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Company Information

Board of Directors

Mr. Akbarali Pesnani
Mr. Amer Faruque
Mr. Aslam Faruque
Mr. Shehryar Faruque
Mr. Arif Faruque
Mr. Tariq Faruque
Mr. Abrar Hasan
Mr. Abid Naqvi

Chairman
Chief Executive
Director
Director
Director
Director
Director
Director

Audit Committee

Mr. Abid Naqvi
Mr. Arif Faruque
Mr. Tariq Faruque

Chairman
Member
Member

Human Resource and Remuneration Committee

Mr. Abrar Hassan
Mr. Amer Faruque
Mr. Aslam Faruque

Chairman
Member
Member

Executive Director & Chief Financial Officer

Mr. Yasir Masood

Executive Director & Company Secretary

Mr. Abid A. Vazir

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisor

K.M.S. Law Associates

Bankers

Allied Bank Ltd.
Al Baraka Bank (Pakistan) Ltd.
Bank Alfalah Ltd.
Bank Al Habib Ltd.
Bankislami Pakistan Ltd.
Dubai Islamic Bank (Pakistan) Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
Habib Metropolitan Bank Ltd.
MCB Bank Ltd.
Meezan Bank Ltd.
National Bank of Pakistan
NIB Bank Ltd.
Samba Bank Ltd.
Soneri Bank Ltd.
Standard Chartered Bank (Pakistan) Ltd.
The Bank of Punjab
United Bank Ltd.

Registered Office

1st Floor, Betani Arcade, Jamrud Road
Peshawar

Factory

Plot No. 26
Gadoon Amazai Industrial Estate
District Swabi
Khyber Pakhtunkhwa

Head Office

Modern Motors House
Beaumont Road
Karachi-75530

Regional Office

3, Sunder Das Road
Lahore

Islamabad Office

1st Floor,
Razia Sharif Plaza
Jinnah Avenue, 91-Blue Area

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

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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, 2015.

Overview

Strong growth in the demand for cement in the country and diversification into new markets including export of PP bags has resulted in an increase in sales of bags produced by the company during the half year under review. Higher sales volumes of bags have had a positive impact on the market share, revenues and also the profitability of the Company as it continues to attain new heights. With its most advanced and efficient plant, CPL has already become the leading supplier of bags to the cement industry.

Operating performance

On the back of increase in the quantity of bags sold during the six months under review, the sales revenue of the company rose by Rs. 371 million i.e. 12% from the corresponding period last year. Efficient inventory management and appropriate utilization of resources led to rationalization of production costs. The company continued to pursue new product segments for its bags and explore new markets for export of PP bags to enhance its sales volume, which have yielded positive results. During the half year under review, there was drop in finance cost due to decline in discount rates by the State Bank of Pakistan and improvement in the liquidity position as a result of effective financial management. After taking into consideration the above-mentioned factors, the Company made an after tax profit of Rs. 446 million for the half year under review.

Dividend

The Board of Directors in its meeting held on 11th February 2016 has declared an interim cash dividend of Rs. 3 per share i.e. 30%. Share transfer books will remain closed from Friday, 26th February 2016 to Thursday, 3rd March 2016.

Expansion of Polypropylene Plant

Work on the expansion of the production capacity of the polypropylene bag plant is progressing in full swing and the management is confident of commissioning the new plant on time. The expansion of capacity will allow the Company to further pursue export markets and diversify its operations. The Company is confident of gaining greater market share to establish itself as a market leader in cement packaging and also achieve further economies of scale. Additionally, it will also be able to explore new markets for packaging of sugar, chemicals, rice, and other similar products, which will add value to the Company's operations.

Future Prospects

With cement demand growing at an impressive pace in the country and being a single window cement packaging solution provider, your company is well positioned to meet the additional demand for cement bags. The expansion of PP bag production capacity will provide a strategic depth to the Company in the future as it continues to explore new markets for its PP bags. Furthermore, the company is diversifying into other market segments like producing polypropylene bags for use in packaging of products like sugar, wheat, and chemicals etc. Meanwhile, the company is making concerted efforts to improve its operational efficiencies to further benefit from economies of scale.

Acknowledgment

The management would like to express its gratitude to all financial institutions, individuals, 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 BSW - Windmoller & Holscher for their cooperation and support to the company.

On behalf of the Board of Directors



Akbarali Pesnani
Chairman

Karachi: February 11, 2016

Auditors' report to the members on review of interim financial information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Cherat Packaging Limited** (the Company) as at **31 December 2015**, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this 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.

