



**Cherat Packaging Limited**  
A Ghulam Faruque Group Company

**Tough and sturdy,  
goes flexible.**

Un-Audited Accounts  
March 31, 2019



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# Company Information

## Board of Directors

Mr. Akbarali Peshani	Chairman
Mr. Amer Faruque	Chief Executive
Mr. Aslam Faruque	Director
Mr. Shehryar Faruque	Director
Mr. Arif Faruque	Director
Mr. Abid Naqvi	Director
Mr. Ali H. Shirazi	Director
Mr. Abid Vazir	Director

## Audit Committee

Mr. Abid Naqvi	Chairman
Mr. Arif Faruque	Member
Mr. Shehryar Faruque	Member

## Human Resource and Remuneration Committee

Mr. Ali H. Shirazi	Chairman
Mr. Amer Faruque	Member
Mr. Aslam Faruque	Member

## Chief Operating Officer & CFO

Mr. Yasir Masood

## Director & Company Secretary

Mr. Abid Vazir

## Head of Internal Audit

Mr. Amir Saleem

## Auditors

EY Ford Rhodes  
Chartered Accountants

## Legal Advisor

K.M.S. Law Associates

## Bankers

Allied Bank Ltd  
Bank Al Habib Ltd  
Faysal Bank Ltd  
Habib Bank Ltd  
Habib Metropolitan Bank Ltd  
Industrial and Commercial Bank of China Ltd  
MCB Bank Ltd  
National Bank of Pakistan  
Samba Bank Ltd  
Soneri Bank Ltd  
Standard Chartered Bank (Pakistan) Ltd  
The Bank of Punjab  
United Bank Ltd

## Bankers (Islamic)

Al Baraka Bank (Pakistan) Ltd  
Askari Bank Ltd  
Bank Alfalah Ltd  
Bank Al Habib Ltd  
Bankislami Pakistan Ltd  
Dubai Islamic Bank Pakistan Ltd  
Meezan Bank Ltd

## Share Registrar

Central Depository Company  
of Pakistan Limited (CDC)  
CDC House, 99-B, Block 'B', S.M.C.H.S.,  
Main Shahrahe-Faisal, Karachi-74400  
Tel: 0800-23275

## Contact Us:

UAN: 111-000-009  
Email: info@gfg.com.pk  
Web: www.gfg.com.pk



## Registered Office

1st Floor, Betani Arcade,  
Jamrud Road, Peshawar  
Tel: (+9291) 5842285, 5842272  
Fax: (+9291) 5840447

## Head Office

Modern Motors House, Beaumont Road,  
Karachi-75530  
Tel: (+9221) 35683566-67, 35688348, 35689538  
Fax: (+9221) 35683425

## Factory

Plot No. 26, Gadoon Amazai  
Industrial Estate, District Swabi,  
Khyber Pakhtunkhwa  
Tel: (+92938) 270125, 270221  
Fax: (+92938) 270126

## Regional Office

3, Sundar Das Road, Lahore  
Tel: (+9242) 36286249-50, 36308259  
Fax: (+9242) 36286204

## Islamabad Office

1st Floor, Razia Sharif Plaza,  
Jinnah Avenue, Blue Area  
Tel: (+9251) 2344531-33  
Fax: (+9251) 2344534, 2344550

# Directors' Review

The Board of Directors is pleased to present the financial results of the company for the nine months period ended March 31, 2019.

## Overview

Operating in a highly challenging business environment affected by economic slowdown and depreciating currency, the company has continued to provide quality packaging solutions and at the same time expand its business horizons. The Company's diversification strategy has now started to pay dividends as it has become one of the most diversified packaging solution provider in Pakistan. Besides producing and supplying conventional cement bags made from kraft paper and polypropylene granules, the company also supplied packaging material to sugar, chemicals and other allied sectors. During the second quarter of the financial year, the company also commenced full commercial operations of its recently established flexible packaging division. It has received an extremely good response as several reputable customers have started placing orders for flexible packaging material with the company. Although, the project has incurred fixed costs during the period, which usually happens with such projects, considering the emerging trends in the market for innovative packaging solutions, the decision of the company to venture into the field of flexible packaging will allow it to tap new market segments, which will enhance its business volumes.

