



Cherat Packaging Limited
A Ghulam Faruque Group Company

**One Stop
Convenience**

**Half-Yearly Accounts
December 31, 2019**

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Company Information

Board of Directors

Mr. Akbarali Pesnani	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. Aamir 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
MCB Islamic Bank Ltd
Meezan Bank Ltd

Share Registrar

CDC Share Registrar Services Ltd
CDC House, 99-B, Block 'B', S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi-74400
Tel: 0800-23275 UAN: 111-111-500
Email: info@cdcsrsl.com

Contact Us:

UAN: 111-000-009
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Head Office

Modern Motors House, Beaumont Road,
Karachi-75530
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Factory

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Industrial Estate, District Swabi,
Khyber Pakhtunkhwa
Tel: (+92938) 270125, 270221
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Regional Offices

Lahore

3, Sundar Das Road
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1st Floor, Razia Sharif Plaza,
Jinnah Avenue, Blue Area
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Directors' Review

The Board of Directors is pleased to present the un-audited financial results of the company, duly reviewed by the auditors, for the half year ended December 31, 2019.

Overview

Operating in a highly challenging business environment with stagnating consumer demand, high interest rates and depreciating Pak rupee, the company has continued to meet the demand for packaging materials of its customers by introducing innovative products. By virtue of its strategic expansions and diversification, the company has become one of the most diversified packaging entities in Pakistan. It has not only continued to maintain its market leadership by providing quality packaging solutions to its cement customers but has now taken major strides towards attracting well reputed customers in the FMCG sector as well, which has enhanced its sales volume.

Operating performance

During the half year under review, there was 31% increase in the sales revenues of the company compared to the corresponding period last year. The turnover increased due to adjustment in selling price to offset the impact of increased costs, rise in quantity of bags sold and higher sales of flexible packaging material. During the period, there was a significant increase in finance cost on account of long-term loans obtained for new projects including flexible packaging, enhanced working capital requirement and increase in mark-up rates by State Bank of Pakistan. In a period of rising costs, the company tried to optimize and efficiently manage its inventory and other resources to rationalize its production costs. Since its commencement, the Flexible Packaging division has received an encouraging response from the market. It has attained almost all major certifications and is supplying packaging to several reputable customers. Although, the division is currently incurring fixed costs and sampling expenses, which usually happens with such projects initially, but increase in sale volumes and further improvement in operational efficiencies is expected to have a positive impact. For the half year ended December 31, 2019 the company posted an after-tax profit of Rs. 39 million.

Future Prospects

As part of its business strategy, the company has positioned itself well to not only meet the demand for packaging materials from the cement sector but also from other industries including the FMCG sector. The company introduces innovative and cost-effective packaging solutions on an ongoing basis to tap new markets.

and meet the requirements of its customers effectively. It has recently also introduced ZeroFly bags in Pakistan, which are used for packaging of rice and other similar products. However, high interest rates, devaluation of Pak rupee and uncertain macroeconomic conditions in the country present a major challenge to the company as it is having an impact on local industries and consumer demand. In order to rationalize its costs, the company has signed Wheeling Regime Energy Purchase Agreement with Pakhtunkhwa Energy Development Organization (PEDO) for supply of electricity at a cheaper tariff rate. Furthermore, the company is also installing 1MW solar panels at its flexible packaging division to reduce electricity costs.


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, Sabc 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: February 10, 2020

Independent Auditor's Review Report

To the members of Cherat Packaging Limited (the Company)

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Cherat Packaging Limited** (the Company) as at **31 December 2019** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity and notes to the condensed interim financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended 31 December 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

