



Tri-Pack Films Limited

Preserving Nature's Value

Quarterly Report
September, 2022

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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@tripack.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 Nine Months Ended September 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 nine months ended September 30, 2022.

Commitment to and compliance with the Safety, Health and Environment (SHE) policies, procedures and regulation remained our major priority. As communicated earlier a fire incident occurred at one of our BOPP film line compartments on October 3rd, 2022. No major injury was reported. As per our assessment, there is no significant damage to the critical equipment and as a result we do not foresee any major disruption of our supplies.

| | Nine Months ended September 30 | |
|--------------------------|--------------------------------|--------|
| | 2022 | 2021 |
| Sales Volume (M. Tonnes) | 37,945 | 34,891 |
| Revenue (Rs M) | 18,419 | 13,890 |
| Operating profit (Rs M) | 1,870 | 1,711 |
| Finance cost (Rs M) | 885 | 548 |
| Profit before tax (Rs M) | 1,052 | 1,176 |
| Net Profit (Rs M) | 619 | 833 |
| Earnings per share (Rs) | 15.96 | 21.47 |

Overall sales volumes and revenue were higher by 9% and 33% respectively compared to SPLY led by higher volumes and recovery of higher feedstock and energy costs.

Severe inflationary pressure and higher fuel prices led to increase in administrative and distribution expenses.

Operating profit of Rs 1,870 million was higher by 9% than corresponding period of last year.

Higher benchmark policy rate with increased debt utilization led to significant increase in interest cost.

Consequently, the Company posted a PBT of Rs 1,052 million compared to Rs 1,176 million in SPLY.

With higher tax rates announced in the recent budget, the Company reported a net profit of Rs 619 million compared to Rs 833 million in SPLY.

Future Outlook

Higher interest rates, inflation, foreign currency fluctuations and political/economic uncertainty coupled with the aftermath of floods may affect overall economic activity and corporate performances. Further, recent changes in import regulations on account of economic situation are creating serious challenges for expansion projects.

We wish to express our gratitude to all the stakeholders for their continued support and confidence.



Nasir Jamal

Chief Executive Officer

Karachi, October 19, 2022

Condensed Interim Statement of Financial Position

As at September 30, 2022

| | | (Un-audited) September 30 | (Audited) December 31 |
|--|------|------------------------------|--------------------------|
| | Note | 2022 | 2021 |
| (Rupees in thousand) | | | |
| ASSETS | | | |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 7,701,270 | 6,900,023 |
| Intangibles | | 5,424 | 6,793 |
| Long term deposits | | 28,033 | 6,383 |
| | | <u>7,734,727</u> | <u>6,913,199</u> |
| CURRENT ASSETS | | | |
| Inventories | 6 | 3,379,769 | 4,527,514 |
| Trade receivables | | 3,042,767 | 2,910,764 |
| Advances and prepayments | 7 | 206,710 | 133,819 |
| Other receivables | | 541,730 | 256,106 |
| Refunds due from government - sales tax | | 26,268 | 344,828 |
| Income tax refundable | | 1,299,238 | 1,438,326 |
| Cash and bank balances | | 258,152 | 206,868 |
| | | <u>8,754,634</u> | <u>9,818,225</u> |
| TOTAL ASSETS | | <u>16,489,361</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 | | 1,830,367 | 1,715,384 |
| | | <u>4,822,474</u> | <u>4,707,491</u> |
| LIABILITIES | | | |
| NON CURRENT LIABILITIES | | | |
| Long term borrowings | | 3,281,337 | 2,603,142 |
| Deferred income - Government grant | | 136,707 | 153,628 |
| Lease liability | | 34,257 | 33,003 |
| Deferred taxation - net | | 383,512 | 377,907 |
| Staff retirement benefits | | 89,227 | 80,888 |
| Accumulated compensated absences | | 29,420 | 31,511 |
| | | <u>3,954,460</u> | <u>3,280,079</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 8 | 3,121,310 | 2,384,368 |
| Unclaimed dividend | | 21,776 | 18,159 |
| Accrued mark-up | | 267,947 | 120,033 |
| Short term borrowings | 9 | 3,984,561 | 5,761,136 |
| Current portion of lease liability | | 2,284 | 3,334 |
| Current portion of long term borrowings | | 314,549 | 456,824 |
| | | <u>7,712,427</u> | <u>8,743,854</u> |
| TOTAL LIABILITIES | | <u>11,666,887</u> | <u>12,023,933</u> |
| CONTINGENCIES AND COMMITMENTS | 10 | | |
| TOTAL EQUITY AND LIABILITIES | | <u>16,489,361</u> | <u>16,731,424</u> |

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.



