



Tri-Pack Films Limited

Riding the
Waves of time

Quarterly Report September 2013

Contents

- 02 Company Information
- 03 Directors' Report to the Shareholders
- 04 Balance Sheet
- 06 Profit and Loss Account
- 07 Statement of Changes in Equity
- 08 Cash Flow Statement
- 09 Notes to and Forming Part of the Financial Statements

Company Information

Board of Directors

Syed Babar Ali (Chairman)
Shahid Hussain (Chief Executive)
Kimihide Ando
Syed Hyder Ali
Yasumasa Kondo
Khalid Yacob
Asif Qadir

Audit Committee

Asif Qadir (Chairman)
Kimihide Ando
Yasumasa Kondo
Khalid Yacob
Adi J. Cawasji (Secretary)

Executive Committee

Kimihide Ando (Chairman)
Shahid Hussain
Syed Hyder Ali
Khalid Yacob

Human Resource and Remuneration Committee

Mr. Asif Qadir (Chairman)
Mr. Khalid Yacob
Mr. Shahid Hussain

Company Secretary

Adi J. Cawasji

Chief Financial Officer

Nasir Jamal

Auditors and Tax Advisor

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisor

Sattar & Sattar
Khan & Paracha

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

Shares Registrar

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

Bankers

Allied Bank Limited
Al Baraka Bank (Pakistan) Ltd.
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Bank Islami Pakistan Limited
Barclays Bank PLC, Pakistan
Citibank N. A.
Deutsche Bank A. G.
Dubai Islamic Bank Pakistan Ltd.
Faysal Bank Limited
Habib Bank Limited
HSBC Bank Middle East Limited
MCB Bank Limited
Meezan Bank Limited
NIB Bank Limited
Standard Chartered Bank Ltd.
The Bank of Khyber
The Bank of Tokyo-Mitsubishi
UFJ, Ltd.

Works

Karachi

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

Works & Sales Office

Hattar

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

Head Office / Sale Office

Karachi

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

Sales Office

Lahore

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

Directors' Report to the Shareholders

For the quarter and nine months period ended September 30, 2013

The Directors are pleased to present their review report together with the un-audited financial statements of the Company for the quarter and nine months ended September 30, 2013.

There was no reportable major injury during the period and the Company complied with the health and environmental regulatory requirements.

Financial Results for Nine Months & Quarter Ended September 30

	2013		2012	
	Nine Months	Quarter	Nine Months	Quarter
Net Sales Income (Rs in M)	8,729	3,084	7,587	2,517
Profit/(Loss) before Tax (Rs in M)	252	(60)	669	153
Profit/(Loss) after Tax (Rs in M)	175	(63)	439	100
Earnings per share (Rs)	5.84	(2.09)	14.62	3.34

Net sales income for the quarter and nine months at Rs 3.1 billion and Rs 8.7 billion was higher by 23 % and 15 % respectively compared to the corresponding period last year on the back of higher volumes.

Recent sudden decline in Pak Rupee value and technical issues with newly commissioned BOPP line temporarily affected unit margins resulting in lower gross profit. Technical issues relating to new production line have largely been addressed, in-addition, with better price management adverse impact of Rupee depreciation is being controlled. As a result, we expect to return to the normal margin levels from mid Q4.

Administrative and Selling expenditures remained tightly controlled and any increase were in line with higher volumes. Finance cost for the quarter and nine months was higher by Rs 134.1 million and Rs 301.9 million respectively compared to the same period last year primarily on account of higher borrowings, in line with the expansion plans.

Consequently, profit/ (loss) after tax for the quarter and nine months at Rs (62.6) million and Rs 175.2 million was lower compared to the corresponding period last year.

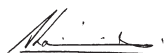
As informed earlier work on the new CPP Line 2 to expand the production capacity is progressing as per plan and the project is expected to be commissioned in Q4 2013.

Future Outlook

With the expected improvement in margins from mid Q4 through price and efficiency management, we expect to return to normalcy with better results going forward.

