



Cherat Packaging Limited
A Ghulam Faruque Group Company

It's all about
Preservation



HALF YEARLY
ACCOUNTS
DECEMBER 31,
2022



GHULAM FARUQUE
GROUP

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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. Ali H. Shirazi	Director
Mr. Abid Vazir	Director
Mr. Sher Afzal Khan Mazari	Director
Ms. Maleeha Humayun Bangash	Director

Audit Committee

Mr. Ali H. Shirazi	Chairman
Mr. Arif Faruque	Member
Mr. Shehryar Faruque	Member

Human Resource and Remuneration Committee

Mr. Sher Afzal Khan Mazari	Chairman
Mr. Amer Faruque	Member
Mr. Aslam Faruque	Member

Director and Chief Operating Officer

Mr. Abid Vazir

Chief Financial Officer

Syed Waqar Haider Kazmi

Company Secretary

Ms. Hina Mir

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
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
The Bank of Punjab
United Bank Ltd

Non-Banking Financial Institution

Pakistan Kuwait Investment Co. (Pvt) 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
Faysal Bank Ltd
MCB Islamic Bank Ltd
Meezan Bank Ltd
The Bank of Khyber

Share Registrar

CDC Share Registrar Services Limited.
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:

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Web: www.gfg.com.pk



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Regional Offices

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Fax: (+9242) 36286204

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Jinnah Avenue, Blue Area
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Directors' Review

The Board of Directors is pleased to present the financial results of the Company, duly reviewed by the auditors, for the half year ended December 31, 2022.

Overview

The economic conditions of the country remained highly challenging during the period under review amid high inflation, aggressive monetary tightening, soaring food and energy prices, and supply chain uncertainties because of Russian – Ukraine conflict. Depleting foreign reserves, high interest rates and increasing trade deficit have been further compounded by the aftershocks of unprecedented monsoon rains and floods in the country. The packaging industry like many others in the country was affected by an overall slowdown of domestic business activities. Import restrictions imposed by the government to overcome trade deficit and declining foreign reserves have not only resulted in significant demand curtailment but have also led to shortage of critical raw materials. This will have an adverse impact on the operations of the industries in coming days thus hurting their financial stability.

There was an increase in the sales revenue of the Company during the period under review primarily because of increase in sales volume of flexible packaging material. However, because of general slowdown in cement dispatches due to heavy monsoon and economic conditions, quantity of bags sold was lower than the corresponding period last year.

Operating performance

There has been a 20% rise in the sales revenues of the Company from the corresponding period last year. Substantial increase was recorded in the cost of various input items like Kraft paper, PP granules and other raw materials, resulting in increased cost of production. During the period, there was also a marked increase in finance cost due to higher utilization of running finance facility and hike in discount rates by State Bank of Pakistan. For the half year ended December 31, 2022 the Company posted an after-tax profit of Rs. 204 million.

Expansion of Flexible Packaging Business

Work on the installation of second Rotogravure printer is progressing on schedule and it is expected to be completed by March 2023. Furthermore, the Company has placed the order to acquire its second Flexographic printer together with allied equipment to enhance the production capacity of Flexible

Packaging Division. The expansion to be financed through a long term loan is expected to be completed by March 2024.

Future Prospects

The Company is striving to be a leading player in the field of packaging by expanding its existing businesses and diversifying into new areas of packaging. In a period of intense competition, the Company remains confident of preserving its market share and achieving greater economies of scale. During the last few years, there has been a shift in consumption from paper sacks to polypropylene bags by the cement industry because of rising price difference. This shift has now picked up pace with major portion of the market now shifted to using polypropylene bags for packing cement. Cognizant of the changes in the consumption pattern, the Company has already started taking necessary measures to effectively face the situation.

Going forward, the economic outlook of the country is expected to be shaped largely by the restoration of political stability and continued implementation of reforms to revive the International Monetary Fund program - aimed at stabilizing the economy. The Company will continue to mitigate external challenges by leveraging on its financial strength and operational efficiencies. However, the management of the Company remains extremely concerned about the severe shortage of raw material due to import restrictions imposed by the government. In these highly uncertain and unusual economic times, your Company is closely monitoring the situation and will continue to take appropriate measures to safeguard the interests of stakeholders.

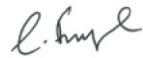
Acknowledgment

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.

