

HALF YEARLY REPORT

2023

Condensed Interim Financial Statements
for the Six Months Period Ended
June 30, 2023 (Unaudited)



Packages Limited

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COMPANY INFORMATION

Board of Directors *

Mr. Towfiq Habib Chinoy
(Chairman & Non-Executive Director)

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

Syed Shahid Ali
(Non-Executive Director)

Mr. Hasan Askari
(Independent Director)

Mr. Atif Aslam Bajwa
(Non-Executive Director)

Ms. Saba Kamal
(Independent Director)

Mr. Tariq Iqbal Khan
(Non-Executive Director)

Syed Aslam Mehdi
(Executive Director)

Mr. Josef Meinrad Mueller
(Non-Executive Director)

Mr. Irfan Mustafa **
(Independent Director)

Audit Committee

Mr. Hasan Askari - Chairman

Syed Shahid Ali - Member

Mr. Atif Aslam Bajwa - Member

Mr. Tariq Iqbal Khan - Member

Syed Aslam Mehdi - Member

Mr. Hammad Ahmed Butt *** - Secretary

Mr. Soban Waqar ***

Human Resource and Remuneration Committee

Mr. Irfan Mustafa ** - Chairman

Syed Hyder Ali - Member

Mr. Atif Aslam Bajwa - Member

Mr. Towfiq Habib Chinoy - Member

Ms. Saba Kamal - Member

Mr. Josef Meinrad Mueller - Member

Mr. Imran Fazal *** - Secretary

Mr. Muneef Abid ***

IT & Digitalization Committee

Ms. Saba Kamal - Chairperson

Mr. Atif Aslam Bajwa - Member

Mr. Irfan Mustafa ** - Member

Mr. Faizan Mahmood - Secretary

Executive Committee

Syed Hyder Ali - Chairman

Syed Aslam Mehdi - Member

Ms. Iqra Sajjad - Secretary

Advisor

Syed Babar Ali

Chief Financial Officer

Mr. Khurram Raza Bakhtayari

Company Secretary

Ms. Iqra Sajjad

Rating Agency

PACRA

Company Credit Rating

Long-Term: AA+

Short-Term: A1+

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Legal Advisors

Hassan & Hassan (Advocates) - Lahore
Orr, Dignam & Co. – Karachi

Shares Registrar Services

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

Fax : (021) 34380106

Email : info.shares@famco.com.pk

Handling Desk for Shareholders' Affairs

(Corporate Secretarial Department)

Mr. Ubaid Hussain / Ms. Suman Kishore

PABX: (02) 35874047- 49 Ext: 233 & 237

Fax: (021) 35860251

Email: shares.desk@packages.com.pk

(Share Registrar Contact Person)

Mr. Muhammad Taha

Tel. (021) 34380101-5

Fax: (021) 34380106

Email: info.shares@famco.com.pk

Bankers & Lenders

Allied Bank Limited

Bank Al-Habib Limited

Citibank N.A.

Habib Bank Limited

Habib Metropolitan Bank Limited

International Finance Corporation (IFC)

JS Bank Limited

MCB Bank Limited

Standard Chartered Bank (Pakistan) Limited

Offices

Registered Office

4th Floor, The Forum

Suite No. 416 - 422, G-20, Block 9

Khayaban-e-Jami, Clifton

Karachi - 75600, Pakistan

PABX: (021) 35874047-49

Fax: (021) 35860251

Head Office

Shahrah-e-Roomi P.O. Amer Sidhu

Lahore - 54760, Pakistan

PABX: (042) 35811541-46

Fax: (042) 35811195

Web Presence

www.packages.com.pk

* In alphabetical order, by last name

** Mr. Irfan Mustafa resigned from the Board on August 25, 2023

*** Mr. Hammad Ahmed and Mr. Imran Fazal resigned on July 15 and July 31, 2023, respectively. Mr. Soban Waqar and Mr. Muneef Abid were appointed as Secretaries to BAC and HR&RC on August 25, 2023

**DIRECTORS' REVIEW REPORT ON UNCONSOLIDATED CONDENSED INTERIM
UN-AUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2023**

The Directors of Packages Limited are pleased to submit to its shareholders the six monthly report along with the unconsolidated condensed interim un-audited financial statements of the Company for the half year ended June 30, 2023.

FINANCIAL AND OPERATIONAL PERFORMANCE

A comparison of the un-audited financial results for the half year ended June 30, 2023 as against June 30, 2022 is as follows:

	April – June 2023	April – June 2022	Jan – June 2023	Jan – June 2022
	Rupees in million			
Dividend income	1,622	1,906	2,710	2,781
Rental income	146	123	275	234
EBIT	1,557	1,843	2,583	2,667
Finance costs	(372)	(108)	(570)	(261)
Impairment charged on investment	(1,202)	-	(1,202)	-
Other (expenses) / income – net	86	19	134	61
Earnings before tax	69	1,754	944	2,467
Taxation	(183)	(219)	(257)	(250)
(Loss) / Earnings after tax	(114)	1,535	687	2,218
Basic earnings per share - PKR	(1.28)	17.17	6.97	24.10

Packages Limited is operating as a holding company and its performance is determined by the financial performance of its group companies located within & outside Pakistan, which in turn, would be influenced by the general economic environment. Dividend income constitutes the major source of income of Packages Limited. As a result, its income pattern will follow the dividend distribution pattern of the group companies. The management believes that this corporate structure is conducive to focused management of the group companies and leading to better operating performance.

The Company has earned dividend income from its group companies amounting to Rs. 2,710 million during the six-month period ended June 30, 2023 as compared to Rs. 2,781 million during the corresponding period of 2022. The earnings after tax have decreased to Rs. 687 million as compared to Rs. 2,218 million earned during corresponding period of 2022. The decrease is predominantly attributed to an impairment loss of Rs. 1,202 million that was recognized on the investment made in Anemone Holdings Limited, Mauritius as detailed below. The finance cost of the Company has increased by Rs. 310 million during the current period due to utilization of long-term loans for acquisition of shares of Sanofi Aventis Pakistan Limited and the increase in interest rates.

COMPLETION OF ACQUISITION OF SHAREHOLDING IN SANOFI AVENTIS PAKISTAN LIMITED ('SAPL')

Pursuant to the share purchase agreement with Sanofi Foreign Participations B.V., the Company has completed the acquisition of 35% shareholding in Sanofi Aventis Pakistan Limited ('SAPL') on April 28, 2023, at a negotiated purchase price of Rs 940 per share. The Company now has a total shareholding of 41.07% in SAPL. The management of the Company has made a detailed assessment under IFRS 10 and considers SAPL to be its subsidiary as it has de facto control over it.

IMPAIRMENT LOSS ON EQUITY INSTRUMENTS OF ANEMONE HOLDINGS LIMITED, MAURITIUS ('AHL')

Flexible Packages Convertors (Proprietary) Limited, South Africa ('FPC') is an entity based in South Africa which is principally engaged in the manufacture & sale of flexible packaging material. Packages Limited, through its wholly owned subsidiary, Anemone Holdings Limited, Mauritius ('AHL'), controls 63.5% of the shareholding of FPC. FPC recorded an unaudited loss before tax of ZAR 99 million in 2022 which tightened its already constrained working capital. As also disclosed in note 19.1.1 of the audited unconsolidated financial statements of the Company for the year ended December 31, 2022; the deteriorating financial performance and tough economic conditions coupled with low sales to key customers, unfavorable product mix and higher than anticipated variable and fixed costs furthered the cash burden on the working capital of FPC which started restraining the production capacity. Resultantly, Packages Limited carried out an estimate of the recoverable amount of the net assets and determined it to be lower than the carrying amount, therefore, an impairment loss of PKR 687 million was recognized in the audited unconsolidated financial statements for the year ended December 31, 2022.

During the six months period ended June 30, 2023, FPC recorded a further unaudited loss before tax of ZAR 38 million which coupled with the capping of outflow of remittances outside Pakistan on account of national economic scenario and hence non-remittance of investment proceeds to FPC, pushed it into further financial distress. Consequently, FPC was put under a legally mandated restructuring process to assess its profitability prospects and viability of operations. This restructuring assessment has been completed recently whereby the legally appointed

Business Rescue Practitioner ('BRP') ascertained that FPC is unable to meet its liabilities towards creditors.

The BRP, in accordance with the applicable laws called for a meeting of the creditors to evaluate either to liquidate FPC or sell it as a going concern to repay outstanding creditors. The BRP has notified that the creditors have collectively voted in favor of the sale to a third party to partly settle their outstanding debts, subject to applicable regulatory approvals. Accordingly, the Company has recognized an additional loss of PKR 1,202 million in its financials for the half year ended 30 June 2023.

FUTURE OUTLOOK

As evident from the consolidated condensed interim unaudited financial statements of the Company for the half year ended June 30, 2023, all the investments except South African operations have performed exceedingly well. Your Company expects dividend payouts from these investments in the second half of the year in line with their improved operational performance.

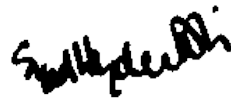
COMPANY'S STAFF AND CUSTOMERS

The management is thankful to the Company's stakeholders for their continuing confidence.

The management also wishes to express its gratitude to all the employees who have worked tirelessly. We appreciate their hard work, loyalty, and dedication.



Towfiq Habib Chinoy
(Chairman)
Lahore, August 25, 2023



Syed Hyder Ali
(Chief Executive Officer)
Lahore, August 25, 2023

30 جون 2023 کو ختم ہونے والی ششماہی کے لئے

ڈائریکٹرز کی جائزہ رپورٹ بشمول غیر مشترکہ عبوری غیر آڈٹ شدہ مالیاتی حسابات

پیکجز لمیٹڈ کے ڈائریکٹرز بہ مسرت اپنے شیئر ہولڈرز کو 30 جون 2023 کو ختم ہونے والے ششماہی کے لیے کمپنی کے غیر مشترکہ اقتصادی عبوری غیر آڈٹ شدہ مالیاتی حسابات بمع ششماہی رپورٹس پیش کرنے پر خوشی محسوس کر رہے ہیں۔

مالیاتی اور آپریشنل کارکردگی

30 جون 2022 کے مقابلے میں 30 جون 2023 کو ختم ہونے والے ششماہی کے غیر آڈٹ شدہ مالیاتی نتائج کا موازنہ درج ذیل کے مطابق ہے۔

اپریل - جون 2023	اپریل - جون 2022	جنوری - جون 2023	جنوری - جون 2022	
				(روپے ملین میں)
1,622	1,906	2,710	2,781	منافع منقسمہ آمدنی
146	123	275	234	کرائے سے آمدن
1,557	1,843	2,583	2,667	EBIT
(372)	(108)	(570)	(261)	فنانس کی لاگت
(1,202)	-	(1,202)	-	سرمایہ کاری پر کی قدر پر نقصان دیگر (اخراجات)/آمدنی - خالص
86	19	134	61	آمدن قبل از ٹیکس
69	1,754	944	2,467	ٹیکس
(183)	(219)	(257)	(250)	نقصان / آمدن بعد از ٹیکس
(114)	1,535	687	2,218	بنیادی آمدنی فی حصص - روپے
(1.28)	17.17	6.97	24.10	

پیکجز لمیٹڈ ایک ہولڈنگ کمپنی کے طور پر کام کر رہی ہے اور اسکی کارکردگی کا انحصار پاکستان میں داخلی اور خارجی گروپ کمپنیوں کی مالیاتی کارکردگی پر ہوتا ہے، جو کہ عمومی اقتصادی صورتحال سے اثر انداز ہوتی ہے۔ منافع منقسمہ (ڈیویڈنڈ) کی آمدنی پیکجز لمیٹڈ کی آمدنی کا کلیدی ذریعہ ہے۔ نتیجے کے طور پر، اس کی آمدنی کا پیٹرن گروپ کمپنیوں کے ڈیویڈنڈ کی تقسیم کے طریقہ کار کی پیروی کرے گا۔ انتظامیہ کی رائے ہے کہ یہ کارپوریٹ ساخت گروپ کمپنیوں کے مرکوز انتظام کیلئے سازگار ہے اور بہتر آپریٹنگ کارکردگی کا باعث ہے۔

کمپنی نے 30 جون 2023 کو ختم ہونے والی ششماہی مدت کے دوران اپنی گروپ کمپنیوں سے 2,710 ملین روپے ڈیویڈنڈ آمدنی حاصل کی جو 2022 کی اسی مدت کے دوران 2,781 ملین روپے تھی۔ بعد از ٹیکس آمدنی 2022 کی اسی مدت کے دوران 2,218 ملین روپے کے مقابلے میں 2023 کی اسی مدت کے دوران 2,218 ملین روپے ہو گئی ہے۔ یہ کمی بنیادی طور پر 687 ملین روپے کی قدر کی کمی سے منسوب ہے جسے اینیون ہولڈنگز لمیٹڈ، ماریٹس میں کی گئی سرمایہ کاری پر ریکارڈ کیا گیا، جیسا کہ ذیل میں مفصل ہے۔ سنونی ایونٹس پاکستان لمیٹڈ کے حصص کے خریداری کیلئے طویل مدتی قرضوں کے استعمال اور موجودہ مدت کے دوران شرح سود میں اضافے کی وجہ سے کمپنی کی مالیاتی لاگت میں 310 ملین روپے کا اضافہ ہوا ہے۔

سنونی ایونٹس پاکستان لمیٹڈ ('SAPL') میں شیئر ہولڈنگ کے حصول کی تکمیل

سنونی فارن ٹراکٹ دار B.V سے حصص کی خریداری کے معاہدے کے مطابق، کمپنی نے سنونی ایونٹس پاکستان لمیٹڈ ('SAPL') میں 28 اپریل 2023 کو 940 روپے فی حصص کی مزا کرائی قیمت خرید پر 35 فیصد شیئر ہولڈنگ کا خریداری مکمل کر لی ہے۔ کمپنی کے پاس اب SAPL میں کل 41.07 فیصد حصص ہیں۔ کمپنی کی انتظامیہ نے 10IFRS کے تحت ایک تفصیلی جائزہ لیا ہے اور SAPL کو ڈی فیکٹو کسٹروئل کی وجہ سے اپنا ذیلی ادارہ تصور کیا ہے۔

