Contents

COMPANY INFORMATION

Board of Directors

Towfiq Habib Chinoy
(Chairman)
(Non-Executive Director)

Syed Hyder Ali
(Chief Executive & Managing Director)
(Executive Director)

Asghar Abbas
(Executive Director)

Atif Aslam Bajwa
(Independent Director)

Imran Khalid Niazi
(Non-Executive Director)

Josef Meinrad Mueller
(Non-Executive Director)

Shamim Ahmad Khan
(Non-Executive Director)

Syed Aslam Mehdi
(Non-Executive Director)

Syed Shahid Ali
(Non-Executive Director)

Tariq Iqbal Khan
(Non-Executive Director)

Advisor

Syed Babar Ali

Chief Financial Officer

Khurram Raza Bakhtayari

Company Secretary

Adi J. Cawasji

Rating Agency

PACRA

Company Credit Rating

Long Term : AA
Short Term : A1+

Auditors

A.F. Ferguson & Co.
(Chartered Accountants)

Legal Advisors

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

Shares Registrar

FAMCO Associates (Pvt.) Ltd
8-F, Next to Hotel Faran
Nursery, Block 6, P.E.C.H.S.,
Shahrah-e-Faisal,
Karachi-75400
PABX : (021) 34380101-5
: (021) 34384621-3
Fax : (021) 34380106
Email : info.shares@famco.com.pk

Bankers & Lenders

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Deutsche Bank A.G.
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
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
United Bank Limited

Head Office & Works

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

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) 35378650-51
: (021) 35831618, 35833011, 35831664
Fax : (021) 35860251

Regional Sales Office

2nd Floor, G.D. Arcade
73-E, Fazal-ul-Haq Road, Blue Area,
Islamabad-44000, Pakistan

PABX : (051) 2348307-9
: (051) 2806267
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

Web Presence

www.packages.com.pk

DIRECTORS' REPORT ON CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2019

The Directors of Packages Limited are pleased to submit to its shareholders, six monthly report along with condensed interim unconsolidated un-audited financial statements of the Company for the half year ended June 30, 2019.

Financial and Operational Performance

A comparison of the unconsolidated un-audited financial results for the half year ended June 30, 2019 as against June 30, 2018 is as follows:

	April - June 2019	April - June 2018	**Jan - June 2019**	Jan - June 2018
	(Rupees in million)		**(Rupees in million)**	
Sales from operations	**5,675**	5,271	**11,532**	10,428
Trade discounts	**(87)**	(69)	**(172)**	(132)
Net sales from operations	**5,588**	5,202	**11,360**	10,296
EBITDA - operations	**708**	521	**1,460**	1,212
Depreciation and amortization	**(200)**	(182)	**(400)**	(361)
EBIT - operations	**508**	339	**1,060**	851
Impairment charged on investment	**(500)**	-	**(500)**	-
Finance costs	**(227)**	(112)	**(433)**	(201)
Other (expenses) / income - net	**(18)**	(60)	**(59)**	(46)
Investment income	**437**	1,816	**1,533**	2,005
Earnings before tax	**200**	1,983	**1,601**	2,609
Taxation	**(26)**	(436)	**(350)**	(528)
Earnings after tax	**174**	1,547	**1,251**	2,081
Basic earnings per share - Rupees	**1.95**	16.39	**14.00**	22.36

During the first half of 2019, the Company has achieved net sales of Rs. 11,360 million against net sales of Rs. 10,296 million of corresponding period of last year, representing sales growth of 10%.

The operations have generated Earnings before Interest, Tax and Depreciation and Amortization (EBITDA) of Rs. 1,460 million during first half of the current period as compared to Rs. 1,212 million during the corresponding period last year showing an increase of Rs. 248 million (20%) mainly due to revenue growth and tighter controls over fixed costs.

During the current period, the management reviewed carrying amount of the Company's investments in order to determine possible impairment loss. As a result of this assessment, the recoverable amount of the investment in our associate, Tri-Pack Films Limited, was determined to be lower than its carrying value. Accordingly, carrying value was reduced by Rs. 500 million and recognized as an expense under 'Other expenses'.

The Company's investment income decreased by Rs. 472 million in the current period as compared to the corresponding period of the last year. This has resulted in decline in earnings after tax and earnings per share.

A brief review of the operations of the Company's business divisions is as follows:

Consumer Products Division
Consumer Products Division has registered net sales of Rs. 2,574 million during the first half of 2019 as compared to Rs. 2,267 million of corresponding period of 2018, representing sales growth of 14%. The Company has geared up promotional activities across various platforms as part of its strategy to boost its growth and increase market share. Hence, the EBTDA has decreased by 11% as compared to corresponding period of 2018.

Packaging Division
Packaging Division has achieved net sales of Rs. 8,879 million during first half of 2019 as compared to Rs. 7,946 million in corresponding period of the last year representing sales growth of 12%. The operating results improved by 52%.

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

	Jan - June 2019	Jan - June 2018
Consumer products produced - tons	**7,069**	8,185
Carton Board & Consumer Products converted - tons	**20,718**	21,260
Plastics all sorts converted - tons	**10,233**	10,655

Internal restructuring
The Board of Directors approved internal restructuring of Packages Limited with an objective to create a holding company. The arrangement will help in developing operating synergies across businesses, managing operations in a focused manner and streamlining the ownership structure. This is in line with international practices being followed in the corporate world. The restructuring shall not affect the rights of the shareholders of Packages Limited in any manner.

The Company incorporated two wholly owned subsidiaries and will transfer:

(a) its manufacturing businesses including folding cartons, flexible packaging, consumer products and mechanical fabrication and roll covers along with all relevant assets, operations and corresponding liabilities into a 100% wholly owned subsidiary named “Packages Convertors Limited”; and

(b) its investment business comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary named “Packages Investments Limited”

Packages Limited will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries will remain with the Company. The transaction has been approved by shareholders of the Company in EOGM held on May 30, 2019. Furthermore, Packages Convertors Limited and Packages Investments Limited have currently filed an application with Securities and Exchange Commission of Pakistan (SECP) for affecting the above-mentioned transfers of assets and corresponding liabilities.

Future Outlook
Packaging and consumer product business is presently operating in a highly competitive environment. Therefore, the company would continue to focus on increasing productivity, diversifying customer base and tightening cost controls.

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 26, 2019

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, August 26, 2019

کنزیومر پروڈکٹس ڈویژن

کنزیومر پروڈکٹس ڈویژن نے 2019 کے پہلی ششماہی کے دوران 2,574 ملین روپے کی خالص سیلز حاصل کی جبکہ 2018 کی اسی مدت کے دوران یہ 2,267 ملین روپے تھی جو 14 فیصد کی سیلز گروتھ ظاہر کرتی ہے۔ کمپنی نے مارکیٹ شیئر میں اضافے کی اپنی حکمت عملی کے تحت مختلف پلیٹ فامز پر تشہیری سرگرمیوں کو تیز کر دیا ہے۔ لہذا، EBTDA میں 2018 کے مقابلے میں 11 فیصد کی کمی ہوئی۔

پیکیجنگ ڈویژن

پیکیجنگ ڈویژن نے 2019 کے پہلے چھ ماہ کے دوران 8,879 ملین روپے کی خالص سیلز حاصل کی جبکہ 2018 کی اسی مدت کے دوران یہ 7,946 ملین روپے تھی جو کہ سیلز گروتھ میں 12 فیصد اضافہ کو ظاہر کرتی ہے۔ نتیجتاً، آپریٹنگ نتائج میں 52 فیصد تک بہتری آئی۔

زیر جائزہ مدت کے لئے پیداواری اعداد و شمار بشمول گزشتہ مدت کا تقابل درج ذیل کے مطابق ہے:

	جنوری - جون **2019**	جنوری - جون 2018
اشیائے صارف تیار کردہ - ٹنز	**7,069**	8,185
کارٹن بورڈ اور کنزیومر پروڈکٹس - کنورٹڈ - ٹنز	**20,718**	21,260
پلاسٹک تمام اقسام کنورٹڈ - ٹنز	**10,233**	10,655

اندرونی تنظیم نو

ہولڈنگ کمپنی بنانے کے مقصد کے حصول کے لئے پیکیجز لمیٹڈ کے بورڈ آف ڈائریکٹرز نے اندرونی تنظیم نو کی منظوری دے دی ہے۔ یہ اقدام کاروباری ڈھانچہ میں آپریٹنگ ہم آہنگی، آپریشنز کو توجہ کے ساتھ چلانے اور ملکیتی ڈھانچے کو ہم آہنگ کرنے میں مدد دے گا۔ یہ اقدام کاروباری دنیا میں اپنائے جانے والے بین الاقوامی طریقوں کے عین مطابق ہے۔ یہ تنظیم نو پیکیجز لمیٹڈ کے حصہ داران پر کسی بھی طریقے سے کوئی اثر مرتب نہیں کرے گا۔

اسی حوالے سے، کمپنی دو مکمل ملکیتی سو فیصد ذیلی ادارے بنائے گی اور اس میں مندرجہ ذیل منتقل کرے گی

(ا) اپنے مینوفیکچرنگ کاروبار بشمول فولڈنگ کارٹن، فلیکسبل پیکیجنگ، اشیاء صارف، مکینیکل فیبریکیشن اور رول کور اور اس کے ساتھ ساتھ متعلقہ اثاثہ جات آپریشنز اور متعلقہ Liabilities ایک مکمل سو فیصد ذیلی ادارہ پیکیجز کنورٹر لمیٹڈ Packages Convertor Limited میں

(ب) اپنے سرمایہ کاری کے کاروبار جس میں مختلف اداروں کے حصص، آپریشنز اور ان سے منسلک Liabilities (اگر کوئی ہے) کو اپنے مکمل ملکیتی ذیلی ادارے Packages Investment Limited میں

پیکیجز لمیٹڈ ایک ہولڈنگ کمپنی رہے گی اور آپریشنز، اثاثہ جات، Liabilities جو کہ اوپر بیان کردہ مکمل ملکیتی ذیلی اداروں میں منتقل ہونے کے علاوہ تمام دوسرے اثاثہ جات، Liabilities اور جائیدادیں پیکیجز لمیٹڈ کی ملکیت رہیں گی۔ کمپنی کے شیئر ہولڈرز نے اس کاروائی کی منظوری 30 مئی 2019 کو منعقدہ EOGM میں دی۔ مزید یہ کہ، پیکیجز کنورٹر لمیٹڈ اور پیکیجز انویسٹمنٹ لمیٹڈ نے مذکورہ بالا اثاثہ جات اور متعلقہ واجبات کی منتقلی کو موثر بنانے کے لئے Security and Exchange Commision of Pakistan کو درخواست دے دی ہے۔

مستقبل پر ایک نظر

پیکیجنگ اور اشیائے صارف کے کاروبار اس وقت انتہائی مسابقت کے ماحول میں کام کر رہے ہیں۔ لہذا کمپنی پیداواری صلاحیت کو بڑھانے، صارفین کے دائرہ کار میں اضافے اور اخراجات پر قابو پانے کی کوششیں جاری رکھے گی۔

کمپنی کا عملہ اور صارفین

ہم کمپنی کے لئے اپنے ملازمین کی بیش قدر خدمات اور اپنے صارفین کی مستقل سرپرستی پر انہیں خراج تحسین پیش کرتے ہیں۔

(توفیق حبیب چنائے)
چیئرمین
لاہور، 26 اگست 2019

(سید حیدر علی)
چیف ایگزیکٹو اور مینجنگ ڈائریکٹر
لاہور، 26 اگست 2019

30 جون 2019 کو ختم ہونے والی ششماہی کے لئے ڈائریکٹرز کی رپورٹ
بشمول عبوری غیر آڈٹ شدہ مالیاتی معلومات

پیکیجز لمیٹڈ کے ڈائریکٹرز بہ مسرت ششماہی رپورٹ بشمول کمپنی کے مجموعی عبوری غیر آڈٹ شدہ مالیاتی معلومات برائے مدت 30 جون 2019 پیش کر رہے ہیں۔

مالیاتی اور آپریشنل کارکردگی

30 جون 2019 کو ختم ہونے والی پہلی ششماہی کے لئے غیر آڈٹ شدہ مالیاتی نتائج کا ایک تقابل بمقابلہ 30 جون 2018 درج ذیل کے مطابق ہے:

	برائے دوسری سہ ماہی		مجموعی	
	اپریل-جون	اپریل-جون	جنوری-جون	جنوری-جون
	2019	2018	**2019**	2018
	(روپے ملین میں)		(روپے ملین میں)	
خالص سیلز	**5,675**	5,271	**11,532**	10,428
تجارتی ڈسکاؤنٹ	**(87)**	(69)	**(172)**	(132)
	5,588	5,202	**11,360**	10,296
ای بی آئی ٹی ڈی اے (EBITDA)-آپریشنز	**708**	521	**1,460**	1,212
فرسودگی اور کساد بازاری	**(200)**	(182)	**(400)**	(361)
ای بی آئی ٹی (EBIT)-آپریشنز	**508**	339	**1,060**	851
سرمایہ کاری پر عائد کردہ امپیئر مینٹ	**(500)**	-	**(500)**	-
فنانس کی لاگت	**(227)**	(112)	**(433)**	(201)
دیگر (اخراجات)/آمدنی - خالص	**(18)**	(60)	**(59)**	(46)
سرمایہ کاری سے آمدنی	**437**	1,816	**1,533**	2,005
آمدنی قبل از ٹیکس	**200**	1,983	**1,601**	2,609
ٹیکسیشن	**(26)**	(436)	**(350)**	(528)
آمدنی بعد از ٹیکس	**174**	1,547	**1,251**	2,081
بنیادی آمدنی فی شیئر-روپے	**1.95**	16.39	**14.00**	22.36

2019 کی پہلی ششماہی کے دوران کمپنی نے 11,360 ملین روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کی اسی مدت میں خالص سیلز 10,296 ملین روپے رہی تھی۔ جو کہ 10% کی سیلز گروتھ کو ظاہر کرتی ہے۔

