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COMPANY INFORMATION

Board of Directors

Towfiq Habib Chinoy <i>(Non-Executive Director)</i>	- Chairman
Syed Hyder Ali <i>(Executive Director)</i>	- Chief Executive & Managing Director
Josef Mueller <i>(Non-Executive Director)</i>	
Khalid Yacob <i>(Executive Director)</i>	
Muhammad Aurangzeb <i>(Independent Director)</i>	
Shamim Ahmad Khan <i>(Non-Executive Director)</i>	
Syed Aslam Mehdi <i>(Executive Director)</i>	
Syed Shahid Ali <i>(Non-Executive Director)</i>	
Tariq Iqbal Khan <i>(Non-Executive Director)</i>	
Veli-Jussi Olavi Potka <i>(Non-Executive Director)</i>	

Advisor

Syed Babar Ali

Company Secretary

Adi J. Cawasji

Executive Committee

Syed Hyder Ali <i>(Executive Director)</i>	- Chairman
Syed Aslam Mehdi <i>(Executive Director)</i>	- Member
Khalid Yacob <i>(Executive Director)</i>	- Member

Audit Committee

Tariq Iqbal Khan <i>(Non-Executive Director)</i>	- Chairman
Muhammad Aurangzeb <i>(Independent Director)</i>	- Member
Shamim Ahmad Khan <i>(Non-Executive Director)</i>	- Member
Syed Aslam Mehdi <i>(Executive Director)</i>	- Member
Syed Shahid Ali <i>(Non-Executive Director)</i>	- Member
Adi J. Cawasji <i>(Company Secretary)</i>	- Secretary

Business Strategy Committee

Syed Hyder Ali <i>(Executive Director)</i>	- Chairman
Syed Aslam Mehdi <i>(Executive Director)</i>	- Member
Khalid Yacob <i>(Executive Director)</i>	- Member

System and Technology Committee

Syed Aslam Mehdi <i>(Executive Director)</i>	- Chairman
Khalid Yacob <i>(Executive Director)</i>	- Member
Suleman Javed	- Member

Human Resource and Remuneration (HR & R) Committee

Towfiq Habib Chinoy <i>(Non-Executive Director)</i>	- Chairman
Shamim Ahmad Khan <i>(Non-Executive Director)</i>	- Member
Syed Hyder Ali <i>(Executive Director)</i>	- Member
Syed Aslam Mehdi <i>(Executive Director)</i>	- Member
Tariq Iqbal Khan <i>(Non-Executive Director)</i>	- Member
Kaifee Siddiqui	- Secretary

Rating Agency: PACRA

Company Rating

Long-Term: AA
Short-Term: A1+

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Hassan & Hassan - Lahore
Orr, Dignam & Co. - Karachi

Bankers & Lenders

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Barclays Bank PLC, Pakistan
Deutsche Bank AG
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
International Finance Corporation (IFC)
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
NIB Bank Limited
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
The Bank of Tokyo - Mitsubishi UFJ, Limited
United Bank Limited

Head Office & Works

Shahrah-e-Roomi,
P.O. Amer Sidhu,
Lahore - 54760, Pakistan
PABX : (042) 35811541-46
 : (042) 35811191-94
Fax : (042) 35811195
 : (042) 35820147

Offices**Registered Office & Regional Sales Office**

4th Floor, The Forum
Suite No. 416 - 422, G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi - 75600, Pakistan
PABX : (021) 35874047-49
 : (021) 35378650-52
 : (021) 35831618, 35833011
Fax : (021) 35860251

Regional Sales Office

2nd Floor, G.D. Arcade
73-E, Fazal-ul-Haq Road, Blue Area,
Islamabad - 44000, Pakistan
PABX : (051) 2348307
 : (051) 2348308
 : (051) 2348309
Fax : (051) 2348310

Zonal Sales Offices

C-2, Hassan Arcade Nusrat Road,
Multan Cantt. - 60000, Pakistan
Tel & Fax: (061) 4504553

2nd Floor Sitara Tower,
Bilal chowk, Civil Lines,
Faisalabad, Pakistan
Tel : (041) 2602415
Fax : (041) 2629415

Shares Registrar

FAMCO Associates (Pvt.) Limited
8-F, Next to Hotel Faran
Nursery, Block 6, P.E.C.H.S.,
Shahrah-e-Faisal,
Karachi - 75400
PABX : (021) 34380101
 : (021) 34380102
Fax : (021) 34380106
Email : info.shares@famco.com.pk

Web Presence

www.packages.com.pk

DIRECTORS' REPORT FOR THE HALF YEAR ENDED JUNE 30, 2014



The Directors of Packages Limited are pleased to submit to its shareholders, the six monthly report along with the condensed interim un-audited financial statements of the Company for the half year ended June 30, 2014.

Financial and Operational Performance

The comparison of the un-audited results for the half year ended June 30, 2014 as against June 30, 2013 is as follows:

	For the second quarter		Cumulative	
	Apr - June 2014	Apr - June 2013	Jan - June 2014	Jan - June 2013
	(R u p e e s i n m i l l i o n)			
<u>Continuing Operations</u>				
Sales	3,959	4,421	7,893	8,085
Less: Imported raw materials transferred at cost to Discontinued Operations	-	(1,028)	-	(1,028)
Net Sales from Operations	<u>3,959</u>	<u>3,393</u>	<u>7,893</u>	<u>7,057</u>
EBITDA - Operations	<u>375</u>	<u>279</u>	<u>905</u>	<u>756</u>
Depreciation & amortisation	(134)	(112)	(259)	(217)
EBIT - Operations	<u>241</u>	<u>167</u>	<u>646</u>	<u>539</u>
Finance costs	(201)	(208)	(416)	(400)
Other operating income /(expenses) - net	(43)	76	21	26
Investment income	962	587	1,954	1,233
Earnings before tax	<u>959</u>	<u>622</u>	<u>2,205</u>	<u>1,398</u>
Taxation	(73)	(220)	(279)	(342)
Earnings after tax - Continuing Operations	<u>886</u>	<u>402</u>	<u>1,926</u>	<u>1,056</u>
Basic earnings per share - Rupees	<u>10.50</u>	<u>4.76</u>	<u>22.82</u>	<u>12.51</u>
<u>Discontinued Operations</u>				
Loss after tax	-	(153)	-	(152)
Basic loss per share - Rupees	<u>-</u>	<u>(1.82)</u>	<u>-</u>	<u>(1.80)</u>

Continuing Operations comprise of Consumer Products and Packaging Operations - including Folding Cartons and Flexible Packaging.

During the first half of 2014, Continuing Operations have achieved net sales of Rs. 7,893 million against net sales of Rs. 7,057 million of corresponding period of last year, representing sales growth of 12%.

These operations have generated Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of Rs. 905 million during the half year under review against Rs. 756 million of corresponding period of 2013, resulting in an increase of Rs. 149 million, i.e. 20%, on the back of revenue growth, better product mix, production efficiencies and timely price rationalization.

The Company has also taken up various initiatives during the year 2014 to further improve its working capital cycle; as a result, working capital ratio of the Company has improved to 16% as at June 30, 2014 as compared to 18% as at December 31, 2013.

The Company has also embarked upon utilisation of solar energy in view of current energy situation across the country and has started implementation of solar panels for its administrative offices. The Company is planning to extend this initiative to production operations in the near future to further control operating costs and improve productivity levels.

Consumer Products Division

Consumer Products Division has registered sales of Rs. 1,493 million during the first half of 2014 as compared to Rs. 1,390 million of corresponding period of 2013, representing sales growth of 7%. Operating results of the Division have also improved by 22% during the first half of 2014 over corresponding values of 2013 resulting from revenue growth, improved capacity utilization and operating cost control initiatives. The Company is continuing with its focused marketing and distribution efforts to further strengthen its position in the market.

With effect from July 2014, the Division has shifted its credit policy with respect to sales to distributors. Now all sales to distributors are being done against cash to improve its working capital management. This may lead to stock and sales pattern re-adjustments in the short term but is expected to streamline working capital cycle of the Division in the medium to long-term.

Packaging Operations

Packaging Operations have achieved net sales of Rs. 6,367 million during the first half of 2014 as compared to Rs. 5,476 million of corresponding period of 2013 representing sales growth of 16%. Operating results of the Packaging Operations have also improved by Rs. 40 million i.e. 7% over corresponding period of 2013 on comparable basis. The Company continues to actively focus on developing a better product mix, production efficiencies and higher capacity utilisation to further drive profitable growth.

During the current year, the Company has made an investment of Rs. 222 million in a new Offset Printing Line in continuation of its efforts to remain abreast of improved technological developments in the Packaging business. The new Offset Printing Line commenced its commercial operations during the first quarter of 2014 and has added additional capacity to meet growing customer demand in the folding cartons business.

The production statistics for the period under review along with its comparison with the corresponding period are as follows:

	Apr - June 2014	Apr - June 2013	Jan - June 2014	Jan - June 2013
Consumer Products produced - tons	2,941	2,402	5,170	4,957
Carton Board and Consumer Products converted - tons	8,933	7,634	18,401	16,342
Plastics all sorts converted - tons	4,183	3,536	8,311	7,682

Investment Income

Investment income has increased by Rs. 721 million during the first half of 2014 over corresponding value of 2013 which is indicative of improved operational performance of the investee companies.

Election of Board of Directors

A fresh election of the Board of Directors of the Company was held in the Extra Ordinary General Meeting on May 20, 2014 in pursuance of the requirements of listing regulations.

Mr. Towfiq Habib Chinoy has been re-appointed as the Chairman of the Board of Directors and Syed Hyder Ali will continue to hold the office of Chief Executive Officer of the Company for the next term of three years commencing May 26, 2014 in accordance with Company's policies and rules of service. Mr. Veli-Jussi Olavi Potka has been elected as a nominee of Stora Enso in place of Mr. Mats Nordlander.

