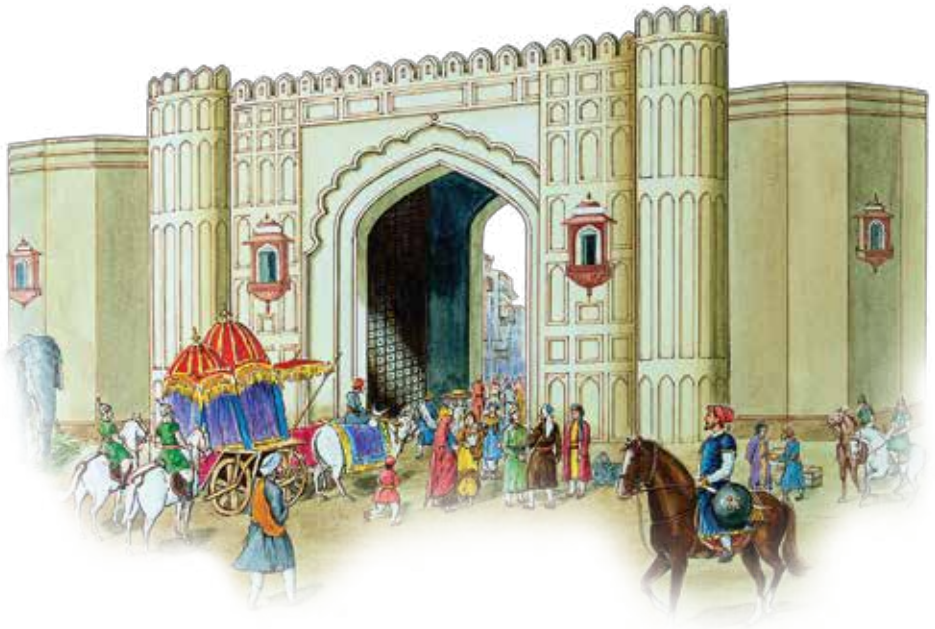




**Tri-Pack Films Limited**



# Entering Gates of Excellence

Half Year Ended June, 2021

# 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)
- 16 Directors' Review (Urdu Version)

# Company Information

## Board of Directors

Syed Babar Ali (Chairman)  
Syed Hyder Ali\*  
Mr. Khurram Raza Bakhtayari  
Ms. Nermeen Towfiq Chinoy  
Mr. Yukio Hayasawa  
Mr. Asif Qadir  
Mr. Yohei Shiomoto  
Mr. Saquib Hussain Shirazi

## Chief Executive Officer

Mr. Nasir Jamal

## Audit Committee

Mr. Asif Qadir (Chairman)  
Mr. Khurram Raza Bakhtayari  
Ms. Nermeen Towfiq Chinoy  
Mr. Yukio Hayasawa  
Mr. Yohei Shiomoto

## Executive Committee

Mr. Yohei Shiomoto (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. Asif Qadir  
Mr. Yohei Shiomoto

## Chief Financial Officer

Mr. Muhammad Zuhair Damani

## Company Secretary

Ms. Arjumand Ahmed Shah

## Auditors and Tax Advisor

A. F. Ferguson & Co.  
Chartered Accountants

## Legal Advisor

Sattar & Sattar

## Shares Registrar

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

## Website

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

## Registered Office

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

## Regional Sales & Head Office

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

## Works

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

## Works & Regional Sales Office

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

## Regional Sales Office

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

## Bankers

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

\* In alphabetical order by surname

# Directors' Review

For the Half Year ended June 30, 2021

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, 2021.

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

|                          | Half Year ended June 30, |        |
|--------------------------|--------------------------|--------|
|                          | 2021                     | 2020   |
| Sales Volume (M. Tonnes) | 21,297                   | 21,506 |
| Revenue (Rs M)           | 8,565                    | 6,668  |
| Operating Profit (Rs M)  | 1,214                    | 585    |
| Interest Cost (Rs M)     | 244                      | 309    |
| Exchange Loss (Rs M)     | 45                       | 188    |
| Profit before tax (Rs M) | 899                      | 104    |
| Profit after tax (Rs M)  | 637                      | 65     |
| Earnings per share (Rs)  | 16.42                    | 1.68   |

Raw material shortage and steep price increase, witnessed in Q1 continued till mid of Q2 with granule prices touching \$1,800 per ton and in subsequent period normalize to around \$1,285 per ton. The crisis presented an opportunity for us and is reflected in the financial performance of H1.

Owing to COVID-19 related intermittent lockdowns and market closures besides falling granule prices, customers resorted to absolute need based buying, as a result, Q2 volumes did not show any increase vis a vis last year. Higher prices of granules pushed the revenue up for H1 2021.