آپریشنز سے 2019 کی پہلی ششماہی کے دوران آمدنی قبل از انٹریسٹ، ٹیکس، فرسودگی اور کساد بازاری (EBITDA) 1,460 ملین روپے رہی جو کہ 2018 میں 1,212 ملین روپے تھی۔ جو کہ 248 ملین روپے، 20 فیصد کا اضافہ ظاہر کرتی ہے، جو بنیادی طور پر ریونیو گروتھ اور طے کردہ مالیات پر سخت کنٹرول کے باعث ممکن ہوا۔

رواں مدت کے دوران انتظامیہ نے کمپنی کی سرمایہ کاری کی کیرَنگ ویلیو کا جائزہ لیا۔ جسکا مقصد اسکے ممکنہ امپیئر مینٹ کا خسارہ جاننا تھا۔ اس تشخیص کے نتیجہ میں Tri-Pack Films Private Limited (ذیلی ادارہ) میں سرمایہ کاری کی وصول شدہ رقم اسکی کیرَنگ ویلیو سے کم نکلی۔ نتیجتاً، کیرَنگ ویلیو کو 500 ملین روپے سے کم کیا گیا اور اسے ذیلی اخراجات میں خرچہ تسلیم کیا گیا۔

کمپنی کی سرمایہ کاری سے آمدنی میں رواں مدت کے دوران گزشتہ سال کی اس مدت کے مقابلے میں 472 ملین روپے کی کمی دیکھنے میں آئی جس کے نتیجہ میں آمدنی بعد از ٹیکس اور ای پی ایس (EPS) میں کمی ہوئی۔

کمپنی کے کاروباری ڈویژنوں کے آپریشنز کا ایک مختصر جائزہ درج ذیل کے مطابق ہے:

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF PACKAGES LIMITED

REPORT ON REVIEW OF CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim unconsolidated statement of financial position of Packages Limited as at June 30, 2019 and the related condensed interim unconsolidated statement of profit or loss, condensed interim unconsolidated statement of comprehensive income, condensed interim unconsolidated statement of changes in equity, and condensed interim unconsolidated statement of cash flows, and notes to the condensed interim unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the “condensed interim unconsolidated financial statements”). Management is responsible for the preparation and presentation of this condensed interim unconsolidated 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 financial statements based on our review. The figures for the three-month periods ended June 30, 2019 and June 30, 2018 in the condensed interim unconsolidated statement of profit or loss and condensed interim unconsolidated statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

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 unconsolidated financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Masood.

A. F. Ferguson & Co.
Chartered Accountants,

Lahore,
Date: August 26, 2019

Packages Limited
Condensed Interim Unconsolidated
Un-audited Financial Statements

PACKAGES LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
as at June 30, 2019

	Note	June 30, 2019 Un-audited	December 31, 2018 Audited
EQUITY AND LIABILITIES		**(Rupees in thousand)**	
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (December 31, 2018: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (December 31, 2018: 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			
89,379,504 (December 31, 2018: 89,379,504) ordinary shares of Rs. 10 each		**893,795**	893,795
8,186,842 (December 31, 2018: 8,186,842) 10% non-voting preference shares / convertible stock of Rs. 190 each		**606,222**	606,222
Reserves		**44,036,227**	51,550,397
Un-appropriated profit		**2,266,533**	3,383,827
		47,802,777	56,434,241
NON-CURRENT LIABILITIES			
Long term finances	6	**2,932,650**	932,650
Long term advances		**84,637**	87,283
Deferred taxation		**270,658**	361,603
Retirement benefits		**553,954**	511,602
Deferred liabilities		**171,053**	356,088
		4,012,952	2,249,226
CURRENT LIABILITIES			
Current portion of non-current liabilities		**670,152**	1,328,642
Finances under mark-up arrangements - secured		**5,678,401**	4,414,019
Trade and other payables		**3,123,956**	3,438,345
Unclaimed dividend		**73,790**	62,030
Accrued finance cost		**213,359**	249,352
		9,759,658	9,492,388
CONTINGENCIES AND COMMITMENTS	7	**-**	-
		61,575,387	68,175,855

	Note	June 30, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	**6,773,848**	6,546,461
Investment properties		**474,546**	111,613
Intangible assets	9	**73,640**	67,435
Investments	10	**42,663,179**	51,322,973
Long term security deposits		**7,889**	8,534
Long term loans		**534**	2,419
		49,993,636	58,059,435
CURRENT ASSETS			
Stores and spares		**655,570**	498,158
Stock-in-trade		**3,916,329**	3,124,998
Trade debts		**2,917,461**	2,568,727
Current portion of long term investments	10	**-**	10,000
Loans, advances, deposits, prepayments and other receivables		**1,052,164**	834,800
Income tax receivable		**2,924,663**	3,017,221
Cash and bank balances		**115,564**	62,516
		11,581,751	10,116,420
		61,575,387	68,175,855

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated un-audited financial statements.

Syed Hyder Ali	Asghar Abbas	Khurram Raza Bakhtayari
Chief Executive & Managing Director	Director	Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
for the three month and six month periods ended June 30, 2019

		Three month period ended		Six month period ended	
		June 30, 2019 Un-audited	June 30, 2018 Un-audited	**June 30, 2019 Un-audited**	June 30, 2018 Un-audited
	Note	(R u p e	e s i n	t h o u	s a n d)
Local sales		**6,686,685**	6,214,568	**13,558,197**	12,304,684
Export sales		**73,666**	14,322	**143,150**	17,409
		6,760,351	6,228,890	**13,701,347**	12,322,093
Less: Sales tax		**1,085,646**	957,896	**2,169,512**	1,893,746
Trade discount		**86,442**	68,872	**171,787**	132,392
		1,172,088	1,026,768	**2,341,299**	2,026,138
Net sales		**5,588,263**	5,202,122	**11,360,048**	10,295,955
Cost of sales	11	**(4,395,473)**	(4,279,674)	**(9,022,638)**	(8,347,980)
Gross profit		**1,192,790**	922,448	**2,337,410**	1,947,975
Administrative expenses		**(266,528)**	(269,582)	**(514,706)**	(526,073)
Distribution and marketing costs		**(417,797)**	(313,606)	**(762,549)**	(571,372)
Other expenses		**(581,813)**	(130,240)	**(684,657)**	(185,742)
Other income		**64,073**	70,101	**125,954**	139,245
		(9,275)	279,121	**501,452**	804,033
Finance cost		**(226,874)**	(111,665)	**(433,293)**	(201,184)
Investment income		**436,833**	1,815,853	**1,532,871**	2,005,431
Profit before taxation		**200,684**	1,983,309	**1,601,030**	2,608,280
Taxation	12	**(26,028)**	(435,586)	**(350,028)**	(527,586)
Profit for the period		**(174,656)**	1,547,723	**1,251,002**	2,080,694
Earnings per share					
Basic	Rupees	**1.95**	16.39	**14.00**	22.36
Diluted	Rupees	**1.95**	16.19	**13.39**	21.98

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated un-audited financial statements.

Syed Hyder Ali	Asghar Abbas	Khurram Raza Bakhtayari
Chief Executive & Managing Director	Director	Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the three month and six month periods ended June 30, 2019

		Three month period ended		Six month period ended	
		June 30, 2019 Un-audited	June 30, 2018 Un-audited	**June 30, 2019 Un-audited**	June 30, 2018 Un-audited
	Note	(Rupees	in	thousand	)
Profit for the period		**174,656**	1,547,723	**1,251,002**	2,080,694
Other comprehensive (loss) / income:					
Items that will not be reclassified to profit or loss		**-**	-	**-**	-
Items that may be reclassified subsequently to profit or loss					
Changes in the fair value of equity investments at fair value through other comprehensive income		**(1,915,600)**	(4,196,634)	**(8,514,170)**	37
Other comprehensive (loss) / income for the period		**(1,915,600)**	(4,196,634)	**(8,514,170)**	37
Total comprehensive (loss) / income for the period		**(1,740,944)**	(2,648,911)	**(7,263,168)**	2,080,731

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated un-audited financial statements.

Syed Hyder Ali	Asghar Abbas	Khurram Raza Bakhtayari
Chief Executive & Managing Director	Director	Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the six month period ended June 30, 2019

	Issued, subscribed and paid up capital		Reserves					Capital and reserves
			Capital reserves			Revenue reserves		
	Ordinary share capital	Preference share / convertible stock	Share premium	Fair value reserve	Capital redemption reserve	General reserve	Un-appropriated profits	Total
	(Rupees in thousand)							
Balance as on January 1, 2018 (audited)	893,795	606,222	3,766,738	37,981,410	1,615,000	14,310,333	6,492,264	**65,665,762**
Appropriation of reserves								
Transfer to general reserve	-	-	-	-	-	3,000,000	(3,000,000)	**-**
Transaction with preference shareholders								
Participating dividend on preference shares / convertible stock	-	-	-	-	-	-	(82,499)	**(82,499)**
Transaction with owners, recognised directly in equity								
Final dividend for the year ended December 31, 2017 of Rs. 30.00 per share	-	-	-	-	-	-	(2,681,385)	**(2,681,385)**
Total comprehensive income for the period ended June 30, 2018								
Profit for the period	-	-	-	-	-	-	2,080,694	**2,080,694**
Other comprehensive income for the period	-	-	-	37	-	-	-	**37**
	-	-	-	37	-	-	2,080,694	**2,080,731**
Balance as on June 30, 2018 (un-audited)	893,795	606,222	3,766,738	37,981,447	1,615,000	17,310,333	2,809,074	**64,982,609**
Balance as on December 31, 2018 (audited)	893,795	606,222	3,766,738	28,858,326	1,615,000	17,310,333	3,383,827	**56,434,241**
Impact of adoption of IFRS 9 - net of tax - note 3.1.1(a)	-	-	-	-	-	-	(27,603)	**(27,603)**
Balance as on January 1, 2019 (un-audited)	893,795	606,222	3,766,738	28,858,326	1,615,000	17,310,333	3,356,224	**56,406,638**
Appropriation of reserves								
Transfer to general reserve	-	-	-	-	-	1,000,000	(1,000,000)	**-**
Transaction with owners, recognised directly in equity								
Final dividend for the year ended December 31, 2018 of Rs. 15.00 per share per share	-	-	-	-	-	-	(1,340,693)	**(1,340,693)**
Total comprehensive income for the period ended June 30, 2019								
Profit for the period	-	-	-	-	-	-	1,251,002	**1,251,002**
Other comprehensive loss for the period	-	-	-	(8,514,170)	-	-	-	**(8,514,170)**
	-	-	-	(8,514,170)	-	-	1,251,002	**(7,263,168)**
Balance as on June 30, 2019 (un-audited)	893,795	606,222	3,766,738	20,344,156	1,615,000	18,310,333	2,266,533	**47,802,777**

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated un-audited financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
for the six month period ended June 30, 2019

	Note	Six month period ended June 30, 2019 Un-audited	Six month period ended June 30, 2018 Un-audited
		(Rupees in thousand)	
Cash flow from operating activities			
Cash (used in) / generated from operations	14	**(377,072)**	133,647
Finance cost paid		**(469,286)**	(267,682)
Income tax paid		**(387,173)**	(664,925)
Income tax refunded		**50,033**	-
Long term loans - net		**1,885**	(7,179)
Long term security deposits - net		**645**	460
Payments for accumulating compensated absences		**(222,035)**	(18,440)
Retirement benefits paid		**(11,354)**	(11,895)
Net cash outflow from operating activities		**(1,414,357)**	(836,014)
Cash flow from investing activities			
Fixed capital expenditure		**(1,031,118)**	(789,242)
Investments made in equity securities		**(354,376)**	(133,616)
Long term advances - net		**(426)**	(5,693)
Proceeds from maturity of investments		**10,000**	-
Proceeds from disposal of property, plant and equipment		**35,714**	34,781
Dividends received		**1,532,872**	1,920,346
Net cash inflow from investing activities		**192,666**	1,026,576
Cash flow from financing activities			
Repayment of long term finances - secured		**(660,710)**	(660,710)
Proceeds from long term finances - secured		**2,000,000**	-
Repayment of liabilities against assets subject to finance lease		**-**	(13,504)
Participating dividend on preference shares paid		**-**	(82,499)
Dividend paid		**(1,328,933)**	(2,684,868)
Net cash inflow / (outflow) from financing activities		**10,357**	(3,441,581)
Net decrease in cash and cash equivalents		**(1,211,334)**	(3,251,019)
Cash and cash equivalents at the beginning of the period		**(4,351,503)**	(117,389)
Cash and cash equivalents at the end of the period	15	**(5,562,837)**	(3,368,408)

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated un-audited financial statements.

Syed Hyder Ali	Asghar Abbas	Khurram Raza Bakhtayari
Chief Executive & Managing Director	Director	Chief Financial Officer

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)

for the six month period ended June 30, 2019

1. Legal status and nature of business

Packages Limited (the 'Company') is a public limited company incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited. It is principally engaged in the manufacture and sale of packaging materials and tissue products. The registered office of the Company is situated at 4th floor, the Forum, Suite No. 416 - 422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan. Head office and factory is located at Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore, Pakistan.

The Company also holds investments in companies engaged in the manufacture and sale of inks, flexible packaging material, paper, paperboard and corrugated boxes, biaxially oriented polypropylene ('BOPP') film and cast polypropylene ('CPP') film, production and sale of ground calcium carbonate products, and companies engaged in insurance, power generation and real estate business.

These condensed interim unconsolidated financial statements are the separate financial statements of the Company. Condensed interim consolidated financial statements are prepared separately.

1.1 The Board of Directors of the Company, in its meeting held on April 24, 2019, has evaluated and approved internal restructuring of the Company with an objective to create a holding company, subject to procuring all applicable regulatory, corporate and third party approvals and execution of relevant documents / agreements between the Company and relevant subsidiaries. This arrangement will help in developing operating synergies across businesses, managing operations in a focused manner and streamlining the ownership structure. The proposed restructuring shall not affect the rights of the shareholders of the Company.

In this regard, the Company has incorporated two wholly owned subsidiaries and will transfer:

(a) Its manufacturing businesses including folding cartons, flexible packaging, consumer products and mechanical fabrication and roll covers along with all relevant assets, operations and corresponding liabilities into a separate 100% wholly owned subsidiary, namely Packages Convertors Limited; and

(b) Its investment business comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary, namely Packages Investments Limited.

The Company will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries will remain with the Company.