On behalf of the Board, I would like to place on record our appreciation for the continuous support and commitment shown by all the staff and stakeholders, in these difficult times.

For and on behalf of the Board



Shahid Hussain
Chief Executive

Karachi – October 26, 2013

Condensed Interim Balance Sheet

As at September 30, 2013 (Un-audited - note 2)

	Note	September 30, 2013	December 31, 2012 (Restated)
(Rupees in thousand)			
SHARE CAPITAL AND RESERVES			
Authorised capital		1,000,000	1,000,000
Issued, subscribed and paid-up capital		300,000	300,000
Reserves		1,759,727	1,884,500
		2,059,727	2,184,500
NON-CURRENT LIABILITIES			
Long-term finances	5	3,976,924	4,101,924
DEFERRED LIABILITIES			
Deferred taxation		228,534	227,411
Accumulated compensated absences		40,591	29,736
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	6	1,512,610	2,002,704
Accrued mark-up		279,974	163,149
Short-term borrowings	7	3,882,550	2,565,817
Current portion of long-term finances	5	125,000	125,000
		5,800,134	4,856,670
CONTINGENCIES AND COMMITMENTS			
	8	12,105,910	11,400,241

	Note	September 30, 2013	December 31, 2012 (Restated)
(Rupees in thousand)			
PROPERTY, PLANT AND EQUIPMENT	9	7,094,407	6,467,014
INTANGIBLES		2,884	8,270
LONG-TERM DEPOSITS		2,999	2,303
CURRENT ASSETS			
Stores and spares		360,627	396,582
Stock-in-trade		1,818,600	2,344,940
Trade debts	10	1,601,113	1,204,616
Advances, prepayments and other receivables		195,220	213,819
Taxation		467,457	143,825
Cash and bank balances		562,603	618,872
		<u>5,005,620</u>	<u>4,922,654</u>
		<u>12,105,910</u>	<u>11,400,241</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.


Shahid Hussain
Chief Executive


Syed Hyder Ali
Director

Condensed Interim Profit & Loss Account

For the quarter and nine months period ended September 30, 2013 (Un-audited - note 2)

Note	Quarter ended		Nine months period ended		
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	
	(Rupees in thousand)				
Sales	3,593,908	2,786,712	10,106,335	8,919,305	
Less: Sales tax	509,660	269,971	1,377,604	1,332,654	
Net sales	3,084,248	2,516,741	8,728,731	7,586,651	
Cost of sales	11	2,834,080	2,193,523	7,669,744	6,424,600
Gross profit		250,168	323,218	1,058,987	1,162,051
Distribution cost		73,000	60,486	205,211	176,855
Administrative expenses		53,895	51,105	164,744	147,373
		126,895	111,591	369,955	324,228
Operating profit		123,273	211,627	689,032	837,823
Other income		7,877	5,706	27,527	27,531
		131,150	217,333	716,559	865,354
Finance cost		184,461	50,410	434,275	132,371
Other expenses		6,680	14,300	30,065	64,111
		191,141	64,710	464,340	196,482
Profit before taxation		(59,991)	152,623	252,219	668,872
Taxation					
- Current		18,749	(5,109)	75,869	201,685
- Deferred		(16,130)	57,444	1,123	28,568
		2,619	52,335	76,992	230,253
Profit after taxation		(62,610)	100,288	175,227	438,619
Earnings per share (Rupees)	12	(2.09)	3.34	5.84	14.62

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.