With Improved operational efficiency and product mix the Company achieved an operating profit of Rs 1,214m compared to Rs 585m made in the corresponding period last year.

Exchange loss of Rs 45 million has been recognized compared to Rs 188 million in the corresponding period last year. With nominal increase in distribution and administrative expenses in an inflationary environment, the Company posted a profit before tax is Rs 899 million and profit after tax of Rs 637 million compared to Rs 104 million and Rs 65m made in the corresponding period last year.

## Future Outlook

With prices normalizing we would see the normalization of profits also. Anti-dumping duties that were imposed on imports of BOPP film have been terminated by the National Tariff Commission (NTC) effective from July 16, 2021.

The expansion project of the Company is progressing as per the plans / timelines.

We expect a steady performance in the coming quarters and a good full year performance.



**Nasir Jamal**  
Chief Executive Officer

Karachi, August 10, 2021

## 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, 2021 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, 2021 and 2020 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2021.

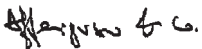
### Scope of Review

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 13, 2021

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

■ KARACHI ■ LAHORE ■ ISLAMABAD

# Condensed Interim Statement Of Financial Position

As at June 30, 2021

|                                                   |      | (Un-audited)<br>June 30 | (Audited)<br>December 31 |
|---------------------------------------------------|------|-------------------------|--------------------------|
|                                                   | Note | 2021                    | 2020                     |
| (Rupees in thousand)                              |      |                         |                          |
| <b>ASSETS</b>                                     |      |                         |                          |
| <b>NON CURRENT ASSETS</b>                         |      |                         |                          |
| Property, plant and equipment                     | 5    | 6,856,343               | 6,825,355                |
| Right-of-use asset                                | 6    | 194,323                 | 197,155                  |
| Intangibles                                       |      | 10,862                  | 10,946                   |
| Long term deposits                                |      | 7,303                   | 6,288                    |
|                                                   |      | <u>7,068,831</u>        | <u>7,039,744</u>         |
| <b>CURRENT ASSETS</b>                             |      |                         |                          |
| Inventories                                       | 7    | 3,258,067               | 2,464,747                |
| Trade receivables                                 |      | 1,678,708               | 1,696,150                |
| Advances and prepayments                          | 8    | 177,108                 | 91,901                   |
| Other receivables                                 |      | 111,695                 | 234,054                  |
| Refunds due from government - sales tax           |      | 238,678                 | 240,160                  |
| Income tax refundable                             |      | 1,278,422               | 1,248,996                |
| Cash and bank balances                            |      | 169,040                 | 137,358                  |
|                                                   |      | <u>6,911,718</u>        | <u>6,113,366</u>         |
|                                                   |      | <u>13,980,549</u>       | <u>13,153,110</u>        |
| <b>TOTAL ASSETS</b>                               |      |                         |                          |
| <b>EQUITY AND LIABILITIES</b>                     |      |                         |                          |
| <b>SHARE CAPITAL AND RESERVES</b>                 |      |                         |                          |
| Share capital                                     | 9    | 388,000                 | 388,000                  |
| Share premium                                     |      | 999,107                 | 999,107                  |
| General reserve                                   |      | 1,605,000               | 1,605,000                |
| Unappropriated profit                             |      | 1,326,948               | 883,818                  |
|                                                   |      | <u>4,319,055</u>        | <u>3,875,925</u>         |
| <b>LIABILITIES</b>                                |      |                         |                          |
| <b>NON CURRENT LIABILITIES</b>                    |      |                         |                          |
| Long term borrowings                              | 10   | 2,111,473               | 2,123,085                |
| Deferred income - Government grant                | 11   | 146,091                 | 18,394                   |
| Long term lease liability                         |      | 33,980                  | 31,569                   |
| Deferred taxation - net                           |      | 326,773                 | 219,301                  |
| Provision for Gas Infrastructure Development Cess |      | 466,367                 | 529,844                  |
| Staff retirement benefits                         |      | 66,857                  | 58,417                   |
| Accumulated compensated absences                  |      | 32,217                  | 31,804                   |
|                                                   |      | <u>3,183,758</u>        | <u>3,012,414</u>         |
| <b>CURRENT LIABILITIES</b>                        |      |                         |                          |
| Trade and other payables                          | 12   | 3,735,385               | 3,651,099                |
| Unclaimed dividend                                |      | 18,290                  | 16,732                   |
| Accrued mark-up                                   |      | 86,120                  | 122,467                  |
| Short term borrowings                             | 13   | 2,343,713               | 2,179,556                |
| Current portion of long term lease liability      |      | 3,131                   | 3,131                    |
| Current portion of long term borrowings           | 10   | 291,097                 | 291,786                  |
|                                                   |      | <u>6,477,736</u>        | <u>6,264,771</u>         |
|                                                   |      | <u>9,661,494</u>        | <u>9,277,185</u>         |
| <b>TOTAL LIABILITIES</b>                          |      |                         |                          |
| <b>CONTINGENCIES AND COMMITMENTS</b>              |      |                         |                          |
| <b>TOTAL EQUITY AND LIABILITIES</b>               |      |                         |                          |
|                                                   |      | <u>13,980,549</u>       | <u>13,153,110</u>        |

