



Tri-Pack Films Limited

Riding the  
**Waves of time**

Half Yearly Report June 2013

# Contents

- 02 Company Information
- 03 Directors' Report to the Shareholders
- 05 Auditors' Report
- 06 Balance Sheet
- 08 Profit and Loss Account
- 09 Statement of Changes in Equity
- 10 Cash Flow Statement
- 11 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

## 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](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

## Bankers

Allied Bank Limited  
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.  
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

## Sale 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 & Half Year Ended June 30, 2013

The Directors are pleased to present their review together with the un-audited financial statements of the Company for the quarter and half year ended June 30, 2013.

Your Company remained committed to the high standards of Health, Safety, Environment and Quality. There was no reportable major injury during the period and the Company complied with the health and environment regulatory requirements.

Net sales income for the quarter and half year at Rs 3.1b and Rs 5.6b were higher by 19% and 11% respectively compared to the corresponding period last year on the back of higher volumes and prices.

Continuous increase in the feedstock prices coupled with the depreciation in Pak Rupee value against major currencies has resulted in a decline in the gross profit margins, despite better prices. The law and order situation, power and energy outages and general economic conditions significantly restricted the capacity to completely pass on the cost push to the downstream industry. In addition, the increase in depreciation charge relating to new BOPP Line 4 has also contributed towards lower gross profit which will be fully recovered with the gradual escalation in its operational capacity.

Finance cost for the quarter and half year were higher by Rs 130m and Rs 168m respectively compared to same period last year primarily on account of higher borrowings in line with the expansion plans. Consequently, profit after tax for quarter and half year at Rs 125m and Rs 238m was lower by 26% and 30% respectively compared to the corresponding period last year.

	Six months ended June 30	
	2013	2012
Net Sales Revenue (Rs in M)	5,644	5,070
Profit Before Tax (Rs in M)	312	516
Profit After Tax (Rs in M)	238	338
Earnings per share (Rs)	7.93	11.28

Expansion in BOPP production capacity was successfully achieved through commissioning of BOPP Line 4 in March 2013. Operational efficiency shall be optimized gradually in line with supplier's specifications.

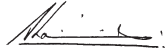
Work on new CPP Line 2 for increasing the production capacity is progressing as per plan and the project is expected to be commissioned in Q4 2013.

## Future Outlook

Deteriorating law & order and energy supply situation affecting the downstream demand is expected to keep the margins and volumes under pressure in short to mid-term.

On behalf of the Board, we would like to place on record our appreciation for the continuous support and commitment shown by all the staff and stakeholders towards Company's successful operations.

For and on behalf of the Board



Shahid Hussain  
Chief Executive

Karachi – August 20, 2013

# Auditors' Report

To the Members on Review of Interim Financial Information

## Introduction

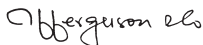
We have reviewed the annexed condensed interim balance sheet of Tri-pack Films Limited (the Company) as at June 30, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement together with the notes forming part thereof for the six months period then ended (here-in-after referred to as the 'interim financial information'). Management is responsible for the preparation and presentation of the interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures included in the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2013 and 2012 and the notes forming part thereof have not been reviewed as we are required to review only the cumulative figures for the six months period ended June 30, 2013.

## 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 the interim financial information 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 annexed interim financial information as of and for the six months period ended June 30, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



A. F. Ferguson & Co.  
Chartered Accountants

Audit Engagement Partner: Khurshid Hasan

Karachi, August 24, 2013

# Condensed Interim Balance Sheet

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

	Note	June 30, 2013	December 31, 2012 (Restated)
(Rupees in thousand)			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital		1,000,000	1,000,000
Issued, subscribed and paid-up capital		300,000	300,000
Reserves		1,822,337	1,884,500
		2,122,337	2,184,500
<b>NON-CURRENT LIABILITIES</b>			
Long-term finances	5	4,039,424	4,101,924
<b>DEFERRED LIABILITIES</b>			
Deferred taxation		244,664	227,411
Accumulated compensated absences		36,108	29,736
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Trade and other payables	6	2,099,557	2,002,704
Accrued mark-up		254,605	163,149
Short-term borrowings	7	3,918,298	2,565,817
Current portion of long-term finances	5	125,000	125,000
		6,397,460	4,856,670
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	12,839,993	11,400,241