## Operating performance

During the nine months period under review, there was an 11% increase in the sales revenues of the company from the corresponding period last year. This was mainly due to adjustment in selling prices of bags necessitated by escalation in cost of input items like kraft paper and PP granules. There was an increase in costs of production because of devaluation of Pak rupee vis-à-vis US dollar and Euro. During the period, there was an increase in finance cost due to long term loans obtained for the new projects and enhanced working capital requirement along with rise in discount rates by State Bank of Pakistan. For the nine months period ended March 31, 2019 the company posted an after tax profit of Rs. 551 million.

## Future Prospects

Cherat Packaging has always been exploring new markets by introducing innovative and cost effective products. Through regular investments in both existing and new business ventures, it

has positioned itself to not only meet the demand for packaging materials from the cement sector but also from other industries including the FMCG sector. The entry into the flexible packaging business will enable the company to diversify into new market segments to further grow its business. The current slowdown in the economy is having an impact on cement dispatches and consumer demand, which is affecting company's sales. Furthermore, devaluation of Pakistani Rupee remains an area of concern for the company, which it hopes to overcome through effective utilization of its resources and strategic alliances with its suppliers, especially Mondi Packaging.

### **Acknowledgment**

The management would like to express its gratitude to all customers, financial institutions, staff members, suppliers and shareholders who have been associated with the company for their continued support and cooperation. It would like to particularly thank Mondi Packaging and Windmoller & Holscher for their cooperation and support to the company.

### **On behalf of the Board of Directors**



**Akbarali Pesnani**  
Chairman



**Amer Faruque**  
Chief Executive

Karachi: April 19, 2019

# Condensed Interim Statement of Financial Position

as at March 31, 2019

	Note	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
(Rupees '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Fixed Assets			
Property, plant and equipment	4	5,133,569	4,782,451
Intangible assets	5	6,706	5,940
		5,140,275	4,788,391
Long-term investments	6	308,858	475,518
Long-term loans		194	250
Long-term security deposits		9,378	9,378
		5,458,705	5,273,537
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		271,431	172,085
Stock-in-trade		3,757,063	2,009,317
Trade debts		1,405,245	1,054,285
Loans and advances		41,965	19,888
Trade deposits and short-term prepayments		34,636	24,905
Other receivables		717,238	570,036
Taxation - net		382,232	235,983
Cash and bank balances		12,436	8,638
		6,622,246	4,095,137
<b>TOTAL ASSETS</b>		<b>12,080,951</b>	<b>9,368,674</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital	7	386,426	336,022
Reserves		4,249,555	4,179,983
		4,635,981	4,516,005
<b>NON-CURRENT LIABILITIES</b>			
Long-term financings - secured	8	2,695,000	2,735,000
Deferred taxation		341,510	262,929
		3,036,510	2,997,929
<b>CURRENT LIABILITIES</b>			
Trade and other payables		782,931	752,240
Accrued mark-up		138,683	72,715
Short-term borrowings - secured	9	3,287,198	936,625
Current maturity of long-term financings	8	190,000	85,000
Unclaimed dividend		9,648	8,160
		4,408,460	1,854,740
<b>CONTINGENCIES AND COMMITMENTS</b>	10		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,080,951</b>	<b>9,368,674</b>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

