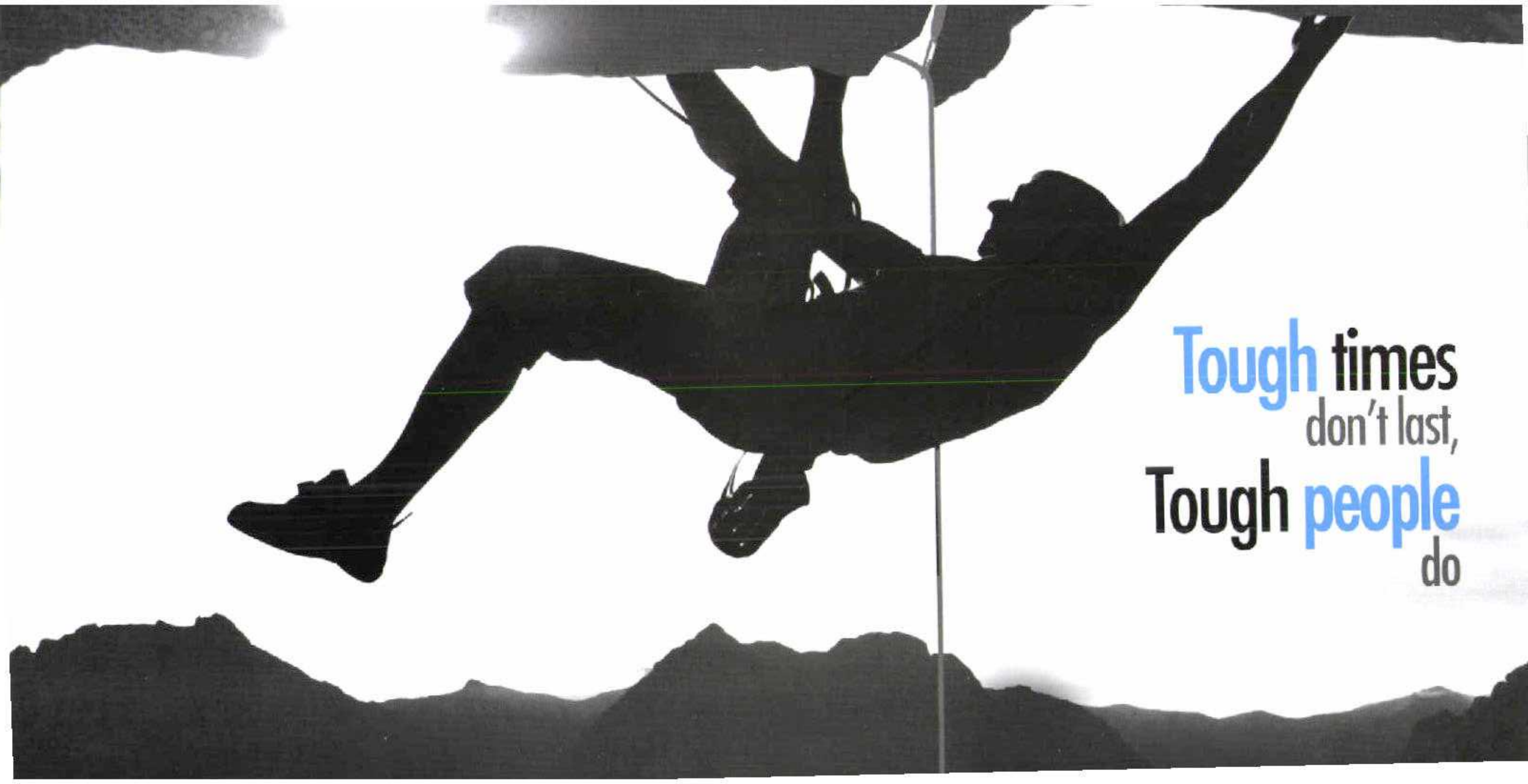
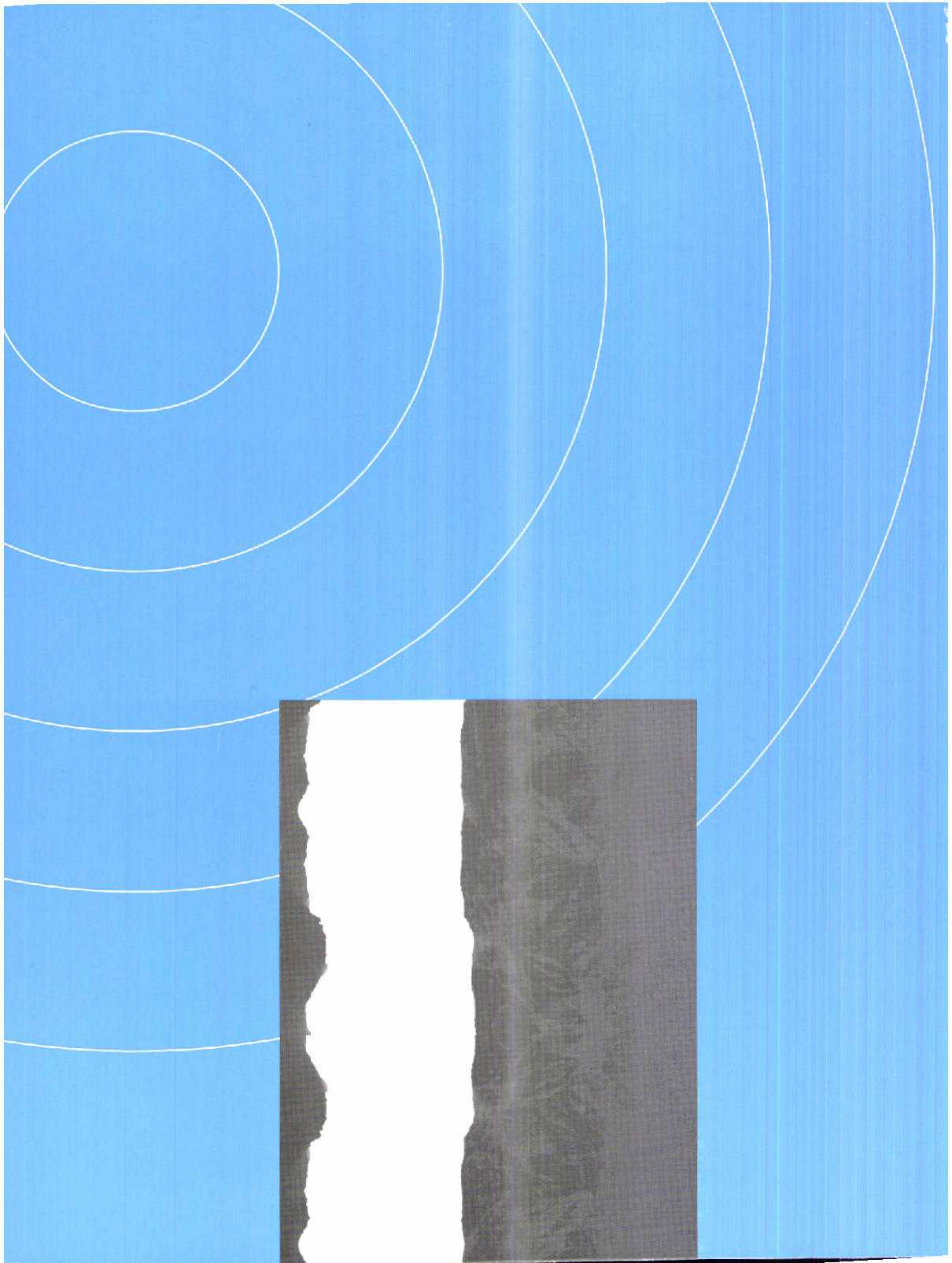
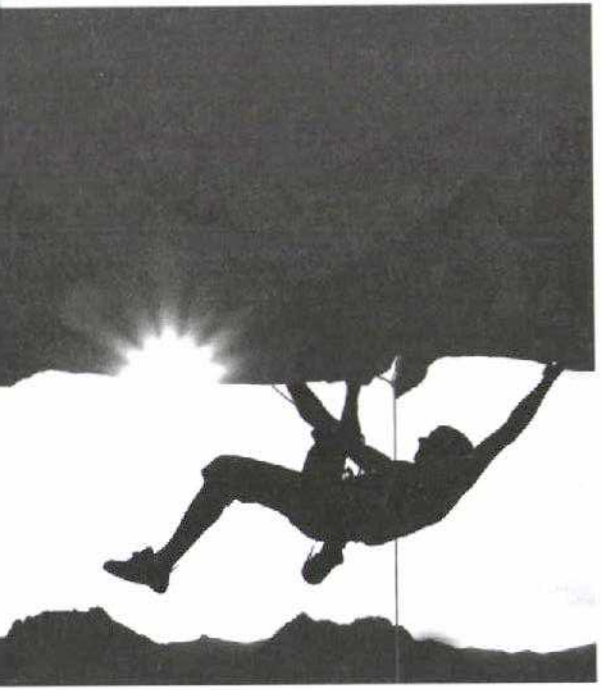

Tough times
don't last,
Tough people
do





Introduction

At Tri-Pack Films Limited, on the onset of starting our business, we had set the standards high. Since the Company's formation in 1993 we instilled at the core of our business philosophy the desire to excel, to exceed, to push the limits, and to be all that we can be, and more. To be acutely aware of our strengths, to abate our weaknesses, to celebrate our successes and learn from our mistakes. To adapt to our environment and face the challenges. To firmly believe in our capabilities and draw strength from our collective forte. In short, to be resilient.

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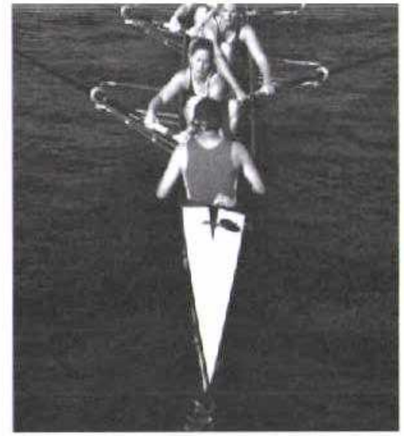
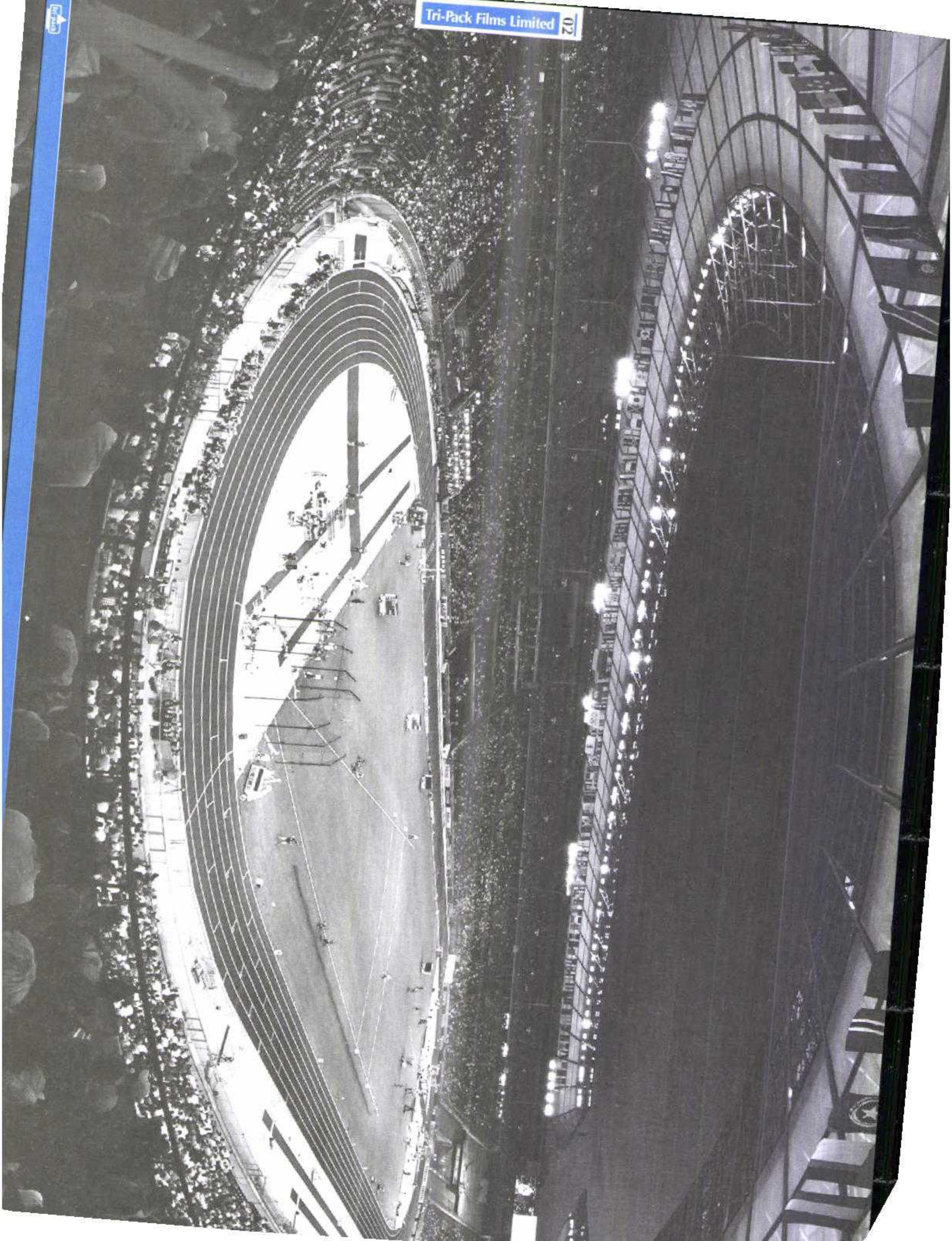
Corporate Governance

Directors' Report



Financial Statements



Vision

To enhance stakeholders' value by being a supplier of first choice whilst maintaining leadership position in domestic market and profitably expanding footprint in the international market.

Mission Statement
& Corporate Strategy

We will:

- Satisfy our customers with timely supplies of products and services at economic prices, conforming to quality standards.
- Achieve sustained growth to meet the demands of our customers' and stakeholders' expectations.
- Continue developing new markets, products, applications and solutions in concert with our customers and suppliers.
- Employ cost-effective technology to retain our competitive edge.
- Nurture and inculcate a culture based on high ethical standards to meet our obligations towards the communities we operate in.
- Attract, develop and retain talent through motivation, training, performance reward and providing growth opportunities.
- Care for health and safety of our employees and stakeholders and play our due role towards the environmental requirements.

Code of Business Conduct and Ethics

Tri-Pack has adopted a unified code as a guidance and standard for the conduct of the Company and its employees and shareholders. This code sets out the way we do business and conduct ourselves and its compliance is mandatory across the organization.

All employees are required to sign a compliance certification on an annual basis. Following are the key elements of the Code of Conduct:

1. **Promote fair business practices:** We understand and comply with applicable laws and regulations, relevant staff is trained periodically on all the applicable laws, particularly competition law. Participation in actions for restraint of trade, fixing of prices, volume etc. or any form of activities restraining competition is strictly prohibited. We ensure that no conduct should give indication of unfair play or impairment of rights relating to counter parties.

2. **Avoid conflict of interest:** All employees should maintain a clear distinction between corporate and private matters and affairs. Use of Company's tangible or intangible assets and resources outside Company's policy for personal gain and benefits is prohibited. Actions leading to personal benefit whether financial or otherwise or direct / indirect are expressly forbidden. Any proprietary or confidential information such as pricing, specifications, conditions, etc., shall not be disclosed outside.

3. **Respect for human rights, dignity and equal opportunity:** We as an organization understand and recognize human rights & dignity and its sensitivities. We respect an individual's customs, cultures and beliefs. Child labour, forced labour, harassment and abuse, explicitly or implicitly is strictly prohibited and condemned. No discrimination is done on the basis of gender, cast, religion or on any basis except the merit and requirements of the job, providing an equal opportunity to all the segments of society.

4. **Proprietary and confidential information:** All employees are required to maintain the confidentiality of Company Information. Sensitive information including trade secrets, confidential and proprietary rights shall be protected and properly used for the benefit of Company only, whether before or after the end of employment. The Company also does not allow infringement of intellectual property rights belonging to others.

5. **Open communication:** In order to foster openness, integrity and reliability two way communication between employees and supervisors is encouraged in all aspects of work environment.

6. **Place and work environment:** We as an organization promote sustainable use of resources; maintain safe, secure and healthy working conditions. The Company realizes the importance of work life balance and we endeavour to maintain and assist our employees to balance their work with other priorities of life and family commitments.

7. **Legal and ethical standards:** We at Tri-Pack never violate or evade law. We ensure compliance with all the applicable laws and rules. Report any unlawful activities or breach of law committed within the Company. Any form of bribery in any form or shape is strictly prohibited. Bribery and any other form of unethical business practice is strictly prohibited. The Company shall not use illegal payments, bribes, kickbacks or other questionable inducements to influence government policy or any business transaction.

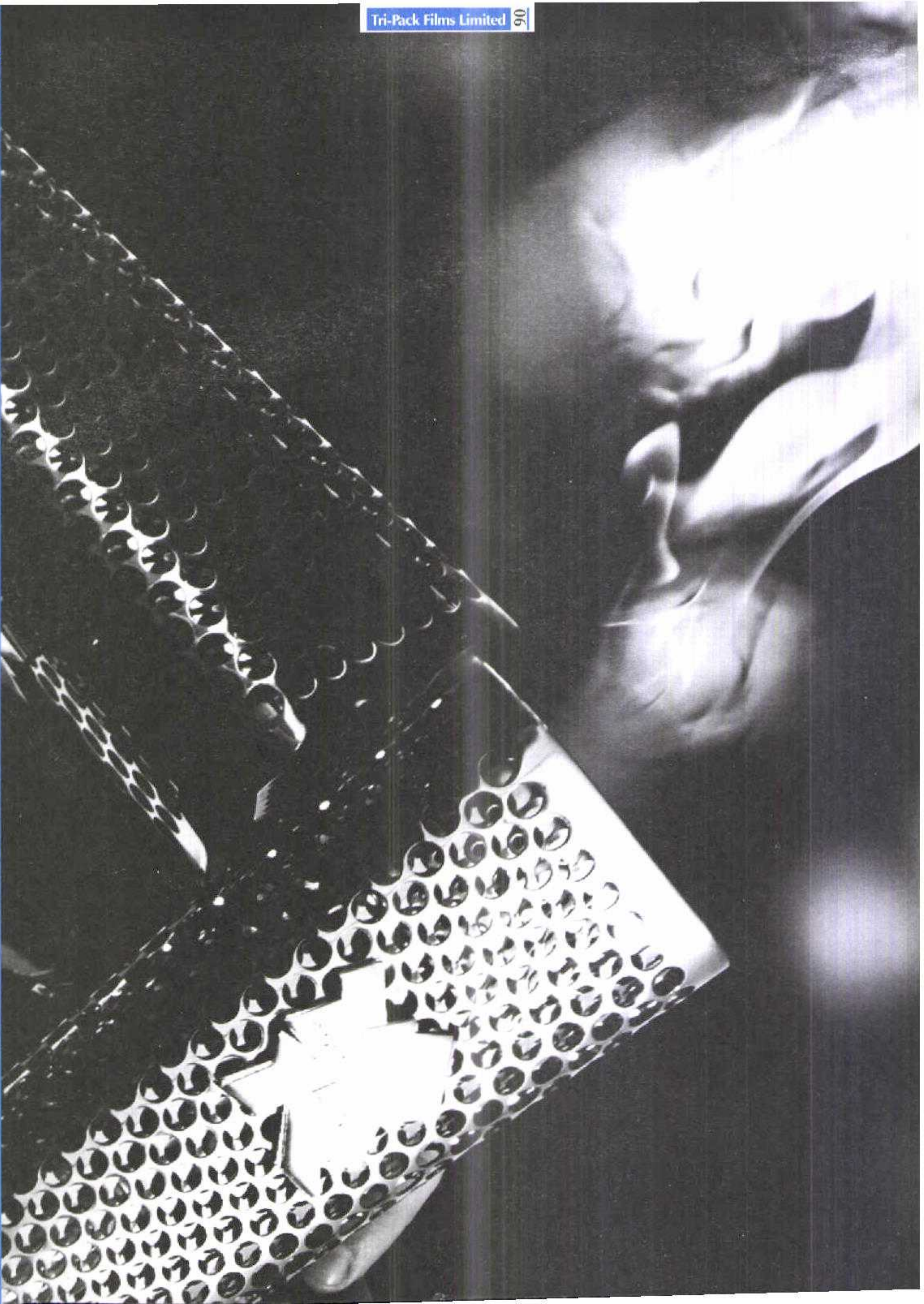
8. **Compliance:** We always comply with laws, rules, regulations, international standards and internal regulations in our business conduct and reporting.

9. **Participation in politics:** Individuals are free to participate in politics in their personal life but that should not in any manner be reflected in their official and Company's activities. Political donations of all kinds and shape are prohibited.

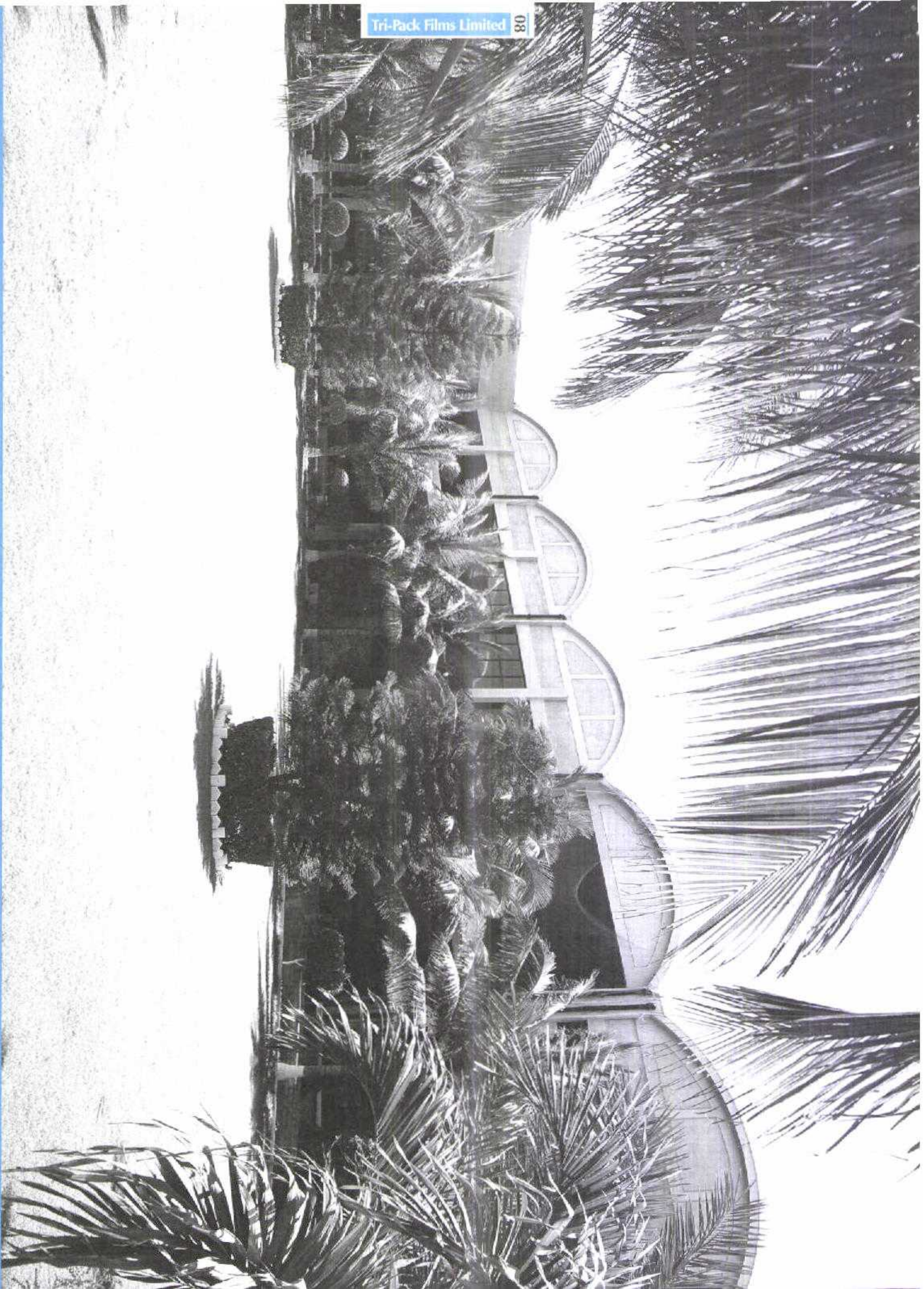
10. **Irregular conduct fraud, deception and violation of code:** Employees detecting and suspecting any incidents of irregular conduct, fraud, deception or violation of code are encouraged to bring it to the notice of their Supervisor, if such Supervisor is not responsive to the next level of Manager. The procedure for dealing with Speak ups is in place and all the Speak ups are shared with the Board Audit Committee.

11. **Related party transactions:** All commercial transactions between the Company and related parties shall be based on arm's length basis unless otherwise approved by the Board of Directors.

    The record of all related party transaction shall also be placed before the Board of Directors at each Board of Directors meeting for formal approval.



eserving
ur Legacy



Company Information

BOARD OF DIRECTORS
Syed Babar Ali (Chairman)
Syed Hyder Ali*
Kimihide Ando
Khurram Raza Bakhtayari
Yasumasa Kondo
Syed Aslam Mehdi (Chief Executive)
Asif Qadir

AUDIT COMMITTEE
Asif Qadir (Chairman)
Kimihide Ando*
Khurram Raza Bakhtayari
Yasumasa Kondo

EXECUTIVE COMMITTEE
Kimihide Ando (Chairman)
Syed Hyder Ali*
Khurram Raza Bakhtayari
Syed Aslam Mehdi

HUMAN RESOURCE AND REMUNERATION COMMITTEE
Mr. Asif Qadir (Chairman)
Mr. Khurram Raza Bakhtayari*
Syed Aslam Mehdi

CHIEF FINANCIAL OFFICER
Nasir Jamal

COMPANY SECRETARY
Adi J. Cawasji

AUDITORS AND TAX ADVISOR
A. F. Ferguson & Co.
Chartered Accountants

LEGAL ADVISOR
Sattar & Sattar
Khan & Paracha

SHARES REGISTRAR
FAMCO Associates (Pvt.) Ltd 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi - 75400
Tel : (021) 34380101-2
Fax : (021) 34380106

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
Standard Chartered Bank
Deutsche Bank AG
NIB Bank Limited
MCB Bank Limited
Faysal Bank Limited
Citibank NA
Bank Al-Habib Limited
Bank Alfalah Limited
Bank Islami Pak Limited
The Bank of Tokyo - Mitsubishi UFJ, Ltd.
Barclays Bank Plc
Meezan Bank Limited
Askari Bank Limited
Habib Bank Limted
Allied Bank Limted
Al-Baraka Bank Limted
Dubai Islamic Bank
United Bank Limted

REGIONAL SALES & HEAD OFFICE
House No. 18,
Sir Abdullah Haroon Road,
Near Marriott Hotel, Karachi.
Tel: (021) 35224336-37
Fax: (021) 35224338

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

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

* In alphabetical order

Tri-Pack at a Glance

About us

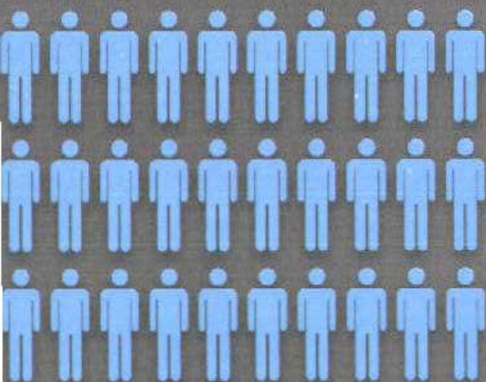
Tri-Pack Films Limited is the leading **BOPP** & **CPP** Films manufacturer in Pakistan, headquartered in Karachi with over **85,000** tons of standard production capacity.

