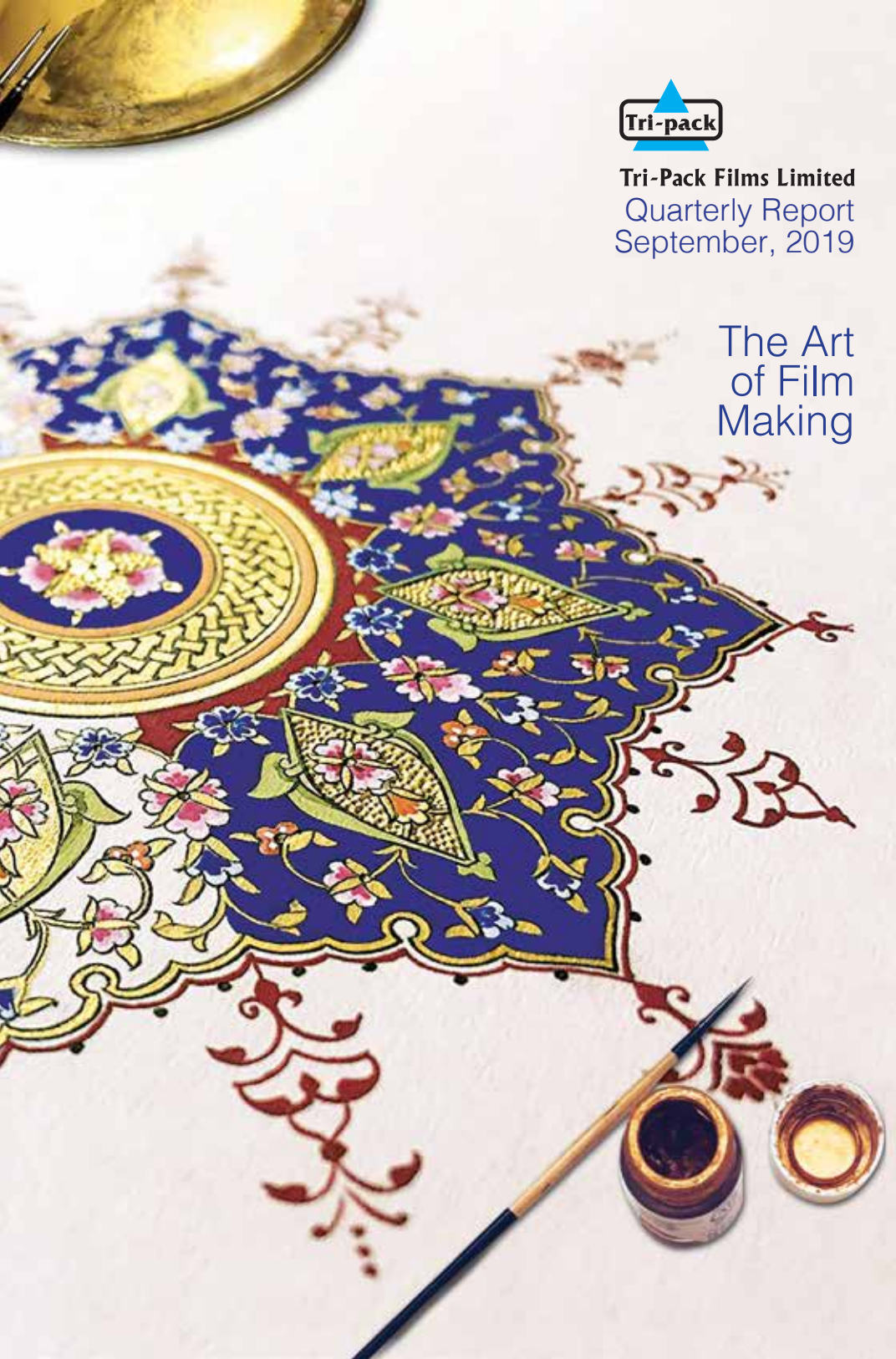




Tri-Pack Films Limited  
Quarterly Report  
September, 2019

# The Art of Film Making



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# Company Information

## Board of Directors

Syed Babar Ali (Chairman)  
Syed Hyder Ali\*  
Mr. Khurram Raza Bakhtayari  
Ms. Nermeen Chinoy  
Mr. Atsushi Fujii  
Mr. Yukio Hayasawa  
Syed Aslam Mehdi  
Mr. Asif Qadir

## Chief Executive Officer

Mr. Nasir Jamal

## Audit Committee

Mr. Asif Qadir (Chairman)  
Mr. Khurram Raza Bakhtayari  
Ms. Nermeen Chinoy  
Mr. Atsushi Fujii  
Mr. Yukio Hayasawa

## Executive Committee

Mr. Atsushi Fujii (Chairman)  
Syed Hyder Ali\*  
Mr. Khurram Raza Bakhtayari  
Syed Aslam Mehdi

## Human Resource and Remuneration Committee

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

## Acting Chief Financial Officer

Mr. Umair Majeed

## Company Secretary

Mr. 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-Jamī,  
Karachi - 75600, Pakistan.  
Tel: (021) 35874047-49  
(021) 35831618  
Fax: (021) 35860251

## Bankers

Al-Baraka Bank (Pakistan) Limited  
Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
Dubai Islamic Bank (Pakistan) Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited

## 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,  
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 by surname

# Directors' Review

For the Nine Months ended September 30, 2019

The Directors are pleased to present their review report together with the un-audited condensed interim financial information of the Company for the nine months ended September 30, 2019.