  
**Amer Faruque**  
 Chief Executive

  
**Aslam Faruque**  
 Director

  
**Yasir Masood**  
 Chief Financial Officer

# Condensed Interim Statement of Profit or Loss (Unaudited)

for the period ended March 31, 2019

Note	Period ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(Rupees '000)		(Rupees '000)	
<b>Turnover – net</b>	5,791,810	5,075,854	1,987,190	1,852,104
Cost of sales	(4,649,808)	(4,357,539)	(1,679,002)	(1,592,358)
<b>Gross profit</b>	1,142,002	718,315	308,188	259,746
Distribution costs	(89,488)	(77,268)	(37,879)	(26,163)
Administrative expenses	(69,092)	(55,961)	(20,714)	(19,165)
Other expenses	(41,219)	(34,716)	(7,329)	(13,425)
	(199,799)	(167,945)	(65,922)	(58,753)
Other income	26,873	27,348	2,649	6,289
<b>Operating profit</b>	969,076	577,718	244,915	207,282
Finance costs	11 (333,693)	(85,163)	(156,392)	(32,119)
<b>Profit before taxation</b>	635,383	492,555	88,523	175,163
<b>Taxation</b>				
Current – For the period	12 (8,523)	(7,729)	(8,523)	(5,756)
– Prior year	2,974	5,040	-	-
Deferred	(78,581)	(51,965)	(20,130)	(49,581)
	(84,130)	(54,654)	(28,653)	(55,337)
<b>Net profit for the period</b>	551,253	437,901	59,870	119,826
		(Restated)		(Restated)
<b>Earnings per share – basic and diluted</b>	13 Rs. 14.27	Rs. 11.72	Rs. 1.55	Rs. 3.21

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



**Amer Faruque**  
Chief Executive



**Aslam Faruque**  
Director



**Yasir Masood**  
Chief Financial Officer



# Condensed Interim Statement of Comprehensive Income (Unaudited)

for the period ended March 31, 2019

	Period ended		Quarter ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	(Rupees '000)		(Rupees '000)	
<b>Net profit for the period</b>	551,253	437,901	59,870	119,826
<b>Other comprehensive income that may not be reclassified subsequently to the statement of profit or loss:</b>				
Unrealized loss on equity investments measured at fair value through other comprehensive income	(166,660)	(244,493)	(33,080)	84,226
<b>Total comprehensive income for the period</b>	<u>384,593</u>	<u>193,408</u>	<u>26,790</u>	<u>204,052</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



**Amer Faruque**  
Chief Executive



**Aslam Faruque**  
Director



**Yasir Masood**  
Chief Financial Officer

# Condensed Interim Statement of Cash Flows (Unaudited)

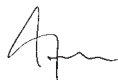
for the period ended March 31, 2019

	March 31, 2019	March 31, 2018
	(Rupees '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	635,383	492,555
<b>Adjustments for:</b>		
Depreciation	212,480	136,743
Amortization	1,083	1,021
Dividend income	(19,373)	(21,795)
Gain on disposal of operating property, plant and equipment	(2,328)	(179)
Finance costs	333,693	85,163
	525,555	200,953
	1,160,938	693,508
<b>Increase in current assets:</b>		
Stores, spare parts and loose tools	(99,346)	(33,297)
Stock-in-trade	(1,747,746)	(378,482)
Trade debts	(350,960)	(9,005)
Loans and advances	(22,077)	(3,624)
Trade deposits and short-term prepayments	(9,731)	(11,644)
Other receivables	(147,202)	(173,905)
	(2,377,062)	(609,957)
	(1,216,124)	83,551
<b>Increase / (decrease) in current liabilities:</b>		
Trade and other payables	30,691	(5,912)
<b>Cash (used in) / generated from operations</b>	(1,185,433)	77,639
Income tax paid	(151,798)	(127,861)
<b>Net cash used in operating activities</b>	(1,337,231)	(50,222)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to operating property, plant and equipment	(566,710)	(1,968,453)
Addition to intangible assets	(1,849)	-
Proceeds from disposal of property, plant and equipment	5,440	1,580
Long-term loans	56	56
Long-term security deposits	-	(450)
Dividend received	19,373	21,795
<b>Net cash used in investing activities</b>	(543,690)	(1,945,472)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of right shares - net	-	493,281
Long-term financings - net	65,000	1,160,000
Short-term borrowings - net	2,350,573	686,655
Finance costs paid	(267,725)	(75,884)
Dividends paid	(263,129)	(269,319)
<b>Net cash generated from financing activities</b>	1,884,719	1,994,733
<b>Net increase / (decrease) in cash and cash equivalents</b>	3,798	(961)
<b>Cash and cash equivalents at the beginning of the period</b>	8,638	15,428
<b>Cash and cash equivalents at the end of the period</b>	12,436	14,467

