



Tri-Pack Films Limited

Preserving Nature's Value

Half Year Ended June, 2022

Contents

- 02 Company Information
- 03 Directors' Review
- 04 Independent Auditor's Review Report
- 05 Condensed Interim Statement Of Financial Position
- 06 Condensed Interim Statement Of Profit or Loss and Other Comprehensive Income (Un-audited)
- 07 Condensed Interim Statement of Changes in Equity (Un-audited)
- 08 Condensed Interim Statement of Cash Flows (Un-audited)
- 09 Notes to and Forming Part of the Condensed Interim Financial Information (Un-audited)
- 17 Directors' Review (Urdu Version)

Company Information

Board of Directors*

Syed Babar Ali (Chairman)
Mr. Asghar Abbas
Syed Hyder Ali
Mr. Khurram Raza Bakhtayari
Ms. Nermeen Towfiq Chinoy
Mr. Asif Qadir
Mr. Saquib Hussain Shirazi

Chief Executive Officer

Mr. Nasir Jamal

Audit Committee*

Ms. Nermeen Towfiq Chinoy (Chairperson)
Mr. Khurram Raza Bakhtayari
Mr. Asif Qadir
Mr. Shahzeb Haider (Secretary)

Human Resource and

Remuneration (HR&R) Committee*

Ms. Nermeen Towfiq Chinoy (Chairperson)
Mr. Asghar Abbas
Mr. Khurram Raza Bakhtayari
Mr. Taimoor Ahmed (Secretary)

Executive Committee*

Syed Hyder Ali (Chairman)
Mr. Asghar Abbas
Mr. Khurram Raza Bakhtayari
Ms. Iqra Sajjad (Secretary)

Chief Financial Officer

Mr. Muhammad Zuhair Damani

Company Secretary

Ms. Iqra Sajjad

Head of Internal Audit

Mr. Shahzeb Haider

Auditors and Tax Advisor

A.F. Ferguson & Co. Chartered Accountants

Legal Advisors

Sattar & Sattar

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
Email: info.shares@famco.com.pk

Company Shares Department

Ubaid Hussain / Suman Kishore
Tel: 92-21 35874047-49
Ext Nos: 237 & 233
Email: shares.desk@packages.com.pk

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 - Karachi

Plot No. D-9 to D-14 & G-1 to G-4 North
Western Industrial Zone, Port Qasim Authority,
Karachi
Tel: (021) 34720247-48 Fax: (021) 34720245

Works & Regional Sales Office - Hattar

Plot No. 68, 69, 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 Road,
Lahore, Punjab
Tel: (042) 35716068-70 Fax: (042) 35716071

Banks

Al-Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al Habib Limited
Bank Islami 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
National Bank of Pakistan
The Bank of Punjab

Investment Company:

Pak Kuwait Investment Company Private
Limited.

* In alphabetical order by surname

Directors' Review

For the Half Year ended June 30, 2022

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, 2022.

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

	Half Year ended June 30,	
	2022	2021
Sales Volume (M. Tonnes)	25,726	21,297
Revenue (Rs M)	11,881	8,565
Operating profit (Rs M)	1,217	1,214
Interest cost (Rs M)	508	244
Exchange loss (Rs M)	27	45
Profit before tax (Rs M)	734	899
Net Profit (Rs M)	402	637
Earnings per share (Rs)	10.37	16.42

Overall sales volumes and revenue were higher by 21% and 39% respectively compared to SPLY led by higher export volumes and recovery of higher feedstock prices, energy prices and inflation.

Despite severe inflationary pressure, administrative expenses have been kept under strict control and showed only 3% increase. However, distribution expenses are higher mainly driven by higher fuel prices.

With challenging business environment, the Company successfully maintained the operating profit at Rs 1,217 million slightly higher than corresponding period of last year.

Interest cost is significantly higher due to hike in benchmark policy rate coupled with increased debt utilization for working capital requirements.

Consequently, the Company posted a PBT of Rs 734 million compared to Rs 899 million in SPLY.

As per Finance Act 2022, the tax collected at import stage on raw materials has been made minimum tax for plastic industry which will result in higher effective tax charge / rate. We would like to seek attention of revenue authorities to address this anomaly as it has increased the cost of doing business irrespective of the profitability. The retrospective imposition of super tax under the Finance Act, 2022 led to recognition of prior period tax charge also, increasing the effective tax rate to over 40%.