انیون ہولڈنگز لمیٹڈ، مارشس ('AHL') کے ایکیویٹی دستاویز پر قدر کا نقصان

فلیکس ایبل پیکیجنگ کنورٹرز (پراپرٹری) لمیٹڈ ('FPC') جنوبی افریقہ میں مقیم ایک ادارہ ہے جو بنیادی طور پر فلیکس ایبل پیکیجنگ میٹریل کی تیاری اور فروخت میں مصروف عمل ہے۔ پیکیجنگ لمیٹڈ، اپنی مکمل ملکیتی ذیلی کمپنی، انیون ہولڈنگز لمیٹڈ، مارشس ('AHL') کے ذریعے FPC کے 63.5 فیصد شیئر ہولڈنگ دائرہ اختیار کا حامل ہے۔ FPC نے 2022 میں 99 ملین زار (ZAR) قبل از ٹیکس آڈٹ شدہ خسارہ ریکارڈ کیا جس نے اس کے قبل ہی ورکنگ سرمایہ کو محدود کر دیا تھا۔ جیسا کہ 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ غیر مستحکم مالیاتی حسابات کے نوٹ 19.1.1 میں بھی ظاہر کیا گیا ہے، بگڑتی مالی کارکردگی اور سخت اقتصادی عوامل بشمول موجودہ صارفین کو بیلز میں کمی، ناموافق مصنوعات کی تعداد اور متوقع قدر اور مقررہ لاگت میں اضافے نے FPC کے ورکنگ کیپیٹل پر نقد بوجھ بڑھا دیا جس نے پیداواری صلاحیت کو روکنا شروع کر دیا۔ نتیجتاً، پیکیجنگ لمیٹڈ نے خالص اثاثوں کی وصولی کی رقم کا تخمینہ لگایا اور قیمت خرید سے کم ہونے کا تعین کیا، لہذا 31 دسمبر 2022 کو ختم ہونے والے سال کے غیر مشترک مالیاتی آڈٹ شدہ حسابات میں 687 ملین روپے قدر کے نقصان کا اعتراف کیا گیا۔

30 جون 2023 کو ختم ہونے والی ششماہی مدت کے دوران، FPC نے مزید 38 ملین ZAR غیر آڈٹ شدہ قبل از ٹیکس خسارہ ریکارڈ کیا جس نے قومی اقتصادی صورتحال کے پیش نظر پاکستان سے باہر ترسیلات زر کے بہاؤ کو محدود کیا اور اس وجہ سے FPC کو سرمایہ کاری کی رقم کی عدم ترسیل نے اسے ناخوشگوار مالی پریشانی میں مبتلا کر دیا۔ نتیجتاً، FPC کو قانونی طور پر مینڈیٹ کی تنظیم نو کے عمل کے تحت مرتب کیا گیا تاکہ اس کے منافع کے امکانات اور آپریشنز کی قابل عملیت کا اندازہ لگایا جاسکے۔ مذکورہ تنظیم نو کا جائزہ حال ہی میں مکمل کیا گیا ہے جس کے تحت قانونی طور پر مقرر کردہ بزنس ریسکیو پریکٹیشنز ('BRP') نے اس بات کی تصدیق کی کہ FPC قرض دہندگان کیلئے اپنے واجبات کو ادا کرنے سے قاصر ہے۔


BRP نے قابل اطلاق قوانین کے مطابق قرض دہندگان کا اجلاس طلب کیا تاکہ یہ جائزہ لیا جاسکے کہ آیا FPC کو ختم کر دیا جائے یا بقایا قرض دہندگان کی دائیگی کیلئے اسے فروخت کیا جائے۔ BRP نے مطلع کیا ہے کہ قرض دہندگان نے اجتماعی طور پر فریق ثالث کے حق میں فروخت کا ووٹ دیا ہے تاکہ جزوی طور پر قابل اطلاق ریگولیٹری منظور یوں سے مشروط انکے بقایا قرضہ جات کا تصفیہ کیا جاسکے۔ اس کے مطابق، کمپنی نے 30 جون 2023 کو ختم ہونے والی ششماہی کیلئے اپنے حسابات میں 1,202 ملین روپے کے اضافی نقصان کو تسلیم کیا ہے۔

مستقبل کا پس منظر

جیسا کہ 30 جون 2023 کو ختم ہونے والے ششماہی کیلئے کمپنی کی غیر آڈٹ شدہ غیر مشترک عبوری مالیاتی حسابات سے ثابت ہے کہ جنوبی افریقی آپریشنز کے مساوائے تمام سرمایہ کاریوں نے بہت اچھی کارکردگی کا مظاہرہ کیا ہے۔ آپ کی کمپنی ان سرمایہ کاری سے سال کے دوسری ششماہی میں ان کی بہتر آپریشنل کارکردگی کے مطابق ڈیویڈنڈ کی ادائیگی کی توقع رکھتی ہے۔

گروپ اسٹاف اور اسٹیک ہولڈرز

انتظامی کمپنی کے اسٹیک ہولڈرز بالخصوص اپنے صارفین کا سرومز پر مکمل اعتماد کیلئے ان کی مشکور ہے۔ انتظامیہ اس امر پر بھی اپنی خوشی کا اظہار کرتی ہے کہ کمپنی کے تمام ملازمین نے غیر معمولی کارکردگی اور انتھک محنت کا مظاہرہ کیا۔ ہم ان کی محنت، ایمانداری اور عزم کو خراج تحسین پیش کرتے ہیں۔



سید حیدر علی

(چیف ایگزیکٹو آفیسر اینڈ مینجنگ ڈائریکٹر)

لاہور، 25 اگست، 2023



توفیق حبیب چنائے

(چیرمین)

لاہور، 25 اگست، 2023

INDEPENDENT AUDITOR'S REVIEW REPORT**TO THE MEMBERS OF PACKAGES LIMITED****REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS****Introduction**

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Packages Limited as at June 30, 2023 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated financial statements for the six-month period then ended (here-in-after referred to as the "unconsolidated interim financial statements"). Management is responsible for the preparation and presentation of these unconsolidated interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated interim financial statements based on our review. The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the three-month period ended June 30, 2022 and 2023 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2023.

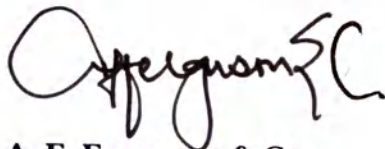
Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim 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 Khurram Akbar Khan.



A. F. Ferguson & Co.
Chartered Accountants
Lahore

Date: August 29, 2023

UDIN: RR202310070z1EqH4f2U

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PACKAGES LIMITED

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

	June 30, 2023	December 31, 2022		June 30, 2023	December 31, 2022
Note	Un-audited	Audited		Un-audited	Audited
	(Rupees in thousand)			(Rupees in thousand)	
EQUITY AND LIABILITIES			ASSETS		
SHARE CAPITAL AND RESERVES			NON-CURRENT ASSETS		
Authorised share capital					
150,000,000 (December 31, 2022: 150,000,000) ordinary shares of Rs 10 each	1,500,000	1,500,000	Property, plant and equipment	9	249,982
22,000,000 (December 31, 2022: 22,000,000) 10% non-voting preference shares / convertible stock of Rs 190 each	4,180,000	4,180,000	Investment properties		1,550,400
			Intangible assets		1,394
Issued, subscribed and paid up share capital			Long term investments	10	54,665,007
89,379,504 (December 31, 2022: 89,379,504) ordinary shares of Rs 10 each	893,795	893,795	Long term security deposits		2,602
8,186,842 (December 31, 2022: 8,186,842) 10% non-voting preference shares / convertible stock of Rs 190 each	606,222	606,222	Deferred taxation		19,071
Other reserves	47,735,692	44,128,251			56,488,456
Revenue reserve: Un-appropriated profits	984,901	4,320,002			52,383,446
Total equity	50,220,610	49,948,270			
NON-CURRENT LIABILITIES			CURRENT ASSETS		
Long term finances from financial institutions	6,901,400	4,045,150	Loans, advances, deposits, prepayments and other receivables	892,370	1,354,050
Long term advances	19,119	19,310	Income tax receivable	2,137,857	2,170,370
Employee benefit obligations	816,260	758,526	Short term investments	150,000	150,000
Accumulating compensated absences	77,451	67,534	Cash and bank balances	700,657	159,959
	7,814,230	4,890,520		3,880,884	3,834,379
CURRENT LIABILITIES					
Current portion of non-current liabilities	881,250	537,500			
Trade and other payables	579,676	538,893			
Unpaid dividend	220,283	-			
Unclaimed dividend	85,048	59,741			
Accrued finance cost	568,243	242,901			
	2,334,500	1,379,035			
CONTINGENCIES AND COMMITMENTS					
	60,369,340	56,217,825		60,369,340	56,217,825

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


Chief Executive Officer


Director


Chief Financial Officer

PACKAGES LIMITED

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED) FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2023

	Note	Three-month period ended		Six-month period ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
		Un-audited	Un-audited	Un-audited	Un-audited
(Rupees in thousand)					
Dividend income	11	1,621,859	1,905,730	2,710,205	2,781,447
Rental income		146,331	122,946	274,615	233,871
Operating revenue		1,768,190	2,028,676	2,984,820	3,015,318
Administrative expenses		(206,957)	(183,639)	(396,195)	(344,540)
Net impairment losses on financial assets		(5,989)	(1,712)	(6,001)	(3,483)
Other expenses		(1,199,974)	(29,211)	(1,205,345)	(29,980)
Other income		85,728	48,254	137,406	91,292
Operating profit		440,998	1,862,368	1,514,685	2,728,607
Finance cost		(372,408)	(108,160)	(570,319)	(260,827)
Profit before taxation		68,590	1,754,208	944,366	2,467,780
Taxation		(182,781)	(219,166)	(257,781)	(250,166)
(Loss)/profit for the period		(114,191)	1,535,042	686,585	2,217,614
Earnings per share in Rupees					
Basic	12	(1.28)	17.17	6.97	24.10
Diluted	12	(1.28)	16.02	6.97	23.29

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



Chief Executive Officer



Director



Chief Financial Officer

PACKAGES LIMITED

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2023

	Three month period ended		Six-month period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees in thousand)			
(Loss)/profit for the period	(114,191)	1,535,042	686,585	2,217,614
Other comprehensive income/(loss) for the period:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
<i>Items that will not be subsequently reclassified to profit or loss:</i>				
Change in fair value of investments held at fair value through other comprehensive income ('FVOCI')	5,218,425	(79,299)	2,107,441	271,905
	5,218,425	(79,299)	2,107,441	271,905
Total comprehensive income for the period	<u>5,104,234</u>	<u>1,455,743</u>	<u>2,794,026</u>	<u>2,489,519</u>

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

Chief Executive Officer

Director

Chief Financial Officer

PACKAGES LIMITED

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

	Issued, subscribed and paid up share capital		Reserves					Capital and reserves
			Capital reserves			Revenue reserves		
	Ordinary share capital	Preference shares / convertible stock	Share premium	FVOCI reserve	Capital redemption reserve	General reserve	Un-appropriated profits	Total
	(Rupees in thousand)							
Balance as on January 01, 2022 (audited)	893,795	606,222	3,766,738	16,908,827	1,615,000	20,060,333	4,307,565	48,158,480
Appropriation of reserves								
Transfer to general reserve	-	-	-	-	-	1,250,000	(1,250,000)	-
Transaction with preference shareholders								
Participating dividend on preference shares / convertible stock	-	-	-	-	-	-	(63,749)	(63,749)
Transaction with owners in their capacity as owners, recognised directly in equity								
Final dividend for the year ended								
December 31, 2021 of Rs 27.5 per ordinary share	-	-	-	-	-	-	(2,457,937)	(2,457,937)
Total comprehensive income/(loss) for the period ended June 30, 2022								
Profit for the period	-	-	-	-	-	-	2,217,614	2,217,614
Other comprehensive income for the period	-	-	-	271,905	-	-	-	271,905
	-	-	-	271,905	-	-	2,217,614	2,489,519
Balance as on June 30, 2022 (un-audited)	893,795	606,222	3,766,738	17,180,732	1,615,000	21,310,333	2,753,493	48,126,313
Balance as at January 1, 2023 (audited)	893,795	606,222	3,766,738	17,436,180	1,615,000	21,310,333	4,320,002	49,948,270
Appropriation of reserves								
Transfer to general reserve	-	-	-	-	-	1,500,000	(1,500,000)	-
Transaction with preference shareholders								
Participating dividend on preference shares / convertible stock	-	-	-	-	-	-	(63,749)	(63,749)
Transaction with owners in their capacity as owners, recognised directly in equity								
Final dividend for the year ended								
December 31, 2022 of Rs 27.5 per ordinary share	-	-	-	-	-	-	(2,457,937)	(2,457,937)
Total comprehensive income for the period ended June 30, 2023								
Profit for the period	-	-	-	-	-	-	686,585	686,585
Other comprehensive income for the period	-	-	-	2,107,441	-	-	-	2,107,441
	-	-	-	2,107,441	-	-	686,585	2,794,026
Balance as on June 30, 2023 (un-audited)	893,795	606,222	3,766,738	19,543,621	1,615,000	22,810,333	984,901	50,220,610

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


Chief Executive Officer


Director


Chief Financial Officer

PACKAGES LIMITED

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

	Note	Six-month period ended	
		June 30,	June 30,
		2023	2022
		Un-audited	Un-audited
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	15	885,675	89,641
Finance cost paid		(208,840)	(130,320)
Income tax paid		(239,663)	(214,041)
Long term security deposits - net		90	-
Net receipts/(payments for)			
from accumulating compensated absences		290	(1,793)
Employee benefit obligations paid		(5,394)	(3,236)
Dividends received		2,619,142	2,781,447
Net cash inflow from operating activities		3,051,300	2,521,698
Cash flows from investing activities			
Payments for property, plant and equipment		(59,191)	(182,532)
Investments made in equity instruments		(3,173,124)	(1,803,212)
Long term advances - net		(190)	616
Proceeds from maturity of investments		-	85,000
Proceeds from sale of property, plant and equipment		18,282	34,649
Net cash outflow from investing activities		(3,214,223)	(1,865,479)
Cash flows from financing activities			
Proceeds from long term finances		3,200,000	1,200,000
Dividend paid		(2,496,379)	(2,505,495)
Net cash inflow/(outflow) from financing activities		703,621	(1,305,495)
Net increase/(decrease) in cash and cash equivalents		540,698	(649,276)
Cash and cash equivalents at the beginning of the period		309,959	347,029
Cash and cash equivalents at the end of the period	16	850,657	(302,247)

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



Chief Executive Officer



Director



Chief Financial Officer

PACKAGES LIMITED

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2023

1. Legal status and nature of business

Packages Limited (the 'Company') is a public company limited by shares incorporated in Pakistan in 1956 under the repealed Companies Act, 1913 (now, the Companies Act, 2017). The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited. 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 is located at Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore, Pakistan.

