



Cherat Packaging Limited
A Ghulam Faruque Group Company

**One Stop
Convenience**

**Un-Audited Accounts
March 31, 2020**

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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
Email: info@gfg.com.pk
Web: www.gfg.com.pk



Registered Office

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

Head Office

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

Factory

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

Regional Offices

Lahore

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

Islamabad

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

Directors' Review

The Board of Directors presents the financial results of the company for the nine months period ended March 31, 2020.

Overview

Cherat Packaging has become one of the most diversified packaging companies in Pakistan. The company has positioned itself to provide quality packaging solutions to not only cement manufacturers but also to customers in the FMCG sector. The diversification strategy of the company has enabled it to enhance its customer base and target new avenues for growth. The Covid-19 pandemic has caused an unprecedented global economic crisis impacting most businesses and industries. However, cement industry and FMCG sector, which are our main customers, were so far relatively less affected by the pandemic and the resultant lockdown, so the operations of your company were moderately impacted to date.

Operating performance

Adjustment in price of bags to offset the impact of increased costs, rise in quantity of bags sold and higher sales of flexible packaging material has resulted in an increase of 26% in the sales revenues of the company compared to the nine months period last year. During the period, there was an increase in finance cost on account of long-term loans obtained for new projects including flexible packaging, increased working capital requirement due to enhanced business operations and higher mark-up rates. In a period of rising costs and depreciating Pak rupee, the company optimized and efficiently managed its inventory and other resources to rationalize its production costs.

The Flexible Packaging division continues to receive encouraging response from the market. It has attained almost all major certifications and is now supplying packaging material to several reputable customers. Although, the division is currently incurring fixed costs and other marketing expenses, which usually happens with such projects initially. However, increase in sale volumes and further improvement in operational efficiencies is expected to have a positive impact on overall operational results going forward. In a very challenging and difficult business environment and curtailment of business activities due to Covid-19, the company posted an after-tax profit of Rs. 40 million for the nine months period under review.

Future Prospects

In its search for new business avenues, Cherat Packaging has always been introducing innovative and cost-effective products. The company is not only catering to the demand for packaging materials from the cement sector but also from other industries including FMCG sector. Recently, it has also introduced ZeroFly bags in Pakistan that are used for packaging of rice and other similar food

products. The current situation arising out of Covid-19 presents a major challenge as it is having an impact on local industries and consumer demand. Although your company has so far been relatively less impacted by the Covid-19, there still remains uncertainty over the future market scenario and business environment.

As explained above, your company has taken necessary measures including strict implementation of protocols on health and employee safety following the outbreak of the disease. This is to ensure that all staff members remain as safe as possible as it is of paramount importance for the company.

We would like to take this opportunity to appreciate various relief measures initiated by the government and the State Bank of Pakistan to support the business industry in these difficult times. In this regard, we would like to commend the government on the announcement of the Construction Package, which is expected to boost the construction activities in the country.

In order to reduce its electricity costs, the company is installing 1 MW solar panels at its flexible packaging division. In these highly uncertain times, your company is closely monitoring the situation and will take necessary measures to safeguard the interests of all its stakeholders.


Acknowledgment

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

On behalf of the Board of Directors



Akbarali Pesnani
Chairman



Amer Faruque
Chief Executive

Karachi: April 30, 2020

Condensed Interim Statement of Financial Position

As at March 31, 2020

	Note	March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
(Rupees '000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Property, plant and equipment	4	5,149,767	5,156,510
Intangible assets		5,903	6,321
		<u>5,155,670</u>	<u>5,162,831</u>
Long-term investments	5	299,717	154,567
Long-term loans		119	175
Long-term security deposits		9,378	11,178
		<u>5,464,884</u>	<u>5,328,751</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		324,706	306,095
Stock-in-trade		2,489,013	3,128,554
Trade debts		1,962,227	1,569,135
Loans and advances		12,861	1,769
Trade deposits and short-term prepayments		27,657	43,333
Other receivables		430,967	587,387
Taxation – net		352,599	373,280
Cash and bank balances		30,958	13,139
		<u>5,630,988</u>	<u>6,022,692</u>
TOTAL ASSETS		<u><u>11,095,872</u></u>	<u><u>11,351,443</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	6	425,069	386,426
Reserves		4,130,013	4,079,812
		<u>4,555,082</u>	<u>4,466,238</u>
NON-CURRENT LIABILITIES			
Long-term financing-secured	7	2,145,000	2,695,000
Deferred taxation		246,652	338,486
		<u>2,391,652</u>	<u>3,033,486</u>
CURRENT LIABILITIES			
Trade and other payables		617,708	506,202
Accrued mark-up		157,253	195,889
Short-term borrowing-secured	8	2,814,255	2,950,345
Current maturity of long-term financing	7	550,000	190,000
Unclaimed dividend		9,922	9,283
		<u>4,149,138</u>	<u>3,851,719</u>
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		<u><u>11,095,872</u></u>	<u><u>11,351,443</u></u>