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



**Nasir Jamal**  
Chief Executive Officer



**Asif Qadir**  
Director



**Muhammad Zuhair Damani**  
Chief Financial Officer

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

For the Half Year Ended June 30, 2021 - (Un-audited)

|                                                                           | Note | Quarter ended June 30 |                | Half year ended June 30 |               |
|---------------------------------------------------------------------------|------|-----------------------|----------------|-------------------------|---------------|
|                                                                           |      | 2021                  | 2020           | 2021                    | 2020          |
| (Rupees in thousand)                                                      |      |                       |                |                         |               |
| Revenue from contracts with customers                                     | 15   | 3,847,015             | 3,185,649      | 8,564,503               | 6,668,431     |
| Cost of sales                                                             |      | (3,086,931)           | (2,644,241)    | (6,917,936)             | (5,666,076)   |
| Gross profit                                                              |      | 760,084               | 541,408        | 1,646,567               | 1,002,355     |
| Distribution costs                                                        |      | (93,987)              | (105,139)      | (224,396)               | (229,761)     |
| Administrative expenses                                                   |      | (88,243)              | (93,531)       | (208,113)               | (187,933)     |
|                                                                           |      | (182,230)             | (198,670)      | (432,509)               | (417,694)     |
| Operating profit                                                          |      | 577,854               | 342,738        | 1,214,058               | 584,661       |
| Other income                                                              |      | 21,772                | 14,360         | 52,924                  | 24,842        |
|                                                                           |      | 599,626               | 357,098        | 1,266,982               | 609,503       |
| Other expenses                                                            |      | (41,416)              | (8,377)        | (79,289)                | (8,377)       |
| Finance cost                                                              | 16   | (168,840)             | (129,036)      | (289,164)               | (497,292)     |
|                                                                           |      | (210,256)             | (137,413)      | (368,453)               | (505,669)     |
| Profit before income tax                                                  |      | 389,370               | 219,685        | 898,529                 | 103,834       |
| Income tax - net                                                          | 17   | (113,145)             | 34,696         | (261,399)               | (38,676)      |
| Profit for the period                                                     |      | 276,225               | 254,381        | 637,130                 | 65,158        |
| <b>Other comprehensive income for the period:</b>                         |      |                       |                |                         |               |
| <b>Items that will not be reclassified subsequently to profit or loss</b> |      |                       |                |                         |               |
| Remeasurement of staff retirement benefits                                |      | -                     | -              | -                       | -             |
| <b>Total comprehensive income for the period</b>                          |      | <b>276,225</b>        | <b>254,381</b> | <b>637,130</b>          | <b>65,158</b> |
| Earnings per share - basic and diluted (Rupees)                           | 18   | 7.12                  | 6.56           | 16.42                   | 1.68          |

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



Nasir Jamal

Chief Executive Officer



Asif Qadir

Director



Muhammad Zuhair Damani

Chief Financial Officer

# Condensed Interim Statement of Changes in Equity

For the Half Year Ended June 30, 2021 - (Un-audited)

|                                                                               | Issued, subscribed and paid up share capital | Reserves      |                 |                       | Total Reserves | Total     |
|-------------------------------------------------------------------------------|----------------------------------------------|---------------|-----------------|-----------------------|----------------|-----------|
|                                                                               |                                              | Capital       | Revenue         |                       |                |           |
|                                                                               |                                              | Share Premium | General reserve | Unappropriated profit |                |           |
| (Rupees in thousand)                                                          |                                              |               |                 |                       |                |           |
| Balance as at January 1, 2020                                                 | 388,000                                      | 999,107       | 1,605,000       | 267,253               | 2,871,360      | 3,259,360 |
| Total comprehensive income for the half year ended June 30, 2020              |                                              |               |                 |                       |                |           |
| - Profit for the half year ended June 30, 2020                                | -                                            | -             | -               | 65,158                | 65,158         | 65,158    |
| - Other comprehensive income for the half year ended June 30, 2020            | -                                            | -             | -               | -                     | -              | -         |
|                                                                               | -                                            | -             | -               | 65,158                | 65,158         | 65,158    |
| Balance as at June 30, 2020                                                   | 388,000                                      | 999,107       | 1,605,000       | 332,411               | 2,936,518      | 3,324,518 |
| <b>Balance as at January 1, 2021</b>                                          | 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   |
| <b>Balance as at June 30, 2021</b>                                            | 388,000                                      | 999,107       | 1,605,000       | 1,326,948             | 3,931,055      | 4,319,055 |

The annexed notes 1 to 23 form an integral part of these condensed interim financial statements.