The principal activities of the Company are to rent out its land and buildings and to manage investments in subsidiary companies, associates and joint ventures, engaged in various businesses including manufacturing of packaging materials, tissue, consumer products, industrial inks, paper, paperboard products and corrugated boxes, biaxially oriented polypropylene ('BOPP') and cast polypropylene ('CPP') films, ground calcium carbonate products, insurance, power generation, real estate and biopharmaceutical products.

2. Basis of preparation

2.1 Statement of compliance

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

Where provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.2 These unconsolidated condensed interim financial statements are un-audited and are being submitted to the members as required by section 237 of the Companies Act, 2017 (the 'Act').

These unconsolidated condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended December 31, 2022. Selected explanatory notes are included to explain events and transactions that are significant to and understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The Company is required to issue condensed interim consolidated financial statements along with its condensed interim separate financial statements in accordance with the requirements of accounting and reporting standards as applicable in Pakistan. Condensed interim consolidated financial statements are prepared separately.

3. Significant accounting policies

3.1 The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim 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, 2022 except for the estimation of income tax (see note 5) and adoption of new and amended standards as set out in note 3.2.

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

Certain standards, amendments and interpretations to International Financial Reporting Standards (IFRS) are effective for accounting period beginning on January 1, 2023, 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 unconsolidated condensed interim financial statements.

3.3. 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 01, 2024 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 unconsolidated condensed interim financial statements.

4. Accounting estimates

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

In preparing these unconsolidated condensed interim financial statements, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual financial statements of the Company for the year ended December 31, 2022, with the exception of change in estimate that is required in determining the provision for income taxes as referred to in note 5.

5. Taxation

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes. Where different income tax rates apply to different categories of income, a separate rate is applied to each category of pre-tax income.

	June 30, 2023	December 31, 2022
	Un-audited	Audited
	(Rupees in thousand)	
6. Long term finances from financial institutions		
Preference shares / convertible stock - unsecured	932,650	932,650
Long term loans - secured - note 6.1	6,850,000	3,650,000
	<u>7,782,650</u>	<u>4,582,650</u>
Current portion shown under current liabilities	(881,250)	(537,500)
	<u>6,901,400</u>	<u>4,045,150</u>
6.1 The reconciliation of the carrying amount is as follows:		
Opening balance	4,582,650	2,482,650
Disbursements during the period/year	3,200,000	2,100,000
Closing balance	<u>7,782,650</u>	<u>4,582,650</u>
Current portion shown under current liabilities	(881,250)	(537,500)
	<u>6,901,400</u>	<u>4,045,150</u>

7. Included in accrued liabilities is an amount of Rs 355 million (December 31, 2022: Rs 310 million) in respect of rent of land on lease from the Government of the Punjab ('GoPb') for the period from December 2015 to June 2023. There has been no change in the status as disclosed in note 13.3 of the preceding unconsolidated annual financial statements of the Company for the year ended December 31, 2022.

8. Contingencies and commitments

8.1 Contingencies

There is no significant change in contingencies from the preceding annual audited financial statements of the Company for the year ended December 31, 2022, except for the following updates. Based on the advice of the Company's tax advisor, the management believes that there are meritorious grounds to support the Company's stance in respect of these matters. Consequently, no provision for these amounts has been made in these unconsolidated condensed interim financial statements.

- (i) With reference to the matter disclosed in note 21.3(d) of the annual audited financial statements of the Company for the year ended December 31, 2022 wherein a demand of Rs 515.70 million was created in respect of sales tax periods from January 2019 to December 2019, the Commissioner Inland Revenue - Appeals ('CIR-A') through his order STA/204/LTO/2023/70 dated April 18, 2023 has accepted all of the contentions of the Company and has set aside all of the demands created except for an input tax claim amounting to Rs 211.900 million. CIR-A has directed the Deputy Commissioner Inland Revenue ('DCIR') to reconsider the demand in light of the documentary evidence that has been provided by the Company.

Being aggrieved by the decision of the CIR-A, DCIR has filed an appeal before the Appellate Tribunal Inland Revenue ('ATIR') that the order of CIR-A be set aside and the order of DCIR should be restored.

- (ii) With reference to the matter disclosed in note 21.3(e) of the annual audited financial statements of the Company for the year ended December 31, 2022 wherein a demand of Rs 1,170 million was created in respect of sales tax periods from January 2018 to December 2018, the CIR-A through his order STA/205/LTO/2023/107 dated April 26, 2023 has accepted all of the contentions of the Company and has set aside all of the demands created except for an input tax claim amounting to Rs 641.931 million. CIR-A, regarding this input tax claim, has directed the DCIR to confront the Company under specific provisions of the law and inference is to be drawn after duly rebutting each and every argument of the Company.

Being aggrieved by the decision of the CIR-A, DCIR has filed an appeal before the Appellate Tribunal Inland Revenue ('ATIR') that the order of CIR-A be set aside and the order of DCIR should be restored.

8.2 Commitments in respect of

- (i) Letter of credit and contracts for other than capital expenditure is Rs 15.043 million (December 31, 2022: Rs 11.599 million)

	June 30,	December 31,
	2023	2022
	Un-audited	Audited
	(Rupees in thousand)	

9. Property, plant and equipment

Operating fixed assets	- note 9.1	249,982	330,660
Capital work-in-progress		-	8,213
		<u>249,982</u>	<u>338,873</u>

		June 30, 2023 Un-audited (Rupees in thousand)	December 31, 2022 Audited
9.1	Operating fixed assets		
	Opening net book value	330,660	167,138
	Additions during the period / year	15,024	220,506
	Disposals during the period / year at net book value	(18,663)	(30,336)
	Transferred to investment properties	(58,394)	-
	Depreciation charged during the period / year	(18,645)	(26,648)
		(95,702)	(56,984)
	Closing net book value	249,982	330,660
		Six-month period ended	Year ended
		June 30, 2023	December 31, 2022
		Un-audited	Audited
		(Rupees in thousand)	
9.1.1	Additions during the period / year		
	Other equipment (computers and other office equipment)	982	21,073
	Furniture and fixtures	-	47
	Vehicles	14,042	199,386
		15,024	220,506
10.	Investments		
	Opening balance	50,572,456	46,922,876
Add:	Investments made during the period / year	3,186,759	3,809,348
	Fair value gain recognised in other comprehensive income	2,107,441	527,353
	Impairment loss on equity instruments of Anemone Holdings Limited, Ebene, Mauritius	(1,201,649)	(687,121)
	Closing balance	54,665,007	50,572,456
10.1	Investments made during the period / year		
	Anemone Holdings Limited - subsidiary	-	236,777
	Systems Limited	-	15,648
	Tri-Pack Films Limited - subsidiary	-	1,159,650
	Sanofi Aventis Pakistan Limited	3,173,125	997,273
	Packages Trading FZCO, Dubai - subsidiary	13,634	-
	StarchPack (Private) Limited - subsidiary	-	1,400,000
		3,186,759	3,809,348

10.1.1 Pursuant to the share purchase agreement with Sanofi Foreign Participations B.V., Packages Limited has acquired 35% shareholding in Sanofi Aventis Pakistan Limited ('SAPL') on April 28, 2023 at a negotiated purchase price of Rs 940 per share. Packages Limited now has a total shareholding of 41.07% in SAPL. The management of Packages Limited has made a detailed assessment under IFRS 10 and considers SAPL to be its subsidiary as it has de-facto control over it.

10.2 Flexible Packages Convertors (Proprietary) Limited ('FPCPL') is an entity based in South Africa which is principally engaged in the manufacturing and sale of flexible packaging material. Packages Limited, through its wholly owned subsidiary, Anemone Holdings Limited, Mauritius ('AHL'), controls 63.50% of the shareholding of FPCPL. As disclosed in note 19.1.1 to the audited annual unconsolidated financial statements of Packages Limited for the year ended December 31, 2022, FPCPL was experiencing deteriorating financial performance, and was suffering from operating losses. Based on its unaudited financial statements for the year ended December 31, 2022, it incurred a loss before tax of ZAR 99 million (Rs 1,155.330 million approximately). Resultantly, Packages Limited carried out an estimate of the recoverable amount of this investment and determined it to be lower than the carrying amount, therefore, an impairment loss of Rs 687.121 million was recognized in the unconsolidated financial statements for the year ended December 31, 2022.

During the six months period ended June 30, 2023, based on its unaudited financial information, FPCPL has incurred a loss before tax of ZAR 38 million (Rs 579.880 million approximately) which, coupled with the capping of outflow of remittances outside Pakistan on account of national economic scenario and hence non-remittance of investment proceeds to FPCPL, pushed it into further financial distress.

The deteriorating financial performance and tough economic conditions coupled with low sales to key customers, unfavorable product mix and higher than anticipated variable and fixed costs furthered the cash burden on the working capital of FPCPL which started restraining the production capacity.

Consequently, FPCPL was put under a legally mandated restructuring process under the laws of South Africa to assess its profitability prospects and viability of operations. This restructuring assessment has been completed recently whereby the legally appointed Business Rescue Practitioner ('BRP') ascertained that FPCPL is unable to meet its liabilities towards its creditors. The BRP, in accordance with the applicable laws called for a meeting of the creditors to evaluate either to liquidate FPCPL or to sell it as a going concern to repay outstanding creditors. The creditors have collectively voted in favor of the sale to a third party to partly settle their outstanding debts, subject to applicable regulatory approvals. Consequently, the Company does not expect any future inflow from this investment. Under these circumstances, the Company has fully impaired its investment and has recognized a loss of Rs 1,201.648 million in these unconsolidated condensed interim financial statements.

	Three-month period ended		Six-month period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	Un-audited	Un-audited	Un-audited	Un-audited
	(Rupees in thousand)		(Rupees in thousand)	
11. Dividend income				
Dividend income from related parties - note 11.1	1,274,950	1,577,298	2,363,296	2,453,015
Dividend income from others	346,909	328,432	346,909	328,432
	<u>1,621,859</u>	<u>1,905,730</u>	<u>2,710,205</u>	<u>2,781,447</u>
11.1 Dividend income from related parties				
DIC Pakistan Limited	-	-	274,908	274,908
Tri-Pack Films Limited	134,360	349,335	134,360	349,335
IGI Holdings Limited	33,824	52,616	33,824	52,616
Bulleh Shah Packaging (Private) Limited	600,000	800,344	950,000	900,796
Packages Convertors Limited	350,000	375,003	700,000	774,985
OmyaPack (Private) Limited	24,750	-	24,750	24,750
Packages Real Estate (Private) Limited	-	-	113,438	75,625
Packages Lanka (Private) Limited	132,016	-	132,016	-
	<u>1,274,950</u>	<u>1,577,298</u>	<u>2,363,296</u>	<u>2,453,015</u>

		Three-month period ended		Six-month period ended		
		June 30,	June 30,	June 30,	June 30,	
		2023	2022	2023	2022	
12.	Earnings per share	Un-audited	Un-audited	Un-audited	Un-audited	
Basic earnings per share						
	Profit for the period	Rupees in thousand	(114,191)	1,535,042	686,585	2,217,614
	Participating preference dividend	Rupees in thousand	-	-	(63,749)	(63,749)
	Net profit attributable to ordinary shareholders	Rupees in thousand	(114,191)	1,535,042	622,836	2,153,865
	Weighted average number of ordinary shares	Number	89,379,504	89,379,504	89,379,504	89,379,504
	Basic earnings per share	Rupees	(1.28)	17.17	6.97	24.10
Diluted earnings per share						
	Profit for the period	Rupees in thousand	(114,191)	1,535,042	686,585	2,217,614
	Return on preference shares / convertible stock - net of tax	Rupees in thousand	34,903	27,535	69,422	54,767
			(79,288)	1,562,577	756,007	2,272,381
	Weighted average number of ordinary shares	Number	89,379,504	89,379,504	89,379,504	89,379,504
	Weighted average number of notionally converted preference shares / convertible stock	Number	8,186,842	8,186,842	8,186,842	8,186,842
			97,566,346	97,566,346	97,566,346	97,566,346
	Diluted earnings per share	Rupees	(1.28)	16.02	6.97	23.29

13. Transactions with preference shareholders

This represents the additional entitlement of the preference shareholders. In addition to the preferred right of return at the rate of 10 percent per annum, either in cash or ordinary shares on a non-cumulative basis till the date of settlement of preference shares / convertible stock, the preference shareholders also have the right to share the excess amount with the ordinary shareholders on an as-converted basis in case the amount of dividend per share paid to an ordinary shareholder exceeds that paid to a preference shareholder. Since ordinary dividend of Rs 27.50 per share was approved for the year ended December 31, 2022 (December 31, 2021: dividend of Rs 27.50 per share), which exceeded the preferred return for that year, the additional preference dividend to be paid to the preference shareholders has been distributed to the preference shareholders as participating dividend and charged directly to the equity.

14. Transactions and balances with related parties

The related parties include the subsidiaries, joint ventures, associates, group companies, key management personnel including directors, related parties on the basis of common directorship and post-employment staff retirement plans. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company. The Company in the normal course of business carries out transactions with various related parties. Significant transactions and balances with related parties are as follows:

Relationship with the Company	Nature of transactions	Six months ended	
		June 30, 2023 Un-audited	June 30, 2022 Un-audited
		(Rupees in thousand)	
i. Subsidiaries	Purchase of goods and services	48	28
	Dividend income	2,304,722	2,375,649
	Investment made	3,173,125	1,796,427
	Rental income and others	266,785	228,486
	Management and technical fee	35,710	23,594
ii. Joint ventures	Dividend income	24,750	24,750
	Rental income and others	1,135	-
iii. Associates	Insurance premium paid	29,519	20,328
	Dividend income	33,824	52,616
	Brokerage commission	5,378	-
	Dividend paid	734,448	734,448
	Rental income and others	2,178	1,950
iv. Post employment benefit plans	Expense charged in respect of retirement benefit plans	48,754	62,670
	Dividend paid	77,892	77,892
v. Key management personnel	Salaries and other employee benefits	54,001	24,061
	Meeting fee	4,600	4,000
	Dividend paid	88,396	87,692
vi. Other related party	Donations made	20,339	24,040

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

Period / year end balances

June 30, 2023	December 31, 2022
Un-audited	Un-audited
(Rupees in thousand)	

Receivable from related parties

- Subsidiaries	634,792	1,110,621
- Joint ventures	46,180	15,746
- Associates	4,487	6,828

Payable to related parties

- Subsidiaries	16,307	15,028
- Associates	10,652	7,084
- Other related party	1,934	1,934
- Post employment benefit plans	8,437	7,747

15. Cash generated from operations

Six months ended	
June 30, 2023	June 30, 2022
Un-audited	Un-audited
(Rupees in thousand)	

Profit before taxation

	944,366	2,467,780
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Adjustments for non-cash charges and other items:

- Depreciation on owned assets	18,645	10,176
- Depreciation on investment properties	23,389	23,708
- Amortisation on intangible assets	189	257
- Provision for accumulating compensated absences	9,627	9,430
- Provision for retirement benefits	63,128	40,758
- Loss/(profit) on sale of operating fixed assets	381	(12,388)
- Exchange (gain)/loss	(29,604)	18,600
- Finance cost	570,319	260,827
- Net impairment losses on financial assets	6,001	3,483
- Impairment loss on equity investment	1,201,648	-
- Liabilities no longer payable written back	(17,130)	(13,442)
- Dividend income	(2,710,205)	(2,781,447)

Profit before working capital changes

	80,754	27,742
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Effect on cash flow due to working capital changes

- Decrease in loans, advances, deposits, prepayments and other receivables	533,258	183,471
- Increase/(decrease) in trade and other payables	271,663	(121,572)
	804,921	61,899
	885,675	89,641

	June 30, 2023	June 30, 2022
	Un-audited	Un-audited
16. Cash and cash equivalents	(Rupees in thousand)	
Cash and bank balances	700,657	264,050
Short term borrowings from financial institutions - secured	-	(566,297)
Short term investments	150,000	-
	<u>850,657</u>	<u>(302,247)</u>

17. Financial risk management

17.1 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 unconsolidated condensed interim 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, 2022.

