



Cherat Packaging Limited
A Ghulam Faruque Group Company

NATURALLY

Packaging your Future

Half Yearly Accounts
December 31, 2023

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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)

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:

UAN: 111-000-009
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Registered Office

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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 Road,
Jinnah Avenue, Blue Area
Tel: (+9251) 2344531-33
Fax: (+9251) 2344534, 2344550

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, 2023.

Overview

Although economic conditions remained challenging, there have been signs of improvement and macroeconomic stability following the start of the implementation of structural reforms by the interim government and successful review of the ongoing SBA facility by the IMF. Soaring food and energy prices, depleting foreign reserves, high interest rates and trade deficit took its toll on the country's economy and its industries. Packaging sector is highly dependent on other industries in order to perform well and this year, it has been affected by an overall slowdown in domestic business activities.

Operating performance

During the half year period under review, although sales revenues of the Flexible Packaging division increased from the corresponding period, the overall revenues of the Company remained at almost the same level as last year due to a significant decline in papersack sales due to shift in consumption to polypropylene bags by the cement industry. Cement bag sales were also affected by general slowdown in cement dispatches in the country and greater competition in the polypropylene bag division. Due to higher inflation in the country and devaluation of Pak rupee, there was an increase in the cost of various input items, which had an impact on cost of production. During the period under review, there was an increase in other income on account of sale of papersack lines I and II. For the half year ended December 31, 2023 the Company posted an after-tax profit of Rs. 210 million.

Dividend

The Board of Directors in its meeting held on 15th February 2024 has declared an interim cash dividend of Re. 1 per share i.e. 10%. Share transfer books will remain closed from February 27, 2024 to February 29, 2024.

New Developments

Subsequent to the period under review, the second Flexographic Printer, procured from world renowned manufacturer – M/s. Windmoller & Holscher, has arrived at the factory and is currently being installed by a team of engineers. It is expected to be commissioned by March 2024. Enhancement in production capacity will enable the Company to meet the demand of its valued customers in an effective manner and optimize the utilization of its available resources.

Future Prospects

The economic outlook of the country is expected to be shaped largely by the restoration of political stability post general elections and ongoing implementation of macroeconomic reforms to continue the International Monetary Fund program - aimed at stabilizing the economy. The Company will stay on course to mitigate external challenges by leveraging on its financial strength and operational efficiencies.

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 and challenging economic times, the Company remains confident of preserving its market share and achieving greater economies of scale. As indicated in the past, a major portion of the market has now switched to polypropylene bags for packing cement from papersacks. Cognizant of the changes in the consumption pattern, the Company has taken necessary measures in this regard. While the macroeconomic conditions are likely to remain challenging, the Company is well positioned to capitalize on available market opportunities for continuing growth. The management of the Company is closely monitoring the economic 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 15, 2024

Independent Auditor's Review Report

To the members of Cherat Packaging Limited (the Company)

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 2023 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 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2023.

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 condensed 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.



Chartered Accountants

Place: Karachi

Date: 22 February 2024

UDIN Number: RR2023101204hUgNp2BI

Condensed Interim Statement of Financial Position


As at December 31, 2023

	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	5,914,738	5,987,585
Intangible assets		6,004	6,531
		5,920,742	5,994,116
Long-term investments	5	873,194	645,701
Long-term security deposits		721	721
		6,794,657	6,640,538
CURRENT ASSETS			
Stores, spare parts and loose tools		597,938	601,390
Stock-in-trade		3,965,011	5,457,707
Trade debts		2,345,023	2,546,377
Loans and advances		16,285	8,459
Trade deposits and short-term prepayments		31,122	106,785
Other receivables		45,733	99,033
Short-term investment		-	123,963
Taxation-net		332,850	333,893
Cash and bank balances		39,105	37,279
		7,373,067	9,314,886
Non-current assets classified as held for sale	6	469,496	478,371
		7,842,563	9,793,257
		14,637,220	16,433,795
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
100,000,000 (June 30, 2023: 100,000,000) ordinary shares of Rs. 10/- each		1,000,000	1,000,000
Share capital		490,954	490,954
Reserves		7,048,884	6,709,572
		7,539,838	7,200,526
NON-CURRENT LIABILITIES			
Long-term financing - secured	7	1,957,772	2,164,712
Deferred taxation		1,048,532	1,047,602
Government grant		199,367	213,969
		3,205,671	3,426,283
CURRENT LIABILITIES			
Trade and other payables		1,386,096	2,026,821
Accrued mark-up		173,870	318,349
Short-term borrowings - secured		1,839,311	2,785,631
Current maturity of long-term financings	7	452,819	636,850
Current maturity of government grant		29,046	29,046
Unclaimed dividend		10,569	10,289
		3,891,711	5,806,986
CONTINGENCIES AND COMMITMENTS			
	8		
		14,637,220	16,433,795
TOTAL EQUITY AND LIABILITIES			