On behalf of the Board of Directors



Akbarali Pesnani
Chairman



Amer Faruque
Chief Executive

February 16, 2023

Independent Auditor's Review Report

To the members of Cherat Packaging Limited

Report on review of Condensed 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 2022** 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 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2022.

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 review resulting in this independent auditor's report is Omer Chughtai.

Omer Chughtai

Chartered Accountants

Place: Karachi

Date: 23 February 2023

UDIN Number: RR202210120TLnmeqOaX

Condensed Interim Statement of Financial Position

As at December 31, 2022

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	5,734,643	5,555,646
Intangible assets		4,248	4,599
		5,738,891	5,560,245
Long-term investments	5	547,622	500,418
Long-term security deposits		721	721
		6,287,234	6,061,384
CURRENT ASSETS			
Stores, spare parts and loose tools		514,985	480,428
Stock-in-trade		6,934,876	4,661,360
Trade debts		3,405,476	2,840,738
Loans and advances		39,200	6,378
Trade deposits and short-term prepayments		76,706	34,915
Other receivables		421,918	263,260
Short-term investment	6	40,000	-
Taxation-net		608,319	544,069
Cash and bank balances		23,266	29,125
		12,064,746	8,860,273
TOTAL ASSETS		18,351,980	14,921,657
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital 100,000,000 (June 30, 2022: 100,000,000) ordinary shares of Rs. 10/- each		1,000,000	1,000,000
Share capital		467,576	425,069
Reserves		5,975,888	5,830,488
		6,443,464	6,255,557
NON-CURRENT LIABILITIES			
Long-term financing - secured	7	1,661,335	1,781,601
Deferred taxation		731,052	732,555
Government grant		228,413	243,354
		2,620,800	2,757,510
CURRENT LIABILITIES			
Trade and other payables		1,999,258	1,772,086
Accrued mark-up		291,098	145,983
Short-term borrowings - secured	8	6,307,088	3,269,026
Current maturity of long-term financings	7	649,944	676,024
Current maturity of government grant		29,823	34,811
Unclaimed dividend		10,505	10,660
		9,287,716	5,908,590
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		18,351,980	14,921,657

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Amer Faruque
Chief Executive



Aslam Faruque
Director



Syed Waqar Haider Kazmi
Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Unaudited)

For the Half-year Ended December 31, 2022

Note	Half-year ended		Quarter ended		
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	
	(Rupees in '000)				
Turnover - net	10	7,843,335	6,562,704	4,040,532	3,466,634
Cost of sales		(6,795,484)	(5,374,156)	(3,594,777)	(2,843,493)
Gross profit		1,047,851	1,188,548	445,755	623,141
Distribution costs		(130,090)	(114,774)	(67,599)	(67,413)
Administrative expenses		(96,828)	(64,483)	(54,182)	(34,379)
Other expenses		(18,451)	(57,741)	(2,595)	(29,517)
		(245,369)	(236,998)	(124,376)	(131,309)
Other income		45,413	18,749	35,424	8,994
Operating profit		847,895	970,299	356,803	500,826
Finance costs - net	11	(563,758)	(195,274)	(313,289)	(102,762)
Profit before taxation		284,137	775,025	43,514	398,064
Taxation	12	(79,674)	(221,359)	(1,061)	(116,906)
Net profit		204,463	553,666	42,453	281,158
Earnings per share - basic and diluted	13	Rs. 4.37	(Restated) Rs. 11.84	Re. 0.91	(Restated) Rs. 6.01

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.


Amer Faruque
 Chief Executive


Aslam Faruque
 Director


Syed Waqar Haider Kazmi
 Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Half-year Ended December 31, 2022

	Half-year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	(Rupees in '000)			
Net profit	204,463	553,666	42,453	281,158
Other comprehensive income / (loss)				
Items that may not be reclassified subsequently to the statement of profit or loss:				
Unrealised gain / (loss) on re-measurement of equity investments at fair value through other comprehensive income	47,204	(154,876)	(234,839)	45,499
Total comprehensive income	<u>251,667</u>	<u>398,790</u>	<u>(192,386)</u>	<u>326,657</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Amer Faruque
Chief Executive



Aslam Faruque
Director



Syed Waqar Haider Kazmi
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Unaudited)