At Tri-Pack, our passion to cater to the needs of our customers lies at the heart of every endeavor. We go a long mile to get results, operate responsibly, apply innovative technology, execute with excellence, and capture new opportunities for profitable growth.

We aim to create long-term value for shareholders by catering to growing demands in a safe and responsible way. We not only strive to be a world-class operator, but also a responsible corporate citizen and a good employer.

Our people and our products are the hallmark of our success. Every aspect of our operation is driven by the sole objective of working together for a better future. Our products touch the lives of millions of people every day.

Key Facts

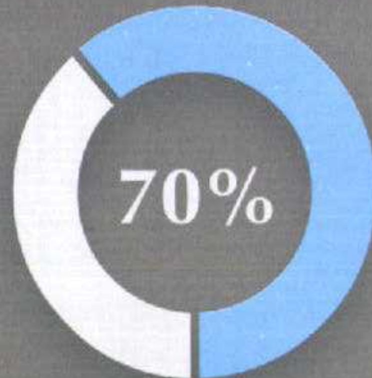


More than

450

employees &

still growing

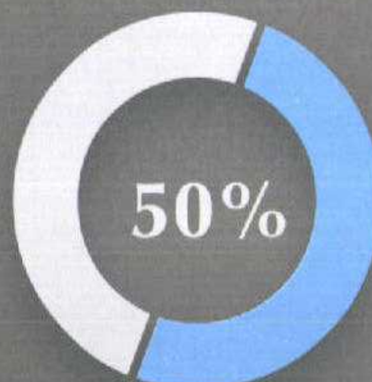


BOPP

Over

70%

Market Share

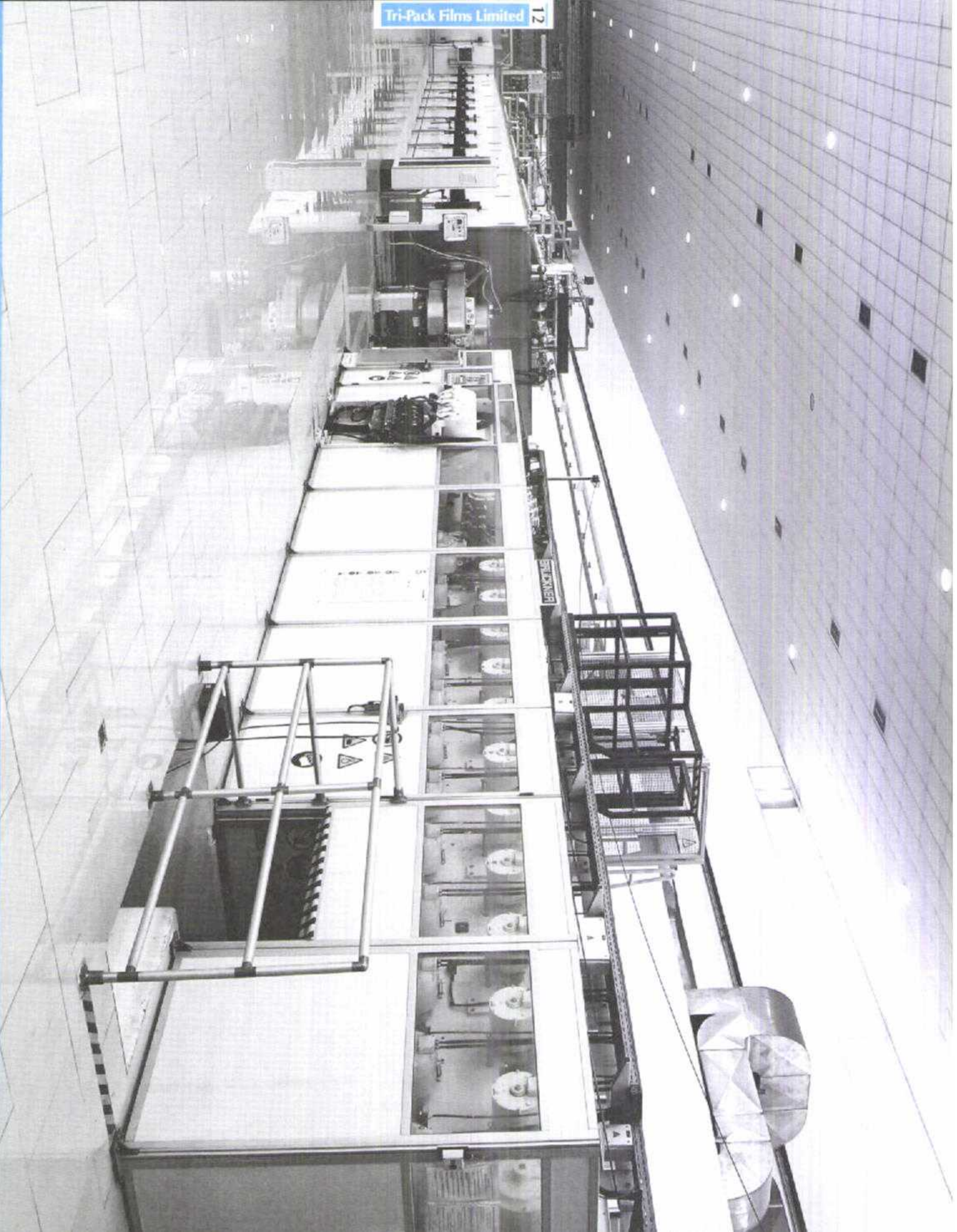


CPP

Over

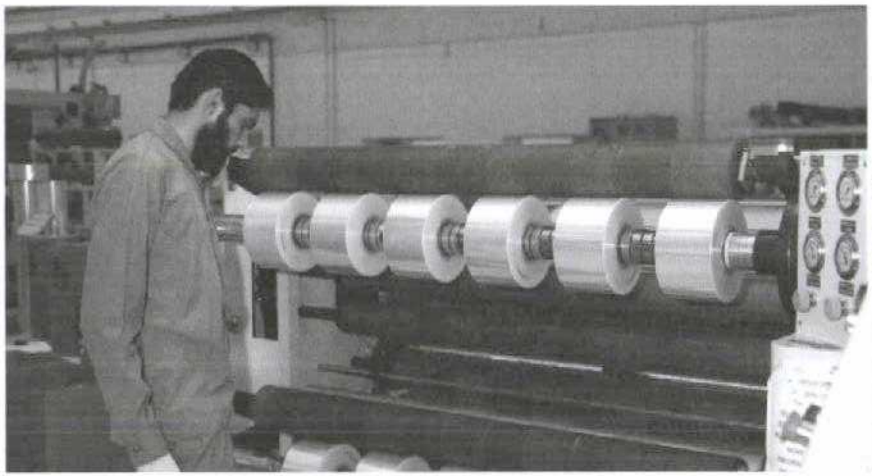
50%

Market Share



Our Products

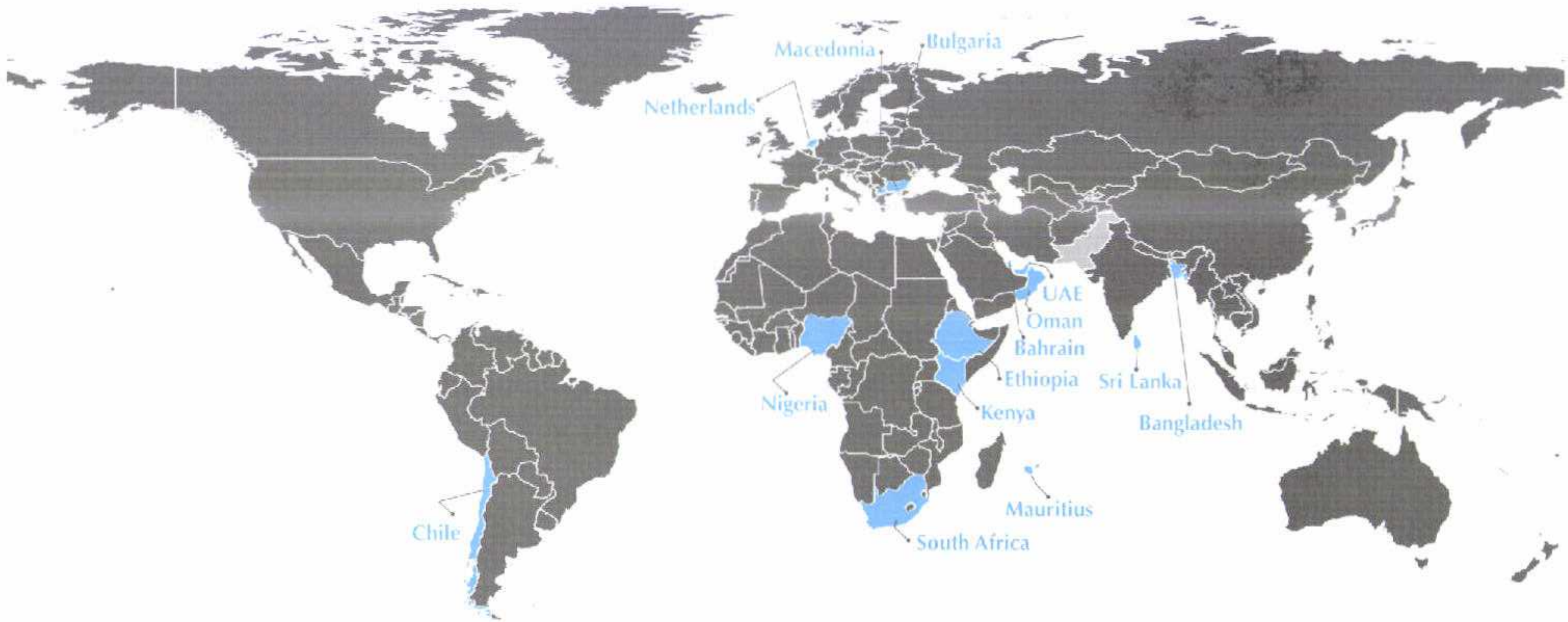
Tri-Pack offers wide range of Bi-axially Oriented and Cast Polypropylene (BOPP & CPP) packaging films, which are carefully and diligently produced to not only meet the packaging needs but also outperform the expectations of the market . We have judiciously created our product brands that are best suitable for food and beverage applications (snacks, confectionary, dairy food, fresh cut vegetables, beverages etc.) and non-food applications (overwrapping, lamination, bag making etc.). We have the capability to supply films in various sizes and thickness, ranging from 10 to 150 micron. We also manufacture specialized films having unique characteristics, which are proactively & unequivocally designed to cater the ever-growing demand of our customers. Besides, it also highlights our determination to continuously improve the benchmark of the industry and to raise the competition standards; this enables us to fulfill the purpose of our existence which is greater value addition and true benefit purveyance to the ultimate consumer.



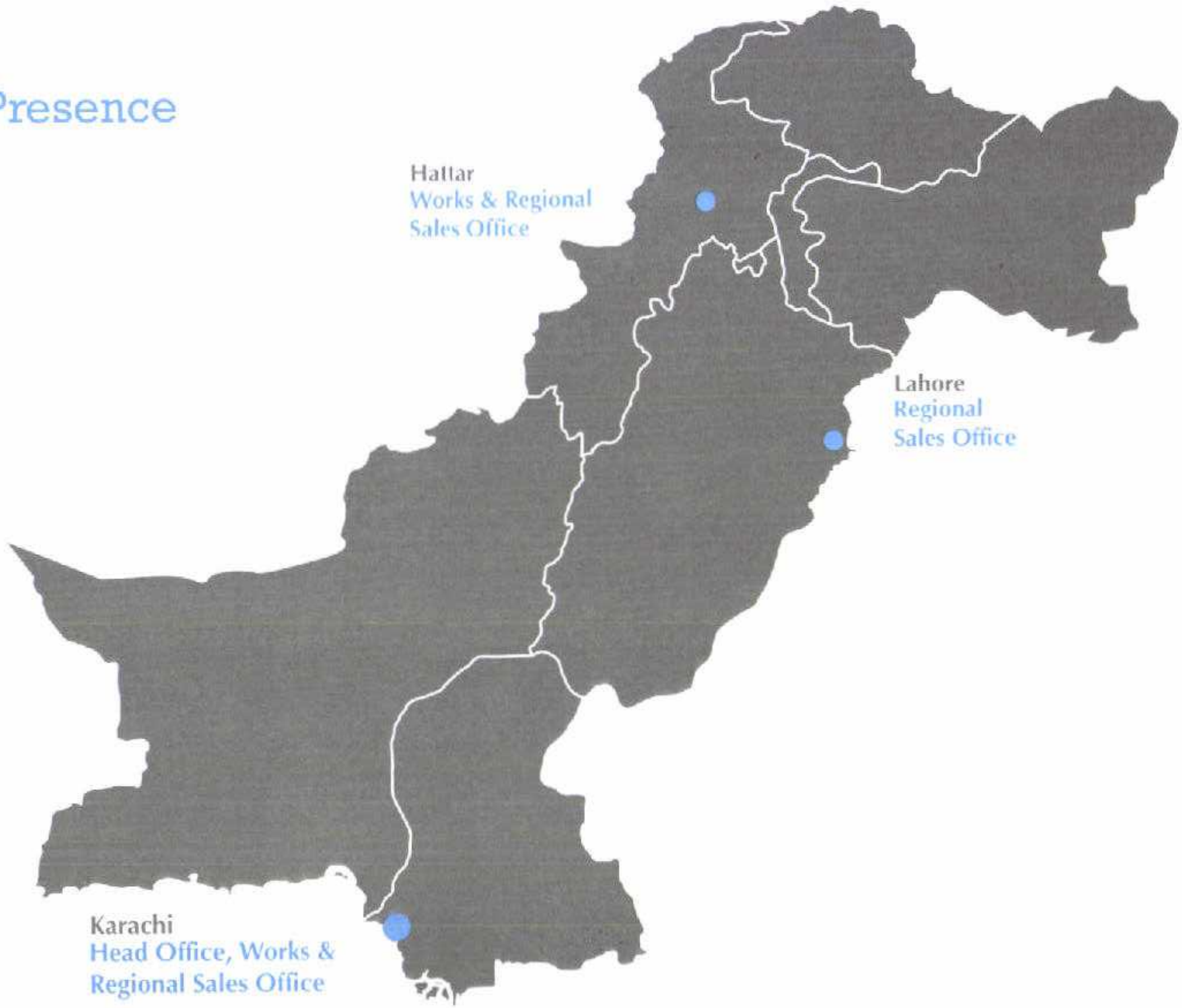
"We are in your life;
everywhere in everything"

Geographical Presence

Across the Globe



Local Presence



Achievements
& Milestones

Apr 1993	Signing of Joint Venture
Jun 1995	Commencement of Production Line 1
Aug 1998	ISO 9001 Certification
Jun 2000	Commercial Production Line 2
Feb 2002	Commissioning of Metallizer 1
Oct 2003	Ground Breaking Line 3
Mar 2004	ISO 14001 Certification
Oct 2004	Trial Production Line 3

- Feb 2006 — Commissioning of Metallizer 2
- Apr 2007 — OHSAS 18001
- Nov 2008 — Commissioning of CPP Line 1; B.E.S.T Certification from BAT
- Oct 2009 — Commissioning of Metallizer 3
- Sept 2011 — Ground Breaking of Line 4
- Mar 2013 — Commissioning BOPP Line 4
- Mar 2014 — Commisioning CPP 2 & Metallizer 4

Our Business Strengths

Market Leadership and International Presence

Tri-Pack has successfully entered its third decade of business, whilst maintaining its leadership in the market. We have the largest customer base and sustained volume growth in Pakistan.

In the year 2014, we surpassed highest ever sale volumes, selling 48,226 tons. Our domestic and international markets have grown significantly and our overall sales volume has increased by 11% as compared to last year.

Customer Support

We provide top quality products to our customers and extend our knowledge & expertise, when required, to resolve any issues that may arise on the customer's front. We are equipped with the state-of-the-art technology obtained from top quality international suppliers such as Mitsubishi Corporation – Japan, Windmöller & Hölscher- Germany, General Vacuum – England, Galileo Vacuum- England, Bruckner – Germany, and Bofanti – Italy.

We have the privilege to access latest research and development trends, with regards to operational efficiencies carried out by our sponsors Packages Limited and Mitsubishi Corporation.

Advance Research and Development Facilities

Tri-Pack's in-house R&D department is equipped with cutting edge contemporary and sophisticated equipment. Our highly professional R&D team works round the clock to ensure the production of high quality films.

Our world class R&D processes ensure that the developed products meet customer requirements by giving better run-ability. It not only cuts down the cost at the customer's end but also enhances our profitability.

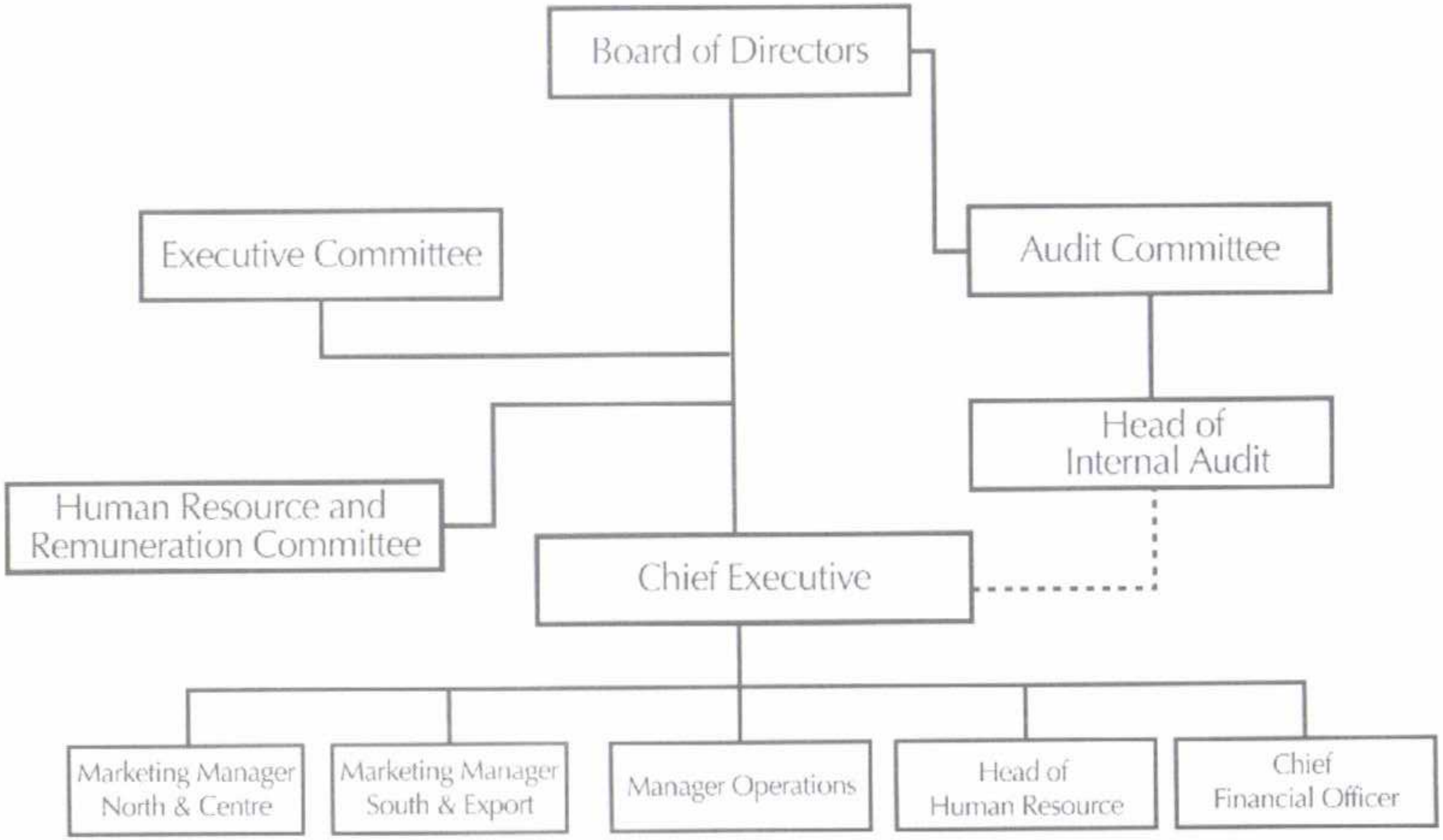
People and Diversity

We at Tri-Pack strongly emphasize on inclusion of all without any bias. We have a precise modus operandi when it comes to equal opportunity at all levels; from recruitment to compensation, to training and development across the board, all employees have equal rights in terms of 'reward' and recognition.

Safety and Environment

Safety is integral to everything we do. We train our employees and educate them on how to create a safe working environment as well as familiarize them to existing occupational hazards. HSE trainings are conducted periodically to help employees cope in the event of unexpected injuries/hazards.

Organizational Structure



Stakeholder
Engagement

Tri-Pack has a broad range of stakeholder groups and a long history of engaging them. Our approach involves regular engagement with our internal and external stakeholders, making specific public and auditable commitments as needed.

We want our stakeholders to be advocates of Tri Pack, which is why we have built an open culture that focuses on trust, integrity, respect, mutuality, commitment and satisfaction.

We have established formal & informal mechanisms that report our progress / outcomes and captures our stakeholders' views, through customer feedback, employee engagement surveys and regular meetings with interest groups.

Our relationship to society, which includes government agencies, nongovernmental organizations (NGOs) and academia, is also important to us; we believe it be a source of strength that is critical to our success.

To continue our forward momentum, we need the engagement of all stakeholders. We look to our customers, employees, corporate allies and board members to partner with us in this endeavor.

Health, Safety, Environment & Quality Policy

Tri-Pack Films Limited's Policy is to:

- Ensure customer satisfaction through product of best quality, developments, modern technologies & by acquiring knowledge and skills.
- Establish, implement and review objectives & targets to ensure continuous improvement in our HSEQ System.
- Comply with all regulatory requirements on Health, Safety and Environment. 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, safety, environment and quality policy & performance.
- Ensure that any new plant, equipment and processes installed will minimize hazards and impact to the environment.
- Ensure sustainable use of energy and water resources.

HSE&Q Management System

Tri-Pack's HSE Management system provides an excellent implementation mechanism of its HSE procedure throughout its units and departments. The system is designed to cover environmental aspects and impacts, occupational health and safety hazards and risks that may arise from its operations and activities.

The HSE Management System comprises of following inter-related components:

- Commitment, leadership and accountability
- Policies, procedures and objectives
- Organization and resources
- Contractor and supplier management
- Risk management
- Performance monitoring and improvement
- Audits and reviews

In 2014, our focus remained on training, awareness, safety walks and monitoring to highlight and mitigate un-safe conditions or un-safe acts. We continuously strive to incorporate a safety culture through involvement of staff in risk assessments, safety campaigns, safety talks and near miss reporting. This is to ensure staffs' maximum participation and to inculcate ownership of HSE policies.

We as a responsible corporate citizen are clear about the scarcity of energy sources and the core philosophy of our operations are built on the methodology to conserve energy and perform operations with the minimum possible energy input deriving optimum results.

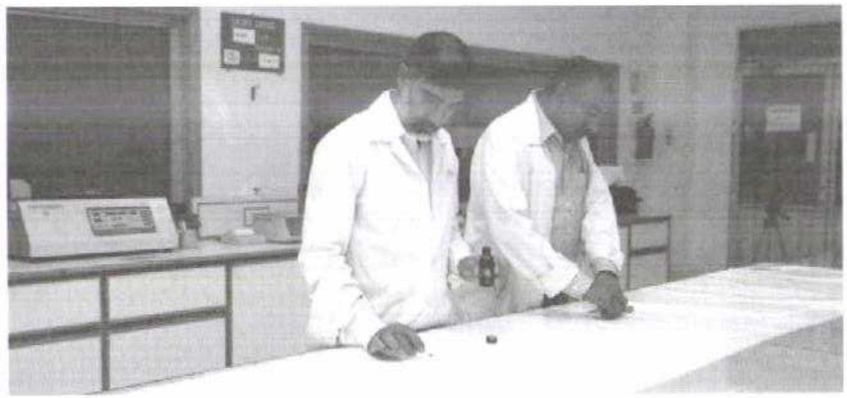
In year 2014, the installation of new CPP and metallizer plant was completed. Almost 250 tons of chilling capacity has been acquired from non-electric chillers. These chillers use exhaust gases of in-house power house to bring down the water temperature. Tri-Pack is one of the first companies in Pakistan to acquire such technology. In addition to chilled water supply to machines, we are also using these chillers for air conditioning purpose.

These energy conservation measures places the Company in a better position to cater to the escalation in energy prices which also result in better working environment for our employees and increased life of our equipment.

Quality Control

The Company has a dedicated Research & Development (R&D) wing to ensure the consistency of quality of existing lines of products and to develop new products. A formal quality philosophy and organizational structure is in place, which helps in performance tracking in both pre and post manufacturing phases of a product.

R&D has sufficient resources available to implement the quality framework at both plant and customers' site. On need basis, consultants/ industry experts are also engaged. In order to develop the skillset of staff both on-the-job and external trainings are provided to staff on recurrent basis.



In line with the commitment of adherence to international quality and safety standards the Company successfully managed to obtain following ISO certifications:

- Quality Management System
- Environment Management System
- Occupational Health and Safety Assessment Series
- Food Safety Management System
- Hazard Analysis and Critical Control Point
- Publicly Available Specification

Building Excellence Through Human Resource

Tri-Pack holds great pride in its human capital. We believe that our success over the years rest alone on our relentless people. We are committed to building a culture that is most conducive to our employees, one they can rally around. We continue to develop our people to ensure that they have the right skills and experience to deliver an outstanding experience to our customers.

Increasing Employee Engagement

The year marks the onset of the employee engagement survey which allowed us to measure engagement levels and helped us identify ways to improve how we do things. Our employee engagement survey results showed remarkable participation across the board.

In addition, we want our employees to feel valued and engaged. Tri-Pack maintains an attractive and professionally stimulating work environment; facilitating employees with suitable workstations, equipment, challenging work and interesting projects. Tri-Pack inculcates an open culture, fostering a supportive environment for all employees to deliver results and taking up new initiatives to celebrate when the opportunity arises to keep them engaged.

We take pride in our employee engagement platform, constructing engagement models that equip employees with tools to enable collaboration, innovation and teamwork. The platform offers team building and awareness sessions, annual iftar/dinners and other sports or summer events. Each year, we also offer ways for our employees to participate in internal and external community programs. These programs are not only critical to helping those in need, but pivotal to inspiring, engaging and energizing our employees around volunteerism and community service. Through these community initiatives, we support teamwork and build a sense of shared purpose and commitment.

Building a diverse and inclusive culture

We believe that a diverse team is crucial to our success, helping us better understand and meet the needs of our customers. We aim to create a working environment which values and makes the most of individual differences. We do not condone unfair treatment of any kind and offer equal opportunities in all aspects of employment and advancement regardless of race, gender, age, marital status, disability, and religious or political beliefs. We promote an open culture that encourages people to raise issues to ensure that any behavior which excludes or discriminates against individuals does not go unchallenged. Upholding the same principle, Tri-Pack launched its Anti-Harassment Policy in line with "AASHA" (Alliance Against Sexual Harassment) Code of Conduct.