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



**Amer Faruque**  
Chief Executive



**Aslam Faruque**  
Director



**Yasir Masood**  
Chief Financial Officer

# Condensed Interim Statement of Changes in Equity (Unaudited)


for the period ended March 31, 2019

	Issued, Subscribed and Paid-up Capital	Reserves					Total Reserves	Total
		Capital Reserve	Revenue Reserves					
			Share premium	General reserve	Unap- propriated profit	Actuarial gain on gratuity fund		
(Rupees '000)								
<b>Balance as at July 01, 2017</b>	296,055	545,314	180,000	2,287,125	43,036	665,347	3,720,822	4,016,877
Final cash dividend for the year ended June 30, 2017 @ Rs. 7 per share	-	-	-	(207,240)	-	-	(207,240)	(207,240)
Issuance of right shares @ 13.5% (i.e. 13.5 shares for every 100 shares held)	39,967	459,625	-	-	-	-	459,625	499,592
Share issuance cost	-	(6,311)	-	-	-	-	(6,311)	(6,311)
Interim cash dividend for the year ended June 30, 2018 @ Rs. 2 per share	-	-	-	(67,204)	-	-	(67,204)	(67,204)
Net profit for the period	-	-	-	437,901	-	-	437,901	437,901
Other comprehensive income for the period	-	-	-	-	-	(244,493)	(244,493)	(244,493)
Total comprehensive income for the period	-	-	-	437,901	-	(244,493)	193,408	193,408
<b>Balance as at March 31, 2018</b>	<u>336,022</u>	<u>998,628</u>	<u>180,000</u>	<u>2,450,582</u>	<u>43,036</u>	<u>420,854</u>	<u>4,093,100</u>	<u>4,429,122</u>
<b>Balance as at July 01, 2018</b>	336,022	998,628	180,000	2,723,760	7,224	270,371	4,179,983	4,516,005
Final cash dividend for the year ended June 30, 2018 @ Rs. 5 per share	-	-	-	(168,011)	-	-	(168,011)	(168,011)
Bonus shares issued in the ratio of 15 shares for every 100 shares held	50,404	-	-	(50,404)	-	-	(50,404)	-
Interim cash dividend for the year ending June 30, 2019 @ Rs. 2.5 per share	-	-	-	(96,606)	-	-	(96,606)	(96,606)
Net profit for the period	-	-	-	551,253	-	-	551,253	551,253
Other comprehensive income for the period	-	-	-	-	-	(166,660)	(166,660)	(166,660)
Total comprehensive income for the period	-	-	-	551,253	-	(166,660)	384,593	384,593
<b>Balance as at March 31, 2019</b>	<u>386,426</u>	<u>998,628</u>	<u>180,000</u>	<u>2,959,992</u>	<u>7,224</u>	<u>103,711</u>	<u>4,249,555</u>	<u>4,635,981</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



**Amer Faruque**  
Chief Executive



**Aslam Faruque**  
Director



**Yasir Masood**  
Chief Financial Officer

# Notes to The Condensed Interim Financial Statements (Unaudited)

for the period ended March 31, 2019

## 1. THE COMPANY AND ITS OPERATIONS

Cherat Packaging Limited (the Company) was incorporated in Pakistan as a public company limited by shares in the year 1989. Its main business activities are manufacturing, marketing and sale of paper sacks, polypropylene bags and flexible packaging material. The Company is listed on Pakistan Stock Exchange. The registered office of the Company is situated at 1st Floor, Betani Arcade, Jamrud Road, Peshawar, Pakistan.

## 2. BASIS OF PREPARATION

**2.1** These condensed interim financial statements 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.

**2.2** These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018.

## 3. ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2018, except for the adoption of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial Instruments". The revised accounting policies adopted by the management are as follows:

### **IFRS 15 Revenue from Contracts with Customers**

According to IFRS 15, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the

customer's payment. IFRS 15 supersedes IAS 11, Construction Contracts and IAS 18, Revenue as well as related interpretations.