E. T. Feroz Khan

Chartered Accountants

Place: Karachi

Date: February 11, 2020

Condensed Interim Statement of Financial Position

As at December 31, 2019

	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
(Rupees '000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	4	5,115,387	5,156,510
Intangible assets		6,217	6,321
		<u>5,121,604</u>	<u>5,162,831</u>
Long-term investments	5	287,250	154,567
Long-term loans		138	175
Long-term security deposits		9,378	11,178
		<u>5,418,370</u>	<u>5,328,751</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		324,210	306,095
Stock-in-trade		3,054,039	3,128,554
Trade debts		1,999,527	1,569,135
Loans and advances		12,572	1,769
Trade deposits and short-term prepayments		20,539	43,333
Other receivables		553,016	587,387
Taxation – net		353,326	373,280
Cash and bank balances		12,460	13,139
		<u>6,329,689</u>	<u>6,022,692</u>
TOTAL ASSETS		<u>11,748,059</u>	<u>11,351,443</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	6	425,069	386,426
Reserves		4,116,332	4,079,812
		<u>4,541,401</u>	<u>4,466,238</u>
NON-CURRENT LIABILITIES			
Long-term financing – secured	7	2,390,000	2,695,000
Deferred taxation		280,823	338,486
		<u>2,670,823</u>	<u>3,033,486</u>
CURRENT LIABILITIES			
Trade and other payables		570,357	506,202
Accrued mark-up		237,248	195,889
Short-term borrowings – secured	8	3,288,308	2,950,345
Current maturity of long-term financing	7	430,000	190,000
Unclaimed dividend		9,922	9,283
		<u>4,535,835</u>	<u>3,851,719</u>
CONTINGENCIES AND COMMITMENTS			
	9		
TOTAL EQUITY AND LIABILITIES		<u>11,748,059</u>	<u>11,351,443</u>

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


Akbarali Pesnani
 Chairman


Amer Faruque
 Chief Executive


Yasir Masood
 Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Unaudited)

For the Half-year Ended December 31, 2019

Note	Half-year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
(Rupees in '000)				
Turnover - net	4,974,620	3,804,620	2,598,058	2,071,235
Cost of sales	(4,356,924)	(2,970,806)	(2,282,103)	(1,663,247)
Gross profit	617,696	833,814	315,955	407,988
Distribution costs	(92,904)	(51,609)	(46,918)	(32,376)
Administrative expenses	(49,691)	(48,378)	(28,019)	(26,018)
Other expenses	(5,052)	(33,890)	(1,842)	(11,379)
	(147,647)	(133,877)	(76,779)	(69,773)
Other income	12,050	24,224	9,916	21,895
Operating profit	482,099	724,161	249,092	360,110
Finance costs	10 (426,321)	(177,301)	(223,693)	(110,615)
Profit before taxation	55,778	546,860	25,399	249,495
Taxation				
Current	11 (74,708)	-	(39,758)	-
Prior year	353	2,974	353	2,974
Deferred	57,663	(58,451)	30,703	13,094
	(16,692)	(55,477)	(8,702)	16,068
Net profit for the period	39,086	491,383	16,697	265,563
Earnings per share		(Restated)		(Restated)
- basic and diluted	12 Re. 0.92	Rs. 11.56	Re. 0.39	Rs. 6.25

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


Akbarali Pesnani
Chairman


Amer Faruque
Chief Executive


Yasir Masood
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Half-year Ended December 31, 2019

	Half-year ended		Quarter ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees in '000)			
Net profit for the period	39,086	491,383	16,697	265,563
Other comprehensive income that may not be reclassified subsequently to the statement of profit or loss:				
Unrealized gain / (loss) on re-measurement of equity investment at fair value through other comprehensive income	132,683	(133,580)	146,148	(52,793)
Total comprehensive income for the period	<u>171,769</u>	<u>357,803</u>	<u>162,845</u>	<u>212,770</u>

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



Akbarali Pesnani
Chairman



Amer Faruque
Chief Executive



Yasir Masood
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Unaudited)

For the Half-year Ended December 31, 2019

Note	December 31, 2019	December 31, 2018
(Rupees '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
	55,778	546,860
	Profit before taxation	
	Adjustments for:	
	168,421	132,135
	793	696
4	(718)	(262)
	(4,843)	(19,373)
	426,321	177,301
	589,974	290,497
	645,752	837,357
	(Increase) / decrease in current assets:	
	(18,115)	(75,590)
	74,515	(1,344,371)
	(430,392)	(277,906)
	(10,803)	5,354
	22,794	(21,722)
	34,371	(128,176)
	(327,630)	(1,842,411)
	Increase in current liabilities:	
	64,155	32,756
	382,277	(972,298)
	Cash generated from / (used in) operations	
	(54,401)	(49,988)
	1,837	37
	329,713	(1,022,249)
	Net cash generated from / (used in) operating activities	
CASH FLOWS FROM INVESTING ACTIVITIES		
	(128,712)	(442,574)
	(689)	(1,850)
	2,132	489
	4,843	19,373
	(122,426)	(424,562)
	Net cash used in investing activities	
CASH FLOWS FROM FINANCING ACTIVITIES		
	(65,000)	125,000
	337,963	1,615,107
	(384,962)	(117,336)
	(95,967)	(167,386)
	(207,966)	1,455,385
	Net cash (used in) / generated from financing activities	
	(679)	8,574
	Net (decrease) / increase in cash and cash equivalents	
	13,139	8,638
	Cash and cash equivalents at the beginning of the period	
	12,460	17,212
	Cash and cash equivalents at the end of the period	

