



**Tri-Pack Films Limited**



**25 Years and Counting**  
Half Yearly Report June , 2020

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# Company Information

## Board of Directors

Syed Babar Ali (Chairman)  
Syed Hyder Ali\*  
Mr. Khurram Raza Bakhtayari  
Ms. Nermeen Towfiq 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 Towfiq 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

## Chief Financial Officer

Mr. Muhammad Zuhair Damani

## Company Secretary

Mr. Adi J. Cawasji

## Auditors and Tax Advisor

A. F. Ferguson & Co.  
Chartered Accountants

## Legal Advisor

Sattar & Sattar

## Shares Registrar

FAMCO Associates (Pvt.) Ltd 8-F,  
Next to Hotel Faran, Nursery, Block 6,  
P.E.C.H.S., Shahr-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

## Regional Sales & Head Office

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

## Works

Plot No. G-1 to G-4, D-9 to D-14,  
North Western Industrial Zone,  
Port Qasim Authority, Karachi, Sindh  
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

Unit No. 4, 17 Aziz Avenue,  
Canal Bank, Lahore, Punjab  
Tel: (042) 35716068-70  
Fax: (042) 35716071

## Bankers

Al-Baraka Bank (Pakistan) Limited  
Allied Bank Limited  
Askari Bank Limited  
Bank Alfalah Limited  
Bank Al Habib Limited  
BankIslami Pakistan 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

\* In alphabetical order by surname

# Directors' Review

For the Half Year Ended June 30, 2020

The Directors are pleased to present their review report together with the un-audited condensed interim financial statements of the Company for the half year ended June 30, 2020.

Commitment to and compliance with the Safety, Health and Environment (SHE) policies, procedures and regulation remained our major priority.

	Half year ended June 30	
	2020	2019
Sales Volume (M. Tonnes)	21,506	24,283
Revenue (Rs M)	6,668	7,151
Operating Profit (Rs M)	585	383
Finance Cost (Rs M)	308	371
Exchange Loss (Rs M)	188	94
Profit/(Loss) before tax (Rs M)	104	(56)
Profit/(Loss) after tax (Rs M)	65	(293)
Earning/(Loss) per share (Rs)	1.68	(7.55)

First half of the year witnessed domestic and global slowdown in the demand and overall economic activities, driven by market and business closures on account of COVID-19 precautionary measures. This led to lower overall volumes by 11% compared to SPLY, however the gross margins were significantly better even after taking the effect of exchange losses on import of raw material (32% higher compared to same period last year).

Primary reason for this improvement was operational effectiveness, re-organizing of sellable product portfolio and timely price increase to recover the increase in raw material price and exchange effect.

Distribution and administrative expenses were higher primarily on the back of COVID-19 related expenses and routine inflation and certain one-off legal expenditures. Resultantly operating profits showed a healthy growth of 53% compared to same period last year.

Interest cost was lower by 17% mainly due to reduction in benchmark rates. Major adverse foreign exchange fluctuation, mainly in March, led to recognition of foreign exchange loss amounting to Rs 188 million on our foreign currency liabilities. The Company in an effort to limit its foreign exchange risk has also largely converted its raw material import terms from usance to sight.

The half year ended with a profit before tax of Rs 104 million as compared to loss before tax of Rs 56 million in same period last year.

With the collective effort of all the related Industry players, industry is out of minimum tax regime at import stage (Finance Act, 2020), leading to normalization of tax charge. Consequent to all above, Company posted a profit after tax of Rs 65 million compared to loss after tax of Rs 293 million in same period last year.

## Future Outlook

The reopening of markets and implementation of 'Smart Lockdown' has provided partial relief to the Company and led to improved results which hopefully will further improve as the COVID crisis settles down. As a result, we expect the Company to perform even better in coming quarters of 2020.



**Nasir Jamal**

Chief Executive Officer

Karachi, August 18, 2020

## Independent Auditor's Review Report

To the members of Tri-Pack Films Limited

Report on Review of Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Tri-Pack Films Limited as at June 30, 2020 and the related 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, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and other comprehensive income for the quarters ended June 30, 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2020.