The Board wishes to place on record its appreciation of the services rendered by its members during their last term.

Future Outlook

Your Company will continue its focus on improving shareholders' value through tight cost control, product and process optimisation, price rationalisation and efficient working capital management.

As part of its asset and income diversification strategy, the Company has also initiated development of a high quality retail mall at its Lahore land.

The Company is also looking at opportunities in its packaging and tissue business outside Pakistan.

Company's Staff and Customers

We wish to record our appreciation of the commitment of our employees to the Company and continued patronage of our customers.



(Towfiq Habib Chinoy)
Chairman
Lahore, August 21, 2014



(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, August 21, 2014

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Packages Limited as at June 30, 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim cash flow statement and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2013 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2014.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended June 30, 2014 is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A. F. Ferguson & Co.

Chartered Accountants
Lahore, August 21, 2014

Engagement partner : Asad Aleem Mirza

PACKAGES LIMITED
CONDENSED INTERIM BALANCE SHEET

as at June 30, 2014

	June 30, 2014	December 31, 2013
Note	Un-audited	Audited
	(Rupees in thousand)	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital		
150,000,000 (December 31, 2013: 150,000,000) ordinary shares of Rs. 10 each	1,500,000	1,500,000
22,000,000 (December 31, 2013: 22,000,000) 10 % non-voting preference shares / convertible stock of Rs. 190 each	4,180,000	4,180,000
Issued, subscribed and paid up capital		
84,379,504 (December 31, 2013: 84,379,504) ordinary shares of Rs. 10 each	843,795	843,795
Reserves	40,980,184	38,054,142
Preference shares / convertible stock reserve	1,605,875	1,605,875
Accumulated profit	2,144,125	1,585,716
	45,573,979	42,089,528
NON-CURRENT LIABILITIES		
Long-term finances	5,070,577	5,170,577
Liabilities against assets subject to finance lease	22,641	24,182
Deferred income tax liabilities	548,352	513,563
Retirement benefits	-	578
Deferred liabilities	155,060	139,576
	5,796,630	5,848,476
CURRENT LIABILITIES		
Current portion of long-term finances - secured	200,000	200,000
Current portion of liabilities against assets subject to finance lease	3,601	3,702
Finances under mark up arrangements - secured	515,117	1,517,638
Derivative financial instruments	-	27,272
Trade and other payables	3,081,436	3,052,362
Accrued finance costs	371,573	530,324
	4,171,727	5,331,298
CONTINGENCIES AND COMMITMENTS	-	-
	55,542,336	53,269,302

	Note	June 30, 2014 Un-audited	December 31, 2013 Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	3,534,851	3,665,286
Investment property		89,028	90,838
Intangible assets		43,588	32,185
Investments		43,274,071	41,048,030
Long-term loans and deposits		66,089	67,006
Retirement benefits		12,126	6,540
		47,019,753	44,909,885
CURRENT ASSETS			
Stores and spares		521,621	568,593
Stock-in-trade		1,873,850	2,064,901
Trade debts		1,845,136	1,622,809
Loans, advances, deposits, prepayments and other receivables		1,866,004	1,691,387
Income tax receivable	12	2,250,661	2,175,853
Cash and bank balances		165,311	235,874
		8,522,583	8,359,417
		55,542,336	53,269,302

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Syed Aslam Mehdi
Director


PACKAGES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

for the quarter and half year ended June 30, 2014

	Note	Quarter ended		Half year ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
(R u p e e s i n t h o u s a n d)					
Local sales		4,608,079	5,115,071	9,226,854	9,341,031
Export sales		3,890	10,277	17,400	29,718
Gross sales		4,611,969	5,125,348	9,244,254	9,370,749
Less: Sales tax and excise duty		646,616	698,865	1,338,544	1,274,534
Commission		6,268	6,021	13,071	11,707
		652,884	704,886	1,351,615	1,286,241
Net Sales		3,959,085	4,420,462	7,892,639	8,084,508
Cost of sales	13	(3,380,907)	(3,906,994)	(6,644,276)	(6,933,793)
Gross profit		578,178	513,468	1,248,363	1,150,715
Administrative expenses		(188,716)	(173,202)	(353,619)	(312,706)
Distribution and marketing costs		(149,005)	(183,603)	(248,732)	(309,336)
Other operating expenses		(89,950)	(32,911)	(178,698)	(94,902)
Other operating income		47,294	118,610	199,717	131,277
Profit from operations		197,801	242,362	667,031	565,048
Finance costs		(201,170)	(207,948)	(416,291)	(399,904)
Investment income		962,193	587,440	1,953,738	1,232,810
Profit before taxation		958,824	621,854	2,204,478	1,397,954
Taxation	14	(73,224)	(219,979)	(278,896)	(341,968)
Profit for the period from Continuing operations		885,600	401,875	1,925,582	1,055,986
Loss for the period from Discontinued operations	15	-	(153,366)	-	(151,839)
Profit for the period		885,600	248,509	1,925,582	904,147
Basic earnings / (loss) per share					
From Continuing operations	Rupees 16	10.50	4.76	22.82	12.51
From Discontinued operations	Rupees 16	-	(1.82)	-	(1.80)
From Profit for the period	Rupees	10.50	2.94	22.82	10.71
Diluted earnings / (loss) per share					
From Continuing operations	Rupees 16	9.11	4.41	19.67	11.48
From Discontinued operations	Rupees 16	-	(1.82)	-	(1.80)
From Profit for the period	Rupees	9.11	2.59	19.67	9.68

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Syed Aslam Mehdi
Director


PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

for the quarter and half year ended June 30, 2014

	Quarter ended		Half year ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	(R u p e e s i n t h o u s a n d)			
Profit for the period	885,600	248,509	1,925,582	904,147
Other comprehensive income:				
<i>Items that will not be re-classified to profit or loss</i>				
Re-measurement of net defined benefit asset / liability	11,738	15,042	11,738	15,042
Tax Effect	(3,875)	(5,264)	(3,875)	(5,264)
	7,863	9,778	7,863	9,778
<i>Items that may be re-classified subsequently to profit or loss</i>				
(Deficit) / surplus on re-measurement of available for sale financial assets	(1,582,861)	2,645,888	2,226,042	6,443,368
Other comprehensive (loss) / income for the year - net of tax	(1,574,998)	2,655,666	2,233,905	6,453,146
Total comprehensive (loss) / income for the period	(689,398)	2,904,175	4,159,487	7,357,293

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Syed Aslam Mehdi
Director

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

for the half year ended June 30, 2014

	Share capital	Share premium	Fair value reserve	General reserve	Preference shares / convertible stock reserve	Accumulated (loss) / profit	Total
	(R u p e e s i n t h o u s a n d)						
Balance as on December 31, 2012 (audited)	843,795	2,876,893	13,288,190	14,910,333	1,605,875	(2,902,364)	30,622,722
Appropriation of funds							
Transferred to profit and loss account	-	-	-	(3,300,000)	-	3,300,000	-
Total transactions with owners, recognised directly in equity							
Final dividend for the year ended December 31, 2012 Rs. 4.50 per share	-	-	-	-	-	(379,708)	(379,708)
Total comprehensive income for the period ended June 30, 2013							
Profit for the period	-	-	-	-	-	904,147	904,147
Other comprehensive income:							
Surplus on re-measurement of available for sale financial assets	-	-	6,443,368	-	-	-	6,443,368
Re-measurement of retirement benefit asset / liability	-	-	-	-	-	9,778	9,778
Total comprehensive income for the period	-	-	6,443,368	-	-	913,925	7,357,293
Balance as on June 30, 2013 (un-audited)	843,795	2,876,893	19,731,558	11,610,333	1,605,875	931,853	37,600,307
Total comprehensive income for the period ended December 31, 2013							
Profit for the period	-	-	-	-	-	642,562	642,562
Other comprehensive income:							
Surplus on re-measurement of available for sale financial assets	-	-	3,835,358	-	-	-	3,835,358
Re-measurement of retirement benefit asset / liability	-	-	-	-	-	11,301	11,301
Total comprehensive income for the period	-	-	3,835,358	-	-	653,863	4,489,221
Balance as on December 31, 2013 (audited)	843,795	2,876,893	23,566,916	11,610,333	1,605,875	1,585,716	42,089,528
Appropriation of funds							
Transferred to general reserve	-	-	-	700,000	-	(700,000)	-
Total transactions with owners, recognised directly in equity							
Final dividend for the year ended December 31, 2013 Rs. 8.00 per share	-	-	-	-	-	(675,036)	(675,036)
Total comprehensive income for the period ended June 30, 2014							
Profit for the period	-	-	-	-	-	1,925,582	1,925,582
Other comprehensive income:							
Surplus on re-measurement of available for sale financial assets	-	-	2,226,042	-	-	-	2,226,042
Re-measurement of retirement benefit asset / liability	-	-	-	-	-	7,863	7,863
Total comprehensive income for the period	-	-	2,226,042	-	-	1,933,445	4,159,487
Balance as on June 30, 2014 (un-audited)	843,795	2,876,893	25,792,958	12,310,333	1,605,875	2,144,125	45,573,979

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Syed Aslam Mehdi
Director

PACKAGES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

for the half year ended June 30, 2014

	Note	Half year ended	
		June 30, 2014	June 30, 2013
(Rupees in thousand)			
Cash flow from operating activities			
Cash generated from operations	18	889,410	833,445
Finance cost paid		(575,042)	(832,693)
Taxes paid		(323,750)	(341,335)
Payments for accumulating compensated absences		(9,145)	(72,266)
Retirement benefits paid		(6,449)	(314,727)
Net cash used in operating activities		(24,976)	(727,576)
Cash flow from investing activities			
Fixed capital expenditure		(305,049)	(319,548)
Investment - net		-	(1,815,034)
Long-term loans and deposits - net		917	1,121
Proceeds from disposal of property, plant and equipment		84,047	12,520
Dividends received		1,953,738	1,232,810
Net cash generated / (used in) from investing activities		1,733,653	(888,131)
Cash flow from financing activities			
Proceeds from long-term finances - secured		-	1,000,000
Repayment of long-term finances - secured		(100,000)	(1,000,000)
Liabilities against assets subject to finance lease - net		(1,642)	-
Dividends paid		(675,077)	(379,763)
Net cash used in financing activities		(776,719)	(379,763)
Net increase / (decrease) in cash and cash equivalents		931,958	(1,995,470)
Cash and cash equivalents at the beginning of the period		(1,281,764)	(5,546,562)
Cash and cash equivalents transferred		-	5,100,000
Cash and cash equivalents at the end of the period	19	(349,806)	(2,442,032)

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Syed Aslam Mehdi
Director

PACKAGES LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)

for the half year ended June 30, 2014

1. The Company and its activities

Packages Limited ('The Company') is a public limited company incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. It is principally engaged in the manufacture and sale of packaging materials and tissue products.