2. Basis of preparation

These condensed interim unconsolidated 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:

i) International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017 ; and

ii) Provisions of and directives issued under the Companies Act, 2017.

Where 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.

3. Significant accounting policies

The accounting policies adopted for the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of preceding annual audited financial statements of the Company for the year ended December 31, 2018, except for those stated in note 3.1.1.

3.1 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:

3.1.1 Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to the accounting standards are effective for accounting periods beginning on January 1, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim unconsolidated financial statements except for the following:

(a) IFRS 9, 'Financial Instruments'

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods beginning on or after July 1, 2018. This standard replaces guidance in IAS 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. Accordingly, the Company has changed its accounting policies and followed the requirements of IFRS 9 for classification and measurement of financial assets and recognition of loss allowance against financial assets.

In respect of application of IFRS 9, the Company has adopted modified retrospective approach as permitted by this standard, according to which the Company is not required to restate the prior period results. The adoption of this standard by the Company has resulted in an impact of Rs. 27.603 million net of tax on the opening equity of the Company in respect of recognition of loss allowance against the opening trade receivables.

(b) IFRS 15, 'Revenue from Contracts with Customers'

This standard was notified by SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognize revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any material impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is not material. Therefore, the comparative information has not been restated and continues to be reported under the previous accounting policy.

(c) IFRS 16, 'Leases'

This standard has been notified by the SECP to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

The Company has applied IFRS 16 using the simplified approach for transition. This approach requires entities to recognise the cumulative effect of applying the standard as an adjustment to the opening balance of un-appropriated profit at the date of initial application. Comparative prior periods would not be adjusted. The cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is not material. Furthermore, the changes laid down by this standard do not have any significant impact on these condensed interim unconsolidated financial statements for the current period.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the company's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations and' are, therefore, not detailed in these condensed interim unconsolidated financial statements.

4. Taxation

Income tax expense comprises current and deferred tax. SECP vide its certificate dated December 14, 2017, has registered the Company and its wholly-owned subsidiary Bulleh Shah Packaging (Private) Limited ('BSPPL') (together the 'Group') as a Group and has also, vide its certificate dated January 1, 2018, designated the Group for the purpose of group taxation under Section 59AA of the Income Tax Ordinance, 2001. Consequent to the filing of declaration for group taxation for the tax year 2020 by the Company and BSPPL, the Group will be taxed as one fiscal unit for the tax year 2020. Subsequent to the period end, SECP has vide its certificate dated July 30, 2019 has altered the composition of the Group to included the Company, BSPPL, Packages Investments Limited and Packages Convertors Limited therein. The process for obtaining SECP's approval for designation of the new Group for group taxation under Section 59AA of the Income Tax Ordinance, 2001 is underway as of the date of issuance of these condensed interim unconsolidated financial statements.

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. Current and deferred taxes based on the consolidated results of the Group are allocated within the Group on the basis of separate return method, modified for determining realisability of tax credits and tax losses which are assessed at Group level. Any adjustments in the current and deferred taxes of the Company on account of group taxation are credited or charged to condensed interim unconsolidated statement of profit or loss in the period in which they arise.

5. Critical accounting estimates and judgements

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

In preparing these condensed interim unconsolidated financial statements, the significant judgements 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, 2018, with the exception of the following:

- changes in estimates that are required in determining the provision for income taxes as referred to in note 4; and

- change in accounting estimate relating to recognition of provision for accumulating compensated absences on account of change in Company's leaves policy resulting in reduction of number of maximum earned leaves eligible for carry forward for certain category of Company's employees. The aforementioned change has resulted in a one-off payment of Rs. 193.935 million to these employees. However, the impact of such change on the Company's expense in respect of accumulating compensated absences is not significant.

6. Long term finances

	Note	**June 30, 2019**	December 31, 2018
		Un-audited	Audited
		(Rupees in thousand)	
These are composed of:			
Local currency loans - secured		**2,660,740**	1,321,450
Preference shares / convertible stock - unsecured		**932,650**	932,650
	6.1	**3,593,390**	2,254,100
Current portion shown under current liabilities		**(660,740)**	(1,321,450)
		2,932,650	932,650

6.1 The reconciliation of the carrying amount is as follows:

Opening balance	**2,254,100**	3,575,520
Disbursements during the period / year	**2,000,000**	-
Repayments during the period / year	**(660,710)**	(1,321,420)
Closing balance	**3,593,390**	2,254,100

7. Contingencies and commitments

7.1 Contingencies

There is no significant change in contingencies from the preceding annual audited financial statements of the Company for the year ended December 31, 2018, except for the following:

(i) Claims against the Company by ex-employees not acknowledged as debts amounting to Rs. 21.629 million (December 31, 2018: Rs. 17.885 million).

(ii) Standby letter of credit issued by Habib Bank Limited - Pakistan ('HBL Pakistan') in favour of Habib Bank Limited - Bahrain ('HBL Bahrain') on behalf of the Company amounting to USD 6.160 million equivalent to Rs. 985.900 million (December 31, 2018: USD 7.110 million equivalent to Rs. 989.176 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL'), wholly-owned subsidiary of the Company. The standby letter of credit is secured against pledge of Nestle Pakistan Limited's shares owned by the Company as referred to in note 10.3.

(iii) Letters of guarantees issued to various parties aggregating to Rs. 691.244 million (December 31, 2018: Rs. 511.967 million). Guarantees issued includes an amount of Rs. 368.226 million (December 31, 2018: Rs. 181.000 million) which has been issued in favour of a customer under an agreement whereby the Company has committed to purchase and install certain plant and machinery at its Lahore premises by December 1, 2019. Under the agreement, the customer is required to contribute Rs. 314.723 million (December 31, 2018: Rs. 181.000 million) as its share towards the cost of said plant and machinery. The contribution has been received by the Company during the current period.

7.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure amounting to Rs. 443.745 million (December 31, 2018: Rs. 89.872 million).

(ii) Letters of credit and contracts for other than capital expenditure amounting to Rs. 344.005 million (December 31, 2018: Rs. 284.192 million).

8. Property, plant and equipment

	Note	**June 30, 2019**	December 31, 2018
		Un-audited	Audited
		(Rupees in thousand)	
Operating fixed assets - at net book value	8.1 & 8.2	**5,869,258**	5,405,501
Capital work-in-progress	8.3	**846,301**	1,081,755
Major spare parts and stand-by equipment	8.4	**58,289**	59,205
		6,773,848	6,546,461

8.1 A portion of the land on which the Company's factory is situated, measuring 231 kanals and 19 marlas, was leased out to the Company by GoPb from December 1955 till November 2015 after which the lease has not been renewed. During the year 2015, the Company approached the Board of Revenue ('BoR'), GoPb to renew the lease; however, no adequate response was received. During the period, on January 5, 2019, the Supreme Court of Pakistan ('Court'), summoned BoR, to which the BoR stated that the new policy of the GoPb is not to lease state land but to sell it through open auction. Consequently, the Company was directed to deposit Rs. 500 million with the BoR as security to the payment of outstanding amount of rent to be determined, with such amount being adjustable against final amount of rent. The Company has deposited such amount in compliance with the direction on January 10, 2019. The Supreme Court has further directed Additional Advocate General, Punjab on January 16, 2019 that subject to the Court's approval, two surveyors be appointed for determination of rent based on industrial usage of the land for the period from December 2015 till date. However, no surveyors have been appointed as of the date of the authorization for issue of the condensed interim unconsolidated financial statements. Moreover, the Court has further decided that the land shall be sold through an open auction with the Company getting the first right of refusal.

The management has, on the basis of assessment of fair value of the said portion of land by an independent valuer and its understanding of the prevalent market terms relating to rent of such properties in the vicinity of the said portion of land, booked a provision of Rs. 415.630 million (December 31, 2018: Rs. 357.590 million) in respect of rent for the period from December 2015 to June 2019. The management is confident that the final amount of rent will be in congruence with the provision made in these financial statements, inter alia on the basis of the fair value determined by the independent valuer and the relevant facts and circumstances. Furthermore, the management also intends to acquire the tile of the said portion of land when the open auction takes place and is confident that it will be able to meet the highest bid.

8.2 Operating fixed assets

	Note	**June 30, 2019**	December 31, 2018
		Un-audited	Audited
		(Rupees in thousand)	
Opening net book value		**5,405,501**	4,198,010
Additions during the period / year	8.2.1	**880,684**	2,026,247
Disposals during the period / year at net book value		**(24,910)**	(76,773)
Depreciation charged during the period / year		**(392,018)**	(741,983)
		(416,928)	(818,756)
Closing net book value		**5,869,258**	5,405,501

8.2.1 Additions during the period / year

Freehold land	**226,003**	11,723
Buildings on freehold land	**19,735**	76,540
Buildings on leasehold land	**-**	11,953
Plant and machinery	**534,456**	1,624,070
Other equipment (computers, lab equipment and other office equipment)	**73,477**	127,809
Furniture and fixtures	**599**	1,724
Vehicles	**26,414**	172,428
	880,684	2,026,247

8.3 Capital work-in-progress

Civil works	**112,115**	44,549
Plant and machinery	**677,604**	1,029,990
Advances to suppliers	**56,582**	7,216
	846,301	1,081,755

8.4 Major spare parts and stand-by equipment

Balance at the beginning of the period / year	**59,205**	61,569
Additions during the period / year	**1,404**	2,633
Transfers made during the period / year	**(2,320)**	(4,997)
Balance at the end of the period / year	**58,289**	59,205

9. Intangible assets

	Note	June 30, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
Opening book value		**67,435**	4,688
Additions during the period / year		**12,521**	71,770
Amortization charged during the period / year		**(6,316)**	(9,023)
Closing book value		**73,640**	67,435

10. Investments

	Note	June 30, 2019 Un-audited	December 31, 2018 Audited
Opening balance		**51,322,973**	60,166,443
Investments made during the period / year	10.1	**354,376**	289,614
Impairment loss on equity instruments of associate	10.2	**(500,000)**	-
Changes in the fair value of equity investments at fair value through other comprehensive income		**(8,514,170)**	(9,123,084)
Current portion shown under current assets		**-**	(10,000)
Closing balance		**42,663,179**	51,322,973

10.1 Investments made in related parties during the period / year

	June 30, 2019 Un-audited	December 31, 2018 Audited
OmyaPack (Private) Limited - joint venture	**185,000**	-
Anemone Holdings Limited - subsidiary	**167,376**	289,614
Packages Convertors Limited - subsidiary	**1,000**	-
Packages Investments Limited - subsidiary	**1,000**	-
	354,376	289,614

10.2 The Company reviewed the carrying amount of its investment in equity instruments of Tri-Pack Films Limited, an associate, and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. As a result of carrying out the aforementioned assessment, the recoverable amount of the investment was determined to be lower than its carrying amount. Accordingly, the carrying amount was reduced by Rs. 500 million which has been recognised as an expense and included in 'Other expenses'.

10.3 As of June 30, 2019, an aggregate of 1,195,000 shares (December 31, 2018: 775,000 shares) of Nestle Pakistan Limited having market value Rs. 7,966.910 million (December 31, 2018: Rs. 6,975.000 million) have been pledged in favour of HBL Pakistan. Out of aggregate shares pledged, 775,000 shares (December 31, 2018: 410,000 shares) are pledged against issuance of standby letter of credit in favour of HBL Bahrain as referred to in note 7.1 and the remaining 420,000 shares (December 31, 2018: 365,000 shares) are pledged against the term finance loans obtained from HBL Pakistan.

11. Cost of sales

	Three month period ended		Six month period ended	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
	Un-audited	Un-audited	**Un-audited**	Un-audited
	(Rupees in thousand)			
Materials consumed	**3,136,756**	3,188,370	**6,652,478**	6,245,563
Salaries, wages and amenities	**437,848**	395,436	**826,305**	745,285
Travelling and conveyance	**5,467**	8,631	**11,136**	12,811
Fuel and power	**281,257**	235,425	**531,200**	459,665
Production supplies consumed	**116,509**	115,561	**243,767**	214,047
Rent	**17,580**	9,392	**27,860**	18,139
Insurance	**10,904**	8,636	**20,069**	16,844
Repairs and maintenance	**67,448**	63,751	**118,098**	141,862
Packing expenses	**90,528**	79,673	**177,381**	162,269
Depreciation on property, plant and equipment	**179,865**	162,649	**360,627**	326,996
Amortisation of intangible assets	**1,519**	246	**2,840**	409
Technical fees	**10,123**	17,966	**22,060**	29,768
Other expenses	**43,672**	67,403	**126,057**	136,116
	4,399,376	4,353,139	**9,119,878**	8,509,774
Opening work-in-process	**311,827**	253,600	**708,937**	218,569
Closing work-in-process	**(339,556)**	(276,882)	**(339,556)**	(276,882)
	4,371,647	4,329,857	**9,489,259**	8,451,461
Opening stock of finished goods	**830,694**	592,186	**340,247**	538,888
Closing stock of finished goods	**(806,868)**	(642,369)	**(806,868)**	(642,369)
	4,395,473	4,279,674	**9,022,638**	8,347,980

12. Taxation

Current				
For the period	**124,966**	352,939	**348,494**	437,939
Prior years	**81,204**	97,904	**81,204**	97,904
	206,170	450,843	**429,698**	535,843
Deferred	**(180,142)**	(15,257)	**(79,670)**	(8,257)
	26,028	435,586	**350,028**	527,586

13. Transactions and balances with related parties

The related parties comprise of subsidiaries, joint ventures, associates, key management personnel including directors and post-employment staff retirement plans. The Company in the normal course of business carries out transactions with various related parties. Significant transactions and balances with related parties other than those disclosed in respective notes are as follows:

Relationship with the Company	Nature of transactions	Six month period ended June 30, 2019 Un-audited	Six month period ended June 30, 2018 Un-audited
		(Rupees in thousand)	
i. Subsidiaries	Purchase of goods and services	**2,875,876**	2,472,351
	Sale of goods and services	**183,255**	49,022
	Dividend income	**110,098**	225,156
	Rental income and others	**70,423**	63,230
	Management and technical fee	**23,958**	35,894
ii. Joint ventures	Sale of goods and services	**503**	18,591
	Rental income and others	**184**	217
iii. Associates	Purchase of goods and services	**780,502**	1,031,391
	Sale of goods and services	**10,264**	7,842
	Insurance premium paid	**91,763**	98,283
	Commission earned	**424**	4,738
	Insurance claims received	**2,902**	2,029
	Rental income and other income	**6,157**	9,733
	Dividend income	**96,832**	286,200
	Dividend paid	**400,608**	739,614
iv. Retirement benefit obligations	Expense charged in respect of retirement plans	**102,572**	77,579
	Dividend paid	**42,486**	84,973
v. Key management personnel	Salaries and other employee benefits	**68,164**	85,283
	Dividend paid	**34,309**	68,618
vi. Other related party	Donations made	**35,773**	23,882

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

There are no transactions with key management personnel other than under the terms of employment.