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


Akbarali Pesnani
Chairman


Amer Faruque
Chief Executive


Yasir Masood
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited)

For the Half-year Ended December 31, 2019

Issued, Subscribed and Paid-up Capital	Reserves						TOTAL	
	Capital Reserve	Revenue Reserves						
		Share premium	General reserve	Unappropri- ated profit	Actuarial gain / (loss) on gratuity fund	Unrealized gain / (loss) on Equity Investment		Total Reserves
(Rupees '000)								
Balance as at July 01, 2018	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. 7 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)	-
Net profit for the period	-	-	-	491,383	-	-	491,383	491,383
Other comprehensive income for the period	-	-	-	-	-	(133,580)	(133,580)	(133,580)
Total comprehensive income for the period	-	-	-	491,383	-	(133,580)	357,803	357,803
Balance as at December 31, 2018	<u>386,426</u>	<u>998,628</u>	<u>180,000</u>	<u>2,996,728</u>	<u>7,224</u>	<u>136,791</u>	<u>4,319,371</u>	<u>4,705,797</u>
Balance as at July 01, 2019	386,426	998,628	180,000	2,971,612	(19,830)	(50,598)	4,079,812	4,466,238
Final cash dividend for the year ended June 30, 2019 @ Rs. 2.5 per share	-	-	-	(96,606)	-	-	(96,606)	(96,606)
Bonus shares issued in the ratio of 10 shares for every 100 shares held	38,643	-	-	(38,643)	-	-	(38,643)	-
Net profit for the period	-	-	-	39,086	-	-	39,086	39,086
Other comprehensive income for the period	-	-	-	-	-	132,683	132,683	132,683
Total comprehensive income for the period	-	-	-	39,086	-	132,683	171,769	171,769
Balance as at December 31, 2019	<u>425,069</u>	<u>998,628</u>	<u>180,000</u>	<u>2,875,449</u>	<u>(19,830)</u>	<u>82,085</u>	<u>4,116,332</u>	<u>4,541,401</u>

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


Akbarali Pesnani
Chairman


Amer Faruque
Chief Executive


Yasir Masood
Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Half-year Ended December 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, 2019. These condensed interim financial statements are unaudited, however, have been subject to limited scope review by the auditors and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

2.3 The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half years ended December 31, 2019 and December 31, 2018.

3. ACCOUNTING POLICIES

3.1 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, 2019 except as follows:

3.2 Standards, amendments and improvements to IFRSs effective during the period

The Company has adopted the following accounting standards and amendments of IFRSs and the improvements to accounting standards which became effective during the current period:

Standard or interpretation:

IFRS 16 – Leases

IFRS 9 – Prepayment features with negative compensation (Amendments)

IAS 19 – Plan amendment, curtailment or settlement (Amendments)

IAS 28 – Long term interests in associates and joint ventures (Amendments)

IFRIC 23 – Uncertainty over income tax treatments

Improvements to accounting standards issued by the IASB in December 2017

IFRS 3 Business combinations – Previously held interests in a joint operation

IFRS 11 Joint arrangements – Previously held interests in a joint operation

IAS 12 Income taxes – Income tax consequences of payments on financial instruments classified as equity

IAS 23 Borrowing costs – Borrowing costs eligible for capitalization

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's financial statements except for IFRS 16. The impact of adoption of IFRS 16 are described below:

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard IAS 17 Leases. It resulted in almost all leases being recognized on the condensed interim statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use lease item) and a lease liability to pay rentals are required to be recognized. The only exceptions are short term and low value leases.

The Company has assessed the impact of IFRS-16 and concluded that all leases are short-term. Accordingly, the Company has not recognized the right to use asset and accounted for lease expense on straight line basis over the lease term. Based on above, no impact of adoption of IFRS 16 on opening equity has been recognised as per modified retrospective approach permitted under IFRS-16.