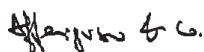
### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Syed Muhammad Hasnain.



Chartered Accountants  
Karachi

Date: August 19, 2020

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A.F.FERGUSON & CO., Chartered Accountants, a member firm of the PwC network  
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan  
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

# Condensed Interim Statement Of Financial Position

As at June 30, 2020

		(Un-audited) June 30	(Audited) December 31
Note		2020	2019
		(Rupees in thousand)	
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
	Property, plant and equipment	5 6,173,490	5,835,974
	Right-of-use asset	6 199,987	202,819
	Intangibles	9,673	12,909
	Long term deposits	7,380	10,246
		6,390,530	6,061,948
<b>CURRENT ASSETS</b>			
	Inventories	7 2,436,442	2,206,552
	Trade receivables	2,077,452	2,292,142
	Advances and prepayments	8 167,105	76,804
	Other receivables	126,561	105,715
	Refunds due from government - sales tax	229,212	127,209
	Income tax refundable	1,321,466	1,246,809
	Cash and bank balances	106,283	212,295
		6,464,521	6,267,526
		12,855,051	12,329,474
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
	Share capital	388,000	388,000
	Share premium	999,107	999,107
	General reserve	1,605,000	1,605,000
	Unappropriated profit	332,411	267,253
		3,324,518	3,259,360
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
	Long term borrowings	9 934,154	870,002
	Lease liability	32,490	30,185
	Deferred taxation - net	224,576	258,864
	Staff retirement benefits	59,954	56,956
	Accumulated compensated absences	32,431	31,372
		1,283,605	1,247,379
<b>CURRENT LIABILITIES</b>			
	Trade and other payables	10 3,320,745	3,718,282
	Unclaimed dividend	16,732	16,975
	Accrued mark-up	103,081	117,957
	Short term borrowings	11 4,233,070	3,566,497
	Lease liability	3,025	3,025
	Current portion of long term borrowings	9 570,275	399,999
		8,246,928	7,822,735
		9,530,533	9,070,114
<b>TOTAL LIABILITIES</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>			
		12	
<b>TOTAL EQUITY AND LIABILITIES</b>		12,855,051	12,329,474

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

**Nasir Jamal**  
Chief Executive Officer

**Asif Qadir**  
Director

**Muhammad Zuhair Damani**  
Chief Financial Officer

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

For the Half Year Ended June 30, 2020 - (Unaudited)

		Quarter ended June 30		Half year ended June 30	
	Note	2020	2019	2020	2019
(Rupees in thousand)					
Revenue from contracts with customers	13	3,185,649	3,610,878	6,668,431	7,150,989
Cost of sales		(2,644,241)	(3,209,589)	(5,666,076)	(6,388,580)
Gross profit		541,408	401,289	1,002,355	762,409
Distribution costs		(105,139)	(118,372)	(229,761)	(219,537)
Administrative expenses		(93,531)	(83,657)	(187,933)	(159,698)
		(198,670)	(202,029)	(417,694)	(379,235)
Operating profit		342,738	199,260	584,661	383,174
Other income		14,360	17,340	24,842	27,489
		357,098	216,600	609,503	410,663
Other expenses		(8,377)	(110)	(8,377)	(1,025)
Finance cost	14	(129,036)	(276,723)	(497,292)	(465,374)
		(137,413)	(276,833)	(505,669)	(466,399)
Profit / (loss) before income tax		219,685	(60,233)	103,834	(55,736)
Income tax - net	15	34,696	(210,051)	(38,676)	(237,335)
Profit / (loss) for the period		254,381	(270,284)	65,158	(293,071)
Earnings / (loss) per share - basic and diluted (Rupees)	16	6.56	(6.97)	1.68	(7.55)

There are no other comprehensive income items during this period.