Period / year end balances

	June 30, 2019 Un-audited	December 31, 2018 Audited
	(Rupees in thousand)	
Receivable from related parties		
Subsidiaries	**363,188**	192,637
Joint ventures	**4,449**	3,486
Associates	**38,088**	25,618
Payable to related parties		
Subsidiaries	**294,714**	469,168
Associates	**106,775**	39,218
Retirement benefit obligations	**17,368**	20,302

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

14. Cash (used in) / generated from operations

	Six month ended June 30, 2019 Un-audited	Six month ended June 30, 2018 Un-audited
	(Rupees in thousand)	
Profit before taxation	**1,601,030**	2,608,280
Adjustments for non-cash items:		
Depreciation on property, plant and equipment	**392,018**	355,156
Depreciation on investment properties	**1,652**	2,384
Amortisation on intangible assets	**6,316**	4,091
Provision for accumulating compensated absences	**37,000**	30,000
Provision for retirement benefits	**53,706**	31,795
Profit on disposal of property, plant and equipment	**(10,804)**	(7,653)
Exchange loss - net	**58,122**	14,042
Finance cost	**433,293**	201,184
Expected credit loss	**62,690**	3,433
Stock-in-trade written off	**48,135**	30,072
Stores and spares written off	**3,323**	797
Impairment charged on investment in associate	**500,000**	-
Liabilities no longer payable written back	**(9,087)**	(10,212)
Capital work-in-progress charged to profit or loss	**9,697**	-
Provision for obsolete / slow-moving stores and spares	**-**	22,076
Reversal of provision for obsolete / slow-moving stores and spares	**(750)**	-
Provision for obsolete / slow-moving stock-in-trade	**-**	8,928
Reversal of provision for obsolete / slow-moving stock-in-trade	**(16,117)**	-
Dividend income	**(1,532,871)**	(2,005,431)
Profit before working capital changes	**1,637,353**	1,288,942
Effect on cash flow due to working capital changes		
Increase in trade debts	**(477,904)**	(537,095)
Increase in stores and spares	**(159,985)**	(93,979)
Increase in stock-in-trade	**(823,349)**	(928,205)
Increase in loans, advances, deposits, prepayments and other receivables	**(197,184)**	(75,415)
(Decrease) / increase in trade and other payables	**(356,003)**	479,399
	(2,014,425)	(1,155,295)
	(377,072)	133,647

15. Cash and cash equivalents

Cash and bank balances	**115,564**	121,357
Finances under mark up arrangements - secured	**(5,678,401)**	(3,489,765)
	(5,562,837)	(3,368,408)

16. Financial risk management

16.1 Financial risk factors

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 unconsolidated financial statements do 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 for the year ended December 31, 2018.

There have been no changes in the risk management department or in any risk management policies since the year ended December 31, 2018.

16.2 Fair value estimation

a) Fair value hierarchy

The different levels for fair value estimation used by the Company have been defined as follows:

The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity instruments.

To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the three levels prescribed above. The following table presents the Company's significant financial assets measured and recognised at fair value at June 30, 2019 and December 31, 2018 on a recurring basis:

	Un-audited (Rupees in thousand)			
As at June 30, 2019	Level 1	Level 2	Level 3	**Total**
Assets				
Recurring fair value measurements				
Equity investments at fair value through other comprehensive income	24,329,062	-	-	**24,329,062**
Liabilities	-	-	-	**-**

As at December 31, 2018	Audited (Rupees in thousand)			
	Level 1	Level 2	Level 3	**Total**
Assets				
Recurring fair value measurements				
Available for sale investments	32,843,232	-	-	32,843,232
Liabilities	-	-	-	-

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

17. Date of authorisation for issue

These condensed interim unconsolidated financial statements were authorised for issue on August 26, 2019 by the Board of Directors of the Company.

18. Corresponding figures

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

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made except for the following:

Particulars	**(Rupees in thousand)**
'Trade discount' previously included in 'Advertisement and sales promotion' under 'Distribution and marketing costs' now shown as deduction from 'Sales' on the face of condensed interim unconsolidated statement of profit or loss	**132,392**

Syed Hyder Ali	Asghar Abbas	Khurram Raza Bakhtayari
Chief Executive & Managing Director	Director	Chief Financial Officer

Packages Group
Condensed Interim Consolidated
Un-audited Financial Statements

DIRECTORS' REPORT ON CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2019

The Directors of Packages Limited are pleased to present the un-audited condensed interim consolidated financial statements of the Group for the half year ended June 30, 2019.

Group results

The comparison of the un-audited results for the half year ended June 30, 2019 as against June 30, 2018 is as follows:

	Jan - June 2019	Jan - June 2018
	(Rupees in million)	
Invoiced sales - net	**29,556**	26,582
Profit from operations	**1,792**	1,319
Share of (loss)/ profit in associates and joint venture - net of tax	**(76)**	52
Investment income	**1,326**	1,494
Profit after tax	**289**	1,069

During the first half of 2019, the Group has achieved net sales of Rs. 29,556 million against net sales of Rs. 26,582 million achieved during corresponding period of last year representing sales growth of 11% with an operating profit of Rs. 1,792 million compared to Rs. 1,319 million generated during the corresponding period of the year 2018 representing increase of 36%, mainly due to revenue growth and tighter control over fixed costs. The Group is focusing on revenue growth through higher volumes, better product mix and stricter controls over fixed costs to improve the operating results.

The Group's finance cost has increased by Rs. 764 million which is attributable to increased interest rates and increase in overdraft utilization in current period.

During the current period, the management of Parent Company reviewed the carrying amount of the Parent Company's investments to determine possible impairment loss. As a result of this assessment, the recoverable amount of the investment in associate, Tri-Pack Films Limited, was determined to be lower than its carrying value. Accordingly, carrying value was reduced by Rs. 500 million and recognized as an expense under 'Other expenses'.

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

Bulleh Shah Packaging (Private) Limited

Bulleh Shah Packaging (Private) Limited is principally engaged in the manufacturing and conversion of paper and paperboard and corrugated boxes. The Company has achieved net sales of Rs. 12,800 million during the first half of 2019 as compared to Rs 11,154 million during 2018 representing sales growth of 15%. The Company has incurred an operating profit of Rs. 224 million during the current period as compared to the operating loss of Rs. 43 million in corresponding period last year, primarily due to revenue growth and tighter control over fixed costs. The Company is focusing on improving operating results through increased sales volumes, product diversification and better product mix.

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. 2,452 million during the first half of the year 2019 as compared to Rs. 2,077 million of the corresponding period last year representing sales growth of 18%. The Company has generated profit after tax of Rs. 148 million during the first half of 2019 as against Rs. 146 million generated during corresponding period of 2018.

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 2019, the Company has achieved sales of SLR 1,200 million as compared to SLR 1,482 million of the corresponding period of last year. The Company has generated profit before tax of SLR 42 million during the first half of 2019 as against SLR 43 million generated during corresponding period of 2018. Moving forward, the Company will focus on improving operating results through tighter operating cost control, product diversification and price rationalisation.

Flexible Packages Convertors (Pty) Limited

Flexible Packages Convertors (Pty) Limited is private limited company based in South Africa. It is principally engaged in the manufacture of flexible packaging material. During the first half of 2019, the company achieved net sales revenue of USD 17.8 million as compared to USD 20.4 million of the corresponding period of last year. Operating results of the Company have decreased from USD 1.157 million in prior period to USD 0.385 million in the current period. This is primarily on account of lower sales and increased operating expenses. The management is focusing on value and volume growth of sales as well as internal cost savings and tighter controls over fixed costs to improve the operating results of the Company.

Packages Real Estate (Private) Limited

Packages Real Estate (Private) Limited is a subsidiary of Packages Limited. It is primarily engaged in business of all types of construction activities and development of real estate. It is currently operating “Packages Mall”. The Company has achieved revenue of Rs. 1,708 million during the first half of 2019 as compared to Rs. 1,602 million in the corresponding period of 2018 representing growth of 7%. It has generated profit from operations of Rs. 458 million in the current period as compared to Rs. 412 million in the prior period.

Moving forward, the Board believes that this investment will bring considerable benefit to the shareholders in the form of dividend income.

Packages Power (Private) Limited

Packages Power (Private) Limited is a wholly owned subsidiary of Packages Limited duly formed for the purpose of setting up a 3.1 MW hydropower project as advertised by the Punjab Power Development Board (PPDB). The Company has moved forward with the requisite studies and approvals and is in liaison with the relevant Government authorities to take the project forward.

Internal restructuring

The Board of Directors of the Parent Company approved internal restructuring of the Parent Company with an objective to create a holding company. The arrangement will help in developing operating synergies across businesses, managing operations in a focused manner and streamlining the ownership structure. This is in line with international practices being followed in the corporate world. The restructuring shall not affect the rights of the shareholders of the Parent Company in any manner.

The Parent Company incorporated two wholly owned subsidiaries and will transfer:

(a) its manufacturing businesses including folding cartons, flexible packaging, consumer products and mechanical fabrication and roll covers along with all relevant assets, operations and corresponding liabilities into a 100% wholly owned subsidiary named “Packages Convertors Limited”; and

(b) its investment business comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary named “Packages Investments Limited”

Parent Company will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries will remain with the Company. The transaction has been approved by shareholders of the Parent Company in EOGM held on May 30, 2019. Furthermore, Packages Convertors Limited and Packages Investments Limited have currently filed an application with Securities and Exchange Commission of Pakistan (SECP) for affecting the above-mentioned transfers of assets and corresponding liabilities.

(Towfiq Habib Chinoy)	**(Syed Hyder Ali)**
Chairman	Chief Executive & Managing Director
Lahore, August 26, 2019	Lahore, August 26, 2019

(ا) اپنے مینوفیکچرنگ کاروبار بشمول فولڈنگ کارٹن، فلیکسبل پیکجینگ ، اشیاء صارف، مکینیکل فیبریکشن اور رول کور اور اس کے ساتھ ساتھ متعلقہ اثاثہ جات آپریشنز اور متعلقہ Liabilities ایک مکمل سو فیصد ذیلی ادارہ جس کا نام Packages Convertor Limited میں

(ب) اپنے سرمایہ کاری کے کاروبار جس میں مختلف اداروں کے حصص، آپریشنز اور ان سے منسلک Liabilities (اگر کوئی ہے) کو اپنے مکمل ملکیتی ذیلی ادارہ جس کا نام Packages Investment Limited میں

Parent Company ایک ہولڈنگ کمپنی رہے گی اور آپریشنز، اثاثہ جات، Liabilities جو کہ اوپر بیان کردہ مکمل ملکیتی ذیلی اداروں میں منتقل ہونے کے علاوہ تمام دوسرے اثاثہ جات، Liabilities اور جائیدادیں Company کی ملکیت رہیں گی۔ کمپنی کے شیئر ہولڈرز نے اس کاروائی کی منظوری 30 مئی 2019 کو منعقدہ EOGM میں دی۔ مزید یہ کہ، پیکیجز کنورٹر لمیٹڈ اور پیکیجز انویسٹمنٹ لمیٹڈ نے مذکورہ بالا اثاثہ جات اور متعلقہ واجبات کی منتقلی کو موثر بنانے کے لئے Security and Exchange Commision of Pakistan کو درخواست دے دی ہے۔

(توفیق حبیب چنائے)
چیئرمین
لاہور، 26 اگست 2019

(سید حیدر علی)
چیف ایگزیکٹو اور منیجنگ ڈائریکٹر
لاہور، 26 اگست 2019

ڈی آئی سی پاکستان لمیٹڈ

ڈی آئی سی پاکستان لمیٹڈ پیکیجز لمیٹڈ کا ایک نان لسٹڈ پبلک لمیٹڈ ذیلی ادارہ ہے۔ یہ بنیادی طور پر صنعتی انکس (inks) کی تیاری، پروسیسنگ اور سیلز میں مصروفِ عمل ہے۔ کمپنی نے سال 2019 کی پہلی ششماہی کے دوران 2,452 ملین روپے کی خالص سیلز حاصل کی۔ اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران یہ 2,077 ملین روپے تھیں جو 18 فیصد کی سیلز گروتھ کو ظاہر کرتی ہے۔ کمپنی نے 2019 کی پہلی ششماہی کے دوران 148 ملین روپے کا منافع قبل از ٹیکس حاصل کیا جو 2018 کی اِسی مدت میں 146 ملین روپے تھا۔

پیکیجز لنکا (پرائیویٹ) لمیٹڈ

پیکیجز لنکا (پرائیویٹ) لمیٹڈ سری لنکا میں قائم پیکیجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر فلیکس ایبل پیکیجنگ کی تیاری میں مصروف عمل ہے۔ کمپنی نے 2019 کی پہلی ششماہی کے دوران 1,200 ملین سری لنکن روپے کی سیلز حاصل کی جو گزشتہ سال کی اس مدت میں 1,482 ملین سری لنکن روپے تھی۔ کمپنی نے سال 2019 کی پہلی ششماہی میں 42 ملین سری لنکن روپے کا منافع قبل از ٹیکس حاصل کیا جو کہ 2018 کی اسی مدت کے دوران 43 ملین سری لنکن روپے تھا۔ آگے بڑھتے ہوئے، کمپنی آپریٹنگ اخراجات پر سخت کنٹرول، پروڈکٹ میں توسیع اور پرائس راشنلائزیشن کے ذریعے آپریٹنگ نتائج بہتر بنانے پر توجہ دیتی رہے گی۔