	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
(Rupees '000)			
4. PROPERTY, PLANT AND EQUIPMENT			
Opening net book value		5,022,828	3,540,801
Additions during the period / year (cost)	4.1	<u>196,194</u>	<u>1,781,795</u>
		5,219,022	5,322,596
Disposals during the period / year		(1,414)	(3,112)
Depreciation charged during the period / year		<u>(168,421)</u>	<u>(296,656)</u>
		5,049,187	5,022,828
Capital work-in-progress	4.2	<u>66,200</u>	<u>133,682</u>
		<u>5,115,387</u>	<u>5,156,510</u>
4.1. Additions during the period / year			
Leasehold land		15,337	-
Building on leasehold land		73,940	577,921
Plant and machinery		62,966	842,142
Power and other installations		-	25,518
Furniture and fittings		15,655	17,256
Vehicles		3,336	57,631
Equipment		23,016	240,360
Computers		1,944	20,967
		<u>196,194</u>	<u>1,781,795</u>
4.2. Capital work-in-progress			
Building on leasehold land		13,518	81,218
Plant and machinery		21,816	39,436
Furniture and fittings		121	1,119
Vehicles		1,555	-
Equipment		28,321	11,040
Computers		869	869
		<u>66,200</u>	<u>133,682</u>
5. LONG-TERM INVESTMENTS			
Investment in associated companies			
At fair value through other comprehensive income			
Cherat Cement Company Limited			
5,327,698 (June 30, 2019: 4,843,362)			
Ordinary shares of Rs. 10/- each		282,634	149,951
Joint venture			
UniEnergy Limited		4,616	4,616
		<u>287,250</u>	<u>154,567</u>

6. SHARE CAPITAL

6.1 Authorized Capital

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

6.2 Issued, subscribed and paid-up capital

		Fully paid ordinary shares of Rs. 10/- each		
26,207,242	26,207,242	- Issued fully paid in cash	262,072	262,072
		- Issued as fully paid bonus shares	124,354	124,354
<u>12,435,336</u>	<u>12,435,336</u>		<u>386,426</u>	<u>386,426</u>
<u>38,642,578</u>	<u>38,642,578</u>			
		- Bonus shares issued during the period	38,643	-
<u>3,864,257</u>	<u>-</u>		<u>425,069</u>	<u>-</u>
<u>42,506,835</u>	<u>38,642,578</u>		<u>425,069</u>	<u>386,426</u>

7. LONG-TERM FINANCING – secured

Islamic banks

Fixed Assets Refinance Loan – I	360,000	405,000
Fixed Assets Refinance Loan – II	600,000	600,000
	<u>960,000</u>	<u>1,005,000</u>

Conventional banks

Fixed Assets Refinance Loan – III	60,000	80,000
Fixed Assets Refinance Loan – IV	1,200,000	1,200,000
Fixed Assets Refinance Loan – V	600,000	600,000
	<u>1,860,000</u>	<u>1,880,000</u>
	<u>2,820,000</u>	<u>2,885,000</u>
Less: Current maturity	(430,000)	(190,000)
	<u>2,390,000</u>	<u>2,695,000</u>

8. SHORT-TERM BORROWINGS – secured

The Company has facilities obtained from various conventional and Islamic banks amounting to Rs. 6,450 million (June 30, 2019: Rs. 5,450 million) out of which Rs. 3,161.70 million (June 30, 2019: Rs. 2,499.66 million) remains unutilized at the period end.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2019.

9.2 Commitments

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	(Rupees '000)	
Outstanding letters of guarantee - conventional banks	287,120	282,663
Outstanding letters of credit - conventional banks	394,556	923,996
Capital commitments	-	10,364

10. FINANCE COSTS

Includes mark-up on long-term financings amounting to Rs. 190.24 million (December 31, 2018: Rs. 99.21 million), and mark-up on short-term borrowings amounting to Rs. 233.34 million (December 31, 2018: Rs. 76.70 million).

11. TAXATION

Provision for current taxation is based on minimum tax at the current rates of taxation after taking into account tax credits. Income subject to final tax has been taxed accordingly.

12. EARNINGS PER SHARE

	Half-year ended		Quarter ended	
	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
Net profit for the period (Rupees '000)	39,086	491,383	16,697	265,563
		(Restated)		(Restated)
Weighted average number of ordinary shares in issue during the period	42,506,835	42,506,835	42,506,835	42,506,835
Earnings per share-basic and diluted	Re. 0.92	Rs. 11.56	Re. 0.39	Rs. 6.25

13. 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, 2019. 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.