There have been no significant changes in the risk management department or in risk management policies since the year ended December 31, 2022.

17.2 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, 2023 and December 31, 2022 on a recurring basis:

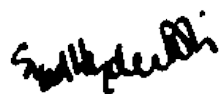
As at June 30, 2023	Un-audited			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Assets				
<i>Recurring fair value measurements</i>				
Investments - FVOCI	<u>23,544,175</u>	<u>-</u>	<u>5,025</u>	<u>23,549,200</u>

As at December 31, 2022	Audited			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
Assets				
<i>Recurring fair value measurements</i>				
Investments - FVOCI	21,436,734	-	5,025	21,441,759

There were no reclassifications of financial assets and no transfers amongst the levels during the period. Further, there were no changes in the valuation techniques during the period.

18. Date of authorisation for issue

These condensed interim unconsolidated financial statements were authorised for issue on **August 25, 2023** by the Board of Directors of the Company.



Chief Executive Officer



Director



Chief Financial Officer

DIRECTORS' REVIEW REPORT ON THE CONSOLIDATED CONDENSED INTERIM UN-AUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2023

The Directors of Packages Limited (the 'Parent Company') take pleasure in presenting the consolidated condensed interim un-audited financial statements of the Group for the half year ended June 30, 2023.

Comparison of the un-audited consolidated results of the half year ended June 30, 2023, as against June 30, 2022, is as follows:

	Jan - Jun 2023 (Rupees in million)	Jan - Jun 2022
Revenue – net	75,908	57,777
Profit from operations	15,048	8,928
Net other expenses	(1,142)	(253)
Finance costs	(5,900)	(2,626)
Share of profit in associates and joint venture – net of tax	56	76
Investment income	347	328
Net gain on acquisition of subsidiary	2,857	1,994
Profit before taxation	11,266	8,447
Taxation	(4,128)	(2,938)
Profit after tax	7,138	5,509
Basic EPS – Attributable to the shareholders of the Parent Company	74.00	58.29

We are pleased to report that the core manufacturing operations have shown a significantly improved performance in a challenging and competitive environment. During the first half of 2023, the Group has achieved net sales of Rs 75,908 million against net sales of Rs 57,777 million achieved during corresponding period of last year representing sales growth of 31% with an operating profit of Rs 15,048 million as compared to Rs 8,928 million generated during corresponding period of last year, mainly on account of revenue growth and cost controls.

On April 28, 2023, the transaction of acquiring 3,375,665 shares (representing 35.00% shareholding) of Sanofi-Aventis Pakistan Limited ('SAPL') from Sanofi Foreign Participants B.V was completed. The Parent Company now owns 41.07% in SAPL resulting in becoming a

subsidiary of Packages Limited and is therefore included within the unaudited consolidated condensed interim un-audited financial statements. From the revenue of the current period, a 64-day revenue of Rs 3,770 million, is included in the revenue of the Group after inter-group adjustments. During the current period, the profit after tax of the Group, includes loss of Rs 44 million from the acquisition of SAPL. Identified assets acquired, liabilities assumed or incurred of SAPL have been carried at fair value at acquisition date i.e., April 28, 2023, and the investment in associate has been deemed disposed at its fair value at the acquisition date. This has resulted in a provisional net gain under business combination amounting to Rs 2,857 million recognised in the financial statements of the Group. The Parent Company also recorded a bargain purchase gain of Rs 1,994 million recorded on the acquisition of increased shareholding of Tri-Pack Films Limited in the corresponding period of last year.

A brief review on the operational performance of subsidiaries of the Parent Company is as follows:

PACKAGES CONVERTORS LIMITED

Packages Convertors Limited ('PCL') is an un-listed public limited wholly owned subsidiary of the Group, which is principally engaged in the manufacture and sale of packaging materials, tissue products & sanitary napkins. PCL has achieved net sales of Rs 25,915 million during the first half of the year 2023 as compared to Rs 19,564 million in the comparable period of the prior year representing sales growth of 32%. PCL has generated profit before tax of Rs 3,697 million during the first half of the year 2023 as compared to Rs 1,789 million in the comparable period of the prior year despite lower volumes. The improved performance of the company relates to timely passing of the inflationary cost increases to customers and effective working capital management.

BULLEH SHAH PACKAGING (PRIVATE) LIMITED

Bulleh Shah Packaging (Private) Limited ('BSPL') is a wholly owned subsidiary of the Group, which is principally engaged in the manufacturing and conversion of paper and paper board and corrugated boxes. BSPL has achieved net sales of Rs 31,391 million during the first half of the year 2023 as compared to Rs 21,631 million in the comparable period of the prior year representing sales growth of 45%. BSPL has generated profit before tax of Rs 2,268 million during the first half of the year 2023 as compared to Rs 3,460 million in the comparable period of the prior year. The decreased profitability is mainly on account of increased finance cost, decreased volumes, and exchange losses. Moving forward, BSPL will focus on improving operating results through volume growth, tighter cost control and effective working capital management.

DIC PAKISTAN LIMITED

DIC Pakistan Limited ('DICP') is an un-listed public limited subsidiary of the Group, which is principally engaged in the manufacturing, processing, and selling of industrial inks. DICP has achieved net sales of Rs 5,327 million during the first half of the year 2023 as compared to Rs 4,325 million in the comparable period of the prior year representing sales growth of 23%. DICP has generated profit before tax of Rs 1,006 million during the first half of the year 2023 as compared to Rs 455 million in the comparable period of the prior year. The improved performance of the company relates to timely passing of the inflationary cost increases to customers, improved cost control measures and effective working capital management.

TRI-PACK FILMS LIMITED

Tri-Pack Films Limited ('TPFL') a listed public limited subsidiary of the Group, which is principally engaged in the manufacturing and sale of Biaxially Oriented Polypropylene (BOPP) film and Cast Polypropylene (CPP) films. TPFL has achieved net sales of Rs 11,527 million during the first half of the year 2023 as compared to Rs 11,881 million in the comparable period of the prior year representing sales decline of 3% mainly on account of volume decrease. TPFL has generated profit before tax of Rs 1,271 million during the first half of the year 2023 as compared to Rs 734 million in the comparable period of the prior year. The improved performance of the company relates to timely passing on the inflationary cost increases to customers and effective working capital management.

PACKAGES LANKA (PRIVATE) LIMITED

Packages Lanka (Private) Limited ('PLL') is a Sri-Lankan subsidiary of the Group, which is principally engaged in the production & sale of flexible packaging. PLL has achieved net sales of SLR 2,449 million during the first half of the year 2023 as compared to SLR 1,952 million in the comparable period of the prior year representing sales growth of 25%. PLL has generated profit before tax of SLR 340 million during the first half of the year 2023 as compared to SLR 260 million in the comparable period of the prior year. This is mainly on account of the effective pricing strategy of the management along with robust controls over the costs.

PACKAGES REAL ESTATE (PRIVATE) LIMITED

Packages Real Estate (Private) Limited ('PREL') is a subsidiary of the Group, which is principally engaged in the business of all types of construction activities and development of real estate. PREL currently operates "Packages Mall" and has started to lease office space to corporate customers. PREL has achieved net revenue of Rs 2,570 million during the first half of the year 2023 as compared to Rs 2,123 million in the comparable period of the prior year representing revenue growth of 21%. PREL has generated profit before tax of Rs 354 million during the first half of the year 2023 as compared to Rs 495 million in the comparable period of the prior year. The decrease in profitability is mainly on account of increased finance costs on borrowings for expansion projects.

FLEXIBLE PACKAGES CONVERTORS (PROPRIETARY) LIMITED

Flexible Packages Convertors (Proprietary) Limited, South Africa ('FPC') was an entity based in South Africa which is principally engaged in the manufacture & sale of flexible packaging material. Packages Limited, through its wholly owned subsidiary, Anemone Holdings Limited, Mauritius ('AHL'), controlled 63.5% of the shareholding of FPC. FPC recorded an unaudited loss before tax of ZAR 99 million in 2022 which tightened its already constrained working capital. As also disclosed in the audited consolidated financial statements of the Company for the year ended December 31, 2022, the deteriorating financial performance and tough economic conditions coupled with low sales to key customers, unfavourable product mix and higher than anticipated variable and fixed costs furthered the cash burden on the working capital of FPC which started restraining the production capacity. Resultantly, the Parent Company carried out an estimate of the recoverable amount of the net assets and determined it to be lower than the carrying amount, therefore, an impairment loss of Rs 1,056 million was recognized in the audited unconsolidated financial statements for the year ended December 31, 2022. During the six months period ended June 30, 2023, FPC recorded a further unaudited loss before tax of ZAR 38 million which coupled with the capping of outflow of remittances outside Pakistan on account of national economic scenario and hence non-remittance of investment proceeds to FPC, pushed it into further financial distress. Consequently, FPC was put under a legally mandated restructuring process to assess its profitability prospects and viability of operations. This restructuring assessment has been completed recently whereby the legally appointed Business Rescue Practitioner ('BRP') ascertained that FPC is unable to meet its liabilities towards creditors. The BRP, in accordance with the applicable laws called for a meeting of the creditors to evaluate either to liquidate FPC or sell it as a going concern to repay outstanding creditors. The BRP has notified that the creditors have collectively voted in favour of the sale to a third party to partly settle their outstanding debts, subject to applicable regulatory approvals. An adjustment of Rs 364 million has been recognized in these unaudited consolidated condensed interim un-audited financial statements.

SANOFI-AVENTIS PAKISTAN LIMITED

Sanofi-Aventis Pakistan Limited ('SAPL') is a listed subsidiary of the Group, which is principally engaged in the manufacturing, selling and trading of pharmaceutical and related products. SAPL has achieved net revenue of Rs 10,047 million during the first half of the year 2023 as compared to Rs 9,524 million in the comparable period of the prior year representing revenue growth of 5%. SAPL has generated loss before tax of Rs 300 million during the first half of the year 2023 as compared to profit before tax of Rs 698 million in the comparable period of the prior year. The decrease in profitability is mainly on account of input raw material increases which have not been passed on to customers due to pending regulatory approvals. These approvals are being vigorously followed up by the company and expects these to materialize shortly which is expected to translate into improved operational performance.

STARHPACK (PRIVATE) LIMITED


StarchPack (Private) Limited is a wholly owned subsidiary which will be principally engaged in the manufacture and sale of corn-based starch products, its derivatives and by-products. The Company is expected to start commercial operations in the fourth quarter of 2023.

GROUP'S STAFF AND CUSTOMERS

The management is thankful to the Group's stakeholders for their continuing confidence. The management also wishes to express its gratitude to all the employees who have worked tirelessly. We appreciate their hard work, loyalty, and dedication.



Towfiq Habib Chinoy
(Chairman)
Lahore, August 25, 2023



Syed Hyder Ali
(Chief Executive Officer)
Lahore, August 25, 2023

30 جون 2023 کو ختم ہونے والی ششماہی کے لئے ڈائریکٹرز رپورٹ بشمول مشترکہ عبوری غیر آڈٹ شدہ مالیاتی حسابات

پیکیز لمیٹڈ ('پیرنٹ کمپنی') کے ڈائریکٹرز بہ مسرت 30 جون 2022 کو ختم ہونے والی ششماہی مدت کے لئے گروپ کے غیر آڈٹ شدہ مجموعی مالیاتی حسابات پیش کرنے پر خوشی محسوس کرتے ہیں۔

30 جون 2023 کو ختم ہونے والی ششماہی مدت کے لئے غیر آڈٹ شدہ نتائج کا موازنہ 30 جون 2022 کے مقابلے میں درج ذیل کے مطابق ہے۔

جنوری۔ جون 2022	جنوری۔ جون 2023	
57,777	75,908	آمدنی - خالص
8,928	15,048	منافع آپریشنز سے
(253)	(1,142)	دیگر خالص اخراجات
(2,626)	(5,900)	فنانس کی لاگت
76	56	منسلکہ اداروں اور مشترکہ منصوبے میں منافع کا حصہ - خالص ٹیکس
328	347	سرمایہ کاری سے آمدن
1,994	2,857	ذیلی ادارے کے حصول پر خالص منافع
8,447	11,266	منافع قبل از ٹیکسیشن
(2,938)	(4,128)	محصولات
5,509	7,183	منافع بعد از ٹیکس
58.29	74.00	بنیادی EPS - پیرنٹ کمپنی کے شیئرز ہولڈرز سے منسوب

ہمیں یہ اطلاع دیتے ہوئے خوشی ہو رہی ہے کہ بنیادی مینوفیکچرنگ آپریشنز نے ایک چیلنجنگ اور مسابقتی ماحول میں نمایاں طور پر بہتر کارکردگی کا مظاہرہ کیا۔ 2023 کی پہلی ششماہی کے دوران، گروپ نے 57,777 ملین روپے کی خالص فروخت حاصل کی ہے جبکہ گزشتہ سال کی اسی مدت کے دوران 75,908 ملین روپے کی خالص فروخت حاصل کی گئی تھی جو کہ گزشتہ سال کی اسی مدت 8,928 ملین روپے کے مقابلے میں 15,048 ملین روپے کے آپریٹنگ منافع کے ساتھ فروخت میں بنیادی طور پر آمدنی میں اضافہ اور لاگت کے کنٹرول کی وجہ سے 31 فیصد اضافہ کو ظاہر کرتا ہے۔