Nasir Jamal

Chief Executive Officer

04

Tri-Pack Films Limited



Asif Qadir

Director



Muhammad Zuhair Damani

Chief Financial Officer

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

For the Nine Months Ended September 30, 2022 - (Un-audited)

| | | Quarter ended September 30 | | Nine Months ended September 30 | |
|---|------|-------------------------------|----------------|-----------------------------------|----------------|
| | Note | 2022 | 2021 | 2022 | 2021 |
| (Rupees in thousand) | | | | | |
| Revenue from contracts with customers | 11 | 6,537,868 | 5,325,331 | 18,418,924 | 13,889,834 |
| Cost of sales | | (5,547,276) | (4,626,193) | (15,683,943) | (11,544,129) |
| Gross profit | | 990,592 | 699,138 | 2,734,981 | 2,345,705 |
| Distribution costs | | (209,043) | (131,472) | (522,177) | (355,868) |
| Administrative expenses | | (128,361) | (70,775) | (342,817) | (278,888) |
| | | (337,404) | (202,247) | (864,994) | (634,756) |
| Operating profit | | 653,188 | 496,891 | 1,869,987 | 1,710,949 |
| Other income | | 40,111 | 60,704 | 146,547 | 113,628 |
| | | 693,299 | 557,595 | 2,016,534 | 1,824,577 |
| Other expenses | | (25,709) | (21,726) | (80,079) | (101,015) |
| Finance cost | 12 | (349,687) | (258,477) | (884,575) | (547,641) |
| | | (375,396) | (280,203) | (964,654) | (648,656) |
| Profit before income tax | | 317,903 | 277,392 | 1,051,880 | 1,175,921 |
| Income tax - net | 13 | (100,866) | (81,348) | (432,497) | (342,747) |
| Profit for the period | | 217,037 | 196,044 | 619,383 | 833,174 |
| 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 | | 217,037 | 196,044 | 619,383 | 833,174 |
| Earnings per share - basic and diluted (Rupees) | 14 | 5.59 | 5.05 | 15.96 | 21.47 |

The annexed notes 1 to 20 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 Nine Months Ended September 30, 2022 - (Un-audited)

| | Issued, subscribed and paid up share capital | Reserves | | | Total Reserves | Total |
|--|--|----------|------------------|--------------------|-------------------|-----------|
| | | Capital | Revenue | | | |
| | | | Share Premium | General reserve | | |
| | (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 nine months ended September 30, 2021 | | | | | | |
| - Profit for the nine months ended September 30, 2021 | | | | | | |
| - Other comprehensive income for nine months ended September 30, 2021 | | | | | | |
| Balance as at September 30, 2021 | | | | | | |
| 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 nine months ended September 30, 2022 | | | | | | |
| - Profit for the nine months ended September 30, 2022 | | | | | | |
| - Other comprehensive income for the nine months ended September 30, 2022 | | | | | | |
| Balance as at September 30, 2022 | 388,000 | 999,107 | 1,605,000 | 1,830,367 | 4,434,474 | 4,822,474 |