The Company has assessed that significant performance obligation in contracts with customers are closely related to the delivery of goods and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard.

## **IFRS 9 Financial Instruments**

IFRS 9 'Financial Instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Company has applied IFRS 9 retrospectively, with effect from earliest presented financial statements. IFRS 9 became applicable from 1 July 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP).

The Company's financial assets mainly include trade debts, loans and advances, long-term loans, investment in equity instruments, other ancillary deposits/receivables and bank balances held with commercial banks.

The adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward-looking Expected Credit Loss (ECL) approach. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Considering the nature of the financial assets, the Company has applied the standard's simplified approach and has calculated ECL based on lifetime ECL. For this purpose, the management has conducted an exercise to assess the impairment of its financial assets using historical data and forward looking information. Based on such exercise, the Company has concluded that it is in compliance with the requirements of the new accounting standard and that the Company has adequate amount of provision against ECL therefore, no further adjustment is required in these condensed interim financial statements.

4. PROPERTY, PLANT AND EQUIPMENT	Note	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
		(Rupees '000)	
Opening net book value (NBV)		3,540,801	1,777,012
Additions during the period / year (cost)	4.1	1,455,759	1,956,098
		4,996,560	3,733,110
Disposals during the period / year (NBV)		(3,112)	(1,402)
Depreciation charged during the period / year		(212,480)	(190,907)
Closing NBV		4,780,968	3,540,801
Capital work-in-progress	4.2	352,601	1,241,650
		5,133,569	4,782,451

#### 4.1. Additions during the period / year

Building on leasehold land	539,361	336,800
Plant and machinery	690,975	1,455,557
Power and other Installations	24,208	92,879
Furniture and fittings	13,310	6,947
Vehicles	54,927	29,175
Equipment	116,021	29,646
Computers	16,957	5,094
	1,455,759	1,956,098

#### 4.2. Capital work-in-progress

Building on leasehold land	136,475	320,857
Plant and machinery	66,608	751,957
Power and other installations	-	22,746
Furniture and fittings	2,385	832
Vehicles	-	3,070
Equipment	146,264	142,188
Computers	869	-
	352,601	1,241,650

#### 5. INTANGIBLE ASSET

Opening net book value	5,940	7,301
Additions during the period / year (cost)	1,849	-
	7,789	7,301
Amortization charged during the period / year	(1,083)	(1,361)
	6,706	5,940

#### 6. LONG-TERM INVESTMENTS

##### Investment in related parties

##### At fair value through other comprehensive income

Cherat Cement Co. Limited

4,843,362 (June 30, 2018: 4,843,362)

Ordinary shares of Rs. 10/- each

304,260 470,920

##### Joint venture

UniEnergy Limited

4,598 4,598

308,858 475,518

## 7. SHARE CAPITAL

### 7.1 Authorized Capital

March 31, 2019 (Unaudited)	June 30, 2018 (Audited)		March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
Number of shares			(Rupees '000)	
100,000,000	40,000,000	Ordinary shares of Rs. 10/- each	1,000,000	400,000

### 7.2 Issued, subscribed and paid-up capital

March 31, 2019 (Unaudited)	June 30, 2018 (Audited)			
Number of shares				
		Fully paid ordinary shares of Rs. 10/- each		
26,207,242	22,210,500	- Issued fully paid in cash	262,072	222,105
7,395,000	7,395,000	- Issued as fully paid bonus shares	73,950	73,950
33,602,242	29,605,500		336,022	296,055
		- Right shares issued during the period / year	-	39,967
	3,996,742	- Bonus shares issued during the period / year	50,404	-
5,040,336	-		386,426	336,022
38,642,578	33,602,242			

## 8. LONG-TERM FINANCINGS – secured

### Islamic banks

Fixed Assets Refinance Loan – I	405,000	450,000
Fixed Assets Refinance Loan – II	600,000	600,000
	1,005,000	1,050,000

### Conventional banks

Fixed Assets Refinance Loan – III	80,000	120,000
Fixed Assets Refinance Loan – IV	1,200,000	1,050,000
Fixed Assets Refinance Loan – V	600,000	600,000
	1,880,000	1,770,000
	2,885,000	2,820,000
Less: Current maturity	(190,000)	(85,000)
	2,695,000	2,735,000

## 9. SHORT-TERM BORROWINGS – secured

The Company has facilities obtained from various conventional and Islamic banks amounting to Rs. 5,600 million (June 30, 2018: Rs. 4,350 million) out of which Rs. 2,312.80 million (June 30, 2018: Rs. 3,413.38 million) remains unutilized at the period end.