The Company remained committed to the Safety, Health and Environment (SHE) policies and procedures.

|                                 | Nine Months ended<br>September 30 |        |
|---------------------------------|-----------------------------------|--------|
|                                 | 2019                              | 2018   |
| Sales Volume (M. Tonnes)        | 35,299                            | 37,170 |
| Revenue (Rs M)                  | 10,623                            | 9,851  |
| Operating Profit (Rs M)         | 514                               | 575    |
| (Loss)/Profit before tax (Rs M) | (110)                             | 256    |
| (Loss)/Profit after tax (Rs M)  | (394)                             | 234    |
| (Loss)/Earnings per share (Rs)  | (10.14)                           | 6.03   |

Post fiscal budget of June 2019, the market situation tightened further on account of changes in tax laws and certain requirements for unregistered customers. This along with the liquidity crunch and higher interest rates significantly affected demand from unregistered sector, a substantial portion of market. During this period, we put more focus on receivable and inventories, which showed a significant improvement despite the depreciation in PAK Rupee value.

Against the economic difficulties your Company managed to improve its gross profit for the quarter and curtail costs except those which were affected by foreign exchange or petroleum / gas prices and also despite a 5% decrease in volume for 9 months ended September 2019.

Overall debt also reduced by more than Rs 1 billion on account of better working capital management as aforementioned. We generated Rs 2.2 billion from operations which is one of the best we have achieved, but higher interest rates badly impacted our profitability. Interest cost almost doubled despite reduction in debt on account of higher rates.

Consequently, Loss before tax for the nine months ended was Rs 110 million compared to Profit before tax of Rs 256 million in the same period last year. Loss after tax for the nine months ended was Rs 394 million compared to Profit after tax of Rs 234 million in the same period last year. Change in tax rates and related laws has resulted in onetime tax hit of over Rs 130 million.

## Future Outlook

With improvement in market conditions, we expect volume recoveries. In the meantime, focus will continue on working capital management to curtail rising interest cost impacts.

We are grateful to all our stakeholders for their continued support.



**Nasir Jamal**  
Chief Executive Officer

Karachi, October 18, 2019

# Condensed Interim Statement of Financial Position

As At September 30, 2019

AS At September 30, 2017

|                                             |   | (Un-audited)<br>September 30 | (Audited)<br>December 31 |
|---------------------------------------------|---|------------------------------|--------------------------|
| Note                                        |   | 2019                         | 2018                     |
|                                             |   | (Rupees in thousand)         |                          |
| ASSETS                                      |   |                              |                          |
| NON CURRENT ASSETS                          |   |                              |                          |
|                                             | 4 | 6,033,072                    | 6,073,755                |
| Property, plant and equipment               |   | 10,717                       | 2,352                    |
| Intangibles                                 |   | 7,696                        | 5,247                    |
| Long term deposits                          |   | 6,051,485                    | 6,081,354                |
| CURRENT ASSETS                              |   |                              |                          |
|                                             | 5 | 2,377,837                    | 2,575,128                |
| Inventories                                 |   | 2,329,749                    | 2,324,698                |
| Trade debts - net                           | 6 | 147,840                      | 104,392                  |
| Advances and prepayments                    |   | 98,685                       | 135,853                  |
| Other receivables                           |   | 124,641                      | 151,956                  |
| Refunds due from the government - sales tax |   | 1,194,028                    | 1,187,537                |
| Income tax refundable                       |   | 87,373                       | 43,870                   |
| Cash and bank balances                      |   | 6,360,153                    | 6,523,434                |
| TOTAL ASSETS                                |   |                              |                          |
|                                             |   | 12,411,638                   | 12,604,788               |
| EQUITY AND LIABILITIES                      |   |                              |                          |
| SHARE CAPITAL AND RESERVES                  |   |                              |                          |
|                                             |   | 388,000                      | 388,000                  |
| Share capital                               |   |                              |                          |
| Capital Reserves                            |   |                              |                          |
| Share premium                               |   | 999,107                      | 999,107                  |
| Revenue Reserves                            |   |                              |                          |
| General reserve                             |   | 1,605,000                    | 1,605,000                |
| Unappropriated profit                       |   | 190,666                      | 739,372                  |
|                                             |   | 3,182,773                    | 3,731,479                |
| LIABILITIES                                 |   |                              |                          |
| NON CURRENT LIABILITIES                     |   |                              |                          |
|                                             |   | 1,020,002                    | 1,070,001                |
| Long term finances                          |   | 268,030                      | 193,484                  |
| Deferred taxation-net                       |   | 60,214                       | 47,357                   |
| Staff retirement benefits                   |   | 32,451                       | 31,466                   |
| Accumulated compensated absences            |   | 1,380,697                    | 1,342,308                |
| CURRENT LIABILITIES                         |   |                              |                          |
|                                             | 7 | 2,965,510                    | 1,705,841                |
| Trade and other payables                    |   | 17,196                       | 16,540                   |
| Unclaimed dividend                          |   | 164,291                      | 94,485                   |
| Accrued mark-up                             | 8 | 4,288,164                    | 4,860,114                |
| Short term borrowings                       |   | 413,007                      | 854,021                  |
| Current portion of long term finances       |   | 7,848,168                    | 7,531,001                |
|                                             |   | 9,228,865                    | 8,873,309                |
| TOTAL LIABILITIES                           |   |                              |                          |
|                                             | 9 |                              |                          |
| CONTINGENCIES AND COMMITMENTS               |   |                              |                          |
| TOTAL EQUITY AND LIABILITIES                |   |                              |                          |
|                                             |   | 12,411,638                   | 12,604,788               |