Recruiting the right blend

Our business model is designed to develop a higher quality talent pool which we believe is vital for our future success. We believe in creating future sustainability at all levels hence, we are in a continuous process of infusing talent pool of dynamic vibrant minds in our system. We are working towards creating a balance between external recruits and building talent from within our current work force. While our prime focus is on our internal resource development we are also hiring the best and most diverse talent.

2014 displayed a 5% decline in our attrition rate and a much stronger diversity ratio. This is just a beginning of a much stronger HR function.

5%
decline in attrition rate compared to 2013

Creating a lean and effective organization

We continue to make our business more efficient, simplifying processes and incorporating best practices. The launch of performance based appraisal system, based on overall strategic goals and structural re-alignment are just few milestones that were successfully achieved.

Strengthening capabilities

We want people to grow their careers and develop the skills and talent needed to grow our business. We support the career aspirations and personal development of our people and offer a supportive work environment so that our employees can realize their full potential, build careers and cultivate their abilities.

Our learning and developmental initiatives include well-resourced training programs in management excellence, functional and technical competencies, which allow our employees to keep up with the changing requirements of their jobs.

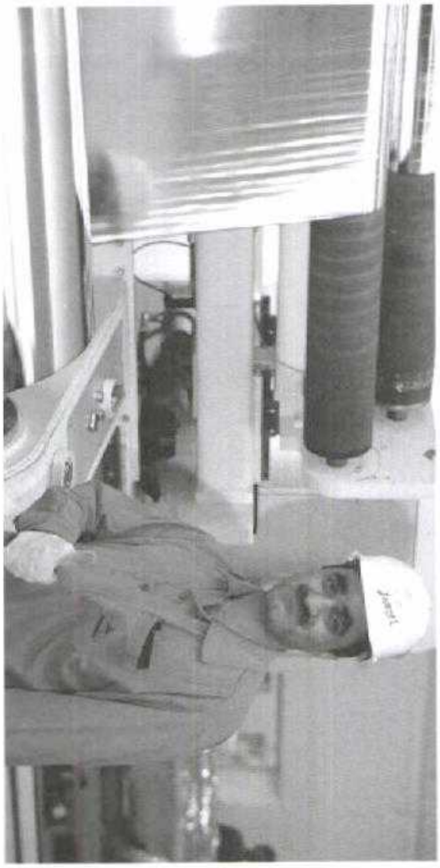
We conduct an annual analysis of learning needs to identify priorities and ensure that learning plans support our business strategy. Every employee also has a formal review once a year with their manager to review their performance and set clear goals and development plans for the year ahead.

Our customized internal / in-house training programs enable employees to develop the critical skills they need to excel in their functions.

2014 saw a number of employees being nominated to attend external trainings workshops, and also overseas courses.

Trained in House
392

Externally Trained
163






Recognizing performance

A key component of Tri-Pack's culture is recognition of high achievers. Our recognition policy is one of the sharpest tools in our strategic set. One that drives behavior, unifies teams and cultures, improves engagement and retention, and significantly impacts the bottom line.

Our reward ideology promotes sustainable performance and yields specific results, creating a culture where people are inspired and companies grow.

This year we focused our approach of rewarding people based on their performance, potential and contribution to our success. The performance based system gave the employees the opportunity to be rewarded for exceptional performance. It also ensured that we do not reward poor performance. The individuals who required improvement were placed on a structured performance improvement plan.

In addition, we recognize individual and team achievements/contributions through a range of awards, including certificates of appreciation, length of service awards and awards for achieving strategic objectives.

Corporate Social Responsibility

At Tri-Pack we genuinely care about giving back to our community. We actively work to be a responsible corporate member of Pakistan's society. And continuously work to align our business decision-making with the reasonable societal expectations of a modern manufacturing company.

Health, Safety and Environment

Tri-Pack aspires to create safe working conditions for all employees. Our management remained committed to ensuring that our employees stay safe and healthy.

Occupational Health and Safety remained the key focus areas throughout the year including fire safety, behavior based safety, workforce involvement in safety issues etc. Occasional drills were organized at the plant along with the active assessment/audits of the process and practices with specific focus on hazards analysis and safe work practices.

In addition, quite a few internal training sessions on HSE & OHS were conducted in 2014 for employees to enhance their awareness of environment, health and safety in the workplace.

Sustainability & Going Green

Sustainable and responsible development has remained the corner-stone of our values since the inception. This year we placed much greater emphasis on sustainability. For us it's about creating shared value not just for our shareholders but also a wide range of stakeholders.

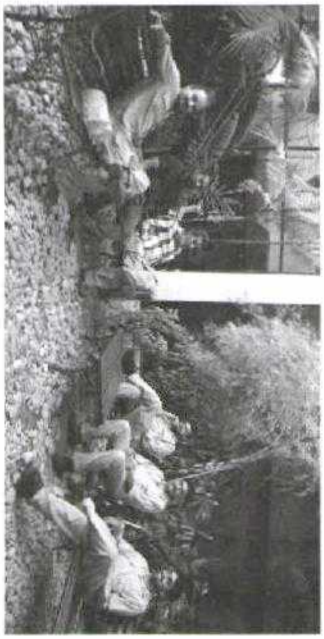
We continue to refine our policies and make sure they are more beneficial as a whole to the society in general. Our anti child labor practice and incorporation of AASHA's cod e of conduct are just few steps in the direction.

Our sustainability principles are based strictly upon investing in our systems and in conjunction fulfilling our social obligations. Besides, a sustainable budget is set aside for social welfare projects across Pakistan.

We value our environment and have undertaken quite a few environmental friendly initiatives. To facilitate the reduction of waste, emissions and energy consumption, we implemented a range of environmental friendly equipment at our plant facilities. Tri-Pack's efforts to tackle a plethora of sustainability changes are not limited to conserving energy, reducing waste and effluence. We are also focused on reducing pollution and we encourage our employees to participate in plantation activities.

We have undertaken various initiatives to go green at our plant facilities. Over the years we've made substantial investments in making the land near our facilities green. Our effort to go green goes beyond 2014.

Our plantation size at Hattar has increased to over 2,800 trees.

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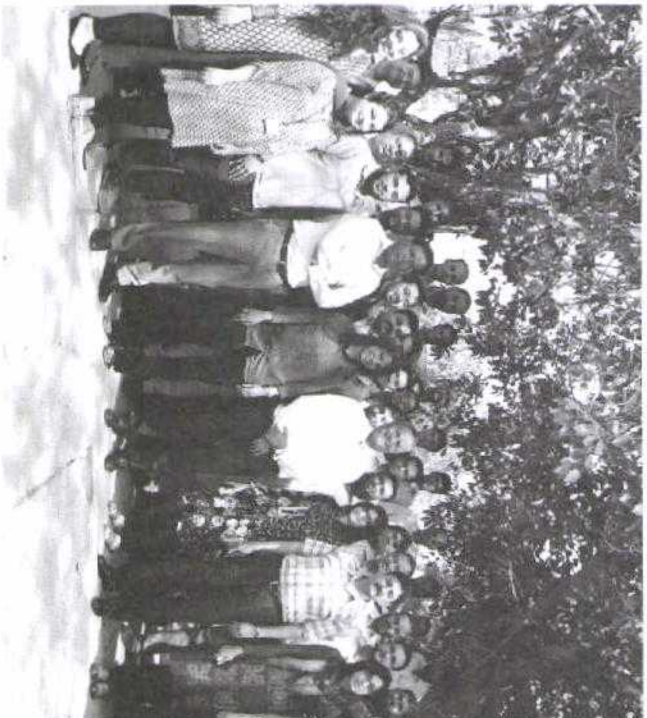


Major Events

Quarter 1

21 January 2014	Visit of Mr. Paul Birch and Mr. Piotr from Bruckner
4 March 2014	Commissioning of CPP Line 2 & Metallizer

Quarter 2

15 April 2014	Annual General Meeting
17 April 2014	Audit Committee Meeting for review of Quarterly Accounts
18 April 2014	Board Meeting for approval of Quarterly Accounts
26 & 27 June 2014	"Mango Mania" employee engagement event

Quarter 3

14 July 2014	Half Yearly Sales Conference
13 August 2014	Audit Committee Meeting for review of Half Yearly Accounts
13 August 2014	Board Meeting for approval of Half Yearly Accounts
23 August 2014	"Long Service Awards"

Quarter 4

20 October 2014	Audit Committee Meeting for the review of Quarterly Accounts
21 October 2014	Board Meeting for approval of Quarterly Accounts
22 October 2014	Launch of Anti Harassment Policy in compliance with Workplace Act, 2010
6 November 2014	Launch of Employee Engagement Survey
13 November 2014	Visit of Counsel General of Japan Mr.Akira Ouchi
24 November 2014	Visit of Mr.Yukihiro Uehara from Jetro Osaka
22 December 2014	Annual Sales Conference

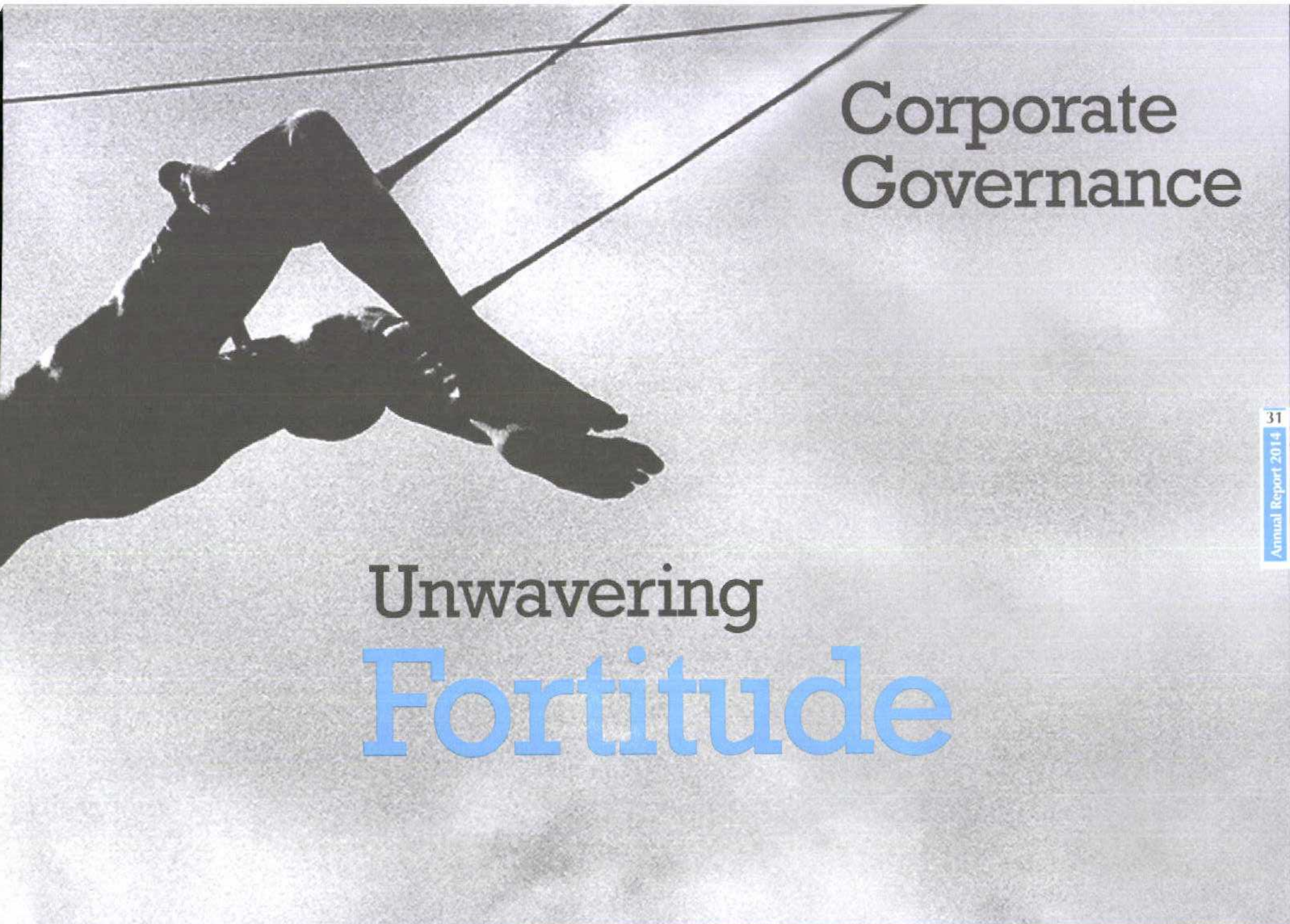
Key Financial Information

	2014	2013
Sales Revenue (Rs in Million)	13,597	11,950
Operting Profit* (Rs in Million)	487	609
(Loss)/Profit before taxation* (Rs in Million)	(331)	36
(Loss)/Profit after taxation* (Rs in Million)	(200)	25
Earnings per share (EPS)* (In Rupees)	(6.65)	0.85
Fixed Assets (Rs in Million)	7,224	7,546

	2014	2013
Share holders' equity* (Rs in Million)	1,634	1,813
EBITDA* (Rs in Million)	1,274	1,398
Price Earning Ratio* (In Times)	(39)	234
Number of Employees	436	478
Production (In Metric Tons)	49,402	44,590
Total Assets* (Rs in Million)	13,077	13,667

* 2013 Restated

Corporate Governance



Unwavering Fortitude

Governance Framework

Statement of Ethics & Business Practices

A. Tri-Pack Films Limited shall endeavour to promote fair business practices and conduct the business with the principles of integrity, objectivity and financial prudence.

B. It is the policy of the Company to comply with all applicable laws, rules and regulations. Violations may result in disciplinary actions.

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 law within their area of responsibility and take proper measures within corporate policy framework and financial ethics standards.

Corporate Governance Framework

Tri-Pack has been guided by a value system that emphasizes on high standards of integrity and trust at all levels of the organization. Our policies and practices are to ensure that the Company is managed with integrity in the best interest of shareholders. In addition, we are committed to upholding sound principles of corporate governance and to meeting the requirements of all statutory laws and regulations and the rules of all Stock Exchanges of the country. The Board of Directors has adopted Code of Corporate Governance, which along with the charters of the Board Committees, the Company's Code of Conduct for employees and operational policies and procedures, provide the framework for the governance of the Company.

Internal Control Framework

The purpose of internal control framework, whilst ensuring conduct of business in smooth, orderly and efficient manner is to:

- Protect and safeguard the Company's assets;
- Prevent and detect fraud and error;
- Ensure the completeness and accuracy of the financial records;
- Comply with management policies and procedures.

The Board of Directors through the Senior Management is responsible to ensure the adequacy of the system of internal control covering both business and financial aspects.

The internal control system and compliance with the requirements are monitored through well documented Standard Operating Procedures (SOPs) and a combination of audit reviews and periodic performance monitoring. The results of these processes are communicated to the Board of Directors through its Audit Committee which has the ultimate responsibility for the effectiveness of internal control.

While developing controls, the extent and cost of control procedures are assessed with a view to reduce risk to an acceptable and cost effective level.

Directors

The Board is comprised of one executive director, one non-executive independent director and five non-executive directors. The Board has the collective responsibility for ensuring that the affairs of the company are managed competently and with integrity.

All Board members are given appropriate documentation in advance of each Board meeting. This normally includes a detailed analysis on businesses and full papers on matters where the Board requires to make a decision or give its approval.

The Board Audit Committee

The Committee meets at least once every quarter and assists the Board in fulfilling its oversight responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, systems of internal control and risk management and the audit process. It has the power to call for information from management and to consult directly with the external auditors and other advisors as considered appropriate. The Chief Financial Officer regularly attends the Board Audit Committee meetings by invitation to present the accounts. After each meeting, the Chairman of the Committee reports to the Board.

Audit

The Company has an effective Internal Audit function which has been outsourced to KPMG. The Board Audit Committee periodically reviews the appropriateness of this function. The Head of Internal Audit functionally reports to the Audit Committee. The Board Audit Committee approves the audit plan. The Internal Audit function carries out reviews on the financial, operational and compliance controls and reports on findings to the Board Audit Committee, Chief Executive and the management.

Risk Management

The purpose of this framework is to define and identify risks which may compromise the achievement of business objectives and to implement controls against such risks.

To assess and manage credit, investment, business, operational and risks arising from change, appropriate steps are defined in their respective policies and operational SOPs.

IT Governance

Tri-Pack believes that without strong IT Governance, the business value of IT is substantially impaired and the organization becomes subject to the inefficiencies of short-term, tactical IT deployments, unproductive use of human resources and IT assets, breaches of data security and regulatory requirements. IT Governance sturcture fully capable of meeting business and reporting challenges is in place.

Board of Directors

Syed Babar Ali - Chairman

Mr. Ali is the founder of various industries and social welfare institutions. He is the Chairman of Board of Directors since inception of the Company. Besides Tri-Pack, he is the chairman of Acumen Fund, Ali Institute of Education, Babar Ali Foundation, Coca Cola Beverages Pakistan Limited, Gurmani Foundation, IGI Insurance Limited, IGI Investment Bank Limited, Industrial Technical & Educational Institute, National Management Foundation, Syed Maratib Ali Religious and Charitable Trust Society and Tetra Pack Pakistan Limited.

Syed Hyder Ali *

Mr. Ali is the non-executive member of the board since inception. He has done his Masters in Sciences from Institute of Paper Chemistry. He holds directorship in several other companies including IGI Insurance Limited, Nestle Pakistan Limited, International Steels Limited, Packages Lanka (Private) Limited and Sanofi-Aventis Pakistan Limited. He is also serving on the Board of certain philanthropic, educational, charitable and business support organizations including Pakistan Centre for Philanthropy, World Wide Fund for Nature, National Management Foundation, Syed Maratib Ali Religious and Charitable Trust and Pakistan Business Council.

Mr. Kimihide Ando

Mr. Ando is associated with the Company as non executive director. he is the General Manager for Mitsubishi Corporation's operations in Pakistan. He has a degree in liberal arts from the international Christian University, Tokyo, Japan and has been with Mitsubishi Corporation for 28 years. He has a diverse Experience in chemicals. He joined the Tri-Pack Board in 2010.

* In alphabetical order

Mr. Khurram Bakhtyari

Mr. Bakhtayari currently the Chief Financial Officer of Packages Limited is a non-executive member of the Board. He has done his Bachelors in Commerce in 1997 from the Hailey College of Commerce, University of the Punjab, Lahore and thereafter qualified Chartered Accountancy in 2002 from the Institute of Chartered Accountants of Pakistan and became the fellow member of the Institute in January 2013. He has over 10 years of experience in Pakistan in the field of corporate finance, accountancy, treasury, auditing, corporate affairs and administration. He holds directorship in several other companies including ICI Insurance Limited, Treet Corporation, Packages Lanka (Private) Limited and Bulleh Shah Packaging etc. Besides, Mr. Bakhtayari is the Executive Committee Member of Naqsh School of Arts.

Mr. Yasumasa Kondo

Mr. Kondo is non-executive member of the board. He joined the Mitsubishi Corporation in 1986 and has worked with the group in different companies associated with the group. He has served as a General Manager at PVC and Plastic Units. He Graduated in 1986 from The University of Tokyo.

Syed Aslam Mehdi

Mr. Mehdi is the CEO of Tri-Pack Films Limited and serves on its Board of Directors. Before being named CEO in September 2014, he was the General Manager at Packages Limited. He has been affiliated with the Packages Group since 1980 from where there was no looking back. Having a Master's Degree from IBA, Mr. Mehdi brings with him a wealth of management experience especially in the area of Marketing, Operational Excellence and People Management. Currently, Mr. Mehdi is also serving on the board of DIC Pakistan Limited, Bulleh Shah Packaging (Private) Limited and Packages Lanka (Private) Limited.

Mr. Asif Qadir

Mr. Qadir holds a Degree in Chemical Engineering from Columbia University, New York, USA. He was appointed as non-executive independent director of the Company on October 03, 2012. He serves on the Board of Engro Corporation Limited, Engro Fertilizers Limited, Engro Polymer & Chemicals Limited, Engro PowerGen Limited, Engro PowerGen Qadirpur Limited, Sindh Engro Coal Mining Company Limited, Pakistan Poverty Alleviation Fund, Karachi Stock Exchange (Guarantee) Limited, and Jin Kwang JAZ (Pvt) Limited. He is Chairman of the Board for Inbox Business Technologies (Pvt) Ltd and Unicol Limited.

Principal Board Committees

Executive Committee

- Kimihide Ando (Chairman)
- Syed Hyder Ali • Khurram Raza Bakhtyari • Syed Aslam Mehdi

The Executive Committee ensures effective and efficient operations of the Company. They meet periodically to assess the progress of the Company against the set targets. The committee is authorized to conduct every business except the business carried out by the Board of Directors as required by the section 196 of the Companies Ordinance 1984.

Audit Committee

- Asif Qadir (Chairman)
- Kimihide Ando • Khurram Raza Bakhtyari • Yasumasa Kondo

Terms of Reference of Board Audit Committee

Purpose

To assist the Board of Directors in fulfilling its oversight responsibilities in the following areas:

1. Review the adequacy and effectiveness of the system for assessment and management of risk in the Company under its management control.
2. Financial reporting process, the system of internal control, the audit process, and the process for monitoring compliance with SECP's Code of Corporate Governance and other laws and regulations by the Company.
3. Effectiveness of internal control measures, compliance with policies on Corporate Governance and Business Conduct and applicable laws and regulations.

Authority

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of functional responsibilities. It is empowered to:

- Decide, through the Board of Directors, on matters regarding the selection, compensation and appointment of external auditors by the Company's shareholders.
- Consider any questions of external auditors' resignation or removal and review any provision by them of any service in addition to audit of the Company's financial statements.
- Review and resolve any disagreements between management and the external auditors regarding financial reporting.
- Employ independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.
- Seek any information it requires from management, employees, auditors or external parties in the fulfillment of its functional responsibilities.

Composition

- The Audit Committee will be constituted by the Company's Board of Directors. It will consist of at least four members including the Chairperson who will be nominated by the Board. The Committee will be appointed for a period of three years.
- The Head of Internal Audit of the Company shall report to the Audit Committee on all functional matters.

Meetings

- The Audit Committee will meet at least once every quarter prior to the approval of interim results of the Company as well as before and after completion of the external audit. Special meetings may be held at the request of any member of the Committee, external auditors or Head of Internal Audit.
- The quorum for a Committee meeting shall be two members if the Chairperson is present and three members if he /she are not.
- For the quarterly review of financial statements the Chief Financial Officer must be present. Additionally the presence of a representative of the external auditors is necessary at Committee meetings where issues relating to annual accounts and / or external audit are being discussed.
- The CEOs of the Company may be consulted by the Committee when important matters concerning their organizations are to be discussed.
- At least once a year the Committee shall meet the external auditors without the Chief Financial Officer and Head of Internal Audit being present and also meet the Head of Internal Audit and other members of the Internal Audit function in the absence of the Chief Financial Officer and the external auditors.
- Meeting agendas will be prepared by the Secretary and provided to Committee members at least one week in advance along with appropriate briefing materials. He will also finalize the minutes of Committee meetings and circulate them to all members, directors and Company executives within a fortnight of the meetings.

Functional Responsibilities

The Committee shall have the following responsibilities:

Financial Statements

- Review of preliminary announcements of the Company's results prior to publication and consider whether they are complete and consistent with the information known to Committee members.

- Review of the quarterly, half-yearly and annual financial statements of the Company prior to their approval by the Board of Directors. The review should focus on:
- Major judgmental areas
- Complex or unusual transactions or significant adjustments resulting from the audit
- Going concern assumption
- Changes in accounting policies and practices
- Compliance with applicable accounting / reporting standards
- Compliance with listing regulations and other statutory / regulatory requirements
- Review with management and the external auditors the results of the audit, including any difficulties encountered.
- If necessary and as determined by the Board Audit Committee, review with management, internal auditors and with Legal department, any litigation, claims or other contingency, including tax assessments that could have a material effect on the Company's financial position or operating results.

Compliance, Risk & Internal Control

- Monitor compliance with best practices of corporate governance by the Company under its management control as well as identification and steps to correct significant violations thereof.
- Review reports on violations of business ethics and conflicts of interest issues at the Company under its management control and monitor compliance with the Company's relevant policies.
- Review and handle complaints according to the Company's Speak-Up Policy.
- Monitor compliance with relevant statutory requirements and review findings of any examinations by regulatory agencies
- Determine the effectiveness of measures to safeguard Company's assets.
- Review business contingency plans for managing high risk areas.
- Review management's policies and practices and ascertain the adequacy and effectiveness of the Company's system of internal control, including financial and operational controls, accounting system and reporting structure, and information technology security and control.
- Review Company's statement on internal control systems prior to endorsement by Board of Directors, and deviations from this system which may cause material effects on its financial position and operating results
- Perform any other overseeing functions as requested by the Board of Directors.

Internal Audit

- Review the organizational structure, qualifications, skills set and experience of the Internal Audit function and ensure that it has adequate resources to effectively carry out its role.
- Review the overall internal audit scope and extent, the annual audit plans and all major changes thereto at the Company and monitor implementation.
- Review and concur in the appointment, remuneration and performance of Company's Head of Internal Audit.
- Review internal auditors' findings and recommendations including major findings of internal investigations and management's responses/corrective actions. Report matters of audit significance to the Company's Board.

External Audit

- Facilitate the external audit and ensure external auditor's coordination with internal audit including review of internal audit reports by external auditors.
- Review the performance of the Company's external auditors and recommend to the Board on matters regarding their appointment, fees or discharge.
- Review and confirm the independence of the external auditors by obtaining written statements from them regarding any interests, other than auditing fees, that they may have in the Company and nature of their relationship with the Company, including non-audit services or employment of former employees of the external auditors.
- Examine external auditor's internal control memorandum / management letters on internal accounting controls and other audit findings and also review management's responses thereto.

Reporting Responsibilities

- Annually report to the Board of Directors about committee activities, issues, and related recommendations.

Human Resource and Remuneration (HR&R) Committee

- Mr. Asif Qadir (Chairman)
- Mr. Khurram Raza Bakhtayari
- Syed Aslam Mehdi

As per the requirement of the Clause (xxv) of the Code of Corporate Governance 2012 a Human Resource and Remuneration (HR&R) Committee was formulated in 2012. This committee consists of the above three members.

Terms of Reference of the Human Resource and Remuneration (HR&R) Committee

i) Recommending human resource management policies to the board;

ii) Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

iii) Recommending to the board the selection, evaluation, compensation (including retirement benefits) of the CEO, CFO, Company Secretary and Head of Internal Audit; and

iv) Consideration and approval on recommendations of the CEO on such matters for key management positions who report directly to the CEO.

Statement of Compliance
with the Code of Corporate Governance

For the year ended December 31, 2014

This statement is being presented to comply with the Code of Corporate Governance (the "Code") 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:

Category	Names
Independent Director	Mr. Asif Qadir
Executive Director	Syed Aslam Mehdi
Non-Executive Directors	Syed Babar Ali
	Syed Hyder Ali
	Mr. Kimihide Ando
	Mr. Khurram Raza Bakhtayari
	Mr. Yasumasa Kondo

   The independent director meets the criteria of independence under clause i(b) of the Code.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies).

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 DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.

4. Casual vacancies that occurred on the Board on September 16, 2014 and October 21, 2014 were filled up by the Directors on the same day.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. 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.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. 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.