**Nasir Jamal**  
Chief Executive Officer



**Asif Qadir**  
Director



**Muhammad Zuhair Damani**  
Chief Financial Officer



# Condensed Interim Statement of Cash Flows

For the Half Year Ended June 30, 2021 - (Un-audited)

|                                                          | Note | Half year ended June 30 |             |
|----------------------------------------------------------|------|-------------------------|-------------|
|                                                          |      | 2021                    | 2020        |
|                                                          |      | (Rupees in thousand)    |             |
| <b>Cash flows from operating activities</b>              |      |                         |             |
| Cash generated from operations                           | 20   | 888,124                 | 154,533     |
| Payment on account of accumulated compensated absences   |      | (3,187)                 | (3,440)     |
| (Increase) / decrease in long term deposits              |      | (1,015)                 | 2,866       |
| Staff retirement benefits paid                           |      | (30,467)                | (34,587)    |
| Income taxes paid - net                                  |      | (183,353)               | (147,621)   |
| Net cash generated from / (used in) operating activities |      | 670,102                 | (28,249)    |
| <b>Cash flows from investing activities</b>              |      |                         |             |
| Purchase of property, plant and equipment                |      | (415,092)               | (657,409)   |
| Purchase of intangible assets                            |      | (3,866)                 | (101)       |
| Profit received on bank balances                         |      | 594                     | 1,572       |
| Sale proceeds on disposal of operating fixed assets      |      | 36                      | 2,000       |
| Net cash used in investing activities                    |      | (418,328)               | (653,938)   |
| <b>Cash flows from financing activities</b>              |      |                         |             |
| Long term borrowings paid                                |      | (394,405)               | (200,000)   |
| Long term borrowings acquired                            |      | 522,418                 | 434,428     |
| Short term borrowings - net                              |      | 1,200,000               | (248,000)   |
| Finance cost paid                                        |      | (216,008)               | (309,507)   |
| Dividend paid                                            |      | (192,442)               | (243)       |
| Transaction cost paid                                    | 8    | (75,892)                | -           |
| Bank charges paid                                        |      | (27,920)                | (15,076)    |
| Net cash generated from / (used in) financing activities |      | 815,751                 | (338,398)   |
| Net increase / (decrease) in cash and cash equivalents   |      | 1,067,525               | (1,020,585) |
| Cash and cash equivalents at the beginning of the period |      | (1,522,198)             | (2,206,202) |
| Cash and cash equivalents at the end of the period       | 21   | (454,673)               | (3,226,787) |

The annexed notes 1 to 23 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 Information

For the Half Year Ended June 30, 2021 - (Un-audited)

## 1. THE COMPANY AND ITS OPERATIONS

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

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

These condensed interim financial statements do not include all the information required to be contained in the annual financial statements and, therefore, should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2020.

### 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, 2021. 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, 2022. 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, 2020.

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, 2020.

### 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, 2020.

### 5. PROPERTY, PLANT AND EQUIPMENT

|                                           | (Un-audited)<br>June 30 | (Audited)<br>December 31 |
|-------------------------------------------|-------------------------|--------------------------|
|                                           | 2021                    | 2020                     |
|                                           | (Rupees in thousand)    |                          |
| Operating fixed assets                    | 6,022,375               | 6,250,492                |
| Capital work in progress                  | 790,893                 | 507,878                  |
| Major spare parts and stand-by equipments | 43,075                  | 66,985                   |
|                                           | 6,856,343               | 6,825,355                |