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**Nasir Jamal**  
Chief Executive Officer

**Asif Qadir**  
Director

**Umair Majeed**  
Acting Chief Financial Officer

# Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For the Nine Months Ended September 30, 2019 - (Un-audited)

|                                                          |      | Quarter ended<br>September 30 |             | Nine Months ended<br>September 30 |             |
|----------------------------------------------------------|------|-------------------------------|-------------|-----------------------------------|-------------|
|                                                          | Note | 2019                          | 2018        | 2019                              | 2018        |
| (Rupees in thousand)                                     |      |                               |             |                                   |             |
| Revenue from contracts with customers                    | 10   | 3,471,875                     | 3,343,951   | 10,622,864                        | 9,851,148   |
| Cost of sales                                            |      | (3,135,546)                   | (3,036,177) | (9,524,126)                       | (8,769,513) |
| Gross profit                                             |      | 336,329                       | 307,774     | 1,098,738                         | 1,081,635   |
| Distribution costs                                       |      | (117,082)                     | (90,628)    | (336,619)                         | (277,811)   |
| Administrative expenses                                  |      | (88,682)                      | (84,115)    | (248,380)                         | (228,382)   |
|                                                          |      | (205,764)                     | (174,743)   | (584,999)                         | (506,193)   |
| Operating profit                                         |      | 130,565                       | 133,031     | 513,739                           | 575,442     |
| Other income                                             |      | 18,295                        | 10,799      | 45,784                            | 39,421      |
|                                                          |      | 148,860                       | 143,830     | 559,523                           | 614,863     |
| Other expenses                                           |      | -                             | (1,555)     | (1,025)                           | (21,196)    |
| Finance cost                                             | 11   | (203,036)                     | (123,120)   | (668,410)                         | (337,859)   |
|                                                          |      | (203,036)                     | (124,675)   | (669,435)                         | (359,055)   |
| (Loss) / profit before income tax                        |      | (54,176)                      | 19,155      | (109,912)                         | 255,808     |
| Income tax - net                                         | 12   | (46,259)                      | 27,871      | (283,594)                         | (21,912)    |
| (Loss) / profit for the period                           |      | (100,435)                     | 47,026      | (393,506)                         | 233,896     |
| (Loss) / earnings per share - basic and diluted (Rupees) | 13   | (2.59)                        | 1.21        | (10.14)                           | 6.03        |

There are no other comprehensive income items during this period.

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



**Nasir Jamal**  
Chief Executive Officer



**Asif Qadir**  
Director



**Umair Majeed**  
Acting Chief Financial Officer

# Condensed Interim Statement of Changes in Equity

For the Nine Months Ended September 30, 2019 - (Un-audited)