2. Basis of preparation

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended June 30, 2014 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2013.

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended December 31, 2013 except for the adoption of new accounting policies as referred to in note 3.2.1.

3.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

3.2.1 Amendments to published standards effective in current year

New and amended standards, and interpretations mandatory for the first time for the financial year beginning January 1, 2014 and their impact on these condensed interim financial information is given below:

IAS 32 (Amendments), 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 1, 2014. These amendments update the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. These amendments do not have a material impact on these condensed interim financial information.

IAS 36 (Amendment), 'Impairment of assets' on recoverable amount disclosures is applicable on accounting period beginning on or after January 1, 2014. This amendment addresses the disclosure

of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of this amendment does not have material impact on these condensed interim financial information.

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' on novation of derivatives is applicable on accounting period beginning on or after January 1, 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria. The application of this amendment does not have material impact on this condensed interim financial information.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. It is applicable on accounting periods beginning on or after January 1, 2014. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Company is not currently subjected to significant levies so the impact on these condensed interim financial information is not material.

3.2.2 Standards, amendments and interpretations to existing standards not yet effective

Standards or Interpretations	Effective date (accounting periods beginning on or after)
Amendment to IAS 19 regarding defined benefit plans	July 1, 2014
Annual improvements 2012 which affect following standards: IFRS 2, 'Share-based payment' IFRS 3, 'Business Combinations' IFRS 8, 'Operating segments' IFRS 13, 'Fair value measurement' IAS 16, 'Property, plant and equipment' IAS 38, 'Intangible assets' Consequential amendments to IFRS 9, 'Financial instruments' IAS 37, 'Provisions, contingent liabilities and contingent assets' IAS 39, Financial instruments – Recognition and measurement'	July 1, 2014
Annual improvements 2013 which affect following standards: IFRS 1, 'First time adoption' IFRS 3, 'Business combinations' IFRS 13, 'Fair value measurement' IAS 40, 'Investment property'	July 1, 2014
Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation	January 1, 2016
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation	January 1, 2016
IFRS 14 'Regulatory deferral accounts'	January 1, 2016
Amendments to IFRS 9 'Financial instruments' - classification and measurement and general hedge accounting	January 1, 2018

4. Taxation

The provision for taxation for the half year ended June 30, 2014 has been made using the tax rate that would be applicable to expected total annual earnings.

5. Estimates

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2013, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

6. Long-term finances

	June 30, 2014	December 31, 2013
	Un-audited	Audited
	(Rupees in thousand)	
Opening balance		
Local currency loans - secured	2,900,000	3,000,000
Preference shares / convertible stock - unsecured	2,470,577	2,470,577
	5,370,577	5,470,577
Loans obtained during the period		
Local currency loans - secured	-	1,000,000
	5,370,577	6,470,577
Loans repaid during the period		
Local currency loans - secured	(100,000)	(1,100,000)
	5,270,577	5,370,577
Current portion shown under current liabilities	(200,000)	(200,000)
Closing balance	5,070,577	5,170,577

7. The Company has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 730.271 million (December 31, 2013: Rs. 746.705 million) available to the Company under section 113 of the Income Tax Ordinance, 2001 ('Ordinance') and unused tax losses of Nil (December 31, 2013: Rs. 377.609 million) in view of business profits of future periods, before these expire / lapse. Tax credits under section 113 of the Ordinance amounting to Rs. 183.823 million, Rs. 203.917 million, Rs. 111.577 million, Rs. 178.574 million and Rs. 52.380 million are set to lapse by the end of years ending on December 31, 2015, 2016, 2017, 2018 and 2019 respectively.

8. Derivative financial instruments - Liability in respect of arrangements under the JV Agreement

This represents amount in respect of arrangements under the Joint Venture Agreement (the "JV Agreement") between the Company and 'Stora Enso OYJ Group' ('Stora Enso') of Finland; which provide Stora Enso the right, in case certain conditions specified in the JV Agreement are not met, and obligates Stora Enso, in case certain conditions specified in the JV Agreement are met, to subscribe to the share capital of Bulleh Shah Packaging (Private) Limited ('BSPL'). The liability has been derecognised in the current period and included in other income as the outstanding option has lapsed during the current period.

9. Contingencies and commitments

9.1 Contingencies

- (i) Claims against the Company not acknowledged as debts Rs. 16.233 million (December 31, 2013: Rs. 19.550 million).
- (ii) Post dated cheques not provided in the condensed interim financial information have been furnished by the Company in favor of the Collector of Customs against custom levies aggregated to Rs. 171.713 million (December 31, 2013: Rs. 393.075 million) in respect of goods imported.

9.2 Commitments in respect of

- (i) Letters of credit and contracts for capital expenditure Rs. 25.434 million (December 31, 2013: Rs. 174.284 million).
- (ii) Letters of credit and contracts other than for capital expenditure Rs. 503.533 million (December 31, 2013: Rs. 381.552 million).
- (iii) The amount of future payments under operating leases and Ijarah financing and the period in which these payments shall become due are as follows:

	June 30, 2014	December 31, 2013
	Un-audited	Audited
	(Rupees in thousand)	
Not later than one year	135,474	255,256
Later than one year and not later than five years	111,857	228,369
	247,331	483,625

10. Dividends

Ordinary dividend relating to the year ended December 31, 2013 amounting to Rs. 675.036 million (December 31, 2012: Rs. 379.708 million) was declared during the period. The Company also paid preference dividend / return relating to the year ended December 31, 2013 amounting to Rs. 412.050 million (December 31, 2012: Rs. 412.050 million) during the period.

11. Property, plant and equipment	Note	June 30, 2014	December 31, 2013
		Un-audited	Audited
(Rupees in thousand)			
Operating assets - at net book value			
Owned assets		3,336,496	3,270,563
Assets subject to finance lease		26,615	28,349
	11.1	3,363,111	3,298,912
Capital work-in-progress	11.2	171,740	366,374
		3,534,851	3,665,286
11.1 Operating assets			
Opening net book value		3,298,912	3,068,122
Add: Additions during the period	11.1.1	325,609	784,753
Transfer in at book value - net		-	1,417
		325,609	786,170
Less: Disposals during the period at book value		11,261	24,701
Classified as held for sale		-	20,346
Transferred to investment property		-	69,624
Depreciation charged during the period		250,149	440,709
		261,410	555,380
Closing net book value		3,363,111	3,298,912
11.1.1 Following is the detail of additions during the period			
Buildings on freehold land		20,485	177,249
Buildings on leasehold land		-	35,735
Plant and machinery		264,143	268,813
Other equipment		24,428	211,268
Vehicles		16,553	91,688
		325,609	784,753
11.2 Capital work-in-progress			
Civil works		11,825	174,826
Plant and machinery		159,649	139,391
Others		266	224
Advances		-	51,933
		171,740	366,374

12. In 1987, the Income Tax Officer (ITO) re-opened the Company's assessments for the accounting years ended December 31, 1983 and 1984 disallowing primarily tax credit given to the Company under section 107 of the Income Tax Ordinance, 1979. The tax credit amounting to Rs. 36.013 million on its capital expenditure for these years was refused on the grounds that such expenditure represented an extension of the Company's undertaking which did not qualify for tax credit under this section in view of the Company's location. The assessments for these years were revised by the ITO on these grounds and taxes reassessed were adjusted against certain sales tax refunds and the tax credits previously determined by the ITO and set off against the assessments framed for these years.

The Company had filed an appeal against the revised orders of the ITO before the Commissioner of Income Tax (Appeals) [CIT (A)], Karachi. The Commissioner has, in his order issued in 1988, held the assessments reframed by the ITO for the years 1983 and 1984 presently to be void and of no legal effect. The ITO has filed an appeal against the Commissioner's order with the Income Tax Appellate Tribunal (ITAT). The ITAT has in its order issued in 1996 maintained the order of CIT (A). The assessing officer after the receipt of the appellate order passed by CIT (A), has issued notices under section 65 of the Income Tax Ordinance, 1979 and the Company has filed a writ petition against the aforesaid notices with the High Court of Sindh, the outcome of which is still pending.

The amount recoverable Rs 36.013 million represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the assessments.