	Note	June 30, 2013	December 31, 2012 (Restated)
(Rupees in thousand)			
PROPERTY, PLANT AND EQUIPMENT	9	6,794,499	6,467,014
INTANGIBLES		3,653	8,270
LONG-TERM DEPOSITS		2,689	2,303
CURRENT ASSETS			
Stores and spares		345,545	396,582
Stock-in-trade		2,470,056	2,344,940
Trade debts	10	1,619,877	1,204,616
Advances, prepayments and other receivables		607,835	213,819
Taxation		316,463	143,825
Cash and bank balances		679,376	618,872
		<u>6,039,152</u>	<u>4,922,654</u>
		<u>12,839,993</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

  
Khalid Yacob  
Director



# Condensed Interim Profit & Loss Account

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

Note	-----Quarter ended-----		---Six months period ended---	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
	----- (Rupees in thousand) -----			
Sales	3,584,324	3,146,688	6,512,427	6,132,593
Less: Sales tax	464,068	524,241	867,944	1,062,683
Net sales	3,120,256	2,622,447	5,644,483	5,069,910
Cost of sales	2,659,591	2,180,920	4,835,664	4,231,077
Gross profit	460,665	441,527	808,819	838,833
Distribution cost	73,942	60,739	132,211	116,369
Administrative expenses	58,907	50,489	110,849	96,268
Operating profit	327,816	330,299	565,759	626,196
Other income	11,833	10,707	19,650	21,825
	339,649	341,006	585,409	648,021
Finance cost	188,296	58,171	249,814	81,961
Other expenses	10,393	26,860	23,385	49,811
	198,689	85,031	273,199	131,772
Profit before taxation	140,960	255,975	312,210	516,249
Taxation				
- Current	43,672	110,044	57,120	206,794
- Deferred	(27,664)	(21,965)	17,253	(28,876)
	16,008	88,079	74,373	177,918
Profit after taxation	124,952	167,896	237,837	338,331
Other Comprehensive Income for the period				
Loss arising on revaluation of derivative financial instruments	-	(110,949)	-	(56,149)
Transfer to Capital work in progress on settlement of derivative financial instruments	-	63,816	-	63,816
Less: Income tax relating to hedging reserves	-	16,087	-	(2,383)
	-	(31,046)	-	5,284
Total Comprehensive Income for the period	124,952	136,850	237,837	343,615
Earnings per share (Rupees)	4.16	5.60	7.92	11.28

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

  
Shahid Hussain  
Chief Executive

  
Khalid Yacob  
Director

# Condensed Interim Statement of Changes in Equity

For the six months period ended June 30, 2013 (Un-audited - note 2)

	Issued, subscribed and paid up 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
Remeasurement 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
<b>Transactions with owners</b>					
Dividend relating to the year ended December 31, 2011 @ 200%	-	-	-	(600,000)	(600,000)
Transfer to general reserve	-	182,000	-	(182,000)	-
	-	182,000	-	(782,000)	(600,000)
<b>Total comprehensive income</b>					
Total Comprehensive Income for the six months period ended June 30, 2011	-	-	5,284	338,331	343,615
Balance at June 30, 2012	300,000	1,371,000	(47,249)	308,342	1,932,093
Balance at January 1, 2013 - Restated	300,000	1,371,000	-	536,785	2,207,785
Remeasurement 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
<b>Transactions with owners</b>					
Dividend relating to the year ended December 31, 2012 @ 100%	-	-	-	(300,000)	(300,000)
Transfer to general reserve	-	234,000	-	(234,000)	-
	-	234,000	-	(534,000)	(300,000)
<b>Total comprehensive income</b>					
Total Comprehensive Income for the six months period ended June 30, 2013	-	-	-	237,837	237,837
Balance at June 30, 2013	300,000	1,605,000	-	217,337	2,122,337

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

  
Shahid Hussain  
Chief Executive

  
Khalid Jacob  
Director

# Condensed Interim Cash Flow Statement

For the six months period ended June 30, 2013 (Un-audited - note 2)

	Note	Six months period ended June 30, 2013	Six months period ended June 30, 2012
(Rupees in thousand)			
<b>Cash flows from operating activities</b>			
Cash generated from operations	14	43,737	86,498
Payment on account of accumulated compensated absences		(8,150)	(6,599)
Long-term deposits		(386)	(10)
Retirement benefits paid		-	(22,671)
Income taxes paid		(229,758)	(178,849)
Net cash outflow from operating activities		(194,557)	(121,631)
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(644,973)	(1,660,853)
Profit on bank balances received		75	140
Redemption of investment		-	268,783
Sale proceeds on disposal of property, plant and equipment		1,696	3,545
Net cash outflow from investing activities		(643,202)	(1,388,385)
<b>Cash flows from financing activities</b>			
Finance cost paid		(158,358)	(40,739)
Long-term finance acquired		-	2,061,704
Long-term finance paid		(62,500)	(62,500)
Dividend paid		(233,360)	(597,601)
Net cash (outflow) / inflow from financing activities		(454,218)	1,360,864
Net decrease in cash and cash equivalents		(1,291,977)	(149,152)
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	(3,238,922)	(902,476)