28 اپریل 2023 کو سنو نی ایونٹس پاکستان لمیٹڈ ('SAPL') کے 3,375,665 شیئرز (35 فیصد شیئر ہولڈنگ ظاہر کرتا ہے) کے حصول کا لین دین سنو نی فارن سٹراکٹ دار B.V کے ساتھ مکمل ہوا۔ فی الحال پیرنٹ کمپنی SAPL میں 41.07 فیصد کی ملکیت رکھتی ہے جس کے نتیجے میں پیکیز لمیٹڈ کا ذیلی ادارہ بن گئی ہے اور اس لیے اسے غیر آڈٹ شدہ مشترکہ مجموعی عبوری غیر آڈٹ شدہ مالیاتی حسابات میں شامل کیا گیا ہے۔ موجودہ مدت کی 64 دن کی آمدنی 3,770 ملین روپے میں گروپ کی بعد از انٹر گروپ ایڈجسٹمنٹ آمدنی میں شامل ہے۔ موجودہ مدت کے دوران SAPL کے خریداری سے گروپ کے بعد از ٹیکس منافع میں 44 ملین روپے کا نقصان شامل ہے۔ شناخت کردہ اثاثوں کے حصول، SAPL کی قرضہ جات یا واجبات کے خریداری کی تاریخ یعنی 28 اپریل 2023 تک فیئر ویلیو پر پر تصرف سمجھا جاتا ہے، اور ذیلی اداروں میں سرمایہ کاری حصول کی تاریخ تک فیئر ویلیو پر تصرف کے تعین کرنے کے عمل میں ہے۔ جس کے نتیجے میں کاروباری امتزاج کے تحت گروپ کے مالیاتی گوشواروں میں تسلیم شدہ 2,857 ملین روپے کا عارضی خالص فائدہ حاصل ہوا ہے۔ پیرنٹ کمپنی نے گزشتہ سال کی اسی مدت میں ٹرائی پیک فلز لمیٹڈ کے اضافہ شدہ شیئر ہولڈنگ کی خریداری پر 1,994 ملین روپے بارگین خریداری نفع بھی ریکارڈ کیا۔

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

پیکجز کنورٹرز لمیٹڈ

پیکجز کنورٹرز لمیٹڈ ('PCL') گروپ کا ایک نان لسٹڈ پبلک لمیٹڈ مکمل ملکیتی ماتحت ادارہ ہے، جو بنیادی طور پر پیکجنگ مواد، ٹشو مصنوعات اور سینیٹیو نیپکن کی تیاری اور فروخت میں مصروف عمل ہے۔ PCL نے سال 2023 کی پہلی ششماہی کے دوران 25,915 ملین روپے کی خالص فروخت حاصل کی ہے جو کہ گزشتہ سال کے مقابلے میں 19,564 ملین روپے کے مقابلے میں فروخت میں 32 فیصد اضافہ حاصل ہوا ہے۔ سال 2023 کی پہلی ششماہی میں PCL نے اس دوران کم حجم کے باوجود پچھلے سال کے مقابلے کی مدت میں 1,789 ملین روپے کے مقابلے میں 3,697 ملین روپے کا قبل از ٹیکس منافع حاصل کیا۔ آگے بڑھتے ہوئے کمپنی بہتر کارکردگی، صارفین تک مہنگائی کی لاگت میں اضافے کے بروقت انتظام اور ورکنگ کپینٹل کے موثر انتظام مزید بہتر بنانے پر توجہ دے رہی ہے۔

بلھے شاہ پیکجنگ (پرائیویٹ) لمیٹڈ

بلھے شاہ پیکجنگ (پرائیویٹ) لمیٹڈ ('BSPL') گروپ کا مکمل ملکیتی ذیلی ادارہ ہے، جو بنیادی طور پر پیپر اور پیپر بورڈ اور کوورگیٹڈ بکس کی تیاری اور منتقلی میں مصروف عمل ہے۔ PCL نے سال 2023 کی پہلی ششماہی کے دوران 31,391 ملین روپے کی خالص فروخت حاصل کی ہے جو کہ گزشتہ سال کی اسی مدت میں 21,631 ملین روپے تھی۔ جس سے فروخت میں 45 فیصد اضافہ ہوا۔ BSPL نے سال 2023 کی پہلی ششماہی کے دوران 2,268 ملین روپے کا قبل از ٹیکس منافع حاصل کیا ہے جو کہ گزشتہ سال کی مدت میں 3,460 ملین روپے تھا۔ منافع میں کمی بنیادی وجہ مالیاتی لاگت میں اضافہ، حجم میں کمی اور زرمبادلہ کے نقصانات ہیں۔ آگے بڑھتے ہوئے، BSPL حجم میں اضافے، لاگت میں بچت اور موثر ورکنگ کپینٹل انتظامات کے ذریعے آپریٹنگ نتائج کو بہتر بنانے پر توجہ مرکوز کر رہی ہے۔

ڈی آئی سی پاکستان لمیٹڈ

ڈی آئی سی پاکستان لمیٹڈ ('DICP') گروپ کا ایک نان لسٹڈ پبلک لمیٹڈ ذیلی ادارہ ہے، جو بنیادی طور پر صنعتی سیاہی (inks) کی تیاری، پروسیسنگ اور فروخت میں مصروف عمل ہے۔ DICP نے سال 2023 کی پہلی ششماہی کے دوران 5,327 ملین روپے کی خالص فروخت حاصل کی ہے جو کہ گزشتہ سال کی مدت میں 4,325 ملین روپے کے مقابلے میں 23 فیصد کی فروخت میں اضافے کو ظاہر کرتا ہے۔ DICP نے سال 2023 کی پہلی ششماہی کے دوران 1,006 ملین روپے کا قبل از ٹیکس منافع حاصل کیا ہے جو کہ پچھلے سال کی مدت میں 455 ملین روپے تھا۔ کمپنی کی بہتر کارکردگی کا تعلق صارفین تک مہنگائی کی لاگت میں بچت، لاگت پر قابو پانے کے بہتر اقدامات اور ورکنگ کپینٹل کے موثر انتظام بروقت بروئے کار لانے پر منحصر ہے۔

ٹرائی پیک فلمز لمیٹڈ

ٹرائی پیک فلمز لمیٹڈ ('TPFL') گروپ کا ایک لسٹڈ پبلک لمیٹڈ ذیلی ادارہ ہے، جو بنیادی طور پر بائی آگزیلی اور نیٹھ پو لی پروڈکٹ (BOPP) فلمز اور کاسٹ پو لی پروڈکٹ (CPP) فلم کی تیاری اور فروخت میں مصروف عمل ہے۔ TPFL نے سال 2023 کی پہلی ششماہی کے دوران 11,527 ملین روپے کی خالص فروخت حاصل کی ہے جو کہ گزشتہ سال کی مدت میں 11,881 ملین روپے کے مقابلے میں فروخت میں 3 فیصد کی کو ظاہر کرتا ہے جو بنیادی طور پر حجم میں کمی کی وجہ سے ہوا۔ TPFL نے سال 2023 کی پہلی ششماہی کے دوران 1,271 ملین روپے کا قبل از ٹیکس منافع حاصل کیا ہے جو کہ گزشتہ سال کی اسی مدت میں 734 ملین روپے تھا۔ کمپنی کی بہتر کارکردگی کا تعلق صارفین تک مہنگائی کی لاگت میں بچت، لاگت پر قابو پانے کے بہتر اقدامات اور ورکنگ کپینٹل کے موثر انتظام بروقت بروئے کار لانے پر منحصر ہے۔

پیکجز لنکا (پرائیویٹ) لمیٹڈ

پیکجز لنکا (پرائیویٹ) لمیٹڈ ('PLL') گروپ کا سری لنکا کا ذیلی ادارہ ہے، جو بنیادی طور پر لچکدار (flexible) پیکجنگ کی تیاری اور فروخت میں مصروف عمل ہے۔ PLL نے سال 2023 کی پہلی ششماہی کے دوران SLR 2,449 ملین کی خالص فروخت حاصل کی ہے جو کہ گزشتہ سال کی مدت میں SLR 1,952 ملین کے مقابلے میں 25 فیصد کی فروخت میں اضافے کو ظاہر کرتا ہے۔ PLL نے سال 2023 کی پہلی ششماہی کے دوران SLR 340 ملین کا قبل از ٹیکس منافع کمایا ہے جبکہ گزشتہ سال کی مدت میں SLR 260 ملین تھا۔ جو کہ طے کردہ مالیات پر بہتر کنٹرول اور موثر قیمتوں کی حکمت عملی اور جسم میں ترتیب کے تحت ممکن ہوا۔

پیکجز ریئل اسٹیٹ (پرائیویٹ) لمیٹڈ

پیکجز ریئل اسٹیٹ (پرائیویٹ) لمیٹڈ ('PREL') گروپ کا ایک ذیلی ادارہ ہے، جو بنیادی طور پر ہر قسم کی تعمیراتی سرگرمیوں اور ریئل اسٹیٹ کی ترقی کے کاروبار میں سرگرم عمل ہے۔ PREL فی الحال "پیکجز مال" کے نام سے ایک پراجیکٹ آپریٹ کر رہا ہے اور کارپوریٹ صارفین کو آفس کی جگہ لیز پر دینا شروع کر دی ہے۔ PREL نے سال 2023 کی پہلی ششماہی کے دوران 2,570 ملین روپے کی خالص آمدنی حاصل کی ہے جو گزشتہ سال کی مدت میں 2,123 ملین روپے کے مقابلے میں 21 فیصد کی آمدنی میں اضافے کو ظاہر کرتا ہے۔ PREL نے سال 2023 کی پہلی ششماہی کے دوران 354 ملین روپے کا قبل از ٹیکس منافع حاصل کیا جو کہ پچھلے سال کی مدت میں کے مقابلے میں 495 ملین روپے تھا۔ منافع میں کمی بنیادی وجہ توسیعی منصوبوں کیلئے قرض لینے پر مالیاتی اخراجات ہیں۔

فلیکس ایپیل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ

فلیکس ایپیل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ ('FPC') جنوبی افریقہ میں قائم پرائیویٹ لمیٹڈ ادارہ ہے جو بنیادی طور پر فلیکس ایپیل پیکیجنگ میٹریل کی تیاری اور فروخت میں مصروف عمل ہے۔ پیکیجز لمیٹڈ، اپنی مکمل ملکیتی ذیلی کمپنی، ایمون ہولڈنگز لمیٹڈ، ماریش ('AHL') کے ذریعے FPC کے 63.5 فیصد شیئرز ہولڈنگ دائرہ اختیار کا حامل ہے۔ FPC نے 2022 میں 99 ملین زار (ZAR) قبل از ٹیکس آڈٹ شدہ خسارہ ریکارڈ کیا جس نے اس کے قبل ہی ورکنگ سرمایہ کو محدود کر دیا تھا۔ جیسا کہ 31 دسمبر 2022 کو ختم ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ مشترکہ مالیاتی گوشواروں میں بھی ظاہر کیا گیا ہے، بگڑتی مالی کارکردگی اور سخت اقتصادی عوامل بشمول موجودہ صارفین کو سبزلز میں کمی، ناموافق مصنوعات کی تعداد اور متوقع قدر اور مقررہ لاگت میں اضافے نے FPC کے ورکنگ کیلچل پرنفڈ بوجھ بڑھا دیا جس نے پیداواری صلاحیت کو روکنا شروع کر دیا۔ نتیجتاً، پیرنٹ کمپنی نے خالص اثاثوں کی وصولی کی رقم کا تخمینہ لگایا اور قیمت خرید سے کم ہونے کا تعین کیا، لہذا 31 دسمبر 2022 کو ختم ہونے والے سال کے غیر مستحکم مالیاتی حسابات میں 1,056 ملین روپے کے نقصان کا اعتراف کیا گیا۔ 30 جون 2023 کو ختم ہونے والی ششماہی مدت کے دوران، FPC نے مزید 38 ملین ZAR غیر آڈٹ شدہ قبل از ٹیکس خسارہ ریکارڈ کیا جس نے قومی اقتصادی صورتحال کے پیش نظر پاکستان سے باہر ترسیلات زر کے بہاؤ کو محدود کیا اور اس وجہ سے FPC کو سرمایہ کاری کی رقم کی عدم ترسیل نے اسے ناخوشگوار مالی پریشانی میں مبتلا کر دیا۔ نتیجتاً، FPC کو قانونی طور پر مینڈیٹ کی تنظیم نو کے عمل کے تحت مرتب کیا گیا تاکہ اس کے منافع کے امکانات اور آپریشنز کی قابل عملیت کا اندازہ لگایا جاسکے۔ مذکورہ تنظیم نو کا جائزہ حال ہی میں مکمل کیا گیا ہے جس کے تحت قانونی طور پر مقرر کردہ برنس ریسیکوپریکیشنٹر ('BRP') نے اس بات کی تصدیق کی کہ FPC قرض دہندگان کیلئے اپنے واجبات کو ادا کرنے سے قاصر ہے۔ BRP نے قابل اطلاق قوانین کے مطابق قرض دہندگان کا اجلاس طلب کیا تاکہ یہ جائزہ لیا جاسکے کہ آیا FPC کو ختم کر دیا جائے یا بقایا قرض دہندگان کی داہنگی کیلئے اسے فروخت کیا جائے۔ BRP نے مطلع کیا ہے کہ قرض دہندگان نے اجتماعی طور پر فریق ثالث کے حق میں فروخت کا ووٹ دیا ہے تاکہ جزوی طور پر قابل اطلاق ریگولیٹری منظور یوں سے مشروط انکے بقایا قرضہ جات کا تصفیہ کیا جاسکے۔ اس کے مطابق، گروپ نے FPC میں سرمایہ کاری کی ممکن الحصول قیمت کا ایک اور جائزہ لیا ہے اور ان غیر آڈٹ شدہ مشترکہ مجموعی عبوری غیر آڈٹ شدہ مالیاتی حسابات میں 364 ملین روپے کی ایڈجسٹمنٹ کو تسلیم کیا گیا ہے۔