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

|                                          | Additions/Transfers from CWIP<br>(at cost) |                 | Disposals/Transfers<br>(at net book value) |                 |
|------------------------------------------|--------------------------------------------|-----------------|--------------------------------------------|-----------------|
|                                          | June 30<br>2021                            | June 30<br>2020 | June 30<br>2021                            | June 30<br>2020 |
|                                          | (Rupees in thousand)                       |                 |                                            |                 |
| Building and other civil work            |                                            |                 |                                            |                 |
| on leasehold land                        | 14,579                                     | 10,275          | -                                          | -               |
| Plant and machinery                      | 135,716                                    | 141,546         | -                                          | -               |
| Furniture and fittings                   | 2,299                                      | 7,003           | 36                                         | 22              |
| Office and other equipments              | 5,176                                      | 3,798           | -                                          | 23              |
| Vehicles                                 | 295                                        | 51              | -                                          | -               |
| Major spare parts and stand-by equipment | -                                          | -               | 23,909                                     | 1,057           |
|                                          | 158,065                                    | 162,673         | 23,945                                     | 1,102           |

|                                    | (Un-audited)<br>June 30 | (Audited)<br>December 31 |
|------------------------------------|-------------------------|--------------------------|
|                                    | 2021                    | 2020                     |
|                                    | (Rupees in thousand)    |                          |
| <b>6. RIGHT-OF-USE ASSET</b>       |                         |                          |
| Right-of-use asset                 | 197,155                 | 202,819                  |
| Depreciation for the period / year | (2,832)                 | (5,664)                  |
| Net book value                     | 194,323                 | 197,155                  |
| <b>7. INVENTORIES</b>              |                         |                          |
| Stores and spares                  | 593,404                 | 573,788                  |
| Raw materials                      |                         |                          |
| In hand                            | 1,228,572               | 851,372                  |
| In transit                         | 266,945                 | 298,990                  |
|                                    | 1,495,517               | 1,150,362                |
| Less: Provision for obsolescence   | (64,484)                | (64,484)                 |
|                                    | 2,024,437               | 1,659,666                |
| Packing materials                  | 63,459                  | 37,846                   |
| Work in process                    | 499,112                 | 350,386                  |
| Finished goods                     | 671,059                 | 416,849                  |
|                                    | 3,258,067               | 2,464,747                |

## 8. ADVANCES AND PREPAYMENTS

- 8.1** These include Rs 54.19 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.
- 8.2** These also include Rs. 34.21 million (December 31, 2020: Rs. 43.47 million) in respect of advances against import of raw material and spares.

## 9. SHARE CAPITAL

During the period, Packages Limited and Mitsubishi Corporation have agreed for the purchase and sell of 7,500,000 shares respectively of the Company under the share purchase agreement (representing 19.33% of the total issued paid up capital of the Company). Further in accordance with the provision of Securities Act 2015 and Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 intention of public offer for purchase of shares is also being made by Packages Limited.

## 10. LONG TERM BORROWINGS

During the period, the Company has entered into / agreed to the following arrangements;

- A syndicate long term loan agreement amounting to Rs. 2.5 billion. The arrangement is financed under the Temporary Economic Refinance Facility by the State Bank of Pakistan, having a concessional coupon rate of 1% with a spread of 1.4% which is repayable in thirty two equal quarterly instalments after a grace period of 2 years. The loan has been obtained to finance the acquisition of new BOPP Line. Out of total facility amounting to Rs. 2.5 billion, the Company has drawdown Rs. 365.27 million as at June 30, 2021. The Company has paid Rs. 21.70 million on account of transaction cost, which has been adjusted against the present value of financial liability calculated by discounting the future cashflows at market interest rate.
- A refinancing agreement amounting to Rs. 157.19 million in order to refinance the acquisition of machinery under the Temporary Economic Refinance Facility by the State Bank of Pakistan at concessional coupon rate of 1% with a spread of 0.75%.

The above mentioned loans amounting to Rs. 365.27 million and Rs. 157.19 million have been discounted using market interest rate and the difference between the respective fair values and proceeds received has been recorded as deferred government grant (as disclosed in Note 11.1).

- In addition to the above facilities, the Company has principally agreed to a Long Term Finance Facility amounting to Rs. 5 billion and conventional loan amounting to Rs. 3 billion from commercial banks to finance the acquisition of new BOPP Line. The Company has paid Rs. 54.19 million on account of transaction cost, which is capitalized as an asset under IFRS 9 - Financial Instruments (as disclosed in Note 8.1).

| 11. DEFERRED INCOME - GOVERNMENT GRANT                  | Note | (Un-audited)   | (Audited)     |
|---------------------------------------------------------|------|----------------|---------------|
|                                                         |      | June 30        | December 31   |
|                                                         |      | 2021           | 2020          |
| (Rupees in thousand)                                    |      |                |               |
| Balance as at January 1                                 |      | 18,394         | -             |
| Deferred grant recognised during the period / year      | 11.1 | 134,260        | 19,994        |
| Government Grant recognised in capital work in progress |      | (1,021)        | -             |
| Government grant amortised during the period / year     |      | (5,542)        | (1,600)       |
|                                                         |      | <u>146,091</u> | <u>18,394</u> |

- 11.1 This represents grant related to new subsidized loan obtained under Temporary Economic Refinance Facility by State Bank of Pakistan at a concessional rate of 1% plus spread.