For the Half-year Ended December 31, 2022

	Note	December 31, 2022	December 31, 2021
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		284,137	775,025
Adjustments for:			
Depreciation	4	193,050	161,874
Amortisation		351	440
Gain on disposals of operating property, plant and equipment		(1,017)	(585)
Government grant amortised		(14,170)	(5,815)
Dividend income		(15,983)	(6,660)
Finance costs - net		563,758	195,274
		<u>725,989</u>	<u>344,528</u>
		1,010,126	1,119,553
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(34,557)	(9,019)
Stock-in-trade		(2,273,516)	(686,247)
Trade debts		(564,738)	(465,889)
Loans and advances		(32,822)	5,577
Trade deposits and short-term prepayments		(41,791)	(35,419)
Other receivables		(158,658)	20,697
Short-term investment		(40,000)	-
		<u>(3,146,082)</u>	<u>(1,170,300)</u>
		(2,135,956)	(50,747)
Increase in current liabilities:			
Trade and other payables		227,172	323,141
Cash (used in) / generated from operations		<u>(1,908,784)</u>	<u>272,394</u>
Income tax paid		(145,427)	(139,705)
Net cash (used in) / generated from operating activities		<u>(2,054,211)</u>	<u>132,689</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred - net of borrowing costs		(369,809)	(844,155)
Proceeds from disposals of operating property, plant and equipment		3,535	1,361
Dividend received		15,983	6,660
Net cash used in investing activities		<u>(350,291)</u>	<u>(836,134)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing obtained		190,004	655,511
Long-term financing repaid		(356,279)	(353,488)
Finance costs paid - net		(409,229)	(177,235)
Dividends paid		(63,915)	(169,004)
Net cash generated from financing activities		<u>(639,419)</u>	<u>(44,216)</u>
Net decrease in cash and cash equivalents		<u>(3,043,921)</u>	<u>(747,661)</u>
Cash and cash equivalents at the beginning of the period		(3,239,901)	(1,922,273)
Cash and cash equivalents at the end of the period	16	<u>(6,283,822)</u>	<u>(2,669,934)</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Amer Faruque
Chief Executive



Aslam Faruque
Director



Syed Waqar Haider Kazmi
Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited)

For the Half-year Ended December 31, 2022

	Issued, Subscribed and Paid-up Capital	Reserves					Total Reserves	Total
		Capital Reserves	Revenue Reserves		Other Components of Equity			
			Share premium	General reserves	Unappropriated profit	Actuarial gain on gratuity fund - net of deferred tax		
(Rupees in '000)								
Balance as at July 01, 2021	425,069	998,628	180,000	3,676,676	14,989	744,478	5,614,771	6,039,840
Final cash dividend for the year ended June 30, 2021 @ Rs. 4.00 per share	-	-	-	(170,028)	-	-	(170,028)	(170,028)
Net profit for the period	-	-	-	553,666	-	-	553,666	553,666
Other comprehensive loss	-	-	-	-	-	(154,876)	(154,876)	(154,876)
Total comprehensive income for the period	-	-	-	553,666	-	(154,876)	398,790	398,790
Balance as at December 31, 2021	<u>425,069</u>	<u>998,628</u>	<u>180,000</u>	<u>4,060,314</u>	<u>14,989</u>	<u>589,602</u>	<u>5,843,533</u>	<u>6,268,602</u>
Balance as at July 01, 2022	425,069	998,628	180,000	4,349,650	7,070	295,140	5,830,488	6,255,557
Final cash dividend for the year ended June 30, 2022 @ Rs. 1.50 per share	-	-	-	(63,760)	-	-	(63,760)	(63,760)
Bonus shares issued in the ratio of 10 shares for every 100 shares held.	42,507	-	-	(42,507)	-	-	(42,507)	-
Net profit for the period	-	-	-	204,463	-	-	204,463	204,463
Other comprehensive income	-	-	-	-	-	47,204	47,204	47,204
Total comprehensive income for the period	-	-	-	204,463	-	47,204	251,667	251,667
Balance as at December 31, 2022	<u>467,576</u>	<u>998,628</u>	<u>180,000</u>	<u>4,447,846</u>	<u>7,070</u>	<u>342,344</u>	<u>5,975,888</u>	<u>6,443,464</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Amer Faruque
Chief Executive



Aslam Faruque
Director



Syed Waqar Haider Kazmi
Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Half-year Ended December 31, 2022

1. CORPORATE INFORMATION

1.1 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;
- 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 the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2022. 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 regulations 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, 2022 and December 31, 2021 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, 2022 and December 31, 2021.