سنونی ایونٹس پاکستان لمیٹڈ

سنونی۔ ایونٹس پاکستان لمیٹڈ ('SAPL') گروپ کا ایک ذیلی ادارہ ہے، جو بنیادی طور پر دو سازی اور متعلقہ مصنوعات کی تیاری، فروخت اور تجارت میں مصروف عمل ہے۔ SAPL نے سال 2023 کی پہلی ششماہی کے دوران 9,524 ملین روپے کے مقابلے میں 10,047 ملین روپے کا خالص ریونیو حاصل کیا ہے جو کہ گزشتہ سال کے مقابلے کی مدت میں 5 فیصد کی آمدنی میں اضافے کو ظاہر کرتا ہے۔ SAPL نے پچھلے سال کی مدت میں 698 ملین روپے کے قبل از ٹیکس منافع کے مقابلے میں سال 2023 کی پہلی ششماہی کے دوران 300 ملین روپے کا قبل از ٹیکس خسارہ ہوا۔ منافع میں کمی بنیادی وجہ ان پٹ خام مال میں اضافہ چونکہ زیر التواء ریگولیٹری منظور یوں کے متعلق صارفین کو آگاہ نہیں کیا گیا۔ کمپنی کی جانب سے ان منظور یوں کی سختی سے پیروی کی جارہی ہے اور توقع ہے کہ یہ جلد ہی عملی شکل اختیار کر لیں گے جس سے بہتر آپریشنل کارکردگی کی امید ہے۔

اسٹارچ پیک (پرائیویٹ) لمیٹڈ

اسٹارچ پیک (پرائیویٹ) لمیٹڈ ایک مکمل ملکیتی ذیلی ادارہ ہے جو بنیادی طور پر کمپنی پر مبنی اسٹارچ کی مصنوعات، اس کے مشتقات اور ضمنی مصنوعات کی تیاری اور فروخت میں سرگرم ہوگا۔ توقع ہے کہ کمپنی 2023 کی چوتھی سہ ماہی میں تجارتی سرگرمیوں کا آغاز کر دے گی۔

گروپ اسٹاف اور اسٹیک ہولڈرز

انتظامی گروپ کے اسٹیک ہولڈرز بالخصوص اپنے صارفین کا سروسز پر مکمل اعتماد کے لئے ان کی مشکور ہے۔ انتظامیہ اس امر پر بھی اپنی خوشی کا اظہار کرتی ہے کہ کمپنی کے تمام ملازمین نے غیر معمولی کارکردگی اور انتھک محنت کا مظاہرہ کیا۔ ہم ان کی محنت، ایمانداری اور عزم کو خراج تحسین پیش کرتے ہیں۔

سید حیدر علی

چیف ایگزیکٹو آفیسر اینڈ مینجنگ ڈائریکٹر

لاہور، 25 اگست، 2023

توفیق حبیب چنائے

(چیرمین)

لاہور، 25 اگست، 2023

PACKAGES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

	Note	June 30, 2023	December 31, 2022	Note	June 30, 2023	December 31, 2022	
		Un-audited	Audited		Un-audited	Audited	
(Rupees in thousand)				(Rupees in thousand)			
EQUITY AND LIABILITIES				ASSETS			
CAPITAL AND RESERVES				NON-CURRENT ASSETS			
Authorised capital				Property, plant and equipment	8	82,138,613	60,929,247
150,000,000 (2022: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000	Right-of-use assets		177,016	287,999
22,000,000 (2022: 22,000,000) 10% non-voting preference shares / convertible stock of Rs 190 each		4,180,000	4,180,000	Investment properties		12,198,972	12,044,054
Issued, subscribed and paid up capital				Intangible assets	9	162,962	150,024
89,379,504 (2022: 89,379,504) ordinary shares of Rs 10 each		893,795	893,795	Investments accounted for using the equity method	10	4,917,174	5,817,480
8,186,842 (2022: 8,186,842) 10% non-voting preference shares / convertible stock of Rs 190 each		606,222	606,222	Other long term investments	11	23,552,124	21,441,759
Other reserves		50,688,554	46,591,959	Long term security deposits		205,132	191,152
Equity portion of loan from shareholder of the Parent Company		277,219	277,219	Long term loans		6,672	316
Revenue reserve: Un-appropriated profits		16,148,542	13,492,287			123,358,665	100,862,031
Attributable to equity holders of the Parent Company		68,614,332	61,861,482				
Non-controlling interests		15,079,533	4,847,940				
TOTAL EQUITY		83,693,865	66,709,422				
NON-CURRENT LIABILITIES				CURRENT ASSETS			
Long term finances from financial institutions	6	36,874,470	29,455,752	Stores and spares		5,267,542	3,810,529
Lease liabilities		160,864	279,789	Stock-in-trade		40,622,195	37,180,876
Security deposits		468,197	395,309	Short term investments		1,506,050	521,695
Deferred income		374,904	380,169	Trade debts		15,163,145	16,083,009
Deferred government grant		1,115,061	1,195,487	Loans, advances, deposits, prepayments and other receivables		9,797,832	7,161,541
Deferred taxation		6,440,501	5,489,139	Income tax receivable		4,929,111	4,680,025
Long term advances		204,309	215,404	Cash and bank balances		2,249,699	2,189,577
Employee benefit obligations		1,868,723	1,627,639			79,535,574	71,627,252
Accumulated compensated absences		497,944	470,408				
		48,004,973	39,509,096				
CURRENT LIABILITIES							
Current portion of non-current liabilities		6,492,105	7,149,479				
Short term borrowings from financial institutions - secured		26,717,489	35,662,097				
Trade and other payables		34,219,705	20,863,580				
Unclaimed dividend		117,223	82,041				
Accrued finance cost		3,648,879	2,513,568				
		71,195,401	66,270,765				
CONTINGENCIES AND COMMITMENTS							
	7	-	-				
		202,894,239	172,489,283			202,894,239	172,489,283

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim unaudited financial statements.

Chief Executive

Director

Chief Financial Officer

PACKAGES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2023

	Note	Three month period ended		Six month period ended	
		June 30,	June 30,	June 30,	June 30,
		2023	2022	2023	2022
		(Rupees in thousand)		(Rupees in thousand)	
Net revenue	12	37,140,499	30,861,937	75,908,946	57,777,328
Cost of sales and services		(26,584,608)	(23,598,580)	(55,590,701)	(44,830,165)
Gross profit		10,555,891	7,263,357	20,318,245	12,947,163
Administrative expenses		(1,088,740)	(994,404)	(2,203,884)	(1,805,072)
Distribution and marketing costs		(1,472,329)	(1,114,655)	(2,821,849)	(2,164,405)
Net impairment losses of on financials assets		(213,421)	(34,328)	(243,935)	(49,577)
Other expenses		(613,896)	(991,930)	(2,550,740)	(1,332,950)
Other income		1,234,796	921,037	1,408,502	1,079,491
Investment income	13	346,909	328,432	346,909	328,432
Share of net profit of associates and joint ventures accounted for using equity method		24,992	39,337	55,991	75,725
Operating profit		8,774,202	5,416,846	14,309,239	9,078,807
Finance costs		(3,087,279)	(1,564,913)	(5,900,016)	(2,625,576)
Gains relating to business combination		2,856,984	-	2,856,984	1,993,637
Profit before taxation		8,543,907	3,851,933	11,266,207	8,446,868
Taxation		(2,788,336)	(2,186,250)	(4,128,283)	(2,938,152)
Profit for the period		5,755,571	1,665,683	7,137,924	5,508,716
Profit attributable to:					
Equity holders of the Parent Company		5,314,984	1,603,414	6,677,941	5,273,584
Non-controlling interests		440,587	62,269	459,983	235,132
		5,755,571	1,665,683	7,137,924	5,508,716
Earnings per share attributable to equity holders of the Parent Company during the period	14				
Basic	Rupees	59.47	17.94	74.00	58.29
Diluted	Rupees	54.83	16.72	69.16	54.61

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim unaudited financial statements.


Chief Executive

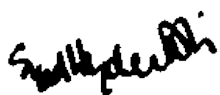

Director


Chief Financial Officer

PACKAGES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2023

	Three month period ended		Six month period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees in thousand)		(Rupees in thousand)	
Profit for the period	5,755,571	1,665,683	7,137,924	5,508,716
Other comprehensive profit / (loss) for the period				
<i>Items that will not be subsequently reclassified to profit or loss:</i>				
Change in fair value of equity investments at fair value through other comprehensive income ('FVOCI')	5,221,350	(79,299)	2,110,366	271,905
	5,221,350	(79,299)	2,110,366	271,905
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net exchange differences on translation of foreign operations	249,077	(59,496)	454,805	(172,025)
Share of other comprehensive loss of associates and joint ventures accounted for using equity method - net of tax	590,338	(43,894)	123,884	(50,277)
	839,415	(103,390)	578,689	(222,302)
Other comprehensive profit / (loss) for the period	6,060,765	(182,689)	2,689,055	49,603
Total comprehensive profit for the period	11,816,336	1,482,994	9,826,979	5,558,319
Total comprehensive profit attributable to:				
Equity holders of the Parent Company	11,333,358	1,478,794	9,274,536	5,410,486
Non-controlling interests	482,978	4,200	552,443	147,833
	11,816,336	1,482,994	9,826,979	5,558,319

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim unaudited financial statements.



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023

	Attributable to equity holders of the Parent Company												Non-controlling interests	Total equity
	Issued, subscribed and paid up capital	Reserves								Capital and reserves				
		Capital reserves					Revenue reserves			Total				
		Ordinary share capital	Preference shares / convertible stock reserve	Share premium	Exchange differences on translation of foreign operations	FVOCI reserve	Other reserves relating to associates and joint ventures	Transactions with non-controlling interests	Equity portion of loan from shareholder of the Parent Company		Capital redemption reserve	General reserve		
	(Rupees in thousand)													
Balance as on January 1, 2022 (audited)	893,795	606,222	3,766,738	(136,089)	16,908,826	2,453,119	80,653	277,219	1,615,000	20,060,333	10,474,905	57,000,721	2,025,433	59,026,154
Appropriation of reserves														
Transferred to general reserve	-	-	-	-	-	-	-	-	-	1,250,000	(1,250,000)	-	-	-
Transactions with preference shareholders														
Participating dividend on preference shares / convertible stock	-	-	-	-	-	-	-	-	-	-	(63,749)	(63,749)	-	(63,749)
Transactions with owners recognized directly in equity														
Final dividend for the year ended December 31, 2021 Rs. 27.5 per share	-	-	-	-	-	-	-	-	-	-	(2,457,937)	(2,457,937)	-	(2,457,937)
Dividend relating to 2021 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(405,148)	(405,148)
	-	-	-	-	-	-	-	-	-	-	(2,457,937)	(2,457,937)	(405,148)	(2,863,085)
Acquisition of subsidiary														
	-	-	-	-	-	-	-	-	-	-	-	-	3,253,026	3,253,026
Total comprehensive income / (loss) for the period ended June 30, 2022														
Profit for the period	-	-	-	-	-	-	-	-	-	-	5,273,584	5,273,584	235,132	5,508,716
Other comprehensive (loss) / income for the period	-	-	-	(84,726)	271,905	(50,277)	-	-	-	-	-	136,902	(87,299)	49,603
	-	-	-	(84,726)	271,905	(50,277)	-	-	-	-	5,273,584	5,410,486	147,833	5,558,319
Balance as on June 30, 2022 (un-audited)	893,795	606,222	3,766,738	(220,815)	17,180,731	2,402,842	80,653	277,219	1,615,000	21,310,333	11,976,803	59,889,521	5,021,144	64,910,665
Balance as on January 1, 2023 (audited)	893,795	606,222	3,766,738	(172,535)	17,436,179	2,555,591	80,653	277,219	1,615,000	21,310,333	13,492,287	61,861,482	4,847,940	66,709,422
Appropriation of reserves														
Transferred to general reserve	-	-	-	-	-	-	-	-	-	1,500,000	(1,500,000)	-	-	-
Transactions with preference shareholders														
Participating dividend on preference shares / convertible stock	-	-	-	-	-	-	-	-	-	-	(63,749)	(63,749)	-	(63,749)
Transactions with owners recognized directly in equity														
Final dividend for the year ended December 31, 2022 Rs. 27.5 per share	-	-	-	-	-	-	-	-	-	-	(2,457,937)	(2,457,937)	-	(2,457,937)
Final dividend for the year ended December 31, 2022 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(363,056)	(363,056)
	-	-	-	-	-	-	-	-	-	-	(2,457,937)	(2,457,937)	(363,056)	(2,820,993)
Acquisition of Subsidiary														
	-	-	-	-	-	-	-	-	-	-	-	-	10,042,206	10,042,206
Total comprehensive income / (loss) for the period ended June 30, 2023														
Profit for the period	-	-	-	-	-	-	-	-	-	-	6,677,941	6,677,941	459,983	7,137,924
Other comprehensive income / (loss) for the period	-	-	-	362,345	2,110,366	123,884	-	-	-	-	-	2,596,595	92,460	2,689,055
	-	-	-	362,345	2,110,366	123,884	-	-	-	-	6,677,941	9,274,536	552,443	9,826,979
Balance as on June 30, 2023 (un-audited)	893,795	606,222	3,766,738	189,810	19,546,545	2,679,475	80,653	277,219	1,615,000	22,810,333	16,148,542	68,614,332	15,079,533	83,693,865

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim unaudited financial statements.

S. S. S. S.

Chief Executive

S. A. S. S.

Director

A. S. S.

Chief Financial Officer

PACKAGES LIMITED AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023

	Note	Six month period ended	
		June 30, 2023	June 30, 2022
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	17	27,482,700	3,057,864
Finance cost paid		(4,772,968)	(2,364,933)
Income tax paid		(2,516,243)	(1,674,457)
Long term security deposits - net		97,395	227,154
Payments for accumulating compensated absences		(108,886)	(2,299)
Long term advances - net		(17,310)	29,222
Employee benefit obligations paid		(12,354)	(16,872)
Net cash inflow from operating activities		20,152,334	(744,321)
Cashflow from investing activities			
Fixed capital expenditure		(10,978,371)	(8,242,355)
Investments made in equity securities		-	(6,785)
Proceeds from maturity of investments		-	1,455,000
Payment for acquisition of subsidiary - net of cash acquired		(3,076,959)	(6,587,613)
Insurance claim received		-	1,500,000
Long term loans and deposits - net		263	(36,931)
Proceeds from disposal of property, plant and equipment		103,233	579,826
Dividends received		405,483	381,048
Net cash outflow from investing activities		(13,546,351)	(10,957,810)
Cash flows from financing activities			
Proceeds from long term finances		12,182,259	10,775,070
Repayment of long term finances		(5,090,827)	(4,763,145)
Payment of lease liabilities		(270,497)	(61,804)
Participating dividend on preference shares		(63,749)	(63,749)
Dividend paid to equity holders of the Parent Company		(3,011,028)	(2,437,497)
Dividend paid to non-controlling interest		(363,056)	(405,148)
Net cash inflow from financing activities		3,383,102	3,043,727
Net increase / (decrease) in cash and cash equivalents		9,989,085	(8,658,404)
Cash and cash equivalents at the beginning of the period		(32,950,825)	(17,658,643)
Cash and cash equivalents at the end of the period	18	(22,961,740)	(26,317,047)

The annexed notes 1 to 23 form an integral part of these consolidated condensed interim unaudited financial statements.