## 12. TRADE AND OTHER PAYABLES

These include Rs. 301.68 million (December 2020: Rs. 263.36 million ) levied through The Sindh development and maintenance of Infrastructure Cess, 2017, which superseded the previous levy under Sindh Finance Act, 1994. During the period, the Sindh High Court has decided the matter in the favour of provincial legislature and upheld the infrastructure levy. However, the Company intends to contest the matter in the Supreme Court of Pakistan.

| 13. SHORT TERM BORROWINGS     | Note        | (Un-audited)     | (Audited)        |
|-------------------------------|-------------|------------------|------------------|
|                               |             | June 30          | December 31      |
|                               |             | 2021             | 2020             |
| (Rupees in thousand)          |             |                  |                  |
| <b>Secured</b>                |             |                  |                  |
| Short term money market loans | 13.1 & 13.2 | 1,720,000        | 520,000          |
| Short term running finance    | 13.3 & 13.4 | 623,713          | 1,659,556        |
|                               |             | <u>2,343,713</u> | <u>2,179,556</u> |

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

|                               | (Un-audited) | (Audited)        |                |
|-------------------------------|--------------|------------------|----------------|
|                               | June 30      | December 31      |                |
|                               |              | 2021             | 2020           |
| (Rupees in thousand)          |              |                  |                |
| Balance as at January 1       |              | 520,000          | 1,148,000      |
| Utilisation during the period |              | 3,820,000        | 7,570,000      |
| Repayment                     |              | (2,620,000)      | (8,198,000)    |
|                               |              | <u>1,720,000</u> | <u>520,000</u> |

- 13.2 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 7.58% to 7.95% (December 31, 2020: 7.61% to 14%) per annum. These facilities are available for a maximum period of one year from the date of agreement with the latest facility expiring on October 31, 2021.

- 13.3** Short term running finances have been obtained under mark-up arrangements from commercial banks payable on various maturity dates up to May 31, 2022. 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 7.5% to 9.28% (December 31, 2020: 7.46% to 15.41%).
- 13.4** Total short-term facilities available under mark-up arrangements aggregated Rs. 6,260 million (December 31, 2020: Rs. 6,260 million) out of which the amount unavailed at the period end was Rs. 3,916 million (December 31, 2020: Rs. 4,080 million).

## 14. CONTINGENCIES AND COMMITMENTS

### 14.1 Contingencies

There has been no significant changes during the period in the contingencies reported in the annual audited financial statements for the year ended December 31, 2020 except as disclosed below.

During the period Appellate Tribunal Inland Revenue (ATIR) has disposed off the appeals in favour of the Company allowing the provisions of post retirement benefits amounting Rs. 6.81 million, Rs. 17.62 million and Rs 22.11 million for tax years 2008, 2010 and 2011 respectively.

### 14.2 Commitments

|                                             | (Un-audited) | (Audited)   |
|---------------------------------------------|--------------|-------------|
|                                             | June 30      | December 31 |
|                                             | 2021         | 2020        |
| (Rupees in thousand)                        |              |             |
| - for purchase of raw materials and spares  | 915,727      | 741,918     |
| - for capital expenditure                   | 2,269,122    | 175,660     |
| - for ijarah arrangements of motor vehicles | 20,062       | 18,712      |

The facilities for opening of letter of credits and for guarantees as at June 30, 2021 amounts to Rs. 12.75 billion (December 31, 2020: Rs. 10.25 billion) and Rs. 1.25 billion (December 31, 2020: Rs. 1.12 billion) respectively, of which the amount unutilized was Rs.8.02 billion (December 31, 2020: Rs. 7.92 billion) and Rs. 0.57 billion (December 31, 2020: Rs. 0.62 billion) respectively.

## 15. REVENUE FROM CONTRACTS WITH CUSTOMERS

|                             | (Un-audited)  |           |                 |             |
|-----------------------------|---------------|-----------|-----------------|-------------|
|                             | Quarter ended |           | Half year ended |             |
|                             | June 30       | June 30   | June 30         | June 30     |
|                             | 2021          | 2020      | 2021            | 2020        |
| (Rupees in thousand)        |               |           |                 |             |
| Sale of goods less returns: |               |           |                 |             |
| - Local                     | 4,305,260     | 3,488,884 | 9,723,379       | 7,454,022   |
| Less: Discounts             | (49,873)      | (53,188)  | (108,886)       | (124,294)   |
| Sales tax                   | (638,697)     | (527,148) | (1,451,580)     | (1,092,998) |
|                             | 3,616,690     | 2,908,548 | 8,162,913       | 6,236,730   |
| - Export                    | 230,325       | 277,101   | 401,590         | 431,701     |
|                             | 3,847,015     | 3,185,649 | 8,564,503       | 6,668,431   |

## 16. FINANCE COST

This also includes financial charges on short term borrowings and long term borrowings amounting to Rs. 104.25 million (June 2020: Rs. 217.12 million) and Rs. 87.96 million (June 2020: Rs. 77.51 million) respectively.