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 annual financial statements for the year ended June 30, 2022, except for the adoption of amendments and improvements to approved accounting standards which became effective for the current period as disclosed in note 3.2 to these condensed interim financial statements.

3.2 Amendments to approved accounting standards adopted during the period

The Company has adopted the following amendments and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current period:

Amendments

IFRS 3	Reference to the Conceptual Framework (Amendments)
IAS 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37	Onerous Contracts – Costs of Fulfilling a Contract (Amendments)

Improvements to accounting standards issued by the IASB (2018-2020 cycle)

IFRS 9	Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities
IAS 41	Agriculture - Taxation in fair value measurements
IFRS 16	Leases: Lease incentives

The adoption of above amendments and improvements to IFRSs did not have any material impact on the Company's condensed interim financial statements.

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
(Rupees in '000)			
4. PROPERTY, PLANT AND EQUIPMENT			
Opening Net Book Value (NBV)		5,425,194	4,757,442
Additions during the period / year - at cost	4.1	236,808	1,037,122
		5,662,002	5,794,564
Depreciation charged during the period / year		(193,050)	(354,931)
Disposals during the period / year - at NBV		(2,518)	(14,439)
Closing NBV		5,466,434	5,425,194
Capital work-in-progress	4.2	268,209	130,452
		5,734,643	5,555,646
4.1 Additions during the period / year			
Building on leasehold land		773	90,346
Plant and machinery		151,544	685,007
Power and other installations		-	150,928
Furniture and fittings		1,797	15,834
Vehicles		56,132	73,311
Equipment		22,062	12,109
Computers		4,500	9,587
		236,808	1,037,122
4.2 Capital work-in-progress			
Opening balance		130,452	257,631
Capital expenditure incurred / advances made during the period / year	4.2.1	374,565	909,943
Transferred to operating fixed assets		(236,808)	(1,037,122)
Closing balance		268,209	130,452

4.2.1 During the period, borrowing costs have been capitalised amounting to Rs. 4.75 million using capitalization rate of 16% per annum on account of long-term financing obtained specifically for the import of Rotogravure line II as fully mentioned in note 7.1 to these financial statements.

	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
(Rupees in '000)		
5. LONG-TERM INVESTMENTS		
Investment in related parties		
At fair value through other comprehensive income		
Cherat Cement Company Limited		
5,327,698 (June 30, 2022: 5,327,698)		
Ordinary shares of Rs. 10/- each	542,893	495,689
Joint venture		
UniEnergy Limited		
462,000 (June 30,2022 : 462,000)		
Ordinary shares of Rs. 10/- each	4,729	4,729
	<u>547,622</u>	<u>500,418</u>

6. SHORT-TERM INVESTMENT

Represents Term Deposit Receipt (TDR) from a commercial bank carrying a markup at 14.5% per annum. The Company has obtained Guarantees for Sindh Infrastructure Development Cess against the TDR.

Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
(Rupees in '000)		

7. LONG-TERM FINANCING - SECURED

Islamic banks

Fixed Assets Refinance - Polypropylene Line - III	90,000	135,000
Fixed Assets Refinance - Kraft paper Line - V	240,000	300,000
Islamic Finance Facility for Renewable Energy	76,076	80,268
Fixed Assets Refinance - Rotogravure printing Line - II Project	190,004	-
	<u>596,080</u>	<u>515,268</u>

Conventional banks

Fixed Assets Refinance - Flexible Packaging Line - I		
Tranche 1	840,000	960,000
Tranche 2	420,000	480,000
Temporary Economic Refinance Facility (TERF) - Polypropylene Line - IV	421,771	404,733
	<u>1,681,771</u>	<u>1,844,733</u>
Refinance Scheme for Payment of Wages and Salaries	33,428	97,624
	<u>2,311,279</u>	<u>2,457,625</u>
Current maturities	(649,944)	(676,024)
	<u>1,661,335</u>	<u>1,781,601</u>

7.1 Represents Diminishing Musharakah obtained during the period from an Islamic bank for the import of Rotogravure printing line II. The approved limit of the loan is Rs. 1,000 million out of which is Rs. 810 million remained unutilized till the year end. The loan carries mark-up at the rate of 3 months KIBOR plus 0.2 % per annum. The loan is repayable in 10 equal semi-annual installments commencing after 30 months from the date of first disbursement i.e. from August 16, 2022. It is secured by way of first pari-passu hypothecation charge of Rs. 1,333 million over plant and machinery of the Company.

8. SHORT-TERM BORROWINGS - SECURED

The Company has facilities obtained from various conventional and Islamic banks amounting to Rs. 9,100 million (June 30, 2022: Rs. 7,550 million) out of which Rs. 2,792.91 million (June 30, 2022: Rs. 3,981 million) remain unutilized at the period end. These Facilities carry markup of 1 and 3 months' KIBOR plus spread ranging from 0.15% to 0.75% (June 30, 2022 : 1 and 3 months' KIBOR plus spread ranging from 0.30% to 0.75%).

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, 2022 except as disclosed below:

	Note	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
(Rupees in '000)			
9.2 Commitments			
Outstanding letters of guarantee - conventional banks		77,018	77,018
Outstanding letters of credit - conventional and islamic banks		437,437	2,125,109
Capital commitments	9.2.1	689,748	747,790

9.2.1 Includes capital commitments related to import of Plant and Machinery amounting to Rs. 627.63 million (June 30, 2022: Rs. 747.79 million) and capital commitments extended to related parties amounting to Rs. 62.11 million (June 30, 2022: Nil).

10. TURNOVER - NET

Includes export sales amounting to Rs. 16.26 million (December 31, 2021: Rs. 211.65 million).

11. FINANCE COSTS - NET

Includes interest / mark-up on long-term financing amounting to Rs. 160.73 million (December 31, 2021: Rs. 99.73 million), interest / mark-up on short-term borrowings and bank charges amounting to Rs. 403.02 million (December 31, 2021: Rs. 95.54 million).

12. TAXATION

	Half-year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(Rupees in '000)				
Taxation				
Current	(105,730)	(186,274)	(27,560)	(112,393)
Prior	24,553	(2,676)	24,553	(2,676)
Deferred	1,503	(32,409)	1,946	(1,837)
	(79,674)	(221,359)	(1,061)	(116,906)

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

12.2 The Finance Act, 2022 had introduced super tax on high earning persons for the tax year 2022 and onwards. The Company has challenged the applicability of the super tax imposed under section 4C of the Income Tax Ordinance and an interim stay has been granted by the Honorable Peshawar High Court to file income tax return for the tax year 2022 by excluding the amount of the super tax under section 4C of the ITO. Keeping in view the inherent uncertainties involved in such matters, the management, as a matter of prudence, has recognized a provision for this amount in these financial statements.

13. EARNINGS PER SHARE - BASIC AND DILUTED

	Half-year ended		Quarter ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net profit for the period (Rupees in '000)	204,463	553,666	42,453	281,158
		(Restated)		(Restated)
Weighted average number of ordinary shares in issue during the period	46,757,600	46,757,600	46,757,600	46,757,600
Earnings per share - basic and diluted	Rs. 4.37	Rs. 11.84	Rs. 0.91	Rs. 6.01

14. 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, 2022. There have been no changes in any risk management policies since the year end.

14.1 Fair value measurement

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 carrying values of all financial assets and liabilities reflected in the financial statements approximate fair values.

The following table shows assets recognised at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities,

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Note	As at 31 December 2022						
	Carrying amount			Fair value			
	Fair value through statement of profit or loss	Fair value through OCI	Total	Level 1	Level 2	Level 3	
	(Rupees in '000)						
Long-term investments	5	-	542,893	542,893	542,893	-	-
		-	542,893	542,893	542,893	-	-

		As at 30 June 2022					
		Carrying amount			Fair value		
		Fair value through statement of profit or loss	Fair value through OCI	Total	Level 1	Level 2	Level 3
		(Rupees in '000)					
Long-term investments	5	-	495,689	495,689	495,689	-	-
		-	495,689	495,689	495,689	-	-

During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

14.1.1 Financial instruments which are tradable in an open market are revalued at the market prices prevailing on the statement of financial position date.

15. SEGMENT REPORTING

Segment information is presented in respect of the Company's business. The primary format and business segments are based on the Company's management reporting structure.

Types of Segments	Nature of Business
Bags manufacturing division	Kraft paper and Polypropylene bags manufacturing
Flexible packaging division	Extrusion, Flexo Graphic and Rotogravure printing

15.1 Segment analysis and reconciliation

	Bags Manufacturing Division Half-year ended		Flexible Packaging Division Half-year ended		Total Half-year ended	
	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
	(Rupees in '000)					
Sales						
External sales	5,207,618	5,067,791	2,635,717	1,494,913	7,843,335	6,562,704
Inter-segment sales	-	-	-	-	-	-
Total revenue	5,207,618	5,067,791	2,635,717	1,494,913	7,843,335	6,562,704
Depreciation and amortisation	114,206	85,056	79,195	77,258	193,401	162,314
Finance costs	48,514	21,184	109,587	68,225	158,101	89,409
Profit / (loss) before tax and unallocated expenses	770,165	1,141,044	(107,333)	(221,162)	662,832	919,882
Unallocated corporate expenses						
Finance costs	-	-	-	-	(405,657)	(105,865)
Other expenses	-	-	-	-	(18,451)	(57,741)
Other income	-	-	-	-	45,413	18,749
Taxation	-	-	-	-	(79,674)	(221,359)
Net profit	-	-	-	-	204,463	553,666

Segment analysis and reconciliation for the quarter ended December 31, 2022

	Bags Manufacturing Division Quarter ended		Flexible Packaging Division Quarter ended		Total Quarter ended	
	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
	(Rupees in '000)					
Sales						
External sales	2,730,847	2,637,058	1,309,685	829,576	4,040,532	3,466,634
Inter-segment sales	-	-	-	-	-	-
Total revenue	2,730,847	2,637,058	1,309,685	829,576	4,040,532	3,466,634
Depreciation and amortisation	57,805	42,600	40,327	39,975	98,132	82,575
Finance costs	19,550	10,475	57,146	34,515	76,696	44,990
Profit / (loss) before tax and unallocated expenses	290,385	586,511	(43,107)	(110,152)	247,278	476,359
Unallocated corporate expenses						
Finance costs	-	-	-	-	(236,593)	(57,772)
Other expenses	-	-	-	-	(2,595)	(29,517)
Other income	-	-	-	-	35,424	8,994
Taxation	-	-	-	-	(1,061)	(116,906)
Net profit	-	-	-	-	42,453	281,158

15.2 Reportable Segment assets and liabilities

	Bags Manufacturing Division		Flexible Packaging Division		Total	
	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)	December 31, 2022 (Unaudited)	June 30, 2022 (Audited)
	(Rupees in '000)					
Segment assets	10,471,782	8,221,944	6,077,984	5,297,205	16,549,766	13,519,149
Unallocated assets	-	-	-	-	1,802,214	1,402,508
Total assets	10,471,782	8,221,944	6,077,984	5,297,205	18,351,980	14,921,657
Segment liabilities	1,027,421	1,115,883	1,603,557	1,567,813	2,630,978	2,683,696
Unallocated liabilities	-	-	-	-	9,277,538	5,982,404
Total liabilities	1,027,421	1,115,883	1,603,557	1,567,813	11,908,516	8,666,100

15.2.1 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.

16. CASH AND CASH EQUIVALENTS

Cash and bank balances
Short-term borrowings - secured

December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
(Rupees in '000)	
23,266	26,664
(6,307,088)	(2,696,598)
(6,283,822)	(2,669,934)

17. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, directors, retirement funds and key management personal of the Company. 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, 2022 (Unaudited)	December 31, 2021 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2021 (Unaudited)
(Rupees in '000)					
Associated companies	Purchase of goods	1,002	6,391	377	1,976
	Purchase of fixed assets	13,673	23,774	-	10,905
	Sale of goods	1,466,688	1,254,441	795,548	613,140
	Services received	33,154	29,727	22,413	15,080
	IT support charges	7,997	7,997	3,999	3,999
	Dividend received	15,983	5,869	15,983	5,869
	Dividend paid	17,588	38,378	17,588	38,378
Key management personal	Remuneration	130,984	108,883	65,520	54,630
Other related parties	Contribution to staff provident and gratuity funds	16,077	10,614	10,712	4,407
	Insurance premium	15,949	10,234	8,266	5,691

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

18. DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on February 16, 2023 by the Board of Directors of the Company.

19. GENERAL

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


Amer Faruque
 Chief Executive


Aslam Faruque
 Director


Syed Waqar Haider Kazmi
 Chief Financial Officer



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