Chief Executive



Director



Chief Financial Officer

PACKAGES LIMITED AND ITS SUBSIDIARIES
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2023

1. Legal status and nature of business

Packages Limited (the 'Parent Company') and its subsidiaries, Packages Convertors Limited ('PCL'), Packages Investments Limited ('PIL'), DIC Pakistan Limited ('DIC'), Bulleh Shah Packaging (Private) Limited ('BSPPL'), Packages Lanka (Private) Limited ('PLL'), Linnaea Holdings Inc. ('LHI'), Chantler Packages Inc. ('CPI'), Packages Real Estate (Private) Limited ('PREPL'), Packages Power (Private) Limited ('PPPL'), Anemone Holdings Limited ('AHL'), StarchPack (Private) Limited ('SPAC'), Flexible Packages Convertors (Proprietary) Limited ('FPC'), Tri-Pack Films Limited ('TPFL') and Sanofi-aventis Pakistan Limited ('SAPL') (together, the 'Group') are engaged in the following businesses:

Packaging:	Representing manufacture and sale of packaging materials and tissue products
Consumer products:	Representing manufacture and sale of tissue products and sanitary napkins
Inks:	Representing manufacture and sale of finished and semi finished inks
Real estate:	Representing all types of construction activities and development of real estate
Paper and paperboard:	Representing manufacture and sale of paper and paperboard
Plastics:	Representing manufacture and sale of BOPP & CPP films
Pharmaceuticals:	Representing manufacture and sale of bio pharmaceuticals products
Power generation:	Representing the development & management of hydropower project

The Group also holds investment in companies engaged in insurance business and production and sale of ground calcium carbonate products.

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

The Parent Company is an investment holding company and the principal activity of the Parent Company is to manage investments in subsidiary companies, associated companies and joint ventures which are engaged in various businesses including manufacturing of packaging materials, tissue, consumer products, industrial inks, paper, paperboard products and corrugated boxes, biaxially oriented polypropylene ('BOPP') and cast polypropylene ('CPP') films, ground calcium carbonate products, corn based starch products, insurance, power generation, real estate and pharmaceuticals.

- 1.1.** In addition to the shares acquired on December 31, 2022 as mentioned in note 19.1.6 of the annual unconsolidated financial statements, the Parent Company - on April 28, 2023, acquired 3,375,680 shares from Sanofi Foreign Participations B.V pursuant to the Share Purchase Agreement ('Agreement') at a negotiated purchase price of Rs 940/share amounting to Rs 3,173.139 million (excluding transaction costs) which represents 35% of shareholding in SAPL.

The Parent Company now has a total shareholding of 41.07% in SAPL and based on the concept of 'control' as stipulated in the International Financial Reporting Standard (IFRS) -10 'Consolidated Financial Statements', the Parent Company concludes that although the Parent Company has less than 50% voting rights in Sanofi-avntus Pakistan Limited yet, based on the absolute size of the Company's shareholding, the relative size of other shareholdings and the number of representation on SAPL's Board of Directors, the Company has the ability to exercise control over SAPL. Accordingly, the Company is deemed to be the Holding Company of SAPL.

2. Basis of preparation

2.1. Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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.

- 2.2.** These consolidated condensed interim financial statements are un-audited. These condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended December 31, 2022. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group's financial position and performance since the last annual financial statements.
- 2.3.** In order to comply with the requirements of the International Accounting Standard 34, the consolidated condensed interim statement of financial position has been compared with the balances of annual financial statements of the immediately preceding financial year, whereas, the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, condensed interim consolidated statement of changes in equity and consolidated condensed interim statement of cashflows have been compared with the balances of comparable period of the immediately preceding financial year.
- 2.4.** These consolidated condensed interim financial statements are presented in Pakistan Rupee which is also the Parent Company's functional currency.

3. Significant accounting policies

The accounting policies and methods of computation adopted for the preparation of these consolidated condensed interim 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, 2022, except for the adoption of new and amended standards as set out in note 3.1.

3.1. Standards, amendments and interpretations to 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, 2023, 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 consolidated condensed interim financial statements.

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, 2024 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 consolidated condensed interim financial statements.

4. Accounting estimates

The preparation of these consolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing these consolidated condensed interim financial statements, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual financial statements of the Group for the year ended December 31 2022, with the exception of change in estimate that is required in determining the provision for income taxes as referred to in note 5.

5. Taxation

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes. 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 realizability 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 consolidated condensed interim statement of profit or loss in the period in which they arise.

6. Long term finances

	Note	June 30, 2023 Un-audited (Rupees in thousand)	December 31, 2022 Audited
Local currency loans - secured	6.1	42,057,717	34,944,123
Foreign currency loans - secured	6.2	-	202,546
		42,057,717	35,146,669
Preference shares / convertible stock - unsecured		932,650	932,650
		42,990,367	36,079,319
Current portion shown under current liabilities		(6,115,897)	(6,623,567)
		36,874,470	29,455,752
6.1. Local currency loans - secured			
Opening balance		34,944,123	19,813,255
Disbursements during the period / year		12,182,259	19,136,776
		47,126,382	38,950,031
Repayments during the period / year		(5,077,665)	(7,143,022)
Acquisition of subsidiary - SAPL	21.1	9,000	-
Acquisition of subsidiary - TPFL		-	3,137,114
Closing balance		42,057,717	34,944,123
6.2. Foreign currency loans - secured			
Opening balance		202,546	255,269
Disbursements during the period / year		-	44,182
		202,546	299,451
Repayments during the period / year		(13,162)	(43,699)
Adjustment on account of disposal of subsidiary	13	(184,351)	-
Exchange adjustment on opening balances		(5,033)	(53,206)
Closing balance		-	202,546

7. Contingencies and commitments

7.1. Contingencies

There is no significant change in contingencies from the preceding annual audited financial statements of the Parent Company for the year ended December 31, 2022, except for the following matters. Based on the advice of the Parent Company's tax advisor, the management believes that there are meritorious grounds to support the Parent Company's stance in respect of these matters. Consequently, no provision for these amounts has been made in these consolidated condensed interim financial statements.

- (i) With reference to the matter disclosed in note 21.3(d) of the annual audited financial statements of the Parent Company for the year ended December 31, 2022 wherein a demand of Rs 515.70 million was created in respect of sales tax periods from January 2019 to December 2019, the Commissioner Inland Revenue - Appeals ('CIR-A') through his order STA/204/LTO/2023/70 dated April 18, 2023 has accepted all of the contentions of the Company and has set aside all of the demands created except for an input tax claim amounting to Rs 211.900 million. CIR-A has directed the Deputy Commissioner Inland Revenue ('DCIR') to reconsider the demand in light of the documentary evidence that has been provided by the Company.

Being aggrieved by the decision of the CIR-A, DCIR has filed an appeal before the Appellate Tribunal Inland Revenue ('ATIR') that the order of CIR-A be set aside and the order of DCIR should be restored.

- (ii) With reference to the matter disclosed in note 21.3(e) of the annual audited financial statements of the Parent Company for the year ended December 31, 2022 wherein a demand of Rs 1,170 million was created in respect of sales tax periods from January 2018 to December 2018, the CIR-A through his order STA/205/LTO/2023/107 dated April 26, 2023 has accepted all of the contentions of the Company and has set aside all of the demands created except for an input tax claim amounting to Rs 641.931 million. CIR-A, regarding this input tax claim, has directed the DCIR to confront the Company under specific provisions of the law and inference is to be drawn after duly rebutting each and every argument of the Company.

Being aggrieved by the decision of the CIR-A, DCIR has filed an appeal before the Appellate Tribunal Inland Revenue ('ATIR') that the order of CIR-A be set aside and the order of DCIR should be restored.

7.2. Commitments in respect of

- (i) Letters of credit and contracts for capital expenditure Rs 9,382.343 million (2022: Rs 10,204.196 million)
(ii) Letters of credit and contracts for other than capital expenditure Rs 14,511.343 million (2022: Rs 9,427.247 million)

8. Property, plant and equipment

	Note	June 30, 2023 Un-audited (Rupees in thousand)	December 31, 2022 Audited
Operating fixed assets	8.2	60,074,811	43,124,512
Capital work-in-progress	8.3	21,768,783	17,325,877
Major spare parts and stand-by equipment		295,019	478,858
		82,138,613	60,929,247

- 8.1. A portion of the land on which the Parent Company's buildings are situated, measuring 231 kanals and 19 marlas, was leased out to the Group by GoPb from December 1955 till November 2015 after which the lease has not been renewed. During the year 2015, the Group 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 Group 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 Group deposited such amount in compliance with the direction on January 10, 2019. The 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. The surveyors were appointed, who have submitted their independent valuation reports to BoR and the Court. The matter is pending for further action as of the date of the authorization for issue of these consolidated condensed interim financial statements. Moreover, the Court has further decided that the land shall be sold as an industrial land through an open auction with the Parent 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 independent valuers, as appointed by the Court, and its understanding of the prevalent market terms relating to rent of such properties in the vicinity of the said portion of land, recognised an expense of Rs 45.000 million (2022: Rs 60.000 million) in respect of rent for the year from January 2023 to June 2023.

	Note	June 30, 2023 Un-audited (Rupees in thousand)	December 31, 2022 Audited
8.2. Operating fixed assets			
Opening net book value		43,124,512	24,371,684
Additions during the period / year	8.2.1	6,042,871	10,718,910
		49,167,383	35,090,594
Disposals during the period / year at book value		(91,773)	(612,243)
Transfer to investment property		668,448	-
Acquisition of subsidiary	21.1	14,460,981	13,969,367
Adjustment on account of disposal of subsidiary	13	(1,609,880)	(715,932)
Depreciation charged during the period / year		(2,838,144)	(4,895,623)
Exchange adjustment on opening book value - net		317,796	288,349
		10,907,428	8,033,918
Closing net book value		60,074,811	43,124,512

8.2.1. Additions during the period / year

Freehold land	-	130,427
Buildings on freehold land	132,167	371,462
Buildings on leasehold land	99,906	5,546
Plant and machinery	5,415,160	8,782,656
Other equipment (computers, lab equipment and other office equipment)	212,598	535,943
Furniture and fixtures	8,631	36,346
Vehicles	174,409	856,530
	6,042,871	10,718,910

8.3. Capital work-in-progress

Civil works	3,780,150	1,865,723
Plant and machinery	14,401,978	12,163,161
Advances to suppliers	3,251,884	3,301,691
Others	334,771	(4,698)
	21,768,783	17,325,877

	Note	June 30, 2023 Un-audited (Rupees in thousand)	December 31, 2022 Audited
9. Intangible assets			
Opening book value		150,024	383,154
Additions during the period / year		7,701	22,452
Acquisition of subsidiary	21.1	27,220	5,771
Impairment during the year		-	(266,363)
Amortization charged during the period / year		(21,983)	(38,425)
Exchange difference		-	43,435
Closing book value		162,962	150,024
10. Investments accounted for using the equity method			
Investments in associates	10.1	4,358,847	5,229,326
Investments in joint ventures	10.2	558,327	588,154
		4,917,174	5,817,480
10.1. Investments in associates			
Cost		1,875,651	1,875,651
Post acquisition share of profits			
Opening balance		3,353,675	3,274,573
Share of profit from TPFL adjusted on acquisition		-	(63,354)
Share of profit from associates - net of tax		8,039	128,913
Share of other comprehensive loss - net of tax		123,884	96,225
Interest in associate transferred to interest in subsidiary - Sanofi-aventus Pakistan Limited (at carrying value)		(968,578)	-
Dividends received during the period / year		(33,824)	(82,682)
Closing balance		2,483,196	3,353,675
	10.1.1	4,358,847	5,229,326
10.1.1. Investment in equity instruments of associates - Quoted			
IGI Holdings Limited, Pakistan			
15,033,041 (2022: 15,033,041) fully paid ordinary shares of Rs 10 each			
Equity held 10.54% (2022: 10.54%)			
Market value - Rs. 1,263.076 million (2022: Rs. 1,428.139 million)	10.3	4,358,847	4,229,505
Sanofi-Aventis Pakistan Limited, Pakistan			
585,254 (2022: 585,254) fully paid ordinary shares of Rs.1,704.00 each			
Equity held 6.07% (2022: 6.07%)			
Market value Rs.404.703 million (2022: Rs. 560.673 million)	21.1	-	999,821
		4,358,847	5,229,326
10.2. Investments in joint ventures			
Opening balance		588,154	547,736
Share of profit from joint ventures - net of tax		47,953	58,921
Share of other comprehensive income from joint ventures - net of tax		-	6,247
Adjustment on account of disposal of subsidiary	13	(53,030)	-
Dividends received during the period / year		(24,750)	(24,750)
Closing balance	10.2.1	558,327	588,154
10.2.1. Investment in equity instruments of joint ventures - Unquoted			
Plastic Extrusions (Proprietary) Limited, South Africa			
Nil (2022: 500) fully paid ordinary shares of ZAR 1 each			
Equity held Nil (2022: 50%)	13	-	53,029
OmyaPack (Private) Limited, Pakistan			
49,500,000 (2022: 49,500,000) fully paid ordinary shares of Rs 10 each			
Equity held 50% (2022: 50%)		558,327	535,125
		558,327	588,154

10.3. 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 IGI Holdings Limited.