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



**Nasir Jamal**  
Chief Executive Officer



**Asif Qadir**  
Director



**Muhammad Zuhair Damani**  
Chief Financial Officer

# Condensed Interim Statement of Changes in Equity

For the Half Year Ended June 30, 2020 - (Unaudited)

	Issued, subscribed and paid up share capital	Reserves				Total	
		Capital	Revenue		Total Reserves		
			Share Premium	General reserve			Unappro- priated profit
(Rupees in thousand)							
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 year ended December 31, 2018 @ Rs 4.00 per share	-	-	-	(155,200)	(155,200)	(155,200)	
Total comprehensive loss for the half year ended June 30, 2019							
- Loss after taxation for the half year ended June 30, 2019	-	-	-	(293,071)	(293,071)	(293,071)	
- Other comprehensive income for the half year ended June 30, 2019	-	-	-	-	-	-	
	-	-	-	(293,071)	(293,071)	(293,071)	
Balance as at June 30, 2019	388,000	999,107	1,605,000	291,101	2,895,208	3,283,208	
Balance as at January 1, 2020	388,000	999,107	1,605,000	267,253	2,871,360	3,259,360	
Total comprehensive income for the half year ended June 30, 2020							
- Profit after taxation for the half year ended June 30, 2020	-	-	-	65,158	65,158	65,158	
- Other comprehensive income for the half year ended June 30, 2020	-	-	-	-	-	-	
	-	-	-	65,158	65,158	65,158	
Balance as at June 30, 2020	388,000	999,107	1,605,000	332,411	2,936,518	3,324,518	

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



**Nasir Jamal**  
Chief Executive Officer



**Asif Qadir**  
Director



**Muhammad Zuhair Damani**  
Chief Financial Officer



# Condensed Interim Statement of Cash Flows

For the Half Year Ended June 30, 2020 - (Unaudited)

	Note	Half year ended June 30	
		2020	2019
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	18	154,533	1,199,627
Payment on account of accumulated compensated absences		(3,440)	(3,892)
Decrease in long term deposits		2,866	-
Staff retirement benefits paid		(34,587)	(26,753)
Income taxes paid		(147,621)	(155,820)
Net cash (used in) / generated from operating activities		(28,249)	1,013,162

## Cash flows from investing activities

Purchase of property, plant and equipment	(657,409)	(342,603)
Purchase of intangible assets	(101)	(12,344)
Profit received on bank balances	1,572	168
Sale proceeds on disposal of operating fixed assets	2,000	102
Net cash used in investing activities	(653,938)	(354,677)

## Cash flows from financing activities

Long term finances paid	(200,000)	(456,330)
Long term finances acquired	434,428	200,000
Short term financing - net	(248,000)	(792,000)
Finance cost paid	(309,507)	(321,559)
Dividend paid	(243)	(154,217)
Bank charges paid	(15,076)	(13,637)
Net cash used in financing activities	(338,398)	(1,537,743)
Net decrease in cash and cash equivalents	(1,020,585)	(879,258)
Cash and cash equivalents at the beginning of the period	(2,206,202)	(2,254,244)
Cash and cash equivalents at the end of the period	(3,226,787)	(3,133,502)

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.



**Nasir Jamal**  
Chief Executive Officer



**Asif Qadir**  
Director



**Muhammad Zuhair Damani**  
Chief Financial Officer

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

For the Half Year Ended June 30, 2020 - (Unaudited)

## 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.

The events surrounding the COVID-19 pandemic (the virus) continue to evolve and impact local and global markets. The spread of the virus has resulted in authorities implementing numerous measures to try to contain the virus, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. While this has impacted the local and global economies, the Company's operations, financial position and results have not been materially impacted.

## 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, 2019.

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

#### a) Standards and amendments to approved accounting and reporting standards that are effective

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on January 1, 2020. However, these do not have any significant impact on the Company's financial reporting.

#### b) Standards and amendments to approved accounting and reporting standards that are not yet effective

There are certain amendments and interpretations to the accounting and reporting standards that will be mandatory for the Company's annual accounting periods beginning on or after January 1, 2021. However, these will not have any impact on the Company's financial reporting and, therefore, have not been disclosed in these condensed interim financial statements.

## 3. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements in conformity with approved accounting standards 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 annual audited financial statements for the year ended December 31, 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements for the year ended December 31, 2019.

