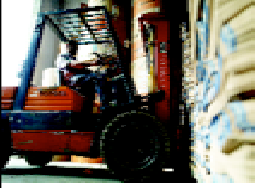
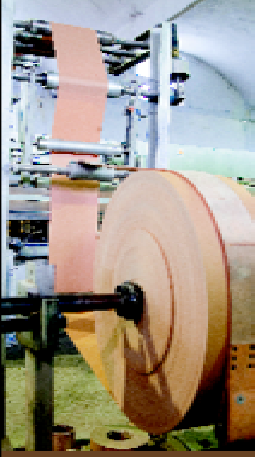


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Printed Matter
Under Postal Certificate



**GHULAM FARUQUE
GROUP**



Cherat Papersack Ltd

Head Office: Modern Motors House
Beaumont Road, Karachi-75530 Pakistan
UAN: (9221) 111-000-009 Fax: (9221) 35683425
Web: www.gfg.com.pk

Un-audited Accounts
September 30, 2009



Cherat Papersack Limited
A Ghulam Faruque Group Company





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Company Information

Board of Directors

Mr. Mohammed Faruque
Mr. Amer Faruque
Mr. Iqbal Faruque
Mr. Mahmood Faruque
Mr. Akbarali Pesnani
Mr. Aslam Faruque
Mr. Shehryar Faruque
Mr. Arif Faruque
Mr. Saquib H. Shirazi

Chairman
Chief Executive
Director
Director
Director
Director
Director
Director

Chief Financial Officer

Mr. Yasir Masood

Company Secretary

Mr. Abid A. Vazir

Audit Committee

Mr. Mohammed Faruque
Mr. Iqbal Faruque
Mr. Aslam Faruque

Chairman
Member
Member

Auditors

Ernst & Young Ford Rhodes Sidat
Hyder & Co. Chartered Accountants

Registered Office

1st Floor, Betani Arcade
Jamrud Road
Peshawar

Legal Advisor

K.M.S. Law Associates

Factory

Plot No. 26
Gadoon Amazai Industrial Estate
District Swabi
N.W.F.P.

Bankers

Allied Bank Ltd.
Bank Al-Habib Ltd.
Habib Bank Ltd.
HSBC Bank Middle East Ltd. Pakistan
MCB Bank Ltd.
National Bank of Pakistan
NIB Bank Ltd.
Soneri Bank Ltd.
Standard Chartered Bank (Pakistan) Ltd.
The Royal Bank of Scotland
United Bank Ltd.

Head Office

Modern Motors House
Beaumont Road
Karachi-75530

Regional Office

3, Sunder Das Road
Lahore

Share Registrar

Central Depository Company
of Pakistan Limited (CDC)
CDC House, 99-B, Block 'B'
S.M.C.H.S., Main Shahrah-e-Faisal
Karachi-74400

Islamabad Office

Mezzanine Floor
Razia Sharif Plaza
91-Blue Area



Directors' Review

The Board of Directors presents the un-audited financial results of the company for the first quarter ended September 30, 2009.

Production & Sales

During the quarter under review, despite difficult economic circumstances in the country, which adversely affected the domestic cement sales, the production and dispatches of the company witnessed a slight increase from the corresponding period last year.

Operating performance

Compared to the corresponding period last year, the sales revenue of the company could only increase by Rs. 31 million despite a rise in sales volume in a greater proportion. The impact of increase in sales volume could not be translated into higher revenue because of decline in the average selling price of paper bags. During the period under review, although the international price of kraft paper declined, the benefit of the same was immediately passed on to the customers. The quarter also witnessed continuing devaluation of Pak Rupee, which affected the cost of production and imposition of 5% regulatory duty on import of kraft paper by the government in the last federal budget. There was also significant rise in financial charges due to higher utilization of credit facilities owing to increased working capital requirement, expansion of production capacity and higher interest rates. The financial results of the company were also adversely affected due to higher cost of carried over stock of kraft paper and additional depreciation for the new line. Taking into consideration the factors mentioned earlier, the company incurred an after tax loss of Rs. 9.83 million during the first quarter of the year 2009/10.

Future Prospects

The performance of the papersack industry is directly linked with the demand for cement in Pakistan. Although the domestic cement demand remained stagnant due to lack of initiation of new construction projects in the country, the company was able to increase its sales volume. The management is hopeful that with decline in the cost of kraft paper compared to last year coupled with efficient management of inventory and intense marketing efforts, the financial performance of the company will improve in the days to come. However, continuing devaluation of Pak Rupee, especially viz-a-viz Euro and its negative impact on cost of production remains a cause of concern.

We take this opportunity to urge the government to withdraw the levy of 5% regulatory duty and reduce import duty on kraft paper from 15% to provide a level playing field to all cement bag manufacturers to ensure healthy competition and save the Papersack industry from collapse.

