



Tri-Pack Films Limited
Half Yearly Report
June , 2019

The Art of Film Making



Contents

- 02 Company Information
- 03 Directors' Review
- 04 Independent Auditor's Review Report
- 05 Condensed Interim Statement of Financial Position (Un-audited)
- 06 Condensed Interim Profit & Loss Account
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)
- 16 Directors' Review (Urdu Version)



Company Information

Board of Directors

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

Chief Executive Officer

Mr. Nasir Jamal

Audit Committee

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

Executive Committee

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

Human Resource and Remuneration Committee

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

Chief Financial Officer

Mr. Shafiq Afzal Khan

Company Secretary

Mr. Adi J. Cawasji

Auditors and Tax Advisor

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisor

Sattar & Sattar
Khan & Paracha

Shares Registrar

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

Website

www.tripack.com.pk

Registered Office

4th Floor, The Forum,
Suite No. 416-422, G-20,
Block No. 9, Clifton,
Khayaban-e-Jami,
Karachi - 75600, Pakistan.
Tel: (021) 35874047-49
(021) 35831618
Fax: (021) 35860251

Bankers

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

Regional Sales & Head Office

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

Works

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

Works & Regional Sales Office

Plot No. 78/1, Phase IV,
Hattar Industrial Estate, Hattar,
Khyber Pakhtunkhwa,
Tel: (0995) 617406-7
Fax: (0995) 617054

Regional Sales Office

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

* In alphabetical order by surname

Directors' Review

For the Quarter and Half year ended June 30, 2019

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

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

	Half year ended June 30,	
	2019	2018
Sales Volume (M. Tonnes)	24,282	25,261
Revenue (Rs M)	7,151	6,507
Operating Profit (Rs M)	383	442
(Loss)/Profit before tax (Rs M)	(56)	237
(Loss)/Profit after tax (Rs M)	(293)	187
(Loss)/Earnings per share (Rs)	(7.6)	4.8

Business condition remained challenging on account of economic downturn, uncertainty and decline in demand across major industries including your Company. Consequently, overall volumes are lower by 3.9%.

The volatility in Pak Rupee against major currencies increased the cost of imported raw material which coupled with increase in energy cost affected the cost of production. In addition, slackened demand and supply overhang situation restricted the price adjustments. Gross margin for the six months ended were marginally lower compared to same period last year. However, compared to the preceding half year it was 2% better which is an indication of improvement in core business profitability.

Administrative and distribution expenses increased by 15% mainly on account of increase in fuel prices.

Management of foreign exchange risk and working capital remained a challenge. Despite all difficulties the Company generated Rs 1.0 billion from operations and managed to reduce debts by Rs 148 million, which will have a positive effect in the increasing mark-up rate scenario.

Finance cost for the half year ended was higher by 116% as compared to the same period last year mainly on account of increase in policy rate by an average 476 bps and exchange loss of Rs 94 million as compared to Rs 15 million in same period last year. As aforementioned, the strategy going forward is to reduce the debt with better margins and working capital management.

Operating profit lower than same period last year when there was some stability in business conditions and demand was significantly better than H2, 2018 from where all the uncertainties and depletion in demand triggered.

Consequently, Loss before tax for the half year ended at Rs 56 million as compared to Profit before tax of Rs 237 million in same period last year. Loss after tax for the half year ended was Rs 293 million compared to Profit after tax of Rs 187 million in the same period last year due to imposition of full and final tax at the rate of 1.75% on import of raw material thus increasing the average rate of tax.

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. Various representations have already been made to Federal Board of Revenue and relevant ministries which shall continue till its resolution.

Moreover, during the year the corporate tax has been fixed at 29% (enacted through Finance Act, 2019) for tax year 2019 and onwards. Therefore, the deferred tax liability has been revalued at 29% which was valued before at 25%. Total one-time impact of which is Rs 98.82 million. Further, Rs 28 million of prior year tax charge was taken due to reduction in the tax credit from 10% to 5% on Business Modernization and Rationalization (BMR) also promulgated through Finance Act, 2019.