|                                                                                     | Issued,<br>subscribed<br>and paid<br>up share<br>capital | Reserves         |                    |                               |                   | Total     |
|-------------------------------------------------------------------------------------|----------------------------------------------------------|------------------|--------------------|-------------------------------|-------------------|-----------|
|                                                                                     |                                                          | Capital          | Revenue            |                               | Total<br>Reserves |           |
|                                                                                     |                                                          | Share<br>Premium | General<br>reserve | Unappro-<br>priated<br>profit |                   |           |
| (Rupees in thousand)                                                                |                                                          |                  |                    |                               |                   |           |
| Balance as at January 1, 2018                                                       | 388,000                                                  | 999,107          | 1,605,000          | 962,362                       | 3,566,469         | 3,954,469 |
| Final cash dividend for the<br>year ended December 31, 2017<br>@ Rs 10.00 per share | -                                                        | -                | -                  | (388,000)                     | (388,000)         | (388,000) |
| Total comprehensive income<br>for the nine months ended<br>September 30, 2018       |                                                          |                  |                    |                               |                   |           |
| - Profit after taxation for the<br>nine months ended<br>September 30, 2018          | -                                                        | -                | -                  | 233,896                       | 233,896           | 233,896   |
| - Other comprehensive income<br>for the nine months ended<br>September 30, 2018     | -                                                        | -                | -                  | -                             | -                 | -         |
|                                                                                     | -                                                        | -                | -                  | 233,896                       | 233,896           | 233,896   |
| Balance as at September 30, 2018                                                    | 388,000                                                  | 999,107          | 1,605,000          | 808,258                       | 3,412,365         | 3,800,365 |
| Balance as at January 1, 2019                                                       | 388,000                                                  | 999,107          | 1,605,000          | 739,372                       | 3,343,479         | 3,731,479 |
| Final cash dividend for the<br>year ended December 31, 2018<br>@ Rs 4.00 per share  | -                                                        | -                | -                  | (155,200)                     | (155,200)         | (155,200) |
| Total comprehensive loss for the<br>nine months ended<br>September 30, 2019         |                                                          |                  |                    |                               |                   |           |
| - Loss after taxation for the<br>nine months ended<br>September 30, 2019            | -                                                        | -                | -                  | (393,506)                     | (393,506)         | (393,506) |
| - Other comprehensive income<br>for the nine months ended<br>September 30, 2019     | -                                                        | -                | -                  | -                             | -                 | -         |
|                                                                                     | -                                                        | -                | -                  | (393,506)                     | (393,506)         | (393,506) |
| Balance as at September 30, 2019                                                    | 388,000                                                  | 999,107          | 1,605,000          | 190,666                       | 2,794,773         | 3,182,773 |

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.

**Nasir Jamal**  
Chief Executive Officer

**Asif Qadir**  
Director

**Umair Majeed**  
Acting Chief Financial Officer

# Condensed Interim Statement of Cash Flows

For the Nine Months Ended September 30, 2019 - (Un-audited)

|                                                          |      | Nine Months ended<br>September 30 |           |
|----------------------------------------------------------|------|-----------------------------------|-----------|
|                                                          | Note | 2019                              | 2018      |
| (Rupees in thousand)                                     |      |                                   |           |
| Cash flows from operating activities                     |      |                                   |           |
| Cash generated from / (used in) operations               | 15   | 2,458,146                         | (4,944)   |
| Payment on account of accumulated compensated absences   |      | (4,565)                           | (5,948)   |
| Increase in long term deposits                           |      | (2,449)                           | (948)     |
| Staff retirement benefits paid                           |      | (39,198)                          | (135,020) |
| Income taxes paid                                        |      | (185,969)                         | (227,679) |
| Net cash generated from / (used in) operating activities |      | 2,225,965                         | (374,539) |

## Cash flows from investing activities

|                                                     |           |           |
|-----------------------------------------------------|-----------|-----------|
| Purchase of property, plant and equipment           | (433,039) | (401,907) |
| Purchase of intangible assets                       | (12,345)  | (349)     |
| Profit received on bank balances                    | 213       | 443       |
| Sale proceeds on disposal of operating fixed assets | 1,892     | 5,642     |
| Net cash used in investing activities               | (443,279) | (396,171) |

## Cash flows from financing activities

|                                                          |                |           |
|----------------------------------------------------------|----------------|-----------|
| Long term financing acquired                             | 200,000        | -         |
| Long term finances paid                                  | (691,013)      | (857,379) |
| Short term financing - net                               | (1,014,000)    | 1,720,000 |
| Finance cost paid                                        | (502,112)      | (287,208) |
| Bank charges paid                                        | (19,564)       | (11,267)  |
| Dividend paid                                            | (154,544)      | (384,139) |
| Net cash (used in) / generated from financing activities | (2,181,233)    | 180,007   |
| Net decrease in cash and cash equivalents                | (398,547)      | (590,703) |
| Cash and cash equivalents at the beginning of the period | (2,254,244)    | (221,988) |
| Cash and cash equivalents at the end of the period       | 16 (2,652,791) | (812,691) |

The annexed notes 1 to 18 form an integral part of these condensed interim financial statements.



**Nasir Jamal**  
Chief Executive Officer



**Asif Qadir**  
Director



**Umair Majeed**  
Acting Chief Financial Officer



# Notes to and Forming Part of the Condensed Interim Financial Statements

For the Nine Months Ended September 30, 2019 - (Un-audited)

## 1. THE COMPANY AND ITS OPERATIONS

Tri-Pack Films Limited (the Company) was incorporated in Pakistan as a public limited company on April 29, 1993 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on the Pakistan Stock Exchange. 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 No. 416 to 422, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These condensed interim financial statements of the Company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do not include all the information required to be contained in the annual financial statements and, therefore, should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2018.

### 2.2 Changes in accounting standards, interpretations and pronouncements

**Standards, interpretations and amendments to published approved accounting standards that are effective and relevant**

- IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.
- The reclassifications of the financial instruments did not result in any changes to measurements. Hence, there was no restatement of opening balances and reserves. Furthermore, there is no impact on the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows.

- IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations on revenue recognition.
- IFRS 15 introduces a single five-step model for revenue recognition and establishes a comprehensive framework for recognition of revenue from contracts with customers based on a core principle that an entity should recognise revenue representing the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard does not have any impact on the condensed interim financial statements.
- IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases. The standard does not have any material impact on the condensed interim financial statements.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to financial statements as at and for the year ended December 31, 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2018 except for the changes as stated in note 2.2.

### 4. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets  
Capital work in progress  
Major spare parts and stand-by equipments

| (Un-audited)<br>September 30 | (Audited)<br>December 31 |
|------------------------------|--------------------------|
| 2019                         | 2018                     |
| (Rupees in thousand)         |                          |
| 5,757,624                    | 5,895,087                |
| 249,820                      | 151,590                  |
| 25,628                       | 27,078                   |
| <u>6,033,072</u>             | <u>6,073,755</u>         |

**4.1** Additions and disposals to operating fixed assets and major spare parts during the period are as follows:

|                                             | <b>Additions/Transfer from<br/>CWIP (at cost)</b> |                              | <b>Disposals/Transfer<br/>(at net book value)</b> |                              |
|---------------------------------------------|---------------------------------------------------|------------------------------|---------------------------------------------------|------------------------------|
|                                             | <b>September 30<br/>2019</b>                      | <b>September 30<br/>2018</b> | <b>September 30<br/>2019</b>                      | <b>September 30<br/>2018</b> |
|                                             | <b>(Rupees in thousand)</b>                       |                              |                                                   |                              |
| Building and other civil work               |                                                   |                              |                                                   |                              |
| on leasehold land                           | 6,752                                             | 17,092                       | -                                                 | -                            |
| Plant and machinery                         | 275,205                                           | 361,017                      | -                                                 | -                            |
| Furniture and fittings                      | 6,906                                             | 6,651                        | 76                                                | 133                          |
| Office and other equipments                 | 47,260                                            | 5,271                        | 52                                                | 92                           |
| Vehicles                                    | 136                                               | -                            | -                                                 | 2,119                        |
| Major spare parts and<br>stand-by equipment | -                                                 | 10,119                       | -                                                 | 1,226                        |
|                                             | <u>336,259</u>                                    | <u>400,150</u>               | <u>128</u>                                        | <u>3,570</u>                 |

**5. INVENTORIES**

|                   | <b>(Un-audited)<br/>September 30<br/>2019</b> | <b>(Audited)<br/>December 31<br/>2018</b> |
|-------------------|-----------------------------------------------|-------------------------------------------|
|                   | <b>(Rupees in thousand)</b>                   |                                           |
| Stores and spares | 460,388                                       | 431,231                                   |
| Raw materials     |                                               |                                           |
| In hand           | 914,568                                       | 1,444,216                                 |
| In transit        | 273,658                                       | 68,364                                    |
|                   | <u>1,188,226</u>                              | <u>1,512,580</u>                          |
|                   | 1,648,614                                     | 1,943,811                                 |
| Packing materials | 29,733                                        | 23,464                                    |
| Work in process   | 404,658                                       | 304,655                                   |
| Finished goods    | 294,832                                       | 303,198                                   |
|                   | <u>2,377,837</u>                              | <u>2,575,128</u>                          |

**6. ADVANCES AND PREPAYMENTS**

This includes prepaid minimum tax amounting to Rs. Nil (December 31, 2018: 29.57 million).

**7. TRADE AND OTHER PAYABLES**

7.1 This includes Rs. 859.70 million (December 31, 2018: Rs. 764.45 million) in respect of Gas Infrastructure Development Cess (GIDC) which has not been paid as stay order has been obtained by the Company in the Honourable High Courts of Sindh and Peshawar against demand and collection under GIDC Act 2015. During the current period, the Prime Minister has announced that matter will be heard in the Supreme Court, however decision on the same is pending.

7.2 This includes Rs. 183.74 million (December 31, 2018: Rs. 143.38 million) levied through The Sindh development and maintenance of Infrastructure Cess, 2017, which superseded the previous levy under Sindh Finance Act, 1994. The said amount has not been paid as stay order has been obtained by the Company in the Honourable High Court of Sindh.

**8. SHORT TERM BORROWINGS**

|                               | <b>Note</b> | <b>(Un-audited)<br/>September 30<br/>2019</b> | <b>(Audited)<br/>December 31<br/>2018</b> |
|-------------------------------|-------------|-----------------------------------------------|-------------------------------------------|
|                               |             | <b>(Rupees in thousand)</b>                   |                                           |
| Secured                       |             |                                               |                                           |
| Short term running finance    | 8.2 & 8.3   | 2,740,164                                     | 2,298,114                                 |
| Short term money market loans | 8.4         | 1,400,000                                     | 2,562,000                                 |
| Export re-financing loan      | 8.5         | 148,000                                       | -                                         |
|                               |             | <u>4,288,164</u>                              | <u>4,860,114</u>                          |

**8.1** Following are the changes in the short-term money market loans:

|                                        | (Un-audited)<br>September 30 | (Audited)<br>December 31 |
|----------------------------------------|------------------------------|--------------------------|
|                                        | 2019                         | 2018                     |
|                                        | (Rupees in thousand)         |                          |
| Balance as at January 01               | 2,562,000                    | 2,142,000                |
| Disbursements during the period / year | 14,378,000                   | 18,100,000               |
| Repayment                              | (15,540,000)                 | (17,680,000)             |
|                                        | <u>1,400,000</u>             | <u>2,562,000</u>         |

**8.2** Short-term running finances have been obtained under mark-up arrangements from commercial banks payable on various maturity dates up to September 30, 2021. 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 ranged between 10.72% to 15.56% (December 31, 2018: 6.27% to 11.40%).