#### 4. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended December 31, 2019.

#### 5. PROPERTY, PLANT AND EQUIPMENT

	(Un-audited) June 30 2020	(Audited) December 31 2019
	(Rupees in thousand)	
Operating fixed assets	5,400,862	5,558,154
Capital work in progress	748,057	252,192
Major spare parts and stand-by equipments	24,571	25,628
	<u>6,173,490</u>	<u>5,835,974</u>

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

	Additions/Transfer from CWIP (at cost)		Disposals/Transfer (at net book value)	
	June 30 2020	June 30 2019	June 30 2020	June 30 2019
	(Rupees in thousand)			
Buildings and other civil work on leasehold land	10,275	6,752	-	-
Plant and machinery	141,546	179,831	-	-
Furniture and fittings	7,003	6,132	22	23
Office and other equipment	3,798	31,402	23	52
Vehicle	51	41	-	-
Major spare parts and stand by equipment	-	-	1,057	-
	<u>162,673</u>	<u>224,158</u>	<u>1,102</u>	<u>75</u>

#### 6. RIGHT-OF-USE ASSET

	(Un-audited) June 30 2020	(Audited) December 31 2019
	(Rupees in thousand)	
Right-of-use asset	202,819	208,483
Depreciation for the period / year	(2,832)	(5,664)
Net book value	<u>199,987</u>	<u>202,819</u>

## 7. INVENTORIES

	(Un-audited) June 30 2020	(Audited) December 31 2019
	(Rupees in thousand)	
Store and spares	493,354	475,652
Raw material		
In hand	1,046,758	904,742
In transit	239,724	391,046
	1,286,482	1,295,788
Less: Provision for obsolescence	(36,614)	(21,000)
	1,743,222	1,750,440
Packing materials	55,717	28,288
Work in process	311,535	205,104
Finished goods	325,968	222,720
	2,436,442	2,206,552

## 8. ADVANCES AND PREPAYMENTS

This includes Rs. 117.83 million (December 31, 2019: Rs. 55.18 million) in respect of advances against import of raw material and spares.

## 9. LONG TERM BORROWINGS

During the period, the Company entered into a long-term loan agreement amounting to Rs. 134 million under the Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns by the State Bank of Pakistan. The loan is repayable in 8 equal quarterly instalments, starting from January 2021.

## 10. TRADE AND OTHER PAYABLES

**10.1** This includes Rs. 950.46 million (December 31, 2019: Rs. 889.53 million) in respect of Gas Infrastructure Development Cess (GIDC). On August 13, 2020, the Honourable Supreme Court of Pakistan (the Court) decided the matter against the industry nullifying all the decisions of lower courts. Consequently, the Company is liable to pay GIDC up till July 31, 2020 in 24 equal monthly instalments starting from August 1, 2020. The Company has regularly been providing for GIDC in the financial statements in respective years. As a result, there is no additional impact on the Company due to the decision of the Court.

**10.2** This includes Rs. 227.47 million (December 31, 2019: Rs. 198.98 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.

## 11. SHORT TERM BORROWINGS

### Secured

	Note	(Un-audited) June 30 2020	(Audited) December 31 2019
		(Rupees in thousand)	
Short term money market loans	11.1 & 11.2	900,000	1,000,000
Short term running finance	11.3 & 11.4	3,333,070	2,418,497
Export re-finance		-	148,000
		4,233,070	3,566,497

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

	(Un-audited) June 30	(Audited) December 31
	2020	2019
	(Rupees in thousand)	
Balance as at January 01	1,148,000	2,562,000
Disbursements	5,850,000	17,426,000
Repayment	(6,098,000)	(18,840,000)
	<u>900,000</u>	<u>1,148,000</u>

**11.2** 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 8.69% to 14.00% (December 31, 2019: 9.68% to 15.14%) per annum. These facilities are available for a maximum period of one year from the date of agreement with the latest facility expiring on June 30, 2021.

**11.3** Short term running finances have been obtained under mark-up arrangements from commercial banks payable on various maturity dates up to June 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 8.63% to 15.41% (December 31, 2019: 10.65% to 15.56%).

