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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

Executive Director & Chief Financial Officer

Mr. Yasir Masood

Executive Director & Company Secretary

Mr. Abid A. Vazir

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

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 Ltd.
Faysal Bank Ltd.
Habib 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

Directors' Review

The Board of Directors is pleased to present the financial results of the company for the nine months period ended March 31, 2015.

Overview

There has been an impressive rise in the sales of the company during the nine months under review due to increasing demand for cement and successful foray into new markets and segments. The strategic presence of the company in both kraft paper and polypropylene bag segments and premium quality products have helped the company in achieving higher sales levels together with improved operational and financial performance during the period under review.

Operating performance

With increase in the quantity of bags sold, the sales revenue of the company also rose by around 14% i.e. Rs. 567 million from the corresponding period last year. During the nine months under review, the company efficiently managed its resources, pursued aggressive marketing policies and explored new arenas to meet the market challenges and enhance its sales volume and market share. During the period under review, there was an increase in export of PP bags by the company and supply of bags to industries like sugar, wheat, chemicals etc. Because of rising business volumes and acquisition of long term loan for the new PP line, there was an increase in finance cost during the period. After accounting for the above, the company was able to achieve an after tax profit of Rs. 425.03 million for the nine months under review.

New segments

The company has made a name for itself in the export markets as supplier of quality bags. During the period under review, the company enhanced its exports of PP bags to Middle East, Africa and Afghanistan. Furthermore, the company has also made inroads in to new segments of PP bag market like sugar, wheat, chemicals etc.

Future Prospects

Sales volume of the company is expected to grow with rise in the demand for cement and diversification into new markets for PP bags. Being the only company in Pakistan to provide single window cement packaging solution, CPL is well positioned to meet the requirements for both paper and polypropylene bags of its valuable clients. The company is a supplier of choice for both paper and polypropylene bags for its customers. It is continuously exploring new markets for export of its PP bags and for use in packaging of other products like sugar, wheat, chemicals etc. We are confident that these measures will drive the sales of the company in the future. We hope that the reduction in discount rate will encourage further economic activities in the country.

Acknowledgment

The management would like to express its gratitude to all customers, 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: April 17, 2015

March 31, 2015

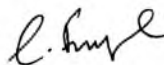
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Condensed Interim Balance Sheet

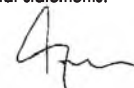
As at March 31, 2015

	Note	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
ASSETS			
NON-CURRENT ASSETS			
(Rupees `000)			
Property, plant and equipment	4	1,402,054	1,454,469
Intangible asset		5,004	5,691
		1,407,058	1,460,160
Long-term investment	5	291,180	15,931
Long-term loans		104	167
Long-term deposits		8,916	8,916
Deferred taxation		-	26,240
		1,707,258	1,511,414
CURRENT ASSETS			
Stores, spare parts and loose tools		64,577	59,948
Stock-in-trade		1,067,649	1,105,924
Trade debts		790,736	659,748
Loans and advances		8,232	7,199
Trade deposits and short-term prepayments		5,287	7,836
Other receivables		20,485	64,258
Taxation - net		402,964	371,898
Cash and bank balances		14,482	18,491
		2,374,412	2,295,302
TOTAL ASSETS		4,081,670	3,806,716
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital			
40,000,000 (June 30, 2014: 40,000,000) Ordinary shares of Rs. 10/- each		400,000	400,000
Issued, subscribed and paid-up capital (Fully paid ordinary shares of Rs. 10/- each)		275,400	275,400
Reserves		1,599,964	1,109,842
		1,875,364	1,385,242
NON-CURRENT LIABILITIES			
Long-term financing		670,000	780,000
Deferred taxation	6	114,742	-
		784,742	780,000
CURRENT LIABILITIES			
Trade and other payables		272,493	286,813
Accrued mark-up		28,557	52,911
Short-term borrowings	7	1,010,514	1,221,750
Current maturity of long-term financing		110,000	80,000
		1,421,564	1,641,474
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES		4,081,670	3,806,716

The annexed notes from 1 to 15 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 Period ended March 31, 2015

	Note	Period ended		Quarter ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(Rupees `000)					
Turnover - net	9	4,512,245	3,945,344	1,490,992	1,514,142
Cost of sales		(3,647,637)	(3,525,226)	(1,173,215)	(1,365,345)
Gross profit		864,608	420,118	317,777	148,797
Distribution costs		(52,743)	(43,157)	(18,628)	(16,234)
Administrative expenses		(30,634)	(27,626)	(10,455)	(9,215)
Other expenses		(40,686)	(14,037)	(16,435)	(4,782)
		(124,063)	(84,820)	(45,518)	(30,231)
Other income		5,114	3,476	2,080	1,212
Operating profit		745,659	338,774	274,339	119,778
Finance costs	10	(177,449)	(170,494)	(53,813)	(64,119)
Profit before taxation		568,210	168,280	220,526	55,659
Taxation					
Current	11	(2,195)	27,535	27,962	6,249
Deferred		(140,982)	(17,996)	(83,724)	(4,176)
		(143,177)	9,539	(55,762)	2,073
Profit after taxation		425,033	177,819	164,764	57,732
Earnings per share - basic	12	Rs. 15.43	Rs. 6.46	Rs. 5.98	Rs. 2.10