13. Cost of sales

Note	Quarter ended		Half year ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	Un-audited	Un-audited	Un-audited	Un-audited
	(R u p e e s i n t h o u s a n d)			
Materials consumed	2,420,050	2,687,794	4,713,872	4,858,843
Salaries, wages and amenities 13.1	249,106	224,771	485,581	455,369
Travelling	7,828	5,469	15,384	12,542
Fuel and power	284,101	225,952	530,688	464,924
Production supplies	111,224	64,856	174,229	135,358
Excise duty and sales tax	1,036	1,976	1,195	2,790
Rent, rates and taxes	61,484	66,957	122,473	134,782
Insurance	8,921	8,024	17,059	16,636
Repairs and maintenance	83,744	76,388	158,448	148,742
Packing expenses	69,040	81,092	138,769	81,092
Depreciation on property, plant and equipment	120,024	95,594	237,058	191,169
Amortisation of intangible assets	1,947	1,234	2,664	1,234
Technical fee and royalty	3,053	1,045	7,065	3,764
Other expenses	33,891	15,582	73,937	51,641
	3,455,449	3,556,734	6,678,422	6,558,886
Opening work-in-process	272,224	265,590	222,373	245,126
Closing work-in-process	(327,790)	(195,720)	(327,790)	(195,720)
Cost of goods produced	3,399,883	3,626,604	6,573,005	6,608,292
Opening stock of finished goods	435,949	763,493	526,196	808,604
Closing stock of finished goods	(454,925)	(483,103)	(454,925)	(483,103)
	3,380,907	3,906,994	6,644,276	6,933,793

13.1 Salaries, wages and amenities include Rs. 0.438 million (2013: Rs. 9.072 million) paid to outgoing employees who opted for separation from Company's employment under Voluntary Separation Scheme.

14. Taxation

	Quarter ended		Half year ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	Un-audited	Un-audited	Un-audited	Un-audited
	(R u p e e s i n t h o u s a n d)			
Current	108,034	47,382	247,982	94,000
Deferred	(34,810)	172,597	30,914	247,968
	73,224	219,979	278,896	341,968

15. Profit and loss account - Discontinued operations

	Paper & Paperboard and Corrugated business operations at Kasur and Karachi		Paper & Paperboard operations at Lahore		Total	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited
	(R u p e e s i n t h o u s a n d)					
Local sales	-	2,946,539	-	-	-	2,946,539
Export sales	-	7,213	-	-	-	7,213
Gross Sales	-	2,953,752	-	-	-	2,953,752
Less: Sales tax and excise duty	-	381,310	-	-	-	381,310
	-	2,572,442	-	-	-	2,572,442
Sales to continuing operations	-	448,623	-	-	-	448,623
	-	3,021,065	-	-	-	3,021,065
Cost of sales	-	(2,786,881)	-	-	-	(2,786,881)
Gross profit	-	234,184	-	-	-	234,184
Administrative expenses	-	(85,274)	-	(294)	-	(85,568)
Distribution and marketing costs	-	(61,569)	-	(197)	-	(61,766)
Other operating income	-	2,290	-	39,882	-	42,172
Profit from operations	-	89,631	-	39,391	-	129,022
Finance cost	-	(253,861)	-	-	-	(253,861)
(Loss) / profit before tax from Discontinued operations	-	(164,230)	-	39,391	-	(124,839)
Taxation	-	(26,000)	-	(1,000)	-	(27,000)
(Loss) / profit for the period from Discontinued operations	-	(190,230)	-	38,391	-	(151,839)

15.1 Cash flows from Discontinued operations

Cash flows from operating activities	-	324,278	-	169,685	-	493,963
Cash flows from investing activities	-	(20,371)	-	11,971	-	(8,400)
Total cash flows	-	303,907	-	181,656	-	485,563

16. Earnings / (loss) per share

		Quarter ended		Half year ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
		Un-audited	Un-audited	Un-audited	Un-audited
16.1 Basic earnings per share					
- Continuing operations					
Profit for the period	Rupees in thousand	885,600	401,875	1,925,582	1,055,986
Weighted average number of ordinary shares	Numbers	84,379,504	84,379,504	84,379,504	84,379,504
Earnings per share	Rupees	10.50	4.76	22.82	12.51
16.2 Basic loss per share					
- Discontinued operations					
Loss for the period	Rupees in thousand	-	(153,366)	-	(151,839)
Weighted average number of ordinary shares	Numbers	84,379,504	84,379,504	84,379,504	84,379,504
Loss per share	Rupees	-	(1.82)	-	(1.80)
16.3 Diluted earnings per share					
- Continuing operations					
Profit for the period	Rupees in thousand	885,600	401,875	1,925,582	1,055,986
Return on preference shares / convertible stock - net of tax	Rupees in thousand	81,017	65,677	161,142	161,142
		<u>966,617</u>	<u>467,552</u>	<u>2,086,724</u>	<u>1,217,128</u>
Weighted average number of ordinary shares	Numbers	84,379,504	84,379,504	84,379,504	84,379,504
Weighted average number of notionally converted preference shares / convertible stock	Numbers	21,686,842	21,686,842	21,686,842	21,686,842
		<u>106,066,346</u>	<u>106,066,346</u>	<u>106,066,346</u>	<u>106,066,346</u>
Earnings per share	Rupees	9.11	4.41	19.67	11.48
16.4 Diluted loss per share - Discontinued operations					

The diluted loss per share of Discontinued operations is the same as basic loss per share of Discontinued operations as there are no convertible instruments attributable to the Discontinued operations.

17. Transactions with related parties

Relationship with the Company	Nature of transactions	Half year ended	
		June 30, 2014	June 30, 2013
		Un-audited	Un-audited
(Rupees in thousand)			
i. Subsidiaries	Purchase of goods and services	455,613	774,808
	Sale of goods and services	21,143	701,967
	Assets and liabilities transferred	-	9,973,642
	Dividend income	91,487	29,524
	Rental and other income	8,391	16,183
	Management and technical fee	11,361	9,777
	Expenses incurred on behalf of wholly owned subsidiary	56,319	-
ii. Joint venture	Purchase of goods and services	1,366,424	115,002
	Sale of goods and services	71,513	536,040
	Rental and other income	22,717	4,778
iii. Associates	Purchase of goods and services	523,910	462,569
	Sale of goods and services	9,969	17,218
	Insurance premium	47,172	84,419
	Commission earned	549	2,935
	Insurance claims received	334	63,552
	Rental and other income	41	-
	Dividend income	17,757	111,838
iv. Post employment benefit plans	Expense charged in respect of retirement benefit plans	47,287	63,464
v. Key management personnel	Salaries and other employee benefits	52,150	44,059

All transactions with related parties have been carried out on mutually agreed terms and conditions.

Period-end balances

	June 30, 2014	December 31, 2013
	Un-audited	Audited
(Rupees in thousand)		
Receivable from related parties		
Subsidiaries	258,593	34,794
Joint venture	1,352,845	1,478,976
Associates	6,208	21,582
Payable to related parties		
Subsidiaries	86,616	79,804
Joint venture	180,220	183,557
Associates	105,533	59,924
Post employment benefit plans	13,475	11,817

These are in the normal course of business and are interest free.

18. Cash generated from operations

	Half year ended	
	June 30, 2014	June 30, 2013
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax	2,204,478	1,273,115
Adjustments for:		
Depreciation on property, plant and equipment	250,149	210,091
Depreciation on investment property	1,809	934
Amortisation on intangible assets	6,711	5,709
Provision for accumulating compensated absences	24,627	37,371
Provision for retirement benefits	12,023	16,927
Net profit on disposal of property, plant and equipment	(72,786)	(554)
Exchange gain	(16,962)	-
Finance costs	416,291	653,765
Provision for doubtful debts	2,525	-
Provision for pending claims	7,763	-
Gain on re-measurement of derivative financial instruments	(27,272)	(76,787)
Provisions and unclaimed balances written back	(3,269)	-
Dividend income	(1,953,738)	(1,232,810)
Profit before working capital changes	852,349	887,761
Effect on cash flow due to working capital changes		
Increase in trade debts	(231,655)	(107,724)
Decrease / (increase) in stores and spares	46,972	(87,708)
Decrease in stock-in-trade	191,051	455,139
Increase in loans, advances, deposits, prepayments and other receivables	(116,875)	(309,129)
Increase / (decrease) in trade and other payables	147,568	(4,894)
	37,061	(54,316)
	889,410	833,445
19. Cash and cash equivalents		
Cash and bank balances	165,311	249,783
Finances under mark up arrangements - secured	(515,117)	(2,691,815)
	(349,806)	(2,442,032)

20. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2013.

There have been no significant changes in the risk management policies since the year end.

21. Date of authorisation for issue

This condensed interim financial information was authorised for issue on August 21, 2014 by the Board of Directors of the Company.

22. Events after the balance sheet date

No material events have occurred subsequent to June 30, 2014.

23. Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year; whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison. However, no significant re-classifications have been made.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Syed Aslam Mehdi
Director

**Packages Group
Condensed Consolidated Interim
Financial Information**

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2014

The Directors of Packages Limited are pleased to present the un-audited consolidated financial statements of the Group for the half year ended June 30, 2014.

Group results

The comparison of the un-audited results for the half year ended June 30, 2014 as against June 30, 2013 is as follows:

	Jan - June 2014	Jan - June 2013
	(Rupees in million)	
<u>Continuing Operations:</u>		
Net sales	9,649	9,221
Less: Imported materials transferred at cost to joint venture	-	(460)
	9,649	8,761
Net sales from operations	919	751
Profit from operations	(100)	106
Share of (loss) / profit in associates and joint venture - net of tax	1,862	1,091
Investment income	1,903	1,119
Profit after tax	1,903	1,119
<u>Discontinued Operations:</u>		
Loss after tax	-	(105)

During the first half of 2014, Group has achieved net sales of Rs. 9,649 million against net sales of Rs. 8,761 million achieved during corresponding period of last year representing sales growth of 10% with an operating profit of Rs. 919 million compared to Rs. 751 million generated during the corresponding period of the year 2013 representing an increase of Rs. 168 million, i.e. 22%. This increase in operating profit is attributable to revenue growth, initiatives taken to further improve working capital cycle, operational efficiencies and favorable exchange rate movement.

Investment income has increased by Rs. 771 million during the first half of 2014 over corresponding values of 2013 that is indicative of improved operational performance of the investee companies.

During the current year, the Parent Company made an investment of Rs. 222 million in a new Offset Printing Line in continuation of its efforts to remain abreast of improved technological developments in the Packaging business. The new Offset Printing Line has commenced its commercial operations during the first quarter of 2014 and has added additional capacity to meet growing customer demand in the folding cartons business.

In respect of Joint Venture Agreement (JV Agreement) between the Parent Company and Stora Enso (SE); SE had the option to further subscribe to the share capital of Bulleh Shah Packaging (Private) Limited (BSPL). This option lapsed on March 31, 2014. Accordingly, the Parent Company will continue to hold 65% of share capital of BSPL with SE being a 35% joint venture partner.

As part of its asset and income diversification strategy, the Parent Company has also initiated development of a high quality retail mall at its Lahore land.

A brief review of the operational performance of the Group subsidiaries is as follows:

DIC Pakistan Limited

DIC Pakistan Limited is a non-listed public limited subsidiary of Packages Limited. It is principally engaged in manufacturing, processing and selling of industrial inks. The Company has achieved net sales of Rs. 1,540 million during the first half of the year 2014 as compared to Rs. 1,280 million of the corresponding period of last year representing sales growth of 20%. This sales growth has also improved operating results of the Company as the Company has generated profit before tax of Rs. 158 million during the first half of the year 2014 as against Rs. 126 million generated during corresponding period of 2013. Moving forward, the Company will continue its focus on improving operating results through tighter operating cost control, product diversification, price rationalisation and better working capital management.

Packages Lanka (Private) Limited

Packages Lanka (Private) Limited is a Sri Lanka based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging solutions. During the first half of 2014, the Company has managed to achieve sales of SLR 800 million - remaining at par with the sales achieved during corresponding period of last year. However, operating results of the Company have improved considerably as the Company has generated profit before tax of SLR 66 million during the first half of 2014 as compared to SLR 31 million of corresponding period of 2013. This increase in profit is mainly attributable to waste reduction efforts, using cheaper source for fuel and the efficiency improvements brought by the installation of new printing line towards the end of year 2012 that has become fully operational and helped the management in consolidating its market share. Moving forward, the Company will focus on improving operating results through product diversification and price rationalisation.



(Towfiq Habib Chinoy)

Chairman

Lahore, August 21, 2014



(Syed Hyder Ali)

Chief Executive & Managing Director

Lahore, August 21, 2014

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

as at June 30, 2014

	Note	June 30, 2014 <u>Un-audited</u>	December 31, 2013 <u>Audited</u>
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (December 31, 2013: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (December 31, 2013: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each		4,180,000	4,180,000
Issued, subscribed and paid up capital			
84,379,504 (December 31, 2013: 84,379,504) ordinary shares of Rs. 10 each		843,795	843,795
Reserves		40,975,459	38,067,817
Preference shares / convertible stock reserve		1,605,875	1,605,875
Accumulated profit		2,784,999	2,309,000
		46,210,128	42,826,487
NON CONTROLLING INTEREST		321,834	332,354
		46,531,962	43,158,841
NON-CURRENT LIABILITIES			
Long-term finances	6	5,299,927	5,450,180
Liabilities against assets subject to finance lease		22,641	24,182
Deferred income tax liabilities		703,178	666,917
Retirement benefits		-	578
Deferred liabilities		185,505	166,125
		6,211,251	6,307,982
CURRENT LIABILITIES			
Current portion of long-term finances - secured		216,901	200,000
Current portion of liabilities against assets subject to finance lease		3,601	3,702
Finances under mark up arrangements - secured		1,116,245	2,028,303
Trade and other payables		3,268,234	3,277,679
Derivative financial instruments	7	-	27,272
Accrued finance cost		377,137	533,801
		4,982,118	6,070,757
CONTINGENCIES AND COMMITMENTS	8	-	-
		57,725,331	55,537,580

	Note	June 30, 2014 <u>Un-audited</u>	December 31, 2013 <u>Audited</u>
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	4,252,539	4,227,472
Intangible assets		49,613	39,083
Investment property		67,640	68,790
Investments accounted for using the equity method	11	13,590,549	13,678,892
Other long-term investments	12	29,792,594	27,566,553
Long-term loans and deposits		66,868	67,684
Retirement benefits		12,126	6,540
Deferred income tax asset		10,673	-
		<u>47,842,602</u>	<u>45,655,014</u>
CURRENT ASSETS			
Stores and spares		575,453	626,264
Stock-in-trade		2,655,583	2,821,293
Trade debts		2,347,716	2,099,989
Loans, advances, deposits, prepayments and other receivables		1,684,049	1,747,648
Income tax receivable	13	2,335,626	2,236,296
Cash and bank balances		284,302	351,076
		<u>9,882,729</u>	<u>9,882,566</u>
		<u>57,725,331</u>	<u>55,537,580</u>

The annexed notes 1 to 25 form an integral part of this condensed consolidated interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Syed Aslam Mehdi
Director

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

for the quarter and half year ended June 30, 2014

	Note	Quarter ended		Half year ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
(R u p e e s i n t h o u s a n d)					
Continuing operations					
Local sales		5,403,535	5,412,933	10,963,373	10,370,565
Export sales		160,551	86,823	224,921	212,946
Gross Sales		5,564,086	5,499,756	11,188,294	10,583,511
Less: Sales tax and excise duty		740,019	708,530	1,519,179	1,349,590
Commission		9,377	6,472	20,385	12,572
		749,396	715,002	1,539,564	1,362,162
Net sales		4,814,690	4,784,754	9,648,730	9,221,349
Cost of sales	14	(4,057,543)	(4,110,162)	(8,027,101)	(7,756,791)
Gross profit		757,147	674,592	1,621,629	1,464,558
Administrative expenses		(225,843)	(204,448)	(425,400)	(377,238)
Distribution and marketing costs		(171,064)	(205,053)	(293,420)	(350,548)
Other operating expenses		(95,315)	(37,271)	(190,377)	(104,079)
Other operating income		50,506	103,795	206,242	118,098
Profit from operations		315,431	331,615	918,674	750,791
Finance costs		(225,275)	(234,211)	(463,423)	(447,941)
Investment income		938,251	475,448	1,862,251	1,091,448
Share of profit / (loss) of investments accounted for using the equity method - net of tax		91,910	70,968	(100,133)	106,408
Profit before taxation		1,120,317	643,820	2,217,369	1,500,706
Taxation		(99,487)	(245,614)	(314,522)	(382,167)
Profit for the period from Continuing operations		1,020,830	398,206	1,902,847	1,118,539
Discontinued operations					
Profit and loss account					
Discontinued operations	15	-	(106,974)	-	(105,447)
Profit for the period		1,020,830	291,232	1,902,847	1,013,092
Attributable to:					
Equity holders of the Parent Company		991,544	270,830	1,843,172	971,315
Non-controlling interest		29,286	20,402	59,675	41,777
		1,020,830	291,232	1,902,847	1,013,092
Earnings per share from Continuing and Discontinued operations attributable to equity holders of the Parent Company for the period					
Basic earnings per share					
From Continuing operations	Rupees 16	11.75	4.48	21.84	12.76
From Discontinued operations	Rupees 16	-	(1.27)	-	(1.25)
From profit for the period	Rupees	11.75	3.21	21.84	11.51
Diluted earnings per share					
From Continuing operations	Rupees 16	10.11	4.18	18.90	11.67
From Discontinued operations	Rupees 16	-	(1.27)	-	(1.25)
From profit for the period	Rupees	10.11	2.91	18.90	10.42

The annexed notes 1 to 25 form an integral part of this condensed consolidated interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director



Syed Aslam Mehdi
Director

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the quarter and half year ended June 30, 2014

	Quarter ended		Half year ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	(R u p e e s i n t h o u s a n d)			
Profit for the period	1,020,830	291,232	1,902,847	1,013,092
Other comprehensive income				
<i>Items that will not be re-classified to profit or loss</i>				
Re-measurement of retirement benefits liability / (asset)	11,738	17,438	11,738	17,438
Tax effect	(3,875)	(5,264)	(3,875)	(5,264)
	7,863	12,174	7,863	12,174
<i>Items that may be re-classified subsequently to profit or loss</i>				
Exchange differences on translation of foreign subsidiary	6,490	(634)	(38,181)	174
Other reserves relating to associates - net of tax	11,790	-	11,790	-
(Deficit) / surplus on re-measurement of available for sale financial assets	(1,582,861)	2,645,888	2,226,042	6,443,368
	(1,564,581)	2,645,254	2,199,651	6,443,542
Other comprehensive (loss) / income for the period	(1,556,718)	2,657,428	2,207,514	6,455,716
Total comprehensive (loss) / income for the period	(535,888)	2,948,660	4,110,361	7,468,808
Attributable to:				
Equity holders of the Parent Company	(566,532)	2,928,391	4,058,677	7,426,995
Non-controlling interest	30,644	20,269	51,684	41,813
	(535,888)	2,948,660	4,110,361	7,468,808
Total comprehensive (loss) / income attributable to equity holders of the Parent Company arising from:				
Continuing operations	(566,532)	3,035,365	4,058,677	7,532,442
Discontinued operations	-	(106,974)	-	(105,447)
	(566,532)	2,928,391	4,058,677	7,426,995

The annexed notes 1 to 25 form an integral part of this condensed consolidated interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director



Syed Aslam Mehdi
Director

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the half year ended June 30, 2014

	Attributable to equity holders of the Parent Company							Non-controlling interest	Total Equity								
	Share capital	Share premium	Exchange difference on translation of foreign subsidiary	Fair value reserve	General reserve	Preference shares / convertible stock reserve	Other reserves relating to associates & joint venture										
	(R	u	p	e	e	s			i	n	t	h	o	u	s	a
Balance as on December 31, 2012 (audited)	843,795	2,876,893	16,441	13,288,190	14,910,333	1,605,875	(18,189)	(2,374,452)	31,148,886	252,201	31,401,087						
Appropriation of funds																	
Transferred to consolidated profit and loss account	-	-	-	-	(3,300,000)	-	-	3,300,000	-	-	-						
Transactions with owners recognised directly in equity																	
Final dividend for the year ended December 31, 2012 Rs. 4.5 per share	-	-	-	-	-	-	-	(379,708)	(379,708)	-	(379,708)						
Dividend relating to 2012 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(7,908)	(7,908)						
Total contributions by and distributions to equity holders of the Parent Company	-	-	-	-	-	-	-	(379,708)	(379,708)	(7,908)	(387,616)						
Total comprehensive income for the period ended June 30, 2013																	
Profit for the period	-	-	-	-	-	-	-	971,315	971,315	41,777	1,013,092						
Other comprehensive income:																	
Surplus on re-measurement of available for sale financial assets	-	-	-	6,443,368	-	-	-	-	6,443,368	-	6,443,368						
Re-measurement of net defined benefit asset / liability - net of tax	-	-	-	-	-	-	-	17,438	17,438	-	17,438						
Exchange difference on translation of foreign subsidiary	-	-	138	-	-	-	-	-	138	36	174						
Total comprehensive income for the period ended June 30, 2013 (un-audited)	843,795	2,876,893	16,579	19,731,558	11,610,333	1,605,875	(18,189)	1,534,593	38,201,497	286,106	38,487,543						
Total comprehensive income for the period ended December 31, 2013																	
Profit for the period	-	-	-	-	-	-	-	768,370	768,370	39,311	807,681						
Other comprehensive income:																	
Exchange difference on translation of foreign subsidiary	-	-	26,205	-	-	-	-	-	26,205	6,937	33,142						
Surplus on re-measurement of available for sale financial assets	-	-	-	3,835,358	-	-	-	-	3,835,358	-	3,835,358						
Other reserves of investments accounted for under equity method	-	-	-	-	-	-	(10,920)	-	(10,920)	-	(10,920)						
Re-measurement of net defined benefit asset / liability - net of tax	-	-	-	-	-	-	-	6,037	6,037	-	6,037						
Total comprehensive income / (loss) for the period ended December 31, 2013 (audited)	843,795	2,876,893	42,784	23,566,916	11,610,333	1,605,875	(29,109)	2,309,000	42,826,487	332,354	43,158,841						
Appropriation of funds																	
Transferred to general reserve	-	-	-	-	700,000	-	-	(700,000)	-	-	-						
Transactions with owners recognised directly in equity																	
Final dividend for the year ended December 31, 2013 Rs. 8 per share	-	-	-	-	-	-	-	(675,036)	(675,036)	-	(675,036)						
Dividend relating to 2013 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(62,204)	(62,205)						
Total contributions by and distributions to equity holders of the Parent Company	-	-	-	-	-	-	-	(675,036)	(675,036)	(62,204)	(737,241)						
Total comprehensive income for the period ended June 30, 2014																	
Profit for the period	-	-	-	-	-	-	-	1,843,172	1,843,172	59,675	1,902,847						
Other comprehensive income:																	
Re-measurement of net defined benefit asset / liability - net of tax	-	-	-	-	-	-	-	7,863	7,863	-	7,863						
Surplus on re-measurement of available for sale financial assets	-	-	-	2,226,042	-	-	-	-	2,226,042	-	2,226,042						
Other reserves of investments accounted for under equity method	-	-	-	-	-	-	11,790	-	11,790	-	11,790						
Exchange difference on translation of foreign subsidiary	-	-	(30,190)	-	-	-	-	-	(30,190)	(7,991)	(38,181)						
Total comprehensive (loss) / income for the period ended June 30, 2014 (un-audited)	843,795	2,876,893	12,584	25,792,958	12,310,333	1,605,875	(17,319)	2,784,999	46,210,128	321,834	46,531,961						

The annexed notes 1 to 25 form an integral part of this condensed consolidated interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director



Syed Aslam Mehdi
Director

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
for the quarter and half year ended June 30, 2014

	Note	Half year ended	
		June 30, 2014	June 30, 2013
(Rupees in thousand)			
Cash flow from operating activities			
Cash generated from operations	19	1,183,433	838,532
Finance cost paid		(620,087)	(893,176)
Taxes paid		(392,139)	(403,440)
Payments for accumulating compensated absences		(9,913)	(72,448)
Retirement benefits paid		(6,449)	(312,370)
Net cash generated from / (used in) operating activities		154,845	(842,902)
Cash flow from investing activities			
Fixed capital expenditure		(385,603)	(365,520)
Investment - net		-	(1,815,035)
Net decrease in long-term loans and deposits		816	1,045
Proceeds from sale of property, plant and equipment		85,249	12,743
Dividends received		1,862,251	1,203,286
Net cash generated from / (used in) investing activities		1,562,713	(963,481)
Cash flow from financing activities			
Proceeds from long-term finances - secured		-	1,105,049
Repayment of long-term finances - secured		(133,352)	(1,000,000)
Repayment of liabilities against assets subject to finance lease		(1,642)	-
Dividend paid		(675,077)	(379,763)
Dividend paid to non-controlling interest		(62,204)	(7,772)
Net cash used in financing activities		(872,275)	(282,486)
Net increase / (decrease) in cash and cash equivalents		845,283	(2,088,869)
Cash and cash equivalents at the beginning of the period		(1,677,227)	(5,934,886)
Cash and cash equivalents transferred		-	5,100,000
Cash and cash equivalents at the end of the period	20	(831,944)	(2,923,755)

The annexed notes 1 to 25 form an integral part of this condensed consolidated interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Syed Aslam Mehdi
Director

PACKAGES GROUP
NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)

for the quarter and half year ended June 30, 2014

1. Legal status and nature of business

Packages Limited (the Parent Company) and its subsidiaries, DIC Pakistan Limited, Packages Lanka (Private) Limited and Packages Construction (Private) Limited (together, 'the Group') are engaged in the following businesses:

Packaging: Representing manufacture and sale of packing materials and tissue products
Inks: Representing manufacture and sale of finished and semi finished inks
Construction: Representing all type of construction activities and development of real estate

The Board of Directors of the Parent Company resolved, in its meeting held on May 3, 2014, the development of a real estate project in Lahore, through its wholly owned subsidiary.

2. Basis of preparation

This condensed consolidated interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2013.

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of this condensed consolidated interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended December 31, 2013 except for the adoption of new accounting policies as referred to in note 3.2.1.

3.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Group's financial statements covering annual periods, beginning on or after the following dates:

3.2.1 Amendments to published standards effective in current year

New and amended standards, and interpretations mandatory for the first time for the financial year beginning January 1, 2014 and their impact on this condensed consolidated interim financial information is given below:

IAS 32 (Amendments), 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 1, 2014. These amendments update the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. These amendments do not have a material impact on this condensed consolidated financial information.

IAS 36 (Amendment), 'Impairment of assets' on recoverable amount disclosures is applicable on accounting period beginning on or after January 1, 2014. This amendment addresses the disclosure

of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of this amendment does not have material impact on this condensed consolidated financial information.

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' on novation of derivatives is applicable on accounting period beginning on or after January 1, 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria. The application of this amendment does not have material impact on this condensed consolidated financial information.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. It is applicable on accounting periods beginning on or after January 1, 2014. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

3.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

Standards or Interpretations	Effective date (accounting periods beginning on or after)
Amendment to IAS 19 regarding defined benefit plans	July 1, 2014
Annual improvements 2012 which affect following standards: IFRS 2, 'Share-based payment' IFRS 3, 'Business Combinations' IFRS 8, 'Operating segments' IFRS 13, 'Fair value measurement' IAS 16, 'Property, plant and equipment' IAS 38, 'Intangible assets' Consequential amendments to IFRS 9, 'Financial instruments' IAS 37, 'Provisions, contingent liabilities and contingent assets' IAS 39, Financial instruments – Recognition and measurement'	July 1, 2014
Annual improvements 2013 which affect following standards: IFRS 1, 'First time adoption' IFRS 3, 'Business combinations' IFRS 13, 'Fair value measurement' IAS 40, 'Investment property'	July 1, 2014
Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation	January 1, 2016
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation	January 1, 2016
IFRS 14 'Regulatory deferral accounts'	January 1, 2016
Amendments to IFRS 9 'Financial instruments' - classification and measurement and general hedge accounting	January 1, 2018

4. Taxation

The provision for taxation for the half year ended June 30, 2014 has been made using the tax rate that would be applicable to expected total annual earnings.