**11.4** Total facilities available under mark-up arrangements aggregated Rs. 6,010 million (December 31, 2019: Rs. 6,010 million) out of which the amount unavailed at the period end was Rs. 1,713 million (December 31, 2019: Rs. 2,444 million).

## **12. CONTINGENCIES AND COMMITMENTS**

### **12.1 Contingencies**

There has been no significant changes during the period in the contingencies reported in the annual audited financial statements for the year ended December 31, 2019 except as disclosed below.

In respect of tax year 2016, the Commissioner Inland Revenue (Appeals) through appellate order dated February 13, 2020 has disposed of the appeal of the Company maintaining the taxation of Rs. 5.58 million as gain on disposal of vehicles and disallowance of provision for Gas Infrastructure Development Cess (GIDC) amounting to Rs. 157 million out of which Rs. 19.73 million has already been offered in tax year 2018. Further, disallowance of exchange loss amounting to Rs. 29.28 million has been directed to be allowed on accrual basis whereas the addition of Rs. 150.48 million of various provisions has been remanded back. The matters of adjustments of tax credits for tax years 2014 and 2015 amounting to Rs. 119.62 and Rs. 68.86 million respectively, adjustment of brought forward losses of Rs. 1,683 million and calculation of levy of Workers' Welfare Fund have been directed to be rectified. The Company has filed an appeal before the Appellate Tribunal Inland Revenue in respect of the matters maintained. The management of the Company, based on the advise of its tax consultants, is confident that the ultimate decision in respect of the aforementioned matter shall be made in its favour.

### **12.2 Commitments**

- for purchase of raw materials and spares
- for capital expenditure
- for ijarah arrangements of motor vehicles

	(Un-audited) June 30	(Audited) December 31
	2020	2019
	(Rupees in thousand)	
	447,281	421,119
	674,683	848,761
	<u>18,420</u>	<u>21,563</u>

The facilities for opening of letter of credits and for guarantees as at June 30, 2020 amounts to Rs. 10,370 million (December 31, 2019: Rs. 10,370 million) and Rs. 1,174 million (December 31, 2019: Rs. 1,074 million) respectively, of which the amount utilized was Rs. 2,363.88 million (December 31, 2019: Rs. 3,157 million) and Rs. 466.42 million (December 31, 2019: Rs. 466.42 million) respectively. Letter of guarantee is sub-limit of running finance except for Rs. 264 million (December 31, 2019: 64 million) which is standalone limit.

### 13. REVENUE FROM CONTRACTS WITH CUSTOMERS

	(Un-audited)			
	Quarter ended June 30		Half year ended June 30	
	2020	2019	2020	2019
	(Rupees in thousand)			
Sale of goods less returns:				
- Local	3,488,884	4,150,570	7,454,022	8,171,733
Less: Sales tax	(527,148)	(632,663)	(1,092,998)	(1,234,384)
Discounts	(53,188)	(47,233)	(124,294)	(106,647)
	<u>2,908,548</u>	<u>3,470,674</u>	<u>6,236,730</u>	<u>6,830,702</u>
- Export	277,101	140,204	431,701	320,287
	<u>3,185,649</u>	<u>3,610,878</u>	<u>6,668,431</u>	<u>7,150,989</u>

### 14. FINANCE COST

14.1 This includes a net amount of Rs. 188 million (June 2019: Rs. 94 million) in respect of exchange loss.

14.2 This include financial charges on short term borrowings and long term borrowings amounting to Rs. 217.12 million (June 2019: Rs. 253.36 million) and Rs. 77.51 million (June 2019: Rs. 104.37 million) respectively.

### 15. INCOME TAX - NET

15.1 In the years 2018 and 2019, advance tax deducted on import of plastic raw material at the rate of 1.75% under Section 148 (8) (d) of the Income Tax Ordinance, 2001 was considered as minimum tax. However, such advance tax has not been treated as minimum tax during the current period as enacted under Finance Act, 2020.

15.2 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.