## 10. CONTINGENCIES AND COMMITMENTS

### 10.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2018.

	Note	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
(Rupees '000)			
<b>10.2. Commitments</b>			
Outstanding letters of guarantee – conventional banks		257,082	141,186
Outstanding letters of credit – conventional banks		466,004	904,422
Capital commitments	10.3	22,345	142,923

**10.3.** Includes capital commitment of Rs. 5.18 million (June 30, 2018: Rs. 96.31 million) extended to a related party, against installation of fire-fighting equipment at factory.

**10.4.** Khyber Pakhtunkhwa Economic Zones Development and Management Company (KPEZDMC) was established in KPK with an aim to develop and manage industrial zones in KPK. The KPEZDMC offered various incentives on development projects within KPK from the financial year 2016 to December 2019. The Company has applied for the incentive against its Polypropylene line and other expansions up till June 30, 2017. The total amount of incentive claimed is Rs. 147.94 million. This case is now in final stage of approval. The management of the Company is hopeful that the said amount will be realized, however, as a matter of prudence, no income has yet been recorded in these condensed interim financial statements.

## 11. FINANCE COSTS

Includes mark-up on long-term financings amounting to Rs. 175.40 million (March 31, 2018: Rs. 45.32 million), and mark-up on short-term borrowings amounting to Rs. 158.29 million (March 31, 2018: Rs. 39.84 million).

## 12. TAXATION

Provision for current taxation is based on Alternate Corporate Tax (ACT) at the current rates of taxation after taking into account tax credits. Income subject to final tax has been taxed accordingly.

## 13. EARNINGS PER SHARE – basic and diluted

	Period ended		Quarter ended	
	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
Net profit for the period (Rupees '000)	551,253	437,901	59,870	119,826
Weighted average number of ordinary shares in issue during the period	38,642,578	37,354,017 (Restated)	38,642,578	37,354,017 (Restated)
Basic earnings per share	Rs. 14.27	Rs. 11.72	Rs. 1.55	Rs. 3.21

**13.1** There is no dilutive effect on basic earnings per share of the Company.

## 14. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

These condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018. There have been no changes in any risk management policies since the year end.



The carrying value of all financial and non-financial assets and liabilities measured at other than amortised cost in these condensed interim financial statements approximate their fair values.

## 15. SEGMENT REPORTING

Segment information is presented in respect of the Company's business. The primary format and business segment is based on the Company's management reporting structure.

### Type of Segments

Bags manufacturing division

Flexible packaging division

### Nature of business

Kraft paper and polypropylene bags manufacturing

Extrusion, Flexo Graphic and Rotogravure printing

### 15.1 Segment analysis and reconciliation for the Period ended March 31, 2019

	Bags manufacturing division Period ended		Flexible packaging division Period ended		Total Period ended	
	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
	(Rupees '000)					
<b>Sales</b>						
External sales	5,627,294	5,075,854	164,516	-	5,791,810	5,075,854
Inter-segment sales	-	-	-	-	-	-
<b>Total revenue</b>	5,627,294	5,075,854	164,516	-	5,791,810	5,075,854
Depreciation and amortization	145,305	137,764	68,258	-	213,563	137,764
Finance costs	71,150	-	104,252	-	175,402	-
<b>Operating profit / (loss) before tax and before unallocated expenses</b>	1,104,182	585,086	(296,162)	-	808,020	585,086
<b>Unallocated corporate expenses</b>						
Finance costs	-	-	-	-	(158,291)	(85,163)
Other expenses	-	-	-	-	(41,219)	(34,716)
Other income	-	-	-	-	26,873	27,348
Taxation	-	-	-	-	(84,130)	(54,654)
<b>Net profit for the period</b>	-	-	-	-	551,253	437,901