**8.3** This also represents short-term loan of USD 3.88 million from different commercial banks under FE 25 import financing arrangements obtained during the current period.

**8.4** Short-term money market loans have been arranged as a sub-limit of the running finance facility. Rate of mark-up applicable to these facilities ranged between 9.68% to 15.14% (December 31, 2018: 6.16% to 10.01%) per annum. These facilities are available for a maximum period of one year from the date of agreement with the latest facility expiring on September 30, 2021.

**8.5** 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 February 22, 2020. 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 3% (2018: Nil) per annum.

**8.6** Total facilities available under mark-up arrangements aggregated Rs. 6.01 billion (December 31, 2018: Rs. 6.81 billion) out of which the amount unavailed at the period end was Rs.1.72 billion (December 31, 2018: Rs. 1.95 billion). Running finance facility amounting to Rs. Nil billion (December 31, 2018: Rs. 0.5 billion) is sub-limit of letter of credit.

**9. CONTINGENCIES AND COMMITMENTS**

**Contingencies**

Guarantees issued by banks on behalf of the Company

| (Un-audited)<br>September 30 | (Audited)<br>December 31 |
|------------------------------|--------------------------|
| 2019                         | 2018                     |
| (Rupees in thousand)         |                          |
| <u>451,915</u>               | <u>404,745</u>           |

**Commitments**

- for purchase of raw materials and spares  
- for capital expenditure

|                |                |
|----------------|----------------|
| <u>671,526</u> | <u>670,881</u> |
| <u>791,007</u> | <u>204,800</u> |

**9.1** Aggregate commitments in respect of ijarah arrangements of motor vehicles amounted to Rs. 25.13 million (December 31, 2018: Rs. 14.37 million.)

**9.2** The facilities for opening of letter of credits and for guarantees as at June 30, 2019 amount to Rs. 10.37 billion (December 31, 2018: Rs. 10.62 billion) and Rs. 1.08 billion (December 31, 2018: Rs. 1.08 billion) respectively, of which the amount remaining unutilised was Rs. 7.80 billion (December 31, 2018: Rs. 9.45 billion) and Rs. 622.78 million (December 31, 2018: Rs. 670.26 million) respectively. Letter of guarantee is sub-limit of running finance except for Rs. 200 million (December 31, 2018: Nil) which is a stand-alone limit.

## 10. REVENUE FROM CONTRACTS WITH CUSTOMERS

|                             | (Un-audited)                  |                         |                                   |                         |
|-----------------------------|-------------------------------|-------------------------|-----------------------------------|-------------------------|
|                             | Quarter ended<br>September 30 |                         | Nine Months ended<br>September 30 |                         |
|                             | 2019                          | 2018                    | 2019                              | 2018                    |
|                             | (Rupees in thousand)          |                         |                                   |                         |
| Sale of goods less returns: |                               |                         |                                   |                         |
| - Local                     | 3,658,627                     | 3,992,203               | 11,830,360                        | 11,803,693              |
| Less: Sales tax             | (541,559)                     | (570,392)               | (1,775,943)                       | (1,703,527)             |
| Discounts                   | (27,940)                      | (108,323)               | (134,587)                         | (380,602)               |
|                             | <u>3,089,128</u>              | <u>3,313,488</u>        | <u>9,919,830</u>                  | <u>9,719,564</u>        |
| - Export                    | <u>382,747</u>                | <u>30,463</u>           | <u>703,034</u>                    | <u>131,584</u>          |
|                             | <u><u>3,471,875</u></u>       | <u><u>3,343,951</u></u> | <u><u>10,622,864</u></u>          | <u><u>9,851,148</u></u> |

## 11. FINANCE COST

- 11.1.** This includes amount of Rs. 76.93 million (September 30, 2018: Rs. 16.36 million) in respect of exchange loss - net of gain.
- 11.2.** This includes financial charges on short term borrowings and long term finances amounting to Rs. 418.27 million (September 30, 2018: Rs. 199.65 million) and Rs. 153.65 million (September 30, 2018: Rs. 110.63 million) respectively.

## 12. INCOME TAX - NET

During the year 2019, a change in corporate tax rate from 30% to 29% was enacted through Finance Act, 2018 for the tax year 2019. The said tax rate was announced to gradually decrease by 1% over a period of 4 years. Therefore, deferred tax assets and liabilities were recognised accordingly using the expected applicable rate i.e 25%. However, during the current period, the above mentioned clause has been replaced by Finance Act, 2019 and the tax rate has been fixed to 29% for tax year 2019 and onwards. The same rate has been used in the current period to recognise deferred tax assets and liabilities. The change has resulted in increase of deferred tax liability by Rs. 98.82 million.