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


Amer Faruque
 Chief Executive


Aslam Faruque
 Director


Yasir Masood
 Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Unaudited)

For the Period Ended March 31, 2020

Note	Period ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees '000)			
Turnover – net	7,302,376	5,791,810	2,327,756	1,987,190
Cost of sales	(6,425,013)	(4,649,808)	(2,068,089)	(1,679,002)
Gross profit	877,363	1,142,002	259,667	308,188
Distribution costs	(129,334)	(89,488)	(36,430)	(37,879)
Administrative expenses	(73,243)	(69,092)	(23,552)	(20,714)
Other expenses	(16,707)	(41,219)	(11,655)	(7,329)
	(219,284)	(199,799)	(71,637)	(65,922)
Other income	16,564	26,873	4,514	2,649
Operating profit	674,643	969,076	192,544	244,915
Finance costs	10 (617,222)	(333,693)	(190,901)	(156,392)
Profit before taxation	57,421	635,383	1,643	88,523
Taxation				
Current - For the period	11 (109,308)	(8,523)	(34,600)	(8,523)
- Prior year	353	2,974	-	-
Deferred	91,834	(78,581)	34,171	(20,130)
	(17,121)	(84,130)	(429)	(28,653)
Net profit for the period	40,300	551,253	1,214	59,870
Earnings per share				
- basic and diluted	12 Re. 0.95	Rs. 12.97	Re. 0.03	Rs. 1.41

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


Amer Faruque
Chief Executive


Aslam Faruque
Director


Yasir Masood
Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Period Ended March 31, 2020

	Period ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	(Rupees '000)			
Net profit for the period	40,300	551,253	1,214	59,870
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	145,150	(166,660)	12,467	(33,080)
Total comprehensive income for the period	<u>185,450</u>	<u>384,593</u>	<u>13,681</u>	<u>26,790</u>

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



Amer Faruque
Chief Executive



Aslam Faruque
Director



Yasir Masood
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Unaudited)

For the Period Ended March 31, 2020

Note	March 31, 2020	March 31, 2019
(Rupees '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
	57,421	635,383
Profit before taxation		
Adjustments for:		
Depreciation	253,536	212,480
Amortization	1,107	1,083
Gain on disposal of operating property, plant and equipment	(1,271)	(2,328)
Dividend income	(4,843)	(19,373)
Finance costs	617,222	333,693
Exchange Loss	9,661	-
	<u>875,412</u>	<u>525,555</u>
	932,833	1,160,938
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(18,611)	(99,346)
Stock-in-trade	639,541	(1,747,746)
Trade debts	(393,092)	(350,960)
Loans and advances	(11,092)	(22,077)
Trade deposits and short-term prepayments	15,676	(9,731)
Other receivables	156,420	(147,202)
	<u>388,842</u>	<u>(2,377,062)</u>
	1,321,675	(1,216,124)
Increase in current liabilities		
Trade and other payables	111,506	30,691
Cash generated from / (used in) operations	<u>1,433,181</u>	<u>(1,185,433)</u>
Income tax paid	(88,274)	(151,798)
Long-term loans and security deposits	1,856	56
Net cash generated from / (used in) operating activities	<u>1,346,763</u>	<u>(1,337,175)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(250,130)	(566,710)
Addition to intangible assets	(689)	(1,849)
Proceeds from disposal of operating property, plant and equipment	4,608	5,440
Dividend received	4,843	19,373
Net cash used in investing activities	<u>(241,368)</u>	<u>(543,746)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term financing – net	(190,000)	65,000
Short-term borrowing – net	(136,090)	2,350,573
Finance costs paid	(665,519)	(267,725)
Dividends paid	(95,967)	(263,129)
Net cash (used in) / generated from financing activities	<u>(1,087,576)</u>	<u>1,884,719</u>
Net increase in cash and cash equivalents	17,819	3,798
Cash and cash equivalents at the beginning of the period	13,139	8,638
Cash and cash equivalents at the end of the period	<u>30,958</u>	<u>12,436</u>

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


Amer Faruque
 Chief Executive


Aslam Faruque
 Director


Yasir Masood
 Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited)