9. The Company arranged one orientation course for its Directors during the year. Three directors of the Company viz., Syed Babar Ali, Syed Hyder Ali and Mr. Asif Qadir are exempted from the directors training program as per clause (xi) of the Code of Corporate Governance, since apart from having a minimum of 14 years of education, their experience on the board of listed companies is 15 years or more. Syed Aslam Mehdi, Mr. Kimihide Ando, Mr. Yasumasa Kondo and Mr. Khurram Raza Bakhtayari have less than 15 years experience on the

board of listed companies and hence need to obtain by June 2016 certification under the directors training program which meets the criteria specified by the Securities and Exchange Commission of Pakistan. While none of the aforesaid four directors have attended the directors training program in 2014 due to preoccupation, Syed Aslam Mehdi and Mr. Khurram Raza Bakhtayari have been earmarked to obtain certification under the directors training program during the next six months.

10. The Board had approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment as determined by the CEO. New appointment of Head of Internal Audit was made during the year.

11. 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.

12. The financial statements of the Company were duly endorsed by CFO and CEO before approval of the Board.

13. 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.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises of four members, all of whom are non-executive directors and the Chairman of the Committee is an independent director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are non-executive directors, including its Chairman.

18. The Board has outsourced the internal audit function to KPMG Taseer Hadi & Co., Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 the ICAP.

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 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the Code have been complied with.

S. a. mehdi

Syed Aslam Mehdi
Chief Executive

Karachi:
Date: March 20, 2015

Chief Executive's Review

I am pleased to present the Annual Report on your Company's performance for the year 2014. As Chief Executive, I feel extreme pride in leading this Company, which is full of potential. Leading such a Company into the future when it has already been through the highs and lows for two decades is a challenge in itself. The progress so far during the last two decades has been tremendous and is evident by the mere fact that the Company is maintaining its market leadership position.

The year 2014 was one of the most challenging phases in our journey. It was the year of unconducive market conditions due to sluggish downstream demand, energy crisis, poor law and order situation and volatile raw material prices. Despite all odds we managed to increase our revenue by 14% over last year. The Company however struggled in maintaining a reasonable level of gross profit margins. Various factors pulled down the product prices including the illegal imports, undue regulatory advantages given to BOPET film manufacturers etc. Cost of doing business kept on escalating on account of increase in energy tariffs and other manufacturing cost including raw material cost. With high degree of volatility in raw material prices towards the end of 2014 on the back of decline in crude oil prices the Company had to take a hit on its stocks on account of net realizable valuation of those stocks.

This difficult situation, however, gave us a chance to look inwards to improve on our efficiencies and to plan to cut the slack wherever we could and eradicate any fat. As we prepare to purge the elements which may stymie our growth in future on long-term basis our focus would be on cost rationalization, human capital excellence, optimized procurement, enhance efficiencies and total quality management.

We remained focused on the development of our capital both tangible and human. CPP Line 2 was successfully commissioned during the year within the budgeted cost estimates. We want our employees to feel valued and engaged and it is for this reason that for the first time ever, an Employee Engagement Survey was conducted to measure overall employee engagement and motivation levels. This helped us in identifying areas where we need to be more practical and effective and enhance the overall employee value proposition.

This year we remained committed towards creating an inclusive culture and foster an environment where all employees had an opportunity to work in an environment free from any prejudice, gender bias and all forms of harassment. Tri-Pack for the first time took the initiative to adopt "AASHA's" Code of conduct in compliance with the Government's Protection Against Women At Workplace Act, 2010. In line with this code, successful launch of Anti-Harassment policy is just a stepping stone in the direction.

We have formal plans already in place for the abovementioned improvements and I am sure that we will be able to execute them to perfection and rise to the occasion and make our future a success.

Going forward we expect H1 2015 to remain volatile on account of swings in oil and raw material prices however we expect this phenomena to settle down in H2 with regular streams of profitability.

I would like to thank my team for the resilience in making everything possible to ensure business growth. Also the support of our customers has given us the confidence and purpose to achieve more. I would also like to thank our shareholders for their continued patronage and trust. I am sure with all the support with us we will emerge as tougher than the times we are facing.

S. a. mehdi

Syed Aslam Mehdi
Chief Executive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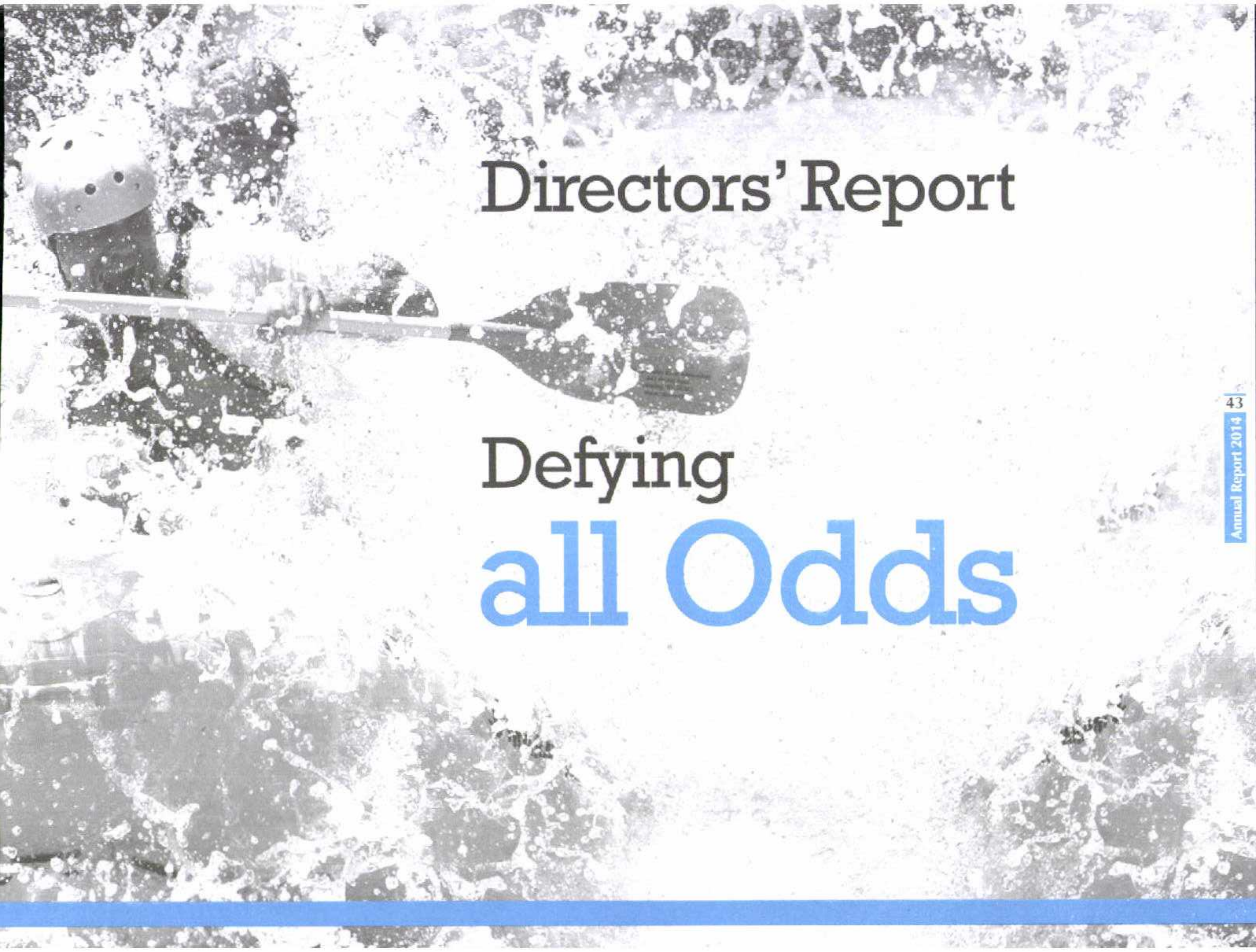
14%



Directors' Report

Defying all Odds

Directors' Report to the Shareholders

The Directors of the Company are pleased to submit the report and the audited financial statement for the year ended December 31, 2014.

Compliance with Health, Safety and Environment HSE standards remained a priority and the Company closed the year without any serious incident in this respect.

The political instability, fragile law and order situation and energy shortage continued to challenge the overall economy and in particular the manufacturing sector in the year 2014.

Market and Business Overview

Overall sales volumes for the year 2014 at 48,226 tons were higher by 11% compared to 2013. Domestic volumes were higher by 8.5%, illegal imports remained a challenge affecting domestic volumes.

Year 2014 proved to be a very challenging year with oversupply situation in both (Biaxially Oriented Poly Propylene) BOPP films and (Cast Poly Propylene) CPP films segments and cheaper illegal imports kept the margins and volumes under severe pressure.

The current oversupply situation is expected to continue for next few years, however with the increase in domestic demand, year on year, the Company would start reaping the benefit of expansion.

Pioneering Industry Status granted to the PET film manufacturers is eating up the volumes of one of our products due to unjust advantages granted to PET Manufacturers in terms of duties and taxes. The Competition Commission of Pakistan has disposed of the initial complaint against the Pioneering status granted to the PET films manufacturers. The Company is working on the strategy to counter the undue benefit passed on to the PET films manufacturers though reinitiating the process of investigation.

Your Company is continuously engaged with the law enforcement and relevant agencies to curb the menace of illegal imports which is also affecting the Government revenue collections through taxes and duties evasion.

Export market remains very competitive on account of multiple benefits enjoyed by regional and international manufacturers vis a vis domestic producers in terms of supply chain efficiencies, energy cost, interest and taxation rates etc. Despite these challenges the Company would continue to build export markets based on marginal profitability to improve its capacity utilization.

In the past regional players had been dumping their products in the domestic market at uneconomical prices. This was subsequently checked with the imposition of Anti-Dumping Duties by National Tariff Investigation-NTC after a detailed investigation. Recently on technical grounds the decision of the NTC has been reversed thus opening up the domestic market to the regional players for dumping. Your Company is pursuing the matter before the NTC and with the appointment of its Chairman we expect progress in this matter.

Financial Highlights

Net Sales Income for the year was higher by 14% on the back of higher volumes and partial increase in prices to recover the escalation in input cost.

Despite 14% higher NSI, Gross Profit for the year was higher by 4% compared to corresponding period last year. The primary reasons for a lesser increase in Gross Profit vs NSI, were the escalation in raw material cost during the year which started tapering down from November 2014 and the general inflationary pressures.

Administrative and Selling expenses were higher by 29.7%. This includes provision of Rs 75 million on account of doubtful debt. Excluding this provision the increase is driven by higher transportation cost on account of higher sales volumes and inflationary effect.

With the sharp decline in crude oil prices towards the end of year the raw material prices also started to decline. This resulted in the write down of our stocks value at year end on account of Net Realizable Value calculations amounting to Rs 235 million.

Finance cost for the year was higher by Rs 308 million compared to same period last year on account of long-term borrowings for BOPP Line 4 and CPP Line 2 which in 2013 were part of project capitalization cost. Consequently the Company incurred Pre Tax Loss of Rs 331 million. With the recognition of tax benefit on BMR under section 65(b) of the Income Tax Ordinance for expansions, the Loss after Tax was Rs 200 million, significantly lower than last year.

Company generated an Operating Cash of Rs 493 million compared to Rs 1,094 million in 2013. The cash flow situation deteriorate mainly on account of higher working capital requirements. Consequently debt also increased during the year compared to 2013.

The Company while reconciling various account balances during the year identified certain errors in the previously reported financial statements. It transpired that certain entries made during previous years have resulted in the overstatement of income for the years 2012 and 2013 details of which have been given in Note 4 to the annexed financial statements .

The Company has undertaken a detailed exercise to ensure that aforesaid errors have not resulted in any release of Company assets and the effect of these errors was limited to restatement of assets and liabilities and the income of the Company. Furthermore it has also been ensured that there is no distribution of dividend during the subject periods out of capital of the Company.

The Company is taking steps to strengthen its internal control processes to avoid the possibility of recurrence of such events in future including administrative actions required to be taken in this regard.

The Company had commissioned two major projects in the year 2013 and 2014 with a value of more than Rs 6.7 billion. These projects were largely financed through borrowing from financial institutions and internally generated cash without any equity participation from the shareholders. The Company is currently evaluating various options to address the breach of few financial covenants at year end agreed with the financial institutions.

Key Financial Highlights are as follows:

	2014	2013 Restated
Sales Volume - (M. Tons)	48,226	43,468
Net Sales Value - (Rs in Million)	13,597	11,950
Gross Profit - (Rs in Million)	1,222	1,175
Net Profit / (loss)- (Rs in Million)	(200)	25
EPS - (Rs per share)	(6.65)	0.85

Dividend

The Company incurred losses during the year, hence the Board of Directors has decided not to pay any dividend for the year.

Future Outlook

The reduction in feedstock prices commencing from end 2014 and the immediate market expectations for reduction in product pricing, particularly in the absence of antidumping duty, would keep prices and margins under pressure in the first quarter of 2015. However it is expected to gradually improve with the stability in crude oil and raw material prices.

Company has launched operational excellence program to improve on production efficiencies and reduce the cost of production through optimizing the machine and energy utilizations. This along the rationalization of other cost centers including financial cost are expected to contribute towards improving margins in the year 2015 and beyond with better results.

Focus on working capital improvement to increase in 2015.

We shall remain engaged with the related ministries and commissions to achieve a level playing field vis-à-vis PET films, dumping of products in local market and Illegal mode of imports.

The resilience with which your Company has operated in the most challenging business conditions would not have been possible without the support of all our stakeholders, we are hopeful that going forward the Company would be in a better position to capitalize on the expected upturn in downstream demand.

Projects

CPP Line 2 project commissioned during Q1 2014 within the budgeted cost of Rs 1.3 billion.

Production Facilities

All four film manufacturing lines and the auxiliary equipment installed in Karachi are running as per plan. The management is fully aware of the technical requirements of production facilities and a proactive maintenance plan is in place to continue the operations efficiently without disruptions.

Production activities at Hattar remained suspended throughout a larger part of the year due to supply overhang in the market and energy supply issues. However, with the improvement in energy supply, Hattar plant has become operational for specialized products from January 2015.

Cash Flow

During the period under review, Rs. 493 million (2013: Rs. 1,094 million) was generated from operating activities of the Company, which was utilized mainly towards the payment of finance cost and repayment of long term loans.

Management Information Systems

We continue to enhance the efficiencies by increasing the SAP footprint in the Company. During the year with the assistance of local SAP consultant(s), various projects for optimization were initiated including the areas of Material Management, Production Planning and Financial Reporting. This is in line with the Company's ambition to enhance operational efficiency and reporting accuracy.

Change of Director

During the year, Mr. Shahid Hussain, Chief Executive of the Company resigned and Syed Aslam Mehdi was appointed in his place. Mr. Khalid Yacob retired from the office and in his place Mr. Khurram Raza Bakhtayari was appointed.

The Board of Directors wish to record its appreciation for the valuable services rendered by Mr. Shahid Hussain and Mr. Khalid Yacob and extends its warm welcome to Syed Aslam Mehdi and Mr. Khurram Raza Bakhtayari.

Human Resource

Tri-Pack Films Limited holds great pride in its human capital. We believe that our success over the years rests alone on our relentless people. We are committed to building a culture that is most conducive to our employees, one they can rally around. We continue to develop our people to ensure that they have the right skills and experience to deliver an outstanding experience to our customers.

The Company takes pride in its employee engagement platform and believes that a diverse team is critical for the success of an organization. This is the reason our human resource policies are framed to foster a culture of openness, creativity, trust, integrity and accountability.

Human Resource and Remuneration (HR&R) Committee

Mr. Asif Qadir - Chairman
Mr. Khurram Raza Bakhtayari
Syed Aslam Mehdi

The HR&R Committee was formed on October 2, 2012 and its terms of reference have been approved by the Board and are in line with the guidelines provided in the Code of Corporate Governance.

Quality Management

During the year your Company complied with the requirement of all applicable quality standards.

To further improve productivity through machine efficiency and reduce process wastages, your Company has also started the implementation of Total Productive Maintenance (TPM) across the plants.

Contribution to the National Exchequer

Your Company's contribution to the exchequer in the form of Sales Tax, Custom Duties and Income Taxes etc. is approximately Rs 3,362 million in 2014.

Related Parties

We maintain a complete and updated list of related parties. All transactions with related parties are carried out on an unbiased, arm's length basis. A complete list of all related party transactions is compiled and submitted to the Audit Committee every quarter. After review by the Audit Committee the transactions are placed before the Board for their consideration and approval.

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 except for the changes as stated in Notes to the Financial Statements. The accounting policies are based on reasonable and prudent judgment.

iv) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

v) The system of internal control is sound in design and has been effectively implemented and monitored. The system is continuously monitored by Internal Audit and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with an objective to further strengthen the controls.

vi) Details of significant changes in the Company's operations during the current year as compared to last year and significant plans and decisions for the future prospects of profits are stated in the Chief Executive's Review as endorsed by the Board of Directors.

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

viii) Information about the taxes and levies is given in the notes to the financial statements.

ix) There are no doubts upon the Company's ability to continue as a going concern.

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

xi) The value of investments of provident and gratuity funds, as at June 30, 2014 based on their un-audited accounts is as follows:

	Rs '000
Provident Fund	92,719
Gratuity Fund	53,110

The value of investment includes accrued interest.

xii) A separate statement of compliance signed by the Chief Executive Officer is included in this Annual Report.

Meetings of Board of Directors

During the year 2014, eight (8) meetings of the Board of Directors were held. The attendance of each Director is as follows:-

S. No.	Name of directors	No. of meetings attended
1	Syed Babar Ali (Chairman)	4
2	Syed Aslam Mehdi (Chief Executive) (appointed w.e.f. September 16, 2014)	1
3	Mr. Shahid Hussain (Resigned w.e.f. September 16, 2014)	7
4	Mr. Asif Qadir	8
5	Syed Hyder Ali	5
6	Mr. Khalid Yacob (Resigned on October 21, 2014)	7
7	Mr. Khurram Raza Bakhtayari (appointed on October 21, 2014)	Nil
8	Mr. Kimihide Ando	6
9	Mr. Yasumasa Kondo	1
10	Mr. Masahiko Takahashi (Alternate to Mr. Yasumasa Kondo)	6

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

Audit Committee

An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance. At present, the Audit Committee comprises of three Non-Executive Directors and chaired by Independent Non-Executive Director.

During the year 2014, four (4) meetings of the Audit Committee were held. The attendance of each Member is given here under:-

S. No. Name of directors	No. of meetings attended
Mr. Asif Qadir (Chairman)	4
Mr. Khalid Yacob (Resigned on October 21, 2014)	4
Mr. Khurram Raza Bakhtayari (Appointed w.e.f. October 21, 2014)	Nil
Mr. Kimihide Ando	3
Mr. Yasumasa Kondo	Nil
Mr. Masahiko Takahashi (Alternate to Mr. Yasumasa Kondo)	2

Leave of absence was granted to the Members who could not attend the Meetings of the Audit Committee.

The Audit Committee has its terms of reference which have been approved by the Board of Directors and are in line with the guidelines provided in the Code of Corporate Governance.

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.

Pattern of Shareholding

A statement of the pattern of shareholding of certain class of shareholders as at December 31, 2014, whose disclosure is required under the reporting framework, is included in the shareholders' information.

External Auditors

The present auditors M/s A. F. Ferguson & Co. Chartered Accountants are retiring and being eligible offer themselves for reappointment. The Board of directors on the recommendation of the Audit Committee proposes the appointment of M/s A. F. Ferguson & Co., Chartered Accountants as the auditors until the next annual general meeting at a fee to be mutually agreed.

Acknowledgement

We are thankful to our valued stakeholders including customers, banks, suppliers, contractors, and shareholders, for their excellent support and confidence. We also thank our employees for their focused dedication and hard work throughout this period of volatility and transition.

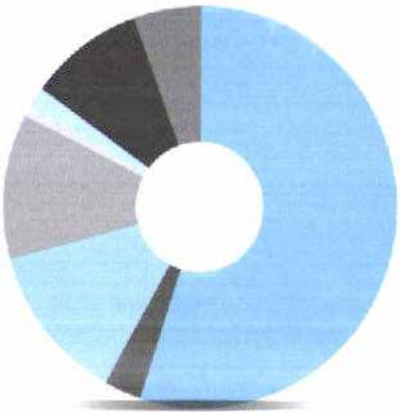
S.a.mehdi

Syed Aslam Mehdi
Chief Executive

Karachi, March 20, 2015

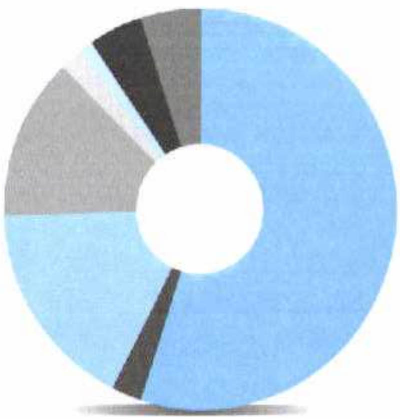
Balance Sheet Composition

Fixed and Current Assets



2014

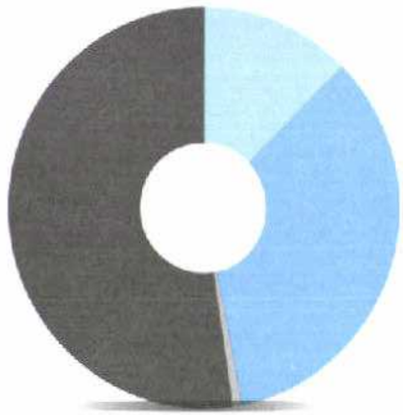
Property Plant and Equipment	55.18%	Trade debts	11.65%
Intangibles Assets	0.06%	Advances and prepayments	0.75%
Long term deposits	0.03%	Other receivables	1.69%
Stores and spares	2.94%	Taxation	9.53%
Stock-in-trade	12.83%	Cash and bank balances	5.34%



2013 (Restated)

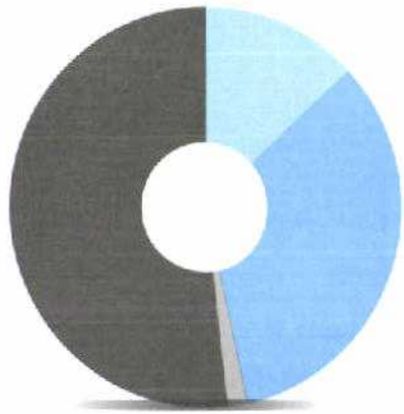
Property Plant and Equipment	55.13%	Trade debts	13.02%
Intangibles Assets	0.08%	Advances and prepayments	2.02%
Long term deposits	0.02%	Other receivables	0.90%
Stores and spares	2.52%	Taxation	4.56%
Stock-in-trade	16.88%	Cash and bank balances	4.87%

Equities and Liabilities



2014

Equity and Reserves	12.50%
Long term financing facilities	34.53%
Deferred Liabilities	0.86%
Current Liabilities	52.11%

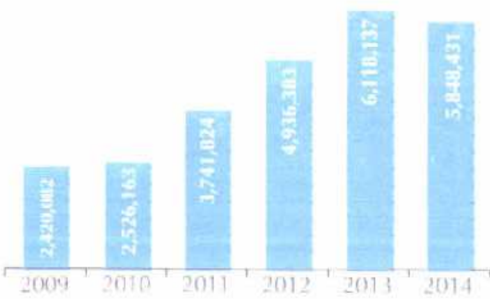


2013 (Restated)

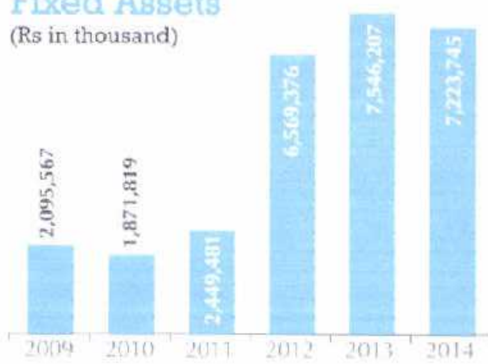
Equity and Reserves	13.27%
Long term financing facilities	33.49%
Deferred Liabilities	1.72%
Current Liabilities	51.52%

Analytical Review

Current Assets
(Rs in thousand)

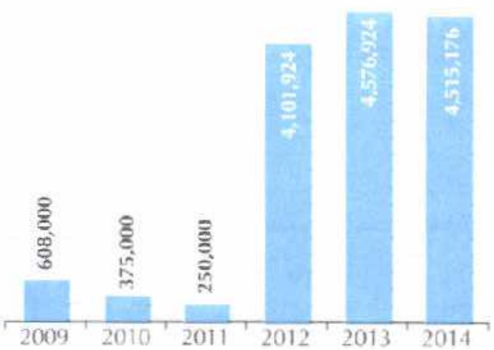


Fixed Assets
(Rs in thousand)

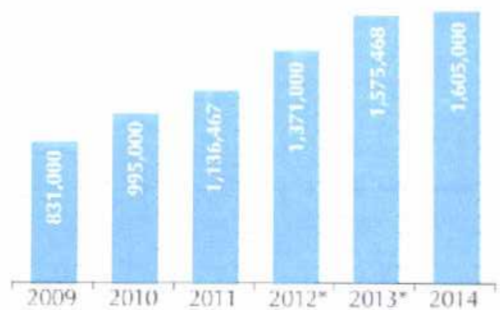


Current Liabilities
(Rs in thousand)

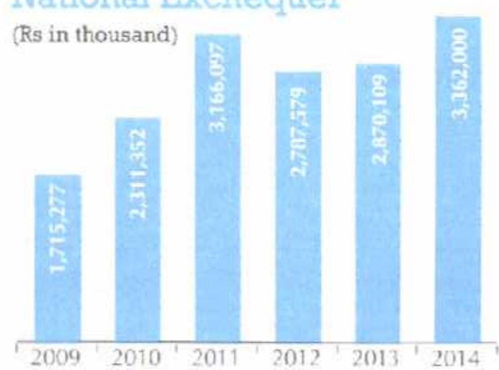
Long Term Liabilities
(Rs in thousand)



Reserve
(Rs in thousand)

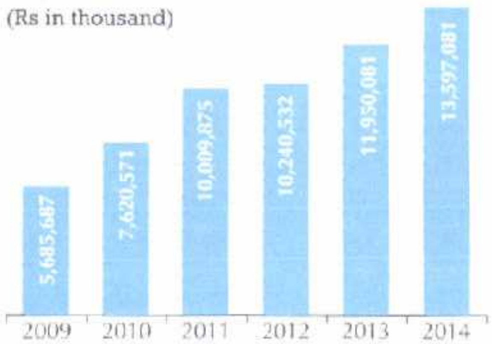


Contribution to National Exchequer
(Rs in thousand)



* Restated

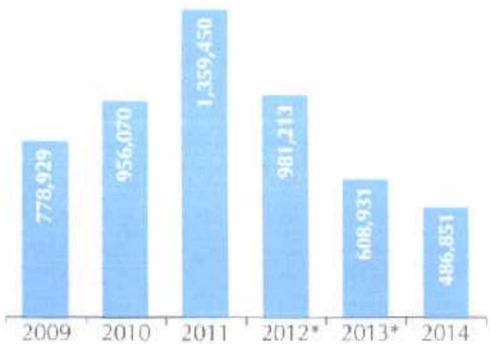
Net Sales
(Rs in thousand)



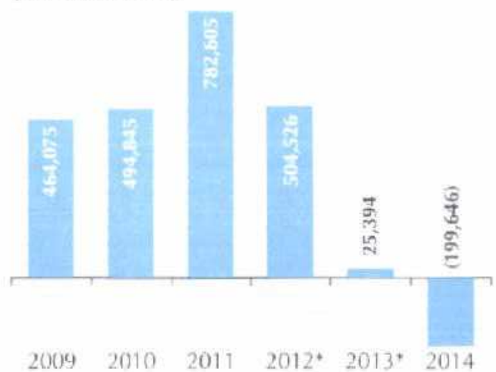
Cost of Sales
(Rs in thousand)