5. Estimates

The preparation of condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2013, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

6. Long-term finances

	June 30, 2014	December 31, 2013
	Un-audited	Audited
	(Rupees in thousand)	
Opening balance		
Local currency loans - secured	2,900,000	3,216,643
Term loan	279,603	-
Preference shares / convertible stock - unsecured	2,470,577	2,470,577
	5,650,180	5,687,220
Loans obtained during the period		
Local currency loans - secured	-	1,000,000
	5,650,180	6,687,220
Loans repaid during the period		
Local currency loans - secured	(133,352)	(1,037,040)
	5,516,828	5,650,180
Current portion shown under current liabilities		
Local currency loans - secured	(216,901)	(200,000)
Closing balance	5,299,927	5,450,180

7. Derivative financial instruments - Liability in respect of arrangements under the JV Agreement

This represents amount in respect of arrangements under the Joint Venture Agreement (the 'JV Agreement') between the Parent Company and 'Stora Enso OYJ Group' ('Stora Enso') of Finland; which provide Stora Enso the right, in case certain conditions specified in the JV Agreement were

not met, and obligated Stora Enso, in case certain conditions specified in the JV Agreement were met, to subscribe to the share capital of Bulleh Shah Packaging (Private) Limited ('BSPL'). The liability has been derecognised in the current period and included in other income as the outstanding option has lapsed during the current period.

8. Contingencies and commitments

8.1 Contingencies

- (i) Claims against the Group not acknowledged as debts Rs. 16.233 million (December 31, 2013: Rs. 19.550 million).
- (ii) Post dated cheques not provided in the condensed consolidated interim financial information have been furnished by the Parent Company in favor of the Collector of Customs against custom levies aggregated to Rs. 184.41 million (December 31, 2013 : Rs. 407.937 million) in respect of goods imported.
- (iii) Guarantees issued in favor of Excise and Taxation officer amounting to Rs. 1.485 million (December 31, 2013 : Rs. 0.825 million)
- (iv) Guarantees to Director General of Customs amounting to Rs. 9.100 million (December 31, 2013: Nil)

8.2 Commitments in respect of

- (i) Letters of credit and contracts for capital expenditure Rs. 115.723 million (December 31, 2013: Rs. 174.284 million).
- (ii) Letters of credit and contracts other than for capital expenditure Rs. 503.533 million (December 31, 2013: Rs. 433.921 million).
- (iii) The amount of future payments under operating leases and Ijarah financing and the period in which these payments will become due are as follows:

	June 30, 2014	December 31, 2013
	Un-audited	Audited
	(Rupees in thousand)	
Not later than one year	151,551	255,524
Later than one year and not later than five years	119,996	228,450
	271,547	483,974

9. Dividends

Ordinary dividend relating to the year ended December 31, 2013 amounting to Rs. 675.036 million (December 31, 2012: Rs. 379.708 million) was declared during the period by the Parent Company. The Parent Company also paid preference dividend / return relating to the year ended December 31, 2013 amounting to Rs. 412.050 million (December 31, 2012: Rs. 412.050 million) during the period.

10. Property, plant and equipment

		June 30, 2014	December 31, 2013
		Un-audited	Audited
		(Rupees in thousand)	
Operating assets - at net book value	Note		
Owned assets		3,833,934	3,832,749
Assets subject to finance lease		26,615	28,349
	10.1	3,860,549	3,861,098
Capital work-in-progress	10.2	391,990	366,374
		4,252,539	4,227,472

10.1 Operating assets		June 30,	December 31,
		2014	2013
		Un-audited	Audited
		(Rupees in thousand)	
	Note		
Opening net book value		3,861,098	3,629,740
Add: Additions during the period	10.1.1	341,873	843,498
Transfer in at book value - net		-	1,417
		341,873	844,915
		4,202,971	4,474,655
Less: Disposals during the period at book value		(12,003)	(26,084)
Classified as held for sale		-	(20,346)
Transferred to investment property		-	(69,624)
Depreciation charged during the period		(294,389)	(531,087)
Exchange adjustment on opening book value - net		(36,030)	33,584
		(342,422)	(613,557)
Closing book value		3,860,549	3,861,098
10.1.1 Following is the detail of additions during the period			
Buildings on freehold land		20,485	177,998
Buildings on leasehold land		-	35,735
Plant and machinery		267,365	291,638
Other equipment		30,191	239,419
Furniture and fixtures		1,114	2,186
Vehicles		22,718	96,522
		341,873	843,498
10.2 Capital work-in-progress			
Civil works		232,074	174,826
Plant and machinery		159,649	139,391
Others		267	224
Advances		-	51,933
		391,990	366,374
11. Investments accounted for using the equity method			
Investments in associates	11.1	3,648,549	3,662,998
Investment in joint venture	11.2	9,942,000	10,015,894
		13,590,549	13,678,892
11.1 Investments in associates			
Opening balance		3,662,998	3,610,048
Share of (loss) / profit from associates - net of tax		(24,292)	177,332
Share of other comprehensive income / (loss) - net of tax		9,843	(11,760)
Less: Dividends received during the period		-	(123,677)
Reversal of impairment on investments in associates		-	11,055
Closing balance	11.1.1	3,648,549	3,662,998

11.1.1 In equity instruments of associated companies

	<u>Un-audited</u> <u>June 30,</u> <u>2014</u>	<u>Audited</u> <u>December 31,</u> <u>2013</u>
	(Rupees in thousand)	
Quoted		
IGI Insurance Limited		
13,022,093 (December 31, 2013: 11,838,267) fully paid ordinary shares of Rs. 10 each		
Market value - Rs. 2,965.391 million (December 31, 2013: Rs. 1,945.974 million)	1,194,558	1,130,095
Tri-Pack Films Limited		
10,000,000 (December 31, 2013: 10,000,000) fully paid ordinary shares of Rs. 10 each		
Market value - Rs. 1,695.400 million (December 31, 2013: Rs. 1,967.100 million)	2,452,105	2,530,745
IGI Investment Bank Limited		
4,610,915 (December 31, 2013: 4,610,915) fully paid ordinary shares of Rs. 10 each		
Market value - Rs. 6.686 million (December 31, 2013: Rs. 7.700 million)	1,886	2,158
	3,648,549	3,662,998
11.2 Investment in Joint Venture		
Opening balance	10,015,894	-
Interest in subsidiary transferred to interest in Joint Venture:		
Cost	-	9,973,651
Reserves	-	38,192
	-	10,011,843
Share of (loss) / profit from joint venture - net of tax	(75,841)	3,211
Share of other comprehensive income from joint venture - net of tax	1,947	840
Closing balance	9,942,000	10,015,894
12. Other long-term investments		
Quoted		
Nestle Pakistan Limited		
3,649,248 (December 31, 2013: 3,649,248) fully paid ordinary shares of Rs. 10 each		
Equity held 8.05% (December 31, 2013: 8.05%) Market value - Rs. 29,77.863 million (December 31, 2013: Rs. 27,551.882 million)	29,777,863	27,551,822
Unquoted		
Tetra Pak Pakistan Limited		
1,000,000 (December 31, 2013: 1,000,000) fully paid non-voting shares of Rs. 10 each	10,000	10,000
Pakistan Tourism Development Corporation Limited		
2,500 (December 31, 2013: 2,500) fully paid ordinary shares of Rs. 10 each	25	25
Orient Match Company Limited		
1,900 (December 31, 2013: 1,900) fully paid ordinary shares of Rs. 100 each	-	-
Coca-Cola Beverages Pakistan Limited		
500,000 (December 31, 2013: 500,000) fully paid ordinary shares of Rs. 10 each	4,706	4,706
	29,792,594	27,566,553

Nestle Pakistan Limited and Tetrapak Pakistan Limited are associated undertakings under the Companies Ordinance 1984. However, for the purpose of measurement, these have been classified as available for sale investments as the group does not have a significant influence over their operations.

13. In 1987, the Income Tax Officer (ITO) re-opened the Parent Company's assessments for the accounting years ended December 31, 1983 and 1984 disallowing primarily tax credit given to the Group under section 107 of the Income Tax Ordinance, 1979. The tax credit amounting to Rs. 36.013 million on its capital expenditure for these years was refused on the grounds that such expenditure represented an extension of the Parent Company's undertaking which did not qualify for tax credit under this section in view of the Parent Company's location. The assessments for these years were revised by the ITO on these grounds and taxes reassessed were adjusted against certain sales tax refunds and the tax credits previously determined by the ITO and set off against the assessments framed for these years.

The Parent Company had filed an appeal against the revised orders of the ITO before the Commissioner of Income Tax (Appeals) [CIT(A)], Karachi. The Commissioner has, in his order issued in 1988, held the assessments reframed by the ITO for the years 1983 and 1984 presently to be void and of no legal effect. The ITO has filed an appeal against the Commissioner's order with the Income Tax Appellate Tribunal (ITAT). The ITAT has in its order issued in 1996 maintained the order of CIT(A). The assessing officer after the receipt of the appellate order passed by CIT (A), has issued notices under section 65 of the Income Tax Ordinance, 1979 and the Parent Company has filed a writ petition against the aforesaid notices with the High Court of Sindh, the outcome of which is still pending.

The amount recoverable Rs. 36.013 million represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the assessments.