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Amer Faruque
 Chief Executive


Abid Vazir
 Director


Syed Waqar Haider Kazmi
 Chief Financial Officer

Condensed Interim Statement of Profit or Loss (Unaudited)

For the Half-year Ended December 31, 2023

Note	Half-year ended		Quarter ended		
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	
(Rupees in '000)					
Turnover - net	9	7,456,000	7,843,335	3,632,481	4,040,532
Cost of sales		(6,426,039)	(6,795,484)	(3,184,498)	(3,594,777)
Gross profit		1,029,961	1,047,851	447,983	445,755
Distribution costs		(133,884)	(130,090)	(64,755)	(67,599)
Administrative expenses		(96,192)	(96,828)	(45,576)	(54,182)
Other expenses		(14,525)	(18,451)	(5,355)	(2,595)
		(244,601)	(245,369)	(115,686)	(124,376)
Other income		96,870	45,413	33,280	35,424
Operating profit		882,230	847,895	365,577	356,803
Finance costs	10	(549,993)	(563,758)	(252,236)	(313,289)
Profit before taxation		332,237	284,137	113,341	43,514
Taxation	11	(122,227)	(79,674)	(41,349)	(1,061)
Net profit for the period		210,010	204,463	71,992	42,453
Earnings per share - basic and diluted	12	Rs. 4.28	(Restated) Rs. 4.16	Rs. 1.47	(Restated) Re. 0.86

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Amer Faruque
 Chief Executive


Abid Vazir
 Director


Syed Waqar Haider Kazmi
 Chief Financial Officer

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Half-year Ended December 31, 2023

	Half-year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Rupees in '000)			
Net profit for the period	210,010	204,463	71,992	42,453
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	227,493	47,204	180,077	(234,839)
Total comprehensive income / (Loss) for the period	<u>437,503</u>	<u>251,667</u>	<u>252,069</u>	<u>(192,386)</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Amer Faruque
Chief Executive



Abid Vazir
Director



Syed Waqar Haider Kazmi
Chief Financial Officer

Condensed Interim Statement of Cash Flows (Unaudited)

For the Half-year Ended December 31, 2023

	Note	December 31, 2023	December 31, 2022
(Rupees in '000)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		332,237	284,137
Adjustments for:			
Depreciation	4	172,408	193,050
Amortization		527	351
Gain on disposals of operating property, plant and equipment		(1,908)	(1,017)
Gain on disposal of assets classified as held for sale	6	(49,731)	-
Government grant amortized		(14,602)	(14,170)
Dividend income		(15,983)	(15,983)
Finance costs		549,993	563,758
		640,704	725,989
		972,941	1,010,126
Decrease / (increase) in current assets:			
Stores, spare parts and loose tools		3,452	(34,557)
Stock-in-trade		1,492,696	(2,273,516)
Trade debts		201,354	(564,738)
Loans and advances		(7,826)	(32,822)
Trade deposits and short-term prepayments		75,663	(41,791)
Other receivables		53,300	(158,658)
Short-term investment		123,963	(40,000)
		1,942,602	(3,146,082)
		2,915,543	(2,135,956)
Increase / (decrease) in current liabilities:			
Trade and other payables		(640,725)	227,172
Cash generated / (used in) from operations		2,274,818	(1,908,784)
Income tax paid		(120,254)	(145,427)
Net cash generated / (used in) from operating activities		2,154,564	(2,054,211)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred - net of borrowing costs		(119,186)	(369,809)
Proceeds from disposals of operating property, plant and equipment		21,533	3,535
Proceeds from disposal of assets classified as held for sale		58,606	-
Dividend received		15,983	15,983
Net cash used in investing activities		(23,064)	(350,291)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing obtained		-	190,004
Long-term financing repaid		(390,971)	(356,279)
Finance costs paid		(694,472)	(409,229)
Dividends paid		(97,911)	(63,915)
Net cash used in financing activities		(1,183,354)	(639,419)
Net increase / (decrease) in cash and cash equivalents		948,146	(3,043,921)
Cash and cash equivalents at the beginning of the period		(2,748,352)	(3,239,901)
Cash and cash equivalents at the end of the period	15	(1,800,206)	(6,283,822)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Amer Faruque
 Chief Executive


Abid Vazir
 Director


Syed Waqar Haider Kazmi
 Chief Financial Officer

Condensed Interim Statement of Changes in Equity (Unaudited)

For the Half-year ended December 31, 2023

	Reserves						Total Reserves	Total
	Issued, Subscribed and Paid-up Capital	Capital Reserves	Revenue Reserves		Other Components of Equity			
		Share premium	General reserves	Unappropriated profit	Actuarial gain on gratuity fund - net of deferred tax	Unrealized gain on equity investments		
(Rupees in '000)								
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	467,576	998,628	180,000	4,447,846	7,070	342,344	5,975,888	6,443,464
Balance as at July 01, 2023	490,954	998,628	180,000	5,081,497	9,180	440,267	6,709,572	7,200,526
Final cash dividend for the year ended June 30, 2023 @ Rs. 2.00 per share	-	-	-	(98,191)	-	-	(98,191)	(98,191)
Net profit for the period	-	-	-	210,010	-	-	210,010	210,010
Other comprehensive income	-	-	-	-	-	227,493	227,493	227,493
Total comprehensive income for the period	-	-	-	210,010	-	227,493	437,503	437,503
Balance as at December 31, 2023	490,954	998,628	180,000	5,193,316	9,180	667,760	7,048,884	7,539,838

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Amer Faruque
 Chief Executive


Abid Vazir
 Director


Syed Waqar Haider Kazmi
 Chief Financial Officer

Notes to the Condensed Interim Financial Statements (Unaudited)

For the Half-year Ended December 31, 2023

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, 2023. 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, 2023 and December 31, 2022 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, 2023 and December 31, 2022.

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, 2023, 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:

IAS 8	Definition of Accounting Estimates (Amendments)
IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies (Amendments)
IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)
IAS 12	International Tax Reform—Pillar Two Model Rules (Amendments)

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

	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
(Rupees in '000)			
4. PROPERTY, PLANT AND EQUIPMENT			
Opening Net Book Value (NBV)		5,834,403	5,425,194
Additions during the period / year - at cost	4.1	51,589	1,286,990
		5,885,992	6,712,184
Depreciation charged during the period / year		(172,408)	(390,815)
Disposals during the period / year - at NBV		(19,625)	(8,595)
Non-current assets classified as held for sale at book value		-	(478,371)
Closing NBV		5,693,959	5,834,403
Capital work-in-progress	4.2	220,779	153,182
		5,914,738	5,987,585
4.1 Additions during the period / year			
Building on leasehold land		5,312	4,229
Plant and machinery		10,365	1,149,492
Furniture and fittings		1,807	11,058
Vehicles		18,289	82,935
Equipment		4,427	29,482
Computers		11,389	9,794
		51,589	1,286,990
4.2 Capital work-in-progress			
Opening balance		153,182	130,452
Capital expenditure incurred / advances made during the period / year		119,186	1,309,720
Transferred to operating fixed assets		(51,589)	(1,286,990)
Closing balance	4.2.1	220,779	153,182
4.2.1 Capital work-in-progress			
Building on leasehold land		1,970	3,228
Plant and machinery		47,916	41,110
Power and other installations		1,765	955
Furniture and fittings		787	-
Vehicles		16,510	1,400
Equipment		151,065	106,489
Computers		766	-
		220,779	153,182

5. LONG-TERM INVESTMENTS

Investment in related parties

At fair value through other comprehensive income

Cherat Cement Company Limited
5,327,698 (June 30, 2023: 5,327,698)
Ordinary shares of Rs. 10/- each

868,309 640,816

Joint venture

UniEnergy Limited
462,000 (June 30, 2023: 462,000)
Ordinary shares of Rs. 10/- each

4,885 4,885

873,194 645,701

6. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

During the period, the Company has sold its kraft paper lines I & II having a carrying amount of Rs. 8.87 million, which has resulted in a gain of Rs. 49.73 million.

7. LONG-TERM FINANCING - SECURED

Islamic banks

Fixed Assets Refinance Loan - Polypropylene Line - III
Fixed Assets Refinance Loan - Kraftpaper Line - V
Fixed Assets Refinance Loan - Rotogravure
printing Line - II Project
Islamic Finance Facility for Renewable Energy

- 45,000

- 180,000

985,765 985,765

67,591 71,868

1,053,356 1,282,633

Conventional banks

Fixed Assets Refinance Loan - Flexible Packaging Line - I
Tranche 1
Tranche 2
Temporary Economic Refinance Facility (TERF) -
Polypropylene Line - IV

600,000 720,000

300,000 360,000

457,235 438,929

1,357,235 1,518,929

2,410,591 2,801,562

(452,819) (636,850)

1,957,772 2,164,712

Current maturities

7.1 The terms and conditions remain the same as disclosed in the annual financial statements for the year ended June 30, 2023.

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2023 except as disclosed below:

8.2 Commitments

	Note	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)
		(Rupees in '000)	
Outstanding letters of guarantee - conventional banks		77,018	77,018
Outstanding letters of credit - conventional and Islamic banks		430,334	534,635
Capital commitments	8.2.1	816,514	62,113

8.2.1 Represents capital commitments related to import of Plant and Machinery including Rs. 41.57 million extended to a related party (June 2023: Rs. 62.11 million).

9. TURNOVER - NET

Includes export sales amounting to Rs. 188.85 million (December 31, 2022: Rs. 16.26 million).

10. FINANCE COSTS

Includes mark-up on long-term financing amounting to Rs.250.09 million (December 31, 2022: Rs. 160.73 million), mark-up on short-term borrowings and bank charges amounting to Rs.299.90 million (December 31, 2022: Rs. 403.02 million).

11. TAXATION

	Half-year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Rupees in '000)			
Current	(123,932)	(105,730)	(52,763)	(27,560)
Prior	2,635	24,553	2,635	24,553
Deferred	(930)	1,503	8,779	1,946
	(122,227)	(79,674)	(41,349)	(1,061)

11.1 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.

11.2 During the period, the Company has challenged the levy of super tax under section 4C of the Income Tax Ordinance, 2001 as amended vide Finance Act, 2023, and an interim stay has been granted by the Honorable Peshawar High Court to file income tax return for the tax year 2023 by excluding super tax amounting to Rs. 120.22 million subject to deposit of post-dated cheque. Keeping in view the inherent uncertainties involved in such matters, the management, as a matter of prudence, has maintained a provision for this amount in these condensed interim financial statements.

11.3 During the year ended June 30, 2019, the Company has recorded tax credit under section 65B of ITO, 2001 @ 10% on commissioning and installation of plant and machinery as per law. Through Finance Act, 2019, the Government has reduced tax credit under section 65B of ITO, 2001 from 10% to 5% retrospectively for the tax year 2019 and abolished the same for subsequent years. The company challenged this amendment in Peshawar High Court (PHC) and claimed full tax credit in the income tax return for the tax year 2019. However, viewing the prudence, for accounting purposes tax credit was taken @ 5%. The case has been presented, argued, and the PHC has rendered a verdict dated September 7, 2023 and allowed petitioners to claim tax credit @ 10% provided they had executed a binding contract followed by establishment of LCs and purchased machinery before June 30, 2018. Subsequently, the tax department filed an appeal with the Honorable Supreme Court of Pakistan (SCP) and the Company also filed a counter appeal with SCP. Therefore, the accounting treatment has been maintained in these condensed interim financial statements.

12. EARNINGS PER SHARE - BASIC AND DILUTED

	Half-year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Net profit for the period (Rupees in '000)	210,010	204,463	71,992	42,453
Weighted average number of ordinary shares in issue during the period	49,095,393	(Restated) 49,095,393	49,095,393	(Restated) 49,095,393
Earnings per share - basic and diluted	Rs. 4.28	Rs. 4.16	Rs. 1.47	Re. 0.86

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, 2023. 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 amortized cost in these condensed interim financial statements approximate their fair values.

13.1 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 recognized at fair value, analyzed 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 2023					
		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	-	868,309	868,309	868,309	-	-
		-	868,309	868,309	868,309	-	-

	Note	As at 30 June 2023					
		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	-	640,816	640,816	640,816	-	-
		-	640,816	640,816	640,816	-	-

During the period, 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.