فلیکس ایبل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ

فلیکس ایبل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ جنوبی افریقہ میں قائم پرائیویٹ لمیٹڈ کمپنی ہے۔ یہ بنیادی طور پر فلیکس ایبل پیکیجنگ میٹریل کی تیاری میں مصروف عمل ہے۔ کمپنی نے 2019 کی پہلی ششماہی کے دوران 17.8 ملین امریکی ڈالر کا خالص سیلز ریونیو حاصل کیا جو گزشتہ سال کی اس مدت میں 20.4 ملین امریکی ڈالر تھا۔ کمپنی کے آپریٹنگ نتائج 2018 کی پہلی ششماہی میں 0.385 ملین امریکی ڈالر تھے جو رواں ششماہی میں 1.157 ملین ڈالر سے کم ہوئے ہیں، جس کی بنیادی وجہ سیلز میں کمی اور آپریٹنگ اخراجات میں اضافہ تھا۔ مینجمنٹ سیلز کے حجم اور قدر کو بڑھانے کے ساتھ ساتھ اندرونی اخراجات میں بچت اور طے کردہ مالیات پر سخت کنٹرول کے ذریعے کمپنی کے آپریٹنگ نتائج کو بہتر بنانے پر توجہ دے رہی ہے۔

پیکیجز ریئل اسٹیٹ (پرائیویٹ) لمیٹڈ

پیکیجز ریئل اسٹیٹ (پرائیویٹ) لمیٹڈ پیکیجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر تمام اقسام کی تعمیراتی سرگرمیوں اور ریئل اسٹیٹ کے فروغ کے کاروبار میں سرگرمِ عمل ہے۔ اِس وقت یہ ریئل اسٹیٹ "پیکیجز مال" کے نام سے ایک پراجیکٹ آپریٹ کر رہا ہے۔ کمپنی نے پہلی ششماہی 2019 کے دوران 1,708 ملین روپے کی آمدن حاصل کی جو کہ 2018 کے اسی عرصہ کے دوران 1,602 ملین روپے تھی جو کہ 7 فیصد اضافے کو ظاہر کرتا ہے۔ اس نے پہلی ششماہی 2019 کے دوران 458 ملین روپے کا آپریٹنگ منافع حاصل کیا جو کہ 2018 میں 412 ملین روپے تھا۔

آگے بڑھتے ہوئے، بورڈ اس امر پر یقین رکھتا ہے کہ یہ سرمایہ کاری منافع منقسمہ کی صورت میں شیئر ہولڈرز کے لئے قابل قدر منافع کی حامل ثابت ہوگی۔

پیکیجز پاور (پرائیویٹ) لمیٹڈ

پیکیجز پاور (پرائیویٹ) لمیٹڈ 3.1 میگاواٹ ہائیڈرو پاور پروجیکٹ کے قیام کے مقصد کے لئے بنایا گیا پیکیجز لمیٹڈ کا ایک مکمل ملکیتی ذیلی ادارہ ہے جیسا کہ پروجیکٹ کی تشہیر پنجاب پاور ڈویلپمنٹ بورڈ (پی پی ڈی بی) کی جانب سے کی گئی۔ کمپنی نے مطلوبہ جائزوں اور اجازت ناموں کے ساتھ اور متعلقہ سرکاری حکام کے ساتھ رابطہ کاری کے تحت پروجیکٹ کو آگے بڑھایا ہے۔

اندرونی تنظیمِ نو

ہولڈنگ کمپنی بنانے کے مقصد کے حصول کے لئے Parent Company کے بورڈ آف ڈائریکٹرز نے اندرونی تنظیمِ نو کی منظوری دے دی ہے۔ یہ اقدام کاروباری ڈھانچہ میں آپریٹنگ ہم آہنگی، آپریشنز کو توجہ کے ساتھ چلانے اور ملکیتی ڈھانچے کو ہم آہنگ کرنے میں مدد دے گا۔ یہ اقدام کاروباری دنیا میں اپنائے جانے والے بین الاقوامی طریقوں کے عین مطابق ہے۔ یہ تنظیمِ نو Parent Company کے حصہ داران پر کسی بھی طریقے سے کوئی اثر مرتب نہیں کرے گا۔ اسی حوالے سے، پیرنٹ کمپنی دو مکمل ملکیتی سو فیصد ذیلی ادارے بنا دیئے ہیں اور اس میں مندرجہ ذیل منتقل کرے گی۔

30 جون 2019 کوختم ہونے والی ششماہی کے لئے
ڈائریکٹرز کی رپورٹ بشمول مجموعی عبوری غیر آڈٹ شدہ مالیاتی معلومات

پیکیجز لمیٹڈ کے ڈائریکٹرز بہ مسرت 30 جون 2019 کوختم ہونے والی پہلی ششماہی کے لئے گروپ کے غیر آڈٹ شدہ مجموعی مالیاتی معلومات پیش کرنے پرخوشی محسوس کرتے ہیں۔

گروپ کے نتائج

30 جون 2019 کوختم ہونے والی پہلی ششماہی کے لئے غیر آڈٹ شدہ نتائج کا تقابل 30 جون 2018 کے مقابلے میں درج ذیل کے مطابق ہے:

	جنوری-جون 2019	جنوری-جون 2018
	(روپے ملین میں)	
انوائسڈ سیلز- خالص	**29,556**	26,582
آپریشنز سے حاصل منافع جات	**1,792**	1,319
منسلکہ اداروں اور مشترکہ منصوبے میں (اخراجات)/ منافع کا حصہ- بعد از ٹیکس	**(76)**	52
سرمایہ کاری سے آمدنی	**1,326**	1,494
منافع بعد از ٹیکس	**289**	1,069

2019 کی پہلی ششماہی کے دوران گروپ نے 29,556 ملین روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کی اس مدت کے دوران 26,582 ملین روپے کی خالص سیلز حاصل کی گئی تھی جو کہ 11 فیصد سیلز گروتھ کو ظاہر کرتا ہے۔ گروپ نے 1,792 ملین روپے کا آپریٹنگ منافع حاصل کیا جو گزشتہ سال کی اسی مدت میں 1,319 ملین روپے تھا جو کہ 36 فیصد اضافہ کو ظاہر کرتا ہے جو کہ بنیادی طور پر ریونیو گروتھ اور طے کردہ مالیات پر سخت کنٹرول کے باعث ممکن ہوا۔ گروپ بلند تر حجم، مصنوعات کے بہتر امتزاج اور طے کردہ مالیات پر سخت کنٹرول کے ذریعے اپریٹنگ نتائج کو بہتر کرنے پر توجہ دے رہا ہے۔

گروپ کی فنانس لاگت میں 764 ملین روپے کا اضافہ ہوا جسکی وجہ شرح سود اور اوورڈرافٹ کے استعمال میں اضافہ تھا۔

رواں مدت کے دوران انتظامیہ نے پیرنٹ کمپنی کی سرمایہ کاری کی کیرنگ ویلیو کا جائزہ لیا۔ جسکا مقصد اسکے ممکنہ امپیئر مینٹ کا خسارہ جاننا تھا۔ اس تشخیص کے نتیجہ میں Tri-Pack Films Private Limited (ذیلی ادارہ) میں سرمایہ کاری کی وصول شدہ رقم اسکی کیرنگ ویلیو سے کم نکلی۔ نتیجتاً، کیرنگ ویلیو کو 500 ملین روپے سے کم کیا گیا اور اسے ذیلی اخراجات میں خرچہ تسلیم کیا گیا۔

گروپ کے ذیلی اداروں کی آپریشنل کارکردگی کا ایک مختصر جائزہ درج ذیل کے مطابق ہے:

بلھےشاہ پیکیجنگ (پرائیویٹ) لمیٹڈ

بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ بنیادی طور پر پیپر اور پیپر بورڈ پروڈکٹس کی تیاری اور منتقلی میں مصروف عمل ہے۔ کمپنی نے 2019 کی پہلی ششماہی کے دوران 12,800 ملین روپے کی سیلز حاصل کی جو اس کے مقابلے میں 2018 کے دوران 11,154 ملین روپے تھی۔ جس سے 15 فیصد کی سیلز گروتھ ظاہر ہوتی ہے۔ کمپنی نے ششماہی کے دوران 224 ملین روپے کا آپریٹنگ منافع دیکھا جو 2018 میں اسی مدت کے دوران 43 ملین روپے تھا۔ جو بنیادی طور پر ریونیو گروتھ اور طے کردہ مالیات پر سخت کنٹرول کے باعث ممکن ہوا۔ کمپنی بلند تر حجم، پروڈکٹ میں توسیع اور پروڈکٹ مکس کے ذریعے آپریٹنگ نتائج بہتر بنانے پر توجہ دے رہی ہے۔

PACKAGES GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
as at June 30, 2019

	Note	June 30, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (December 31, 2018: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (December 31, 2018: 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 89,379,504 (December 31, 2018: 89,379,504) ordinary shares of Rs. 10 each		**893,795**	893,795
8,186,842 (December 31, 2018: 8,186,842) 10% non-voting preference shares / convertible stock of Rs. 190 each		**606,222**	606,222
Reserves		**46,419,251**	54,905,687
Equity portion of loan from shareholder of the Parent Company	6	**277,219**	277,219
Un-appropriated profit		**4,023,382**	6,249,793
		52,219,869	62,932,716
NON-CONTROLLING INTEREST		**2,229,972**	2,124,244
		54,449,841	65,056,960
NON-CURRENT LIABILITIES			
Long term finances	7	**16,240,788**	13,566,292
Loan from shareholder of the Parent Company - unsecured		**238,590**	220,916
Liabilities against assets subject to finance lease		**206,962**	20,994
Deferred tax		**2,012,802**	2,030,711
Long term advances		**94,811**	96,592
Retirement benefits		**756,437**	692,767
Deferred income		**71,079**	84,229
Security deposits		**331,868**	315,902
Deferred liabilities		**446,396**	579,478
		20,399,733	17,607,881
CURRENT LIABILITIES			
Current portion of non-current liabilities		**3,617,922**	3,584,794
Finances under mark up arrangements - secured		**13,555,558**	11,618,495
Trade and other payables		**8,866,091**	8,986,971
Unclaimed dividend		**163,937**	62,030
Accrued finance costs		**889,014**	739,105
Provision for tax		**331**	10,748
		27,092,853	25,002,143
CONTINGENCIES AND COMMITMENTS	8	**-**	-
		101,942,427	107,666,984

	Note	June 30, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	**28,110,124**	27,084,557
Intangible assets	10	**421,417**	385,100
Investment properties		**11,746,701**	11,822,054
Investments accounted for using the equity method	11	**6,712,772**	8,312,837
Other long term investments	12	**24,333,793**	32,847,963
Long term security deposits		**140,545**	142,291
Long term loans		**534**	3,101
		71,465,886	80,597,903
CURRENT ASSETS			
Stores and spares		**2,286,181**	1,953,160
Stock-in-trade		**12,995,892**	11,836,992
Trade debts		**8,191,702**	6,660,220
Current portion of long term investments		**-**	10,000
Loans, advances, deposits, prepayments and other receivables		**1,611,264**	1,319,304
Income tax receivable		**4,810,144**	4,828,059
Cash and bank balances		**581,358**	461,346
		30,476,541	27,069,081
		101,942,427	107,666,984

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated un-audited financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
for the three month and six month periods ended June 30, 2019

	Note	Three month period ended		Six month period ended	
		June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
		Un-audited	Un-audited	**Un-audited**	Un-audited
	Note	(Rupees in thousand)			
Local sales and services		**17,217,419**	14,981,436	**33,860,478**	30,186,797
Export sales		**314,295**	162,493	**536,124**	310,647
Gross sales		**17,531,714**	15,143,929	**34,396,602**	30,497,444
Sales tax		**(2,537,986)**	(1,894,473)	**(4,658,943)**	(3,776,603)
Commission		**(9,052)**	(2,744)	**(10,242)**	(6,002)
Trade discount		**(86,442)**	(68,872)	**(171,787)**	(132,392)
		(2,633,480)	(1,966,089)	**(4,840,972)**	(3,914,997)
Revenue		**14,898,234**	13,177,840	**29,555,630**	26,582,447
Cost of sales and services	13	**(12,556,856)**	(11,437,622)	**(25,107,585)**	(22,883,942)
Gross profit		**2,341,378**	1,740,218	**4,448,045**	3,698,505
Administrative expenses		**(625,672)**	(580,661)	**(1,204,351)**	(1,173,090)
Distribution and marketing costs		**(694,792)**	(605,971)	**(1,451,549)**	(1,206,039)
Other operating expenses		**(806,595)**	(298,451)	**(925,950)**	(373,623)
Other income		**311,051**	43,487	**359,241**	90,256
Profit from operations		**525,370**	298,622	**1,225,436**	1,036,009
Finance costs		**(923,149)**	(502,890)	**(1,694,809)**	(931,061)
Investment income		**229,903**	1,494,076	**1,325,941**	1,494,076
Share of (loss)/ profit of investments accounted for using the equity method - net of tax		**(74,157)**	22,680	**(75,654)**	52,120
(Loss)/Profit before taxation		**(242,033)**	1,312,488	**780,914**	1,651,144
Taxation		**(171,166)**	(488,093)	**(492,068)**	(581,799)
(Loss)/Profit for the period		**(413,199)**	824,395	**288,846**	1,069,345
Attributable to:					
Equity holders of the Parent Company		**(441,480)**	814,464	**228,769**	987,186
Non-controlling interest		**28,281**	9,931	**60,077**	82,159
		(413,199)	824,395	**288,846**	1,069,345
(Loss)/Earnings per share attributable to equity holders of the Parent Company					
Basic Rupees		**(4.94)**	8.19	**2.56**	10.12
Diluted Rupees		**(4.94)**	8.19	**2.56**	10.12

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated un-audited financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the three month and six month periods ended June 30, 2019

	Three month period ended		Six month period ended	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
	Un-audited	Un-audited	**Un-audited**	Un-audited
	(R u p e e s i n		t h o u s a n d)	
(Loss)/ Profit for the period	**(413,199)**	824,395	**288,846**	1,069,345
Other comprehensive (loss) / income				
Items that will not be reclassified to profit or loss				
Re-measurement of retirement benefit obligations	**-**	(21,161)	**-**	(21,161)
Tax effect	**-**	5,910	**-**	5,910
	-	(15,251)	**-**	(15,251)
Items that may be reclassified subsequently to profit or loss				
Exchange difference on translation of foreign subsidiaries	**266,113**	(168,013)	**274,573**	(58,463)
Share of other comprehensive (loss) / income of investments accounted for using the equity method - net of tax	**(292,926)**	(600,264)	**(1,102,327)**	113,543
Changes in fair value of available for sale investments	**(1,915,600)**	(4,196,634)	**(8,514,170)**	37
	(1,942,413)	(4,964,911)	**(9,341,924)**	55,117
Other comprehensive (loss) / income for the period	**(1,942,413)**	(4,980,162)	**(9,341,924)**	39,866
Total comprehensive (loss) / income for the period	**(2,355,612)**	(4,155,767)	**(9,053,078)**	1,109,211
Attributable to:				
Equity holders of the Parent Company	**(2,527,044)**	(4,100,843)	**(9,257,667)**	1,027,263
Non-controlling interest	**171,432**	(54,924)	**204,589**	81,948
	(2,355,612)	(4,155,767)	**(9,053,078)**	1,109,211

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated un-audited financial statements.