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 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 accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Ernst & Young Ford Bhowls/Cherat Pkd

Chartered Accountants

Review Engagement Partner: Khurram Jameel

Karachi: February 11, 2016

condensed interim balance sheet
as at december 31, 2015

	Note	December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
----- (Rupees `000) -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,371,494	1,382,840
Intangible assets		4,317	4,775
		1,375,811	1,387,615
Long-term investment	6	382,666	369,300
Long-term deposits		8,916	8,916
		1,767,393	1,765,831
CURRENT ASSETS			
Stores, spare parts and loose tools		63,129	64,857
Stock-in-trade		858,121	896,013
Trade debts		867,541	819,895
Loans and advances		2,373	5,197
Trade deposits and short-term prepayments		4,452	6,230
Other receivables		22,538	28,733
Short-term investments	7	300,479	-
Taxation - net		210,475	345,049
Cash and bank balances		15,663	10,484
		2,344,771	2,176,458
TOTAL ASSETS		4,112,164	3,942,289
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	8	296,055	275,400
Reserves		2,507,728	1,923,565
		2,803,783	2,198,965
NON-CURRENT LIABILITIES			
Long-term financing		570,000	660,000
Deferred taxation		190,872	156,728
		760,872	816,728
CURRENT LIABILITIES			
Trade and other payables		263,238	225,905
Accrued mark-up		24,701	32,798
Short-term borrowings-secured		96,828	545,211
Current maturity of long-term financing		160,000	120,000
Unclaimed dividend		2,742	2,682
		547,509	926,596
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		4,112,164	3,942,289

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


Amer Faruque
Chief Executive


Aslam Faruque
Director

condensed interim profit and loss account (unaudited)
for the half year ended december 31, 2015

Note	Half-year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
----- (Rupees `000) -----				
Turnover - net	3,392,051	3,021,253	1,825,014	1,695,880
Cost of sales	(2,622,444)	(2,474,422)	(1,427,349)	(1,359,653)
Gross profit	769,607	546,831	397,665	336,227
Distribution costs	(34,780)	(34,115)	(19,412)	(19,582)
Administrative expenses	(24,215)	(20,179)	(12,690)	(9,434)
Other expenses	(48,366)	(24,251)	(25,842)	(15,009)
	(107,361)	(78,545)	(57,944)	(44,025)
Other income	16,348	3,034	14,927	1,641
Operating profit	678,594	471,320	354,648	293,843
Finance costs	(49,136)	(123,636)	(21,563)	(65,880)
Profit before taxation	629,458	347,684	333,085	227,963
Taxation				
Current	(148,957)	(30,157)	(60,599)	(30,157)
Deferred	(34,144)	(57,258)	(35,056)	(35,113)
	(183,101)	(87,415)	(95,655)	(65,270)
Net profit for the period	446,357	260,269	237,430	162,693
Earnings per share - basic and diluted	10	(Restated) Rs. 9.14	Rs. 8.30	(Restated) Rs.5.72

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


Amer Faruque
Chief Executive


Aslam Faruque
Director

condensed interim statement of comprehensive income (unaudited)
for the half year ended december 31, 2015

	Half-year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
----- (Rupees `000) -----				
Net profit for the period	446,357	260,269	237,430	162,693
Other comprehensive income that may be reclassified subsequently to profit and loss account:				
Unrealized gain on available-for-sale securities - net	13,366	175,503	16,803	178,687
Total comprehensive income	<u>459,723</u>	<u>435,772</u>	<u>254,233</u>	<u>341,380</u>

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


Amer Faruque
Chief Executive


Aslam Faruque
Director

DECEMBER 31
09 2015

condensed interim cash flow statement (unaudited)
for the half year ended december 31, 2015