### 15.2 Segment analysis and reconciliation for the quarter ended March 31, 2019

	Bags manufacturing division Quarter ended		Flexible packaging division Quarter ended		Total Quarter ended	
	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
	(Rupees '000)					
<b>Sales</b>						
External sales	1,880,030	1,852,104	107,160	-	1,987,190	1,852,104
Inter-segment sales	-	-	-	-	-	-
<b>Total revenue</b>	1,880,030	1,852,104	107,160	-	1,987,190	1,852,104
Depreciation and amortization	49,270	50,859	31,462	-	80,732	50,859
Finance costs	28,553	-	45,033	-	73,585	-
<b>Operating profit / (loss) before tax and before unallocated expenses</b>	308,468	214,418	(132,458)	-	176,010	214,418
<b>Unallocated corporate expenses</b>						
Finance costs	-	-	-	-	(82,807)	(32,119)
Other expenses	-	-	-	-	(7,329)	(13,425)
Other income	-	-	-	-	2,649	6,289
Taxation	-	-	-	-	(28,653)	(55,337)
<b>Net profit for the period</b>	-	-	-	-	59,870	119,826

## 15.3 Reportable Segment Assets and Liabilities

	Bags manufacturing division		Flexible packaging division		Total	
	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)	March 31, 2019 (Unaudited)	June 30, 2018 (Audited)
	(Rupees '000)					
Segment assets	6,556,900	5,240,753	3,475,621	1,377,636	10,032,521	6,618,389
Unallocated assets	-	-	-	-	2,048,430	2,750,285
<b>Total assets</b>	<b>6,556,900</b>	<b>5,240,753</b>	<b>3,475,621</b>	<b>1,377,636</b>	<b>12,080,951</b>	<b>9,368,674</b>
Segment liabilities	1,085,000	1,170,000	1,800,000	1,650,000	2,885,000	2,820,000
Unallocated liabilities	-	-	-	-	4,559,970	2,032,669
<b>Total liabilities</b>	<b>1,085,000</b>	<b>1,170,000</b>	<b>1,800,000</b>	<b>1,650,000</b>	<b>7,444,970</b>	<b>4,852,669</b>

**15.3.1** Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Certain assets and liabilities of the Company cannot be allocated to a specific segment. Accordingly, these amounts have been classified as unallocated.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

## 16. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associates, directors, executives, and retirement funds. Transactions with related parties other than those disclosed elsewhere in the financial statements are as follows:

Relationship	Nature of transactions	Period ended		Quarter ended	
		March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)	March 31, 2019 (Unaudited)	March 31, 2018 (Unaudited)
		(Rupees '000)		(Rupees '000)	
Associated companies	Purchase of goods	11,415	52,039	471	24,974
	Purchase of fixed assets	148,911	-	36,060	-
	Sale of goods	1,092,151	824,319	422,308	326,788
	Services received	39,831	26,521	11,116	10,188
	IT support charges	9,476	8,298	2,766	2,766
	Dividend received	19,373	21,795	-	4,843
	Dividend paid	72,991	75,124	26,647	18,536
	Issuance of shares	-	167,611	-	167,611
	Stock dividend	13,903	-	13,903	-
Key management personnel	Remuneration	119,784	56,835	42,807	10,886
Other related parties	Contribution to provident and gratuity funds	20,538	6,931	15,189	3,032
	Services received	2,504	3,692	693	515

## 17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 19, 2019 by the Board of Directors of the Company.

## 18. GENERAL

**18.1** Key management personnel remuneration corresponding figure in related party transactions note has been revised in line with the new definition of executives in the Companies Act, 2017.

**18.2** Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.



**Amer Faruque**  
Chief Executive



**Aslam Faruque**  
Director



**Yasir Masood**  
Chief Financial Officer



GHULAM FARUQUE  
GROUP

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