Shahid Hussain
Chief Executive


Syed Hyder Ali
Director

Condensed Interim Statement of Changes in Equity

For the nine months period ended September 30, 2013 (Un-audited - note 2)

	Share Capital	General reserve	Hedging reserve	Unappropriated profit	Total
	(Rupees in thousand)				
Balance at January 1, 2012	300,000	1,189,000	(52,533)	784,730	2,221,197
Remeasurment of staff retirement benefits (note 3.3)	-	-	-	(32,719)	(32,719)
Balance at January 1, 2012 - As restated	300,000	1,189,000	(52,533)	752,011	2,188,478
Transactions with owners					
Dividend relating to the year ended December 31, 2011 @ 200%	-	-	-	(600,000)	(600,000)
Transfer to general reserve	-	182,000	-	(182,000)	-
Total comprehensive income		182,000		(782,000)	(600,000)
Total Comprehensive Income for the nine months period ended September 30, 2012	-	-	52,533	438,619	491,152
Balance at September 30, 2012	300,000	1,371,000	-	408,630	2,079,630
Balance at January 1, 2013 - Restated	300,000	1,371,000	-	536,785	2,207,785
Remeasurment of staff retirement benefits (note 3.3)	-	-	-	(23,285)	(23,285)
Balance at January 1, 2013 - Restated	300,000	1,371,000	-	513,500	2,184,500
Transactions with owners					
Dividend relating to the year ended December 31, 2012 @ 100%	-	-	-	(300,000)	(300,000)
Transfer to general reserve	-	234,000	-	(234,000)	-
Total comprehensive income		234,000		(534,000)	(300,000)
Total Comprehensive Income for the nine months period ended September 30, 2013	-	-	-	175,227	175,227
Balance at September 30, 2013	300,000	1,605,000	-	154,727	2,059,727

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.


Shahid Hussain
Chief Executive


Syed Hyder Ali
Director

Condensed Interim Cash Flow Statement

For the nine months period ended September 30, 2013 (Un-audited - note 2)

	Note	Nine months period ended September 30, 2013	Nine months period ended September 30, 2012
(Rupees in thousand)			
Cash flows from operating activities			
Cash generated from operations	14	964,679	(75,620)
Payment on account of accumulated compensated absences		(7,145)	(8,152)
Long-term deposits		(696)	(158)
Retirement benefits contribution		(32,927)	(14,962)
Income taxes paid		(399,501)	(243,552)
Net cash outflow from operating activities		524,410	(342,444)
Cash flows from investing activities			
Fixed capital expenditure		(1,154,637)	(3,115,230)
Profit on bank balances received		119	155
Redemption of investment		-	262,884
Sale proceeds on disposal of property, plant and equipment		3,808	5,368
Net cash outflow from investing activities		(1,150,710)	(2,846,823)
Cash flows from financing activities			
Finance cost paid		(317,450)	(76,471)
Long-term finance acquired		-	2,744,931
Long-term finance paid		(125,000)	680,235
Dividend paid		(304,252)	(597,618)
Net cash (outflow) / inflow from financing activities		(746,702)	2,751,077
Net decrease in cash and cash equivalents		(1,373,002)	(438,190)
Cash and cash equivalents at the beginning of the period		(1,946,945)	(753,324)
Cash and cash equivalents at the end of the period	15	(3,319,947)	(1,191,514)

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.


Shahid Hussain
Chief Executive


Syed Hyder Ali
Director

Notes to and Forming Part of the Financial Statements

For the nine months period ended September 30, 2013 (Un-audited - note 2)

1. THE COMPANY AND ITS OPERATIONS

Tri-Pack Films Limited (the Company) was incorporated in Pakistan as a public company on April 29, 1993 under the Companies Ordinance, 1984 (the Ordinance) and is listed on all the stock exchanges in Pakistan. It is principally engaged in the manufacture 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 These condensed interim financial information of the Company for the nine months period ended September 30, 2013 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 These condensed interim financial information comprise of the condensed interim balance sheet as at September 30, 2013 and the condensed interim profit and loss account, condensed interim statement of changes in equity and the condensed interim cash flow statement for the nine months period ended September 30, 2013. These condensed interim financial information also include the condensed interim profit and loss account for the quarter ended September 30, 2013.

2.3 The comparative balance sheet, presented in these condensed interim financial information, as at December 31, 2012 has been extracted from the audited financial statements of the Company for the year ended December 31, 2012 whereas the comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement are for the nine months period ended September 30, 2012 have been extracted from the condensed interim financial information of the Company for the nine months period then ended. The comparative profit and loss account for the quarter ended September 30, 2012 is also included in these condensed interim financial information.

3. ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended December 31, 2012, except as described in note 3.2 below.

3.2 New standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2013 are considered not to be relevant or not to have any significant effect on the Company's financial reporting and operations and are, therefore, not disclosed in these condensed interim financial statements except for the following:

IAS 19 (revised) 'Employee benefits'. IAS 19 (revised) amends the accounting for employment benefits. The Company has applied IAS 19 (revised) retrospectively. The changes introduced by the IAS 19 (revised) are as follows:

- (a) The standard requires past service cost to be recognised immediately in profit or loss;

Notes to and Forming Part of the Financial Statements

For the nine months period ended September 30, 2013 (Un-audited - note 2)

- (b) The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year;
- (c) There is a new term "remeasurements". This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost; and
- (d) The amendment requires an entity to recognise remeasurements immediately in 'other comprehensive income'. Actuarial gains or losses beyond corridor limits were previously amortised over the expected future service of the employees.

3.3 The effect of the change in accounting policy has been demonstrated below:

	December 31, 2012	January 1, 2012
	(Rupees in thousand)	
Unappropriated profit		
Income / (loss) for the period as previously reported	536,785	784,730
Effect of change in accounting policy	(23,285)	(32,719)
Unappropriated profit as restated	<u>513,500</u>	<u>752,011</u>
Deferred liabilities		
(Asset)/ liabilities as previously reported	(14,337)	(15,281)
Cumulative effect of change in accounting policy on the carrying amounts	35,281	49,575
(Asset) / liabilities as restated	<u>20,944</u>	<u>34,294</u>
Deferred taxation		
Deferred taxation as previously reported	239,407	158,165
Cumulative effect of change in accounting policy on the carrying amounts	(11,996)	(16,856)
Deferred taxation as restated	<u>227,411</u>	<u>141,309</u>

The effect of change in accounting policy on the statement of cash flows and on earnings per share was immaterial. The above position will be updated in the audited financial statements for the period to be ended on December 31, 2013 on the basis of actuarial valuation.

4. ACCOUNTING ESTIMATES

The preparation of these condensed interim financial statements requires the use of certain accounting estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

During the preparation of these condensed interim financial statements, significant judgments made by management in applying the Company's accounting policies and key sources of estimation were the same as those applied in the Company's December 2012 financial statements.

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, 2012.

September 30, 2013	December 31, 2012
(Rupees in thousand)	

5. LONG-TERM FINANCES

Secured

Finance 1 – note 5.1	125,000	250,000
Finance 2 – note 5.2	1,000,000	1,000,000
Finance 3 – note 5.2	1,000,000	1,000,000
Finance 4 – note 5.2	1,976,924	1,976,924
	<u>4,101,924</u>	<u>4,226,924</u>
Less: Amounts payable within twelve months shown under current liabilities	125,000	125,000
	<u>3,976,924</u>	<u>4,101,924</u>

- 5.1 The Company had obtained a long-term finance facility of Rs 500 million (December 31, 2012: Rs 500 million) from a commercial bank under mark-up arrangements. Mark-up is payable on a semi-annual basis at the rate of six months Karachi Inter Bank Offer Rate (KIBOR) plus agreed premium per annum. The effective rate of mark-up during the nine months was 9.54% (December 31, 2012: 12.45%) per annum. The principal amount is repayable in 8 equal installments commencing after six months with a grace period of two years from the date of first draw down. This facility is secured by first pari passu hypothecation / mortgage charge on all the Company's present and future fixed assets including but not limited to land, building, plant and machinery, equipment, furniture and fixtures, etc.