Gross Profit
(Rs in thousand)

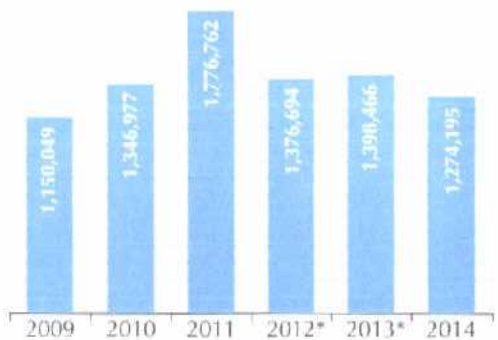
Opertaing Profit
(Rs in thousand)



Net Profit
(Rs in thousand)

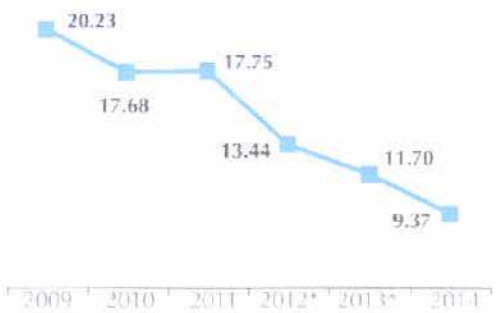


EBITDA
(Rs in thousand)

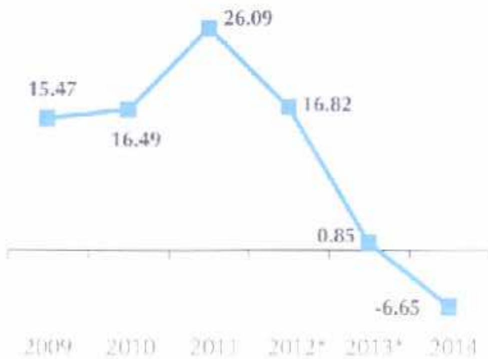


* Restated

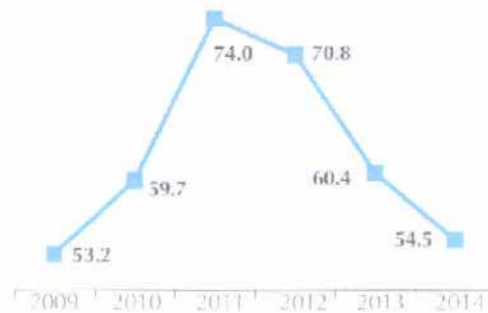
EBITDA Margin to Sales
(In Percentage)



Earning Per Share
(Rupees)

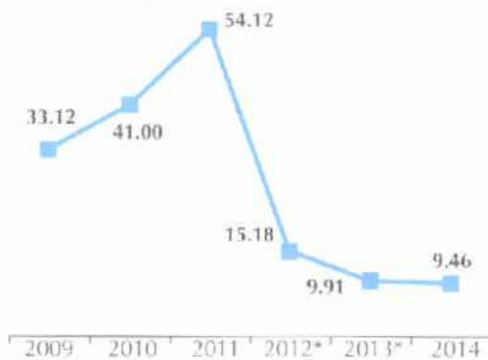


Breakup Value
(Rupees)

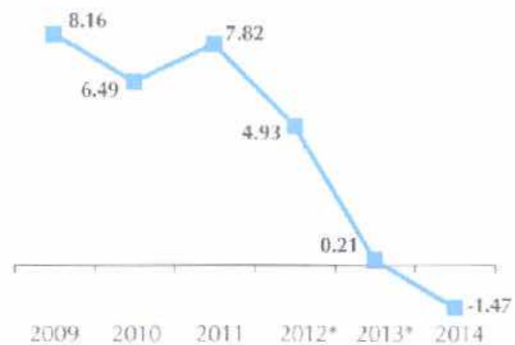


Market Value Per Share
High Low (Rupees)

Return on Capital Employed
(In Percentage)

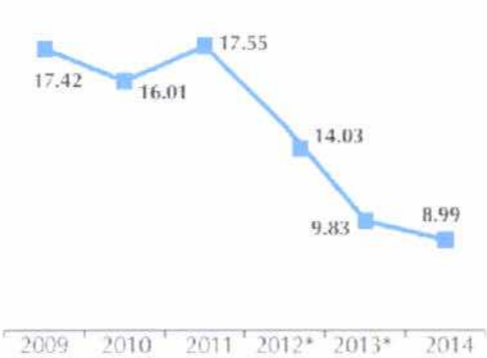


Net Profit Margin
(In Percentage)

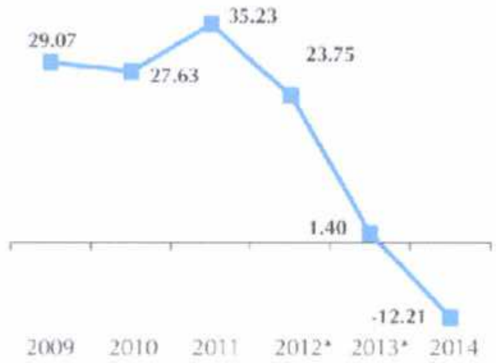


* Restated

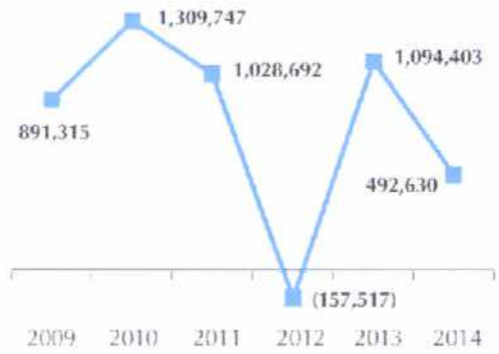
Gross Profit Margin
(In Percentage)



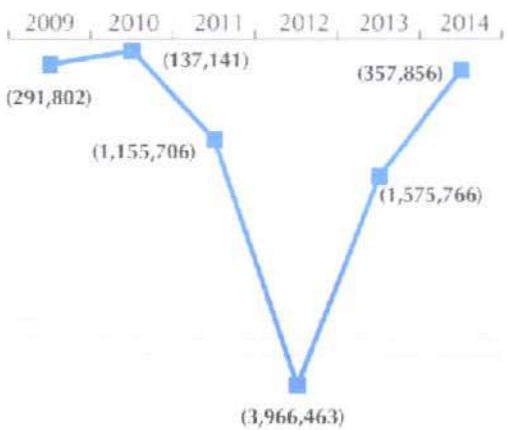
Return on Equity
(In Percentage)



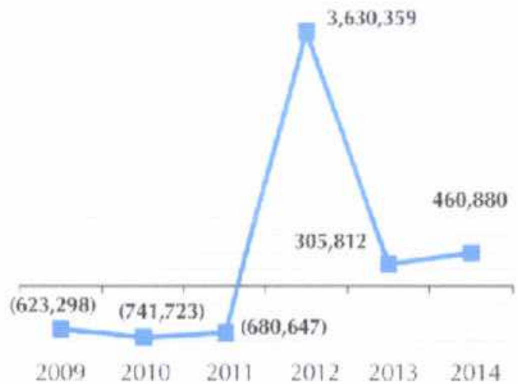
Cash Flows from Operating Activities
(Rs in Thousands)



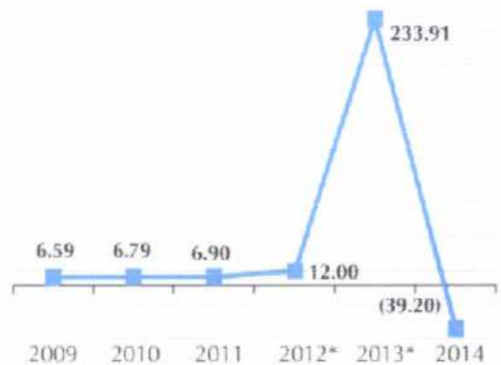
Cash Flows from Investing Activities
(Rs in Thousands)



Cash Flows from Financing Activities
(Rs in Thousands)



Price Earning Ratio
(In Times)



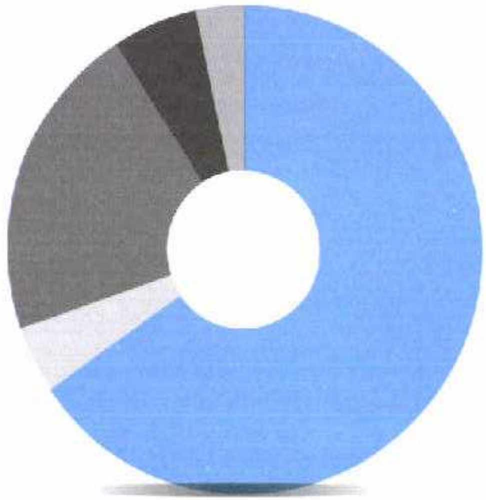
* Restated

Value Added and its Distribution

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

	2014		2013	
	(Rs in thousand)	%	(Rs in thousand)	%
Wealth Generated				
Sales	15,741,870		13,851,686	
Other Income	105,446		47,956	
Bought-in-material & services	(10,361,617)		(8,903,824)	
	5,485,699	100.0	4,995,818	100.0
Wealth Distributed				
To Employees				
Remuneration, benefits and facilities	696,897	12.7	585,453	11.7
To Government				
Income Tax, Sales Tax, Custom & Excise Duties, WPPI, WWF, EOBI, Social Security, Professional & Local Taxes	3,362,000	61.3	2,870,109	57.5
To Lenders				
Mark up & finance cost	923,038	16.8	614,150	12.3
To Society				
Donations	630	-	11,232	0.2
Retained for Reinvestment & Future Growth				
Unappropriated Profit, Depreciation & Amortization	503,134	9.2	914,874	18.3
	5,485,699	100.0	4,995,818	100.0

Wealth Generated & Distributed

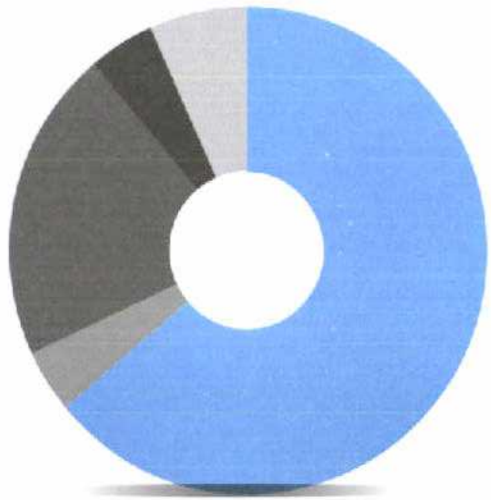


2014

	Amount	%
Bought-in-material & services	10,361,617	65.38
To Employees	696,897	4.40
To Government	3,362,000	21.21
To Shareholders	-	-
To Lenders	923,038	5.82
To Society	630	0.00
Retained for & Future Growth	503,134	3.17
Total	**15,847,316**	**100.00**

2013

	Amount	%
Bought-in-material & services	8,903,824	64.06
To Employees	585,453	4.21
To Government	2,870,109	20.65
To Shareholders	-	-
To Lenders	614,150	4.42
To Society	11,232	0.08
Retained for & Future Growth	914,874	6.58
Total	**13,899,642**	**100.00**

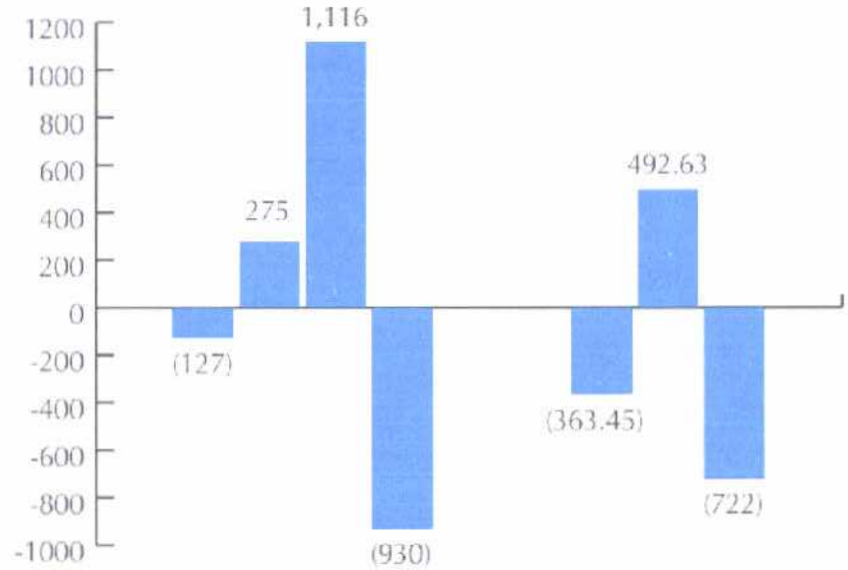


Sources and Application of Funds

	2014	2013	2012	2011	2010	2009
	(Rupees in thousand)					
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash generated from operations	1,201,993	1,627,523	208,715	1,495,885	1,627,161	1,119,745
Payment on account of accumulated compensated absences	(17,588)	(9,192)	(9,244)	(8,801)	(3,307)	(3,999)
Payment to Workers' Profits Participation Fund	(17,260)	-	-	-	-	-
Long-term deposits	(1,399)	(696)	(108)	(432)	(585)	40
Staff retirement benefits paid	(50,353)	(42,684)	(41,519)	(32,113)	(21,762)	(15,343)
Income taxes paid	(622,763)	(480,548)	(315,361)	(425,847)	(291,760)	(209,128)
Net cash inflow from operating activities	492,630	1,094,403	(157,517)	1,028,692	1,309,747	891,315
CASH FLOWS FROM INVESTING ACTIVITIES						
Fixed capital expenditure	(363,445)	(1,570,759)	(4,083,926)	(903,945)	(141,155)	(307,267)
Acquisition of intangible	(3,017)	(10,182)	-	(9,237)	(2,433)	(6,443)
Profit on bank balances received	456	345	222	407	708	565
Payment made for settlement of derivative	-	-	(158,925)	-	-	-
Purchase of held-for-trading financial assets	-	-	-	(450,000)	-	-
Redemption of held-for-trading financial assets	-	-	268,783	200,000	-	18,650
Sale proceeds on disposal of fixed assets	8,150	4,830	7,383	7,069	5,739	2,693
Net cash outflow from investing activities	(357,856)	(1,575,766)	(3,966,463)	(1,155,706)	(137,141)	(291,802)
CASH FLOWS FROM FINANCING ACTIVITIES						
Long-term finances paid	(1,225,000)	(125,000)	(125,000)	(233,000)	(216,000)	(216,000)
Long-term finances acquired	1,500,000	1,000,000	3,976,924	-	-	-
Short term financing - net	1,115,735	475,000	700,000	-	-	-
Finance cost paid	(929,855)	(744,506)	(323,914)	(148,676)	(226,519)	(227,765)
Dividends paid	-	(299,682)	(597,651)	(298,971)	(299,204)	(179,533)
Net cash outflow from financing activities	460,880	305,812	3,630,359	(680,647)	(741,723)	(623,298)
Net cash flow/ (outflow)	595,654	(175,551)	(493,621)	(807,661)	430,883	(23,785)

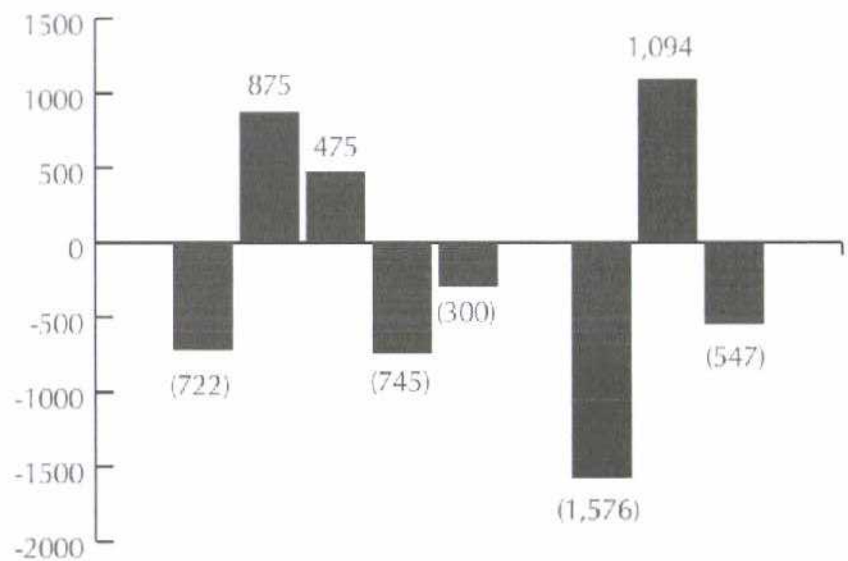
2014

Cash and Cash Equ. - Closing	(127)
Loan Acquired/(Paid) - net	275
Short term financing - net	1,116
Finance Cost	(930)
Dividends	-
Capital Expenditure	(363.45)
Cash inflow from Operations	492.63
Cash and Cash Equ. - Opening	(722)



2013

Cash and Cash Equ. - Closing	(722)
Loan Acquired/(Paid) - net	875
Short term financing - net	475
Finance Cost	(745)
Dividends	(300)
Capital Expenditure	(1,576)
Cash inflow from Operations	1,094
Cash and Cash Equ. - Opening	(547)



Horizontal Analysis

	2014		2013*		2012*		2011		2010		2009	
	Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year	
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
Balance Sheet												
Equity and Reserves	1,634,453	(9.9)	1,813,217	(14.6)	2,123,684	(4.4)	2,221,197	24.0	1,791,125	12.2	1,596,280	21.6
Long term financing facilities	4,515,176	(1.3)	4,576,924	11.6	4,101,924	1540.8	250,000	(33.3)	375,000	(38.3)	608,000	(26.2)
Deferred Liabilities	112,102	(52.3)	235,106	(1.9)	239,758	35.0	177,554	(23.6)	232,524	(16.2)	277,352	(9.0)
Current Liabilities	6,814,843	(3.2)	7,042,096	39.6	5,042,696	42.3	3,544,749	77.1	2,001,096	(1.7)	2,035,195	8.7
	13,076,574	(4.3)	13,667,343	18.8	11,508,062	85.8	6,193,500	40.8	4,399,745	(2.6)	4,516,827	4.7
Property Plant and Equipment	7,215,407	(4.2)	7,535,042	14.8	6,561,106	169.9	2,430,734	31.1	1,853,983	(10.7)	2,075,859	(1.7)
Intangibles	8,338	(25.3)	11,165	35.0	8,270	(55.8)	18,727	5.0	17,836	(9.5)	19,708	100.0
Long term deposits	4,398	46.6	2,999	30.2	2,303	4.9	2,195	24.5	1,763	49.7	1,178	(3.3)
Current Assets												
Stores and spares	384,683	11.9	343,874	13.7	302,490	(5.9)	321,433	35.6	237,119	19.3	198,796	11.6
Stock-in-trade	1,677,648	(27.3)	2,307,567	5.9	2,179,583	41.3	1,542,125	46.5	1,052,338	5.0	1,002,595	5.5
Trade debts	1,523,529	(14.4)	1,778,982	47.7	1,204,616	21.4	991,922	29.3	767,252	(13.6)	887,659	30.2
Financial assets at fair value through profit or loss	-	-	-	-	-	-	262,884	-	-	-	-	-
Advances and prepayments	98,440	(64.3)	275,592	62.0	170,108	215.3	53,953	37.2	39,313	5.1	37,393	(59.9)
Other receivables	220,785	79.3	123,150	(61.1)	316,889	736.8	37,871					
Taxation	1,245,700	100.0	622,937	333.1	143,825	160.5	55,202	(30.9)	79,933	25.1	63,873	100.0
Cash and bank balances	697,646	4.7	666,035	7.6	618,872	29.9	476,434	36.0	350,210	52.4	229,766	(22.7)
	13,076,574	(4.3)	13,667,343	18.8	11,508,062	85.8	6,193,500	40.8	4,399,745	(2.6)	4,516,827	4.7
Profit & Loss												
Net Sales	13,597,081	13.8	11,950,081	16.7	10,240,532	2.3	10,009,875	31.4	7,620,571	34.0	5,685,687	(3.1)
Cost of sales	12,375,215	14.9	10,774,985	22.4	8,803,987	6.6	8,252,920	28.9	6,400,820	36.3	4,695,035	(3.3)
Gross profit	1,221,866	4.0	1,175,096	(18.2)	1,436,545	(18.2)	1,756,955	44.0	1,219,751	23.1	990,652	(1.9)
Administration and selling expenses	735,015	29.8	566,165	24.3	455,332	14.5	397,505	50.8	263,681	24.5	211,723	29.2
Operating profit	486,851	(20.0)	608,931	(37.9)	981,213	(27.8)	1,359,450	42.2	956,070	22.7	778,929	(8.0)
Other income	105,446	119.9	47,956	46.1	32,816	(37.3)	52,298	91.7	27,282	(36.6)	43,046	45.6
Financial charges	923,038	50.3	614,150	258.4	171,374	40.0	122,429	(40.4)	205,346	(7.4)	221,723	103.7
Other charges	-	(100.0)	6,836	(88.1)	57,341	(36.5)	90,289	64.1	55,012	32.8	41,418	(4.4)
Profit before taxation	(330,741)	(1,021.3)	35,901	(95.4)	785,314	(34.5)	1,199,030	65.8	722,994	29.4	558,834	(22.8)
Provision for taxation	(131,095)	(1,347.7)	10,507	(96.3)	280,788	(32.6)	416,425	82.5	228,149	140.8	94,759	(61.1)
Profit after taxation	(199,646)	(886.2)	25,394	(95.0)	504,526	(35.5)	782,605	58.2	494,845	6.6	464,075	(3.3)

* Restated

Vertical Analysis

	2014		2013*		2012*		2011		2010		2009	
	Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year		Increase/(Decrease) from last year	
	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%	Rs '000	%
Balance Sheet												
Equity and Reserves	1,634,453	12.5	1,813,217	13.3	2,123,684	18.5	2,221,197	35.9	1,791,125	40.7	1,596,280	35.3
Long term financing facilities	4,515,176	34.5	4,576,924	33.5	4,101,924	35.6	250,000	4.0	375,000	8.5	608,000	13.5
Deferred Liabilities	112,102	0.9	235,106	1.7	239,758	2.1	177,554	2.9	232,524	5.3	277,352	6.1
Current Liabilities	6,814,843	52.1	7,042,096	51.5	5,042,696	43.8	3,544,749	57.2	2,001,096	45.5	2,035,195	45.1
	13,076,574	100.0	13,667,343	100.0	11,508,062	100.0	6,193,500	100.0	4,399,745	100.0	4,516,827	100.0
Property Plant and Equipment	7,215,407	55.2	7,535,042	55.1	6,561,106	57.0	2,430,754	39.2	1,853,983	42.1	2,075,859	46.0
Intangibles	8,338	0.1	11,165	0.1	8,270	0.1	18,727	0.3	17,836	0.4	19,708	0.4
Long term deposits	4,398	0.0	2,999	0.0	2,303	0.0	2,195	0.0	1,763	0.0	1,178	0.0
Current Assets												
Stores and spares	384,683	2.9	343,874	2.5	302,490	2.6	321,433	5.2	237,119	5.4	198,796	4.4
Stock-in-trade	1,677,648	12.8	2,307,567	16.9	2,179,583	18.9	1,542,125	24.9	1,052,338	23.9	1,002,595	22.2
Trade debts	1,523,529	11.7	1,778,982	13.0	1,204,616	10.5	991,922	16.0	767,252	17.4	887,659	19.7
Financial assets at fair value through profit or loss	-	-	-	-	-	-	262,884	4.2	-	-	-	-
Advances and prepayments	98,440	0.8	275,592	2.0	170,108	1.5	53,953	0.9	39,313	0.9	37,393	0.8
Other receivables	220,785	1.7	123,150	0.9	316,889	2.8	37,871	0.6				
Taxation	1,245,700	9.5	622,937	4.6	143,825	1.2	55,202	0.9	79,931	1.8	63,873	1.4
Cash and bank balances	697,646	5.3	666,035	4.9	618,872	5.4	476,434	7.7	350,210	8.0	229,766	5.1
	13,076,574	100.0	13,667,343	100.0	11,508,062	100.0	6,193,500	100.0	4,399,745	100.0	4,516,827	100.0
Profit & Loss												
Net Sales	13,597,081	100.0	11,950,081	100.0	10,240,532	100.0	10,009,875	100.0	7,620,571	100.0	5,685,687	100.0
Cost of sales	12,375,215	91.0	10,774,985	90.2	8,803,987	85.0	8,252,920	82.4	6,400,820	84.0	4,695,035	82.6
Gross profit	1,221,866	9.0	1,175,096	9.8	1,436,545	14.0	1,756,955	17.6	1,219,751	16.0	990,652	17.4
Administration and selling expenses	735,015	5.4	566,165	4.7	455,332	4.4	397,505	4.0	263,681	3.5	211,723	3.7
Operating profit	486,851	3.6	608,931	5.1	981,213	9.6	1,359,450	13.6	956,070	12.5	778,929	13.7
Other income	105,446	0.8	47,956	0.4	32,816	0.3	52,298	0.5	27,282	0.4	43,046	0.8
Financial charges	923,038	6.8	614,150	5.1	171,374	1.7	122,429	1.2	205,346	2.7	221,723	3.9
Other charges	-	0.0	6,836	0.1	57,341	0.6	90,289	0.9	55,012	0.7	41,418	0.7
Profit before taxation	(330,741)	(2.4)	35,901	0.3	785,314	7.7	1,199,030	12.0	722,994	9.5	558,834	9.8
Provision for taxation	(131,095)	(1.0)	10,507	0.1	280,788	2.7	416,425	4.2	228,149	3.0	94,759	1.7
Profit after taxation	(199,646)	(1.5)	25,394	0.2	504,526	4.9	782,605	7.8	494,845	6.5	464,075	8.2

* Restated

Financial Statistical Summary

	Year to December 31 2014	Year to December 31 2013 Restated	Year to December 31 2012 Restated	Year to December 31 2011
Balance Sheet Summary				
Paid-up-capital	300,000	300,000	300,000	300,000
General and Hedge reserve	1,605,000	1,575,468	1,371,000	1,136,467
Unappropriated profit/(loss)	(270,547)	(62,251)	452,684	784,730
Share holders' funds	1,634,453	1,813,217	2,123,684	2,221,197
Long term financing facilities	4,515,176	4,576,924	4,101,924	250,000
Fixed capital expenditure	7,223,745	7,546,207	6,569,376	2,449,481
Long term deposits	4,398	2,999	2,303	2,195
Deferred asset / (liability) - net	(112,102)	(235,106)	(239,758)	(177,554)
Net current assets/(liabilities)	(966,412)	(923,959)	(106,313)	197,075
Profit & Loss Summary				
Sales (net of sales tax)	13,597,081	11,950,081	10,240,532	10,009,875
Cost of sales	12,375,215	10,774,985	8,803,987	8,252,920
Gross profit	1,221,866	1,175,096	1,436,545	1,756,955
Administration and selling expenses	735,015	566,165	455,332	397,505
Operating profit	486,851	608,931	981,213	1,359,450
Other income	105,446	47,956	32,816	52,298
Financial charges	923,038	614,150	171,374	122,429
Other charges	-	6,836	57,341	90,289
Profit/(loss) before taxation	(330,741)	35,901	785,314	1,199,030
Provision for taxation	(131,095)	10,507	280,788	416,425
Profit/(loss) after taxation	(199,646)	25,394	504,526	782,605
Dividend	-	-	300,000	600,000
Transfer to reserve	-	-	182,000	194,000
Key Financial Ratios				
Gross profit / sales	8.99%	9.83%	14.03%	17.55%
Profit before tax / sales	-2.43%	0.30%	7.67%	11.98%
Return on capital employed	9.46%	9.91%	15.18%	53.30%
Interest coverage (times)	0.6	1.1	5.9	11.5
Inventory turnover (times)	6.00	4.06	3.48	4.43
Fixed assets turnover (times)	1.88	1.58	1.56	4.09
Debt : equity ratio	73:27	72:28	66:34	10:90
Current ratio	0.9	0.9	1.0	1.1
Shares & Earning				
Break-up value (Rs per share)	54.5	60.4	70.8	74.0
Price earning ratio (times)	(39.2)	233	12.0	6.9
Earnings per share Rs	(6.65)	0.85	16.82	26.09
Dividend	0%	0%	100%	200%
Market value per share	261	198	202	180
Taxes, duties and levies	3,362,000	2,870,000	2,787,579	3,166,097

Year to December 31 2010	Year to December 31 2009	Year to December 31 2008	Year to December 31 2007	Year to December 31 2006	Year to December 31 2005
300,000	300,000	300,000	300,000	300,000	300,000
995,000	831,000	772,000	632,000	614,000	604,500
496,125	465,280	240,205	320,219	168,064	84,682
1,791,125	1,596,280	1,312,205	1,252,608	1,082,064	989,182
375,000	608,000	824,000	540,000	756,000	972,000
1,871,819	2,095,567	2,111,285	1,608,744	1,703,966	1,879,300
1,763	1,178	1,218	1,104	858	1,048
(232,524)	(277,352)	(304,735)	(192,731)	(104,426)	(43,895)
525,067	384,887	328,437	375,491	237,666	124,729
7,620,571	5,685,687	5,865,487	4,555,172	3,825,643	2,998,386
6,400,820	4,695,035	4,855,356	3,627,470	3,316,875	2,648,729
1,219,751	990,652	1,010,131	927,702	508,768	349,657
263,681	211,723	163,890	135,913	127,804	117,910
956,070	778,929	846,241	791,789	380,964	231,747
27,282	43,046	29,570	25,729	11,989	12,114
205,346	221,723	108,844	93,167	130,595	117,064
55,012	41,418	43,310	49,981	18,103	6,340
722,994	558,834	723,657	674,370	244,255	120,457
228,149	94,759	243,671	234,215	76,373	36,511
494,845	464,075	479,986	440,155	167,882	83,946
300,000	300,000	420,000	300,000	150,000	75,000
164,000	59,000	140,000	18,000	9,500	70,000
16.01%	17.42%	17.22%	20.37%	13.30%	11.66%
9.49%	9.83%	12.34%	14.80%	6.38%	4.02%
41.00%	33.12%	35.88%	41.18%	20.23%	12.16%
4.8	3.7	8.0	8.8	3.0	2.1
4.96	3.91	4.30	4.63	8.18	6.46
4.1	2.7	2.8	2.7	2.2	1.6
17:83	28:72	39:61	30:70	41:59	50:50
1.3	1.2	1.2	1.3	1.3	1.2
59.7	53.2	43.7	41.7	36.1	33.0
6.8	6.6	7.8	14.7	9.7	16.1
16.49	15.47	16.00	14.67	5.60	2.80
100%	100%	140%	100%	50%	25%
112	102	125	215	54	52
2,311,352	1,715,277	1,727,355	1,161,337	713,209	523,813

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Tri-Pack Films Limited (the Company) for the year ended December 31, 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of the 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 are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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 Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2014.