- 12.1** Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate applicable for the full financial year.

## 13. (LOSS) / EARNINGS PER SHARE

|                                                                                    | (Un-audited)                  |               |                                   |                |
|------------------------------------------------------------------------------------|-------------------------------|---------------|-----------------------------------|----------------|
|                                                                                    | Quarter ended<br>September 30 |               | Nine Months ended<br>September 30 |                |
|                                                                                    | 2019                          | 2018          | 2019                              | 2018           |
|                                                                                    | (Rupees in thousand)          |               |                                   |                |
| (Loss)/ Profit after taxation<br>attributable to ordinary shareholders             | <u>(100,435)</u>              | <u>47,026</u> | <u>(393,506)</u>                  | <u>233,896</u> |
|                                                                                    | (No. of shares in thousand)   |               |                                   |                |
| Weighted average number of ordinary<br>shares outstanding at the end of the period | <u>38,800</u>                 | <u>38,800</u> | <u>38,800</u>                     | <u>38,800</u>  |
|                                                                                    | (Rupees)                      |               |                                   |                |
| (Loss) / Earnings per share - basic and diluted<br>(Rupees)                        | <u>(2.59)</u>                 | <u>1.21</u>   | <u>(10.14)</u>                    | <u>6.03</u>    |

- 13.1** There were no convertible dilutive potential ordinary shares outstanding on September 30, 2019 and 2018.

#### 14. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are as follows:

| Nature of transaction                             | Nature of relationship              | (Un-audited)<br>Nine Months ended September 30 |           |
|---------------------------------------------------|-------------------------------------|------------------------------------------------|-----------|
|                                                   |                                     | 2019                                           | 2018      |
|                                                   |                                     | (Rupees in thousand)                           |           |
| Purchase of goods and services                    | Associated company                  | 265,668                                        | 320,958   |
| Sale of goods and services                        | Associated company                  | 1,443,218                                      | 1,701,569 |
| Commission earned                                 | Associated company                  | -                                              | 3,046     |
| Dividend paid                                     | Associated company and Directorship | 103,480                                        | 258,678   |
| Contributions to staff retirement benefit funds   | Retirement benefit funds            | 43,512                                         | 123,680   |
| Salaries and other short term employees' benefits | Key management personnel            | 74,756                                         | 70,426    |

| 15. CASH GENERATED / (USED IN) FROM OPERATIONS       | Note | (Un-audited)<br>Nine Months ended September 30 |             |
|------------------------------------------------------|------|------------------------------------------------|-------------|
|                                                      |      | 2019                                           | 2018        |
|                                                      |      | (Rupees in thousand)                           |             |
| (Loss) / Profit before income tax                    |      | (109,912)                                      | 255,808     |
| Adjustment for non-cash charges and other items:     |      |                                                |             |
| Depreciation                                         |      | 473,594                                        | 474,433     |
| Amortisation expense                                 |      | 3,980                                          | 1,895       |
| Provision for staff retirement benefits              |      | 52,055                                         | 65,550      |
| Profit on bank balances                              |      | (213)                                          | (443)       |
| Gain on disposal of operating fixed assets           |      | (1,764)                                        | (3,298)     |
| Provision for accumulated compensated absences - net |      | 5,550                                          | 6,750       |
| Exchange loss - unrealised                           |      | (8,822)                                        | (2,347)     |
| Finance cost                                         |      | 591,482                                        | 321,552     |
| Working capital changes                              | 15.1 | 1,452,196                                      | (1,124,844) |
|                                                      |      | 2,458,146                                      | (4,944)     |

#### 15.1 Working capital changes

(Increase) / decrease in current assets:

|                                             |           |             |
|---------------------------------------------|-----------|-------------|
| Inventories                                 | 197,291   | (474,009)   |
| Trade debts - net                           | (5,051)   | (795,943)   |
| Advances and prepayments                    | (73,018)  | (63,916)    |
| Refunds due from the government - sales tax | 27,315    | (62,187)    |
| Other receivables                           | 37,168    | (14,984)    |
|                                             | 183,705   | (1,411,039) |
| Increase in trade and other payables        | 1,268,491 | 286,195     |
|                                             | 1,452,196 | (1,124,844) |

(Un-audited)  
Nine Months ended September 30

| Note | 2019                 | 2018             |
|------|----------------------|------------------|
|      | (Rupees in thousand) |                  |
|      | 87,373               | 109,544          |
|      | (2,740,164)          | (922,235)        |
|      | <u>(2,652,791)</u>   | <u>(812,691)</u> |

**16. CASH AND CASH EQUIVALENTS**

Cash and bank balances  
Short term running finance

8

**17. PLANT CAPACITY AND ACTUAL PRODUCTION**

(Un-audited)  
Nine Months ended September 30

| 2019            | 2018          |
|-----------------|---------------|
| (Metric tonnes) |               |
| 62,850          | 62,850        |
| <u>35,225</u>   | <u>36,881</u> |