Notes to and Forming Part of the Financial Statements

For the nine months period ended September 30, 2013 (Un-audited - note 2)

5.2 The Company had obtained long-term finance facilities of Rs 4,000 million (December 31, 2012: 4,000 million) from 3 commercial banks under mark-up arrangements, including an amount of Rs 1,500 million as Long Term Financing Facility (LTFF) provided by State Bank of Pakistan. Mark-up is payable on a semi-annual basis at the rate of six months Karachi Inter Bank Offer Rate (KIBOR) plus agreed premium per annum. The effective rate of mark-up during the nine months ranges between 9.25% to 9.85% (December 31, 2012: 11.12% to 12.20%) per annum. The principal amount is repayable in 10 equal installments commencing after six months with a grace period of two years from the date of first draw down. This facility is secured by first pari passu hypothecation / mortgage charge on all the Company's present and future fixed assets including but not limited to land, buildings, plant and machinery, equipment, furniture and fixtures etc.

6. TRADE AND OTHER PAYABLES

These include Rs 1.119 million (December 31, 2012 : Rs 17.473 million) payable to related parties.

7. SHORT-TERM BORROWINGS

	September 30, 2013	December 31, 2012
	(Rupees in thousand)	
Secured		
Short-term loan – note 7.1	3,317,375	1,400,000
Short-term running finance – note 7.2	565,175	1,165,817
	3,882,550	2,565,817

7.1 Short-term loans have been arranged from various banks as a sub-limit of the running finance facility. These facilities are secured by joint hypothecation 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 ranges between 8.92% to 9.91% (December 31, 2012: 9.49% to 12.54%) per annum.

7.2 Total facilities available under mark-up arrangements aggregated Rs 8,100 million (December 31, 2012: Rs 5,350 million) out of which the amount unavailed at the period end was Rs 4,217 million (December 31, 2012: Rs 2,784 million).

8. CONTINGENCIES AND COMMITMENTS

	September 30, 2013	December 31, 2012
	(Rupees in thousand)	
Contingencies		
Guarantees issued by banks on behalf of the Company	136,223	134,334
Commitments		
Letter of credit for purchase of raw material and spares	710,256	294,393
Letter of credit for purchase of items of plant and machinery	365,227	753,606
Contract for Civil Work	156,188	239,287

8.1 The facilities for opening of letter of credits and for guarantees as at September 30, 2013 amount to Rs 10,550 million (December 31, 2012: Rs 7,600 million) and Rs 360 million (December 31, 2012: Rs 210 million), of which the amount remaining unutilised was of Rs 8,507 million (December 31, 2012: Rs 4,822 million) and Rs 224 million (December 31, 2012: Rs 76 million) respectively.

8.2 There has been no change in the status of matters disclosed in notes 13.2 and 13.3 to the annual financial statements for the year ended December 31, 2012.

9. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2013	December 31, 2012
	(Rupees in thousand)	
Operating fixed assets - note 9.1	6,562,001	1,572,261
Capital work-in-progress - note 9.2	532,406	4,894,753
	<u>7,094,407</u>	<u>6,467,014</u>

	Nine months period ended September 30, 2013	Nine months period ended September 30, 2012
	(Rupees in thousand)	

9.1 Operating fixed assets

Additions	<u>5,512,988</u>	<u>98,863</u>
Disposals [having a net book value of Rs 3.854 million (2012: Rs 3.513 million)]	<u>7,525</u>	<u>9,050</u>

Notes to and Forming Part of the Financial Statements

For the nine months period ended September 30, 2013 (Un-audited - note 2)

	September 30, 2013	December 31, 2012
	(Rupees in thousand)	
9.2 Capital work-in-progress		
Plant and machinery	498,648	3,941,795
Building and civil works	18,065	881,401
Advances to suppliers and contractors	15,693	71,557
	<u>532,406</u>	<u>4,894,753</u>

9.2.1 Capital work-in-progress includes borrowing cost capitalised aggregating Rs 3.396 million (December 31, 2012 : Rs 278.949 million).

10. TRADE DEBTS

These include Rs 62.783 million (December 31, 2012: Rs 142.288 million) receivable from related parties.