Acknowledgment

The management of the company would like to express its gratitude to all the financial institutions, individuals, staff members, suppliers and shareholders who have been associated with the company for their continued support and cooperation. The management would like to particularly thank its supplier of kraft paper – M/s. Mondi Packaging for their understanding and complete support to the company.

On behalf of the Board of Directors



Mohammed Faruque
Chairman

Karachi: October 27, 2009

Interim Condensed Balance Sheet

As at September 30, 2009

	Note	September 30, 2009 (Unaudited)	June 30, 2009 (Audited)
(Rupees '000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	4	387,983	393,807
Intangible assets		1,466	541
		<u>389,449</u>	<u>394,348</u>
Long-term investments	5	3,374	2,994
Long-term loans		1,024	998
Long-term deposits		176	176
		<u>394,023</u>	<u>398,516</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		12,328	14,220
Stock-in-trade	6	594,687	700,688
Trade debts		260,875	245,388
Loans and advances		1,814	2,003
Trade deposits and short-term prepayments		1,402	2,710
Other receivables		8,913	45,511
Short-term investments	5.1	-	52,500
Tax refunds due from government		50,661	46,629
Cash and bank balances		10,003	7,905
		<u>940,683</u>	<u>1,117,554</u>
TOTAL ASSETS		<u>1,334,706</u>	<u>1,516,070</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital	7	91,800	91,800
Reserves		277,029	286,476
		<u>368,829</u>	<u>378,276</u>
NON-CURRENT LIABILITIES			
Long-term financing		131,250	131,250
Deferred taxation		4,927	12,632
		<u>136,177</u>	<u>143,882</u>
CURRENT LIABILITIES			
Trade and other payables	8	93,114	74,825
Accrued mark-up		34,571	35,890
Short-term borrowings	9	658,265	839,447
Current maturity of long-term financing		43,750	43,750
		<u>829,700</u>	<u>993,912</u>
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	10	<u>1,334,706</u>	<u>1,516,070</u>

The annexed notes from 1 to 16 form an integral part of these interim condensed financial statements.


MOHAMMED FARUQUE
 Chairman


AMER FARUQUE
 Chief Executive

Interim Condensed Profit and Loss Account (Unaudited)

For the period ended September 30, 2009

	Note	September 30, 2009	September 30, 2008
(Rupees '000)			
Turnover – net		482,375	451,420
Cost of sales	11	(454,811)	(414,330)
Gross profit		27,564	37,090
Distribution cost		(5,013)	(4,927)
Administrative expenses		(3,458)	(2,722)
Other operating expenses		(339)	(324)
		(8,810)	(7,973)
Other operating income		323	2,439
Operating profit		19,077	31,556
Finance cost		(34,196)	(30,442)
(Loss) / profit before taxation		(15,119)	1,114
Taxation			
Current		(2,413)	(147)
Deferred		7,705	459
		5,292	312
(Loss) / profit after taxation		(9,827)	1,426
(Loss) / earnings per share – basic (restated)	12	Rs. (1.07)	Re. 0.16

The annexed notes from 1 to 16 form an integral part of these interim condensed financial statements.


MOHAMMED FARUQUE
 Chairman


AMER FARUQUE
 Chief Executive

Interim Condensed Statement of Comprehensive Income (Unaudited)

For the period ended September 30, 2009

	September 30, 2009	September 30, 2008
	(Rupees '000)	
(Loss) / profit after taxation	(9,827)	1,426
Unrealized gain / (loss) on available-for-sale securities	380	(2,475)
Total comprehensive income for the period	<u>(9,447)</u>	<u>(1,049)</u>

The annexed notes from 1 to 16 form an integral part of these interim condensed financial statements.


MOHAMMED FARUQUE
 Chairman


AMER FARUQUE
 Chief Executive

Interim Condensed Cash Flow Statement (Unaudited)

For the period ended September 30, 2009

	September 30, 2009	September 30, 2008
	(Rupees '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(15,119)	1,114
Adjustments for:		
Depreciation	7,917	4,235
Finance cost	34,196	30,442
Return on short-term investments	-	(2,005)
	<u>42,113</u>	<u>32,672</u>
Operating profit before working capital changes	26,994	33,786
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	1,892	(771)
Stock-in-trade	106,001	(263,224)
Trade debts	(15,487)	(26,990)
Loans and advances	189	(2,454)
Trade deposits and short-term prepayments	1,308	70,364
Other receivables	36,598	42,187
	<u>130,501</u>	<u>(180,888)</u>
	157,495	(147,102)
Increase / (decrease) in current liabilities		
Trade and other payables	18,289	(4,082)
Cash generated from / (used in) operations	175,784	(151,184)
Income tax paid	(6,445)	(9,444)
Net cash generated from / (used in) operating activities	<u>169,339</u>	<u>(160,628)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to operating property, plant and equipment	(191)	(641)
Proceeds from short-term Investments	52,500	-
Capital work-in-progress	(1,902)	-
Intangible asset	(925)	-
Long-term loans	(26)	141
Net cash generated from / (used in) investing activities	<u>49,456</u>	<u>(500)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance cost paid	(35,515)	(26,789)
Short-term running finance	(181,182)	194,420
Net cash (used in) / generated from financing activities	<u>(216,697)</u>	<u>167,631</u>
Net increase in cash and cash equivalents	2,098	6,503
Cash and cash equivalents at the beginning of the period	7,905	9,829
Cash and cash equivalents at the end of the period	<u>10,003</u>	<u>16,332</u>