Future Outlook

Business conditions are expected to remain tough due to economic slowdown and poor liquidity affecting demand and sale volumes. Volatility in exchange rate is expected to continue to impact the profitability along with the pressure on margins. Finance cost is expected to remain high. We will endeavor to minimize the effects of these strong head winds through maintaining operational efficiencies, cost savings and working capital management.

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



Nasir Jamal
Chief Executive Officer

Karachi, August 21, 2019



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, 2019 and the related condensed interim statement of profit or loss, and other comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and notes to the financial statements for the half year 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 for the quarters ended June 30, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2019.

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 Farrukh Rehman.

A.F.Ferguson & Co.
Chartered Accountants
Karachi

Date: August 29, 2019

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

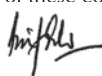
As At June 30, 2019

Note	(Un-audited)	(Audited)	
	June 30	December 31	
	2019	2018	
(Rupees in thousand)			
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5	6,101,671	6,073,755
Intangibles		12,154	2,352
Long term deposits		5,247	5,247
		<u>6,119,072</u>	<u>6,081,354</u>
CURRENT ASSETS			
Inventories	6	2,646,313	2,575,128
Trade debts - net		2,575,299	2,324,698
Advances and prepayments	7	88,940	104,392
Other receivables		139,027	135,853
Refunds due from the government - sales tax		175,463	151,956
Income tax refundable		1,180,569	1,187,537
Cash and bank balances		65,052	43,870
		<u>6,870,663</u>	<u>6,523,434</u>
TOTAL ASSETS		<u><u>12,989,735</u></u>	<u><u>12,604,788</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		388,000	388,000
Capital Reserves			
Share premium		999,107	999,107
Revenue Reserves			
General reserve		1,605,000	1,605,000
Unappropriated profit		291,101	739,372
		<u>3,283,208</u>	<u>3,731,479</u>
LIABILITIES			
NON CURRENT LIABILITIES			
Long term finances	8	1,070,000	1,070,001
Deferred taxation - net		268,031	193,484
Staff retirement benefits		59,016	47,357
Accumulated compensated absences		31,174	31,466
		<u>1,428,221</u>	<u>1,342,308</u>
CURRENT LIABILITIES			
Trade and other payables	9	2,563,879	1,705,841
Unclaimed dividend		17,523	16,540
Accrued mark-up		130,658	94,485
Short term borrowings	10	4,968,554	4,860,114
Current portion of long term finances	8	597,692	854,021
		<u>8,278,306</u>	<u>7,531,001</u>
TOTAL LIABILITIES		<u>9,706,527</u>	<u>8,873,309</u>
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		<u><u>12,989,735</u></u>	<u><u>12,604,788</u></u>

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



Nasir Jamal
Chief Executive Officer



Asif Qadir
Director



Shafiq Afzal Khan
Chief Financial Officer

Condensed Interim Profit & Loss Account and Other Comprehensive Income

For The Half Year Ended June 30, 2019 - (Un-audited)

	Note	Quarter ended June 30		Half year ended June 30	
		2019	2018	2019	2018
(Rupees in thousand)					
Revenue from contracts with customers	12	3,610,878	3,389,558	7,150,989	6,507,197
Cost of sales		(3,209,589)	(2,961,945)	(6,388,580)	(5,733,336)
Gross profit		401,289	427,613	762,409	773,861
Distribution costs		(118,372)	(98,811)	(219,537)	(187,183)
Administrative expenses		(83,657)	(72,414)	(159,698)	(144,267)
		(202,029)	(171,225)	(379,235)	(331,450)
Operating profit		199,260	256,388	383,174	442,411
Other income		17,340	17,310	27,489	28,622
		216,600	273,698	410,663	471,033
Other expenses		(110)	(12,901)	(1,025)	(19,641)
Finance cost	13	(276,723)	(113,799)	(465,374)	(214,739)
		(276,833)	(126,700)	(466,399)	(234,380)
(Loss) / profit before income tax		(60,233)	146,998	(55,736)	236,653
Income tax	14	(210,051)	(33,331)	(237,335)	(49,783)
(Loss) / profit for the period		(270,284)	113,667	(293,071)	186,870
Earnings per share (loss) - basic and diluted (Rupees)	15	(6.97)	2.93	(7.55)	4.82