AFFerguson & Co

A.F. Ferguson & Co.
Chartered Accountants

Karachi, March 30, 2015

Audit Engagement Partner: Khurshid Hassan

Shareholders' Information

Registered Office

4th Floor, The Forum Suite # 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: 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400. Tel. # 92 21 34380101-2
Fax # 92 21 34380106

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 2014-15 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.

Service Standards

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

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

Shares Registrar

Tri-Pack's shares department is operated by FAMCO Associates (Pvt.) Ltd and services about 1,851 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. S.M. Munawar Moosvi

Tel. # 92 21 35831618 / 35831664 / 35833011, Fax # 92 21 35860251

Mr. Ovais Khan

Tel. # 92 21 34380101-2, Fax # 92 21 34380106

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 37.49% of the equity shares of the company have been dematerialized by the shareholders.

Dividend

The board of directors of the company has proposed a nil dividend for the financial year ended December 31, 2014 (2013: Nil).

Book Closure Dates

The Register of Members and Share Transfer Books of the company will remain closed from April 20, 2015 to April 27, 2015 both days inclusive.

Dividend Remittance

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

(i) For shares held in physical form: To shareholders whose names appear in the Register of Members of the company after entertaining all requests for transfer of shares lodged with the company on or before the book closure date.

(ii) For shares held in electronic form: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on book closure date.

Withholding of Tax & Zakat on Dividend

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

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

Dividend Warrants

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

Investors' Grievances

To date none of the investors or shareholders has 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 Limited 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 than forty-eight hours before the meeting.

Web Presence

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

Shareholding Pattern

The shareholding pattern of the equity share capital of the company as at December 31, 2014 is as follows:

Shareholding		Number of shareholders	Total shares held
From	To		
1	100	542	15,069
101	500	632	282,500
501	1,000	171	158,376
1,001	5,000	301	860,520
5,001	10,000	80	629,952
10,001	15,000	30	372,348
15,001	20,000	18	330,000
20,001	25,000	11	253,100
25,001	30,000	7	199,322
30,001	35,000	3	97,000
35,001	40,000	7	263,020
40,001	45,000	5	212,632
50,001	55,000	6	309,200

Shareholding		Number of shareholders	Total shares held
From	To		
55,001	60,000	4	227,508
60,001	65,000	4	247,100
65,001	70,000	2	134,016
75,001	80,000	1	75,000
90,001	95,000	3	273,623
95,001	100,000	4	399,900
100,001	105,000	1	102,900
110,001	115,000	1	113,517
125,001	130,000	2	250,800
130,001	135,000	1	130,436
135,001	140,000	1	137,000
165,001	170,000	1	168,689
180,001	185,000	1	182,000
210,001	215,000	1	211,800
225,001	230,000	1	227,400
230,001	235,000	1	231,130
250,001	255,000	1	250,000
470,001	475,000	1	474,500
645,001	650,000	1	646,049
680,001	685,000	1	682,260
930,001	935,000	1	933,850
1,065,001	1,070,000	1	1,065,067
1,350,001	1,355,000	1	1,353,416
7,495,001	7,500,000	1	7,499,000
10,000,001	10,005,000	1	10,000,000
		1,851	30,000,000

Information as required under the Code of Corporate Governance

	Shareholders' category		Number of shareholders	Total shares held
i.	Associated Companies, Undertakings and Related Parties (name wise details)			
	Babar Ali Foundation		1	137,000
	IGI Insurance Limited		1	1,353,416
	Mitsubishi Corporation - Japan		1	7,499,000
	Packages Limited		1	10,000,000
		Total:	4	18,989,416
ii.	Mutual Funds (name wise details)			
	CDC - Trustee First Habib Stock Fund		1	3,500
	CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund		1	63,100
	CDC - Trustee National Investment (Unit) Trust		1	646,049
		Total :	3	712,649
iii.	Directors and their spouse(s) and minor children (name wise details)			
	Mr. Asif Qadir		1	100
	Syed Aslam Mehdi		1	1,000
	Mr. Kimihide Ando		1	500
	Mr.Yasumasa Kondo		1	500
	Syed Babar Ali		1	474,500
	Syed Hyder Ali		1	93,500
		Total:	6	570,100
iv.	Executives		NIL	NIL
		Total:	NIL	NIL
v.	Public Sector Companies and Corporations		1	682,260
		Total:	1	682,260
vi.	Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds		5	297,869
		Total:	5	297,869
vii.	Shareholders holding 5% or more voting rights in the Listed Company			
	Mitsubishi Corporation - Japan		1	7,499,000
	Packages Limited		1	10,000,000
		Total:	2	17,499,000

S.No	Shareholders' category	Number of shareholders	No. of shares	%
1	Directors, Chief Executive Officer, and their spouses and minor children	6	570,100	1.90
2	Associated Companies, undertakings and related parties	4	18,989,416	63.30
3	Banks Development Financial Institutions, Non Banking Financial Institutions	3	125,863	0.42
4	Insurance Companies	3	854,266	2.85
5	Modarabas and Mutual Funds	3	712,649	2.37
6	Shareholders holding 10%	2	17,499,000	58.33
7	General Public:			
	a. Local	1,767	6,501,919	21.67
	b. Foreign	-	-	-
8	Others	65	2,245,787	7.49
	Total (excluding: shareholders holding 10%)	1,851	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 2014 are as under:

Month	Share price on the KSE (Rs.)		
	Highest	Lowest	Volume of shares traded
January	260.01	194.54	3,675,800
February	237.90	184.00	696,900
March	202.75	181.00	283,000
April	238.70	190.06	2,706,000
May	215.00	184.90	787,300
June	204.98	166.10	1,077,900
July	174.00	161.06	803,200
August	166.50	144.86	606,600
September	190.00	149.00	929,800
October	222.43	178.30	1,740,200
November	272.60	216.25	3,334,400
December	285.00	248.00	1,542,000

Auditors' Report to the Members

We have audited the annexed balance sheet of Tri-Pack Films Limited (the Company) as at December 31, 2014 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 (the Ordinance). 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 Ordinance;

(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 Ordinance 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 Ordinance, 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, 2014 and of the loss, its changes in equity and cash flows for the year then ended; and

(d) in our opinion no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

AFFerguson &Co

A.F. Ferguson & Co.
Chartered Accountants

Karachi, March 30, 2015

Audit Engagement Partner: Khurshid Hassan

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Dedication

Balance Sheet

As at December 31, 2014

	Note	As at December 31 2014	As at December 31 2013 Restated	As at January 1 2013 Restated
		(Rupees in thousand)		
ASSETS				
NON CURRENT ASSETS				
FIXED ASSETS				
Property, plant and equipment	5	7,215,407	7,535,042	6,561,106
Intangibles	6	8,338	11,165	8,270
		7,223,745	7,546,207	6,569,376
Long term deposits	7	4,398	2,999	2,303
		7,228,143	7,549,206	6,571,679
CURRENT ASSETS				
Stores and spares	8	384,683	343,874	302,490
Stock in trade	9	1,677,648	2,307,567	2,179,583
Trade debts - net	10	1,523,529	1,778,982	1,204,616
Advances and prepayments	11	98,440	275,592	170,108
Other receivables	12	220,785	123,150	316,889
Income tax - net		1,245,700	622,937	143,825
Cash and bank balances	13	697,646	666,035	618,872
		5,848,431	6,118,137	4,936,383
TOTAL ASSETS		13,076,574	13,667,343	11,508,062

	Note	As at December 31 2014	As at December 31 2013 Restated	As at January 1 2013 Restated
		(Rupees in thousand)		
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorised capital	14	1,000,000	1,000,000	1,000,000
Issued, subscribed and paid-up capital	14	300,000	300,000	300,000
Reserves	15	1,334,453	1,513,217	1,823,684
TOTAL EQUITY		1,634,453	1,813,217	2,123,684
NON CURRENT LIABILITIES				
Long term finances	16	4,515,176	4,576,924	4,101,924
DEFERRED LIABILITIES				
Deferred taxation	17	84,738	201,494	210,022
Accumulated compensated absences	18	27,364	33,612	29,736
		112,102	235,106	239,758
CURRENT LIABILITIES				
Trade and other payables	19	1,969,647	3,034,652	2,188,730
Accrued mark-up	20	168,225	175,042	163,149
Derivative financial instruments	21	-	43,871	-
Short term borrowings	22	3,815,223	3,263,531	2,565,817
Current portion of long term finances	16	861,748	525,000	125,000
		6,814,843	7,042,096	5,042,696
TOTAL LIABILITIES		11,442,121	11,854,126	9,384,378
CONTINGENCIES AND COMMITMENTS	23			
TOTAL EQUITY AND LIABILITIES		13,076,574	13,667,343	11,508,062

The annexed notes 1 to 43 form an integral part of these financial statements.

S. a. mehdi

Syed Aslam Mehdi
Chief Executive

Asif Qadir
Director

Profit and Loss Account

For the year ended December 31, 2014

	Note	2014	2013 Restated
		(Rupees in thousand)	
Net sales	24	13,597,081	11,950,081
Cost of sales	25	12,375,215	10,774,985
Gross profit		1,221,866	1,175,096
Distribution cost	26	400,593	334,843
Administrative expenses	27	334,422	231,322
		735,015	566,165
Operting profit		486,851	608,931
Other income	28	105,446	47,956
		592,297	656,887
Finance cost	29	923,038	614,150
Other expenses	30	-	6,836
		923,038	620,986
(Loss) / profit before taxation		(330,741)	35,901
Taxation	31	(131,095)	10,507
(Loss) / profit after taxation		(199,646)	25,394
Other comprehensive loss for the year			
Items that may be reclassified subsequently to profit or loss			
Loss arising during the year on cash flow hedge		(50,186)	(43,871)
Add: Income tax relating to hedging reserve		17,565	14,339
		(32,621)	(29,532)
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of staff retirement benefits	32	(8,650)	(9,589)
Income tax on items that will not be reclassified		-	3,260
		(8,650)	(6,329)
Total comprehensive loss for the year		(240,917)	(10,467)
(Loss) / earnings per share - (Rupees)	33	(6.65)	0.85

The annexed notes 1 to 43 form an integral part of these financial statements.

S. a. mehdi

Syed Aslam Mehdi
Chief Executive

Asif Qadir
Director

Statement of Changes in Equity

For the year ended December 31, 2014

	Issued, subscribed and paid-up share capital	RESERVES General reserve	RESERVES Hedging reserve	Unappropriated profit / (Accumulated loss)	Total
	(Rupees in thousand)				
Balance as at January 1, 2013					
- previously reported	300,000	1,371,000	-	530,890	2,201,890
Effect of restatement as per note 4	-	-	-	(78,206)	(78,206)
Balance as at January 1, 2013 - restated	300,000	1,371,000	-	452,684	2,123,684
Transactions with owners					
Dividend relating to the year ended December 31, 2012 (Rs 10 per share)	-	-	-	(300,000)	(300,000)
Transfer to general reserve	-	234,000	-	(234,000)	-
Comprehensive loss for the year					
Profit after taxation for the year ended December 31, 2013 - restated	-	-	-	25,394	25,394
Other comprehensive loss	-	-	(29,532)	(6,329)	(35,861)
Total comprehensive loss for the year ended December 31, 2013 - restated	-	-	(29,532)	19,065	(10,467)
Balance as at December 31, 2013 - restated	300,000	1,605,000	(29,532)	(62,251)	1,813,217
Comprehensive loss for the year					
Loss after taxation for the year ended December 31, 2014	-	-	-	(199,646)	(199,646)
Other comprehensive loss	-	-	(32,621)	(8,650)	(41,271)
Total comprehensive loss for the year ended December 31, 2014	-	-	(32,621)	(208,296)	(240,917)
Transfer to raw material - net of tax	-	-	62,153	-	62,153
Balance as at December 31, 2014	300,000	1,605,000	-	(270,547)	1,634,453

The annexed notes 1 to 43 form an integral part of these financial statements.

S. a. mehdi

Syed Aslam Mehdi
Chief Executive

Asif Qadir
Director

Cash Flow Statement

For the year ended December 31, 2014

	Note	2014	2013
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	35	1,201,993	1,627,523
Payment on account of accumulated compensated absences		(17,588)	(9,192)
Payment to Workers' profits participation fund		(17,260)	-
Long term deposits		(1,399)	(696)
Staff retirement benefits paid		(50,353)	(42,684)
Income taxes paid		(622,763)	(480,548)
Net cash inflow from operating activities		492,630	1,094,403
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(363,445)	(1,570,759)
Purchase of intangible assets		(3,017)	(10,182)
Profit received on bank balances		456	345
Sale proceeds on disposal of operating fixed assets		8,150	4,830
Net cash outflow from investing activities		(357,856)	(1,575,766)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finances paid		(1,225,000)	(125,000)
Long term financing acquired		1,500,000	1,000,000
Short term financing - net		1,115,735	475,000
Finance cost paid		(920,277)	(737,755)
Bank charges paid		(9,578)	(6,751)
Dividends paid		-	(299,682)
Net cash inflow from financing activities		460,880	305,812
Net increase / (decrease) in cash and cash equivalents		595,654	(175,551)
Cash and cash equivalents at the beginning of the year		(722,496)	(546,945)
Cash and cash equivalents at the end of the year	36	(126,842)	(722,496)

The annexed notes 1 to 43 form an integral part of these financial statements.

S. a. mehdi

Syed Aslam Mehdi
Chief Executive

Asif Qadir
Director

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2014

1. THE COMPANY AND ITS OPERATIONS

Tri-Pack Films Limited (the Company) was incorporated in Pakistan on April 29, 1993 as a public limited company under the Companies Ordinance, 1984 (the Ordinance) and is listed on all the stock exchanges in Pakistan. It is principally engaged in the manufacturing 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 # 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, as modified by re-measurement of certain financial assets and financial liabilities (including derivative financial instruments) at fair value and recognition of certain staff retirement and other service benefits at present value.

2.2 Statement of compliance

These financial statements have been prepared in accordance with the requirements of 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 and provisions of and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail.

2.3 New standards, amendments to the approved accounting standards and new interpretations

2.3.1 New standards, amendments to the approved accounting standards and interpretations which became effective during the year ended December 31, 2014

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that are effective for the year ended December 31, 2014 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.3.2 New standards, amendments to approved accounting standards and new interpretation, that are not yet effective

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after January 1, 2015, but are considered not to be relevant or have any significant effect on the Company's operations and are therefore, not disclosed in these financial statements.

2.4 Staff retirement benefits

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

2.4.1 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 provident fund at the rate of ten percent of basic salary.

2.4.2 Defined benefit plan

Gratuity plan

There is an approved funded defined benefit gratuity plan for all employees. Monthly contributions are made to this fund on the basis of actuarial recommendations at the rate of 8.33% per annum of basic salaries. The latest actuarial valuation for the gratuity scheme was carried out as at December 31, 2014. The actual return on plan assets represent the difference between the fair value of plan assets at the beginning and end of the year and adjusted for contributions and benefits paid.

The future contribution rates of these plans include allowances for deficit and surplus. Projected unit credit method, using the following significant assumptions, is used for valuation of this scheme:

- Discount rate used for year end obligation - 11.25% (2013: 13%) per annum;
- Expected rate of increase in salary levels - 10.25% (2013: 12%) per annum; and
- Expected mortality rate SLIC (2001 - 2005) mortality table.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the profit and loss account.

Pension plan

The defined benefit pension fund plan currently operates two different plans for its employees:

- Defined contribution plan for all active employees; and
- Defined benefit plan for pensioners who have retired before December 31, 2012.

In respect of the defined contribution plan, the Company contributes 20% of members' monthly salary to the scheme; whereas, an employee may or may not opt to contribute 6% of his monthly salary to the scheme.

The obligation in respect of the defined benefit plan is determined by the actuary at each year end. Any funding gap identified by the actuary is paid by the Company from time to time. The last actuarial valuation was carried out as at December 31, 2014.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions for the defined benefit plan are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in profit and loss account.

2.4.3 Employee compensated absences

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

- Discount rate used for year end obligation - 11.25% (2013: 13%) per annum; and
- Expected rate of increase in salary levels - 10.25% (2013: 12%) per annum.

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. The unrecognised actuarial gains or losses at each valuation date are recognised immediately.

2.5 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit and loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current

Provision for current tax is based on the taxable income for the year at the current rates of taxation or one percent of turnover or seventeen percent of accounting profit, whichever is higher. The charge for current tax is calculated using prevailing tax rates after taking into account tax credits, rebates and exemptions available. It also includes any adjustment to tax payable in respect of prior years.

Deferred

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Investment tax credits are viewed as increase of the related asset's tax base. Accordingly, in such situation the deductible temporary difference that arises qualifies for the initial recognition exception as per IAS 12, 'Income taxes'. Therefore, no deferred tax asset is recognised instead the recognition of the total investment tax occurs as a reduction of current tax.

2.6 Trade and other payables

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

2.7 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.8 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.

2.9 Property, plant and equipment

Operating fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land and capital work in progress which are stated at cost. Cost of leasehold land is amortised using the straight line method over the period of lease term.

Operating fixed assets having cost exceeding the minimum threshold as determined by the management are capitalised. All other assets are charged to income in the year when acquired. Depreciation is charged to profit and loss account on straight line method at the following rates:

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

Effective January 1, 2014, the Company has made the following revision to the useful life of the items of property, plant and equipment:

Category	Useful life effective	
	Upto December 31, 2013	From January 1, 2014
BOPP Line-4:		
- Plant and machinery	10 years	20 years
- Electrical installations	10 years	20 years

The changes in useful life have been applied prospectively in accordance with the requirements of IAS 8 'Accounting policies, Change in Accounting Estimates and Errors'. Had there been no change in estimated useful life of aforementioned assets, the depreciation expense for the year ended December 31, 2014 would have been higher by Rs 212.209 million.

Depreciation rates are reviewed annually. However, in case of assets which are utilized in connection with capital work in progress, the related depreciation is charged to capital work in progress.

Depreciation on additions and deletions during the year is charged from the month when asset is put into use or up to the month immediately before the month in which the asset is disposed off, respectively.

No depreciation is charged if the asset's residual value exceeds its carrying amount.

Residual values and the useful lives are reviewed at each balance sheet date and adjusted if expectations differ significantly from previous estimates.

Residual values are determined by the management as the amount it expects it would receive currently for an item of property, plant and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

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 amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in profit and loss account currently.

Useful lives are determined by the management based on the expected usage of assets, physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Maintenance and repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised in accordance with IAS 16, 'Property, plant and equipment' and depreciated in a manner that represents the consumption pattern and useful lives. Minor repairs and renewals are charged to profit and loss account.

Profit or loss on disposal of operating fixed assets are included in profit and loss account in the year in which it is realised.

2.10 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss and represents expenditure incurred on property, plant and equipment during the construction and installation including applicable borrowing costs. Transfers are made to relevant property, plant and equipment category as and when assets are available for use.

2.11 Intangible assets

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

The carrying amount of the intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the intangible asset's carrying amount exceeds its recoverable amount in profit and loss account. Reversal of impairment losses are also recognised in profit and loss account, however, is restricted to the original cost of the intangible asset.

2.12 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 up to the balance sheet date.

2.13 Stock in trade

Stock in trade is valued at the lower of cost and estimated net realisable value. Cost is determined as follows:

Stages of stock in trade	Basis of valuation
Raw materials, work in process and finished goods	Weighted average cost
Raw materials in transit	Invoice value and other related charges as at balance sheet date

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

Net realisable value is determined on the basis of the estimated selling price of the product in the ordinary course of business less estimated cost of completion and costs necessary to be incurred for its sale.

2.14 Trade debts

Trade debts are recognised initially at original invoice amount which is the fair value of consideration to be received in future and subsequently measured at amortised cost less an estimate made for impairment based on a review of all outstanding amounts at the year end. A provision for impairment of trade debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off when identified.

2.15 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 and 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. Cash and cash equivalents also include bank overdrafts / short term borrowings that are repayable on demand or within a period of 3 months from the reporting date.

2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities.

Consistent with prior years, the Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company and specific criteria has been met for each of the Company's activities as described below:

i) Sales revenue is recognised at the time the Company has transferred the significant risks and rewards of ownership of the goods; and

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

2.17 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit and loss account in the period in which they are incurred.

2.18 Foreign currency transactions and translation

Foreign currency transactions are recognised or accounted for into Pakistan Rupees using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are converted into Pakistan Rupees at the rates of exchange prevailing on the balance sheet date. Exchange gain / loss on foreign currency translations are included in income / equity along with any related hedge effects.

2.19 Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

2.20 Financial instruments

2.20.1 The Company classifies its financial assets in the following categories:

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

- Held for trading

  These include financial instruments acquired principally for the purpose of generating profit from short term fluctuations in prices or dealers' margins or are securities included in portfolio in which a pattern of short term profit taking exists. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, these are classified as non-current assets.

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

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

Gains / (losses) arising on sale of investments are included in the profit and loss account currently on the date when the transaction takes place.

Unrealised gains / (losses) arising on revaluation of securities classified as financial assets at 'fair value through profit or loss' are included in the profit and loss account in the period in which they arise.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. The Company's loans and receivables comprise 'long term deposits', 'trade debts', 'advances and prepayments', 'other receivables' and 'cash and bank balances' in the balance sheet.

(c) Held to maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention to hold them up to maturity.

(d) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless the investment matures or management intends to dispose of the financial assets within 12 months of the balance sheet date.

2.20.2 Recognition

Regular way purchases and sales of financial assets are recognised on the trade date - the date on which the Company commits to purchase or sell the asset.

2.20.3 Measurement

Financial instruments are measured initially at fair value (transaction price) plus, in case of a 'financial asset or financial liability other than those at fair value through profit or loss', transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on 'financial assets and financial liabilities at fair value through profit or loss' are charged to the profit and loss account immediately.

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

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

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

2.20.4 Fair value measurement principles

The fair value of units of mutual funds is based on the net asset value of the fund which are declared on daily basis without any deduction for estimated future selling costs. Financial assets and financial liabilities are priced at their fair market value.

2.20.5 Impairment

Impairment loss on investment other than 'available for sale' is recognised in the profit and loss account whenever the carrying amount of investment exceeds its recoverable amount. If in a subsequent period, the amount of an impairment loss recognised decreases the impairment is reversed through the profit and loss account.

In case of investment classified as 'available for sale', a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss account is removed from other comprehensive income and recognised in the profit and loss account. However, any decrease in impairment loss on securities classified as 'available for sale' is reversed through the profit and loss account and is recognised in other comprehensive income.

2.20.6 Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39, 'Financial instruments: Recognition and measurement'.

The Company uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

2.21 Derivatives financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates derivatives as either fair value hedge or cash flow hedge.

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in off-setting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 21. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current asset or liability.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit and loss account, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

Amounts accumulated in equity are reclassified to profit and loss account in the periods when the hedged item affects profit and loss account (for example, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss account.

2.22 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 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. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. There were no significant judgements involved in the application of Company's accounting policies. The management has made the following estimates which are significant to the financial statements:

3.2 Current and deferred income taxes

In making the estimates for income taxes payable by the Company, management considers current income tax laws and the decisions of appellate authorities on certain cases issued in the past. Where the final outcome is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such final outcome is determined. Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3.3 Provision for retirement and other service benefit obligations

The present value of these obligations depends on a number of factors that are determined on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present values of these obligations and the underlying assumptions are disclosed in notes 2.4 and 32

3.4 Property, plant and equipment and intangible assets

Estimates with respect to residual values and useful lives and pattern flow of economic benefit are based on the recommendation of technical teams of the Company. Further, the Company reviews the internal and external indicators for possible impairment of assets on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment (note 5) and intangible assets (note 6) with a corresponding affect on the depreciation charge, amortisation charge and impairment.

3.5 Stock in trade

Assumptions and estimates used in writing down items of stock in trade to their net realisable value (note 9). Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated cost of completion and the estimated costs necessary to be incurred for its sale.