The annexed notes from 1 to 16 form an integral part of these interim condensed financial statements.


MOHAMMED FARUQUE
 Chairman


AMER FARUQUE
 Chief Executive

Interim Condensed Statement of Changes in Equity (Unaudited)

For the period ended September 30, 2009

	Issued subscribed and paid-up capital	Reserves					Total Reserves	Total
		Capital reserve-share premium	General Reserve	Reserve for issue of bonus shares	Unappropriated profit	Fire value gain / (loss) on available-for-sale securities		
(Rupees `000)								
Balance as at July 01, 2008	73,440	6,800	180,000	-	165,366	1,896	354,062	427,502
Cash dividend for the year ended June 30, 2008 @ Rs. 1.5 per share	-	-	-	-	(11,016)	-	(11,016)	(11,016)
Issue of bonus shares @ 25% i.e. 1 share for every 4 shares	-	-	-	18,360	(18,360)	-	-	-
Total comprehensive income from July 01, 2008 to September 30, 2008	-	-	-	-	1,426	(2,475)	(1,049)	(1,049)
Balance as at September 30, 2008	<u>73,440</u>	<u>6,800</u>	<u>180,000</u>	<u>18,360</u>	<u>137,416</u>	<u>(579)</u>	<u>341,997</u>	<u>415,437</u>
Balance as at July 01, 2009	91,800	6,800	180,000	-	100,779	(1,103)	286,476	378,276
Total comprehensive income from July 01, 2009 to September 30, 2009	-	-	-	-	(9,827)	380	(9,447)	(9,447)
Balance as at September 30, 2009	<u>91,800</u>	<u>6,800</u>	<u>180,000</u>	<u>-</u>	<u>90,952</u>	<u>(723)</u>	<u>277,029</u>	<u>368,829</u>

The annexed notes from 1 to 16 form an integral part of these interim condensed financial statements.


MOHAMMED FARUQUE
 Chairman


AMER FARUQUE
 Chief Executive



Notes to the Interim Condensed Financial Statements (Unaudited)

For the period ended September 30, 2009

1. THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public company limited by shares in the year 1989. Its main business activity is manufacturing, marketing and sale of paper bags and sacks. The Company started commercial production on December 15, 1991 and is listed on Karachi and Lahore Stock Exchanges. The registered office of the Company is situated at 1st Floor, Betani Arcade, Jamrud Road, Peshawar, Pakistan.

2. BASIS OF PREPARATION

These interim condensed financial statements are unaudited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 'Interim Financial Reporting'. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted for the preparation of these interim condensed financial statements are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2009.

3.2 IAS 1 (revised), 'Presentation of financial statements' prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income).

The Company has preferred to present two statements; a profit and loss account and a statement of comprehensive income. The interim financial information has been prepared under revised disclosure requirements.

4. PROPERTY, PLANT AND EQUIPMENT

Opening written down value (WDV)
 Additions to operating property, plant and equipment
 Depreciation charged during the period / year
 Capital work-in-progress

	September 30, 2009 (Unaudited)	June 30, 2009 (Audited)
(Rupees '000)		
	389,641	196,061
	191	213,660
	389,832	409,721
	(7,917)	(20,080)
	381,915	389,641
	6,068	4,166
	387,983	393,807

Notes to the Interim Condensed Financial Statements (Unaudited)

For the period ended September 30, 2009

	Note	September 30, 2009 (Unaudited)	June 30, 2009 (Audited)
(Rupees '000)			
5. LONG-TERM INVESTMENTS			
Available-for-sale securities – Related party			
Ordinary shares of listed company			
Cherat Cement Company Limited			
221,239 (June 30, 2009: 221,239) fully paid ordinary shares of Rs.10/- each			
		3,374	2,994
Held-to-maturity investment			
Defence Saving Certificates			
	5.1	-	52,500
Less: current portion			
		-	52,500
		3,374	2,994

5.1 Represents Defence Saving Certificates of ten year period reclassified from Long-term investments to Short-term investments, matured during the period.