There are no other comprehensive income items during this period.

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



Nasir Jamal
Chief Executive Officer



Asif Qadir
Director



Shafiq Afzal Khan
Chief Financial Officer

Condensed Interim Statement of Changes in Equity

For The Half Year Ended June 30, 2019 - (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, 2018	388,000	999,107	1,605,000	962,362	3,566,469	3,954,469
Final cash dividend for the year ended December 31, 2017 @ Rs 10.00 per share	-	-	-	(388,000)	(388,000)	(388,000)
Total comprehensive income for the half year ended June 30, 2018						
-Profit after taxation for the half year ended June 30, 2018	-	-	-	186,870	186,870	186,870
-Other comprehensive income for the half year ended June 30, 2018	-	-	-	-	-	-
	-	-	-	186,870	186,870	186,870
Balance as at June 30, 2018	388,000	999,107	1,605,000	761,232	3,365,339	3,753,339
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

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



Nasir Jamal
Chief Executive Officer



Asif Qadir
Director



Shafiq Afzal Khan
Chief Financial Officer

Condensed Interim Statement of Cash Flows

For The Half Year Ended June 30, 2019 - (Un-audited)

	Note	Half year ended	
		June 30 2019	June 30 2018
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from / (used in) operations	17	1,199,627	(260,660)
Payment on account of accumulated compensated absences		(3,892)	(4,639)
Increase in long term deposits		-	(167)
Staff retirement benefits paid		(26,753)	(108,172)
Income taxes paid		(155,820)	(168,140)
Net cash generated from / (used in) operating activities		<u>1,013,162</u>	<u>(541,778)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(342,603)	(231,558)
Purchase of intangible assets		(12,344)	(348)
Profit received on bank balances		168	289
Sale proceeds on disposal of operating fixed assets		102	5,642
Net cash used in investing activities		<u>(354,677)</u>	<u>(225,975)</u>
Cash flows from financing activities			
Long term finances paid		(456,330)	(560,193)
Long term finances acquired		200,000	-
Short term financing - net		(792,000)	1,820,000
Finance cost paid		(321,559)	(185,296)
Dividend paid		(154,217)	(373,612)
Bank charges paid		(13,637)	(6,843)
Net cash (used in) / generated from financing activities		<u>(1,537,743)</u>	<u>694,056</u>
Net decrease in cash and cash equivalents		<u>(879,258)</u>	<u>(73,697)</u>
Cash and cash equivalents at the beginning of the period		(2,254,244)	(221,988)
Cash and cash equivalents at the end of the period	18	<u><u>(3,133,502)</u></u>	<u><u>(295,685)</u></u>

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



Nasir Jamal
Chief Executive Officer



Asif Qadir
Director



Shafiq Afzal Khan
Chief Financial Officer

Notes to and Forming Part of the Condensed Interim Financial Statements

For The Half Year Ended June 30, 2019

1. THE COMPANY AND ITS OPERATIONS

Tri-Pack Films Limited (the Company) was incorporated in Pakistan as a public limited company on April 29, 1993 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on the Pakistan Stock Exchange. It is principally engaged in the manufacturing and sale of Biaxially Oriented Polypropylene (BOPP) film and Cast Polypropylene (CPP) film. The registered office of the Company is situated at 4th floor, the Forum, Suite No. 416 to 422, G-20, Block-9, Khayaban-e-Jami, Clifton, Karachi.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

2.2 Changes in accounting standards, interpretations and pronouncements

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

- IFRS 9 'Financial instruments' - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

The impact of changes laid down by this standard are detailed in note 4.

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

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

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

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

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2018 except for the changes as stated in note 4.

4. CHANGE IN ACCOUNTING POLICIES

IFRS 9 'Financial instruments' (effective for reporting periods ending on or after June 30, 2019)

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: Amortised Cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVPL). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI, not recycling.

The standard also includes an expected credit losses (ECL) model that replaces the current incurred loss impairment model. The ECL model involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (e.g. trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

For financial liabilities, there are no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

The adoption of IFRS 9 from January 1, 2019 by the Company has resulted in change in accounting policies. The Company has applied IFRS 9 retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", however, it has elected not to restate comparative information as permitted under the transitional provisions of the standard considering there being no material impact of the same.

Furthermore, on January 1, 2019, the management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from the reclassification as at that date are as follows:

	Original classification under IAS 39	New classification under IFRS 9	Original amount under IAS 39	New carrying amount under IFRS 9
Financial assets				
Long term deposits	Loans and receivables	Amortised cost	5,247	5,247
Trade debts - net	Loans and receivables	Amortised cost	2,324,698	2,324,698
Advances and prepayments	Loans and receivables	Amortised cost	5,042	5,042
Other receivables	Loans and receivables	Amortised cost	114,387	114,387
Cash and bank balances	Loans and receivables	Amortised cost	43,870	43,870
Financial liabilities				
Long term finances	Amortised cost	Amortised cost	1,924,022	1,924,022
Trade and other payables	Amortised cost	Amortised cost	1,603,210	1,603,210
Unclaimed dividend	Amortised cost	Amortised cost	16,540	16,540
Accrued mark-up	Amortised cost	Amortised cost	94,485	94,485
Short term borrowings	Amortised cost	Amortised cost	4,860,114	4,860,114

No material differences were noted in prior year figures as a result of applying the new expected credit loss model on adoption of IFRS 9. The reclassifications of the financial instruments also did not result in any changes to measurements. Hence, there was no restatement of opening balances and reserves. Furthermore, there is no impact on the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows.

5. PROPERTY, PLANT AND EQUIPMENT

	(Un-audited) June 30 2019	(Audited) December 31 2018
	(Rupees in thousand)	
Operating fixed assets	5,804,558	5,895,087
Capital work in progress	270,035	151,590
Major spare parts and stand-by equipment	27,078	27,078
	<u>6,101,671</u>	<u>6,073,755</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 2019	June 30 2018	June 30 2019	June 30 2018
	(Rupees in thousand)			
Building and other civil work				
on leasehold land	6,752	3,954	-	-
Plant and machinery	179,831	51,704	-	-
Furniture and fittings	6,132	4,754	23	133
Office and other equipments	31,402	3,613	52	92
Vehicles	41	-	-	2,119
Major spare parts and stand-by equipment	-	12,744	-	1,226
	<u>224,158</u>	<u>76,769</u>	<u>75</u>	<u>3,570</u>

	(Un-audited) June 30	(Audited) December 31
	2019	2018
(Rupees in thousand)		
Stores and spares	461,309	431,231
Raw materials		
In hand	1,023,614	1,444,216
In transit	451,623	68,364
	1,475,237	1,512,580
	1,936,546	1,943,811
Packing materials	23,651	23,464
Work in process	337,027	304,655
Finished goods	349,089	303,198
	2,646,313	2,575,128

6. INVENTORIES

Stores and spares
Raw materials

In hand
In transit

Packing materials
Work in process
Finished goods

7. ADVANCES AND PREPAYMENTS

This includes Rs. 58.38 million (December 31, 2018: Rs. 58.15 million) in respect of advances against import of raw material and spares.

8. LONG TERM FINANCES

During the period, the Company has drawn a tranche of loan under existing mark-up arrangement amounting to Rs. 200 million for a tenor of 5 years.

9. TRADE AND OTHER PAYABLES

9.1 This includes Rs. 831.18 million (December 31, 2018: Rs. 764.45 million) in respect of Gas Infrastructure Development Cess (GIDC) which has not been paid as stay order has been obtained by the Company in the Honourable High Courts of Sindh and Peshawar against demand and collection under GIDC Act 2015.

9.2 This includes Rs. 170.44 million (December 31, 2018: Rs. 143.38 million) levied through. The Sindh development and maintenance of Infrastructure Cess, 2017, which superseded the previous levy under Sindh Finance Act, 1994. The said amount has not been paid as stay order has been obtained by the Company in the Honourable High Court of Sindh.

10. SHORT TERM BORROWINGS

		(Un-audited) June 30	(Audited) December 31
	Note	2019	2018
(Rupees in thousand)			
Secured			
Short term running finance	10.2	3,198,554	2,298,114
Short term money market loans	10.1 & 10.3	1,770,000	2,562,000
		4,968,554	4,860,114

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

	(Un-audited) June 30	(Audited) December 31
	2019	2018
(Rupees in thousand)		
Balance as at January 01	2,562,000	2,142,000
Disbursements during the period / year	9,938,000	18,100,000
Repayment	(10,730,000)	(17,680,000)
	1,770,000	2,562,000

- 10.2** Short-term running finances have been obtained under mark-up arrangements from commercial banks payable on various maturity dates up to September 30, 2021. These facilities are secured by joint hypothecation by way of first floating charge over current assets including but not limited to stores and spares, stock in trade and trade debts. Rate of mark-up applicable to these facilities ranged between 10.72% to 14.62% (December 31, 2018: 6.27% to 11.40%).
- 10.3** Short-term money market loans have been arranged as a sub-limit of the running finance facility. Rate of mark-up applicable to these facilities ranged between 9.68% to 14.17% (December 31, 2018: 6.16% to 10.01%) per annum. These facilities are available for a maximum period of one year from the date of agreement with the latest facility expiring on September 30, 2021.
- 10.4** Total facilities available under mark-up arrangements aggregated Rs. 6.01 billion (December 31, 2018: Rs. 6.81 billion) out of which the amount unavailed at the period end was Rs. 1.04 billion (December 31, 2018: Rs. 1.95 billion). Running finance facility amounting to Rs. 0.5 billion (December 31, 2018: Rs. 0.5 billion) is sub-limit of letter of credit.

11. CONTINGENCIES AND COMMITMENTS

Contingencies

Guarantees issued by banks on behalf of the Company

	(Un-audited) June 30	(Audited) December 31
	2019	2018
(Rupees in thousand)		
	451,915	404,745

Commitments

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

	774,334	670,881
	833,317	204,800

- 11.1** Aggregate commitments in respect of ijarah arrangements of motor vehicles amounted to Rs. 18.40 million (December 31, 2018: Rs. 14.37 million).

- 11.2** The facilities for opening of letter of credits and for guarantees as at June 30, 2019 amount to Rs. 10.37 billion (December 31, 2018: Rs. 10.62 billion) and Rs. 1.08 billion (December 31, 2018: Rs. 1.08 billion) respectively, of which the amount remaining unutilised was Rs. 7.77 billion (December 31, 2018: Rs. 9.45 billion) and Rs. 623.09 million (December 31, 2018: Rs. 670.26 million) respectively. Letter of guarantee is sub-limit of running finance except for Rs. 200 million (December 31, 2018: Nil) which is sub-limit of letter of credit.

12. REVENUE FROM CONTRACTS WITH CUSTOMERS

	(Un-audited)			
	Quarter ended June 30		Half year ended June 30	
	2019	2018	2019	2018
(Rupees in thousand)				
Sale of goods less returns:				
- Local	4,150,570	4,110,685	8,171,733	7,811,490
Less: Sales tax	(632,663)	(597,022)	(1,234,384)	(1,133,135)
Discounts	(47,233)	(158,050)	(106,647)	(272,279)
	3,470,674	3,355,613	6,830,702	6,406,076
- Export	140,204	33,945	320,287	101,121
	3,610,878	3,389,558	7,150,989	6,507,197

13. FINANCE COST

- 13.1** This includes amount of Rs. 94 million (June 30, 2018: Rs. 15.48 million) in respect of exchange loss - net of gain.

- 13.2 This include financial charges on short term borrowings and long term finances amounting to Rs. 253.36 million (June 30, 2018: Rs. 118.01 million) and Rs. 104.37 million (June 30, 2018: Rs. 74.40 million) respectively.

14. INCOME TAX

- 14.1 During the year 2018, a change in corporate tax rate from 30% to 29% was enacted through Finance Act, 2018 for the tax year 2019. The said tax rate was announced to gradually decrease by 1% over a period of 4 years. Therefore, deferred tax assets and liabilities were recognised accordingly using the expected applicable rate i.e 25%. However, during the current period, the above mentioned clause has been replaced by Finance Act, 2019 and the tax rate has been fixed to 29% for tax year 2019 and onwards. The same rate has been used in the current period to recognise deferred tax assets and liabilities. The change has resulted in increase of deferred tax liability by Rs. 98.82 million.
- 14.2 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.

15. EARNINGS PER SHARE (LOSS)

	(Un-audited)			
	Quarter ended June 30		Half year ended June 30	
	2019	2018	2019	2018
	(Rupees in thousand)			
(Loss) / profit after taxation attributable to ordinary shareholders	(270,284)	113,667	(293,071)	186,870
	(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 (loss) - basic and diluted	(6.97)	2.93	(7.55)	4.82

- 15.1 There were no convertible dilutive potential ordinary shares outstanding on June 30, 2019 and 2018.

16. TRANSACTIONS WITH RELATED PARTIES

Significant transactions with related parties are as follows:

Nature of transaction	Nature of relationship	(Un-audited)	
		Half year ended June 30	
		2019	2018
		(Rupees in thousand)	
Purchase of goods and services	Associated company	212,484	222,252
Sale of goods and services	Associated company	847,551	1,075,847
Commission earned	Associated company	-	3,046
Dividend paid	Associated company and Directorship	103,480	258,678
Contributions to staff retirement benefit funds	Retirement benefit funds	27,135	107,455
Salaries and other short term employees' benefits	Key management personnel	50,043	46,144

(Un-audited)
Half year ended June 30

Note	2019	2018
(Rupees in thousand)		
17. CASH GENERATED FROM/(USED IN) OPERATIONS		
(Loss) / profit before income tax	(55,736)	236,653
Adjustment for non-cash charges and other items:		
Depreciation	314,612	314,167
Amortisation expense	2,542	1,463
Provision for staff retirement benefits	38,412	41,436
Profit on bank balances	(168)	(289)
Gain on disposal of operating fixed assets	(27)	(3,298)
Provision for accumulated compensated absences - net	3,600	4,500
Exchange loss - unrealised	18,371	(446)
Finance cost	371,369	199,258
Working capital changes	506,652	(1,054,104)
17.1	1,199,627	(260,660)
17.1 Working capital changes		
(Increase) / decrease in current assets:		
Inventories	(71,185)	(881,457)
Trade debts - net	(250,601)	(379,722)
Advances and prepayments	15,452	(140,618)
Refunds due from the government - sales tax	(23,507)	(130,391)
Other receivables	(3,174)	7,511
	(333,015)	(1,524,677)
Increase in trade and other payables	839,667	470,573
	506,652	(1,054,104)
18. CASH AND CASH EQUIVALENTS		
Cash and bank balances	65,052	160,005
Short term running finance	(3,198,554)	(455,690)
	(3,133,502)	(295,685)
19. PLANT CAPACITY AND ACTUAL PRODUCTION		

(Un-audited)
Half year ended June 30

	2019	2018
(Metric tonnes)		
Operational capacity available during the period	41,900	41,900
Production	24,570	25,293

20. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on August 21, 2019 by the Board of Directors of the Company.



Nasir Jamal
Chief Executive Officer



Asif Qadir
Director



Shafiq Afzal Khan
Chief Financial Officer

ڈائریکٹرز کا جائزہ

برائے ششماہی تختہ 30 جون 2019

ڈائریکٹرز سمیت اپنی جائزہ رپورٹ میں کمپنی کے غیر آڈٹ شدہ برابری مابین معلومات کا خلاصہ برائے ششماہی تختہ 30 جون 2019 پیش کرتے ہیں۔

کمپنی نے اس ششماہی میں بھی حفاظت، صحت اور ماحولیات (SHE) کے تقاضوں کی تکمیل کی۔

تختہ ششماہی 30 جون 2019

2019	2018
24,282	25,261
7,151	6,507
383	442
(56)	237
(293)	187
(7.6)	4.8

فروخت کا حجم (میٹرک ٹن)

فروخت سے حاصل ہونے والی خالص آمدنی (ملین روپے)

آپریٹنگ منافع (ملین روپے)

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

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

(نقصان) / منافع فی حصہ (روپے)

معاشی مدعا، غیر یقینی کیفیت اور بڑی صنعتوں بشمول آپ کی کمپنی کھل میں کمی کی وجہ سے کاروبار میں مشکلات پیش آئیں۔ اس کے نتیجے میں فروخت سے حجم میں 3.9% کمی واقع ہوئی۔

بڑی کرسٹیز کے مقابلے میں پاکستانی روپے کی قدر میں اتار چڑھاؤ سے درآمد شدہ خام مال کی قیمتوں میں اضافہ ہوا اور اس کے ساتھ ساتھ توانائی کی قیمتوں میں اضافہ کی وجہ سے پیداوار کی لاگت میں اضافہ ہوا۔ اس کے علاوہ طلب میں سستی اور فراہمی کی ذیلی کمی کی وجہ سے قیمتیں ایڈجسٹ کرنے میں مشکل پیش آئی۔ گزشتہ چھ ماہ کے دوران میں گزشتہ سال کی اسی مدت کے مقابلے میں خام منافع میں معمولی کمی آئی۔ تاہم گزشتہ چھ ماہ کے مقابلے میں یہ 2% بہتر تھی جو بنیادی کاروبار میں بہتری کا اشارہ ہے۔

انتظامی اور تقسیم کاری کے اخراجات میں 15% اضافہ جو حس کی بنیادی وجہ تیل کی قیمتوں میں اضافہ تھی۔

غیر ملکی زر مبادلہ جاری سرمایہ کے انتظامات میں مشکلات پیش آئیں۔ تمام زر مشکلات کے باوجود کمپنی نے اپریل سے 1.0 بلین روپے حاصل کئے اور قرضوں کی مد میں 148 ملین روپے کی لاگت میں کامیاب ہوئی جو برقی ہوئی شرح سود کی صورت حال میں مثبت ثابت ہوگا۔

مابین الاگت گزشتہ سال کی اسی مدت کے مقابلے میں 116% زیادہ ری جس کی وجہ شرح سود میں اوسطاً 476bps کا اضافہ اور زر مبادلہ 94 بلین روپے کا نقصان تھا جو گزشتہ سال کی اسی مدت میں 15 بلین روپے پیش نظر تھا۔ ہماری حکمت عملی بہتر مارڈن اور جاری سرمایہ کے انتظام سے شرح جات میں کمی آئی ہے۔

آپریٹنگ منافع گزشتہ سال کے اسی عرصے کے مقابلے میں کم رہا۔ جب کاروباری حالات اور طلب کافی بہتر تھے۔ لیکن گزشتہ چھ ماہ کے مقابلے میں بہتر رہا تھا جس سے غیر یقینی صورت حال اور طلب میں کمی متحرک ہوئی۔ نتیجاً ششماہی میں نقصان قبل از ٹیکس 56 بلین روپے رہا جب کہ گزشتہ سال اسی مدت میں منافع قبل از ٹیکس 237 بلین روپے ہوا تھا۔ اس ششماہی میں نقصان بعد از ٹیکس 293 بلین روپے ہوا جب کہ گزشتہ سال کی اسی مدت میں منافع بعد از ٹیکس 187 بلین روپے ہوا تھا جس کی بڑی وجہ خام مال کی درآمد پر ٹیکس کی شرح 1.75% کا مکمل اور ٹیکس کا نافذ ہونا تھا جس کی وجہ سے اوسط ٹیکس شرح میں اضافہ ہوا۔ ہم آمدنی کے کام کی توجیاس بے ضابطگی کی جانب دلا نا چاہتے ہیں جس کی وجہ منافع کے قطع نظر کاروباری لاگت میں نمایاں اضافہ ہوا ہے۔ اس سلسلے میں منافع کے وفاقی اداروں اور متعلقہ ذرائع میں اضافہ بھی گزشتہ سال کی جانب ہیں جو اس کے عمل تک جاری رہے گی۔

مزید یہ کہ سال کے دوران 2019 اور اس کے بعد کیلئے کارپوریٹ ٹیکس کی شرح 29% فنانس ایکٹ 2019 کے ذریعے مقرر کر دی گئی ہے۔ لہذا ملٹی شدہ ٹیکس کی شرح بھی 29% ہو گئی ہے جو کہ پہلے 25% تھی۔ اس کی وجہ سے ایک مرتبہ کا کل نقصان 98.81 بلین روپے ہوا۔ اس کے علاوہ اسی فنانس ایکٹ 2019 کے ذریعے برنس، ڈائریکٹرز، اینڈرز، سٹاک ہولڈرز، سٹاک ہولڈرز (BMR) کی ٹیکس کی چھوٹ کو 10% سے کم کر کے 5% کر دیا گیا جس کے باعث پیٹنگی سال کے ٹیکس چارجز کی مد میں 28 بلین کا اضافہ ہوا۔

مستقبل کے امکانات

طلب میں کمی کی وجہ سے کاروباری حالات مشکل رہیں گے جس کا اثر فروخت کے حجم اور اس سے حاصل ہونے والی خالص آمدنی پر ہوگا۔ روپے کے اتار چڑھاؤ کے ساتھ ساتھ مارجن پر دباؤ متوقع ہیں۔ مابین الاگت بھی زیادہ رہنے کی توقع ہے۔ ہم آپریشنل استعداد اور اخراجات میں بچت اور جاری سرمایہ کے انتظامات کے ذریعہ ان سخت مشکلات کا مقابلہ کر کے مثبت اثرات کو کم سے کم کرنے کیلئے پرعزم ہیں۔

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



ناصر جمال
چیف ایگزیکٹو آفیسر

کراچی، 21 اگست، 2019ء















www.jamapunji.pk

 **Jama
Punji**
سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**
Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered
-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event notifications, corporate and regulatory actions)
-  Jamapunji application for mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 [jamapunji.pk](https://www.facebook.com/jamapunji.pk)

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices



Picture from Naqsh School of Arts



Tri-Pack Films Limited

Registered Office:

4th Floor, The Forum, Suite No. 416-422
G-20, Block No. 9, Clifton,
Khayaban-e-Jami, Karachi-75600, Pakistan.
Tel: 92 21-3587 4047-49, 3583 1618
Fax: 92 21-3586 0251

www.tripack.com.pk