This includes a net amount of Rs. 45.12 million (June 2020: Rs. 188 million) in respect of exchange loss.

## 17. INCOME TAX - NET

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)             |         |                            |        |
|---------------------------------------------------------------------------------|--|--------------------------|---------|----------------------------|--------|
|                                                                                 |  | Quarter ended<br>June 30 |         | Half year ended<br>June 30 |        |
| 18. EARNINGS PER SHARE                                                          |  | 2021                     | 2020    | 2021                       | 2020   |
| (Rupees in thousand)                                                            |  |                          |         |                            |        |
| Profit after taxation attributable to ordinary shareholders                     |  | 276,225                  | 254,381 | 637,130                    | 65,158 |
| (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                                          |  | 7.12                     | 6.56    | 16.42                      | 1.68   |

18.1 There were no convertible dilutive potential ordinary shares outstanding on June 30, 2021 and 2020.

#### 19. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are as follows:

|                                                   |                                         | (Un-audited)            |           |
|---------------------------------------------------|-----------------------------------------|-------------------------|-----------|
|                                                   |                                         | Half year ended June 30 |           |
| Nature of transaction                             | Nature of relationship                  | 2021                    | 2020      |
| (Rupees in thousand)                              |                                         |                         |           |
| Purchase of goods and services                    | Associated undertaking                  | 118,494                 | 124,402   |
| Sale of goods and services                        | Associated undertaking                  | 1,348,568               | 1,081,791 |
| Donations                                         | Associated undertaking                  | 13,144                  | -         |
| Dividend paid                                     | Associated undertaking and Directorship | 129,626                 | -         |
| Contributions to staff retirement benefit funds   | Retirement benefit funds                | 36,575                  | 34,582    |
| Salaries and other short term employees' benefits | Key management personnel                | 59,590                  | 50,415    |

|                                                                            |      | (Un-audited)            |           |
|----------------------------------------------------------------------------|------|-------------------------|-----------|
|                                                                            |      | Half year ended June 30 |           |
| 20. CASH GENERATED FROM OPERATIONS                                         | Note | 2021                    | 2020      |
| (Rupees in thousand)                                                       |      |                         |           |
| Profit before income tax                                                   |      | 898,529                 | 103,834   |
| Adjustment for non-cash charges and other items:                           |      |                         |           |
| Depreciation                                                               |      | 388,978                 | 322,725   |
| Amortization expense                                                       |      | 3,950                   | 3,337     |
| Amortization of Provision for Gas Infrastructure Development Cess          |      | 21,499                  | -         |
| Provision for staff retirement benefits                                    |      | 38,907                  | 37,585    |
| Profit on bank balances                                                    |      | (594)                   | (1,572)   |
| Gain on disposal of operating fixed assets                                 |      | -                       | (2,000)   |
| Provision for accumulated compensated absences - net                       |      | 3,600                   | 4,499     |
| Government grant recognised in income                                      |      | (5,542)                 | -         |
| Exchange loss - unrealised                                                 |      | 32,035                  | 37,192    |
| Finance cost                                                               |      | 222,541                 | 312,012   |
| Gain on remeasurement of provision for Gas Infrastructure Development Cess |      | (3,360)                 | -         |
| Working capital changes                                                    | 20.1 | (712,419)               | (663,079) |
|                                                                            |      | 888,124                 | 154,533   |

**(Un-audited)**  
**Half year ended June 30**

**20.1 Working capital changes**

Note

(Increase) / decrease in current assets:

|                                         | 2021                 | 2020      |
|-----------------------------------------|----------------------|-----------|
|                                         | (Rupees in thousand) |           |
| Inventories                             | (793,320)            | (229,890) |
| Trade debts - net                       | 17,442               | 214,690   |
| Advances and prepayments                | (31,017)             | (90,301)  |
| Refunds due from government - sales tax | 1,482                | (102,003) |
| Other receivables                       | 122,359              | (20,846)  |
|                                         | (683,054)            | (228,350) |
| Decrease in trade and other payables    | (29,365)             | (434,729) |
|                                         | (712,419)            | (663,079) |