Syed Hyder Ali	Asghar Abbas	Khurram Raza Bakhtayari
Chief Executive & Managing Director	Director	Chief Financial Officer

PACKAGES GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the six month period ended June 30, 2019

	Issued, subscribed and paid up capital: Ordinary share Capital	Issued, subscribed and paid up capital: Preference shares / convertible stock	Reserves – Capital reserves: Share premium	Reserves – Capital reserves: Exchange difference on transaction of foreign subsidiaries	Reserves – Capital reserves: Fair value reserve	Reserves – Capital reserves: Other reserves relating to associates & joint ventures	Reserves – Capital reserves: Transaction with non-controlling interest	Reserves – Capital reserves: Equity portion of long term loan from shareholder of the Parent Company	Reserves – Capital reserves: Capital redemption reserve	Reserves – Revenue reserves: General reserve	Reserves – Revenue reserves: Un-appropriated profits	Capital and reserves: Total	Non-controlling interest	Total
	(Rupees in thousand)													
Balance as on January 1, 2018 (audited)	893,795	606,222	3,766,738	(73,314)	37,981,410	4,759,767	22,981	171,187	1,615,000	14,310,333	11,087,931	75,142,050	2,117,100	**77,259,150**
Appropriation of funds														
Transferred to general reserve	-	-	-	-	-	-	-	-	-	3,000,000	(3,000,000)	-	-	-
Transactions with preference shareholders														
Participating dividend on preference shares / convertible stock	-	-	-	-	-	-	-	-	-	-	(82,499)	(82,499)	-	**(82,499)**
Transactions with owners recognized directly in equity														
Final dividend paid for the year ended December 31, 2017 Rs. 30 per share	-	-	-	-	-	-	-	-	-	-	(2,681,385)	(2,681,385)	-	**(2,681,385)**
Dividend relating to 2017 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(138,624)	**(138,624)**
Interest acquired in sub-subsidiary - Chantler Packages Inc.	-	-	-	-	-	-	-	-	-	-	-	-	4,720	**4,720**
Total transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-	-	(2,681,385)	(2,681,385)	(133,904)	**(2,815,289)**
Total comprehensive income for the period ended June 30, 2018														
Profit for the period	-	-	-	-	-	-	-	-	-	-	987,186	987,186	82,159	**1,069,345**
Other comprehensive income:														
Remeasurement of retirement benefits asset - net of tax	-	-	-	-	-	-	-	-	-	-	(15,251)	(15,251)	-	**(15,251)**
Changes in fair value of available for sale financial assets	-	-	-	-	37	-	-	-	-	-	-	37	-	**37**
Other comprehensive income from investments accounted for under using the equity method	-	-	-	-	-	113,543	-	-	-	-	-	113,543	-	**113,543**
Exchange differences on translation of foreign subsidiaries	-	-	-	(58,252)	-	-	-	-	-	-	-	(58,252)	(211)	**(58,463)**
Total comprehensive income for the period	-	-	-	(58,252)	37	113,543	-	-	-	-	971,935	1,027,263	81,949	**1,109,211**
Balance as on June 30, 2018 (un-audited)	893,795	606,222	3,766,738	(131,566)	37,981,447	4,873,310	22,981	171,187	1,615,000	17,310,333	6,295,982	73,405,429	2,065,145	**75,470,573**
Balance as on December 31, 2018 (audited)	893,795	606,222	3,766,738	(194,715)	28,858,325	3,527,025	22,981	277,219	1,615,000	17,310,333	6,249,793	62,932,716	2,124,244	**65,056,960**
Impact of adoption of IFRS 9 - net of tax	-	-	-	-	-	-	-	-	-	-	(27,603)	(27,603)	-	**(27,603)**
Balance as on January 1, 2019 (un-audited)	893,795	606,222	3,766,738	(194,715)	28,858,325	3,527,025	22,981	277,219	1,615,000	17,310,333	6,222,190	62,905,113	2,124,244	**65,029,357**
Appropriation of reserves														
Transferred to general reserve	-	-	-	-	-	-	-	-	-	1,000,000	(1,000,000)	-	-	-
Transactions with owners recognized directly in equity														
Final dividend for the year ended December 31, 2018 Rs. 15 per share	-	-	-	-	-	-	-	-	-	-	(1,340,693)	(1,340,693)	-	**(1,340,693)**
Adjustment on account of Group taxation	-	-	-	-	-	-	-	-	-	-	(86,884)	(86,884)	-	**(86,884)**
Dividend relating to 2018 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(98,861)	**(98,861)**
Total transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-	-	(1,427,577)	(1,427,577)	(98,861)	**(1,526,438)**
Total comprehensive income for the period ended June 30, 2019														
Profit for the period	-	-	-	-	-	-	-	-	-	-	228,769	228,769	60,077	**288,846**
Other comprehensive income:														
Changes in fair value of available for sale financial assets	-	-	-	-	(8,514,170)	-	-	-	-	-	-	(8,514,170)	-	**(8,514,170)**
Other comprehensive income from investments accounted for under equity	-	-	-	-	-	(1,102,327)	-	-	-	-	-	(1,102,327)	-	**(1,102,327)**
Exchange difference on translation of foreign subsidiaries	-	-	-	130,061	-	-	-	-	-	-	-	130,061	144,512	**274,573**
Total comprehensive income / (loss) for the period	-	-	-	130,061	(8,514,170)	(1,102,327)	-	-	-	-	228,769	(9,257,667)	204,589	**(9,053,078)**
Balance as on June 30, 2019 (un-audited)	893,795	606,222	3,766,738	(64,654)	20,344,155	2,424,698	22,981	277,219	1,615,000	18,310,333	4,023,382	52,219,869	2,229,972	**54,449,841**

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated un-audited financial statements.

Syed Hyder Ali	Asghar Abbas	Khurram Raza Bakhtayari
Chief Executive & Managing Director	Director	Chief Financial Officer

PACKAGES GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
for the six month period ended June 30, 2019

	Note	Six month period ended June 30, 2019 Un-audited	Six month period ended June 30, 2018 Un-audited
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	16	**796,785**	736,594
Finance cost paid		**(1,527,226)**	(933,271)
Income tax paid		**(589,363)**	(1,165,055)
Payments for accumulating compensated absences and staff gratuity		**(349,921)**	(23,358)
Retirement benefits paid		**(169,584)**	(15,563)
Net cash outflow from operating activities		**(1,839,309)**	(1,400,653)
Cash flows from investing activities			
Fixed capital expenditure		**(2,650,713)**	(1,725,763)
Receipts against investments matured		**10,000**	-
Investments made in equity securities		**(185,000)**	-
Rental security deposits - net		**15,966**	20,987
Long term loans and deposits - net		**4,313**	2,034
Proceeds from disposal of operating fixed assets		**74,920**	38,130
Dividends received		**1,433,025**	1,789,586
Net cash (outflow) / inflow from investing activities		**(1,297,489)**	124,974
Cash flows from financing activities			
Proceeds from long term finances - secured		**4,063,396**	-
Proceeds received from non-controlling interest on interest acquisition in subsidiary		**-**	4,720
Repayment of long term finances		**(1,694,968)**	(2,144,398)
Liabilities against assets subject to finance lease		**299,145**	(14,606)
Long term advances paid		**(10,179)**	-
Participating dividend paid on preference shares		**-**	(82,499)
Dividend paid to equity holders of the Parent Company		**(1,238,786)**	(2,684,868)
Dividend paid to non-controlling interest		**(98,861)**	(138,624)
Net cash inflow / (outflow) from financing activities		**1,319,747**	(5,060,275)
Net decrease in cash and cash equivalents		**(1,817,051)**	(6,335,954)
Cash and cash equivalents at the beginning of the period		**(11,157,149)**	(4,002,932)
Cash and cash equivalents at the end of the period	17	**(12,974,200)**	(10,338,886)

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated un-audited financial statements.

Syed Hyder Ali	Asghar Abbas	Khurram Raza Bakhtayari
Chief Executive & Managing Director	Director	Chief Financial Officer

1. Legal status and nature of business

Packages Limited ('the Parent Company') and its subsidiaries, DIC Pakistan Limited, Bulleh Shah Packaging (Private) Limited, Packages Lanka (Private) Limited, Linnaea Holdings Inc., Chantler Packages Inc., Packages Real Estate (Private) Limited [Formerly Packages Construction (Private) Limited], Packages Power (Private) Limited, Anemone Holdings Limited, Flexible Packages Convertors (Proprietary) Limited, Packages Convertors Limited and Packages Investments Limited (together, 'the Group') are engaged in the following businesses:

Packaging:	Representing manufacture and sale of packaging materials and tissue products
Inks:	Representing manufacture and sale of finished and semi finished inks
Construction:	Representing all types of construction activities and development of real estate
Paper and paperboard:	Representing manufacture and sale of paper and paperboard of all kinds
Investments:	Representing and managing investments
Power generation:	Representing the development and management of hydropower project

The Group also holds investments in companies engaged in the manufacture and sale of inks, flexible packaging material, paper, paperboard and corrugated boxes, biaxially oriented polypropylene ('BOPP') film and cast polypropylene ('CPP') film, production and sale of ground calcium carbonate products, and companies engaged in insurance, power generation and real estate business.

The registered office of the Group is situated at 4th Floor, the Forum, Suite No. 416 - 422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan. Head office and the factory is located at Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore, Pakistan.

1.1 The Board of Directors of the Parent Company, in its meeting held on April 24, 2019, has evaluated and approved internal restructuring of the Parent Company with an objective to create a holding company, subject to procuring all applicable regulatory, corporate and third party approvals and execution of relevant documents / agreements between the Parent Company and relevant subsidiaries. This arrangement will help in developing operating synergies across businesses, managing operations in a focused manner and streamlining the ownership structure. The proposed restructuring shall not affect the rights of the shareholders of the Parent Company.

In this regard, the Parent Company has incorporated two wholly owned subsidiaries and will transfer:

(a) its manufacturing businesses including folding cartons, flexible packaging, consumer products and mechanical fabrication and roll covers along with all relevant assets, operations and corresponding liabilities into a separate 100% wholly owned subsidiary, namely Packages Convertors Limited; and

(b) its investment business comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary, namely Packages Investments Limited.

The Parent Company will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries will remain with the Parent Company.

2. Basis of preparation

These condensed Interim Consolidated 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:

i) International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017 ; and

ii) Provisions of and directives issued under the Companies Act, 2017.

Where 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.

3. Significant accounting policies

The accounting policies adopted for the preparation of this condensed interim consolidated financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended December 31, 2018, except for those stated in note 3.1.1.

3.1 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 condensed Interim Consolidated financial statements covering annual periods, beginning on or after the following dates:

3.1.1 Standards, amendments and interpretations to approved accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 1, 2019, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

(a) IFRS 9, 'Financial Instruments'

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods beginning on or after July 1, 2018. This standard replaces guidance in IAS 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. Accordingly, the Group has changed its accounting policies and followed the requirements of IFRS 9 for classification and measurement of financial assets and recognition of loss allowance against financial assets.

In respect of application of IFRS 9, the Group has adopted modified retrospective approach as permitted by this standard, according to which the Group is not required to restate the prior period results. The adoption of this standard by the Group has resulted in an impact of Rs. 27.603 million net of tax on the opening equity of the Group in respect of recognition of loss allowance against the opening trade receivables.

(b) IFRS 15, 'Revenue from Contracts with Customers'

This standard was notified by SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognize revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any material impact on the revenue recognition policy of the Group and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is not material. Therefore, the comparative information has not been restated and continues to be reported under the previous accounting policy.

(c) IFRS 16, 'Leases'

This standard has been notified by the SECP to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

The Group has applied IFRS 16 using the simplified approach for transition. This approach requires entities to recognise the cumulative effect of applying the standard as an adjustment to the opening balance of un-appropriated profit at the date of initial application. Comparative prior periods would not be adjusted. The cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is not material. Furthermore, the changes laid down by this standard do not have any significant impact on these condensed interim consolidated financial statements for the current period.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these condensed interim consolidated financial statements.

4. Income tax expense comprises current and deferred tax. SECP vide its certificate dated December 14, 2017, has registered the Parent Company and its wholly-owned subsidiary Bulleh Shah Packaging (Private) Limited ('BSPPL') (together the 'Tax Group') as a Group and has also, vide its certificate dated January 1, 2018, designated the Tax Group for the purpose of group taxation under Section 59AA of the Income tax Ordinance, 2001. Consequent to the filing of declaration for group taxation for the tax year 2020 by the Parent Company and BSPPL, the Tax Group will be taxed as one fiscal unit for the said tax year. Subsequent to the period end, SECP has vide its certificate dated July 30, 2019 has altered the composition of the Tax Group to included the Parent Company, BSPPL, Packages Investments Limited and Packages Convertors Limited therein. The process for obtaining SECP's approval for designation of the new Tax Group for group taxation under Section 59AA of the Income Tax Ordinance, 2001 is underway as of the date of issuance of these condensed interim consolidated financial statements.