11. COST OF SALES

	Quarter ended		Nine months period ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
	(Rupees in thousand)			
Opening stock of finished goods	56,672	47,790	21,918	31,693
Cost of goods manufactured – note 11.1	2,829,746	2,239,708	7,700,164	6,486,882
Less: Closing stock of finished goods	(52,338)	(93,975)	(52,338)	(93,975)
	<u>2,834,080</u>	<u>2,193,523</u>	<u>7,669,744</u>	<u>6,424,600</u>

11.1 Cost of goods manufactured

Opening stock of work-in-process	146,083	130,015	102,040	94,788
Raw materials consumed – note 11.2	2,228,669	1,661,602	6,058,731	4,944,300
Manufacturing expenses	-	63,435	37,172	204,091
Salaries, wages and other benefits	103,395	74,800	277,653	221,449
Fuel, power and water	156,615	167,726	482,695	486,484
Packing material consumed	72,639	54,757	187,790	158,087
Repairs and maintenance	41,583	30,557	104,654	91,831
Insurance	15,678	8,276	40,331	25,075
Vehicle running and maintenance	7,932	6,548	20,170	19,714
Travelling	806	798	2,606	3,411
Staff retirement benefits	3,363	9,896	23,229	30,651
Depreciation	202,478	84,944	508,371	258,934
Others	2,661	206	6,878	1,919
	<u>2,981,902</u>	<u>2,293,560</u>	<u>7,852,320</u>	<u>6,540,734</u>
Less: Closing stock of work-in-process	(152,156)	(53,852)	(152,156)	(53,852)
	<u>2,829,746</u>	<u>2,239,708</u>	<u>7,700,164</u>	<u>6,486,882</u>

11.2 Raw materials consumed

	Quarter ended		Nine months period ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
	(Rupees in thousand)			
Opening stock of raw materials	1,446,091	1,282,555	2,203,032	1,402,758
Purchases	2,132,708	1,318,479	5,205,829	4,480,974
Less: Closing stock of raw materials	(1,350,130)	(939,432)	(1,350,130)	(939,432)
	<u>2,228,669</u>	<u>1,661,602</u>	<u>6,058,731</u>	<u>4,944,300</u>

12. EARNINGS PER SHARE

There were no convertible dilutive potential ordinary shares outstanding on September 30, 2013 and 2012.

13. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise related group companies, companies in which directors are interested, staff retirement benefits, directors, key management personnel and close members of the family of all the aforementioned related parties. The Company in the normal course of business carries out transactions with various related parties.

Significant transactions with related parties are as follows:

Name and particulars	Nature of relationship	Nature of transaction	Transactions during the nine months period ended September 30, 2013	Transactions during the nine months period ended September 30, 2012
(Rupees in thousand)				
Purchases of goods and services				
IGI Insurance Limited	Associated undertaking	Insurance services	114,181	71,185
Packages Limited	Associated undertaking	Goods and services	22,797	19,869
Bulleh Shah Packaging	Associated undertaking	Goods and services	13,058	-
Siemens Pakistan Engineering Company Limited	Associated undertaking	Goods and services	273	1,011
Siemens Pakistan Engineering Company Limited	Associated undertaking	Annual maintenance fee	2,700	-
			<u>153,009</u>	<u>92,065</u>
Sales of goods and services				
Packages Lanka (Private) Limited	Associated undertaking	Supplies	4,781	(1,099)
Packages Limited	Associated undertaking	Supplies	653,674	564,440
Tetra Pak Pakistan Limited	Associated undertaking	Supplies	30,261	32,744
Nestle Pakistan Limited	Associated undertaking	Services	2,908	2,132
			<u>691,624</u>	<u>598,217</u>
Purchase of property, plant and equipment				
Mitsubishi Corporation Japan	Associated undertaking	Spare parts	-	30,476
Packages Limited	Associated undertaking	Spare parts	3,123	7,005
			<u>3,123</u>	<u>37,481</u>