3.6 Derivative hedging financial instruments designated as cash flow hedges

The Company reviews the changes in fair values of the derivative hedging financial instruments at each reporting date based on the valuations done by the management on the basis of forward rates obtained from the bank. These valuations represent estimated fluctuations in the relevant currencies / interest rates over the reporting period and other relevant variables signifying currency and interest rate risks.

3.7 Provisions

Provisions are based on management's best estimate. Any change in the estimates in future years might affect the carrying amounts of the provision with a corresponding affect on the profit and loss account of the Company.

4. RESTATEMENT OF PRIOR YEARS' FINANCIAL STATEMENTS

During the year, the Company while reconciling various account balances identified that balances relating to sales tax recoverable, LC margin held by banks were understated and advances were overstated in the financial statements for the year ended December 31, 2012, liability for imported goods were understated in both the financial statements for the year ended December 31, 2012 and 2013 with a corresponding overstatement in the profit for the year ended December 31, 2013 and un-appropriated profit as at January 1, 2013.

Accordingly, the Company has restated its financial statements in accordance with International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Effects of the restatement are as follows:

	As at January 1, 2013			As at December 31, 2013		
	As previously reported	As restated	Restatement	As previously reported	As restated	Restatement
	(Rupees in thousand)					
Effect on balance sheet						
Stock in Trade	2,344,940	2,179,583	(165,357)	2,485,187	2,307,567	(177,620)
Advances and prepayments	56,542	170,108	113,566	149,763	275,592	125,829
Other receivables	140,532	316,889	176,357	139,650	123,150	(16,500)
Deferred taxation	210,022	210,022	-	299,888	201,494	(98,394)
Trade and other payables	1,985,958	2,188,730	202,772	2,742,581	3,034,652	292,071
Reserves	1,901,890	1,823,684	(78,206)	1,775,185	1,513,217	(261,968)

	For the year ended December 31, 2013		
	As previously reported	As restated	Restatement
	(Rupees in thousand)		
Effect on profit and loss account			
Cost of sales	10,516,592	10,774,985	258,393
Distribution cost	294,343	334,843	40,500
Other expenses	23,573	6,836	(16,737)
Taxation	108,901	10,507	(98,394)
Decrease in profit after taxation			183,762
Effect on earnings per share		Amount in rupees	
Earnings per share - basic and diluted	6.97	0.85	(6.12)

There was no material cash flow impact as a result of the restatement.

The Company is taking steps to strengthen its internal control processes to avoid the possibility of recurrence of such events in future.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	2014	2013
		(Rupees in thousand)	
Operating fixed assets	5.1	7,166,705	6,394,753
Capital work in progress	5.2	5,440	1,100,939
Major spare parts and stand-by equipments	5.3	43,262	39,350
		7,215,407	7,535,042

5.1 Operating fixed assets

5.1.1 The following is a statement of operating fixed assets

	Leasehold land	Buildings on leasehold land	Plant and machinery	Electrical installations	Tube wells and pumps	Furniture and fittings	Office equipment	Vehicles	Tools	Laboratory equipment	Total
	(Rupees in thousand)										
At January 1, 2013											
Cost	203,030	391,608	3,764,556	104,864	2,924	45,363	35,551	106,640	2,402	12,693	4,669,631
Accumulated depreciation	17,705	160,645	2,725,935	84,720	2,690	26,720	27,813	39,380	901	10,861	3,097,370
Net book value	185,325	230,963	1,038,621	20,144	234	18,643	7,738	67,260	1,501	1,832	1,572,261
Year ended December 31, 2013											
Additions	-	1,339	144,488	-	2,104	8,308	6,653	6,255	261	-	169,408
Transfer from capital work in progress	-	778,307	4,437,097	178,924	-	-	-	-	-	-	5,394,328
Disposals											
Cost	-	-	-	-	-	-	-	10,497	-	-	10,497
Depreciation	-	-	-	-	-	-	-	(5,717)	-	-	(5,717)
	-	-	-	-	-	-	-	4,780	-	-	4,780
Depreciation charge	4,409	57,987	631,286	20,080	205	4,655	5,067	11,081	200	1,494	736,464
Net book value as at December 31, 2013	180,916	952,622	4,988,920	178,988	2,133	22,296	9,324	57,654	1,562	338	6,394,753

	Leasehold land	Buildings on leasehold land	Plant and machinery	Electrical installations	Tube wells and pumps	Furniture and fittings	Office equipment	Vehicles	Tools	Laboratory equipment	Total
	(Rupees in thousand)										
Year ended December 31, 2014											
Additions	9,171	3,470	139,978	-	1,600	5,428	15,935	634	410	-	176,626
Transfer from capital work in progress	-	114,946	1,121,607	28,430	-	13,423	-	-	-	-	1,278,406
Disposals											
Cost	-	-	-	-	-	770	20	15,001	-	-	15,791
Depreciation	-	-	-	-	-	(721)	(13)	(8,031)	-	-	(8,765)
	-	-	-	-	-	49	7	6,970	-	-	7,026
Depreciation charge	4,613	71,594	558,023	15,076	510	7,060	8,568	10,050	248	312	676,054
Net book value as at December 31, 2014	185,474	999,444	5,692,482	192,342	3,223	34,038	16,684	41,268	1,724	26	7,166,705
At December 31, 2013											
Cost	203,030	1,171,254	8,346,141	283,788	5,028	53,671	42,204	102,398	2,663	12,693	10,222,870
Accumulated depreciation	22,114	218,632	3,357,221	104,800	2,895	31,375	32,880	44,744	1,101	12,355	3,828,117
Net book value	180,916	952,622	4,988,920	178,988	2,133	22,296	9,324	57,654	1,562	338	6,394,753
At December 31, 2014											
Cost	212,201	1,289,670	9,607,726	312,218	6,628	71,752	58,119	88,031	3,073	12,693	11,662,111
Accumulated depreciation	26,727	290,226	3,915,244	119,876	3,405	37,714	41,435	46,763	1,349	12,667	4,495,406
Net book value	185,474	999,444	5,692,482	192,342	3,223	34,038	16,684	41,268	1,724	26	7,166,705

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

	Note	2014	2013
		(Rupees in thousand)	
Cost of goods manufactured	25.1	651,284	713,430
Distribution cost	26	3,170	3,106
Administrative expenses	27	21,600	17,756
Capital work in progress		-	2,172
		676,054	736,464

5.1.3 Operating fixed assets include assets having cost of Rs 1,456.215 million (2013: Rs 1,399.365 million) which were fully depreciated as at the year end.

5.1.4 Details of operating fixed assets disposed off during the year ended December 31, 2014.

The following operating fixed assets with a net book value exceeding Rs 50,000 were disposed off during the year:

Particulars	Sold to	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)
		(Rupees in thousand)				
Vehicles (Employees)						
	Muhammad Rafiq	705	331	374	417	43
	Saad Nisar	702	314	388	410	22
	Muhammad Atiq Khan	690	464	226	226	-
	Muhammad Naveed Shahzad	687	362	325	380	55
	Rana Khubaib	984	320	664	702	38
	Ali Hussain	827	231	596	677	81
	Arif Malik	1,528	770	758	758	-
	Arif Malik	508	342	166	166	-
	Ubaid ur Rehman	663	446	217	217	-
	Sher Nazim	673	453	220	275	55
	Noman Zaheer	662	445	217	217	-
	Rashid Arshad	688	355	333	333	-
	Shahid Hussain	2,029	1,191	838	838	-
	Shahid Hussain	1,630	752	878	878	-
Vehicles (To outsiders by negotiation)						
	Altamash Farooqi	1,364	810	554	1,000	446
	Muhammad Nadeem	661	445	216	600	384
		15,001	8,031	6,970	8,094	1,124

5.1.5 All disposals were made according to the policy of the Company.

5.2 Capital work in progress

	2014	2013
	(Rupees in thousand)	
Plant and machinery	3,188	773,776
Building and civil works	2,252	23,985
Advances to suppliers and contractors	-	303,178
	5,440	1,100,939

5.3 Major spare parts and stand-by equipment

	2014	2013
	(Rupees in thousand)	
Balance at the beginning of the year	39,350	94,092
Additions during the year	55,471	49,186
Transfers made during the year	(51,559)	(103,928)
Balance at the end of the year	43,262	39,350

6. INTANGIBLE ASSETS

Computer software

	2014	2013
At January 1		
Cost	41,560	31,378
Accumulated amortisation	(30,395)	(23,108)
Net book value	11,165	8,270
Additions during the year	3,017	10,182
Year ended December 31		
Amortisation for the year	(5,844)	(7,287)
Net book value as at December 31	8,338	11,165
At December 31		
Cost	44,577	41,560
Accumulated amortisation	(36,239)	(30,395)
Net book value	8,338	11,165

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

7. LONG TERM DEPOSITS

These represent long term security deposits given to various parties.

8. STORES AND SPARES

	2014	2013
Stores	72,357	67,584
Spares	296,798	251,439
Stores and spares in transit	15,528	24,851
	384,683	343,874

9. STOCK IN TRADE

	2014	2013 Restated
	(Rupees in thousand)	
Raw materials		
In hand	908,470	991,867
In transit	274,802	718,202
	1,183,272	1,710,069
Packing materials	37,002	21,244
Work in process	366,517	466,456
Finished goods	90,857	109,798
	1,677,648	2,307,567

Stock in trade with a cost of Rs 1,503.834 million (2013: Rs Nil) are being valued at net realizable value of Rs 1,268.834 million (2013: Rs Nil).

10. TRADE DEBTS - NET

	Note	2014	2013
		(Rupees in thousand)	
Unsecured			
Considered good			
Due from related parties	10.1 & 10.2	84,076	75,170
Others		1,381,386	1,643,199
		1,465,462	1,718,369
Considered doubtful others		79,425	4,675
Secured			
Considered good			
Due from related parties	10.1 & 10.2	4,059	5,468
Others		54,008	55,145
		58,067	60,613
		1,602,954	1,783,657
Less: Provision for doubtful debts	10.3	(79,425)	(4,675)
		1,523,529	1,778,982

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

	Note	2014	2013
		(Rupees in thousand)	
Packages Limited		84,076	75,170
Packages Lanka (Private) Limited		4,059	5,468
		88,135	80,638

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

10.3 Provision for doubtful debts

	Note	2014	2013
		(Rupees in thousand)	
Balance at beginning of the year		4,675	5,026
Provision / (reversal) for the year - net	27	74,750	(351)
Balance at end of the year		79,425	4,675

10.4 The maximum amount receivable from any related party during the year is Rs 240.516 million (2013: Rs 194.577 million).

10.5 As at December 31, 2014, trade debts of Rs 306.062 million (2013: Rs 270.354 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade debts is as follows:

	2014	2013
	(Rupees in thousand)	
Upto 1 - 2 months	106,012	66,761
Upto 3 - 4 months	138,629	133,894
Upto 5 - 6 months	11,148	47,420
More than 6 months	50,273	22,279
	306,062	270,354

10.5.1 Ageing analysis of the amounts due from related parties is as follows:

	Up to 1 month	1 to 6 months	More than 6 months	As at December 31, 2014	As at December 31, 2013
	(Rupees in thousand)				
Packages Limited	74,214	9,862	-	84,076	75,170
Packages Lanka (Private) Limited	4,059	-	-	4,059	5,468
	78,273	9,862	-	88,135	80,638

10.6 As at December 31, 2014, trade receivables of Rs 79.425 million (2013: Rs 4.675 million) were impaired and provided for. The ageing of these receivables is as follows:

	Note	2014	2013
		(Rupees in thousand)	
Upto 91 - 180 days		20,372	-
More than 180 days		59,053	4,675
		79,425	4,675

11. ADVANCES AND PREPAYMENTS

	Note	2014	2013
			Restated
		(Rupees in thousand)	
Advances, considered good			
Due from other employees	11.1	1,511	6,354
		1,511	6,354
Advances to suppliers - considered good		39,879	138,248
Advances to clearing agents	11.2	48,056	125,829
Prepayments		8,994	5,161
		98,440	275,592

11.1 These advances primarily include advance against travelling and house rent given to executives as per terms of employment. The maximum amounts due at the end of any month during the year from the Chief Executive and other executives were Rs 0.855 million (2013: Rs 0.470 million) and Rs 3.091 million (2013: Rs 2.829 million) respectively.

11.2 For better presentation certain balances amounting to Rs 125.829 million which were previously included in 'Raw material in transit' as disclosed in the financial statements for the year ended December 31, 2013 have now been reclassified to 'Advances to clearing agents'.

12. OTHER RECEIVABLES

	Note	2014	2013
			Restated
		(Rupees in thousand)	
Sales tax recoverable		112,219	77,747
Rebate on exports recoverable		53,709	29,485
Security deposit		3,757	774
Receivable from pension fund	32	3,700	-
Receivable from Workers' profits participation fund	12.1	16,071	-
Others		31,329	15,144
		220,785	123,150

12.1 Workers' profits participation fund

	Note	2014	2013 Restated
		(Rupees in thousand)	
(Liability) / asset at the beginning of the year		(1,189)	3,938
Allocation for the year		-	(5,127)
		(1,189)	(1,189)
Payments during the year		17,260	-
Asset / (liability) at the end of the year		16,071	(1,189)

13. CASH AND BANK BALANCES

	Note	2014	2013
		(Rupees in thousand)	
Cash with banks in			
Current accounts			
Local currency		686,523	134,549
Foreign currency	13.1	10,743	1,583
Cheques in hand		-	529,162
Cash in hand	13.1	380	741
		697,646	666,035

13.1 These include an aggregate amount of Rs 10.756 million (2013: Rs 1.942 million) held in foreign currency.

14. SHARE CAPITAL

14.1 Authorised share capital

	2014	2013
100,000,000 ordinary shares of Rs 10 each (2013: 100,000,000)	1,000,000	1,000,000

14.2 Issued, subscribed and paid-up share capital

	2014	2013
30,000,000 ordinary shares of Rs 10 each (2013: 30,000,000) fully paid in cash	300,000	300,000

14.3 Packages Limited, Mitsubishi Corporation - Japan and IGI Insurance Limited held 10,000,000 (2013: 10,000,000), 7,499,000 (2013: 7,499,000) and 1,700,349 (2013: 1,700,349) ordinary shares of the Company respectively, as at December 31, 2014.

15. RESERVES

	2014	2013
		Restated
	(Rupees in thousand)	
General reserve	1,605,000	1,605,000
Hedging reserve	-	(29,532)
Accumulated loss	(270,547)	(62,251)
	1,334,453	1,513,217

16. LONG TERM FINANCES

	Note	2014	2013
		(Rupees in thousand)	
Secured			
Finance - 1	16.1	-	125,000
Finance - 2	16.2	900,000	1,000,000
Finance - 3	16.2	1,000,000	1,000,000
Finance - 4	16.2	1,976,924	1,976,924
Finance - 5	16.2	-	1,000,000
Finance - 6	16.3	1,000,000	-
Finance - 7	16.3	500,000	-
		5,376,924	5,101,924
Less: Current portion of long term finances		(861,748)	(525,000)
		4,515,176	4,576,924

16.1 The Company had obtained a long term finance facility of Rs 500 million (December 31, 2013 : Rs 500 million) from a commercial bank under mark-up arrangements. Mark-up was payable on a semi-annual basis at the rate of six months Karachi Inter Bank Offer Rate (KIBOR) plus 0.50% (December 31, 2013: 0.50%) per annum. The effective rate of mark-up during the year was 10.32% (December 31, 2013: 11.55%) per annum. The principal amount was 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 was secured by first pari passu hypothecation / mortgage charges on all the Company's present and future fixed assets including but not limited to land, building, plant and machinery, equipment, furniture and fixtures, etc.

16.2 The Company has obtained long term finance facilities aggregating Rs 4,000 million (December 31, 2013: Rs 5,000 million) from various commercial banks under mark-up arrangements including Rs 2,200 million (December 31, 2013: Rs 2,300 million) under long term financing facility (LTFF) scheme provided by State Bank of Pakistan. Mark-up is payable on a semi-annual basis at the rate of six months KIBOR plus 0.75% to 0.8% per annum (December 31, 2013: 0.75% to 0.8%). The effective weighted average rate of mark-up during the six months was 10.05% to 10.83% (December 31, 2013: 9.07% to 10.32%) per annum. The principal amount is repayable in 10 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 charges on all the Company's present and future fixed assets including but not limited to land, building, plant and machinery, equipment, furniture and fixtures, etc.

16.3 The Company has obtained long term finance facilities of Rs 1,000 and Rs 500 million from two commercial banks under mark-up arrangements during the current period. Mark-up is payable on a semi-annual basis at the rate of six months KIBOR plus 0.75% per annum. The effective weighted average rate of mark-up during the year ended is 10.93%. The principal amount is repayable in 10 and 8 equal installments respectively commencing after six months with a grace period of two and one year respectively from the date of first draw down. This facility is secured by first pari passu hypothecation / mortgage charges on all the Company's present and future fixed assets including land and buildings, plant and machinery, equipment, furniture and fixtures etc.

17. DEFERRED TAXATION

	2014	2013
		Restated
	(Rupees in thousand)	
(Debit) / credit balances arising from:		
Accelerated tax depreciation allowance	859,213	699,445
Amortisation allowance	(7,008)	(3,318)
Borrowing cost	-	7,842
Tax loss	(730,783)	(475,622)
Provision for accumulated compensated absences	(8,885)	(10,986)
Unrealised gain on hedging instrument	-	(14,339)
Provision for doubtful debts	(27,799)	(1,528)
	84,738	201,494

17.1 The movement in temporary differences is as following:

	Balance as at January 1, 2014	Recognised in profit or loss	Recognised in OCI	Balance as at December 31, 2014
	Restated			
	(Rupees in thousand)			
Accelerated tax depreciation allowance	699,445	159,768	-	859,213
Amortisation allowance	(3,318)	(3,690)	-	(7,008)
Borrowing cost	7,842	(7,842)	-	-
Tax loss	(475,622)	(255,161)	-	(730,783)
Provision for accumulated compensated absences	(10,986)	2,101	-	(8,885)
Unrealised gain on hedging instrument	(14,339)	-	14,339	-
Provision for doubtful debts	(1,528)	(26,271)	-	(27,799)
	201,494	(131,095)	14,339	84,738

18. ACCUMULATED COMPENSATED ABSENCES

	2014	2013
	(Rupees in thousand)	
Opening balance	33,612	29,736
Expense recognised	11,340	13,068
Payments made during the year	(17,588)	(9,192)
Closing balance	27,364	33,612

18.1 Effective April 1, 2014, the Company has revised the policy in respect of leave encashment and has reduced the number of days of leaves that can be accumulated in order to provide a better work life balance. Accumulated leaves can only be encashable at the time of retirement, death or resignation of the employee. Amount in respect of the unavailed leaves over and above the entitlement was paid during the period to the employees of the Company.

19. TRADE AND OTHER PAYABLES

	Note	2014	2013 Restated
		(Rupees in thousand)	
Creditors	19.1	106,635	92,482
Accrued liabilities		256,738	228,070
Liability for imported goods	19.3	1,427,610	2,554,371
Advances from customers		76,964	24,815
Retention money		853	16,000
Unclaimed dividend		10,389	10,389
Payable to gratuity fund	32	40,203	27,875
Payable to pension fund	32	-	1,368
Workers' profits participation fund	12.1	-	1,189
Workers' welfare fund		1,709	1,709
Other payables		48,546	76,384
		1,969,647	3,034,652

19.1 Creditors include Rs 27.438 million (2013: Rs 5.968 million) payable to associated undertakings.

19.2 The maximum amount due to any related party during the year is Rs 292.643 million (2013: Rs 24.825 million).

19.3 For better presentation, certain balances amounting to Rs 48.489 million and Rs 69.187 million which were previously included in 'Liability for imported goods' as disclosed in the financial statements for the year ended December 31, 2013 have now been reclassified to 'Creditors' and 'Other payables' respectively.

20. ACCRUED MARK-UP

	2014	2013
	(Rupees in thousand)	
On long term finances	84,165	136,258
On short term finances	84,060	38,784
	168,225	175,042

21. DERIVATIVE FINANCIAL INSTRUMENTS

21.1 These represent forward currency contracts designated as cash flow hedges for the foreign currency risk of the firm commitment to purchase raw material. There was no ineffectiveness to be recorded from forward foreign exchange contracts.

21.2 The notional principal amounts of the outstanding forward foreign exchange contracts as at December 31, 2014 aggregate Euro Nil (2013: Euro 0.242 million) and USD Nil (2013: USD 16.476 million).

22. SHORT TERM BORROWINGS

	Note	2014	2013
		(Rupees in thousand)	
Secured			
Short term money market loans	22.1	1,975,000	1,875,000
Short term running finance	22.2	824,488	1,388,531
Export re-financing loan	22.3	280,000	-
		3,079,488	3,263,531
Short term loan	22.4	735,735	-
		3,815,223	3,263,531

22.1 Short term money market loans have been arranged from commercial banks as a sub-limit of the running finance facility. 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 9.92% to 10.61% (2013: 9.06% to 10.57%) per annum.

22.2 Short term running finances have been obtained under mark-up arrangement with banks payable on various maturity dates up to June 30, 2015. These facilities are secured by joint hypothecation by way of first floating charge over current assets including but not limited to stores and spares, stock in trade and trade debts. Rate of mark-up applicable to these facilities ranges between 10.06% to 11.49% (2013: 9.46% to 11.62%) per annum.

22.3 Export re-financing facility has been obtained under mark-up arrangement with a bank as a sub-limit of the running finance facility payable on various maturity dates up to May 25, 2015. 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 is 7% (2013: Nil) per annum.

22.4 This represents short-term loan of Rs 735.735 million from a commercial bank under murabaha financing arrangement obtained during the current period. The aforementioned short-term loan is repayable on January 5, 2015.

22.5 Total facilities available under mark-up arrangements aggregated Rs 8,450 million (2013: 8,100 million) out of which the amount unavailed at the year end was Rs 4,635 million (2013: Rs 4,836 million).

23. CONTINGENCIES AND COMMITMENTS

	2014	2013
	(Rupees in thousand)	
Contingencies		
Guarantees issued by banks on behalf of the Company	244,786	226,184
Commitments		
Letters of credit for purchase of raw materials and spares	587,486	989,094
Letters of credit for purchase of plant and machinery	-	30,405
Contracts for civil works	-	46,345

23.1 The facilities for opening of letter of credits and for guarantees as at December 31, 2014 amount to Rs 12,150 million (2013: Rs 10,550 million) and Rs 395 million (2013: Rs 360 million) respectively, of which the amount remaining unutilised was of Rs 10,135 million (2013: Rs 6,977 million) and Rs 150.214 million (2013: Rs 133.816 million) respectively.

23.2 During the year 2014, Deputy Commissioner Inland Revenue (DCIR) passed an order under section 221 of the Ordinance for levy of WWF in relation to the tax year 2013 as per amended provisions of law vide his order D.C. No. 21/19 dated April 17, 2014. An application for rectification was filed vide letter DT 3748 dated April 18, 2014 against the said order with the DCIR. The Commissioner Inland Revenue (Appeals) (CIR(A)) through appellate order no. 58 dated October 29, 2014 upheld the action of DCIR of levying WWF as per amended provisions of WWFO and direction was given to DCIR to allow proper credit of taxes paid / deducted after verification. An appeal against the said order was filed with ATIR on February 12, 2015. The management of the Company, based on the advice of its tax consultant, is confident that the ultimate decision in respect of the aforementioned matter shall be made in its favour.

23.3 During the year 2011, the Deputy Commissioner Inland Revenue (DCIR) deleted the disallowances made in the amended order in respect of the tax year 2005 issued by the Deputy Commissioner Inland Revenue (DCIR). While framing the appeal effect order DCIR had given appeal effect to the deletions made by the CIR (A). However, sales amounting to Rs 60.282 million during the trial production capitalised as the part of property, plant and equipment have been subjected to tax. The Company filed an appeal with CIR (A) which was heard during the year, however, no appellate order has yet been received. Further, application for rectification under Section 221 of the Income Tax Ordinance, 2001 (the ITO, 2001) was filed during the year. The CIR(A) declared the appeal as time barred via order number 13/2013 dated October 24, 2013 rejecting condonation of time for filing the appeal. Applications for rectification were filed via letter number DT 2601 and DT 1284 dated February 8, 2012 and November 13, 2013 respectively. Consequently order D.C. No. 25/19 dated May 26, 2014 framed under section 221/124 of the Ordinance was received. Through the said order, the issue of gain on sale of fixed asset was rectified. Other issues relating to disallowance of trial production expense, incorrect amount of trial production sales and treatment of other income were not rectified. An application for rectification on disallowance on sales as well as cost of trial production sales was filed vide letter DT 186 dated August 21, 2014 which is pending disposal. An appeal was filed against the rectified order vide letter DT 4464 on June 23, 2014 with CIR(A) which was heard on December 29, 2014. No appellate order has yet been received. The management of the Company, based on the advice of its tax consultant, is confident that the ultimate decision in respect of the aforementioned matter shall be made in its favour.

23.4 During the year 2014, the Additional Commissioner Inland Revenue (ACIR) in accordance with section 122 of the Ordinance has amended the taxable income of the company for the tax year 2008 through Order D.C No. 17/02 dated March 20, 2014. Issues in respect of disallowances of provision of retirement benefits, taxability of tenderable gain surrendered by M/s Packages Limited and incorrect calculation of Workers' Welfare Fund has been raised. Further minimum tax carried forward pertaining to tax years 2005, 2006 and 2007 has also been disallowed resulting in total tax liability of Rs 56.348 million. Application of rectification has been filed vide letter DT 3658 dated April 28, 2014. Appeal has been filed with CIR(A) vide letter DT 3714 dated April 21,2014 which is pending to be heard. Order D.C. No. 02/5 dated August 5, 2014 framed under section 221 of the Ordinance was received on August 6, 2014. Through the said order, the issue of 'Provision for retirement benefits' was rectified which reduced the aforesaid demand to Rs. 53.998 million. Other issues including levy of WWF and refund adjustment from tax year 2007 were not rectified. An appeal was filed against the rectified order on the issue of disallowance of provision for retirement benefits and duplicate disallowance of provision for compensated absences vide letter DT 640 dated September 3, 2014 with CIR(A) which was heard on December 29, 2014. No appellate order has yet been received. The management of the Company, based on the advice of its tax consultant, is confident that the ultimate decision in respect of the aforementioned matter shall be made in its favour.

23.5 During the year 2014, the Additional Commissioner Inland Revenue (ACIR) in accordance with section 122 of the Ordinance has amended the taxable income of the company for the tax year 2011 through Order D.C No. 21/02 dated April 08, 2014. Issues in respect of disallowances of provision of retirement benefits, export rebate and donations paid has been raised resulting in disallowances amounting of Rs 31.538 million. Application of rectification has been filed vide letter DT 3617 dated April 15, 2014. Appeal has been filed with CIR(A) vide letter DT 3910 dated May 08,2014 which is pending to be heard. Order D.C. No. 03/5 dated August 5, 2014 framed under section 221 of the Ordinance was received on August 6, 2014. Through the said order, the issue of 'Provision for retirement benefits' and 'Export Rebate' were rectified reducing the aforesaid demand to Rs. 17.965 million. An appeal was filed against the rectified order on the issue of disallowance of entire amount of provision for retirement benefits and duplicate disallowance of provision for compensated absences vide our letter DT 641 dated September 3, 2014 with CIR(A) which was heard on December 29, 2014. No appellate order has yet been received. The management of the Company, based on the advice of its tax consultant, is confident that the ultimate decision in respect of the aforementioned matter shall be made in its favour.