**21. CASH AND CASH EQUIVALENTS**

|                            |    |           |             |
|----------------------------|----|-----------|-------------|
| Cash and bank balances     |    | 169,040   | 106,283     |
| Short term running finance | 13 | (623,713) | (3,333,070) |
|                            |    | (454,673) | (3,226,787) |

**22. PLANT CAPACITY AND ACTUAL PRODUCTION**

**Half year ended June 30**

|                                                  | 2021            | 2020   |
|--------------------------------------------------|-----------------|--------|
|                                                  | (Metric tonnes) |        |
| Operational capacity available during the period | 41,900          | 41,900 |
| Production                                       | 21,786          | 22,143 |
|                                                  | 21,786          | 22,143 |

**23. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on August 10, 2021 by the Board of Directors of the Company.



**Nasir Jamal**  
Chief Executive Officer



**Asif Qadir**  
Director



**Muhammad Zuhair Damani**  
Chief Financial Officer



# ڈائریکٹرز کا جائزہ

برائے ششماہی مہتممہ 30 جون 2021

کمپنی کے ڈائریکٹرز 30 جون 2021 کو ختم ہونے والی ششماہی کے لئے کمپنی کی جائزہ رپورٹ مع غیر آؤٹ عبوری مالیاتی معلومات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

حفاظت، صحت اور ماحولیات (SHE) کی پالیسی، طریقہ کار اور ضوابط پر کاربند رہنے کے عزم اور ان پر عمل درآمد ہماری اولین ترجیح رہی۔

ششماہی مہتممہ 30 جون

| 2020   | 2021   |
|--------|--------|
| 21,506 | 21,297 |
| 6,668  | 8,565  |
| 585    | 1,214  |
| 309    | 244    |
| 188    | 45     |
| 104    | 899    |
| 65     | 637    |
| 1.68   | 16.42  |

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

خام مال کی قلت اور قیمتوں میں تیزی سے اضافے کی صورت حال جو پہلی سہ ماہی سے دوسری سہ ماہی کے آخر تک جاری رہی، اس مدت کے بعد صورت حال معمول پر آنا شروع ہوئی اور گرانپول کی قیمت 1,800 ڈالر فی ٹن سے 1,285 ڈالر فی ٹن تک آگئی۔ بحران سے ہمیں رسائی کا موقع ملا جو پہلی ششماہی کی مالیاتی کارکردگی سے ظاہر ہے۔

دوسری سہ ماہی میں مقامی طلب میں کمی آئی جس کی وجہ COVID-19 سے متعلق وقفے وقفے کے لاک ڈاؤنز اور مارکیٹس کی بندش کے علاوہ صارفین کا صرف انتہائی ضرورت کی چیزوں کی خریداری کرنی تھی جس کے نتیجے میں دوسری سہ ماہی کے حجم میں گزشتہ سال کے مقابلے میں کوئی اضافہ نظر نہیں آیا۔ گرانپول کی بڑھی ہوئی قیمتیں ششماہی آمدنی میں نظر آ رہی ہے۔

آپریشن کی کارکردگی بہتر پروڈکٹ کس کے نتیجے میں آپریٹنگ منافع 1,214 ملین روپے ہوا جب کہ اس کے مقابلے میں گزشتہ سال کی اسی مدت میں 585 ملین روپے منافع ہوا تھا۔

اغراض زر کے ماحول میں اپنے تقسیم کاری اور انتظامی اخراجات میں معمولی اضافے کے ساتھ، کمپنی نے منافع قبل از ٹیکس 899 ملین روپے حاصل کیا جب کہ اس کے مقابلے میں گزشتہ سال اسی مدت میں 104 ملین روپے منافع ہوا تھا۔ اسی طرح منافع بعد از ٹیکس 637 ملین روپے رہا جو گزشتہ سال 65 ملین روپے تھا۔

مستقبل کا منظر نامہ

قیمتوں کے معمول پر آنے سے منافع بھی معمول کی سطح پر آنے کی توقع ہے۔ بی او پی بی (BOPP) فلم کی درآمد پر عائد کردہ اینٹی ڈپنگ ڈیوٹی کو نیشنل ٹریف کمیٹی (NTC) نے 16 جولائی 2021 سے ختم کر دیا ہے۔

کمپنی کے توسیعی منصوبے میں پلان / مقررہ وقت کے مطابق پیش رفت جاری ہے۔

ہمیں توقع ہے اگلی سہ ماہیوں میں کارکردگی مستحکم رہے گی اور یہ ایک عمدہ کارکردگی کا سال ہوگا۔



ناصر احمد  
 چیف ایگزیکٹو آفیسر

کراچی: 10 اگست، 2021



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