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. Current and deferred taxes based on the consolidated results of the Tax Group are allocated within the Tax Group on the basis of separate return method, modified for determining realisability of tax credits and tax losses which are assessed at Tax Group level. Any adjustments in the current and deferred taxes of the Parent Company on account of group taxation are credited or charged to condensed interim consolidated profit or loss statement in the period in which they arise.

5. Critical accounting estimates and adjustments

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

In preparing these condensed interim consolidated financial statements, the significant judgements 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, 2018, with the exception of the following:

- changes in estimates that are required in determining the provision for income taxes as referred to in note 4; and

- change in accounting estimate relating to recognition of provision for accumulating compensated absences on account of change in Parent Company's leaves policy resulting in reduction of number of maximum earned leaves eligible for carry forward for certain category of Parent Company's employees. The aforementioned change has resulted in a one-off payment of Rs. 193.935 million to these employees. However, the impact of such change on the Parent Company's expense in respect of accumulating compensated absences is not significant.

6. This represents loan repayable to Babar Ali Foundation (BAF) and is interest free. It is being carried at amortised cost using a market intrest rate of 16% for a similar instrument.

7. Long term finances

	Note	**June 30, 2019**	December 31, 2018
		Un-audited	Audited
		(Rupees in thousand)	
The are composed of:			
Local currency loans - secured	7.1	**17,196,129**	14,667,258
Foreign currency loans - secured	7.2	**1,595,092**	1,486,270
		18,791,221	16,153,528
Preference shares / convertible stock-unsecured		**932,650**	932,650
		19,723,871	17,086,178
Current portion shown under current liabilities		**(3,483,083)**	(3,519,886)
Closing balance		**16,240,788**	13,566,292

7.1 Local currency loans - secured

	June 30, 2019 Un-audited	December 31, 2018 Audited
	(Rupees in thousand)	
Opening balance	**14,667,258**	15,564,742
Disbursements during the period / year	**4,000,000**	3,000,000
	18,667,258	18,564,742
Repayments during the period / year	**(1,471,129)**	(3,897,484)
Closing balance	**17,196,129**	14,667,258

7.2 Foreign currency loans - secured

	June 30, 2019 Un-audited	December 31, 2018 Audited
Opening balance	**1,486,270**	1,490,808
Disbursements during the period / year	**63,396**	411,079
	1,549,666	1,901,887
Repayments during the period / year	**(223,839)**	(346,681)
Exchange adjustment on opening balances	**269,265**	(68,936)
Closing balance	**1,595,092**	1,486,270

8. Contingencies and commitments

8.1 Contingencies

(i) Claims against the Group by ex-employees not acknowledged as debts Rs. 21.629 million (December 31, 2018: Rs. 17.885 million).

(ii) Guarantees issued in favour of Office of Excise and Taxation, Lahore; Director Taxes, Excise and Taxation Department, aggregating to Rs. 64.124 million (December 31, 2018: Rs. 4.624 million).

(iii) Letters of guarantees issued to various parties aggregating to Rs. 1,679.864 million (December 31, 2018: Rs. 511.967 million). Guarantees issued includes an amount of Rs. 368.226 million (December 31, 2018: Rs. 181.000 million) which has been issued in favour of a customer under an agreement whereby the Parent Company has committed to purchase and install certain plant and machinery at its Lahore premises by December 1, 2019. Under the agreement, the customer is required to contribute Rs. 314.723 million (December 31, 2018: Rs. 181.000 million) as its share towards the cost of said plant and machinery. The contribution has been received by the Parent Company during the current period.

(iv) Standby letter of credit issued by Habib Bank Limited - Pakistan ('HBL Pakistan') in favour of Habib Bank Limited - Bahrain ('HBL Bahrain') on behalf of the Parent Company amounting to USD 6.160 million equivalent to Rs. 985.900 million (December 31, 2018: USD 7.111 million equivalent to Rs. 989.176 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL') wholly-owned subsidiary of the Parent Company. The standby letter of credit is secured against pledge of Nestle Pakistan Limited's shares owned by the Parent Company.

(v) The Walton Cantonment Board ('WCB') issued a notice to PREPL requiring payment of commercialization fee of Rs. 544 million. PREPL challenged the demand of WCB before LHC through Writ Petition No. 8636/17. The LHC after hearing the point of view of PREPL, by its order dated March 24, 2017, remitted the matter to WCB to decide the same within forty days and further directed that no coercive to be taken against PREPL in the meanwhile.

WCB conducted a hearing on May 9, 2017 and representative of WCB could not justify the charging of commercialization fee and sought time to produce statutory documents permitting the reason for imposing such fee. The PREPL legal counsel continuously followed up with WCB for statutory instrument, however WCB did not respond to those requests. In view of the foregoing and lapse of the deadline of LHC, the management considers that there are strong grounds to support PREPL's stance and thus no provision has been made in these condensed Interim Consolidated financial statements.

(vi) During June 2017, WCB issued a demand challan dated June 30, 2017 to PREPL requiring immediate payment of property tax of Rs. 30.361 million relating to the period April 20, 2017 to June 30, 2017. PREPL made an on account payment of Rs. 30.361 million on without prejudice basis since closure of premises had been threatened by WCB.

During July 2017 WCB issued another demand challan to PREPL requiring payment of property tax of Rs. 256.372 million relating to the period July 2017 to June 2018 followed by an assessment notice. The demand was challenged by PREPL's legal counsel and the same was rejected by WCB. Aggrieved by the decision of the WCB, PREPL challenged the demand of WCB before the LHC through Writ Petition No. 208653/18. The LHC after hearing the point of view of the PREPL, by its order dated May 04, 2018, restrained WCB from taking any coercive action against PREPL and directed WCB to submit a reply thereto.

In view of the foregoing, in spite of the fact that management considers that there are strong grounds to support PREPL's stance, a provision of Rs. 230.747 million has been made in this condensed interim financial statements based on maximum exposure at the date of grant of stay by LHC.

Pursuant to the above orders of the Honorable Supreme Court of Pakistan, the Group has submitted an application dated January 25, 2019 with Walton Cantonment Board requesting commercialisation at a reduced rate of the additional area representing additional optional parking space, roads network, green area, security pods and loading docks. The total commercialisation fee calculated on the full charge basis is estimated to be Rs. 268.400 million. As final charge leviable in the matter is not ascertainable at this stage, therefore no provision has been recorded in these consolidated financial statements.

(vii) In respect of tax year 2016, the Department of Inland Revenue Services ('the department') by an order dated April 30, 2018, against a taxable loss of Rs. 3,309.505 million as per return filed by BSPPL, assessed a taxable income of Rs. 773.450 million and amended the deemed order for the year raising a tax demand of Rs. 89.824 million. In this order, among other issues, the department disallowed the adjustment of tax loss carried forward of Rs. 3,507.631 million against the taxable income of the said year on the grounds that the contention of the Parent Company in respect of tax year 2014 for non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL under section 97 of the Income Tax Ordinance, 2001 was rejected in the assessment order dated May 28, 2016 passed by the department for the Parent Company, thereby taxing such transfer as capital gain on the value of assets transferred. The Parent Company filed an appeal against the above order before the Appellate Tribunal Inland Revenue ('ATIR') on May 4, 2018, the outcome of which is still pending.

Further, certain other disallowances were made by the department interalia including refund adjustment pertaining to tax year 2014 of Rs. 141.323 million claimed by BSPPL, on the grounds that return of income for the tax year 2014 was amended by the department via an order dated February 28, 2017, thereby eliminating the amount of tax refundable claimed by BSPPL for the tax year 2014.

BSPPL being aggrieved of the order dated April 30, 2018 filed the appeal before Commissioner Inland Revenue (Appeals) [‘CIR(A)’]. CIR(A), through order dated July 6, 2018, accepted some contentions of BSPPL, remanded back few contentions to the department, disallowed the adjustment of tax loss carried forward of Rs. 3,507.631 million and disallowed the refund adjustment pertaining to tax year 2014 of Rs. 141.324 million. BSPPL filed an appeal dated

August 7, 2018 before Appellate Tribunal Inland Revenue against the CIR(A)'s disallowances and did not make any provision against the above disallowances as the management of BSPPL is confident that the ultimate outcome of the appeal would be in favor of BSPPL, inter alia on the basis of the advice of the tax consultant of BSPPL and the Parent Company and the relevant law and the facts.

8.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 1,146.470 million (December 31, 2018: Rs. 1,252.734 million)

(ii) Letters of credit and contracts for other than capital expenditure Rs. 2,007.756 million (December 31, 2018: Rs. 1,568.659 million)

(iii) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	Note	**June 30, 2019**	December 31, 2018
		Un-audited	Audited
		(Rupees in thousand)	
Not later than one year		**142,876**	126,279
Later than one year and not later than five years		**676,656**	588,202
Later than five years		**-**	49,792
		819,532	764,273

9. Property, plant and equipment

	Note	**June 30, 2019**	December 31, 2018
Operating fixed assets - at net book value			
Owned assets	9.1	**25,028,496**	24,829,244
Right of use assets		**431,959**	75,517
	9.2	**25,460,455**	24,904,761
Capital work-in-progress	9.3	**2,499,490**	2,054,719
Major spare parts and stand-by equipment		**150,179**	125,077
		28,110,124	27,084,557

9.1 A portion of the land on which the Parent Company's factory is situated, measuring 231 kanals and 19 marlas, was leased out to the Parent Company by GoPb from December 1955 till November 2015 after which the lease has not been renewed. During the year 2015, the Parent Company approached the Board of Revenue ('BoR'), GoPb to renew the lease; however, no adequate response was received. On January 5, 2019, the Supreme Court of Pakistan ('Court'), summoned BoR, to which the BoR stated that the new policy of the GoPb is not to lease state land but to sell it through open auction. Consequently, the Parent Company was directed to deposit Rs. 500 million with the BoR as security to the payment of outstanding amount of rent to be determined, with such amount being adjustable against final amount of rent. The Parent Company has deposited such amount in compliance with the direction on January 10, 2019. The Supreme Court has further directed Additional Advocate General, Punjab on January 16, 2019 that subject to the Court's approval, two surveyors be appointed for determination of rent based on industrial usage of the land for the period from December 2015 till date. However, no surveyors have been appointed as of the date of the authorization for issue of condensed Interim Consolidated financial statements. Moreover, the Court has further decided that the land shall be sold through an open auction with the Parent Company getting the first right of refusal.

The management of the Parent Company has, on the basis of assessment of fair value of the said portion of land by an independent valuer and its understanding of the prevalent market terms relating to rent of such properties in the vicinity of the said portion of land, booked a provision of Rs. 415.630 million (December 31, 2018: Rs. 357.590 million) in respect of rent for the period from December 2015 to June 2019. The management of the Parent Company is confident that the final amount of rent will be in congruence with the provision made in these financial statements, inter alia on the basis of the fair value determined by the independent valuer and the relevant facts and circumstances. Furthermore, the management of the Parent Company also intends to acquire the tile of the said portion of land when the open auction takes place and is confident that it will be able to meet the highest bid.

9.2 Operating fixed assets

	Note	**June 30, 2019**	December 31, 2018
		Un-audited	Audited
		(Rupees in thousand)	
Opening net book value		**24,904,761**	23,871,518
Additions during the period / year	9.2.1	**1,824,141**	4,374,544
Transfer in at book value - net		**-**	144,433
		1,824,141	4,518,977
		26,728,902	28,390,495
Disposals during the period / year at book value		**(46,050)**	(114,394)
Transferred out at book value - net		**-**	(118,099)
Depreciation charged during the period / year		**(1,836,583)**	(3,453,242)
Exchange adjustment on opening book value - net		**614,186**	200,001
		(1,268,447)	(3,485,734)
Closing net book value		**25,460,455**	24,904,761

9.2.1 Additions during the period

Freehold land	**226,003**	16,615
Leasehold land	**-**	52,997
Buildings on freehold land	**98,370**	76,684
Buildings on leasehold land	**-**	1,705
Plant and machinery	**941,630**	3,772,704
Other equipments	**152,433**	203,629
Furniture and fixtures	**286,893**	26,696
Vehicles	**118,812**	223,514
	1,824,141	4,374,544

9.3 Capital work-in-progress

Civil works	**124,533**	60,224
Plant and machinery	**2,280,335**	1,893,158
Advances	**94,622**	101,337
	2,499,490	2,054,719

10. Intangible assets

Opening book value	**385,100**	285,595
Additions during the period / year	**17,107**	130,924
Amortisation charged during the period / year	**(17,812)**	(31,396)
Exchange difference	**37,022**	(23)
Closing book value	**421,417**	385,100

11. Investments accounted for using the equity method

	Note	June 30, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
Investments in associates	11.1	**6,244,295**	8,009,152
Investment in joint ventures	11.2	**468,477**	303,685
		6,712,772	8,312,837

11.1 Investments in associates

	Note	June 30, 2019	December 31, 2018
Cost			
Opening balance		**3,386,278**	3,386,278
Impairment loss on equity instruments of associate		**(500,000)**	-
		2,886,278	3,386,278
Post acquisition share of profits and reserves net of impairment losses			
Opening balance		**4,622,874**	6,084,082
Share of (loss)/profit from associates - net of tax		**(65,028)**	96,950
Share of other comprehensive loss - net of tax		**(1,102,997)**	(1,232,742)
Dividends received during the period / year		**(96,832)**	(325,416)
Closing balance		**3,358,017**	4,622,874
Balance as on	11.1.1	**6,244,295**	8,009,152

11.1.1 Investment in equity instruments of associated companies - quoted

	Note	June 30, 2019	December 31, 2018
IGI Holdings Limited (formerly IGI Insurance Limited) 15,033,041 (December 31, 2018: 15,033,041) fully paid ordinary shares of Rs. 10 each Equity held 10.54% (2018: 10.54%) Market value - Rs. 2,285.022 million (December 31, 2018: Rs. 3,024.248 million)	11.3	**3,899,068**	5,028,603
Tri-Pack Films Limited 12,933,333 (December 31, 2018: 12,933,333) fully paid ordinary shares of Rs. 10 each Equity held 33.33% (2018: 33.33%) Market value - Rs. 858.127 million (December 31, 2018: Rs. 1,184.901 million)	11.4	**2,345,227**	2,980,549
		6,244,295	8,009,152

11.2 Investment in joint ventures

	Note	June 30, 2019	December 31, 2018
Opening balance		**303,685**	331,770
Additions during the period / year		**185,000**	-
Share of loss from joint ventures - net of tax		**(10,626)**	(20,948)
Share of other comprehensive income from joint ventures - net of tax		**670**	5,689
Dividends received during the period / year		**(10,252)**	(12,826)
Closing balance	11.2.1	**468,477**	303,685

11.2.1 Investment in equity instruments of joint ventures - unquoted

	June 30, 2019	December 31, 2018
	Un-audited	Audited
	(Rupees in thousand)	
Plastic Extrusions (Proprietary) Limited, South Africa		
500 (December 31, 2018: 500) fully paid ordinary shares of ZAR 1 each		
Equity held 50% (2018: 50%)	**28,111**	27,441
OmyaPack (Private) Limited, Pakistan		
49,500,000 (December 31, 2018: 31,000,000) fully paid ordinary shares of Rs. 10 each		
Equity held 50% (December 31, 2018: 50%)	**440,366**	276,244
	468,477	303,685

11.3 The Parent Company's investment in IGI Holdings Limited is less than 20% but it is considered to be an associate as per the requirement of IAS 28 'Investments in Associates' because the Parent Company has significant influence over the financial and operating policies through representation on the board of directors of the company.