23.6 During the year 2014, the Additional Commissioner Inland Revenue (ACIR) in accordance with section 122 of the Ordinance has assessed the taxable income of the company for the tax year 2010 through Order D.C No. 20/02 dated April 03, 2014. Issues in respect of disallowances in respect of provision of retirement benefits, export rebate has been raised resulting in tax liability of Rs 8.66 million. Application for rectification was filed vide our letter DT 3618 dated April 15, 2014. Appeal was filed with CIR(A) vide our letter DT 3881 dated May 06, 2014 against the same. Subsequently, order No. D.C. 03/5 dated August 5, 2014 framed under section 221 of the Ordinance was received on August 6, 2014. Through the said order, the issue of 'Provision for retirement benefits' and 'Export Rebate' were rectified reducing the liability to Rs. 3.143 million. An appeal was filed against the rectified order on the issue of disallowance of entire amount of provision for retirement benefits and duplicate disallowance of provision for compensated absences vide letter DT 641 dated September 3, 2014 with CIR(A) which was heard on December 29, 2014. No appellate order has yet been received. The management of the Company, based on the advice of its tax consultant, is confident that the ultimate decision in respect of the aforementioned matter shall be made in its favour.

23.7 In respect of tax year 2009, appeal as well as rectification application was filed against the order under Section 122 (1) of the ITO, 2001. However, rectified order has been issued by DCIR under Section 221 of the ITO, 2001. According to the rectified order, disallowances aggregating Rs 22.132 million have been maintained by DCIR with a resulting tax impact of Rs 7.746 million. The Company filed an appeal with CIR (Appeals) which was heard on July 26, 2012 whereas the appellate order is still awaited. The appeal has been heard again on June 3, 2014 and December 29, 2014. No appellate order has as yet been received. The management of the Company, based on the advice of its tax consultant, is confident that the ultimate decision in respect of the aforementioned matter shall be made in its favour.

24. NET SALES

	2014	2013
	(Rupees in thousand)	
Local sales	14,763,714	13,138,838
Export sales	978,156	712,848
	15,741,870	13,851,686
Less: Sales tax	(2,144,789)	(1,901,605)
	13,597,081	11,950,081

25. COST OF SALES

	Note	2014	2013 Restated
		(Rupees in thousand)	
Opening stock of finished goods		109,798	21,918
Cost of goods manufactured	25.1	12,356,274	10,862,865
Less: Closing stock of finished goods		(90,857)	(109,798)
		12,375,215	10,774,985

25.1 Cost of goods manufactured

	Note	2014	2013
Opening stock of work in process		466,456	102,040
Raw materials consumed	25.2	9,864,505	8,929,118
Toll manufacturing charges		-	36,328
Salaries, wages and other benefits		443,993	372,133
Fuel, power and water		645,066	642,455

	Note	2014	2013 Restated
		(Rupees in thousand)	
Packing materials consumed	25.3	321,280	261,341
Repairs and maintenance	25.4	175,564	140,321
Insurance		67,509	54,385
Vehicle running and maintenance		29,680	27,825
Travelling		7,715	3,675
Staff retirement benefits	25.5	35,678	34,065
Depreciation	5.1.2	651,284	713,430
Lease rentals		1,184	359
Others		12,877	11,846
		12,722,791	11,329,321
Less: Closing stock of work in process		(366,517)	(466,456)
		12,356,274	10,862,865

25.2 Raw materials consumed

	2014	2013
Opening stock	1,710,069	2,203,032
Purchases	9,337,708	8,436,155
Less: Closing stock	(1,183,272)	(1,710,069)
	9,864,505	8,929,118

25.3 Packing materials consumed

	2014	2013
Opening stock	21,244	17,950
Purchases	337,038	264,635
Less: Closing stock	(37,002)	(21,244)
	321,280	261,341

25.4 This includes stores and spares consumed amounting to Rs 64.834 million (2013: Rs 57.019 million).

25.5 This includes Rs 8.142 million (2013: Rs 6.732 million) in respect of contribution to provident fund, Rs 7.957 million (2013: Rs 8.172 million) in respect of gratuity fund, Rs 13.226 million (2013: Rs 10.813 million) in respect of pension fund and Rs 6.353 million (2013: Rs 8.348 million) in respect of compensated absences.

26. DISTRIBUTION COST

	Note	2014	2013 Restated
		(Rupees in thousand)	
Salaries, wages and other benefits		65,005	49,692
Outward freight		297,078	254,444
Travelling		8,973	8,255
Rent, rates and taxes		5,411	4,139
Repairs and maintenance		2,200	282
Vehicle running and maintenance		4,111	2,465
Insurance		2,013	1,400
Staff retirement benefits	26.1	8,703	6,921
Depreciation	5.1.2	3,170	3,106
Lease rentals		699	181
Other expenses		3,230	3,958
		400,593	334,843

26.1 This includes Rs 1.817 million (2013: Rs 1.326 million) in respect of contribution to provident fund, Rs 1.422 million (2013: Rs 1.682 million) in respect of gratuity fund, Rs 3.571 million (2013: Rs 2.128 million) in respect of pension fund and Rs 1.893 million (2013: Rs 1.785 million) in respect of compensated absences.

27. ADMINISTRATIVE EXPENSES

	Note	2014	2013
		(Rupees in thousand)	
Salaries, wages and other benefits		127,596	109,164
Rent, rates and taxes		7,412	6,643
Printing, stationery and periodicals		7,068	6,969
Postage and telephone		11,065	9,242
Repairs and maintenance		12,479	5,000
Vehicle running and maintenance		5,334	3,580
Travelling		7,629	4,721
Insurance		4,559	4,833
Staff training and development		4,385	3,551
Provision for doubtful debts	10.3	74,750	(351)
Staff retirement benefits	27.1	15,922	13,478
Auditors' remuneration	27.2	3,880	3,405
Legal and professional expenses		11,573	15,576
Depreciation	5.1.2	21,600	17,756
Amortisation expense	6.1	5,844	7,287
Electricity, gas and water		3,758	2,990
Advertisement		722	166
Donations	27.3 & 27.4	630	11,232
Lease rentals		2,687	346
Other expenses		5,529	5,734
		334,422	231,322

27.1 Staff retirement benefits include Rs 2.675 million (2013: Rs 2.313 million) in respect of contribution to provident fund, Rs 3.084 million (2013: Rs 2.621 million) in respect of gratuity fund, Rs 7.069 million (2013: Rs 5.609 million) in respect of pension fund and Rs 3.094 million (2013: Rs 2.935 million) in respect of compensated absences.

27.2 **Auditors' remuneration**

	2014	2013
	(Rupees in thousand)	
Audit fee	1,210	1,100
Review of half yearly accounts, review of statement of compliance on best corporate practices, audit of employees' retirement funds and other special reviews	1,056	980
Tax services	1,218	1,000
Out of pocket expenses	396	325
	3,880	3,405

27.3 Donations include Rs Nil (2013: Rs 10 million), Rs Nil (2013: Rs 0.250 million), Rs Nil (2013: Rs 0.200 million) and Rs Nil (2013: Rs 0.125 million) paid to National Management Foundation (NMF), Ali Institute of Education (AIE), Babar Ali Foundation (BAF) and Pakistan Institute of Corporate Governance (PICG) respectively as disclosed in note 39. Syed Babar Ali Esq., and Syed Hyder Ali Esq., the directors of the Company are trustees of NMF. Syed Babar Ali Esq., has the common directorship in the Company, AIE and BAF and Mr. Shahid Hussain has common directorship in the Company and PICG. However during the year, Mr. Shahid Hussain resigned from the service of the Company.

27.4 During the current year, donations were not made to any donee in which the Company or a director or his spouse had any interest.

28. OTHER INCOME

	2014	2013
	(Rupees in thousand)	
Income from financial assets		
Profit on bank balances	456	345
Income from assets other than financial assets		
Profit on disposal of operating fixed assets	1,124	50
Sale of scrap materials	31,916	27,514
	33,040	27,564
Others		
Commission earned on insurance premium from a related party	6,851	5,966
Exchange gain	65,099	14,081
	71,950	20,047
	105,446	47,956

29. FINANCE COST

	2014	2013
	(Rupees in thousand)	
Mark-up on long term finances	545,987	327,728
Mark-up on short term finances	367,473	279,671
Bank and other charges	9,578	6,751
	923,038	614,150

30. OTHER EXPENSES

	Note	2014	2013 Restated
		(Rupees in thousand)	
Workers' profits participation fund		-	5,127
Workers' welfare fund		-	1,709
		-	6,836

31. TAXATION

	Note	2014	2013 Restated
Current			
For the year	31.2	-	-
For prior year		-	1,436
		-	1,436
Deferred		(131,095)	9,071
		(131,095)	10,507

31.1 Tax reconciliation

	2014	2013 Restated
(Loss) / profit before taxation	(330,741)	35,901
Tax @ 33% (2013: 34%)	(109,145)	12,206
Effect of		
- Minimum tax	126,508	115,012
- Final tax regime	(7,063)	9,080
- Tax rebate	(136,975)	(120,740)
- Income not subject to tax	(12,492)	-
- Inadmissible expenses	1,732	-
- Change in rate	6,340	(6,487)
	(131,095)	9,071
- Prior year (reversal) / charge	-	1,436
	(131,095)	10,507
Effective tax rate	39.64%	29.27%

31.2 The investment tax credit amounting to Rs 136.975 million available to the Company by virtue of investment in plant and machinery in accordance with Section 65B of the Income Tax Ordinance, 2001 has been netted off against the current tax charge for the year.

32. STAFF RETIREMENT BENEFITS

	Note	2014	2013	2014	2013
		Pension Fund		Gratuity Fund	
		(Rupees in thousand)			
32.1 The amounts recognised in the balance sheet are as follows:					
Present value of defined benefit obligation	32.2.1	56,903	50,495	94,850	81,474
Fair value of plan assets	32.2.2	(60,603)	(49,127)	(54,647)	(53,599)
Net (asset) / liability as at December 31		(3,700)	1,368	40,203	27,875
32.2 Net liability as at January 1		1,368	2,012	27,875	18,930
Charge to profit and loss account		171	221	12,463	12,253
(Gain) / loss charged to other comprehensive income		(5,239)	(865)	13,889	10,454
Contribution by the Company		-	-	(14,024)	(13,762)
Net (asset) / liability as at December 31		(3,700)	1,368	40,203	27,875

32.2.1 The movement in the present value of defined benefit obligation is as follows:

	2014	2013	2014	2013
Present value of defined benefit obligation as at January 1	50,495	51,083	81,474	62,110
Current service cost	-	-	9,751	10,171
Interest cost on defined benefit obligation	5,956	5,306	9,380	6,832
Benefits paid	(5,697)	(5,691)	(18,637)	(11,118)
Experience loss / (gain)	6,149	(203)	12,882	13,479
Present value of defined benefit obligation as at December 31	56,903	50,495	94,850	81,474

32.2.2 **The movement in fair value of plan assets is as follows:**

	Pension Fund 2014	Pension Fund 2013	Gratuity Fund 2014	Gratuity Fund 2013
	(Rupees in thousand)			
Fair value as at January 1	49,127	49,071	53,599	43,180
Contributions made by employer	-	-	14,024	13,762
Interest income on plan assets	5,785	5,085	6,668	4,750
Return on plan assets excluding interest income	11,388	662	(1,007)	3,025
Benefits paid	(5,697)	(5,691)	(18,637)	(11,118)
Fair value of as at December 31	60,603	49,127	54,647	53,599

32.2.3 **The amounts recognized in the profit and loss account are as follows:**

	Pension Fund 2014	Pension Fund 2013	Gratuity Fund 2014	Gratuity Fund 2013
Current service cost	-	-	9,751	10,171
Interest cost on defined benefit obligation	5,956	5,306	9,380	6,832
Interest income on plan assets	(5,785)	(5,085)	(6,668)	(4,750)
	171	221	12,463	12,253

32.2.4 **Plan assets are comprised as follows:**

	Pension Fund 2014	Pension Fund 2013	Gratuity Fund 2014	Gratuity Fund 2013
Debt	21,646	13,706	34,408	36,575
Equity	34,090	16,556	12,681	13,480
Cash	4,867	18,865	7,558	3,544
	60,603	49,127	54,647	53,599

32.2.5 **The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:**

	Gratuity Fund 2014	Gratuity Fund 2013
	(Rupees in thousand)	
Year end sensitivity analysis on defined benefit obligation:		
Discount rate + 100 bps	53,038	89,478
Discount rate - 100 bps	61,331	109,801
Salary increase + 100 bps	62,000	109,958
Salary increase - 100 bps	52,424	89,180

- Average expected remaining working life time of gratuity management employees is 10 years.
- Average expected remaining working life time of pension management employees is 7 years.

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied.

33. (LOSS) / EARNINGS PER SHARE

	Note	2014	2013 Restated
		(Rupees in thousand)	
(Loss) / profit after taxation		(199,646)	25,394
		Number of shares in thousand	
Weighted average number of ordinary shares outstanding during the year		30,000	30,000

	Note	2014	2013 Restated
		(Rupees in thousand)	
(Loss) / earnings per share		(6.65)	0.85

33.1 There were no convertible dilutive potential ordinary shares outstanding on December 31, 2014 and 2013.

34. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Note	2014		2013	
		Chief Executive	Executives	Chief Executive	Executives
		(Rupees in thousand)			
Managerial remuneration		9,814	59,968	7,560	38,447
Bonus		6,039	15,152	2,168	9,600
Staff retirement benefits	34.1	1,961	22,351	1,510	13,853
Housing		5,294	40,642	4,370	27,179
Utilities		981	5,960	755	3,816
Leave passage		1,552	11,025	629	2,915
Medical expenses		177	2,319	118	1,878
Others		1,828	22,441	127	27,911
		27,646	179,858	17,237	125,599
Number of persons		2	47	1	36

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

34.2 The Chief Executive and other executives are also provided with free use of Company's maintained cars, residential telephone reimbursement and other benefits.

34.3 Remuneration to non-executive director

Aggregate amount charged in these financial statements for meetings fee to One (2013: One) non-executive director was Rs 0.343 million (2013: Rs 0.325 million).

35. CASH GENERATED FROM OPERATIONS

	Note	2014	2013 Restated
		(Rupees in thousand)	
(Loss) / profit before taxation		(330,741)	35,901
Adjustments for non-cash charges and other items:			
Depreciation		676,054	734,292
Amortisation expense		5,844	7,287
Finance cost		923,038	614,150
Exchange gain - unrealised		(22,072)	-
Profit on bank balances		(456)	(345)
Provision / (reversal) for doubtful debts		74,750	(351)
Provision for accumulated compensated absences		11,340	13,068
Provision for staff retirement benefits		48,963	41,396
Gain on disposal of operating fixed assets		(1,124)	(50)
Working capital changes	35.1	(183,603)	182,175
		1,532,734	1,591,622
		1,201,993	1,627,523

35.1 Working capital changes

	2014	2013
Decrease / (increase) in current assets:		
Stores and spares	(40,809)	(41,384)
Stock in trade	629,919	(140,247)
Trade debts	180,703	(574,015)
Advances and prepayments	177,152	(93,221)
Other receivables	(93,935)	193,739
	853,030	(655,128)
(Decrease) / increase in current liabilities:		
Trade and other payables	(1,036,633)	837,303
	(183,603)	182,175

36. CASH AND CASH EQUIVALENTS

	2014	2013
	(Rupees in thousand)	
Short term running finance	(824,488)	(1,388,531)
Cash and bank balances	697,646	666,035
	(126,842)	(722,496)

37. FINANCIAL INSTRUMENTS BY CATEGORY

	2014	2013
		Restated
	(Rupees in thousand)	
Financial assets		
a) Loans and receivables		
Long term deposits	4,398	2,999
Trade debts - net	1,523,529	1,778,982
Advances and prepayments	49,567	132,183
Other receivables	31,329	15,144
Cash and bank balances	697,646	666,035
	2,306,469	2,595,343

Financial Liabilities

	2014	2013
	(Rupees in thousand)	
a) Derivatives used for hedging		
Derivative financial instruments	-	43,871
b) Financial liabilities at amortised cost		
Long term finances	5,376,924	5,101,924
Trade and other payables	1,840,382	2,967,307
Accrued mark-up	168,225	175,042
Short term borrowings	3,815,223	3,263,531
	11,200,754	11,507,804

38. 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.

Risks managed and measured by the Company are explained below:

38.1 Market risk

38.1.1 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 16), short term borrowings (note 22) and cash at bank in current accounts (note 13).

At December 31, 2014, if interest rates on borrowings had been 50 basis points higher / lower with all other variables held constant, profit after taxation for the year would have been as follows:

	2014		2013	
	At higher interest rate	At lower interest rate	At higher interest rate	At lower interest rate
	(Rupees in thousand)			
Finance cost	45,961	(45,961)	26,135	(26,135)
Taxation	(15,167)	15,167	(8,886)	8,886
Net impact on profit after taxation	(30,794)	30,794	(17,249)	17,249

38.1.2 Currency 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 foreign exchange rates.

Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company primarily has foreign currency exposures in USD and Euros, cash and cash equivalents, deposits with banks (note 13), trade debts (note 10) in respect of export sales and account payables (note 19) 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 in USD can be passed on to the customers to some extent through increase in prices of its finished goods.

As per the Company's risk management policy, the Company hedges its exposure on firm commitment to purchase property, plant and equipment and stocks.

At December 31, 2014, if the Company's functional currency had weakened / strengthened by 5% against the USD with all other variables held constant, profit after taxation for the year would have been higher / lower by Rs 55.888 million (2013: Rs 37.026 million), mainly as a result of foreign exchange losses / gains on translation of financial assets and liabilities denominated in USD.

38.1.3 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.

38.2 Concentration of 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 and 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, rebate on export sales and other receivables. Out of the total financial assets, those that are subject to credit risk amounted to Rs 2,306.089 million (2013: Rs 2,485.273 million). The management of the Company believes that it is not exposed to major concentration of credit risk.

Total bank balance of Rs 697.266 million (2013: Rs 135.728 million) has been placed with banks which have a short term credit rating of at least A-1.

A significant component of the receivable balances of the Company relates to amounts due from the local customers. Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by those counter parties on their obligations to the Company. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

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.

38.3 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	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	Between 5 to 10 years
			(Rupees in thousand)		
Long term finances	6,947,250	1,386,357	1,472,000	3,669,384	419,509
Accrued mark-up	168,225	168,225	-	-	-
Short term borrowings	3,815,223	3,815,223	-	-	-
Trade and other payables	1,840,382	1,840,382	-	-	-
	12,771,080	7,210,187	1,472,000	3,669,384	419,509

38.4 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 equity ratio = Long term portion of debt divided by long term portion of debt plus total equity.

The debt equity ratios as at December 31, 2014 and 2013 were as follows:

	Note	2014	2013 Restated
		(Rupees in thousand)	
Long term portion of debt	16	4,515,176	4,576,924
Total equity		1,634,453	1,813,217
Total		6,149,629	6,390,141
Debt equity ratio		73:27	72:28

The increase in the debt equity ratio is mainly due to the loss after tax during the current year.

38.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between the carrying value and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and

c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The estimated fair value of other financial assets and liabilities is considered not significantly different from carrying values as the items are either short term in nature or periodically repriced.

39. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise related group companies, 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 other than remuneration to key management personnel under the term of their employment is disclosed in note 34, are as follows:

Nature of transaction	Nature of relationship	Note	2014	2013
			(Rupees in thousand)	
Purchase of goods and services	Associated undertaking		1,498,204	1,960,221
Sale of goods and services	Associated undertaking		1,244,895	916,405
Contributions to staff retirement benefit funds	Contribution		50,353	42,683
Dividend	Associated undertaking		-	188,524
Other income	Associated undertaking		6,851	5,966
Donations	Associated undertaking		-	10,575

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

40. PLANT CAPACITY AND ACTUAL PRODUCTION

	2014	2013
	(Metric tons)	
Operational capacity	82,300	65,800
Production	49,402	44,590

41. NUMBER OF EMPLOYEES

The total average number of employees during the year and as at December 31, 2014 and 2013 respectively are as follows:

	2014	2013
Average number of employees during the year	449	435
Number of employees as at December 31	436	478

42. PROVIDENT FUND RELATED DISCLOSURE

The following information is based on un-audited financial statements of the Provident Fund (the Fund) as at December 31, 2014:

	Note	2014	2013
		(Rupees in thousand)	
Size of the Fund - total assets		129,588	106,130
Cost of investment made		91,819	91,895
Percentage of investment made		71%	87%
Fair value of investments	42.1	127,945	106,130

42.1 **The break up of fair value of investment is as follows:**

	2014		2013	
	(Rupees in thousand)	Percentage	(Rupees in thousand)	Percentage
Shares	1,107	1%	1,482	1%
Bank balances	9,309	7%	3,106	3%
Debt securities	32,655	26%	29,625	28%
Mutual funds units	84,874	66%	71,917	68%
	127,945	100%	106,130	100%

42.2 The investment out of the Fund have been made in accordance with the provisions of Section 227 of the Ordinance and the rules formulated for this purpose except for in case of investments made by the Fund in mutual funds during the current year which is more than the authorised 50% of total investments as per the rules of the Fund.

43. DATE OF AUTHORISATION

43.1 These financial statements were authorised for issue on March 20, 2015 by the Board of Directors of the Company.

S. a. mehdi

Syed Aslam Mehdi
Chief Executive

Asif Qadir
Director

Notice of Annual General Meeting

Notice is hereby given that the 23rd Annual General Meeting of Tri-Pack Films Limited will be held on Monday, April 27, 2015 at 10.30 a.m. at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi to transact the following ordinary business :-

1. To confirm the Minutes of the 22nd Annual General Meeting of the Company held on April 15, 2014.
2. To receive and adopt the Audited Accounts of the Company for the year ended December 31, 2014 together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors for the year 2015 and to fix their remuneration.

Karachi
March 20, 2015

Adi J. Cawasji
Company Secretary

Notes :

1. CLOSURE OF SHARE TRANSFER BOOKS:

The Share Transfer Books of the Company will remain closed from April 20, 2015 to April 27, 2015 (both days inclusive). Transfers received in order at the office of the Company's Registrars, Messrs FAMCO ASSOCIATES (PVT.) LIMITED, 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400 by close of business on April 17, 2015 will be treated in time to attend and vote at the meeting.

2. PARTICIPATION IN THE ANNUAL GENERAL MEETING:

All members entitled to attend and vote at the Meeting, are entitled to appoint another person in writing as their proxy to attend and vote on their behalf. A proxy need not be a member of the Company. A corporate entity, being a member, may appoint any person, regardless whether they are a member or not, as its proxy. In case of corporate entities, a resolution of the Board of Directors/Power of Attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted to the Company along with a completed proxy form. The proxy holders are requested to produce their national CNICs or original passports at the time of the Meeting.

In order to be effective, duly completed and signed proxy forms must be received at the Company's Registered Office at 4th Floor, The Forum, Suite # 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi-75600 at least 48 hours before the time of the Meeting.

3. NOTICE TO SHAREHOLDERS WHO HAVE NOT PROVIDED THEIR CNICs:

As directed by the SECP through its Circular No.EMD/D-II/Misc/2009-1342 dated April 4, 2013, dividend warrants cannot be issued without valid CNICs. All shareholders holding physical shares who have not submitted their valid CNICs are requested to send attested copies of their valid CNICs along with their folio numbers to the Company's Shares Registrar. In the absence of a shareholder's valid CNIC, the Company will be constrained to withhold dispatch of dividend to such shareholders.

4. INFORMATION FOR THE SHAREHOLDERS IN TERMS OF CIRCULAR NO.19/2014 DATED OCTOBER 24, 2014 OF THE SECP:

(i) The Government of Pakistan through Finance Act, 2014 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(a)	For filers of income tax returns:	10%
(b)	For non-filers of income tax returns:	15%

To enable the Company to make tax deduction on the amount of cash dividend @10% instead of 15%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @15% instead @10%.

(ii) For any query/problem/information, the investors may contact the company and/or the Share Registrar at the following phone numbers or email addresses:-

Contact persons:

Mr. S.M. Munawar Moosvi
Tel. # 92 21 35831618 / 35831664 / 35833011
Email: munawar.moosvi@packages.com.pk

Mr. Ovais Khan
Tel. # 92 21 34380101-2
Email: ceo@famco.com.pk

(iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or its Share Registrar i.e. Messrs FAMCO ASSOCIATES (PVT.) LIMITED. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

5. PAYMENT OF DIVIDEND ELECTRONICALLY (E-MANDATE):

In order to enable a more efficient method of cash dividend (if declared), through its Circular No.8(4) SM/CDC 2008 of April 5, 2013, the SECP has announced an e-dividend mechanism where shareholders can get their dividend credited directly into their respective bank accounts electronically by authorizing the Company to do so. Accordingly, all non-CDC shareholders are requested to send their bank account details to the Company's Registrar. Shareholders who hold shares with CDC or Participants/Stock Brokers, are advised to provide the mandate to CDC or their Participants/Stock Brokers.

6. AUDITED FINANCIAL STATEMENTS THROUGH E-MAIL:

SECP through its Notification SRO 787(I)/2014 dated September 8, 2014, has allowed the circulation of Audited Financial Statements along with the Notice of Annual General Meeting to the members of the Company through email. Therefore, all members who wish to receive the soft copy of Annual Report are requested to send their email addresses. The consent form for electronic transmission can be downloaded from the Company's website: **www.tripack.com.pk.**

The Company shall, however, provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

The Company shall place the financial statements and reports on the Company's website: **www.tripack.com.pk** at least twenty one (21) days prior to the date of the Annual General Meeting in terms of SRO 634(I)/2014 dated July 10, 2014 issued by the SECP.

7. CHANGE OF ADDRESS AND NON-DEDUCTION OF ZAKAT DECLARATION FORM:

Physical shareholders are requested to notify any change in their addresses immediately and if applicable provide their non-deduction of Zakat Declaration Form to the Company's Shares Registrar, Messrs FAMCO ASSOCIATES (PVT.) LIMITED. Furthermore, if not provided earlier, members holding shares in CDC/Participants accounts are also requested to update their addresses and if applicable, to provide their non-deduction of Zakat Declaration Form to CDC or their Participants/Stock Brokers.

8. GUIDELINES FOR CDC ACCOUNT HOLDERS:

CDC account holders will have to follow the guidelines with respect to attending the Meeting and appointing of Proxies as issued by the Securities and Exchange Commission of Pakistan through its Circular 1 of January 26, 2000.

9. Form of proxy is attached in the Annual Report and should be witnessed by two persons whose names, addresses and CNIC Numbers are mentioned on the forms.

Proxy Form

23rd Annual General Meeting

Tri-Pack Films Limited

I/We ____

of ____ being a member of Tri-Pack Films Limited

and holder of ____________ Ordinary Shares as per **Share Register Folio No.** ________ and/or CDC Participant I.D. No. __________ and **Sub Account**
(Number of Shares)

No. __________ hereby appoint ______________ of ____________ or failing him/her ____________ of ________________ or failing him/her

____________ of ____________ as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on Monday, April 27, 2015 at 10.30 a.m. at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi and at any adjournment thereof.

Signed this ________________ day of ______________ 2015

WITNESSES:

Signature

1. Signature: ____________
   Name: ____________
   Address: ____________
   ____
   CNIC or
   Passport No: ____________

2. Signature: ____________
   Name: ____________
   Address: ____________
   ____
   CNIC or
   Passport No: ____________

Please
affix Rupees five
revenue stam

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

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 requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

AFFIX
CORRECT
POSTAGE

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

Registered Office:

4th Floor, The Forum, Suite No. 416-422
G-20, Block No. 9, Clifton,
Khayaban-e-Jami, Karachi-75600, Pakistan.
Tel: 92 21-3587 4047-49, 3583 1618
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