Note	June 30,	December 31,
	2023	2022
	Un-audited	Audited
	(Rupees in thousand)	
11. Other long-term investments		
Quoted		
Nestle Pakistan Limited		
3,649,248 (2022: 3,649,248) fully paid ordinary shares of Rs 10 each		
Equity held 8.05% (2022: 8.05%)		
Cost - Rs 5,778.896 million (2022: Rs 5,778.896 million)	23,528,526	21,421,086
Systems Limited		
46,050 (2022: 45,050) fully paid ordinary shares		
Equity held 0.0159% (2022: 0.0159%)		
Cost - Rs 15.648 million (2022: Rs 15.648 million)	18,573	15,648
	23,547,099	21,436,734
Unquoted		
Pakistan Tourism Development Corporation Limited		
2,500 (2022: 2,500) fully paid ordinary shares of Rs 10 each	25	25
Coca-Cola Beverages Pakistan Limited		
500,000 (2022: 500,000) fully paid ordinary shares of Rs 10 each		
Equity held 0.0185% (2022: 0.0185%)	5,000	5,000
	5,025	5,025
	23,552,124	21,441,759

12. Net revenue	Three-month period ended		Six month period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees in thousand)		(Rupees in thousand)	
Local sales of goods and services	42,976,243	34,602,876	87,788,446	64,946,232
Export sales	2,399,039	(237,900)	3,411,290	862,669
	45,375,282	34,364,976	91,199,736	65,808,901
Less: Sales tax	5,680,672	3,264,444	12,213,795	7,567,663
Trade discounts	2,549,648	196,282	3,067,663	418,023
Commission	4,463	42,313	9,332	45,887
	8,234,783	3,503,039	15,290,790	8,031,573
Net revenue	37,140,499	30,861,937	75,908,946	57,777,328

13. During the six months period ended June 30, 2023, FPC, Flexible Packages Convertors (Pty) Limited ('FPC') was put under a legally mandated restructuring process under the laws of South Africa to assess its profitability prospects and viability of operations. This restructuring assessment has been completed recently whereby the legally appointed Business Rescue Practitioner ('BRP') ascertained that FPC is unable to meet its liabilities towards its creditors. The BRP, in accordance with the applicable laws called for a meeting of the creditors to evaluate either to liquidate FPC or to sell it as a going concern to repay outstanding creditors. The creditors have collectively voted in favor of the sale to a third party to partly settle their outstanding debts, subject to applicable regulatory approvals. Consequently, the Parent Company does not expect any future inflow from this investment. Under these circumstances, the Group has derecognized the net assets of FPC and recognized an income of Rs 364.056 million as liabilities written back exceeds the assets disposed off within these consolidated condensed interim financial statements.

14. Earnings per share

Basic earnings per share

	Rupees in thousand			
Profit for the period	5,314,984	1,603,414	6,677,941	5,273,584
Preference dividend paid		-	(63,749)	(63,749)
Weighted average number of ordinary shares	89,379,504	89,379,504	89,379,504	89,379,504
Basic earnings per share	59.47	17.94	74.00	58.29

Diluted earnings per share

	Rupees in thousand			
Profit for the period	5,314,984	1,603,414	6,677,941	5,273,584
Return on preference shares / convertible stock - net of tax	34,903	27,535	69,422	54,767
	5,349,887	1,630,949	6,747,363	5,328,351
Weighted average number of ordinary shares	89,379,504	89,379,504	89,379,504	89,379,504
Weighted average number of notionally converted preference shares / convertible stock	8,186,842	8,186,842	8,186,842	8,186,842
	97,566,346	97,566,346	97,566,346	97,566,346
Diluted earnings per share	54.83	16.72	69.16	54.61

15. Transactions and balances with related parties

The related parties comprises of joint ventures, associates, key management personnel including directors, related parties on the basis of common directorship and post-employment staff retirement plans. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of that Company. The Group, 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 Group	Nature of transactions		
(i) Associates	Purchase of goods and services	28,635	15,570
	Sale of goods and services	5,522	3,324
	Dividend income	33,824	52,616
	Insurance premium paid	1,197,457	626,793
	Rental and other income	8,829	8,787
	Insurance claims received	690,583	1,508,345
	Management and technical fee - income	5,484	10,600
	Brokerage commission	5,378	-
	Dividend paid	771,948	808,203
(ii) Joint ventures	Purchase of goods and services	404,081	243,512
	Sale of goods and services	24	166,461
	Rental and other income	3,619	2,748
	Dividend income	24,750	24,750
(iii) Other related parties	Purchase of goods and services	418,873	914,247
	Sale of goods and services	232,945	160,812
	Rental and other income	1,198	1,089
	Royalty and technical fee - expense	64,658	46,228
	Commission earned	1,849	987
	Donations	63,322	92,191
	Dividend paid	27,460	247,448
(iv) Retirement benefit obligations	Expenses charged in respect of retirement plans	339,150	249,994
	Dividend paid	77,892	77,892
(v) Key management personnel	Salaries and other employee benefits	689,670	302,198
	Dividend paid	88,396	87,651
	Meeting fee	4,600	-

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

Period-end balances	June 30, 2023 Un-audited (Rupees in thousand)	December 31, 2022 Audited
Receivable from related parties		
Associates	276,087	56,170
Joint ventures	77,312	176,625
Other related parties	34,505	15,125
Payable to related parties		
Associates	465,772	101,741
Joint venture	81,141	70,938
Other related parties	121,790	638,475
Retirement benefit obligations	164,454	53,352

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

16. Segment Information

CONSOLIDATED CONDENSED INTERII	Packaging Division		Consumer Products Division		Ink Division		Paper and Paperboard		Real estate		Plastics		Pharma		Unallocated		Total	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	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	Un-audited	Un-audited	Un-audited	Un-audited
	(R u p e e s i n t h o u s a n d)																	
Revenue from external customers	29,653,725	25,927,470	7,750,489	4,756,183	5,327,270	4,324,975	22,836,671	15,100,617	2,569,616	2,123,432	12,728,816	11,296,081	3,769,499	-	(503,829)	310,273	84,132,257	63,839,031
Intersegment revenue	(1,117,450)	(1,096,061)	-	-	(1,080,089)	(438,975)	(4,799,794)	(3,356,711)	(23,804)	(15,712)	(1,202,174)	(1,154,244)	-	-	-	-	(8,223,311)	(6,061,703)
	28,536,275	24,831,409	7,750,489	4,756,183	4,247,181	3,886,000	18,036,877	11,743,906	2,545,812	2,107,720	11,526,642	10,141,837	3,769,499	-	(503,829)	310,273	75,908,946	57,777,328
Segment profit / (loss) before tax	3,814,152	2,206,691	1,278,951	668,748	1,005,895	454,600	1,664,575	2,856,490	353,983	495,206	1,270,661	338,819	88,540	-	797,584	2,045,939	10,274,341	9,066,493
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
Segment assets	32,909,982	30,891,577	7,792,872	7,606,161	5,529,137	4,802,406	56,661,442	53,157,169	13,003,537	13,532,066	24,777,339	23,727,077	25,190,081	-	37,029,849	38,733,938	202,894,239	172,450,394
Segment liabilities	24,765,195	9,720,959	1,909,124	1,183,564	3,654,185	2,978,994	31,641,939	9,059,409	9,461,108	9,916,178	12,590,840	13,664,429	7,279,086	-	27,898,897	63,548,662	119,200,374	110,072,195
Reconciliation of profit																		
			June 30, 2023	June 30, 2022														
			Un-audited	Un-audited														
			(Rupees in thousand)															
Profit for reportable segments			10,274,341	9,066,493														
Profit from associates and joint ventures - net of dividends and impairment losses			55,991	75,725														
Gains relating to business combination			2,856,984	1,993,637														
Intercompany consolidation adjustments			(1,921,109)	(2,688,087)														
Profit before tax			11,266,207	8,446,868														

17. Cash flow information

17.1. Cash generated from operations

	Six month period ended	
	June 30, 2023	June 30, 2022
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax	11,266,207	8,446,868
Adjustments for non-cash items:		
Depreciation on owned assets	2,838,144	1,969,319
Depreciation on right-of-use assets	18,931	122,675
Depreciation on investment properties	507,918	417,752
Amortization on intangible assets	21,983	16,333
Provision for accumulating compensated absences	83,392	82,692
Provision for employee benefit obligations	203,389	133,977
Provision for obsolete / slow-moving stores and spares	501,956	14,203
Adjustment on account of disposal of subsidiary	(364,056)	-
Provision for NRV write-down of stock-in-trade	-	13,171
Amortization of deferred income	(17,966)	(15,736)
Insurance gain on assets destroyed in fire	-	(610,503)
Profit on disposal of operating fixed assets	(11,460)	(10,037)
Finance costs	5,900,016	2,625,576
Amortization of deferred government grant	(84,149)	(56,605)
Net impairment losses/(reversal) on financial assets	243,935	(49,577)
Liabilities no longer payable written back	(26,093)	(23,607)
Exchange adjustments - net	2,280,324	310,376
Bargain purchase gain	(2,856,998)	(1,993,633)
Share of profits of associates and joint ventures accounted for using the equity method	(55,991)	(75,725)
Dividend income	(346,909)	(328,432)
Profit before working capital changes	20,102,573	10,989,087
Effect on cash flow due to working capital changes		
Decrease / (Increase) in trade debts	47,087	(1,913,328)
Increase in stores and spares	(1,457,013)	(278,435)
Decrease / (Increase) in stock-in-trade	1,578,815	(2,257,422)
Increase in loans, advances, deposits, prepayments and other receivables	(177,529)	(7,250,079)
Increase in trade and other payables	7,388,767	3,768,041
	7,380,127	(7,931,223)
	27,482,700	3,057,864
18. Cash and cash equivalents		
Cash and bank balances	2,249,699	1,682,456
Short term investments	1,506,050	
Finances under markup arrangements - secured	(26,717,489)	(27,999,503)
	(22,961,740)	(26,317,047)
19. Financial risk management		
19.1. 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 consolidated condensed interim 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, 2022.		
There have been no changes in the risk management department or in any risk management policies since the year ended December 31, 2022.		
19.2. Fair value estimation		
a) Fair value hierarchy		
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 Group 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, 2023 and December 31, 2022 on a recurring basis:		

As at June 30, 2023

	Un-audited			Total
	Level 1	Level 2	Level 3	
	(Rupees in thousand)			
Assets				
Recurring fair value measurement				
Investments - FVOCI	23,547,099	-	5,025	23,552,124
Liabilities	-	-	-	-

As at December 31, 2022

Rupees in thousand	Audited			Total
	Level 1	Level 2	Level 3	
Assets				
Recurring fair value measurement				
Investments - FVOCI	21,436,734	-	5,025	21,441,759
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.

There were no transfers amongst the levels during the period. Further, there were no changes in the valuation techniques during the period.

20. 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	73.03%	Canada
DIC Pakistan Limited	December 31	54.98%	Pakistan
Flexible Packages Converters (Proprietary) Limited	December 31	63.50%	South Africa
Linnaea Holdings Inc.	December 31	79.07%	Canada
Packages Convertors Limited	December 31	100.00%	Pakistan
Packages Investments Limited	December 31	100.00%	Pakistan
Packages Lanka (Private) Limited	December 31	79.07%	Sri Lanka
Packages Power (Private) Limited	December 31	100.00%	Pakistan
Packages Real Estate (Private) Limited	December 31	75.16%	Pakistan
StarchPack (Private) Limited	December 31	100.00%	Pakistan
Sanofi-aventis Pakistan Limited	December 31	41.07%	Pakistan
Tri-Pack Films Limited	December 31	69.26%	Pakistan

21.1. Acquisition of Sanofi-aventis Pakistan Limited

During the previous year, an Investor Consortium comprising of the Parent Company, IGI Investments (Private) Limited and affiliates of Arshad Ali Gohar Group, entered into a share purchase agreement ('Agreement') with Sanofi Foreign Participants B.V to purchase 5,069,000 shares of Sanofi-Aventis Pakistan Limited ('SAPL') representing a stake of 52.87% in the shareholding. However, this transfer of shares was to be executed after satisfaction of certain pre-conditions mentioned in the Agreement

During the period ended June 30, 2023 all conditions as enumerated in the Agreement were met, and on April 28, 2023 the 3,375,680 shares of sanofi-aventis Pakistan Limited (representing a stake of 35% in the ordinary shareholding) were transferred to the Parent Company at a negotiated purchase price of Rs. 940 per share and hence increasing its shareholding to 41.07%. Based on the concept of 'control' as stipulated in the International Financial Reporting Standard (IFRS) - 10 'Consolidated Financial Statements', the Parent Company concluded that it has the ability to exercise control over SAPL. Accordingly, the Packages Limited is deemed to be the Parent Company of SAPL.

Details of the purchase consideration, the net assets acquired and bargain purchase gain are as follows:

	(Rupees in thousand)
Purchase consideration	
Cash (net of acquisition-related costs)	3,158,032
Fair value of equity interest held in SAPL held before the business combination	409,808
Total purchase consideration	<u>3,567,840</u>

The Group recognised a loss of Rs 558.77 million as a result of measuring at fair value its 6.07% equity interest in SAPL held before the business combination. The loss has been recognised in gains and losses relating to business combinations in the consolidated statement of profit and loss for the period ended June 30, 2023.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Carrying amounts as at April 28, 2023	Fair value and other adjustments	Fair value as at April 28, 2023
	(Rupees in thousand)		
Assets			
Property, plant and equipment	1,824,791	12,915,855	14,740,646
Investment properties	32,378	568,744	601,122
Intangible assets	17,472	9,748	27,220
Long-term loans to employees	4,616	-	4,616
Long term loans and deposits	15,983	-	15,983
Stores and spares	96,695	-	96,695
Inventories	5,931,347	-	5,931,347
Trade debts	842,449	-	842,449
Loans, advances, deposits, prepayments and other receivables	215,603	-	1,855,022
Other receivables	686,016	-	686,016
Deferred assets	180,225	(180,225)	-
Trade deposits and short-term prepayments	1,639,419	-	-
Taxation - net	1,395,632	-	1,395,632
Cash and bank balances	96,166	-	96,166
	12,978,792	13,314,122	26,292,914
Liabilities			
Deferred taxation - net	-	791,495	791,495
Retirement benefits	50,049	-	50,049
Deferred liabilities	18,937	-	18,937
Trade and other payables	7,591,897	-	7,591,897
Accrued finance cost	34,093	-	34,093
Contract liabilities	160,000	-	160,000
Current maturity of deferred liabilities	9,000	-	9,000
Unclaimed dividend	8,263	-	8,263
Unpaid dividend	2,283	-	2,283
Bank overdraft	585,990	-	585,990
	8,460,512	791,495	9,252,007
Fair value of net assets acquired			17,040,907
			Recognized value after measurement period (Rupees in thousand)
Fair value of identifiable net assets			17,040,907
Percentage of identifiable net assets acquired			41.07%
			6,998,700
Total purchase consideration			3,567,840
Gain on Bargain purchase			3,430,860
The reconciliation of ' gains relating to business combination ' is as follows:			
Gain on Bargain purchase recognized			3,430,860
Less:			
Loss recognized on measuring equity interest at fair value			558,770
Acquisition relating costs			15,106
			573,876
			2,856,984

The initial accounting for the above figures is based on provisional figures as the management is in the process of determining the fair value of identifiable assets and liabilities. No measurement period adjustments have been recognised in the consolidated financial statements for the period ended June 30, 2023.

22. Date of authorization for issue

These condensed interim unaudited consolidated financial statements were authorized for issue on August 25, 2023 by the Board of Directors of the Parent Company.

23. Corresponding figures

Corresponding figures have been re-arranged and reclassified wherever necessary, for the purpose of comparison and better presentation. However, the effects of any such re-arrangement and reclassification are not material.



Chief Executive



Director



Chief Financial Officer



Packages Limited

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