For the Period Ended March 31, 2020

	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 Instrument
(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. 5 per share	-	-	-	(168,011)	-	-	(168,011)	(168,011)
Bonus shares issued in the ratio of 15 shares for every 100 shares held	50,404	-	-	(50,404)	-	-	(50,404)	-
Interim cash dividend for the year ended June 30, 2019 @ Rs. 2.5 per share	-	-	-	(96,606)	-	-	(96,606)	(96,606)
Net profit for the period	-	-	-	551,253	-	-	551,253	551,253
Other comprehensive income for the period	-	-	-	-	-	(166,660)	(166,660)	(166,660)
Total comprehensive income for the period	-	-	-	551,253	-	(166,660)	384,593	384,593
Balance as at March 31, 2019	<u>386,426</u>	<u>998,628</u>	<u>180,000</u>	<u>2,959,992</u>	<u>7,224</u>	<u>103,711</u>	<u>4,249,555</u>	<u>4,635,981</u>
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	-	-	-	40,300	-	-	40,300	40,300
Other comprehensive income for the period	-	-	-	-	-	145,150	145,150	145,150
Total comprehensive income for the period	-	-	-	40,300	-	145,150	185,450	185,450
Balance as at March 31, 2020	<u>425,069</u>	<u>998,628</u>	<u>180,000</u>	<u>2,876,663</u>	<u>(19,830)</u>	<u>94,552</u>	<u>4,130,013</u>	<u>4,555,082</u>

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



Amer Faruque
Chief Executive

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Aslam Faruque
Director



Yasir Masood
Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Period Ended March 31, 2020

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.

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;

Standards or interpretations:

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. However, the impacts 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	March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
	(Rupees '000)	

4. PROPERTY, PLANT AND EQUIPMENT

Opening Net Book Value (NBV)		5,022,828	3,540,801
Additions during the period / year (cost)	4.1	235,942	1,781,795
		<u>5,258,770</u>	<u>5,322,596</u>
Disposals during the period / year (NBV)		(3,337)	(3,112)
Depreciation charged during the period / year		(253,536)	(296,656)
Closing (NBV)		<u>5,001,897</u>	<u>5,022,828</u>
Capital work-in-progress	4.2	147,870	133,682
		<u>5,149,767</u>	<u>5,156,510</u>

4.1 Additions during the period / year

Leasehold land		15,337	-
Building on leasehold land		74,301	577,921
Plant and machinery		69,528	842,142
Power and other Installations		-	25,518
Furniture and fittings		19,933	17,256
Vehicles		17,407	57,631
Equipment		30,090	240,360
Computers		9,346	20,967
		<u>235,942</u>	<u>1,781,795</u>

4.2 Capital work-in-progress

Building on leasehold land		15,103	81,218
Plant and machinery		78,341	39,436
Power and other installations		13,867	-
Furniture and fittings		580	1,119
Vehicles		3,465	-
Equipment		35,645	11,040
Computer		869	869
		<u>147,870</u>	<u>133,682</u>

March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
(Rupees '000)	

5. LONG-TERM INVESTMENTS

Investment in associated companies At fair value through other comprehensive income

Cherat Cement Co. Limited

5,327,698 (June 30, 2019: 4,843,362)

Ordinary shares of Rs. 10/- each

295,101

149,951

Joint Venture

UniEnergy Limited

4,616

4,616

299,717

154,567

6. SHARE CAPITAL

6.1 Authorized Capital

March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
Number of shares	

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

March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
Number of shares	

March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
(Rupees '000)	

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

12,435,336

12,435,336

bonus shares

124,354

124,354

38,642,578

38,642,578

386,426

386,426

- Bonus shares issued

3,864,257

-

during the period / year

38,643

-

42,506,835

38,642,578

425,069

386,426

7. LONG-TERM FINANCING – secured

Islamic banks

	March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
Fixed Assets Refinance Loan – I	315,000	405,000
Fixed Assets Refinance Loan – II	540,000	600,000
	<u>855,000</u>	<u>1,005,000</u>

Conventional banks

Fixed Assets Refinance Loan – III	40,000	80,000
Fixed Assets Refinance Loan – IV	1,200,000	1,200,000
Fixed Assets Refinance Loan – V	600,000	600,000
	<u>1,840,000</u>	<u>1,880,000</u>
	<u>2,695,000</u>	<u>2,885,000</u>
Less: Current maturity	(550,000)	(190,000)
	<u>2,145,000</u>	<u>2,695,000</u>

8. SHORT-TERM BORROWING – 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. 3,635.74 million (June 30, 2019: Rs. 2,499.65 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

	March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
Outstanding letters of guarantee – conventional banks	<u>289,642</u>	<u>282,663</u>
Outstanding letters of credit – conventional banks	<u>128,220</u>	<u>923,996</u>
Duties payable on bonded stock	<u>259</u>	<u>-</u>
Capital commitments	9.3 <u>53,553</u>	<u>10,364</u>

- 9.3** Represents capital commitment of Rs. 53.55 million (June 30, 2019: Rs. Nil) extended to Greaves Airconditioning (Pvt.) Ltd., a related party, against installation of fire-fighting equipment at factory.

10. FINANCE COSTS

Includes mark-up on long-term financing amounting to Rs. 282.99 million (March 31, 2019: Rs. 175.40 million), and mark-up on short-term borrowing amounting to Rs. 334.23 million (March 31, 2019: Rs. 158.29 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.

Period ended		Quarter ended	
March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)

12. EARNINGS PER SHARE

Net profit for the period (Rupees '000)	40,300	551,253	1,214	59,870
		(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. 0.95	Rs. 12.97	Re. 0.03	Rs. 1.41

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 and business segment is based on the Company's management reporting structure.

Type of Segments

Bags manufacturing division

Flexible packaging division

Nature of business

Kraft paper and Polypropylene bags manufacturing

Extrusion, Flexo Graphic and Rotogravure printing

14.1. Segment analysis and reconciliation for the period ended March 31, 2020

	Bags manufacturing division		Flexible packaging division		Total	
	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
	(Rupees '000)					
Sales						
External sales	6,027,076	5,627,294	1,275,300	164,516	7,302,376	5,791,810
Inter-segment sales	-	-	-	-	-	-
Total revenue	6,027,076	5,627,294	1,275,300	164,516	7,302,376	5,791,810
Depreciation and amortization	140,663	145,305	113,980	68,258	254,643	213,563
Finance costs	99,222	71,150	183,763	104,252	282,985	175,402
Operating profit / (loss) before tax and before unallocated expenses	872,343	1,104,182	(480,542)	(296,162)	391,801	808,020
Unallocated corporate expenses						
Finance costs	-	-	-	-	(334,237)	(158,291)
Other expenses	-	-	-	-	(16,707)	(41,219)
Other income	-	-	-	-	16,564	26,873
Taxation	-	-	-	-	(17,121)	(84,130)
Net profit for the period	-	-	-	-	40,300	551,253

14.2. Segment analysis and reconciliation for the quarter ended March 31, 2020

	Bags manufacturing division		Flexible packaging division		Total	
	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
	(Rupees '000)					
Sales						
External sales	2,010,033	1,880,030	317,723	107,160	2,327,756	1,987,190
Inter-segment sales	-	-	-	-	-	-
Total revenue	2,010,033	1,880,030	317,723	107,160	2,327,756	1,987,190
Depreciation and amortization	47,291	49,270	38,138	31,462	85,429	80,732
Finance costs	45,795	28,553	61,788	45,033	107,583	73,586
Operating profit / (loss) before tax and before unallocated expenses	249,911	308,468	(157,809)	(132,458)	92,102	176,010
Unallocated corporate expenses						
Finance costs	-	-	-	-	(83,318)	(82,807)
Other expenses	-	-	-	-	(11,655)	(7,329)
Other income	-	-	-	-	4,514	2,649
Taxation	-	-	-	-	(429)	(28,653)
Net profit for the period	-	-	-	-	1,214	59,870

14.3 Reportable segment assets and liabilities

	Bags manufacturing division		Flexible packaging division		Total	
	March 31, 2020 (Unaudited)	June 30, 2019 (Audited)	March 31, 2020 (Unaudited)	June 30, 2019 (Audited)	March 31, 2020 (Unaudited)	June 30, 2019 (Audited)
	(Rupees '000)					
Segment assets	5,923,011	6,442,969	4,004,944	3,704,655	9,927,955	10,147,624
Unallocated assets	-	-	-	-	1,167,917	1,203,819
Total assets	5,923,011	6,442,969	4,004,944	3,704,655	11,095,872	11,351,443
Segment liabilities	895,000	1,085,000	1,800,000	1,800,000	2,695,000	2,885,000
Unallocated liabilities	-	-	-	-	3,845,790	4,000,205
Total liabilities	895,000	1,085,000	1,800,000	1,800,000	6,540,790	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.

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 transaction	Period ended		Quarter ended	
		March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)	March 31, 2020 (Unaudited)	March 31, 2019 (Unaudited)
		(Rupees '000)			
Associated companies	Purchase of goods	1,451	11,415	806	471
	Purchase of fixed assets	21,203	148,911	11,612	36,060
	Sale of goods	1,631,348	1,092,151	543,953	422,308
	Services received	35,856	39,831	12,304	11,116
	IT support charges	11,249	9,476	3,750	2,766
	Dividend received	4,843	19,373	-	-
	Dividend paid	26,648	72,991	-	26,647
Key management personnel	Remuneration	119,283	119,784	42,851	42,807
Other related parties	Contribution to staff provident and gratuity funds	19,107	20,538	5,770	15,189
	Services received	203	2,504	67	693

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 30, 2020 by the Board of Directors of the Company.

17. GENERAL

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


Amer Faruque
 Chief Executive


Aslam Faruque
 Director


Yasir Masood
 Chief Financial Officer



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