Operational capacity available during the period

Production

**18. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on October 18, 2019 by the Board of Directors of the Company.



**Nasir Jamal**  
Chief Executive Officer



**Asif Qadir**  
Director



**Umair Majeed**  
Acting Chief Financial Officer

## ڈائریکٹرز کا جائزہ

برائے نو ماہ مختتمہ 30 ستمبر 2019

ڈائریکٹرز بمسرت اپنی جائزہ رپورٹ مع کہنی کے غیر آڈٹ شدہ عبوری مالیاتی معلومات کا خلاصہ برائے نو ماہ مختتمہ 30 ستمبر 2019 پیش کرتے ہیں۔ کہنی نے ان نو ماہ میں بھی حفاظت، صحت اور ماحولیات (SHE) کے تقاضوں کی تکمیل کی۔

نو ماہ مختتمہ 30 ستمبر

| 2019    | 2018   |
|---------|--------|
| 35,299  | 37,170 |
| 10,623  | 9,851  |
| 514     | 575    |
| (110)   | 256    |
| (394)   | 234    |
| (10.14) | 6.03   |

فروخت کا حجم (میٹرک ٹن)

فروخت سے حاصل ہونے والی خالص آمدنی (ملین روپے)

آپریٹنگ منافع (ملین روپے)

منافع / (نقصان) قبل از ٹیکس (ملین روپے)

منافع / (نقصان) بعد از ٹیکس (ملین روپے)

منافع / (نقصان) فی حصہ (روپے)

جون 2019 کے مالی بجٹ کے بعد ٹیکس کے قوانین میں تبدیلیوں اور غیر رجسٹرڈ کسٹمرز کے لئے بعض شرائط نافذ ہونے سے مارکیٹ کی صورتحال بدتر ہو گئی۔ اس کے ساتھ لیکویڈیٹی بحران اور بلند تر شرح سود کے سبب غیر رجسٹرڈ شعبہ کی طرف سے طلب پراثر پڑا جو مارکیٹ کا ایک بڑا حصہ ہے۔ اسی مدت کے دوران ہم نے اپنی توجہ تجارتی قابل وصول اور انوینٹریز پر مرکوز رکھی، جس میں، روپے کی قدر میں کمی کے باوجود نمایاں بہتری نظر آئی۔

معاشی مشکلات کے مقابلے میں آپ کی کہنی نے اس سہ ماہی میں مجموعی منافع میں بہتری لانے کے ساتھ ساتھ لاگت کو بھی کم کیا سوائے ان لاگوں کے جو ربادلہ یا پیروہلم / گیس کی قیمتوں سے متاثر ہوئے اور اس کے باوجود بھی کہ نو ماہ مختتمہ 30 ستمبر 2019 کے لئے حجم میں 5 فیصد تک کمی آئی تھی۔

مجموعی طور پر قرضہ میں بھی 1 بلین روپے سے زیادہ کمی ہوئی جو پہلے بیان کئے گئے بہتر جاری سرمایہ کے انتظامات کے سبب ممکن ہوئی۔ ہم نے اپنے آپریٹرز سے 2.2 بلین روپے حاصل کئے جو ہماری بہترین کامیابیوں میں سے ایک ہے لیکن بلند شرح سود نے ہماری منافع کو بری طرح متاثر کیا۔ بلند شرح سود کی وجہ سے قرضے میں کمی کی گئی اس کے باوجود بھی سودی رقم میں پہلے سے تقریباً دگنی ہو گئی۔

نتیجاً اس نو ماہ مختتمہ 30 ستمبر 2019 میں قبل از ٹیکس نقصان 110 ملین روپے ہوا جب کہ گزشتہ سال کے اسی عرصہ میں قبل از ٹیکس منافع 256 ملین روپے ہوا تھا۔ اسی طرح نو ماہ مختتمہ 30 ستمبر 2019 میں بعد از ٹیکس نقصان 394 ملین روپے ہوا جب کہ گزشتہ سال کے اسی عرصہ میں بعد از ٹیکس منافع 234 ملین روپے ہوا تھا۔ ٹیکس کی شرح اور متعلقہ قوانین میں تبدیلی کے نتیجے میں ٹیکس کا ایک مرتبہ بالکل نقصان 130 ملین روپے سے اوپر تک جا پہنچا ہے۔

مستقبل کے امکانات:

مارکیٹ کے حالات میں بہتری کی وجہ سے فروخت کے حجم میں بہتری کی توقع ہے۔ اس دوران ہماری توجہ جاری سرمایہ کے انتظامات پر مرکوز رہے تاکہ شرح سود کی بڑھتی ہوئی سطح کے اثرات کو کم کیا جاسکے۔

ہم اپنے تمام اسٹیک ہولڈرز کے مستقل تعاون پر ان کے بے حد شکر گزار ہیں۔

ناصر جمال

چیف ایگزیکٹو آفیسر

کراچی۔ 8 اکتوبر، 2019



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