	December 31, 2015	December 31, 2014
	----- (Rupees `000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	629,458	347,684
Adjustments for:		
Depreciation	43,684	45,715
Amortization	458	458
Dividend income	(12,730)	(487)
Gain on short-term investment	(479)	-
Gain on disposal of property, plant and equipment	(10)	-
Finance costs	49,136	123,636
	80,059	169,322
	709,517	517,006
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	1,728	(1,500)
Stock-in-trade	37,892	65,635
Trade debts	(47,646)	(259,128)
Loans and advances	2,824	3,106
Trade deposits and short-term prepayments	1,778	2,312
Other receivables	6,195	37,496
	2,771	(152,079)
	712,288	364,927
Increase / (decrease) in current liabilities		
Trade and other payables	37,333	(150,022)
Cash generated from operations	749,621	214,905
Income tax paid	(14,383)	(29,274)
Net cash generated from operating activities	735,238	185,631
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(33,184)	(9,712)
Proceeds from disposal of property, plant and equipment	856	-
Long-term investment	-	(100,000)
Short-term investments- net	(300,000)	-
Dividend received	12,730	487
Long-term loans	-	44
Net cash used in investing activities	(319,598)	(109,181)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of right shares - net	282,795	-
Long-term financing - net	(50,000)	(40,000)
Short-term borrowings - net	(448,383)	179,299
Dividend paid	(137,640)	(54,730)
Finance costs paid	(57,233)	(118,463)
Net cash used in financing activities	(410,461)	(33,894)
Net increase in cash and cash equivalents	5,179	42,556
Cash and cash equivalents at the beginning of the period	10,484	18,491
Cash and cash equivalents at the end of the period	15,663	61,047

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


Amer Faruque
Chief Executive

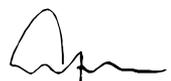

Aslam Faruque
Director

condensed interim statement of changes in equity (unaudited)
for the half year ended december 31, 2015

	Reserves							Total
	Capital Reserves	Revenue Reserves					Total reserves	
		Share premium	General Reserve	Unappropriated profit	Actuarial gain on gratuity fund	Unrealised gain on available-for-sale securities		
Issued, Subscribed and Paid-up Capital								
(Rupees `000)								
Balance as at July 01, 2014	275,400	283,174	180,000	633,357	1,477	11,834	1,109,842	1,385,242
Cash dividend for the year ended June 30, 2014 @ Rs. 2 per share	-	-	-	(55,080)	-	-	(55,080)	(55,080)
Net profit for the period	-	-	-	260,269	-	-	260,269	260,269
Other comprehensive income	-	-	-	-	-	175,503	175,503	175,503
Total comprehensive income	-	-	-	260,269	-	175,503	435,772	435,772
Balance as at December 31, 2014	275,400	283,174	180,000	838,546	1,477	187,337	1,490,534	1,765,934
Balance as at July 01, 2015	275,400	283,174	180,000	1,174,608	20,580	265,203	1,923,565	2,198,965
Cash dividend for the year ended June 30, 2015 @ Rs. 5 per share	-	-	-	(137,700)	-	-	(137,700)	(137,700)
Issue of right shares @ 7.5% (i.e. 7.5 shares for every 100 shares held)	20,655	268,515	-	-	-	-	268,515	289,170
Cost of issuance of right shares	-	(6,375)	-	-	-	-	(6,375)	(6,375)
Net profit for the period	-	-	-	446,357	-	-	446,357	446,357
Other comprehensive income	-	-	-	-	-	13,366	13,366	13,366
Total comprehensive income	-	-	-	446,357	-	13,366	459,723	459,723
Balance as at December 31, 2015	296,055	545,314	180,000	1,483,265	20,580	278,569	2,507,728	2,803,783

The annexed notes from 1 to 14 form an integral part of these condensed interim financial statements.


Amer Faruque
Chief Executive


Aslam Faruque
Director

notes to the condensed interim financial statements (unaudited) for the half year ended december 31, 2015

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 activity is manufacturing, marketing and sale of paper sacks and polypropylene bags. The Company is listed on Pakistan Stock Exchange (formerly on Karachi and Lahore Stock Exchanges). The registered office of the Company is situated at 1st Floor, Betani Arcade, Jamrud Road, Peshawar, Pakistan.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Company for the half year ended December 31, 2015 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.

3. BASIS OF PREPARATION

- 3.1 These condensed interim financial statements are unaudited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984. These condensed interim 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, 2015.
- 3.2 The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2015 and December 31, 2014 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, 2015 and December 31, 2014.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

The Company has adopted the following standards which became effective during the period:

- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in Other Entities
- IFRS 13 - Fair Value Measurement

The adoption of the above standards did not have any material effect on these condensed interim financial statements.