Notes to and Forming Part of the Financial Statements

For the nine months period ended September 30, 2013 (Un-audited - note 2)

Name and particulars	Nature of relationship	Nature of transaction	Transactions during the nine months period ended September 30, 2013	Transactions during the nine months period ended September 30, 2012
(Rupees in thousand)				
Capital Work-in-Progress				
Siemens Pakistan Engineering Company Limited	Associated undertaking	Advance to suppliers	-	32,678
Packages Limited	Associated undertaking	Advance to suppliers	11,934	49,030
			<u>11,934</u>	<u>81,708</u>
Dividend				
IGI Insurance Limited	Associated undertaking		13,534	27,068
Mitsubishi Corporation Japan Packages Limited	Associated undertaking		74,990	149,980
	Associated undertaking		100,000	200,000
			<u>188,524</u>	<u>377,048</u>
Contribution to staff retirement benefit funds				
Gratuity fund		Contribution	10,327	10,250
Pension fund		Contribution	14,458	14,941
Provident fund		Contribution	8,142	8,001
			<u>32,927</u>	<u>33,192</u>
Commission				
IGI Insurance Limited	Associated undertaking	Insurance premium	5,966	4,248
Other Income				
IGI Insurance Limited	Associated undertaking	Unrealized Gain received in respect of damage inventory	-	5,777
IGI Money Market Fund	Associated undertaking	Gain on redemption of investment	-	5,899
			<u>-</u>	<u>11,676</u>
Other Income				
IGI Funds Foundation	Associated undertaking	Deinvestment in Money Market Fund	-	217,000
Other expenses				
National Management Foundation	Associated undertaking	Donation	10,000	20,000
Ali Institute of Education	Associated undertaking	Donation	250	-
Pakistan Institute of Corporate Governance	Associated undertaking	Donation	125	-
Babar Ali foundation	Associated undertaking	Donation	200	-
			<u>10,575</u>	<u>20,000</u>
Remuneration of key management personnel				
		Salaries and other short-term employees' benefits	51,108	30,838
		Gratuity and Pension	6,568	4,650
			<u>57,676</u>	<u>35,488</u>

14. CASH GENERATED FROM OPERATIONS

	Nine months period ended September 30, 2013	Nine months period ended September 30, 2012
	(Rupees in thousand)	
Profit before taxation	252,219	668,872
Adjustment for non cash charges and other items:		
Depreciation/Amortisation	528,822	277,341
Provision for doubtful debt	(350)	-
Provision for retirement benefits	32,927	13,507
Profit on bank balances	(119)	(155)
Gain on disposal of fixed assets	-	(633)
Provision for accumulated compensated absences	18,000	15,103
Finance cost	434,275	132,371
Working capital changes – note 14.1	(301,095)	(1,182,026)
	<u>964,679</u>	<u>(75,620)</u>
14.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	35,955	(111,912)
Stock-in-trade	526,340	(398,357)
Trade debts	(396,147)	(186,332)
Advances, prepayments and other receivables	18,599	(16,160)
	<u>184,747</u>	<u>(712,761)</u>
Increase / (Decrease) in current liabilities:		
Trade and other payables	(485,842)	(469,265)
	<u>(301,095)</u>	<u>(1,182,026)</u>

Notes to and Forming Part of the Financial Statements

For the nine months period ended September 30, 2013 (Un-audited - note 2)

15. CASH AND CASH EQUIVALENTS

	September 30, 2013	September 30, 2012
	(Rupees in thousand)	
Cash and bank balances	562,603	408,486
Short-term finance - note 7	(3,882,550)	(1,600,000)
	(3,319,947)	(1,191,514)

16. PLANT CAPACITY AND ACTUAL PRODUCTION

	Nine months period ended September 30, 2013	Nine months period ended September 30, 2012
	(Metric tonnes)	
Operational capacity available during the period	44,300	26,850

17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on October 26, 2013 by the Board of Directors of the Company.


Shahid Hussain
Chief Executive


Syed Hyder Ali
Director



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