### 16. EARNINGS / (LOSS) PER SHARE

	(Un-audited)			
	Quarter ended June 30		Half year ended June 30	
	2020	2019	2020	2019
	(Rupees in thousand)			
Profit / (loss) after taxation attributable to ordinary shareholders	<u>254,381</u>	<u>(270,284)</u>	<u>65,158</u>	<u>(293,071)</u>
	(No. of shares in thousand)			
Weighted average number of ordinary 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)			
Earnings / (loss) per share - basic and diluted	<u>6.56</u>	<u>(6.97)</u>	<u>1.68</u>	<u>(7.55)</u>

16.1 There were no convertible dilutive potential ordinary shares outstanding on June 30, 2020 and 2019.

### 17. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are as follows:

		(Un-audited)	
		Half year ended June 30	
Nature of transaction	Nature of relationship	2020	2019
		(Rupees in thousand)	
Purchase of goods and services	Associated company	<u>124,402</u>	<u>212,484</u>
Sale of goods and services	Associated company	<u>1,081,791</u>	<u>847,551</u>
Dividend paid	Associated company and Directorship	<u>-</u>	<u>103,480</u>
Contributions to staff retirement benefit funds	Retirement benefit funds	<u>34,582</u>	<u>27,135</u>
Salaries and other short term employees' benefits	Key management personnel	<u>50,415</u>	<u>50,043</u>

(Un-audited)  
Half year ended June 30

**18. CASH GENERATED FROM OPERATIONS**

Note

2020	2019
(Rupees in thousand)	
Profit / (loss) before income tax	103,834 (55,736)
Adjustment for non-cash charges and other items:	
Depreciation	322,725 314,612
Amortization expense	3,337 2,542
Provision for staff retirement benefits	37,585 38,412
Profit on bank balances	(1,572) (168)
Gain on disposal of operating fixed assets	(2,000) (27)
Provision for accumulated compensated absences - net	4,499 3,600
Exchange loss - unrealised	37,192 18,371
Finance cost	312,012 371,369
Working capital changes	(663,079) 506,652
	154,533 1,199,627

**18.1 Working capital changes**

(Increase) / decrease in current assets:

Inventories	(229,890) (71,185)
Trade debts - net	214,690 (250,601)
Advances and prepayments	(90,301) 15,452
Refunds due from the government - sales tax	(102,003) (23,507)
Other receivables	(20,846) (3,174)
	(228,350) (333,015)

(Decrease) / increase in trade and other payables

(434,729) 839,667
(663,079) 506,652

**19. CASH AND CASH EQUIVALENTS**

Cash and bank balances	106,283 65,052
Short term running finance	(3,333,070) (3,198,554)
	(3,226,787) (3,133,502)

**20. PLANT CAPACITY AND ACTUAL PRODUCTION**

2020	2019
(Metric tonnes)	
Operational capacity available during the period	41,900 41,900
Production	22,143 24,570

**21. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on August 18, 2020 by the Board of Directors of the Company.



**Nasir Jamal**  
Chief Executive Officer



**Asif Qadir**  
Director



**Muhammad Zuhair Damani**  
Chief Financial Officer

## ڈائریکٹرز کا جائزہ

برائے ششماہی تختہ 30 جون 2020

ڈائریکٹرز اپنی جائزہ رپورٹ مع کمپنی کے غیر آڈٹ شدہ عبوری مالیاتی معلومات برائے ششماہی تختہ 30 جون 2020 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ حفاظت، صحت اور ماحولیات (SHE) کی پالیسیز، طریقہ کار اور ضوابط پر کاربند رہنے کا عزم اور ان پر عمل درآمد ہماری سب سے اہم ترجیح رہی۔

ششماہی تختہ 30 جون

2019	2020	
24,283	21,506	فروخت کا حجم (میزک ٹن)
7,151	6,668	فروخت سے حاصل ہونے والی خالص آمدنی (ملین روپے)
383	585	آپریٹنگ منافع (ملین روپے)
371	308	مالیاتی لاگت (ملین روپے)
94	188	زرمبادلہ کا نقصان (ملین روپے)
(56)	104	منافع / نقصان (قبل از ٹیکس (ملین روپے)
(293)	65	منافع / نقصان (بعد از ٹیکس (ملین روپے)
(7.55)	1.68	آمدنی / نقصان (نی حصہ (روپے)