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


Amer Faruque
Chief Executive


Aslam Faruque
Director

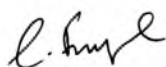
March 31, 2015

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Condensed Interim Statement of Comprehensive Income (Unaudited)
for the Period ended March 31, 2015

	Period ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	(Rupees '000)			
Profit after taxation	425,033	177,819	164,764	57,732
Other comprehensive income:				
Unrealized gain on available-for-sale securities	175,249	5,198	(254)	4,070
Total comprehensive income for the period	<u>600,282</u>	<u>183,017</u>	<u>164,510</u>	<u>61,802</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



Amer Faruque
Chief Executive



Aslam Faruque
Director

Condensed Interim Cash Flow Statement (Unaudited)
for the Period ended March 31, 2015

	March 31, 2015	March 31, 2014
	(Rupees `000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	568,210	168,280
Adjustments for:		
Depreciation	68,731	65,835
Amortization	687	687
Gain on disposal of operating property, plant and equipment	(648)	-
Finance costs	177,449	170,494
Dividend income	(487)	(553)
	245,732	236,463
	813,942	404,743
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(4,629)	(14,464)
Stock-in-trade	38,275	63,293
Trade debts	(130,988)	(196,422)
Loans and advances	(1,033)	(5,676)
Trade deposits and short-term prepayments	2,549	(3,427)
Other receivables	43,773	(625)
	(52,053)	(157,321)
	761,889	247,422
Decrease in current liabilities		
Trade and other payables	(18,785)	(315,562)
Cash generated from / (used in) operations	743,104	(68,140)
Income tax paid	(33,261)	(154,761)
Net cash generated from / (used in) operating activities	709,843	(222,901)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to operating property, plant and equipment	(17,031)	(471,497)
Capital work in progress	12	268,148
Proceeds from disposal of operating property, plant and equipment	1,351	-
Long-term investments	(100,000)	-
Long-term loans	63	63
Long-term deposit	-	(83)
Dividend received	487	553
Net cash used in investing activities	(115,118)	(202,816)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing (repaid) / obtained	(80,000)	341,250
Dividend paid	(105,695)	(80,995)
Short-term borrowings	(211,236)	320,825
Finance costs paid	(201,803)	(159,233)
Net cash (used in) / generated from financing activities	(598,734)	421,847
Net decrease in cash and cash equivalents	(4,009)	(3,870)
Cash and cash equivalents at the beginning of the period	18,491	20,540
Cash and cash equivalents at the end of the period	14,482	16,670

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


Amer Faruque
Chief Executive


Aslam Faruque
Director

March 31, 2015 **07**

Condensed Interim Statement of Changes in Equity (Unaudited)
for the Period ended March 31, 2015

	Reserves						Total	
	Capital Reserve	Revenue Reserves			Unrealized gain on available for-sale securities	Total reserves		
	Share premium	General reserve	Unappropriated profit	Remeasurement gains on defined benefit plan				
	(Rupees '000)							
Balance as at July 01, 2013	275,400	283,174	180,000	464,493	-	8,777	936,444	1,211,844
Net profit for the period	-	-	-	177,819	-	-	177,819	177,819
Other comprehensive income	-	-	-	-	-	5,198	5,198	5,198
Total comprehensive income for the period	-	-	-	177,819	-	5,198	183,017	183,017
Cash dividend for the year ended June 30, 2013 @ Rs 2 per share	-	-	-	(55,080)	-	-	(55,080)	(55,080)
Interim cash dividend for the year ending June 30, 2014 @ Re. 1 per share	-	-	-	(27,540)	-	-	(27,540)	(27,540)
Balance as at March 31, 2014	275,400	283,174	180,000	559,692	-	13,975	1,036,841	1,312,241
Balance as at July 01, 2014	275,400	283,174	180,000	633,357	1,477	11,834	1,109,842	1,385,242
Net profit for the period	-	-	-	425,033	-	-	425,033	425,033
Other comprehensive income	-	-	-	-	-	175,249	175,249	175,249
Total comprehensive income for the period	-	-	-	425,033	-	175,249	600,282	600,282
Cash dividend for the year ended June 30, 2014 @ Rs. 2 per share	-	-	-	(55,080)	-	-	(55,080)	(55,080)
Interim cash dividend for the year ending June 30, 2015 @ Rs. 2 per share	-	-	-	(55,080)	-	-	(55,080)	(55,080)
Balance as at March 31, 2015	275,400	283,174	180,000	948,230	1,477	187,083	1,599,964	1,875,364

The annexed notes from 1 to 15 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 Period ended March 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 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 condensed interim 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 condensed interim financial statements do not include 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, 2014.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2014 except as follows:

New, Amended and Revised Standards and Interpretations of IFRSs

The Company has adopted the following, amendments and interpretation of IFRSs which became effective for the current period:

- IAS 19 - Employee Benefits (Amendment) - Defined Benefit Plans: Employee Contributions
- IAS 32 - Financial Instruments: Presentation (Amendment)
Offsetting Financial Assets and Financial Liabilities
- IAS 36 - Impairment of Assets (Amendment) -
Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 - Financial Instruments: Recognition and Measurement (Amendment) -
Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 - Levies

The adoption of the above amendments, and interpretations did not have any material effect on these condensed interim financial statements.

