ICP		
National Bank of Pakistan,Trustee Deptt.	1	862,449
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. Kimihide Ando	1	500
Mr.Tetsuo Obana	1	500
Mr. Faisal Farid	1	373
Directors spouses and minor children	NIL	NIL
CEO's spouse and minor children	NIL	NIL
Executives	NIL	NIL
Public Sector Companies and Corporations	1	682,260
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Funds	20	1,099,329
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 shares	%
1	Associated Companies, Undertakings and Related Parties	5	18,718,846	62.40
2	NIT and ICP	1	862,449	2.88
3	Directors, CEO and their Spouses	7	570,873	1.90
4	Public Sector Companies and Corporations	1	682,260	2.27
5	Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modaraba and Mutual Funds	20	1,099,329	3.66
6	Others	66	2,959,271	9.87
7	Individuals	1,613	5,106,972	17.02
		1,713	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 2010 are as under:

	Share price on the KSE (Rs.)		Volume of
Month	Highest	Lowest	shares traded
January	114.22	101.39	2,257,676
February	117.22	101.40	3,667,308
March	115.84	98.90	972,594
April	112.50	103.04	1,155,153
May	105.59	90.01	533,033
June	99.58	87.24	334,486
July	103.00	97.00	136,254
August	102.40	94.00	122,747
September	101.54	96.03	84,274
October	104.99	100.58	228,170
November	113.05	102.96	516,147
December	126.04	112.01	913,594

Auditors' Report to The Members

We have audited the annexed balance sheet of Tri-Pack Films Limited as at December 31, 2010 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, 2010 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 18, 2011

Audit Engagement Partner: Khurshid H. Sabzwari

Growth with

Volumes

To maximise our production
by the year 2011, we are taking
our volumes to new levels.

Balance Sheet

As at December 31, 2010

	Note	2010 Rs '000	2009 Rs '000
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	1,491,125	1,296,280
		1,791,125	1,596,280
NON-CURRENT LIABILITIES			
Long-term finances	6	375,000	608,000
DEFERRED LIABILITIES			
Deferred taxation	7	219,508	267,061
Accumulated compensated absences	8	13,016	10,291
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	9	1,443,822	1,163,309
Accrued mark-up	10	28,401	49,574
Short-term borrowings	11	295,873	606,312
Current portion of long-term finances	6	233,000	216,000
		2,001,096	2,035,195
CONTINGENCIES AND COMMITMENTS	12		
		4,399,745	4,516,827

	Note	2010 Rs '000	2009 Rs '000
PROPERTY, PLANT AND EQUIPMENT	13	1,853,983	2,075,859
INTANGIBLES	14	17,836	19,708
LONG-TERM DEPOSITS	15	1,763	1,178
CURRENT ASSETS			
Stores and spares	16	237,119	198,796
Stock-in-trade	17	1,052,338	1,002,595
Trade debts	18	767,252	887,659
Advances, prepayments and other receivables	19	39,313	37,393
Taxation		79,931	63,873
Cash and bank balances	20	350,210	229,766
		2,526,163	2,420,082
		4,399,745	4,516,827

The annexed notes 1 to 38 form an integral part of these financial statements.

Shahid Hussain
Chief Executive

Kimihide Ando
Director

Profit and Loss Account

For the year ended December 31, 2010

	Note	2010 Rs '000	2009 Rs '000
Net sales	21	7,620,571	5,685,687
Cost of sales	22	6,400,820	4,695,035
Gross profit		1,219,751	990,652
Distribution cost	23	148,458	120,647
Administrative expenses	24	115,223	91,076
		263,681	211,723
Operating profit		956,070	778,929
Other income	25	27,282	43,046
		983,352	821,975
Finance cost	26	205,346	221,723
Other expenses	27	55,012	41,418
		260,358	263,141
Profit before taxation		722,994	558,834
Taxation	28	228,149	94,759
Profit after taxation		494,845	464,075
Earnings per share (Rupees)	30	16.49	15.47

The annexed notes 1 to 38 form an integral part of these financial statements.

Shahid Hussain
Chief Executive

Kimihide Ando
Director

Statement of Changes in Equity

For the year ended December 31, 2010

	Share Capital Rs '000	General Reserve Rs '000	Unappropriated Profit Rs '000	Total Rs '000
Balance at January 1, 2009	300,000	772,000	240,205	1,312,205
Profit after taxation for the year ended December 31, 2009	-	-	464,075	464,075
Transfer to general reserve	-	59,000	(59,000)	-
Dividend relating to the year ended December 31, 2008 @ 60%	-	-	(180,000)	(180,000)
Balance at December 31, 2009	300,000	831,000	465,280	1,596,280
Profit after taxation for the year ended December 31, 2010	-	-	494,845	494,845
Transfer to general reserve	-	164,000	(164,000)	-
Dividend relating to the year ended December 31, 2009 @ 100%	-	-	(300,000)	(300,000)
Balance as at December 31, 2010	300,000	995,000	496,125	1,791,125

The annexed notes 1 to 38 form an integral part of these financial statements.

Shahid Hussain
Chief Executive

Kimihide Ando
Director

Cash Flow Statement

For the year ended December 31, 2010

	Note	2010 Rs '000	2009 Rs '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	1,627,161	1,119,745
Payment on account of accumulated compensated absences		(3,307)	(3,999)
Long-term deposits		(585)	40
Staff retirement benefits paid		(21,762)	(15,343)
Income taxes paid		(291,760)	(209,128)
Net cash inflow from operating activities		1,309,747	891,315
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(141,155)	(307,267)
Acquisition of intangible		(2,433)	(6,443)
Profit on bank balances received		708	565
Return received on placement in certificate of deposit of an associated investment bank		-	18,650
Sale proceeds on disposal of fixed assets		5,739	2,693
Net cash outflow from investing activities		(137,141)	(291,802)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term finances paid		(216,000)	(216,000)
Finance cost paid		(226,519)	(227,765)
Dividends paid		(299,204)	(179,533)
Net cash outflow from financing activities		(741,723)	(623,298)
Net increase / (decrease) in cash and cash equivalents		430,883	(23,785)
Cash and cash equivalents at the beginning of the year		(376,546)	(352,761)
Cash and cash equivalents at the end of the year	33	54,337	(376,546)

The annexed notes 1 to 38 form an integral part of these financial statements.