سال کی پہلی ششماہی میں مقامی اور عالمی سطح پر طلب میں سست رومی دیکھنے میں آئی اور COVID 19 کے حفاظتی اقدامات کے سبب مارکیٹ اور کاروبار کی بندش سے مجموعی معاشی سرگرمیاں بھی متاثر ہوئیں۔ اس کے نتیجے میں گزشتہ سال کے اسی عرصے کے مقابلے میں مجموعی فروخت کی مقدار میں 11% کمی واقع ہوئی۔ تاہم کل مجموعی منافع کے مارجنز نمایاں طور پر بہتر رہے باوجود اس کے کہ خام مال کی درآمد زرمبادلہ کے نقصان کا اثر پڑا۔

(مجموعی منافع کے مارجنز گزشتہ سال کی اسی مدت کے مقابلے میں 32% زیادہ رہے)۔

اس بہتری کی اصل وجہ آپریٹنگز کا موثر ہونا، مصنوعات پورٹ فولیو کو منظم کرنا اور خام مال کی قیمت میں اضافے اور زرمبادلہ کے اثرات کو ریکور کرنے کیلئے قیمت میں بروقت اضافہ کرنا تھی۔

تقسیم کاری اور انتظامی اخراجات زیادہ رہے جس کی وجہ ابتدائی طور پر COVID 19 سے متعلق اخراجات اور معمول کے اخراطر زراور بعض یکمشت قانونی اخراجات تھے۔ اس کے نتیجے میں آپریٹنگ منافع میں گزشتہ سال کی اسی مدت کے مقابلے میں 53% کا بڑا اضافہ ہوا۔

سود کے اخراجات 17% کم رہے جس کی بڑی وجہ بیچ مارک ریٹ کی شرح میں کمی تھی۔ غیر ملکی زرمبادلہ میں کمی پیشی (خاص طور پر مارچ میں) کے باعث سے کمپنی کو غیر ملکی کرنسی کے واجبات پر 188 ملین روپے کا نقصان اٹھانا پڑا۔ کمپنی نے غیر ملکی زرمبادلہ کے خدشے کو محدود رکھنے کی کوشش میں بڑے پیمانے پر خام مال کی درآمد کی مدت کی شرائط کو تبدیل کر دیا۔

ششماہی کا اختتام 104 ملین روپے قبل از ٹیکس منافع پر ہوا جب کہ گزشتہ سال کے اسی عرصے میں 56 ملین روپے قبل از ٹیکس کا نقصان ہوا تھا۔

تمام متعلقہ صنعتی اداروں کی مشترکہ کوششوں سے درآمد کے مرطلے پر صنعت کم سے کم ٹیکس کے دائرے سے نکل آئی ہے (فنانس ایکٹ 2020) جس کے نتیجے میں ٹیکس چارج معمول کے مطابق ہو گیا ہے۔ درج بالا تمام امور کے بعد کمپنی کو بعد از ٹیکس 65 ملین روپے کا منافع ہوا جب کہ اس کے مقابلے میں گزشتہ سال کی اسی مدت میں بعد از ٹیکس 293 ملین روپے کا نقصان ہوا تھا۔

### مستقبل کے امکانات

مارکیٹس کے دوبارہ کھلنے اور اسمارٹ لاک ڈاؤن کے نفاذ سے کمپنی کو جزوی اطمینان حاصل ہوا ہے جس سے نتائج بہتر ہونا شروع ہو گئے ہیں اور امید ہے کہ COVID کے بحران کے خاتمے سے اس میں مزید بہتری آئے گی۔ اس بناء پر ہمیں توقع ہے کہ 2020 کی آنے والی سماہیوں میں کمپنی کی کارکردگی کافی بہتر ہو جائے گی۔

ناصر جمال

چیف ایگزیکٹو آفیسر

کراچی - 18 اگست 2020ء


















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## **Tri-Pack Films Limited**

### **Registered Office:**

4<sup>th</sup> 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  
Fax: 92 21-3586 0251

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