This resulted in Company reporting a net profit of Rs 402 million as compared to Rs 637 million in SPLY.

Future Outlook

Higher interest rates, inflation, foreign currency fluctuations and political / economic uncertainty will remain challenging and may affect overall economic activity and corporate performances.

After removal of Anti-Dumping Duties on BOPP, the Ministry of Finance has reduced the tariff on BOPP and CPP films, creating serious challenges for the industry and projects, which are also being delayed due to changes in import regulation by SBP/ MOF on account of current economic situation.

The Company wishes to express its gratitude to its stakeholders for their continued support and confidence.



Nasir Jamal

Chief Executive Officer

Karachi, August 17, 2022

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, 2022 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 interim 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, 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2022.

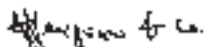
Scope of Review

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 24, 2022

UDIN: RR202210073IZh0OuPbz

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■ KARACHI ■ LAHORE ■ ISLAMABAD

Condensed Interim Statement Of Financial Position

As at June 30, 2022

		(Un-audited) June 30	(Audited) December 31
Note		2022	2021
		(Rupees in thousand)	
	ASSETS		
	NON CURRENT ASSETS		
	Property, plant and equipment	5 6,847,684	6,900,023
	Intangibles	6,627	6,793
	Long term deposits	28,033	6,383
		<u>6,882,344</u>	<u>6,913,199</u>
	CURRENT ASSETS		
	Inventories	6 4,280,588	4,527,514
	Trade receivables	3,486,116	2,910,764
	Advances and prepayments	7 164,015	133,819
	Other receivables	523,918	256,106
	Refunds due from government - sales tax	231,855	344,828
	Income tax refundable	1,317,173	1,438,326
	Cash and bank balances	302,265	206,868
		<u>10,305,930</u>	<u>9,818,225</u>
	TOTAL ASSETS	<u>17,188,274</u>	<u>16,731,424</u>
	EQUITY AND LIABILITIES		
	SHARE CAPITAL AND RESERVES		
	Issued, subscribed and paid up share capital	388,000	388,000
	Share premium	999,107	999,107
	General reserve	1,605,000	1,605,000
	Unappropriated profit	1,613,330	1,715,384
		<u>4,605,437</u>	<u>4,707,491</u>
	LIABILITIES		
	NON CURRENT LIABILITIES		
	Long term borrowings	2,443,914	2,603,142
	Deferred income - Government grant	141,132	153,628
	Lease liability	33,858	33,003
	Deferred taxation - net	381,407	377,907
	Staff retirement benefits	87,056	80,888
	Accumulated compensated absences	28,437	31,511
		<u>3,115,804</u>	<u>3,280,079</u>
	CURRENT LIABILITIES		
	Trade and other payables	8 3,068,176	2,384,368
	Unclaimed dividend	21,776	18,159
	Accrued mark-up	147,475	120,033
	Short term borrowings	9 5,826,722	5,761,136
	Current portion of lease liability	5,002	3,334
	Current portion of long term borrowings	397,882	456,824
		<u>9,467,033</u>	<u>8,743,854</u>
	TOTAL LIABILITIES	<u>12,582,837</u>	<u>12,023,933</u>
	CONTINGENCIES AND COMMITMENTS	10	
	TOTAL EQUITY AND LIABILITIES	<u>17,188,274</u>	<u>16,731,424</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.

Nasir Jamal
Chief Executive Officer

Khurram Raza Bakhtayari
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, 2022 - (Un-audited)

		Quarter ended June 30		Half year ended June 30	
	Note	2022	2021	2022	2021
		(Rupees in thousand)			
Revenue from contracts with customers	11	6,316,133	3,847,015	11,881,056	8,564,503
Cost of sales		(5,340,395)	(3,086,931)	(10,136,667)	(6,917,936)
Gross profit		975,738	760,084	1,744,389	1,646,567
Distribution costs		(166,166)	(93,987)	(313,134)	(224,396)
Administrative expenses		(111,779)	(88,243)	(214,456)	(208,113)
		(277,945)	(182,230)	(527,590)	(432,509)
Operating profit		697,793	577,854	1,216,799	1,214,058
Other income		44,844	21,772	106,436	52,924
		742,637	599,626	1,323,235	1,266,982
Other expenses		(28,511)	(41,416)	(54,370)	(79,289)
Finance cost	12	(320,432)	(168,840)	(534,888)	(289,164)
		(348,943)	(210,256)	(589,258)	(368,453)
Profit before income tax		393,694	389,370	733,977	898,529
Income tax - net	13	(234,793)	(113,145)	(331,631)	(261,399)
Profit for the period		158,901	276,225	402,346	637,130

Other comprehensive income for the period:

Items that will not be reclassified subsequently to profit or loss

Remeasurement of staff retirement benefits		-	-	-	-
Total comprehensive income for the period		158,901	276,225	402,346	637,130
Earnings per share - basic and diluted (Rupees)	14	4.10	7.12	10.37	16.42

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Nasir Jamal
Chief Executive Officer



Khurram Raza Bakhtayari
Director



Muhammad Zuhair Damani
Chief Financial Officer

Condensed Interim Statement of Changes in Equity

For the Half Year Ended June 30, 2022 - (Un-audited)

	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, 2021	388,000	999,107	1,605,000	883,818	3,487,925	3,875,925	
Final cash dividend for the year ended December 31, 2020 @ Rs. 5.00 per share	-	-	-	(194,000)	(194,000)	(194,000)	
Total comprehensive income for the half year ended June 30, 2021							
- Profit for the half year ended June 30, 2021	-	-	-	637,130	637,130	637,130	
- Other comprehensive income for the half year ended June 30, 2021	-	-	-	-	-	-	
	-	-	-	637,130	637,130	637,130	
Balance as at June 30, 2021	388,000	999,107	1,605,000	1,326,948	3,931,055	4,319,055	
Balance as at January 1, 2022	388,000	999,107	1,605,000	1,715,384	4,319,491	4,707,491	
Final cash dividend for the year ended December 31, 2021 @ Rs. 13.00 per share	-	-	-	(504,400)	(504,400)	(504,400)	
Total comprehensive income for the half year ended June 30, 2022							
- Profit for the half year ended June 30, 2022	-	-	-	402,346	402,346	402,346	
- Other comprehensive income for the half year ended June 30, 2022	-	-	-	-	-	-	
	-	-	-	402,346	402,346	402,346	
Balance as at June 30, 2022	388,000	999,107	1,605,000	1,613,330	4,217,437	4,605,437	

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Nasir Jamal
Chief Executive Officer



Khurram Raza Bakhtayari
Director



Muhammad Zuhair Damani
Chief Financial Officer

Condensed Interim Statement of Cash Flows

For the Half Year Ended June 30, 2022 - (Un-audited)

		Half year ended June 30	
	Note	2022	2021
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	16	1,856,107	888,124
Payment on account of accumulated compensated absences		(6,254)	(3,187)
Increase in long term deposits		(21,650)	(1,015)
Staff retirement benefits paid		(32,122)	(30,467)
Income taxes paid - net		(206,978)	(183,353)
Net cash generated from operating activities		1,589,103	670,102
Cash flows from investing activities			
Purchase of property, plant and equipment		(344,114)	(415,092)
Purchase of intangible assets		(2,331)	(3,866)
Profit received on bank balances		1,755	594
Sale proceeds on disposal of operating fixed assets		726	36
Net cash used in investing activities		(343,964)	(418,328)
Cash flows from financing activities			
Long term borrowings paid		(234,067)	(394,405)
Long term borrowings acquired		-	522,418
Short term borrowings - net		(1,450,000)	1,200,000
Finance cost paid		(443,196)	(216,008)
Dividend paid		(500,783)	(192,442)
Transaction cost paid		(2,100)	(75,892)
Bank charges paid		(35,182)	(27,920)
Net cash (used in) / generated from financing activities		(2,665,328)	815,751
Net (decrease) / increase in cash and cash equivalents		(1,420,189)	1,067,525
Cash and cash equivalents at the beginning of the period		(1,404,268)	(1,522,198)
Cash and cash equivalents at the end of the period	17	(2,824,457)	(454,673)

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Nasir Jamal

Chief Executive Officer



Khurram Raza Bakhtayari

Director



Muhammad Zuhair Damani

Chief Financial Officer

Notes to and Forming Part of the Condensed Interim Financial Information

For the Half Year Ended June 30, 2022 - (Un-audited)

1. THE COMPANY AND ITS OPERATIONS

- 1.1 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.
- 1.2 During the previous year, Packages Limited and Mitsubishi Corporation agreed for the purchase and sale of 7,500,000 shares respectively of the Company under the share purchase agreement (representing 19.3% of the total issued paid up share capital of the Company). Consequently in accordance with the provisions of Securities Act, 2015 and Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017, Packages Limited made a public offer to acquire upto 6,438,598 shares (representing 16.6% of the total issued paid up share capital of the Company) from general public. Public offer procedures were concluded and shares were transferred to Packages Limited on December 31, 2021. Resultantly, as on December 31, 2021, Packages Limited held 49.9% shares of the Company which has increased to 69.3% on February 15, 2022 after transfer of further 7,500,000 shares of Mitsubishi Corporation following requisite regulatory approvals including payment.

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, 2021.

2.2 Changes in accounting standards, interpretations and amendments

- 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, 2022. 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, 2023. 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. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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, 2021.

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, 2021.

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, 2021.

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets
Capital work in progress
Major spare parts and stand-by equipments
Right-of-use asset

(Un-audited) June 30	(Audited) December 31
2022	2021
(Rupees in thousand)	
5,691,311	5,875,842
813,078	702,221
141,259	116,840
202,036	205,120
<u>6,847,684</u>	<u>6,900,023</u>

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

	Additions/Transfers from CWIP (at cost)		Disposals/Transfers (at net book value)	
	June 30 2022	June 30 2021	June 30 2022	June 30 2021
	(Rupees in thousand)			
Building and other civil work on leasehold land	12,055	14,579	-	-
Plant and machinery	177,066	135,716	-	-
Furniture and fittings	12,663	2,299	-	36
Office and other equipments	9,348	5,176	113	-
Vehicles	8,318	295	-	-
Major spare parts and stand-by equipment	33,941	-	9,522	23,909
	<u>253,391</u>	<u>158,065</u>	<u>9,635</u>	<u>23,945</u>

6. INVENTORIES

	(Un-audited) June 30 2021	(Audited) December 31 2020
	(Rupees in thousand)	
Stores	83,714	82,948
Spares	577,675	579,343
Stores and Spares in transit	<u>7,720</u>	<u>2,292</u>
	669,109	664,583
Less: Provision for net realisable value	<u>(89,020)</u>	<u>(89,020)</u>
	580,089	575,563
Raw materials		
In hand	<u>2,129,767</u>	2,078,651
In transit	<u>562,681</u>	497,715
	2,692,448	2,576,366
Less: Provision for net realisable value	<u>(72,665)</u>	<u>(72,665)</u>
	3,199,872	3,079,264
Packing materials	45,815	31,410
Work in process	391,387	525,222
Finished goods	<u>643,514</u>	<u>891,618</u>
	<u>4,280,588</u>	<u>4,527,514</u>

7. ADVANCES AND PREPAYMENTS

7.1 These include Rs. 40.50 million (December 31, 2021: Rs. 38.40 million) pertaining to the transaction cost (representing commission and fee paid to the adviser and bank) in respect of financing facilities entered into principally but not yet availed. It is classified as prepayment under IFRS 9 - Financial Instruments and would be netted against the loan drawn down and would affect the effective interest rate of the financial liability as it is directly attributable to the acquisition of financial liability.

7.2 These also include Rs. 53.06 million (December 31, 2021: Rs. 44.48 million) in respect of advances against import of raw material and spares.

8. TRADE AND OTHER PAYABLES

- 8.1** These include Rs. 595.2 million (December 31, 2021: Rs. 640.1 million) with respect to Gas Infrastructure Development Cess (GIDC). During the period, the Company stopped making payments of installements as stay order has been obtained by the Company from the Honorable High Court of Sindh.
- 8.2** These also include Rs. 474.70 million (December 31, 2021: Rs. 379.86 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. As per order dated September 1, 2021, the Honourable Supreme Court of Pakistan has directed the petitioners to provide 100% bank guarantees towards the Cess.

9. SHORT TERM BORROWINGS

	Note	(Un-audited) June 30 2022	(Audited) December 31 2021
(Rupees in thousand)			
Secured Conventional Financing			
Short term money market loans	9.1 & 9.2	2,200,000	3,650,000
Short term running finance	9.3 & 9.5	2,157,233	769,459
Secured islamic financing			
Short-term istisna cum wakala	9.1 & 9.4	500,000	500,000
Short-term running musharaka	9.4	969,489	841,677
		<u>5,826,722</u>	<u>5,761,136</u>

- 9.1** Following are the changes in the short term money market loan and istisna cum wakala (i.e for which cash flows have been classified as financing activities in the statement of Cash Flows):

	(Un-audited) June 30 2022	(Audited) December 31 2021
(Rupees in thousand)		
Balance as at January 1	4,150,000	520,000
Utilisation during the period	1,200,000	9,070,000
Repayment	(2,650,000)	(5,440,000)
	<u>2,700,000</u>	<u>4,150,000</u>

- 9.2** 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 8.85% to 15.06% (December 31, 2021: 7.34% to 10.02%) per annum. These facilities are available for a maximum period of one year from the date of agreement with the latest facility expiring on July 31, 2022.
- 9.3** Short term running finances have been obtained under mark-up arrangements from commercial banks payable on various maturity dates up to October 31, 2022. These facilities are secured by joint hypothecation by way of first floating charge over trade receivables, stock-in-trade and stores and spares. Rate of mark-up applicable to these facilities ranged between 10.5% to 16.06% (December 31, 2021: 7.50% to 10.27%).
- 9.4** This represents Istisna facilities aggregating to Rs. 500 million and Musharakah facilities aggregating to Rs. 1,000 million repayable with a maximum tenure of 180 days and 1 year from the date of disbursement respectively. As at reporting date, unavailed amount under these facilities amounts to Rs. 30.51 million (December 31, 2021: Rs. 158.32 million).

- 9.5** Total short-term facilities available under mark-up arrangements aggregated Rs. 7,410 million (December 31, 2021: Rs. 7,410 million) out of which the amount unavailed at the period end was Rs. 1,583 million (December 31, 2021: Rs. 1,649 million).

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There has been no significant change during the period in the contingency reported in the annual audited financial statements for the year ended December 31, 2021 except for as disclosed in note 13.3.

10.2 Commitments

	(Un-audited) June 30 2022	(Audited) December 31 2021
	(Rupees in thousand)	
- for purchase of raw materials and spares	1,443,119	1,155,085
- for capital expenditure	3,627,224	3,311,807
- for ijarah arrangements of motor vehicles	21,576	25,711

The facilities for opening of letter of credits and for guarantees as at June 30, 2022 amounts to Rs. 20,500 million (December 31, 2021: Rs. 20,750 million) and Rs. 1,612 million (December 31, 2021: Rs. 1,574 million) respectively, of which the amount unutilized was Rs.15,333 million (December 31, 2021: Rs. 16,521 million) and Rs. 701 million (December 31, 2021: Rs. 873 million) respectively.

11. REVENUE FROM CONTRACTS WITH CUSTOMERS

	(Un-audited) Quarter ended June 30		Half year ended June 30	
	2022	2021	2022	2021
	(Rupees in thousand)			
Sale of goods less returns:				
- Local	6,488,088	4,305,260	12,117,714	9,723,379
Less: Discounts	(115,653)	(49,873)	(236,183)	(108,886)
Sales tax	(975,625)	(638,697)	(1,756,626)	(1,451,580)
	5,396,810	3,616,690	10,124,905	8,162,913
- Export	919,323	230,325	1,756,151	401,590
	6,316,133	3,847,015	11,881,056	8,564,503

12. FINANCE COST

This includes financial charges on short term borrowings and long term borrowings amounting to Rs. 322.77 million (June 2021: Rs. 104.25 million) and Rs. 147.68 million (June 2021: Rs. 87.96 million) respectively.

This also includes a net amount of Rs. 26.7 million (June 2021: Rs. 45.12 million) in respect of exchange loss.

13. INCOME TAX - NET

- 13.1** 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.

		(Un-audited)	
		Half year ended June 30	
Note		2022	2021
		(Rupees in thousand)	
		223,719	153,927
		3,501	107,472
		104,411	-
13.2 & 13.3		331,631	261,399

13.2 This includes super tax charged at 4% for Tax Year 2022 as per the Finance Act, 2022.

13.3 As disclosed in note 22.3 of the annual financial statements for the year ended December 31, 2021, in respect of tax year 2005, an appeal effect order dated June 21, 2011 was issued by the DCIR wrongly disallowing expenses and charging sales in respect of trial production resulting in an impact of Rs. 131.40 million. The Company filed an appeal before the CIR(A) who directed to rectify. The department went into appeal in the ATIR against the order of CIR(A). The ATIR held the matter not to be rectifiable. During the year 2021, the Company filed a reference application in the High Court of Sindh which was dismissed as a result of which the Company filed a constitutional petition before the Honorable Supreme Court of Pakistan. During the current period, that matter was decided against the Company, hence a provision has been recorded in the condensed interim financial statements of the Company.

		(Un-audited)			
		Quarter ended June 30		Half year ended June 30	
		2022	2021	2022	2021
		(Rupees in thousand)			
14. EARNINGS PER SHARE	Profit after taxation attributable to ordinary shareholders	158,901	276,225	402,346	637,130
	Weighted average number of ordinary shares outstanding at the end of the period	38,800	38,800	38,800	38,800
		(Rupees)			
		4.10	7.12	10.73	16.42

14.1 There were no convertible dilutive potential ordinary shares outstanding on June 30, 2022 and 2021.

15. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are as follows:

		(Un-audited)	
		Half year ended June 30	
		2022	2021
		(Rupees in thousand)	
Nature of transaction	Nature of relationship	123,861	118,494
Purchase of goods and services	Associated undertaking	1,342,731	1,348,568
Sale of goods and services	Associated undertaking	-	13,144
Donations	Associated undertaking	420,722	129,626
Dividend paid	Associated undertaking and Directorship	37,685	36,575
Contributions to staff retirement benefit funds	Retirement benefit funds	64,676	59,590
Salaries and other short term employees' benefits	Key management personnel		

(Un-audited)
Half year ended June 30

Note	(Un-audited) Half year ended June 30	
	2022	2021
	(Rupees in thousand)	
16. CASH GENERATED FROM OPERATIONS		
Profit before income tax	733,977	898,529
Adjustment for non-cash charges and other items:		
Depreciation	406,954	388,978
Amortization expense	2,497	3,950
Amortization of Provision for Gas Infrastructure Development Cess	-	21,499
Provision for staff retirement benefits	38,290	38,907
Profit on bank balances	(1,755)	(594)
Gain on disposal of operating fixed assets	(614)	-
Provision for accumulated compensated absences - net	3,180	3,600
Government grant recognised in income	(7,029)	(5,542)
Exchange (gain) / loss - unrealised	(19,649)	32,035
Finance cost	508,160	222,541
Gain on remeasurement of provision for Gas Infrastructure Development Cess	-	(3,360)
Working capital changes	16.1 192,096	(712,419)
	<u>1,856,107</u>	<u>888,124</u>

16.1 Working capital changes

Decrease / (increase) in current assets:		
Inventories	246,926	(793,320)
Trade receivables	(575,352)	17,442
Advances and prepayments	(28,096)	(31,017)
Refunds due from government - sales tax	112,973	1,482
Other receivables	(267,812)	122,359
	<u>(511,361)</u>	<u>(683,054)</u>
Increase / (decrease) in trade and other payables	703,457	(29,365)
	<u>192,096</u>	<u>(712,419)</u>

(Un-audited)
Half year ended June 30

Note	(Un-audited) Half year ended June 30	
	2022	2021
	(Rupees in thousand)	
17. CASH AND CASH EQUIVALENTS		
Cash and bank balances	302,265	169,040
Short term running finance	9 (3,126,722)	(623,713)
	<u>(2,824,457)</u>	<u>(454,673)</u>

(Un-audited)
Half year ended June 30

Note	(Un-audited) Half year ended June 30	
	2022	2021
	(Rupees in thousand)	
18 PLANT CAPACITY AND ACTUAL PRODUCTION		
Operational capacity available during the period	41,900	41,900
Production	<u>24,849</u>	<u>21,786</u>

19. GENERAL

19.1 Corresponding figure

Corresponding figure of right-of-use asset has been reclassified from separate line item to property, plant and equipment.

19.2 Date of authorisation for issue

These condensed interim financial statements were authorised for issue on August 17, 2022 by the Board of Directors of the Company.



Nasir Jamal
Chief Executive Officer



Khurram Raza Bakhtayari
Director



Muhammad Zuhair Damani
Chief Financial Officer

ڈائریکٹرز کا جائزہ

برائے ششماہی مختتم 30 جون 2022

ڈائریکٹرز اپنی جائزہ رپورٹ مع کمپنی کے غیر آڈٹ شدہ مختصر عبوری مالیاتی اسٹیٹمنٹس برائے ششماہی مختتم 30 جون 2022 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 اولین ترجیح رہی۔

ششماہی مختتم 30 جون

2021	2022
21,297	25,726
8,565	11,881
1,214	1,217
244	508
45	27
899	734
637	402
16.42	10.37

فروخت کا حجم (میشرک ٹن)
فروخت سے حاصل ہونے والی خالص آمدنی (ملین روپے)
آپریٹنگ منافع (ملین روپے)
سود کے اخراجات (ملین روپے)
زرمبادلہ کا نقصان (ملین روپے)
منافع قبل از ٹیکس (ملین روپے)
منافع بعد از ٹیکس (ملین روپے)
آمدنی فی حصہ (روپے)

مجموعی فروخت کا حجم اور آمدنی گزشتہ سال کی اسی مدت کے مقابلے میں بالترتیب 21% اور 39% زیادہ رہی جس کا سبب برآمدات کا زیادہ حجم اور خام مال، توانائی اور افراط زر کی زیادہ قیمتوں کی فوری وصولی رہی۔

افراط زر کے شدید دباؤ کے باوجود انتظامی اخراجات کو سخت نگرانی میں رکھا گیا اور اس میں صرف 3% اضافہ ہوا تاہم فیول کی زیادہ قیمتوں کے سبب تقسیم کاری کے اخراجات میں اضافہ ہوا۔

دشوار کاروباری ماحول کے باوجود، کمپنی نے آپریٹنگ منافع کو کامیابی کے ساتھ 1,217 ملین روپے پر برقرار رکھا جو گزشتہ سال کی اسی مدت کے مقابلے میں معمولی حد سے زیادہ ہے۔

سود کی لاگت نمایاں طور پر زیادہ رہی جس کی وجہ بنج ملاک پالیسی رہت کے ساتھ ساتھ جاری سرمایہ کاری کی ضروریات کے مطابق قرضہ کا زیادہ استعمال تھی۔

اس کے نتیجے میں کمپنی نے قبل از ٹیکس منافع 734 ملین روپے حاصل کیا جو گزشتہ سال کے اسی عرصے میں 899 ملین روپے تھا۔

Finance Act 2022 کے مطابق خام مال پر درآمد کے مرحلے پر جمع ہونے والے ٹیکس کو پلاسٹک انڈسٹری کے لئے minimum tax کر دیا گیا ہے جس کے نتیجے میں زیادہ ٹیکس چارج / رہت ہوگا۔ ہم ریونیو اتھارٹیز کی توجہ اس بے ضابطگی کے حل کی جانب دلانا چاہتے ہیں کیونکہ اس سے منفعت سے قطع نظر، کاروبار چلانے کی لاگت میں اضافہ ہوگا۔ Finance Act 2022 کے تحت سابقہ طور پر نافذ کئے گئے سپرنٹنڈنٹ کے نتیجے میں پچھلے سال کا ٹیکس چارج بھی شامل ہو گیا جس سے ٹیکس کی شرح 40% سے زیادہ ہو گئی ہے۔

اس کے نتیجے میں کمپنی کا بعد از ٹیکس منافع گزشتہ سال کی اسی مدت کے 637 ملین روپے کے مقابلے میں 402 ملین روپے حاصل ہوا۔

مستقبل کا منظر نامہ

بلند شرح سود اور افراط زر، زرمبادلہ میں اتار چڑھاؤ اور سیاسی / معاشی غیر یقینی حالت کا دباؤ برقرار رہے گا اور یہ مجموعی معاشی سرگرمیوں اور کمپنوں کا کردار پر اثر انداز ہو سکتا ہے۔

BOPP پر اینٹی ڈمپنگ ڈیوٹیز کے خاتمے کے بعد، منسٹری آف فنانس نے BOPP اور CPP فلز پر ٹیرف میں کمی کی کردی ہے جس سے صنعت اور پروجیکٹس کے لئے شدید نوعیت کے چیلنجز پیدا ہو گئے ہیں، جن میں تاخیر بھی ہو رہی ہے جس کی وجہ SBP / MOF کی جانب سے موجودہ معاشی صورتحال کی بناء پر درآمدی ضوابط میں تبدیلیاں کرنا ہے۔

کمپنی اپنے اسٹیک ہولڈرز کے مسلسل تعاون اور بھروسے پر ان سے اظہار تشکر کرتی ہے۔

ناصر جمال

چیف ایگزیکٹو آفیسر

کراچی: 17 اگست، 2022



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