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

14. 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

14.1 Segment analysis and reconciliation

	Bags Manufacturing Division Half-year ended		Flexible Packaging Division Half-year ended		Total Half-year ended	
	December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)
	(Rupees in '000)					
Sales						
External sales	3,775,809	5,207,618	3,680,191	2,635,717	7,456,000	7,843,335
Inter-segment sales	-	-	-	-	-	-
Total revenue	3,775,809	5,207,618	3,680,191	2,635,717	7,456,000	7,843,335
Depreciation and amortization	88,953	114,206	83,982	79,195	172,935	193,401
Other income	49,731	-	-	-	49,731	-
Finance costs	28,593	48,514	221,495	109,587	250,088	158,101
Profit / (loss) before tax and before unallocated expenses	369,724	770,165	229,804	(107,333)	599,528	662,832
Unallocated corporate expenses						
Finance costs	-	-	-	-	(299,905)	(405,657)
Other expenses	-	-	-	-	(14,525)	(18,451)
Other income	-	-	-	-	47,139	45,413
Taxation	-	-	-	-	(122,227)	(79,674)
Profit after taxation	-	-	-	-	210,010	204,463

	Bags Manufacturing Division Quarter ended		Flexible Packaging Division Quarter ended		Total Quarter ended	
	December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)	December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)
	(Rupees in '000)					
Sales						
External sales	1,844,453	2,730,847	1,788,028	1,309,685	3,632,481	4,040,532
Inter-segment sales	-	-	-	-	-	-
Total revenue	1,844,453	2,730,847	1,788,028	1,309,685	3,632,481	4,040,532
Depreciation and amortization	44,392	57,805	42,196	40,327	86,588	98,132
Other income	-	-	-	-	-	-
Finance costs	12,124	19,550	108,813	57,146	120,937	76,696
Profit / (loss) before tax and before unallocated expenses	118,976	290,385	97,739	(43,107)	216,715	247,278
Unallocated corporate expenses						
Finance costs	-	-	-	-	(131,299)	(236,593)
Other expenses	-	-	-	-	(5,355)	(2,595)
Other income	-	-	-	-	33,280	35,424
Taxation	-	-	-	-	(41,349)	(1,061)
Profit after taxation	-	-	-	-	71,992	42,453

14.2 Reportable Segment assets and liabilities

Bags Manufacturing Division		Flexible Packaging Division		Total		
December 31, 2023 (Unaudited)	June 30, 2023 (Audited)	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)	December 31, 2023 (Unaudited)	June 30, 2023 (Audited)	
(Rupees in '000)						
Segment assets	6,210,007	7,917,999	7,040,810	7,109,043	13,250,817	15,027,042
Unallocated assets	-	-	-	-	1,386,403	1,406,753
Total assets	6,210,007	7,917,999	7,040,810	7,109,043	14,637,220	16,433,795
Segment liabilities	677,416	916,008	2,048,473	2,284,035	2,725,889	3,200,043
Unallocated liabilities	-	-	-	-	4,371,493	6,033,226
Total liabilities	677,416	916,008	2,048,473	2,284,035	7,097,382	9,233,269

14.2.1 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.

15. CASH AND CASH EQUIVALENTS

December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)	
(Rupees in '000)		
Cash and bank balances	39,105	23,266
Short-term borrowings - secured	(1,839,311)	(6,307,088)
	(1,800,206)	(6,283,822)

16. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, directors, retirement funds and key management personnel 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	
		December 31, 2023 (Unaudited)	December 31, 2022 (Unaudited)
(Rupees in '000)			
Associates / related parties	Purchase of goods	537	1,002
	Purchase of fixed assets	24,116	13,673
	Sale of goods	1,810,739	1,466,688
	Services received	8,244	33,154
	IT support charges	9,875	7,997
	Dividend received	15,983	15,983
	Dividend paid	40,741	17,588
	Remuneration to key management personnel	154,982	130,984
	Contribution to staff provident and gratuity funds	25,412	16,077
	Insurance premium	24,155	15,949

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

17. DATE OF AUTHORIZATION AND INTERIM DIVIDEND

17.1 DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on February 15, 2024 by the Board of Directors of the Company.

17.2 INTERIM DIVIDEND

The Board of Directors in its meeting held on February 15, 2024 has proposed an interim cash dividend of Re. 1.00 per share (March 31, 2023: Re. 1.00 per share) amounting to Rs. 49.10 million (March 31, 2023: 46.76 million) and bonus shares @ NIL (March 31, 2023: 5%) for the half-year ended December 31, 2023

18. GENERAL

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


Amer Faruque
Chief Executive


Abid Vazir
Director


Syed Waqar Haider Kazmi



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