In addition to the above standards and interpretations, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The Company expects that such improvements to the standards do not have any material impact on the Company's financial statements for the period.

4. PROPERTY, PLANT AND EQUIPMENT

Note	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
(Rupees '000)		
Opening written down value (WDV)	1,454,148	1,065,150
Additions during the period / year	17,031	479,007
	1,471,179	1,544,157
Disposals during the period / year (WDV) - vehicles	(703)	-
Depreciation charged during the period / year	(68,731)	(90,009)
	1,401,745	1,454,148
Capital work-in-progress - power and other installations	309	321
	1,402,054	1,454,469

	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
	(Rupees '000)	
4.1 Additions during the period / year		
Building on leasehold land	32	6,881
Plant and machinery	5,588	448,930
Power and other installations	-	4,674
Furniture and fittings	536	487
Vehicles	10,426	9,148
Equipment	40	7,685
Computers	409	1,202
	17,031	479,007
5. LONG-TERM INVESTMENT		
Available-for-sale securities - related party Ordinary shares of a listed company Cherat Cement Company Limited 4,243,362 (June 30, 2014: 243,362) fully paid ordinary shares of Rs. 10/- each	291,180	15,931
6. DEFERRED TAXATION		
Deferred tax liability on taxable temporary difference: Accelerated tax depreciation on operating property, plant and equipment	151,425	145,973
Deferred tax asset on deductible temporary differences: Taxable loss	-	(30,793)
Minimum tax	(36,683)	(141,420)
	114,742	(26,240)
7. SHORT-TERM BORROWINGS - secured		
Running finances utilized under mark-up arrangements	231,408	368,679
Money market loans	578,000	578,000
Export refinance scheme	54,143	48,142
	863,551	994,821
Ishtisna'a and Murabaha	146,963	226,929
	1,010,514	1,221,750

These facilities are obtained from various commercial / Islamic banks amounting to Rs. 2,875 million (June 30, 2014: Rs. 2,680 million) out of which Rs. 1,864.49 million (June 30, 2014: Rs. 1,458.25 million) remains unutilized at the period end.

	March 31, 2015 (Unaudited)	June 30, 2014 (Audited)
	(Rupees '000)	
8. CONTINGENCIES AND COMMITMENTS		
Guarantees issued by a commercial bank	21,600	11,600
Letters of credit issued by commercial banks	323,131	529,202
Duties payable on bonded stock	23,343	21,884

9. TURNOVER - net

Included herein are (a) local sales amounting to Rs. 4,297.97 million (March 31, 2014: Rs. 3,861.23 million) and (b) export sales amounting to Rs. 214.27 million (March 31, 2014: Rs. 84.11 million).

10. FINANCE COSTS

Represents mark-up on long-term financing amounting to Rs. 64.90 million (March 31, 2014: Rs 54.90 million) and mark-up on short-term borrowings amounting to Rs.112.55 million (March 31, 2014: Rs. 115.59 million).

11. TAXATION

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

	Period ended		Quarter ended	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
12. EARNINGS PER SHARE - basic				
Profit after taxation (Rupees '000)	425,033	177,819	164,764	57,732
Weighted average number of ordinary shares in issue during the period	27,540,000	27,540,000	27,540,000	27,540,000
Earnings per share - basic	Rs. 15.43	Rs. 6.46	Rs. 5.98	Rs. 2.10

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

13. RELATED PARTY TRANSACTIONS

Related parties comprise of group companies, staff benefit funds, 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 transactions	Period ended		Quarter ended	
		March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
(Rupees `000)					
Group companies	Sale of goods	425,674	395,347	141,195	124,762
	Purchase of goods	317	160	-	46
	Services received	20,017	20,023	5,962	7,463
	Software consultancy charges	4,779	4,014	1,593	1,338
	Dividend paid	28,988	21,740	14,494	7,246
	Dividend received	487	553	-	221
	Executives	Remuneration	49,197	39,415	16,653
Other related parties	Contribution to staff provident and gratuity funds	4,499	3,095	1,190	1,031
	Insurance premium	5,437	6,981	1,786	2,192

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

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 17, 2015 by the Board of Directors of the Company.

15. GENERAL

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


Amer Faruque
 Chief Executive


Aslam Faruque
 Director