14. Cost of sales

	Quarter ended		Half year ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	Un-audited	Un-audited	Un-audited	Un-audited
	(R u p e e s i n t h o u s a n d)			
Materials consumed	2,996,376	2,772,299	5,825,661	5,432,857
Salaries, wages and amenities	288,599	259,442	563,471	524,815
Travelling and conveyance	10,934	6,551	20,094	14,063
Fuel and power	304,479	254,943	570,895	517,260
Production supplies	119,056	72,182	191,876	150,053
Excise duty and sales tax	1,036	1,976	1,195	2,790
Rent, rates and taxes	59,948	65,411	119,433	131,771
Insurance	9,388	8,757	18,524	17,790
Repairs and maintenance	95,743	89,450	185,976	172,356
Packing expenses	53,303	108,841	138,769	108,841
Depreciation on property, plant and equipment	138,124	115,244	276,282	230,031
Amortisation of intangible assets	1,947	1,234	2,664	1,234
Technical fee and royalty	17,319	14,671	37,998	31,047
Other expenses	47,122	15,203	99,087	77,368
	4,143,374	3,786,204	8,051,926	7,412,276
Opening work-in-process	384,327	358,513	342,748	338,842
Closing work-in-process	(425,933)	(306,891)	(425,933)	(306,891)
Cost of goods produced	4,101,768	3,837,826	7,968,741	7,444,227
Opening stock of finished goods	498,877	812,964	601,462	853,192
Closing stock of finished goods	(543,102)	(540,628)	(543,102)	(540,628)
	4,057,543	4,110,162	8,027,101	7,756,791

15. Profit and loss account - Discontinued operations

	Paper & Paperboard and Corrugated business operations at Kasur and Karachi		Paper & Paperboard operations at Lahore		Total	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited
Local sales	-	5,054,752	-	-	-	5,054,752
Export sales	-	8,926	-	-	-	8,926
Gross Sales	-	5,063,678	-	-	-	5,063,678
Less: Sales tax and excise duty	-	666,755	-	-	-	666,755
Sales to continuing operations	-	4,396,923	-	-	-	4,396,923
	-	448,623	-	-	-	448,623
Cost of sales	-	4,845,546	-	-	-	4,845,546
	-	(4,371,938)	-	-	-	(4,371,938)
Gross profit	-	473,608	-	-	-	473,608
Administrative expenses	-	(214,575)	-	(294)	-	(214,869)
Distribution and marketing costs	-	(96,753)	-	(197)	-	(96,950)
Other operating expenses	-	(4,089)	-	-	-	(4,089)
Other operating income	-	3,200	-	39,882	-	43,082
Profit from operations	-	161,391	-	39,391	-	200,782
Finance cost	-	(259,622)	-	-	-	(259,622)
Profit before tax from Discontinued operations	-	(98,231)	-	39,391	-	(58,840)
Taxation	-	(45,607)	-	(1,000)	-	(46,607)
Profit for the period from Discontinued operations	-	(143,838)	-	38,391	-	(105,447)

15.1 Cash flows from Discontinued operations

	Paper & Paperboard and Corrugated business operations at Kasur and Karachi		Paper & Paperboard operations at Lahore		Total	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited
Cash flows from operating activities	-	227,086	-	169,685	-	396,771
Cash flows from investing activities	-	(143,883)	-	11,971	-	(131,912)
Total cash flows	-	83,203	-	181,656	-	264,859

16. Earnings / (loss) per share

	Quarter ended		Half year ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	Un-audited	Un-audited	Un-audited	Un-audited
16.1 Basic earnings per share				
- Continuing operations				
Profit for the period from Continuing operations attributable to equity holders of the Parent Company - Rupees in thousand	991,544	377,804	1,843,172	1,076,762
Weighted average number of ordinary shares - Numbers	84,379,504	84,379,504	84,379,504	84,379,504
Earnings per share - Rupees	11.75	4.48	21.84	12.76
16.2 Basic loss per share				
- Discontinued operations				
Loss for the period from Discontinued operations attributable to equity holders of the Parent Company - Rupees in thousand	-	(106,974)	-	(105,447)
Weighted average number of ordinary shares - Numbers	84,379,504	84,379,504	84,379,504	84,379,504
Loss per share - Rupees	-	(1.27)	-	(1.25)
16.3 Diluted earnings per share				
- Continuing Operations				
Profit for the period from Continuing operations attributable to equity holders of the Parent Company - Rupees in thousand	991,544	377,804	1,843,172	1,076,762
Return on preference shares / convertible stock - Rupees in thousand	81,017	65,677	161,142	161,142
	<u>1,072,561</u>	<u>443,481</u>	<u>2,004,314</u>	<u>1,237,904</u>
Weighted average number of ordinary shares - Numbers	84,379,504	84,379,504	84,379,504	84,379,504
Weighted average number of notionally converted preference shares / convertible stock - Numbers	21,686,842	21,686,842	21,686,842	21,686,842
	<u>106,066,346</u>	<u>106,066,346</u>	<u>106,066,346</u>	<u>106,066,346</u>
Diluted earnings per share - Rupees	10.11	4.18	18.90	11.67

16.4 Diluted loss per share
- Discontinued Operations

The diluted loss per share of Discontinued operations is the same as basic loss per share of Discontinued operations as there are no convertible instruments attributable to the Discontinued operations.

17. Transactions with related parties

		Half year ended	
		June 30, 2014	June 30, 2013
		Un-audited	Un-audited
		(Rupees in thousand)	
Relationship with the Group	Nature of transactions		
i Associates	Purchase of goods and services	533,080	464,466
	Sale of goods and services	9,969	25,124
	Dividend income	17,757	111,838
	Insurance premium	55,801	150,181
	Rental and other income	41	-
	Insurance claim	334	96,084
	Commission earned	768	3,594
ii Joint venture	Purchase of goods and services	1,369,684	115,002
	Sale of goods and services	108,691	536,040
	Rental and other income	22,717	4,778
iii Other related parties	Purchase of goods and services	138,149	111,123
	Sale of goods and services	703	22,269
	Royalty and technical fee - expense	30,011	24,701
	Rebate received	974	-
iv Post employment benefit plans	Expenses charged in respect of retirement benefit plans	52,696	79,233
v Key management personnel	Salaries and other employee benefits	65,214	86,543

All transactions with related parties have been carried out on mutually agreed terms and conditions.

Period-end balances

	Un-audited	Audited
	June 30, 2014	December 31, 2013
	(Rupees in thousand)	
Receivable from related parties		
Associates	6,846	21,696
Joint venture	1,359,618	1,484,040
Other related parties	708	1,445
Payable to related parties		
Associates	106,956	60,861
Joint venture	180,336	184,636
Other related parties	2,782	55,379
Post employment benefit plans	13,475	11,817

These are in the normal course of business and are interest free.

18. Segment Information

	Continuing operations								Sub total		Discontinued operations		Total	
	Packaging Division		Consumer Products Division		Ink Division		General & Others		Continuing operations		Paper & Board & Corrugator			
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited
	(Rupees in thousand)													
Revenue from external customers	6,958,581	6,089,977	1,493,347	1,372,092	1,140,781	935,760	56,021	823,520	9,648,730	9,221,349	-	4,396,923	9,648,730	13,618,272
Intersegment revenue	215,933	241,967	5,767	22,934	399,125	344,301	49,353	565,448	670,178	1,174,650	-	448,623	670,178	1,623,273
	7,174,514	6,331,944	1,499,114	1,395,026	1,539,906	1,280,061	105,374	1,388,968	10,318,908	10,395,999	-	4,845,546	10,318,908	15,241,545
Segment profit before tax	617,433	540,356	69,249	16,588	157,589	125,878	1,564,434	862,108	2,408,714	1,544,930	-	(58,840)	2,408,714	1,486,090
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited
Segment assets	6,465,230	6,391,653	1,294,847	1,271,713	1,292,688	1,210,064	930,670	1,255,183	9,983,435	10,128,613	-	-	9,983,435	10,128,613
Reconciliation of profit			June 30, 2014	June 30, 2013										
			Un-audited	Un-audited										
			(Rupees in thousand)											
Profit for reportable segments			2,408,714	1,544,930										
Loss from associates and joint venture - net of tax			(100,133)	(5,430)										
Intercompany consolidation adjustments			(81,212)	(38,794)										
Profit before tax			2,217,369	1,500,706										

19. Cash generated from operations

	Half year ended	
	June 30, 2014	June 30, 2013
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before taxation	2,217,369	1,441,866
Adjustments for:		
Depreciation on property, plant and equipment	294,389	254,273
Depreciation on investment property	1,150	934
Amortisation on intangible assets	7,584	4,580
Provision for accumulating compensated absences and staff gratuity	29,293	39,250
Exchange adjustments	(2,151)	2,180
Provision for doubtful debts	3,560	-
Provision for pending claims	7,763	-
Provision for retirement benefits	12,023	17,093
Provisions and unclaimed balances written back	(6,045)	-
Net profit on disposal of property, plant and equipment	(73,246)	(362)
Gain on de-recognition of derivative financial instruments	(27,272)	(76,787)
Exchange gain	(16,962)	-
Finance costs	463,423	707,563
Dividend income from other investments	(1,862,251)	(1,091,448)
Share of loss / (profit) of investments accounted for using the equity method	100,133	(145,075)
Profit before working capital changes	1,148,760	1,154,067
Effect on cash flow due to working capital changes		
Decrease / (increase) in stores and spares	50,811	(91,057)
Decrease in stock in trade	165,710	286,178
Increase in trade debts	(259,050)	(193,050)
Increase in loans, advances, deposits, prepayments and other receivables	(34,822)	(336,691)
Increase in trade and other payables	112,024	19,085
	34,673	(315,535)
	1,183,433	838,532

20. Cash and cash equivalents

	Half year ended	
	June 30, 2014	June 30, 2013
	Un-audited	Un-audited
	(Rupees in thousand)	
Cash and bank balances	284,302	293,234
Finances under markup arrangements - secured	(1,116,245)	(3,216,989)
	<u>(831,943)</u>	<u>(2,923,755)</u>

21. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2013.

There have been no changes in the risk management policies since the year end.

22. Detail of subsidiaries

Name of the subsidiaries	Accounting year end	Percentage of holding	Country of incorporation
Packages Lanka (Private) Limited	December 31	79.07%	Sri Lanka
DIC Pakistan Limited	December 31	54.98%	Pakistan
Packages Construction (Private) Limited	December 31	99.99%	Pakistan

23. Date of authorisation for issue

This condensed consolidated interim financial information was authorised for issue on August 21, 2014 by the Board of Directors of the Parent Company.

24. Events after balance sheet date

No material events have occurred subsequent to June 30, 2014.

25. Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year; whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison. However, no significant re-classifications have been made.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Syed Aslam Mehdi
Director