The annexed notes 1 to 20 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 Nine Months Ended September 30, 2022 - (Un-audited)

| | | Nine Months ended September 30 | |
|--|------|--------------------------------|-------------|
| | Note | 2022 | 2021 |
| | | (Rupees in thousand) | |
| Cash flows from operating activities | | | |
| Cash generated from operations | 16 | 4,291,318 | 522,010 |
| Payment on account of accumulated compensated absences | | (6,771) | (3,542) |
| Increase in long term deposits | | (21,650) | (695) |
| Staff retirement benefits paid | | (55,838) | (56,792) |
| Income taxes paid - net | | (287,804) | (290,500) |
| Net cash generated from operating activities | | 3,919,255 | 170,481 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (1,404,818) | (583,687) |
| Purchase of intangible assets | | (2,332) | (3,866) |
| Profit received on bank balances | | 3,805 | 901 |
| Sale proceeds on disposal of operating fixed assets | | 726 | 36 |
| Net cash used in investing activities | | (1,402,619) | (586,616) |
| Cash flows from financing activities | | | |
| Long term borrowings paid | | (317,464) | (428,041) |
| Long term borrowings acquired | | 830,043 | 570,446 |
| Short term borrowings - net | | (3,150,000) | 730,000 |
| Finance cost paid | | (642,840) | (318,622) |
| Dividend paid | | (500,783) | (192,486) |
| Transaction cost paid | | (2,100) | (76,452) |
| Bank charges paid | | (55,633) | (40,375) |
| Net cash (used in) / generated from financing activities | | (3,838,777) | 244,470 |
| Net decrease in cash and cash equivalents | | (1,322,141) | (171,665) |
| 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 | (2,726,409) | (1,693,863) |

The annexed notes 1 to 20 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 Nine Months Ended September 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

| | (Un-audited) September 30 2022 | (Audited) December 31 2021 |
|---|--------------------------------------|----------------------------------|
| | (Rupees in thousand) | |
| Operating fixed assets | 5,517,568 | 5,875,842 |
| Capital work in progress | 1,842,152 | 702,221 |
| Major spare parts and stand-by equipments | 141,056 | 116,840 |
| Right-of-use asset | 200,494 | 205,120 |
| | <u>7,701,270</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/Transfer from CWIP (at cost) | | Disposals/Transfer (at net book value) | |
|---|---|----------------------|---|----------------------|
| | September 30 2022 | September 30 2021 | September 30 2022 | September 30 2021 |
| | (Rupees in thousand) | | | |
| Building and other civil work on leasehold land | 20,868 | 14,579 | - | - |
| Plant and machinery | 201,485 | 206,849 | - | - |
| Furniture and fittings | 17,394 | 2,980 | 138 | 36 |
| Office and other equipments | 10,764 | 7,436 | 175 | - |
| Vehicles | 63 | 435 | - | - |
| Major spare parts and stand-by equipment | 37,685 | - | 13,469 | 23,909 |
| | <u>288,259</u> | <u>232,279</u> | <u>13,782</u> | <u>23,945</u> |

| | (Un-audited) September 30 | (Audited) December 31 |
|--|------------------------------|--------------------------|
| | 2022 | 2021 |
| | (Rupees in thousand) | |
| 6. INVENTORIES | | |
| Stores | 85,615 | 82,948 |
| Spares | 571,783 | 579,343 |
| Stores and Spares in transit | 1,328 | 2,292 |
| | 658,726 | 664,583 |
| Less: Provision for net realisable value | (89,020) | (89,020) |
| | 569,706 | 575,563 |
| Raw materials | | |
| In hand | 1,544,475 | 2,078,651 |
| In transit | 376,192 | 497,715 |
| | 1,920,667 | 2,576,366 |
| Less: Provision for net realisable value | (72,665) | (72,665) |
| | 2,417,708 | 3,079,264 |
| Packing materials | 40,289 | 31,410 |
| Work in process | 329,834 | 525,222 |
| Finished goods | 591,938 | 891,618 |
| | 3,379,769 | 4,527,514 |

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. 18.74 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. 519.20 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.

| | | (Un-audited) September 30 | (Audited) December 31 |
|---------------------------------------|-----------|------------------------------|--------------------------|
| | Note | 2022 | 2021 |
| | | (Rupees in thousand) | |
| 9. SHORT TERM BORROWINGS | | | |
| Secured Conventional Financing | | | |
| Short term money market loans | 9.1 & 9.2 | 500,000 | 3,650,000 |
| Short term running finance | 9.3 & 9.5 | 2,240,889 | 769,459 |
| Secured Islamic Financing | | | |
| Short-term istisna cum wakala | 9.1 & 9.4 | 500,000 | 500,000 |
| Short-term running musharaka | 9.4 | 743,672 | 841,677 |
| | | 3,984,561 | 5,761,136 |

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) September 30 | (Audited) December 31 |
|-------------------------------|------------------------------|--------------------------|
| | 2022 | 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 | (4,350,000) | (5,440,000) |
| | <u>1,000,000</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 8.22% to 16.38% (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 April 30, 2023.

9.3 Short term running finances have been obtained under mark-up arrangements from commercial banks payable on various maturity dates up to June 30, 2023. 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 17.36% (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 balance under these facilities amounts to Rs. 256.33 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. 3,179 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

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

| | (Un-audited) September 30 | (Audited) December 31 |
|--|------------------------------|--------------------------|
| | 2022 | 2021 |
| | (Rupees in thousand) | |
| | 1,848,311 | 1,155,085 |
| | <u>2,842,953</u> | <u>3,311,807</u> |
| | <u>43,584</u> | <u>25,711</u> |

The facilities for opening of letter of credits and for guarantees as at September 30, 2022 amounts to Rs. 20,500 million (December 31, 2021: Rs. 20,750 million) and Rs. 1,674 million (December 31, 2021: Rs. 1,574 million) respectively, of which the amount unutilized was Rs.15,845 million (December 31, 2021: Rs. 16,521 million) and Rs. 873 million (December 31, 2021: Rs. 873 million) respectively.

11. REVENUE FROM CONTRACTS WITH CUSTOMERS

| | (Un-audited) | | | |
|-----------------------------|-------------------------------|------------------|-----------------------------------|-------------------|
| | Quarter ended September 30 | | Nine Months ended September 30 | |
| | 2022 | 2021 | 2022 | 2021 |
| | (Rupees in thousand) | | | |
| Sale of goods less returns: | | | | |
| - Local | 7,049,641 | 5,936,995 | 19,167,355 | 15,660,374 |
| Less: Discounts | (65,632) | (128,968) | (301,815) | (237,854) |
| Sales tax | (1,035,921) | (853,364) | (2,792,547) | (2,304,944) |
| | 5,948,088 | 4,954,663 | 16,072,993 | 13,117,576 |
| - Export | 589,780 | 370,668 | 2,345,931 | 772,258 |
| | <u>6,537,868</u> | <u>5,325,331</u> | <u>18,418,924</u> | <u>13,889,834</u> |

12. FINANCE COST

This includes financial charges on short term borrowings and long term borrowings amounting to Rs. 544.54 million (September 2021: Rs. 153.28 million) and Rs. 242.03 million (September 2021: Rs. 129.85 million) respectively.

This also includes a net amount of Rs. 28.61 million (September 2021: Rs. 188.9 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.

| Note | (Un-audited) September 30 | (Un-audited) September 30 |
|----------------|------------------------------|------------------------------|
| | 2022 | 2021 |
| | (Rupees in thousand) | |
| Current tax | 322,481 | 153,927 |
| Deferred tax | 5,605 | 107,472 |
| Prior year tax | 13.2 & 13.3 <u>104,411</u> | - |
| | <u>432,497</u> | <u>261,399</u> |

- 13.2** This includes super tax charged at 4% for Tax Year 2022 as per the Finance Act, 2022. Subsequent to the period end, a stay order has been obtained from Honorable High Court of Sindh against recovery of this amount.

- 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.

14. EARNINGS PER SHARE

| | (Un-audited) | | | |
|--|-------------------------------|---------|-----------------------------------|---------|
| | Quarter ended September 30 | | Nine Months ended September 30 | |
| | 2022 | 2021 | 2022 | 2021 |
| | (Rupees in thousand) | | | |
| Profit after taxation attributable to ordinary shareholders | 217,037 | 196,044 | 619,383 | 833,174 |
| | (No. of shares in thousand) | | | |
| Weighted average number of ordinary shares outstanding at the end of the period | 38,800 | 38,800 | 38,800 | 38,800 |
| | (Rupees) | | | |
| Earnings per share - basic and diluted | 5.59 | 5.05 | 15.96 | 21.47 |

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

15. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are as follows:

| Nature of transaction | Nature of relationship | (Un-audited) | |
|--|--|--------------------------------|-----------|
| | | Nine Months ended September 30 | |
| | | 2022 | 2021 |
| | | (Rupees in thousand) | |
| Purchase of goods and services | Associated undertaking | 167,684 | 148,577 |
| Sale of goods and services | Associated undertaking | 2,557,413 | 1,892,238 |
| Donations | Associated undertaking | - | 13,144 |
| Dividend paid | Associated undertaking and Directorship | 420,722 | 129,994 |
| Contributions to staff retirement benefit funds | Retirement benefit funds | 56,236 | 54,792 |
| Salaries and other short term employees' benefits | Key management personnel | 97,772 | 88,158 |

(Un-audited)
Nine Months ended September 30

| 16. CASH GENERATED FROM OPERATIONS | Note | 2022 | 2021 |
|--|------|----------------------|----------------|
| | | (Rupees in thousand) | |
| Profit before income tax | | 1,051,880 | 1,175,921 |
| Adjustment for non-cash charges and other items: | | | |
| Depreciation | | 613,161 | 585,378 |
| Amortization expense | | 3,701 | 5,984 |
| Amortization of Provision for Gas Infrastructure Development Cess | | - | 31,645 |
| Provision for staff retirement benefits | | 64,177 | 60,291 |
| Profit on bank balances | | (3,805) | (901) |
| Gain on disposal of operating fixed assets | | (622) | - |
| Provision for accumulated compensated absences - net | | 4,680 | 5,400 |
| Government grant recognised in income | | (10,543) | (9,056) |
| Exchange (gain) / loss - unrealised | | (36,709) | 58,977 |
| Finance cost | | 855,960 | 327,092 |
| Gain on remeasurement of provision for Gas Infrastructure Development Cess | | - | (3,360) |
| Working capital changes | 16.1 | 1,749,438 | (1,715,361) |
| | | <u>4,291,318</u> | <u>522,010</u> |

16.1 Working capital changes

| | | | |
|--|--|------------------|--------------------|
| Decrease / (increase) in current assets: | | | |
| Inventories | | 1,147,745 | (1,244,134) |
| Trade receivables | | (132,003) | (719,182) |
| Advances and prepayments | | (72,891) | (72,189) |
| Refunds due from government - sales tax | | 318,560 | (3,784) |
| Other receivables | | (285,624) | (43,888) |
| | | <u>975,787</u> | <u>(2,083,177)</u> |
| Increase in trade and other payables | | 773,651 | 367,816 |
| | | <u>1,749,438</u> | <u>(1,715,361)</u> |

| 17. CASH AND CASH EQUIVALENTS | Note | 2022 | 2021 |
|-------------------------------|------|----------------------|--------------------|
| | | (Rupees in thousand) | |
| Cash and bank balances | | 258,152 | 345,956 |
| Short term running finance | 9 | (2,984,561) | (2,039,819) |
| | | <u>(2,726,409)</u> | <u>(1,693,863)</u> |

| 18. PLANT CAPACITY AND ACTUAL PRODUCTION | 2022 | 2021 |
|--|-----------------|--------|
| | (Metric tonnes) | |
| Operational capacity available during the period | 41,900 | 62,850 |
| Production | 37,306 | 34,722 |

19. NON ADJUSTING EVENT

A fire incident occurred at one of our BOPP film line compartments on October 3rd, 2022. No major injury was reported. As per our assessment, there is no significant damage to the critical equipment and as result we do not foresee any major disruption of our supplies.

20. DATE OF AUTHORISATION FOR ISSUE

- 20.1** Corresponding figures have been re-arranged, wherever necessary for better presentation. However, the impact is immaterial.
- 20.2** These condensed interim financial statements were authorised for issue on October 19, 2022 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 نو ماہ محترمہ 30 ستمبر 2022

ڈائریکٹرز اپنی جائزہ رپورٹ مع کمپنی کے غیر آڈٹ شدہ مختصر عبوری مالیاتی معلومات برائے نو ماہ محترمہ 30 ستمبر 2022 پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔ تحفظ، صحت اور ماحولیات (SHE) پالیسیز، طریقہ کار اور ضوابط پر عمل درآمد کا عہد کمپنی کی اولین ترجیح رہی۔ جیسا کہ پہلے مطلع کیا جا چکا ہے 3 اکتوبر 2022 کو ہمارے بی او پی پی فلم لائن کے کمپارٹمنٹ میں آگ لگنے کا ایک حادثہ پیش آیا۔ کسی بڑے ضرر کی اطلاع نہیں ملی۔ ہمارے تخمینے کے مطابق اہم لیکوپیٹ کا کوئی نمایاں نقصان نہیں ہوا اور اس کے نتیجے میں ہماری سپلائرز میں کوئی بڑا خلل نہیں پڑا۔

ششماہی محترمہ 30 ستمبر

| 2021 | 2022 |
|--------|--------|
| 34,891 | 37,945 |
| 13,890 | 18,419 |
| 1,711 | 1,870 |
| 548 | 885 |
| 1,176 | 1,052 |
| 833 | 619 |
| 21.47 | 15.96 |

فروخت کا حجم (میٹرک ٹن)
فروخت سے حاصل ہونے والی خالص آمدنی (ملین روپے)
آپریٹنگ منافع (ملین روپے)
مالیاتی لاگت (ملین روپے)
منافع قبل از ٹیکس (ملین روپے)
منافع بعد از ٹیکس (ملین روپے)
آمدنی فی حصہ (روپے)

سیلز کے مجموعی حجم اور آمدنی میں گزشتہ سال کی اسی مدت کے مقابلے میں باترتیب 9% اور 33% اضافہ ہوا جس کی وجہ زیادہ حجم اور فیڈ اسٹاک کی وصولی اور توانائی کی لاگت میں بھی اضافہ ہے۔

افراط زر کے شدید دباؤ اور فیول کی زیادہ قیمتوں کے سبب انتظامی اور تقسیم کاری کے اخراجات میں بھی اضافہ ہوا۔

آپریٹنگ منافع 1,870 ملین روپے ہوا جو گزشتہ سال کی اسی مدت کے مقابلے میں 9% زیادہ ہے۔

بلند بیج مارک پالیسی ریت مع قرضہ جات کے استعمال میں اضافہ کے باعث سود کی لاگت میں بھی اضافہ ہوا۔

اس کے مطابق کمپنی کو 1,052 ملین روپے قبل از ٹیکس منافع حاصل ہوا جب کہ گزشتہ سال کی اسی مدت میں 1,176 ملین روپے ہوا تھا۔

حالیہ بجٹ میں ٹیکس ریٹ بڑھانے کا اعلان ہوا، جس کے ساتھ کمپنی کو 619 ملین روپے کا خالص منافع ہوا جب کہ گزشتہ سال اسی عرصہ کا خالص منافع 833 ملین روپے تھا۔

مستقبل کا منظر نامہ

بلند شرح سود، افراط زر، برہنہ کرنسی میں اضافہ پڑھائو اور سیاسی / معاشی غیر یقینی صورتحال کے ساتھ ساتھ سیلاب کی تباہ کاریاں مجموعی طور پر معاشی سرگرمیوں اور کارپوریٹ کارکردگی پر اثر انداز ہو سکتی ہیں۔ نیز معاشی صورتحال کے سبب درآمدات کے ضوابط میں حالیہ تبدیلیوں سے نئے پروجیکٹ کے لئے شدید نوعیت کے چیلنج بھی پیدا ہو گئے ہیں۔

ہم اپنے تمام اسٹیک ہولڈرز کے بھرپور تعاون اور اعتماد رکھنے پر شکریہ ادا کرتے ہیں۔



ناصر جمال
چیف ایگزیکٹو آفیسر

کراچی: 19 اکتوبر، 2022



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