14. SEGMENT REPORTING

Segment information is presented in respect of the Company's business. The primary format of 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

14.1. Segment analysis and reconciliation for the half-year ended December 31, 2019

	Bags manufacturing division Half-year ended		Flexible packaging division Half-year ended		Total Half-year ended	
	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
	(Rupees '000)					
Sales						
External sales	4,017,043	3,747,264	957,577	57,356	4,974,620	3,804,620
Inter-segment sales	-	-	-	-	-	-
Total revenue	4,017,043	3,747,264	957,577	57,356	4,974,620	3,804,620
Depreciation and amortization	93,372	96,035	75,842	36,796	169,214	132,831
Finance costs	53,427	42,597	121,975	59,219	175,402	101,816
Operating profit / (loss) before tax and before unallocated expenses	622,432	795,714	(322,733)	(163,704)	299,699	632,010
Unallocated corporate expenses						
Finance costs	-	-	-	-	(250,919)	(75,484)
Other expenses	-	-	-	-	(5,052)	(33,890)
Other income	-	-	-	-	12,050	24,224
Taxation	-	-	-	-	(16,692)	(55,477)
Net profit for the period	-	-	-	-	39,086	491,383

14.2. Segment analysis and reconciliation for the quarter ended December 31, 2019

	Bags manufacturing division Quarter ended		Flexible packaging division Quarter ended		Total Quarter ended	
	December 31, 2019 (Unaudited)	December 31, 2019 (Unaudited)	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
	(Rupees '000)					
Sales						
External sales	2,081,093	2,021,575	516,965	49,660	2,598,058	2,071,235
Inter-segment sales	-	-	-	-	-	-
Total revenue	2,081,093	2,021,575	516,965	49,660	2,598,058	2,071,235
Depreciation and amortization	46,705	48,521	39,569	26,884	86,274	75,405
Finance costs	19,724	21,352	63,085	35,484	82,809	56,836
Operating profit / (loss) before tax and before unallocated expenses	297,926	422,153	(139,717)	(129,395)	158,209	292,758
Unallocated corporate expenses						
Finance costs	-	-	-	-	(140,884)	(53,779)
Other expenses	-	-	-	-	(1,842)	(11,379)
Other income	-	-	-	-	9,916	21,895
Taxation	-	-	-	-	(8,702)	16,068
Net profit for the period	-	-	-	-	16,697	265,563

14.3 Reportable segment assets and liabilities

	Bags manufacturing division		Flexible packaging division		Total	
	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	(Rupees '000)					
Segment assets	6,546,140	6,442,969	4,088,733	3,704,655	10,634,873	10,147,624
Unallocated assets	-	-	-	-	1,113,186	1,203,819
Total assets	6,546,140	6,442,969	4,088,733	3,704,655	11,748,059	11,351,443
Segment liabilities	1,020,000	1,085,000	1,800,000	1,800,000	2,820,000	2,885,000
Unallocated liabilities	-	-	-	-	4,386,658	4,000,205
Total liabilities	1,020,000	1,085,000	1,800,000	1,800,000	7,206,658	6,885,205

14.3.1. 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 period to acquire segment assets that are expected to be used for more than one year.

15. TRANSACTIONS WITH RELATED PARTIES

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

Relationship	Nature of Transactions	Half-year ended		Quarter ended	
		December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)	December 31, 2019 (Unaudited)	December 31, 2018 (Unaudited)
		(Rupees '000)			
Associated companies	Purchase of goods	645	10,944	363	3,196
	Purchase of fixed assets	9,591	112,851	9,349	88,248
	Sale of goods	1,087,395	669,843	577,889	356,189
	Services received	23,552	28,715	15,476	15,834
	IT support charges	7,499	6,710	4,340	3,551
	Dividend received	4,843	19,373	4,843	19,373
	Dividend paid	26,648	46,344	26,648	46,344
Key management personnel	Remuneration	76,432	76,977	38,498	38,011
Other related parties	Contribution to provident and gratuity funds	13,337	5,349	3,698	2,425
	Services received	136	1,811	68	938

In addition, certain actual administrative expenses are being shared amongst the group companies.

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 10, 2020 by the Board of Directors of the Company.

17. GENERAL

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


Akbarali Pesnani
Chairman


Amer Faruque
Chief Executive


Yasir Masood
Chief Financial Officer



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