	Note	December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
----- (Rupees `000) -----			
5. PROPERTY, PLANT AND EQUIPMENT			
Opening net book value (NBV)		1,382,663	1,454,148
Additions during the period / year	5.1	9,822	21,368
		1,392,485	1,475,516
Depreciation charged during the period / year		(43,684)	(92,040)
Disposals during the period / year at book value		(846)	(813)
Closing NBV		1,347,955	1,382,663
Capital work-in-progress	5.2	23,539	177
		1,371,494	1,382,840
5.1. Additions during the period / year			
Building on leasehold land		-	2,102
Plant and machinery		2,100	5,588
Furniture and fittings		536	916
Vehicles		5,813	11,280
Equipment		1,088	502
Computers		285	980
		9,822	21,368

5.2 Capital work-in-progress

Leasehold land	5,000	-
Building on leasehold land	16,384	-
Power and other installations	177	177
Vehicles	1,978	-
	<u>23,539</u>	<u>177</u>

6. LONG-TERM INVESTMENT

Available-for-sale - related party

Cherat Cement Company Limited
4,243,362 (June 30, 2015: 4,243,362)
Ordinary shares of Rs.10/- each

382,666	369,300
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7. SHORT-TERM INVESTEMENTS

At fair value through profit or loss

- Mutual Fund Units	200,324	-
- Term Deposit Receipt	100,155	-
	<u>300,479</u>	<u>-</u>

8. SHARE CAPITAL

8.1 Authorised capital

December 31, 2015 (Unaudited)	June 30, 2015 (Audited)		December 31, 2015 (Unaudited)	June 30, 2015 (Audited)
----- Number of shares -----			----- (Rupees `000) -----	
<u>40,000,000</u>	<u>40,000,000</u>	Ordinary shares of Rs. 10/- each	<u>400,000</u>	<u>400,000</u>

8.2 Issued, subscribed and paid-up capital

		Fully paid ordinary shares of Rs. 10/- each		
27,540,000	27,540,000	Issued for consideration in cash	275,400	275,400
2,065,500	-	Right shares issued during the period	20,655	-
<u>29,605,500</u>	<u>27,540,000</u>		<u>296,055</u>	<u>275,400</u>

9. CONTINGENCIES AND COMMITMENTS

Guarantees issued by a commercial bank	31,600	31,600
Contracts / letters of credit issued by commercial banks	516,695	653,474
Duties payable on bonded stock	22,888	19,137

Half-year ended		Quarter ended	
December 31, 2015 (Unaudited)	December 31, 2014 (Unaudited)	December 31, 2015 (Unaudited)	December 31, 2014 (Unaudited)

10. EARNINGS PER SHARE - basic and diluted

Net Profit for the period (Rupees '000)	446,357	260,269	237,430	162,693
		(Restated)		(Restated)
Weighted average number of ordinary shares in issue during the period	28,616,612	28,461,126	28,616,612	28,461,126
Basic earnings per share	Rs. 15.60	Rs. 9.14	Rs. 8.30	Rs. 5.72

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

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The estimated fair value of all assets and liabilities is considered not significantly different from book value.

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyse financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	December 31, 2015 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees `000) -----			
Listed shares	382,666	-	-	382,666
Mutual fund units	-	200,324	-	200,324
	382,666	200,324	-	582,990
	June 30, 2015 (Audited)			
	Level 1	Level 2	Level 3	Total
	----- (Rupees `000) -----			
Listed shares	369,300	-	-	369,300
Mutual fund units	-	-	-	-
	369,300	-	-	369,300

12. RELATED PARTY TRANSACTIONS

Related parties comprise of group companies, 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	Half-year ended		Quarter ended	
		December 31, 2015 (Unaudited)	December 31, 2014 (Unaudited)	December 31, 2015 (Unaudited)	December 31, 2014 (Unaudited)
(Rupees `000)					
Group companies	Purchases	1,453	317	1,453	294
	Sales	250,031	284,479	147,810	170,272
	Services received	14,091	14,055	5,952	7,112
	Software consultancy charges	3,672	3,186	1,836	1,593
	Dividend received	12,730	487	12,730	487
	Dividend paid	36,233	14,494	36,233	14,494
Executives	Remuneration	44,106	32,544	22,231	16,324
Other related parties	Contribution to staff provident and gratuity funds	2,711	3,309	1,366	2,153
	Insurance premium	3,629	3,651	1,837	1,828

13. INTERIM DIVIDEND AND DATE OF AUTHORISATION

13.1 Interim dividend

Subsequent to the period ended December 31, 2015, the Board of Directors in its meeting held on February 11, 2016, declared and interim cash dividend of 30% i.e. Rs. 3.00 (December 31, 2014: Rs. 2.00) per share.

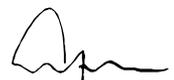
13.2 Date of authorisation

These condensed interim financial statements were authorised for issue on February 11, 2016 by the Board of Directors of the Company.

14. GENERAL

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


Amer Faruque
 Chief Executive


Aslam Faruque
 Director

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