Shahid Hussain
Chief Executive

Kimihide Ando
Director

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2010

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.

2.2 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Ordinance and the requirements of and directives issued under that Ordinance. However, the requirements of and the directives issued under that Ordinance have been followed where those requirements are not consistent with the requirements of the IFRSs, as notified under the Ordinance.

Standards, amendments to published standards and new interpretations effective during the year ended December 31, 2010:

There are certain new standards, amendments to approved accounting standards and new interpretations that are mandatory for the Company's accounting periods but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not mentioned in these financial statements.

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

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, 2011 or later periods:

IFRS 7 (amendment), 'Financial instruments'. The amendment emphasis the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The Company is in the process of assessing its impact on the financial statements. The Company will apply IFRS 7 (amendment) retrospectively from January 1, 2011.

IAS 1 (amendments), 'Presentation of financial statements'. The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The Company is in the process of assessing its impact on the financial statements. The Company will apply IAS 1 (amendment) retrospectively from January 1, 2011.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2011 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not mentioned in these financial statements.

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, 2010.

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

- Discount rate - 14.25% (2009: 12.75%) per annum
- Expected rate of increase in salary levels - 12.00% (2009: 10.60%) per annum
- Expected rate of return on plan assets - 14.25% (2009: 12.73%) 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 recommendations. The latest actuarial valuation of the fund was carried out as at December 31, 2010

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

- Discount rate – 13% (2009: 12%) per annum

- Expected rate of increase in salary levels - 12.00% (2009: 11.00%) per annum
- Expected rate of return on plan assets - 12.00% (2009: 12.00%) 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 recommendations. The valuation is based on the following significant assumptions:

- Discount rate - 14.25% (2009: 12.70%) per annum
- Expected rate of increase in salary levels - 12.00% (2009: 10.60%) per annum

2.4 Taxation

Current

Provision for current tax is based on the taxable income for the year at the current rates of taxation or half percent of turnover, whichever is higher. The charge for current tax is calculated using prevailing tax rates after taking into account tax credits, rebates and exemptions 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 when 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.

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2010

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 as follows, which are reviewed annually:

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 in accordance with IAS 16 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 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognised when it is probable that the expected future economic benefits will flow to the Company and the cost of the asset can be measured reliably. Cost of the intangible asset (i.e. computer software) includes purchase cost and directly attributable expenses incidental to bring the asset for its intended use.

Costs associated with maintaining computer software are recognised as an expense as and when incurred.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis applying the straight line method at the rate of 33.33%.

Useful lives of intangible operating assets are reviewed, at each balance sheet date and adjusted if the impact of amortisation is significant.

2.10 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.

2.11 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.

2.12 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.

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 borrowings.

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

The Company capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as a part of that asset. All other borrowing cost 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 Pakistan 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 setoff 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.

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 current 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) Determining the recoverable amounts, useful lives and residual values of intangible assets (note 14);

(e) Recognition of provision for obsolete and slow moving stores and spares (note 16);

(f) Estimation of net realisable value for stock-in-trade (note 17); and

(g) Recognition of provision for doubtful debts (note 18)

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.

4. SHARE CAPITAL

	2010 Rs '000	2009 Rs '000
Authorised		
100,000,000 ordinary shares of Rs 10 each (2009: 100,000,000)	1,000,000	1,000,000
Issued, subscribed and paid-up		
30,000,000 ordinary shares of Rs 10 each (2009: 30,000,000) fully paid in cash	300,000	300,000

4.1 Packages Limited, Mitsubishi Corporation, Japan and IGI Insurance Limited held 10,000,000 (2009: 10,000,000), 7,499,000 (2009: 7,499,000) and 947,500 (2009: 947,500) ordinary shares of the Company respectively, as at December 31, 2010.

5. RESERVES

	2010 Rs '000	2009 Rs '000
General reserve	995,000	831,000
Unappropriated profit	496,125	465,280
	1,491,125	1,296,280

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2010

	2010 Rs '000	2009 Rs '000
6. LONG-TERM FINANCES		
Secured		
Finance-1 - note 6.1	100,000	300,000
Finance-2 - note 6.2	8,000	24,000
Finance-3 - note 6.3	500,000	500,000
	608,000	824,000
Less : Amounts payable within twelve months shown under current liabilities	233,000	216,000
	375,000	608,000

6.1 The Company had obtained a long-term finance facility of Rs 1,000 million (2009: 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 13.34% (2009: 13.85 %) 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 (2009: 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 13.50% (2009: 14.32%) 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 (2009: Rs 500 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 0.50 percent per annum. The effective rate of mark-up during the year was 13.11% (2009: 13.37%) 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. 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.

6.4 During the year the Company has signed an agreement for a long-term finance facility of Rs 2,000 million (2009: Rs Nil) 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 Company had not drawn down any amount under this facility upto December 31, 2010. 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.