6. STOCK-IN-TRADE

Raw material			
In hand		188,293	406,552
In bonded warehouse		289,022	218,149
In transit		76,042	24,480
		553,357	649,181
Finished goods		41,330	51,507
		594,687	700,688

7. SHARE CAPITAL

7.1 Authorised capital

September 30, 2009	June 30, 2009		September 30, 2009 (Unaudited)	June 30, 2009 (Audited)
(Number of shares)			(Rupees '000)	
15,000,000	15,000,000	Ordinary shares of Rs. 10/- each	150,000	150,000

7.2 Issued, subscribed and paid-up capital

4,080,000	4,080,000	Fully paid ordinary shares of Rs. 10/- each		
		Issued for consideration in cash	40,800	40,800
		Issued as bonus shares		
5,100,000	3,264,000	- Opening balance	51,000	32,640
-	1,836,000	- Issued during the period	-	18,360
5,100,000	5,100,000		51,000	51,000
9,180,000	9,180,000		91,800	91,800

Notes to the Interim Condensed Financial Statements (Unaudited)

For the period ended September 30, 2009

September 30, 2009 (Unaudited)	June 30, 2009 (Audited)
(Rupees '000)	
93,114	74,825

8. TRADE AND OTHER PAYABLES

Included herein are bills payable, amounting to Rs. 73.32 million (June 30, 2009: Rs. 57.54 million) in respect of imported raw material.

9. SHORT-TERM RUNNING FINANCE – Secured

658,265	839,447
---------	---------

These facilities are obtained from various commercial banks amounting to Rs. 1,230 million (June 30, 2009: 1,230 million) out of which Rs. 571.74 million (June 30, 2009: 390.55 million) remains unutilized at the year end. These facilities are secured against registered pari-passu hypothecation charge over stocks and book debts for Rs. 1,555.33 million and hypothecation charge of Rs. 140 million on all present and future plant and machinery of the company.

These facilities carry mark-up of 1 month KIBOR plus spread ranging from 1.5% to 2% and 3 months KIBOR plus spread ranging from 1% to 2% (June 30, 2009: 1 month KIBOR plus spread ranging from 1.5% to 2% and 3 months KIBOR plus spread ranging from 1% to 2.75%) per annum. The balance includes cheques in hand amounting to Rs. 66 million (June 30, 2009: Rs. 88.19 million).

September 2009 30, (Unaudited)	June 30, 2009 (Audited)
(Rupees '000)	

10. CONTINGENCIES AND COMMITMENTS

Guarantee issued by a commercial bank

1,000	-
-------	---

Letters of credit issued by commercial banks

110,414	191,867
---------	---------

Duties payable on bonded stock and stock in transit

75,640	48,725
--------	--------

Period ended	
September 30, 2009	September 30, 2008
(Rupees '000)	

11. COST OF SALES

Opening stock – finished goods

51,507	49,161
--------	--------

Cost of goods manufactured

444,634	390,385
---------	---------

496,141	439,546
---------	---------

Closing stock – finished goods

(41,330)	(25,216)
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454,811	414,330
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Notes to the Interim Condensed Financial Statements (Unaudited)

For the period ended September 30, 2009

	Period ended	
	September 30, 2009	September 30, 2008
12. EARNINGS PER SHARE - Basic (restated)		
(Loss) / profit after taxation (Rupees '000)	(9,827)	1,426
Weighted average number of ordinary shares in issue during the period	9,180,000	9,180,000
(Loss) / earnings per share – basic (restated for the effect of bonus shares)	Rs. (1.07)	Re. 0.16

There is no dilution effect on basic earnings per share of the Company.

	Period ended	
	September 30, 2009	September 30, 2008
13. CAPACITY		
Installed capacity for the year	265,000	160,000
Actual production for the period	30,772	24,977

13. CAPACITY

Installed capacity for the year
Actual production for the period

14. RELATED PARTY DISCLOSURES

Related parties comprise of group companies, directors and executives. The Company in the normal course of business carries out transactions with various related parties. Material transactions with related parties are given below:

Relationship	Nature of transaction	Period ended	
		September 30, 2009	September 30, 2008
		(Rupees '000)	
Group companies	Sale of goods	109,581	125,492
	Purchase of goods	322	161
	Services received	1,114	3,483
	Software consultancy charges	727	524
Director	Remuneration	1,350	1,200
Executives	Remuneration	5,342	4,202
Other related parties	Contribution to staff provident and gratuity funds	344	284
	Insurance premium	1,244	1,161

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

15. DATE OF AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorised for issue on October 27, 2009 by the Board of Directors of the Company.

16. GENERAL

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


MOHAMMED FARUQUE
Chairman


AMER FARUQUE
Chief Executive