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

  
Shahid Hussain  
Chief Executive

  
Khalid Yaqub  
Director

# Notes to and Forming Part of the Financial Statements

For the six months period ended June 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 six months period ended June 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 June 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 six months period ended June 30, 2013 which have been subjected to a review in accordance with the listing regulations but not audited. These condensed interim financial information also include the condensed interim profit and loss account for the quarter ended June 30, 2013 which is not subjected to review.

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 six months period ended June 30, 2012 have been extracted from the condensed interim financial information of the company for the six months period then ended, which were subjected to a review but not audited. The comparative profit and loss account for the quarter ended June 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:

# Notes to and Forming Part of the Financial Statements

For the six months period ended June 30, 2013 (Un-audited - note 2)

- (a) The standard requires past service cost to be recognised immediately in profit or loss;
- (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	513,500	752,011
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	20,944	34,294
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	227,411	141,309

The effect of change in accounting policy on the statement of cash flows and on earnings per share was immaterial.

#### 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.

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

#### 5. LONG-TERM FINANCES

##### Secured

Finance 1 – note 5.1	187,500	250,000
Finance 2 – note 5.2	1,000,000	1,000,000
Finance 3 – note 5.3	1,000,000	1,000,000
Finance 4 – note 5.4	1,976,924	1,976,924
	<u>4,164,424</u>	<u>4,226,924</u>
Less: Amounts payable within twelve months shown under current liabilities	125,000	125,000
	<u>4,039,424</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 0.50% per annum. The effective rate of mark-up during the six months was 10.27% (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 six months period ended June 30, 2013 (Un-audited - note 2)

- 5.2 The Company had obtained a long term finance facility of Rs 1,000 million (December 31, 2012 : Rs 1,000 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 0.75% per annum. The effective rate of mark-up during the six months was 10.26% (December 31, 2012: 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, building, plant and machinery, equipment, furniture and fixtures, etc.
- 5.3 The Company had obtained a long term finance facility of Rs 1,000 million (December 31, 2012 : Rs 1,000 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 0.75% per annum. The effective rate of mark-up during the six months was 10.53% (December 31, 2012: 12.07%) 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, building, plant and machinery, equipment, furniture and fixtures, etc.
- 5.4 The Company had obtained a long term finance facility of Rs 2,000 million (December 31, 2012 : 2,000 million) from a commercial bank 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 0.75% per annum. The effective rate of mark-up during the six months was 9.89% (December 31, 2012: 11.12%) 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 2.85 million (December 31, 2012 : Rs 17.473 million) payable to related parties.

## 7. SHORT-TERM BORROWINGS

	June 30, 2013	December 31, 2012
	(Rupees in thousand)	
<b>Secured</b>		
Short term loan – note 7.1	2,400,000	1,400,000
Short term running finance – note 7.2	1,518,298	1,165,817
	<u>3,918,298</u>	<u>2,565,817</u>

- 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 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 ranges between 9.26% to 9.91% (December 31, 2012: 9.49% to 12.54%) per annum.
- 7.2 Total facilities available under mark-up arrangements aggregated Rs. 5,350 million (December 31, 2012: Rs 5,350 million) out of which the amount unavailed at the period end was Rs 1,432 million (December 31, 2012: Rs 2,784 million).

## 8. CONTINGENCIES AND COMMITMENTS

	June 30, 2013	December 31, 2012
	(Rupees in thousand)	
<b>Contingencies</b>		
Guarantees issued by banks on behalf of the company	132,901	134,334
<b>Commitments</b>		
Letter of credit for purchase of raw material and spares	1,006,997	294,393
Letter of credit for purchase of items of plant and machinery	807,048	753,606
Contract for Civil Work	194,424	239,287

- 8.1 The facilities for opening of letter of credits and for guarantees as at June 30, 2013 amounting to Rs 7,600 million (December 31, 2012: Rs 7,600 million) and Rs 210 million (December 31, 2012: Rs 210 million), of which the amount remaining unutilised was of Rs 5,360 million (December 31, 2012: Rs 4,822 million) and Rs 77.099 million (December 31, 2012: Rs 75.666 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

	June 30, 2013	December 31, 2012
	(Rupees in thousand)	
Operating fixed assets – note 9.1	6,755,375	1,572,261
Capital work-in-progress - note 9.2	39,124	4,894,753
	6,794,499	6,467,014



# Notes to and Forming Part of the Financial Statements

For the six months period ended June 30, 2013 (Un-audited - note 2)

	Six months period ended June 30, 2013	Six months period ended June 30, 2012
	(Rupees in thousand)	
<b>9.1 Operating fixed assets</b>		
Additions	5,502,258	44,399
Disposals [having a net book value of Rs 1.696 million (2012: Rs 3.145 million)]	4,253	5,435
	June 30, 2013	December 31, 2012
	(Rupees in thousand)	
<b>9.2 Capital work-in-progress</b>		
Plant and machinery	17,999	3,941,795
Building and civil works	5,469	881,401
Advances to suppliers and contractors	15,656	71,557
	39,124	4,894,753

9.2.1 Capital work-in-progress includes borrowing cost capitalised aggregating Rs 118.299 million (December 31, 2012 : Rs 278.949 million).

## 10. TRADE DEBTS

These include Rs 98.551 million (December 31, 2012: Rs 142.288 million) receivable from related parties.

## 11. COST OF SALES

	-----Quarter ended-----		-Six months period ended-	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
----- (Rupees in thousand) -----				
Opening stock of finished goods	57,944	41,744	21,918	31,693
Cost of goods manufactured – note 11.1	2,658,319	2,186,966	4,870,418	4,247,174
Less: Closing stock of finished goods	(56,672)	(47,790)	(56,672)	(47,790)
	<u>2,659,591</u>	<u>2,180,920</u>	<u>4,835,664</u>	<u>4,231,077</u>
<b>11.1 Cost of goods manufactured</b>				
Opening stock of work-in-process	180,788	112,354	102,040	94,788
Raw materials consumed – note 11.2	2,004,502	1,692,091	3,830,062	3,282,698
Manufacturing expenses	2,693	77,578	37,211	140,656
Salaries, wages and other benefits	101,422	71,356	174,258	146,649
Fuel, power and water	165,823	166,795	326,080	318,758
Packing material consumed	66,710	53,287	115,151	103,330
Repairs and maintenance	16,911	30,721	42,902	61,274
Insurance	17,358	8,067	24,653	16,799
Vehicle running and maintenance	6,608	7,068	12,238	13,166
Travelling	1,268	1,211	1,800	2,613
Staff retirement benefits	10,761	11,290	19,866	20,755
Depreciation	206,660	83,896	305,893	173,990
Others	22,898	1,267	24,347	1,713
	<u>2,804,402</u>	<u>2,316,981</u>	<u>5,016,501</u>	<u>4,377,189</u>
Less: Closing stock of work-in-process	(146,083)	(130,015)	(146,083)	(130,015)
	<u>2,658,319</u>	<u>2,186,966</u>	<u>4,870,418</u>	<u>4,247,174</u>
<b>11.2 Raw materials consumed</b>				
Opening stock of raw materials	1,349,304	882,948	2,203,032	1,402,758
Purchases	2,101,289	2,091,698	3,073,121	3,162,495
Less: Closing stock of raw materials	(1,446,091)	(1,282,555)	(1,446,091)	(1,282,555)
	<u>2,004,502</u>	<u>1,692,091</u>	<u>3,830,062</u>	<u>3,282,698</u>

## 12. EARNINGS PER SHARE

There were no convertible dilutive potential ordinary shares outstanding on June 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.

# Notes to and Forming Part of the Financial Statements

For the six months period ended June 30, 2013 (Un-audited - note 2)

Significant transactions with related parties are as follows:

Name and particulars	Nature of relationship	Nature of transaction	Transactions during the six months period ended June 30, 2013	Transactions during the six months period ended June 30, 2012
			(Rupees in thousand)	
<b>Purchases of goods and services</b>				
IGI Insurance Limited	Associated undertaking	Insurance services	95,569	69,731
Packages Limited	Associated undertaking	Goods and services	13,140	14,583
Bulleh Shah Packaging (Private) Limited	Associated undertaking	Goods and services	6,487	-
Siemens Pakistan Engineering Company Limited	Associated undertaking	Goods and services	273	368
Siemens Pakistan Engineering Company Limited	Associated undertaking	Annual maintenance fee	2,700	2,421
			<u>118,169</u>	<u>87,103</u>
<b>Sales of goods and services</b>				
Packages Lanka (Private) Limited	Associated undertaking	Supplies	1,923	-
Packages Limited	Associated undertaking	Supplies	474,962	373,835
Tetra Pak Pakistan Limited	Associated undertaking	Supplies	19,784	31,886
Nestle Pakistan Limited	Associated undertaking	Services	913	2,132
			<u>497,582</u>	<u>407,853</u>
<b>Purchase of property, plant and equipment</b>				
Mitsubishi Corporation Japan	Associated undertaking	Spare parts	-	30,476
Packages Limited	Associated undertaking	Spare parts	3,998	5,528
			<u>3,998</u>	<u>36,004</u>
<b>Capital Work-in-Progress</b>				
Siemens Pakistan Engineering Company Limited	Associated undertaking	Advance to suppliers	-	19,669
Packages Limited	Associated undertaking	Plant and Machinery	3,123	24,538
			<u>3,123</u>	<u>44,207</u>
<b>Dividend</b>				
IGI Insurance Limited	Associated undertaking		13,534	27,068
Mitsubishi Corporation Japan	Associated undertaking		74,990	149,980
Packages Limited	Associated undertaking		100,000	200,000
			<u>188,524</u>	<u>377,048</u>
<b>Contribution to staff retirement benefit funds</b>				
Gratuity fund		Contribution	6,876	6,809
Pension fund		Contribution	9,699	10,525
Provident fund		Contribution	5,486	5,384
			<u>22,061</u>	<u>22,718</u>

Name and particulars	Nature of relationship	Nature of transaction	Transactions during the six months period ended June 30, 2013	Transactions during the six months period ended June 30, 2012
(Rupees in thousand)				
<b>Commission</b>				
IGI Insurance Limited	Associated undertaking	Commission earned on Insurance premium	5,966	4,248
<b>Other Income</b>				
IGI Money Market Fund	Associated undertaking	Redemption of investment	-	5,899
			-	5,899
<b>Other expenses</b>				
National Management Foundation	Associated undertaking	Donation	-	10,000
Ali Institute of Education	Associated undertaking	Donation	250	-
Pakistan Institute of Corporate Governance	Associated undertaking	Donation	125	-
Babar Ali foundation	Associated undertaking	Donation	200	-
			575	10,000
<b>Remuneration of key management personnel</b>		Salaries and other short term employees' benefits	40,276	22,121
		Retirement benefits	4,585	3,075
			44,861	25,196

#### 14. CASH GENERATED FROM OPERATIONS

	Six months period ended June 30, 2013	Six months period ended June 30, 2012
(Rupees in thousand)		
Profit before taxation	312,210	516,249
Adjustment for non cash charges and other items:		
Depreciation	315,792	179,630
Amortisation	4,617	5,299
Gain on disposal of investment	-	(5,899)
Provision for retirement benefits	-	21,216
Profit on bank balances	(75)	(140)
Gain on disposal of fixed assets	-	(400)
Provision for accumulated compensated absences	14,522	12,000
Finance cost	249,814	81,961
Working capital changes – note 14.1	(853,143)	(723,418)
	43,737	86,498

# Notes to and Forming Part of the Financial Statements

For the six months period ended June 30, 2013 (Un-audited - note 2)

	Six months period ended June 30, 2013	Six months period ended June 30, 2012
	(Rupees in thousand)	
<b>14.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
Stores and spares	51,037	(143,287)
Stock-in-trade	(125,116)	66,474
Trade debts	(415,261)	(241,970)
Advances, prepayments and other receivables	(394,016)	(39,160)
	<u>(883,356)</u>	<u>(357,943)</u>
Increase / (Decrease) in current liabilities:		
Trade and other payables	30,213	(365,475)
	<u>(853,143)</u>	<u>(723,418)</u>

## 15. CASH AND CASH EQUIVALENTS

	June 30, 2013	June 30, 2012
	(Rupees in thousand)	
Cash and bank balances	679,376	372,402
Short-term finances-note 7	(3,918,298)	(1,274,878)
	<u>(3,238,922)</u>	<u>(902,476)</u>

## 16. PLANT CAPACITY AND ACTUAL PRODUCTION

	Six months period ended June 30, 2013	Six months period ended June 30, 2012
	(Metric tonnes)	
Operational capacity available during the period	27,300	17,900
Production	23,605	17,828

## 17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on August 20, 2013 by the Board of Directors of the Company.

  
Shahid Hussain  
Chief Executive

  
Khalid Jacob  
Director



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