7. DEFERRED TAXATION

	2010 Rs '000	2009 Rs '000
Debit / (credit) balances arising from:		
Accelerated tax depreciation allowance	224,542	270,840
Accelerated tax amortisation allowance	8	-
Provision for accumulated compensated absences	(4,387)	(3,602)
Provision for doubtful debts	(655)	(177)
	219,508	267,061

8. ACCUMULATED COMPENSATED ABSENCES

Opening balance	10,291	6,803
Provision for the year	6,032	7,487
	16,323	14,290
Less: Payments during the year	3,307	3,999
Closing balance	13,016	10,291

9. TRADE AND OTHER PAYABLES

Creditors - note 9.1	57,396	50,281
Accrued liabilities - note 37	41,466	27,278
Liability for imported goods - note 37	1,065,791	1,003,250
Advances from customers	114,932	13,295
Retention money	963	3,541
Unclaimed dividend	6,693	5,897
Sales tax payable	96,944	43,694
Payable to gratuity fund - note 29	1,573	435
Workers' profits participation fund - note 9.3	38,194	-
Workers' welfare fund	16,132	11,425
Other payables	3,738	4,213
	1,443,822	1,163,309

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2010

9.1 Creditors include Rs 3.564 million (2009: Rs 5.085 million) payable to associated undertakings.

9.2 The maximum amount due to any related party during the year was Rs 33.821 million (2009: Rs 17.011 million) which was payable to IGI Insurance Limited.

9.3 Workers' profits participation fund

	2010 Rs '000	2009 Rs '000
Balance at the beginning of the year	(293)	1,157
Allocation for the year	38,900	30,013
	38,607	31,170
Less: Payments during the year	413	31,463
Balance at the end of the year	38,194	(293)

10. ACCRUED MARK-UP

	2010 Rs '000	2009 Rs '000
On long-term finances	23,366	30,358
On short-term finances	5,035	19,216
	28,401	49,574

11. SHORT-TERM BORROWINGS

	2010 Rs '000	2009 Rs '000
Secured		
Short-term loan	-	170,000
Short-term running finance - note 11.1	295,873	417,972
Export refinancing	-	18,340
	295,873	606,312

11.1 Short-term running finances have been obtained under mark-up arrangements with banks payable on various maturity dates upto September 15, 2011. 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 12.80% to 14.14% (2009: 13.37% to 17.67%) per annum. Total facilities available under mark-up arrangements aggregated Rs. 3,000 million (2009: Rs 2,300 million) out of which the amount unavailed at the year end was Rs 2,704 million (2009: Rs 1,694 million).

11.2 The facilities for opening of letter of credits and for guarantees as at December 31, 2010 amount to Rs 6,776 million (2009: Rs 4,368 million) and Rs 210 million (2009: Rs 135 million), of which the amount remaining unutilised was of Rs 3,198 million (2009: Rs 2,671 million) and Rs 151.773 million (2009: Rs 104.245 million) respectively.

12. CONTINGENCIES AND COMMITMENTS

	2010 Rs '000	2009 Rs '000
Contingencies		
Guarantees issued by banks on behalf of the Company	58,227	30,755
Commitments		
Letters of credit for purchase of raw materials and spares	956,076	584,098
Letters of credit for purchase of items of plant and machinery	1,557,846	-

12.1 The deemed order for the tax year 2005 has been amended by the Deputy Commissioner Inland Revenue of the Audit Division-II under sub-section (1) of section 122 of the Income Tax Ordinance, 2001 (the Tax Ordinance), ('amendment of assessments'). In the amended order, certain disallowances in respect of tax depreciation, initial allowance and provision for expenses have been made which aggregate Rs 670.430 million. The aformentioned amendments will only impact the timing of the allowability of the expenses as these are temporary differences and will eventually reverse. The Company has filed an appeal before the Commissioner of Income Tax (Appeals) against the above disallowances which is pending adjudication. The mangement of the Company, based on the advice of its tax consultant, is confident that the ultimate decision in respect of the aforementioned appeal shall be decided in its favour.

12.2 The deemed order for the tax year 2009 has been amended by the Deputy Commissioner Inland Revenue of the Audit Division-II under sub-section (1) of section 122 of the Income Tax Ordinance, 2001 (the Tax Ordinance), ('amendment of assessments'). In the amended order, certain disallowances has been made which aggregate Rs 41.921 million, resulting in an additional demand of Rs 14.573 million. The Company has filed an appeal before the Commissioner of Income Tax (Appeals) against the above disallowances which is pending adjudication. The management of the Company, based on the advice of its tax consultant, is confident that the ultimate decision in respect of the aforementioned appeal shall be decided in its favour.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2010

	2010 Rs '000	2009 Rs '000
13. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - note 13.1	1,844,554	2,069,838
Capital work-in-progress - note 13.2	9,429	6,021
	1,853,983	2,075,859

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 fitting	Office equipment	Vehicles	Tools	Laboratory equipment	Total
						Rupees in thousand					
At January 1, 2009											
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
Year ended December 31, 2009											
Additions	-	1,267	328,045	-	-	2,177	1,543	11,145	84	3,507	347,768
Disposals									-		
- Cost	-	-	-	5,225	-	30	-	3,748	-	-	9,003
- Depreciation	-	-	-	(5,225)	-	(9)	-	(2,415)	-	-	(7,649)
Depreciation charge	1,237	17,492	286,238	7,541	108	2,199	2,993	8,375	81	1,810	328,074
Net book value as at December 31, 2009	51,014	247,110	1,661,749	39,988	535	10,372	8,514	42,058	476	8,022	2,069,838
Year ended December 31, 2010											
Additions	-	-	105,670	-	-	1,690	3,409	26,905	-	73	137,747
Disposals											
- Cost	-	-	-	-	-	55	96	8,443	-	-	8,594
- Depreciation	-	-	-	-	-	(16)	(83)	(5,054)	-	-	(5,153)
Depreciation charge	1,237	17,572	316,169	7,575	109	2,517	3,375	8,877	81	2,078	359,590
Net book value as at December 31, 2010	49,777	229,538	1,451,250	32,413	426	9,506	8,535	56,697	395	6,017	1,844,554
At December 31, 2009											
Cost	60,255	350,992	3,458,792	104,401	2,924	28,267	25,679	69,196	1,041	12,620	4,114,167
Accumulated depreciation	9,241	103,882	1,797,043	64,413	2,389	17,895	17,165	27,138	565	4,598	2,044,329
Net book value	51,014	247,110	1,661,749	39,988	535	10,372	8,514	42,058	476	8,022	2,069,838
At December 31, 2010											
Cost	60,255	350,992	3,564,462	104,401	2,924	29,902	28,992	87,658	1,041	12,693	4,243,320
Accumulated depreciation	10,478	121,454	2,113,212	71,988	2,498	20,396	20,457	30,961	646	6,676	2,398,766
Net book value	49,777	229,538	1,451,250	32,413	426	9,506	8,535	56,697	395	6,017	1,844,554

13.1.2 Details of operating fixed assets disposed during the year

	Cost Rs '000	Book value Rs '000	Sale proceeds Rs '000
Items having aggregate book value of Rs 50,000 or more			
Vehicles			
By negotiation to outsiders			
Mr. Shahid Mehmood	990	87	800
M/s Packages Limited	1,259	476	950
Mr. Mubashir Abbas	499	214	455
Mr. Irfanullah Khan	504	216	427
Mr. Malik Yasir Sohail	523	294	400
	3,775	1,287	3,032
According to the Company policy to executives			
Mr. Hassan Qureshi	485	158	159
Mr. Syed Shahid Iqbal	464	139	152
Mr. Laung Khan	504	165	190
Mr. Rana Khubaib	504	165	165
Mr. Muzafar Hameed Butt	499	188	188
	2,456	815	854
	6,231	2,102	3,886

13.1.3 Depreciation charge for the year has been allocated as follows:

	2010 Rs '000	2009 Rs '000
Cost of goods manufactured - note 22.1	353,694	322,812
Distribution cost - note 23	1,870	1,891
Administrative expenses - note 24	4,026	3,371
	359,590	328,074

13.1.4 Operating fixed assets include assets having cost of Rs 544.879 million (2009: Rs 535.655 million) which were fully depreciated as at the year end.

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2010

		2010 Rs '000	2009 Rs '000
13.2	Capital work-in-progress		
	Plant and machinery	9,221	5,177
	Building and civil works	65	-
	Advances to suppliers and contractors	143	844
		9,429	6,021
14.	INTANGIBLES		
	Intangible assets in use - note 14.1	17,836	-
	Software under development	-	19,708
		17,836	19,708

		Computer software Rs '000
14.1	Intangible assets in use	
	At January 1, 2010	
	Cost	-
	Accumulated amortisation	-
	Net book value	-
	Year ended December 31, 2010	
	Additions/transfers	22,141
	Amortisation for the year - note 14.2	4,305
	Net book value as at December 31, 2010	17,836
	At December 31, 2010	
	Cost	22,141
	Accumulated amortisation	4,305
	Net book value	17,836

14.2 Amortisation charge for the year has been allocated to administrative expenses.

15. LONG-TERM DEPOSITS

These represent long term security deposits.

	2010 Rs '000	2009 Rs '000

16. STORES AND SPARES

	2010 Rs '000	2009 Rs '000
Stores	44,893	36,819
Spares	189,395	161,307
Stores and spares in transit	2,831	670
	237,119	198,796

17. STOCK-IN-TRADE

	2010 Rs '000	2009 Rs '000
Raw materials		
- in hand	712,613	640,419
- in transit	242,006	187,686
	954,619	828,105
Work-in-process	75,308	126,043
Finished goods	11,994	36,544
Packing material	10,417	11,903
	1,052,338	1,002,595

18. TRADE DEBTS

	2010 Rs '000	2009 Rs '000
Unsecured		
Considered good		
- from related parties - notes 18.1 and 18.2	21,701	35,544
- others	724,675	803,608
	746,376	839,152
Considered doubtful - others	1,944	505
Secured		
Considered good		
- from related parties - notes 18.1 and 18.2	308	-
- others	20,568	48,507
	20,876	48,507
	769,196	888,164
Less: Provision for doubtful debts - note 18.3	1,944	505
	767,252	887,659

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2010

18.1 Trade debts include the following amounts due from related parties:

	2010 Rs '000	2009 Rs '000
Packages Limited	21,542	31,603
Packages Lanka (Private) Limited	308	1,588
Tetra Pak Pakistan Limited	159	2,353
	22,009	35,544

18.2 These are in the normal course of business and are interest free.

18.3 Provision for doubtful debts

	2010 Rs '000	2009 Rs '000
Balance at beginning of the year	505	1,477
Provision / (reversal) for the year	1,439	(972)
Balance at end of the year	1,944	505

18.4 The maximum amount receivable from any related party during the year was Rs 92.122 million (2009: Rs 75.545 million) which was due from Packages Limited.

19. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES

	2010 Rs '000	2009 Rs '000
Advances, considered good - note 19.1		
- Executives	1,545	2,426
- Other employees	996	531
	2,541	2,957
Advances to suppliers - considered good	3,371	2,915
Prepayments	2,610	2,380
Receivable from pension fund - note 29	18,156	17,364
Sales tax recoverable	998	839
Rebate on exports recoverable	10,587	9,656
Workers' profit participation fund - note 9.3	-	293
Other receivables - note 19.2	1,050	989
	39,313	37,393

19.1 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 0.620 million (2009: Rs 0.050 million) and Rs 2.626 million (2009: Rs 1.898 million) respectively.

19.2 Other receivables include an amount of Rs 0.141 million (2009: 0.409 million) receivable from IGI Insurance Limited (a related party) on account of an insurance claim.

	2010 Rs '000	2009 Rs '000
20. CASH AND BANK BALANCES		
With banks		
On current accounts - note 20.1	38,959	138,283
On savings accounts	-	7
	38,959	138,290
Cheques in hand	308,242	90,050
Cash in hand - note 20.1	3,009	1,426
	350,210	229,766

20.1 These include an aggregate amount of Rs 3.475 million (2009: Rs 4.490 million) held in foreign currency.

21. NET SALES

	2010 Rs '000	2009 Rs '000
Local sales	8,989,410	6,637,063
Export sales	283,976	242,570
	9,273,386	6,879,633
Less:		
Sales tax	1,579,208	1,139,380
Special excise duty	73,607	54,566
	1,652,815	1,193,946
	7,620,571	5,685,687

22. COST OF SALES

	2010 Rs '000	2009 Rs '000
Opening stock of finished goods	36,544	28,599
Cost of goods manufactured - note 22.1	6,376,270	4,702,980
Less: Closing stock of finished goods	(11,994)	(36,544)
	6,400,820	4,695,035

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2010

	2010 Rs '000	2009 Rs '000
22.1 Cost of goods manufactured		
Opening stock of work-in-process	126,043	103,427
Raw materials consumed - note 22.2	4,972,452	3,639,558
Manufacturing expenses	35,853	-
Salaries, wages and other benefits	208,782	162,801
Fuel, power and water	414,101	313,400
Packing material consumed - note 22.3	164,764	139,749
Repairs and maintenance (includes stores and spares consumed Rs 35.521 million (2009: Rs 34.972 million)	100,905	76,862
Insurance	30,525	33,912
Vehicle running and maintenance	19,100	14,496
Travelling	6,531	5,483
Staff retirement benefits	16,929	14,297
Depreciation - note 13.1.3	353,694	322,812
Others	1,899	2,226
	6,451,578	4,829,023
Less: Closing stock of work-in-process	(75,308)	(126,043)
	6,376,270	4,702,980
22.2 Raw materials consumed		
Opening stock	828,105	807,874
Purchases	5,098,966	3,659,789
Less: Closing stock	(954,619)	(828,105)
	4,972,452	3,639,558
22.3 Packing material consumed		
Opening stock	11,903	10,526
Purchases	163,278	141,126
Less: Closing stock	(10,417)	(11,903)
	164,764	139,749

	2010 Rs '000	2009 Rs '000

23. DISTRIBUTION COST

	2010 Rs '000	2009 Rs '000
Salaries, wages and other benefits	26,455	22,036
Outward freight	101,288	78,375
Travelling	4,539	4,873
Rent, rates and taxes	5,419	4,271
Repairs and maintenance	672	565
Vehicle running and maintenance	1,437	1,185
Insurance	879	993
Staff retirement benefits	3,865	3,399
Depreciation - note 13.1.3	1,870	1,891
Other expenses	2,034	3,059
	148,458	120,647

24. ADMINISTRATIVE EXPENSES

	2010 Rs '000	2009 Rs '000
Salaries, wages and other benefits	56,068	46,695
Rent, rates and taxes	5,261	3,354
Printing, stationery and periodicals	4,991	3,783
Postage and telephone	7,885	7,365
Repairs and maintenance	932	617
Vehicle running and maintenance	2,173	2,175
Travelling	5,486	5,097
Insurance	2,507	2,677
Staff training and development	1,039	1,594
Provision for doubtful debt - note 18.3	1,439	-
Staff retirement benefits	7,346	7,474
Auditors' remuneration - note 24.1	1,645	1,338
Legal and professional expenses	3,918	1,520
Depreciation - note 13.1.3	4,026	3,371
Amortisation expense - note 14.2	4,305	-
Electricity, gas and water	1,384	1,005
Advertisement	216	403
Donations - note 24.2	1,100	-
Other expenses	3,502	2,608
	115,223	91,076

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2010

	2010 Rs '000	2009 Rs '000
24.1 Auditors' remuneration		
Audit fee	650	535
Review of half yearly accounts, review of statement of compliance on best corporate practices, audit of employees' retirement funds and other special reviews	330	278
Tax services	400	300
Out of pocket expenses	265	225
	1,645	1,338
24.2 No director or his spouse has interest in the donees.		
25. OTHER INCOME		
Income from financial assets		
Profit on bank balances	708	565
Return on placement in certificates of deposits of an associated invesment bank	-	17,317
	708	17,882
Income from assets other than financial assets		
Profit on disposal of fixed assets	2,298	1,339
Sale of waste material	16,919	13,751
	19,217	15,090
Others		
Commission earned on insurance premium from a related party	4,235	2,572
Insurance claim from a related party	201	1,958
Reversal of provision for doubtful debts - note 18.3	-	972
Exchange gain	2,921	4,572
	7,357	10,074
	27,282	43,046
26. FINANCE COST		
Mark-up on long-term finances	95,873	125,431
Mark-up on short-term finances	105,210	93,194
Bank and other charges	4,263	3,098
	205,346	221,723

	2010 Rs '000	2009 Rs '000

27. OTHER EXPENSES

	2010 Rs '000	2009 Rs '000
Workers' profit participation fund	38,900	30,013
Workers' welfare fund	16,112	11,405
	55,012	41,418

28. TAXATION

	2010 Rs '000	2009 Rs '000
Current - for the year	275,702	168,752
- for prior year	-	(43,122)
Deferred	(47,553)	(30,871)
	228,149	94,759

28.1 Numerical reconciliation between the average effective tax rate and the applicable tax rate is as follows:

	2010 %	2009 %
Applicable tax rate	35.00	35.00
Tax effect of amounts that are:		
Under presumptive tax regime	(3.15)	(1.54)
Tax credits / rebates	(0.54)	-
Prior year reversal	-	(16.50)
Others	0.25	-
	31.56	16.96

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2010

29. STAFF RETIREMENT BENEFITS

Details of post employment benefit plans are as follows:

	Pension fund 2010 Rs '000	Pension fund 2009 Rs '000	Gratuity fund 2010 Rs '000	Gratuity fund 2009 Rs '000
29.1 Balance sheet reconciliation				
Fair value of plan assets	87,589	67,224	24,181	17,367
Present value of defined benefit obligations	(137,481)	(89,621)	(34,811)	(21,293)
Funded status	(49,892)	(22,397)	(10,630)	(3,926)
Unrecognised net actuarial loss	68,048	39,761	9,057	3,491
Recognised asset / (liability)	18,156	17,364	(1,573)	(435)
29.2 Movement in payable to defined benefit plan				
Opening asset / (liability)	17,364	19,511	(435)	(304)
Expense for the year	(8,407)	(9,690)	(8,249)	(3,257)
Contributions to the fund	9,199	7,543	7,111	3,126
Closing asset / (liability)	18,156	17,364	(1,573)	(435)
29.3 Movement in the fair value of plan assets				
Fair value as at January 1	67,224	50,189	17,367	16,364
Expected return on plan assets	8,746	7,238	2,083	2,455
Transfer from Packages	5,067	-	-	-
Actuarial gain / (loss)	373	2,898	1,255	(121)
Company contributions	9,199	7,543	7,111	3,126
Employee contributions	2,314	1,697	-	-
Benefits paid	(5,334)	(2,341)	(3,635)	(4,457)
Fair value as at December 31	87,589	67,224	24,181	17,367

	Pension fund 2010 Rs '000	Pension fund 2009 Rs '000	Gratuity fund 2010 Rs '000	Gratuity fund 2009 Rs '000
29.4 Movement in the defined benefit obligation				
Obligation as at January 1	89,621	66,824	21,293	18,662
Current service cost	5,651	5,568	7,664	2,902
Interest cost	11,129	10,512	2,555	2,799
Transfer from Packages Limited	5,067	-	-	-
Actuarial loss	31,347	9,058	6,934	1,387
Benefits paid	(5,334)	(2,341)	(3,635)	(4,457)
Obligation as at December 31	137,481	89,621	34,811	21,293
29.5 Expense				
Current service cost	5,651	5,568	7,664	2,902
Interest cost	11,129	10,512	2,555	2,799
Expected return on plan assets	(8,746)	(7,238)	(2,083)	(2,455)
Recognition of actuarial loss	2,687	2,545	113	11
Employee contributions	(2,314)	(1,697)	-	-
Expense	8,407	9,690	8,249	3,257
Actual return on plan assets	9,119	10,136	3,338	2,334
29.6 Actuarial loss to be recognised				
Corridor limit				
The limits of corridor as at January 1				
10% of obligation	8,962	6,682	2,129	1,866
10% of plan assets	6,722	5,019	1,737	1,636
Which works out to	8,962	6,682	2,129	1,866
Unrecognised actuarial loss as at January 1	39,761	36,146	3,491	1,994
Excess	30,799	29,464	1,362	128
Recognition of actuarial loss as at December 31	2,687	2,545	113	11

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2010

	Pension fund 2010 Rs '000	Pension fund 2009 Rs '000	Gratuity fund 2010 Rs '000	Gratuity fund 2009 Rs '000
29.7 Net unrecognised actuarial loss				
Net unrecognised actuarial loss as at January 1	39,761	36,146	3,491	1,994
Actuarial loss on obligation	31,347	9,058	6,934	1,387
Actuarial (gain) / loss on plan assets	(373)	(2,898)	(1,255)	121
Subtotal	70,735	42,306	9,170	3,502
Less: Actuarial loss recognised for the year	2,687	2,545	113	11
Net unrecognised actuarial loss as at December 31	68,048	39,761	9,057	3,491

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 the deficit / surplus arising thereon is as follows:

	2010 RS '000	2009 RS '000	2008 RS '000	2007 RS '000	2006 RS '000
As at December 31					
Fair value of plan assets	111,770	84,591	66,553	76,332	52,778
Present value of defined benefit obligation	(172,292)	(110,914)	(85,486)	(52,513)	(43,846)
(Deficit) / surplus	(60,522)	(26,323)	(18,933)	23,819	8,932
Experience adjustment:					
Gain / (loss) on plan assets (as a percentage of plan assets)	1.46	3.28	(37.00)	15.00	(2.00)
Loss / (gain) on obligations (as a percentage of obligations)	22.22	9.42	29.00	(0.40)	2.00

	2010 Rs '000	2010 %	2009 Rs '000	2009 %
29.10 Plan assets are comprised as follows:				
Debt	49,920	45	19,023	23
Equity	33,434	30	14,710	17
Others	28,416	25	50,858	60
	111,770	100	84,591	100

29.11 The amounts for the pension fund for the year ended Decemember 31, 2009 have been restated to incorporate the effect of a supplementary actuary report received from the actuary, rectifying the amounts previously reported in his report dated January 30, 2010. The said rectifications do not have any effect on the pension expense or provision for the year ended December 31, 2009.

29.12 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.

29.13 Expected contribution to post-employment benefit plans for the year ending December 31, 2011 is Rs 10.3 million.

29.14 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.

29.15 During the year the Company contributed Rs 5.452 million (2009: Rs 4.674 million) to the provident fund.

30. EARNINGS PER SHARE

	2010	2009
Profit after taxation (Rs '000)	494,845	464,075
Number of ordinary shares (in thousand)	30,000	30,000
Earnings per share (Rupees) - basic	16.49	15.47

30.1 There were no convertible dilutive potential ordinary shares outstanding on December 31, 2010 and 2009.

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2010

31. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive 2010 Rs '000	Executives 2010 Rs '000	Chief Executive 2009 Rs '000	Executives 2009 Rs '000
Managerial remuneration	4,071	11,484	3,477	12,038
Bonus (including ex-gratia)	867	3,006	717	5,456
Staff retirement benefits - note 31.1	1,475	4,134	1,274	4,360
Housing	2,451	7,904	2,082	7,952
Utilities	406	1,139	347	1,195
Leave passage	339	904	289	1,024
Medical expenses	73	371	153	560
Others	756	6,883	648	8,674
	10,438	35,825	8,987	41,259
Number of persons	1	12	1	11

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

31.2 The Chief Executive and executives were also provided with free transport and residential telephones. No remuneration was paid to the directors of the Company.

32. CASH GENERATED FROM OPERATIONS

	2010 Rs '000	2009 Rs '000
Profit before taxation	722,994	558,834
Adjustments for non-cash charges and other items:		
Depreciation	359,590	328,074
Amortisation	4,305	-
Finance cost	205,346	221,723
Profit on bank balances	(708)	(565)
Return on placement in certificate of deposits of an associated investment bank	-	(17,317)
Provision / (reversal) for doubtful debts	1,439	(972)
Provision for accumulated compensated absences	6,032	7,487
Provision for staff retirement benefits	22,108	17,621
Profit on disposal of fixed assets	(2,298)	(1,339)
Working capital changes - note 32.1	308,353	6,199
	904,167	560,911
	1,627,161	1,119,745

	Note	2010 Rs '000	2009 Rs '000
32.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(38,323)	(20,727)
Stock-in-trade		(49,743)	(52,169)
Trade debts		118,968	(204,865)
Advances, prepayments and other receivables		(1,128)	52,386
		29,774	(225,375)
Increase / (decrease) in current liabilities:			
Trade and other payables		278,579	231,574
		308,353	6,199
33. CASH AND CASH EQUIVALENTS			
Short-term borrowings	11	(295,873)	(606,312)
Cash and bank balances	20	350,210	229,766
		54,337	(376,546)

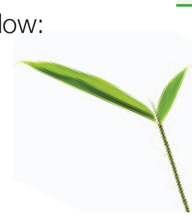
34. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

34.1 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

	2010 Rs '000	2009 Rs '000
Financial Assets - Loans and receivables		
Long-term deposits	1,763	1,178
Trade debts	767,252	887,659
Advances and other receivables	3,591	3,946
Cash and bank balances	350,210	229,766
	1,122,816	1,122,549
Financial liabilities at amortised cost		
Long-term finances	608,000	824,000
Trade and other payables	1,169,354	1,088,563
Accrued mark-up	28,401	49,574
Short-term borrowings	295,873	606,312
	2,101,628	2,568,449

Risks managed and measured by the Company are explained below:



34.2 Market risk

34.2.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates.

The Company's interest rate risk arises from borrowings which include long term finances (note 6), short term borrowings (note 11) and cash at bank in savings account (note 20).

At December 31, 2010, if interest rates on borrowings had been 500 basis points higher/lower with all other variables held constant, profit after taxation for the year would have been lower/higher by Rs 4.519 million (2009: Rs 71.516 million).

34.2.2 Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has foreign currency exposures in US Dollars, Pound Sterling and Euros, on cash equivalents, deposits with banks (note 20), trade debts (note 18) in respect of export sales and account payables (note 9) in respect of import of raw materials, stores and spares and plant and machinery. Since the Company's pricing mechanism is mainly linked to cost of raw materials, therefore, the affects, if any, of any adverse movement in exchange rates can be passed on to the customers to some extent through increase in prices of its finished goods.

At December 31, 2010, if the Company's functional currency (note 2.16) had weakened/strengthened by 5% against the US Dollar with all other variables held constant, profit after taxation for the year would have been higher/lower by Rs 39.424 million (2009: Rs 35.125 million), mainly as a result of foreign exchange losses/gains on translation of financial assets and liabilities denominated in US Dollars.

At December 31, 2010, if the Company's functional currency (note 2.16) had weakened/strengthened by 5% against the Pound sterling with all other variables held constant, profit after taxation for the year would have been higher/lower by Rs 1.679 million (2009: Rs Nil), mainly as a result of foreign exchange losses/gains on translation of financial assets and liabilities denominated in Pound sterling.

At December 31, 2010, if the Company's functional currency (note 2.16) had weakened/strengthened by 5% against the Euro with all other variables held constant, profit after taxation for the year would have been lower/higher by Rs 0.039 million (2009: Rs 4.647 million), mainly as a result of foreign exchange losses/gains on translation of financial assets and liabilities denominated in Euro.

34.2.3 Price risk

Price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company does not have financial instruments dependent on market prices.

34.3 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

Credit risk arises from cash equivalents, deposits with banks, as well as credit exposures to customers and other counterparties which include long term deposits, trade debts, advance to employees and other receivables. Out of the total financial assets, those that are subject to credit risk amounted to Rs 1,119.807 million (2009: Rs 1,121.123 million).

The maximum exposure to credit risk as at December 31, 2010, along with comparative is tabulated below:

Financial assets	2010 Rs '000	2009 Rs '000
Long-term deposits	1,763	1,178
Trade debts	767,252	887,659
Advances and other receivables	3,591	3,946
Cash and bank balances	347,201	228,340
	1,119,807	1,121,123

Total bank balance of Rs 19.939 million (2009: Rs 138.290 million) placed with banks have a short-term credit rating of at least A-1.

For trade debts, credit risk assessments process determines the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limit is regularly monitored. Accordingly, the credit risk is minimal and the Company also believes that it is not exposed to major concentration of credit risk.

In respect of other counter parties, due to the Company's long standing business relationship with them, management does not expect non-performance by these counter parties on their obligations to the Company.

The management does not expect any losses from non-performance by these counterparties.

The maximum exposure to credit risk for trade debts as at the balance sheet date by type of counterparties was:

	2010 Rs '000	2009 Rs '000
Local customers	748,320	839,885
Foreign customer	20,876	48,279
	769,196	888,164
Less: Provision for doubtful debts	1,944	505
	767,252	887,659

The ageing of trade debtors which were past due (i.e more than 30 days) and not impaired as at year end is as follows:

	2010 Rs '000	2009 Rs '000
Dues 31 to 60 days	45,244	237,225
Dues 61 to 90 days	17,695	42,503
Dues 91 to 180 days	19,865	14,453
	82,804	294,181

Based on past experience, the Company believes that no further provision for doubtful debts (impairment allowance) is necessary as the existing customers have a good track record with the Company.

Other categories of financial assets do not contain any impaired or non-performing assets.

The Company does not hold any collateral against these assets other than receivable from foreign customers which are secured by way of letter of credits.

34.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The management believes that it will be able to fulfill its financial obligations.

Financial liabilities in accordance with their contractual maturities are presented below:

	Contractual cash flows Rs '000	Less than 1 year Rs '000	Between 1 to 2 years Rs '000	Between 2 to 5 years Rs '000
Long-term finances	746,323	293,336	166,665	286,322
Accrued mark-up	28,401	28,401	-	-
Short-term borrowings	295,873	295,873	-	-
Trade and other payables	1,169,354	1,169,354	-	-
	2,239,951	1,786,964	166,665	286,322

34.5 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 finances.

Equity = Total equity as shown in the balance sheet.

During the year, the Company's strategy, which was unchanged from 2009, 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, 2010 and 2009 were as follows:

	2010 Rs '000	2009 Rs '000
Long-term portion of debt (note 6)	375,000	608,000
Total equity	1,791,125	1,596,280
Total	2,166,125	2,204,280
Debt equity ratio	17:83	28:72

The decrease in the debt equity ratio is due to profit earned and repayment of loan amounting to Rs 216 million during the year, while no further long term financing has been obtained during the year.

34.6 Fair values of financial assets and liabilities

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

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2010

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 directors and key management personnel. 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	2010 Rs '000	2009 Rs '000
Purchase of goods and services				
IGI Insurance Limited	Associated undertaking	Insurance services	93,100	100,623
Mitsubishi Corporation, Japan	Associated undertaking	Purchase of raw material	2,276	7,306
Packages Limited	Associated undertaking	Goods and services	31,594	30,892
Siemens Pakistan Engineering Company Limited	Associated undertaking	Goods and services	4,607	6,557
			131,577	145,378
Sale of goods and services				
Packages Lanka (Private) Limited	Associated undertaking	Supplies	23,845	18,182
Packages Limited	Associated undertaking	Supplies	451,795	322,571
Tetra Pak Pakistan Limited	Associated undertaking	Supplies	12,985	10,511
Nestle Pakistan Limited	Associated undertaking	Supplies	1,065	-
			489,690	351,264
Purchase of plant and machinery				
Mitsubishi Corporation, Japan	Associated undertaking	Supervisory fee and spare parts	7,284	-
Purchase of an intangible asset				
Siemens Pakistan Engineering Company Limited	Associated undertaking	Purchase of an intangible asset	1,180	4,894
Contributions to staff retirement benefit funds				
Gratuity fund		Contribution	7,111	3,126
Pension fund		Contribution	9,199	7,543
Provident fund		Contribution	5,452	4,674
			21,762	15,343
Dividend				
IGI Insurance Limited	Associated undertaking		9,475	5,685
Mitsubishi Corporation, Japan	Associated undertaking		74,990	44,994
Packages Limited	Associated undertaking		100,000	60,000
			184,465	110,679

Name and particulars	Nature of relationship	Nature of transaction	2010 Rs '000	2009 Rs '000
Commission				
IGI Insurance Limited	Associated undertaking	Commission earned on insurance premium	4,235	2,572
Other income				
IGI Insurance Limited	Associated undertaking	Insurance claim received in respect of damaged inventory	861	6,271
Key management personnel		- Salaries and other short-term employees' benefits	27,583	31,144
		- Post retirement benefits	3,922	7,157
			31,505	38,301

The amounts payable to and receivable from related parties have been disclosed in the relevant notes to these financial statements. The details of the assets disposed off to related parties have been disclosed in note 13.1.2 to these financial statements.

36. PLANT CAPACITY AND ACTUAL PRODUCTION

	2010 (Mertic tones)	2009 (Mertic tones)
Operational capacity at year end	35,800	34,800
Operational capacity available during the year	35,550	34,800
Production	35,574	31,550

37. RECLASSIFICATIONS

Following reclassifications have been made for better presentation;

- liabilities for imported goods amounting to Rs 1,003.250 million has been reclassified from accrued liabilities to 'Liability for imported goods' under the head 'Trade and other payables' (note 9).

- cheques in hand amounting to Rs 90.050 million have been separately shown which were previously included in balances with banks (note 20).

  As the aforementioned reclassifications does not have any impact on the line items disclosed in the balance sheet, therefore, the Company has not presented the balance sheet as at the beginning of the earliest comparative period presented (i.e. January 1, 2009).

Notes to and Forming Part of the Financial Statements
For the year ended December 31, 2010

38. DATE OF AUTHORISATION

38.1 These financial statements were authorised for issue on February 12, 2011 by the board of directors of the Company.

38.2 The board of directors have:

- proposed a dividend of Rs 10.00 (2009: Rs 10.00) per share, amounting to Rs 300 million (2009: Rs 300 million) for the year ended December 31, 2010 at their meeting held on February 12, 2011 subject to the approval of the members at the annual general meeting to be held on March 18, 2011; and

- approved transfer to general reserve amounting to Rs 194 million (2009: Rs 164 million) for the year ended December 31, 2010.

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

Kimihide Ando
Director

Proxy Form

19th 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 Friday, March 18, 2011 at 10.30 a.m. at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi and at any adjournment thereof.

Signed this _______________day of_______________2011

WITNESSES:

Signature

Please
affix Rupees five
revenue stamp

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

1. Signature: ____________
   Name: ______________
   Address: ____________

   CNIC or
   Passport No: ____________

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 Comuterized 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

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