11.4 The Parent Company reviewed the carrying amount of its investment in equity instruments of Tri-Pack Films Limited, an associate, and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. As a result of carrying out the aforementioned assessment, the recoverable amount of the investment was determined to be lower than its carrying amount. Accordingly, the carrying amount was reduced by Rs. 500 million which has been recognised as an expense and included in 'Other expenses'.

12. Other long term investments

	Note	June 30, 2019	December 31, 2018
		Un-audited	Audited
Quoted		(Rupees in thousand)	
Nestle Pakistan Limited			
3,649,248 (December 31, 2018: 3,649,248) fully paid ordinary shares of Rs. 10 each			
Equity held 8.05% (December 31, 2018: 8.05%)			
Cost - Rs. 5,778.896 million (December 31, 2018: Rs. 5,778.896 million)	12.1&12.2	**24,329,062**	32,843,232
Unquoted			
Tetra Pak Pakistan Limited			
1,000,000 (December 31, 2018: 1,000,000) fully paid non-voting shares of Rs. 10 each		**-**	10,000
Pakistan Tourism Development Corporation Limited			
2,500 (December 31, 2018: 2,500) fully paid ordinary shares of Rs. 10 each		**25**	25
Orient Match Company Limited			
1,900 (December 31, 2018: 1,900) fully paid ordinary shares of Rs. 100 each		**-**	-
Coca-Cola Beverages Pakistan Limited			
500,000 (December 31, 2018: 500,000) fully paid ordinary shares of Rs. 10 each		**4,706**	4,706
Equity held 0.14% (December 31, 2018: 0.14%)		**24,333,793**	32,857,963

12.1 Nestle Pakistan Limited is associated undertaking under the Companies Act, 2017.However, for the purpose of measurement, this has been classified as available for sale investments as the Group does not have a significant influence over its operations.

12.2 As of June 30, 2019, an aggregate of 1,195,000 shares (December 31, 2018: 775,000 shares) of Nestle Pakistan Limited having market value Rs. 7,966.910 million (December 31, 2018: Rs. 6,975 million) have been pledged in favor of HBL Pakistan. Out of aggregate shares pledged, 410,000 shares (December 31, 2018: 410,000 shares) are pledged against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 8.1 and the remaining 785,000 shares (December 31, 2018: 365,000 shares) are pledged against the term finance loans obtained from HBL Pakistan.

13. Cost of sales

	Three month period ended		**Six month period ended**	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018
	Un-audited	Un-audited	**Un-audited**	Un-audited
	(Rupees in thousand)			
Materials consumed	**7,615,666**	7,067,890	**15,447,593**	14,152,118
Salaries, wages and amenities	**1,110,753**	1,031,092	**2,145,382**	1,968,392
Travelling and conveyance	**41,232**	51,372	**50,968**	63,634
Fuel and power	**1,274,027**	1,121,146	**2,714,374**	2,421,137
Production supplies consumed	**293,951**	266,461	**579,761**	534,217
Rent	**261,828**	67,660	**344,376**	138,187
Insurance	**53,126**	50,811	**102,904**	100,406
Repairs and maintenance	**225,661**	237,929	**454,689**	470,530
Packing expenses	**224,023**	178,639	**427,368**	374,953
Depreciation on property, plant and equipment	**1,105,733**	1,091,175	**2,201,748**	2,187,630
Amortization of intangible assets	**3,673**	2,412	**7,161**	4,742
Technical fee and royalty	**32,159**	36,961	**68,784**	58,583
Other expenses	**194,111**	281,675	**490,366**	572,661
	12,435,943	11,485,223	**25,035,474**	23,047,190
Opening work-in-process	**471,862**	399,994	**973,939**	405,698
Closing work-in-process	**(571,841)**	(433,273)	**(571,841)**	(433,273)
Cost of goods manufactured	**12,335,964**	11,451,944	**25,437,572**	23,019,615
Opening stock of finished goods	**4,390,647**	3,956,931	**3,839,768**	3,835,580
Closing stock of finished goods	**(4,169,755)**	(3,971,253)	**(4,169,755)**	(3,971,253)
	12,556,856	11,437,622	**25,107,585**	22,883,942

14. Transactions and balances with related parties

Relationship with the Group	Nature of transactions	Six month period ended June 30, 2019 Un-audited	June 30, 2018 Un-audited
		(Rupees in thousand)	
i Associated Undertakings	Purchase of goods and services	**780,951**	1,066,743
	Sale of goods and services	**14,456**	13,058
	Dividend income	**96,832**	286,200
	Insurance premium paid	**288,987**	257,605
	Rental and other income	**13,648**	12,199
	Insurance claims received	**21,319**	7,528
	Commission earned	**769**	6,936
	Dividend paid	**400,608**	739,613
ii Joint venture	Purchase of goods and services	**95,549**	12,871
	Sale of goods and services	**119,876**	98,037
	Rental and other income	**1,759**	1,793
	Investment	**185,000**	-
iii Other related parties	Purchase of goods and services	**462,585**	379,882
	Sale of goods and services	**146,135**	264,465
	Royalty and technical fee - expense	**26,802**	22,504
	Commission Income	**131**	41
	Commission expense	**5,598**	5,132
	Rebate received	**-**	727
	Donation	**35,773**	23,882
	Dividend paid	**90,147**	-
iv Post employment benefit plans	Expenses charged in respect of retirement benefit plans	**114,238**	88,850
	Dividend paid	**42,486**	84,973
v Key management personnel	Salaries and other employee benefits	**68,164**	87,593
	Dividend paid	**34,309**	68,153

All transactions with related parties have been carried out on mutually agreed terms and conditions. There are no transactions with key management personnel other than under the terms of employment.

Period / year end balances	June 30, 2019 Un-audited	December 31, 2018 Audited
	(Rupees in thousand)	
Receivable from related parties		
Associates	**101,579**	59,992
Joint ventures	**59,549**	24,632
Other related parties	**14,535**	5,450
Payable to related parties		
Associates	**115,073**	46,899
Joint ventures	**34,211**	11,118
Other related parties	**293,206**	78,436
Post employment benefit plans	**17,368**	33,189

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

15. Segment Information

	Packaging Division		Consumer Products Division		Ink Division		Paper & Paperboard		Real estate		Power Generation and others		Total	
	June 30, 2019	June 30, 2018	**June 30, 2019**	June 30, 2018	**June 30, 2019**	June 30, 2018	**June 30, 2019**	June 30, 2018	**June 30, 2019**	June 30, 2018	**June 30, 2019**	June 30, 2018	**June 30, 2019**	June 30, 2018
	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	**16,519,427**	15,520,190	**2,574,106**	2,267,608	**1,964,031**	1,613,432	**6,887,553**	5,560,340	**1,703,504**	1,599,514	**(92,991)**	21,363	**29,555,630**	26,582,447
Intersegment revenue	**407,984**	219,161	**-**	-	**488,005**	463,807	**2,005,584**	1,657,253	**4,359**	2,475	**240**	139,152	**2,906,172**	2,481,848
	16,927,411	15,739,351	**2,574,106**	2,267,608	**2,452,036**	2,077,239	**8,893,137**	7,217,593	**1,707,863**	1,601,989	**(92,751)**	160,515	**32,461,802**	29,064,295
Segment profit / (loss) before tax	**1,079,760**	512,603	**178,427**	284,857	**207,896**	212,727	**(604,735)**	(47,520)	**52,015**	113,205	**515,805**	1,600,438	**1,429,168**	2,676,310
	June 30, 2019	December 31, 2018	**June 30, 2019**	December 31, 2018	**June 30, 2019**	December 31, 2018	**June 30, 2019**	December 31, 2018	**June 30, 2019**	December 31, 2018	**June 30, 2019**	December 31, 2018	**June 30, 2019**	December 31, 2018
	Un-audited	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited
Segment assets	**25,011,378**	24,105,218	**2,600,699**	2,349,911	**2,868,053**	2,498,477	**20,353,226**	18,614,594	**12,488,260**	12,618,377	**38,620,811**	44,147,745	**101,942,427**	104,334,322

Reconciliation of profit

	June 30, 2019	June 30, 2018
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for reportable segments	**1,429,168**	2,676,310
Loss from associates and joint ventures - net of dividends	**(182,738)**	(243,390)
Intercompany consolidation adjustments	**(465,516)**	(781,776)
Profit before tax	**780,914**	1,651,144

16. Cash generated from operations

	Six month period ended	
	June 30, 2019	June 30, 2018
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax	**780,914**	1,651,144
Adjustments for non-cash items:		
Depreciation on property, plant and equipment	**1,836,583**	1,854,096
Depreciation on investment properties	**414,945**	474,480
Amortization of intangible assets	**17,812**	15,613
Provision for accumulating compensated absences	**216,839**	60,764
Provision for retirement benefits	**233,254**	47,175
(Reversal) / Provision for obsolete / slow-moving stores and spares	**(16,117)**	7,924
(Reversal) / Provision for obsolete / slow-moving stock-in-trade	**(750)**	22,076
Amortization of deferred income	**(13,150)**	(11,512)
Profit on disposal of owned assets	**(28,870)**	(1,445)
Exchange loss - net	**283,921**	34,333
Finance costs	**1,694,809**	931,061
Expected credit loss	**124,716**	16,196
Impairment charged on investment in associate	**500,000**	-
Liabilities no longer payable written back	**(6,719)**	(10,810)
Exchange difference on translation of foreign subsidiaries	**(107,370)**	814
Share of profits on investments accounted for using the equity method	**75,654**	(52,120)
Dividend income	**(1,325,941)**	(1,494,076)
Profit before working capital changes	**4,680,530**	3,545,713
Effect on cash flow due to working capital changes		
Increase in trade debts	**(1,683,801)**	(1,172,296)
Increase in stores and spares	**(332,271)**	(140,038)
Increase in stock-in-trade	**(1,142,783)**	(2,115,765)
Increase in loans, advances, deposits, prepayments and other receivables	**(291,960)**	(249,657)
(Decrease) / increase in trade and other payables	**(432,930)**	868,637
	(3,883,745)	(2,809,119)
	796,785	736,594

17. Cash and cash equivalents

Cash and bank balances	**581,358**	659,784
Finances under markup arrangements - secured	**(13,555,558)**	(10,998,670)
	(12,974,200)	(10,338,886)

18. Financial risk management

18.1 Financial risk factors

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 Consolidated financial statements do 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, 2018.

There have been no changes in the risk management department or in any risk management policies since the year ended December 31, 2018.

18.2 Fair value estimation

The different levels for fair value estimation used by the Group have been explained as follows:

The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Parent Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity instruments.

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed above. The following table presents the Group’s significant financial assets measured and recognised at fair value at June 30, 2019 and December 31, 2018 on a recurring basis:

	Un-audited (Rupees in thousand)			
As at June 30, 2019	Level 1	Level 2	Level 3	**Total**
Assets				
Recurring fair value measurement				
Equity investments at fair value through other comprehensive income	24,329,061	-	-	24,329,061
Liabilities	-	-	-	-

	Audited (Rupees in thousand)			
As at December 31, 2018	Level 1	Level 2	Level 3	**Total**
Assets				
Recurring fair value measurement				
Available for sale investments	32,843,232	-	-	32,843,232
Liabilities	-	-	-	-

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Group’s financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

19. Detail of subsidiaries

Name of the subsidiaries

	Accounting year end	Percentage of holding	Country of incorporation
Anemone Holdings Limited	December 31	100.00%	Mauritius
Bulleh Shah Packaging (Private) Limited	December 31	100.00%	Pakistan
Chantler Packages Inc.	December 31	71.10%	Canada
DIC Pakistan Limited	December 31	54.98%	Pakistan
Flexible Packages Converters (Proprietary) Limited	February 28	55.00%	South Africa
Linnaea Holdings Inc.	December 31	79.07%	Canada
Packages Real Estate (Private) Limited	December 31	75.16%	Pakistan
Packages Lanka (Private) Limited	December 31	79.07%	Sri Lanka
Packages Investments Limited	December 31	100.00%	Pakistan
Packages Convertors Limited	December 31	100.00%	Pakistan
Packages Power (Private) Limited	December 31	100.00%	Pakistan

20. Date of authorization for issue

These condensed Interim Consolidated financial statements were authorized for issue on August 26, 2019 by the Board of Directors of the Parent Company.

21. Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - ‘Interim Financial Reporting’, the condensed Interim Consolidated statement of financial position has been compared with the balances of annual consolidated audited financial statements of preceding financial year, whereas, the condensed Interim Consolidated profit or loss account, condensed consolidated interim statement of comprehensive income, condensed Interim Consolidated statement of changes in equity and condensed consolidated 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 reclassified, wherever necessary, for the purposes of comparison. However, no significant reclassifications have been made except for the following :

Particulars	(Rupees in thousand)
Trade discount' previously included in 'Advertisement and sales promotion' under 'Distribution and marketing costs' now shown as deduction from 'Sales' on the face of condensed interim consolidated statement of profit or loss	**132,392**

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer