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COMPANY INFORMATION

Board of Directors

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

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

Asghar Abbas
(Executive Director)

Imran Khalid Niazi
(Non-Executive Director)

Josef Meinrad Mueller
(Non-Executive Director)

Atif Bajwa
(Independent Director)

Shamim Ahmad Khan
(Non-Executive Director)

Syed Aslam Mehdi
(Non-Executive Director)

Syed Shahid Ali
(Non-Executive Director)

Tariq Iqbal Khan
(Non-Executive Director)

Advisor

Syed Babar Ali

Chief Financial Officer

Khurram Raza Bakhtayari

Company Secretary

Adi J. Cawasji

Rating Agency

PACRA

Credit Rating

Long Term : AA
Short Term : A1+

Auditors

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

Legal Advisors

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

Shares Registrar

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

Bankers & Lenders

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Deutsche Bank A.G.
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
International Finance Corporation (IFC)
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
Samba Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
MUFG Bank Limited (Formerly The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
United Bank Limited

Head Office & Works

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

Offices

Registered Office & Regional Sales office

4th Floor, The Forum
Suite No. 416 - 422, G-20, Block 9
Khayaban-e-Jami, Clifton
Karachi-75600, Pakistan

PABX : (021) 35874047-49
: (021) 35378650-51
: (021) 35831618, 35833011, 35831664
Fax : (021) 35860251

Regional Sales Office

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

PABX : (051) 2348307-9
: (051) 2806267
Fax : (051) 2348310

Zonal Sales Offices

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

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

Web Presence

www.packages.com.pk

DIRECTORS' REPORT ON CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2018

The Directors of Packages Limited are pleased to present to its shareholders, the six monthly report along with the condensed interim un-audited financial statements of the Company for the half year ended June 30, 2018.

Financial and Operational Performance

Comparison of the un-audited financial results for the half year ended June 30, 2018 as against June 30, 2017 is as follows:

	For the second quarter		Cumulative	
	Apr - June 2018	Apr - June 2017	**Jan - June 2018**	Jan - June 2017
	(Rupees in million)			
Net sales	**5,271**	4,331	**10,428**	8,827
EBITDA - operations	**521**	440	**1,212**	1,019
Depreciation and amortisation	**(182)**	(167)	**(361)**	(338)
EBIT - operations	**339**	273	**851**	681
Finance costs	**(112)**	(112)	**(201)**	(226)
Other (expenses) / income - net	**(60)**	(59)	**(46)**	(161)
Investment income	**1,816**	2,039	**2,005**	3,550
Earnings before tax	**1,983**	2,141	**2,608**	3,844
Taxation	**(436)**	(526)	**(528)**	(724)
Earnings after tax	**1,548**	1,615	**2,081**	3,120
Basic earnings per share - Rupees	**16.39**	17.57	**22.36**	34.41

During the first half of 2018, the Company has achieved net sales of Rs. 10,428 million against net sales of Rs. 8,827 million of corresponding period of last year, representing sales and overall volume growth of 18% and 9% respectively.

The operations have generated Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of Rs. 1,212 million during first half of the current period as compared to Rs. 1,019 million during the corresponding period of last year showing an increase of Rs. 193 million (19%), mainly due to revenue growth and improved capacity utilizations.

The Company's investment income declined by Rs. 1,545 million in the current period as compared to the corresponding period of the last year due to timing difference of dividend declaration. This has resulted in lowering of earnings after tax and earnings per share.

A brief review of the operations of the Company's business division during the period under review is as follows:

Consumer Products Division

Consumer Products Division has registered net sales of Rs. 2,400 million during the first half of 2018 as compared to Rs. 2,205 million of corresponding period of 2017, representing sales growth of 9%. The impact of dollar devaluation has impacted the division adversely. However, the Division hopes that it would be able to recover this by increasing volumes and various cost saving initiatives. The Company has also geared up promotional activities across various platforms as part of its strategy to increase market share.

Packaging Division

Packaging Division has achieved net sales of Rs. 7,946 million during first half of 2018 as compared to Rs. 6,509 million in corresponding period of last year representing sales growth of 22%. The Company has focused on volume growth and improvement of product mix through innovative approach. The sales growth along with controls over fixed cost have improved operating results by 42%.

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

	Jan - June 2018	Jan - June 2017
Consumer products produced - tons	**8,185**	7,384
Carton Board & Consumer Products converted - tons	**21,260**	20,588
Plastics all sorts converted - tons	**10,655**	10,044

Future Outlook

As part of its diversification strategy, the Company hopes to continue exploring new investment opportunities. Despite increasing competition in packaging business, the Company would continue its efforts to improve shareholders' value by increasing and diversifying revenue and expanding customer base, investment in new technology and production efficiencies.

Company's Staff and Customers

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

(Towfiq Habib Chinoy)
Chairman
Lahore, August 27, 2018

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, August 27, 2018

کنزیومر پروڈکٹس ڈویژن

کنزیومر پروڈکٹس ڈویژن نے 2018 کی پہلی ششماہی کے دوران 2400 ملین روپے کی خالص سیلز حاصل کی جو 2017 کی اسی مدت کے دوران 2,205 ملین روپے تھی جس سے 9 فیصد کی سیلز گروتھ ظاہر ہوتی ہے۔ ڈالر کی قدر گرنے سے اس ڈویژن پر برے اثرات مرتب ہوئے تاہم امید ہے کہ حجم میں اضافے پر توجہ دینے اور اخراجات بچانے کے مختلف اقدامات کے ذریعے اس صورتحال پر قابو پا لیا جائے گا۔ کمپنی نے مارکیٹ شیئرز میں اضافے کی اپنی حکمت عملی کے تحت مختلف پلیٹ فارمز پر اپنی تشہیری سرگرمیوں کو بھی تیز کیا۔

پیکیجنگ ڈویژن

پیکیجنگ ڈویژن نے 2018 کی پہلی ششماہی کے دوران 7,946 ملین روپے کی خالص سیلز حاصل کی جبکہ 2017 کی اسی مدت کے دوران یہ حجم 6,509 ملین روپے تھا جس سے 22 فیصد کی سیلز گروتھ ظاہر ہوتی ہے۔ کمپنی نے حجم میں اضافے اور نئے جدت انگیز طریقوں کے ذریعے پروڈکٹ مکس کی بہتری پر توجہ دی ہے۔ سیلز گروتھ اور طے شدہ لاگت پر کنٹرول کے باعث کمپنی کے آپریٹنگ نتائج 42 فیصد سے بہتر ہوئے۔

زیر جائزہ مدت کے لئے پیداواری اعداد و شمار بشمول گزشتہ سال کی مدت سے اس کا تقابل درج ذیل ہے:

	جنوری - جون 2018	جنوری - جون 2017
تیار شدہ اشیائے صارف - ٹن	**8185**	7,384
کارٹن بورڈ اور کنزیومر پروڈکٹس کنورٹڈ - ٹن	**21,260**	20,588
پلاسٹک تمام اقسام کی کنورٹڈ - ٹن	**10,655**	10,044

مستقبل پر ایک نظر

کمپنی اپنی مختلف سمتوں میں جاری حکمت عملی کے حصہ کے طور پر سرمایہ کاری کے لئے مواقع تلاش کرنے کا سلسلہ جاری رکھے گی۔ پیکیجنگ بزنس میں بڑھتے ہوئے مقابلے کے باوجود کمپنی ریونیو اور صارف کا دائرہ کار بڑھانے، نئی ٹیکنالوجی میں سرمایہ کاری اور باکفایت پیداواری صلاحیت کے ذریعے شیئر ہولڈرز کا منافع بڑھانے پر توجہ دینے کا سلسلہ جاری رکھے گی۔

کمپنی کا عملہ اور صارفین

ہم کمپنی کے ملازمین کی کاوشوں اور اپنے صارفین کے مستقل تعاون پر انہیں خراج تحسین پیش کرتے ہیں۔

(توفیق حبیب چنائے)

چیئرمین

لاہور 27 اگست، 2018

(سید حیدر علی)

چیف ایگزیکٹو اور مینیجنگ ڈائریکٹر

لاہور 27 اگست، 2018

30 جون 2018 کو ختم ہونے والی ششماہی کے لئے ڈائریکٹرز کی رپورٹ

پیکجز لمیٹڈ کے ڈائریکٹرز اپنے حصہ داران کو ششماہی رپورٹ بشمول 30 جون 2018 کو ختم ہونے والی ششماہی کے لئے کمپنی کے مجموعی عبوری غیر آڈٹ شدہ مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالیاتی اور آپریشنل کارکردگی

30 جون 2018 کو ختم ہونے والی ششماہی کے لئے غیر آڈٹ شدہ مالیاتی نتائج کا ایک تقابل بمقابلہ 30 جون 2017 درج ذیل کے مطابق ہے:

	برائے دوسری سہ ماہی		مجموعی	
	اپریل-جون	اپریل-جون	جنوری-جون	جنوری-جون
	2018	2017	**2018**	2017
	(روپے ملین میں)		(روپے ملین میں)	
خالص سیلز	**5,271**	4,331	**10,428**	8,827
ای بی آئی ٹی ڈی اے (EBITDA)-آپریشنز	**521**	440	**1,212**	1,019
فرسودگی اور کساد بازاری	**(182)**	(167)	**(361)**	(338)
ای بی آئی ٹی (EBIT)-آپریشنز	**339**	273	**851**	681
فنانس کی لاگت	**(112)**	(112)	**(201)**	(226)
دیگر (اخراجات)/آمدنی-خالص	**(60)**	(59)	**(46)**	(161)
سرمایہ کاری سے آمدنی	**1,816**	2,039	**2,005**	3,550
آمدنی قبل از ٹیکس	**1,983**	2,141	**2,608**	3,844
ٹیکسیشن	**(436)**	(526)	**(528)**	(724)
آمدنی بعد از ٹیکس	**1,548**	1,615	**2,081**	3,120
بنیادی آمدنی فی شیئر-روپے	**16.39**	17.57	**22.36**	34.41

2018 کی پہلی ششماہی کے دوران کمپنی نے 10,428 ملین روپے کی خالص سیلز حاصل کی جو اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران 8,827 ملین روپے رہی تھی جو سیلز اور مجموعی شرح نمو میں بالترتیب 18 فیصد اور 9 فیصد بہتری کو ظاہر کرتی ہے۔

آپریشنز سے رواں مدت کی پہلی ششماہی کے دوران آمدنی قبل از انٹرسٹ ٹیکس اور فرسودگی و کساد بازاری (EBITDA) 1,212 ملین روپے رہی جو گزشتہ سال کی اس مدت کے دوران 1,019 ملین روپے تھی جو کہ 193 ملین روپے، 19 فیصد کا اضافہ ظاہر کرتی ہے جو بنیادی طور پر ریونیو گروتھ اور بہتر کپیسٹی یوٹیلائزیشن کے باعث ممکن ہوا۔

کمپنی کی سرمایہ کاری سے آمدنی میں رواں مدت کے دوران گزشتہ سال کی اسی مدت کے مقابلے میں 1,545 ملین روپے کی کمی دیکھنے میں آئی جس کی وجہ منافع منقسمہ کے اعلان کے مختلف اوقات تھے۔ اس کے نتیجے میں آمدنی بعد از ٹیکس اور بنیادی آمدنی فی شیئر بھی کم ہوگئی۔

کمپنی کے کاروباری شعبوں کی کارکردگی کا مختصر جائزہ درج ذیل کے مطابق ہے:

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
as at June 30, 2018

	Note	June 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (December 31, 2017: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (December 31, 2017: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each		**4,180,000**	4,180,000
Issued, subscribed and paid up capital			
89,379,504 (December 31, 2017: 89,379,504) ordinary shares of Rs. 10 each		**893,795**	893,795
8,186,842 (December 31, 2017: 8,186,842) 10% non-voting preference shares / convertible stock of Rs. 190 each		**606,222**	606,222
Reserves		**60,673,518**	57,673,481
Un-appropriated profit		**2,809,074**	6,492,264
		64,982,609	65,665,762
NON-CURRENT LIABILITIES			
Long term finances	6	**1,593,390**	2,254,100
Liabilities against assets subject to finance lease		**-**	13,195
Deferred taxation	7	**335,416**	343,673
Retirement benefits		**378,164**	358,264
Deferred liabilities		**336,741**	325,181
		2,643,711	3,294,413
CURRENT LIABILITIES			
Current portion of non-current liabilities		**1,321,420**	1,334,309
Finances under mark up arrangements - secured		**3,489,765**	299,596
Trade and other payables		**3,572,682**	3,104,993
Accrued finance costs		**123,262**	189,760
		8,507,129	4,928,658
CONTINGENCIES AND COMMITMENTS	8	**-**	-
		76,133,449	73,888,833

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

	Note	June 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	**5,512,959**	5,184,739
Investment properties		**132,312**	134,696
Intangible assets	10	**69,693**	4,688
Investments	11	**60,290,095**	60,166,443
Long term loans and deposits		**10,945**	18,204
		66,016,004	65,508,770
CURRENT ASSETS			
Stores and spares		**496,603**	422,218
Stock-in-trade		**2,843,873**	1,954,668
Trade debts		**2,925,877**	2,392,215
Current portion of long term investments	11	**10,000**	-
Loans, advances, deposits, prepayments and other receivables		**890,766**	728,868
Income tax receivable	12	**2,828,969**	2,699,887
Cash and bank balances		**121,357**	182,207
		10,117,445	8,380,063
		76,133,449	73,888,833

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)
for the three month and six month period ended June 30, 2018

	Note	Three month period ended		Six month period ended	
		June 30, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017
		Un-audited	Un-audited	**Un-audited**	Un-audited
		(Rupees in thousand)			
Local sales		**6,214,568**	5,113,168	**12,304,684**	10,415,989
Export sales		**14,322**	3,097	**17,409**	11,376
		6,228,890	5,116,265	**12,322,093**	10,427,365
Sales tax		**(957,896)**	(784,994)	**(1,893,746)**	(1,600,481)
Net sales		**5,270,994**	4,331,271	**10,428,347**	8,826,884
Cost of sales	13	**(4,279,674)**	(3,462,117)	**(8,347,980)**	(7,017,868)
Gross profit		**991,320**	869,154	**2,080,367**	1,809,016
Administrative expenses		**(269,582)**	(301,011)	**(526,073)**	(543,846)
Distribution and marketing costs		**(382,478)**	(295,440)	**(703,764)**	(584,099)
Other operating expenses		**(130,240)**	(117,230)	**(185,742)**	(266,479)
Other income		**70,101**	58,448	**139,245**	106,186
Profit from operations		**279,121**	213,921	**804,033**	520,778
Finance costs		**(111,665)**	(112,063)	**(201,184)**	(226,462)
Investment income		**1,815,853**	2,039,119	**2,005,431**	3,549,831
Profit before taxation		**1,983,309**	2,140,977	**2,608,280**	3,844,147
Taxation	14	**(435,586)**	(525,767)	**(527,586)**	(724,013)
Profit for the period		**1,547,723**	1,615,210	**2,080,694**	3,120,134
Earnings per share					
Basic	Rupees	**16.39**	17.57	**22.36**	34.41
Diluted	Rupees	**16.19**	16.88	**21.98**	32.63

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the three month and six month period ended June 30, 2018

	Three month period ended		Six month period ended	
	June 30, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017
	Un-audited	Un-audited	**Un-audited**	Un-audited
	(Rupees in thousand)			
Profit for the period	**1,547,723**	1,615,210	**2,080,694**	3,120,134
Other comprehensive (loss) / income:				
Items that may be reclassified subsequently to profit or loss				
Changes in fair value of available for sale financial assets	**(4,196,634)**	4,032,419	**37**	4,379,097
Total comprehensive (loss) / income for the period	**(2,648,911)**	5,647,629	**2,080,731**	7,499,231

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the six month period ended June 30, 2018

	Issued, subscribed and paid up capital		Reserves					Capital and reserves
			Capital reserves			Revenue reserves		
	Ordinary share capital	Preference shares / convertible stock	Share premium	Fair value reserve	Capital redemption reserve	General reserve	Un-appropriated profit	Total
	(Rupees in thousand)							
Balance as on January 1, 2017 (audited)	893,795	606,222	3,766,738	28,858,325	1,615,000	15,310,333	1,734,057	**52,784,470**
Appropriation of reserves								
Transfer from general reserve	-	-	-	-	-	(1,000,000)	1,000,000	-
Transaction with preference shareholders								
Participating dividend on preference shares / covertible stock	-	-	-	-	-	-	(45,000)	**(45,000)**
Transaction with owners, recognised directly in equity								
Final dividend for the year ended December 31, 2016 of Rs. 25.00 per share	-	-	-	-	-	-	(2,234,487)	**(2,234,487)**
Total comprehensive income for the period ended June 30, 2017								
Profit for the period	-	-	-	-	-	-	3,120,134	**3,120,134**
Other comprehensive income for the period	-	-	-	4,379,097	-	-	-	**4,379,097**
Total comprehensive income for the period	-	-	-	4,379,097	-	-	3,120,134	**7,499,231**
Balance as on June 30, 2017 (un-audited)	893,795	606,222	3,766,738	33,237,422	1,615,000	14,310,333	3,574,704	**58,004,214**
Balance as on January 1, 2018 (audited)	893,795	606,222	3,766,738	37,981,410	1,615,000	14,310,333	6,492,264	**65,665,762**
Appropriation of reserves								
Transfer to general reserve	-	-	-	-	-	3,000,000	(3,000,000)	-
Transaction with preference shareholders								
Participating dividend on preference shares / convertible stock - note 15	-	-	-	-	-	-	(82,499)	**(82,499)**
Transaction with owners, recognised directly in equity								
Final dividend for the year ended December 31, 2017 of Rs. 30.00 per share	-	-	-	-	-	-	(2,681,385)	**(2,681,385)**
Total comprehensive income for the period ended June 30, 2018								
Profit for the period	-	-	-	-	-	-	2,080,694	**2,080,694**
Other comprehensive income for the period	-	-	-	37	-	-	-	**37**
Total comprehensive income for the period	-	-	-	37	-	-	2,080,694	**2,080,731**
Balance as on June 30, 2018 (un-audited)	893,795	606,222	3,766,738	37,981,447	1,615,000	17,310,333	2,809,074	**64,982,609**

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
for the six month period ended June 30, 2018

	Note	Six month period ended **June 30, 2018** **Un-audited**	 June 30, 2017 Un-audited
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from operations	17	**127,954**	511,597
Finance cost paid		**(267,682)**	(329,466)
Income tax paid		**(664,925)**	(882,840)
Payments for accumulating compensated absences		**(18,440)**	(14,567)
Retirement benefits paid		**(11,895)**	(10,537)
Net cash outflow from operating activities		**(834,988)**	(725,813)
Cash flow from investing activities			
Fixed capital expenditure		**(789,242)**	(491,191)
Investments made in equity securities		**(133,616)**	-
Investments made in Government securities		**-**	(1,449,997)
Proceeds from disposal of Government securities		**-**	1,452,831
Long term loans and deposits - net		**(6,719)**	2,168
Proceeds from disposal of property, plant and equipment		**34,781**	33,985
Dividends received		**1,920,346**	3,549,831
Net cash inflow from investing activities		**1,025,550**	3,097,627
Cash flow from financing activities			
Repayment of long term finances - secured		**(660,710)**	(285,710)
Repayment of liabilities against assets subject to finance lease - net		**(13,504)**	(8,544)
Participating dividend on preference shares paid		**(82,499)**	(45,000)
Dividend paid		**(2,684,868)**	(2,234,693)
Net cash outflow from financing activities		**(3,441,581)**	(2,573,947)
Net decrease in cash and cash equivalents		**(3,251,019)**	(202,133)
Cash and cash equivalents at the beginning of the period		**(117,389)**	(1,286,421)
Cash and cash equivalents at the end of the period	18	**(3,368,408)**	(1,488,554)

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

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

PACKAGES LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
for the six month period ended June 30, 2018

1. Legal status and nature of business

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

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

2. Basis of preparation

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

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of this condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended December 31, 2017.

3.2 Initial application of standards, amendments or interpretations to existing standards

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

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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 1, 2018, but are considered not to be relevant or to have any significant effect on the Company’s operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements, except for the following:

Amendments to IAS 40, 'Investment property' relating to transfers of investment property (effective for periods beginning on or after January 1, 2018). These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use, there should be an assessment of whether the property meets the definition. This change must be supported by evidence. The Company's current accounting treatment is already in line with the requirements of this standard.

IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The Company's current accounting treatment is already in line with the requirements of this interpretation.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after July 1, 2018 / January 1, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim financial statements, except for the following:

IFRS 9, 'Financial instruments': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Company is yet to assess the full impact of the standard.

Amendment to IFRS 9, 'Financial instruments', on prepayment features with negative compensation': (effective for periods beginning on or after January 1, 2019). This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. The Company is yet to assess the full impact of the ammendment.

IFRS 15, 'Revenue from contracts with customers': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The Company is yet to assess the full impact of the standard.

Amendments to IFRS 15, ‘Revenue from contracts with customers’ (effective for periods beginning on or after January 1, 2018). IFRS 15 has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. The Company is yet to assess the full impact of the amendments.

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

IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after January 1, 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation.

Amendments to IAS 28 ‘Investments in associates’, on long term interests in associates and joint ventures: (effective for periods beginning on or after January 1, 2019). These amendments clarify that companies account for long term interests in an associate or joint venture to which the equity method is not applied using IFRS 9. The Company is yet to assess the full impact of these amendments.

4. Income tax expense comprises current and deferred tax. SECP vide its certificate dated December 14, 2017, has registered the Company and its wholly-owned subsidiary Bulleh Shah Packaging (Private) Limited ('BSPPL') (together the 'Group') as a Group and has also, vide its certificate dated January 1, 2018, designated the Group for the purpose of group taxation under Section 59AA of the Income tax Ordinance, 2001. Consequent to the filing of declaration for group taxation for the tax year 2019 by the Company and BSPPL, the Group will be taxed as one fiscal unit for the tax year 2019.

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

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2017, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in note 4.

6. Long term finances

	Note	**June 30, 2018**	December 31, 2017
		Un-audited	Audited
		(Rupees in thousand)	
Local currency loans - secured	6.1	**1,982,160**	2,642,870
Preference shares / convertible stock - unsecured		**932,650**	932,650
		2,914,810	3,575,520
Current portion shown under current liabilities		**(1,321,420)**	(1,321,420)
		1,593,390	2,254,100

6.1 Local currency loans - secured

Opening balance	**2,642,870**	3,214,290
Repayments during the period / year	**(660,710)**	(571,420)
Closing balance	**1,982,160**	2,642,870

7. Deferred tax asset on tax losses representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 is recognised to the extent that the realisation of related tax benefits through future taxable profits of the Group is probable. The Company has not recognised deferred tax asset of Rs. 11.657 million (December 31, 2017: Rs. 11.657 million), set to lapse in the accounting year 2022, in respect of minimum tax available for carry forward arisen after the formation of the Group, as sufficient taxable profits would not be available to the Group to utilise these in the foreseeable future. Deferred tax asset has also not been recognised on aggregate minimum taxes prior to the formation of the Group amounting to Rs. 212.759 million (December 31, 2017: Rs. 212.759 million) as the same can not be realised against the taxable profits of the Group. However, in case the Company opts out of the Group, these minimum tax credits will become available for realisation against the taxable profits of the Company. Out of these minimum tax credits, Rs. 159.834 million is set to lapse in the accounting year 2018 and Rs. 52.925 million is set to lapse in the accounting year 2021.

8. Contingencies and commitments

8.1 Contingencies

(i) Claims against the Company by ex-employees not acknowledged as debts amounting to Rs. 25.668 million (December 31, 2017: Rs. 28.294 million).

(ii) Standby letter of credit issued by Habib Bank Limited - Pakistan ('HBL Pakistan') in favor of Habib Bank Limited - Bahrain ('HBL Bahrain') on behalf of the Company amounting to USD 8.272 million equivalent to Rs. 1,005.828 million (December 31, 2017: USD 11.063 million equivalent to Rs. 1,223.503 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL'), wholly-owned subsidiary of the Company. The standby letter of credit is secured against pledge of Nestle Pakistan Limited's shares owned by the Company.

(iii) Letters of guarantees issued to various parties aggregating to Rs. 179.934 million (December 31, 2017: Rs. 189.474 million).

8.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure amounting to Rs. 1,333.547 million (December 31, 2017: Rs. 353.626 million).

(ii) Letters of credit and contracts for other than capital expenditure amounting to Rs. 718.331 million (2017: Rs. 458.930 million).

9. Property, plant and equipment	**Note**	**June 30, 2018 Un-audited**	December 31, 2017 Audited
		(Rupees in thousand)	
Operating fixed assets - at net book value			
Owned assets	9.1	**4,489,874**	4,168,989
Assets subject to finance lease		**-**	29,021
	9.2	**4,489,874**	4,198,010
Capital work-in-progress	9.3	**964,245**	925,160
Major spare parts and stand-by equipment	9.4	**58,840**	61,569
		5,512,959	5,184,739

9.1 A portion of the land on which the Company’s factory is situated is on lease from the Government of Punjab for the past 60 years. The term of this lease expired in December 2015 and the Company has filed an application with the relevant authorities for its renewal.

9.2 Operating fixed assets	**Note**	**June 30, 2018 Un-audited**	December 31, 2017 Audited
		(Rupees in thousand)	
Opening net book value		**4,198,010**	4,093,392
Additions during the period / year	9.2.1	**674,147**	828,475
Disposals during the period / year at book value		**(27,127)**	(55,140)
Depreciation charged during the period / year		**(355,156)**	(668,717)
		(382,283)	(723,857)
Closing net book value		**4,489,874**	4,198,010

9.2.1 Additions during the period / year

Freehold land	**-**	121,247
Buildings on freehold land	**15,929**	47,490
Buildings on leasehold land	**600**	-
Plant and machinery	**546,181**	444,675
Other equipments	**70,817**	103,814
Furniture and fixtures	**1,381**	4,719
Vehicles	**39,239**	106,530
	674,147	828,475

9.3 Capital work-in-progress

	Note	June 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
Civil works		**64,063**	107,797
Plant and machinery		**705,347**	769,549
Advances to suppliers		**194,835**	47,814
		964,245	925,160

9.4 Major spare parts and stand-by equipment

Balance at the beginning of the period / year		**61,569**	61,729
Additions during the period / year		**550**	1,831
Transfers made during the period / year		**(3,279)**	(1,991)
Balance at the end of the period / year		**58,840**	61,569

10. Intangible assets

Opening book value		**4,688**	9,866
Additions during the period / year		**69,096**	1,026
Amortization charged during the period / year		**(4,091)**	(6,204)
Closing book value		**69,693**	4,688

11. Investments

Opening balance		**60,166,442**	50,077,782
Investments made during the period / year	11.1	**133,616**	958,526
Gain on exchange of shares in associates		**-**	7,050
Changes in fair value of available for sale financial assets		**37**	9,123,084
Current portion shown under current assets		**(10,000)**	-
Closing balance		**60,290,095**	60,166,442

11.1 Investments made in related parties during the period / year

Bulleh Shah Packaging (Private) Limited		**-**	833,578
Anemone Holdings Limited		**133,616**	124,948
		133,616	958,526

11.2 As of June 30, 2018, an aggregate of 775,000 shares (December 31, 2017: 775,000 shares) of Nestle Pakistan Limited having market value Rs. 8,912 million (December 31, 2017: Rs. 8,912 million) have been pledged in favor of HBL Pakistan. Out of aggregate shares pledged, 410,000 shares (December 31, 2017: 410,000 shares) are pledged against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 8.1 and the remaining 365,000 shares (December 31, 2017: 365,000 shares) are pledged against the term finance loan obtained from HBL Pakistan.

12. Income tax receivable

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

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

The amount recoverable of Rs. 36.013 million represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the assessments. The Company has not made any provision against the above order as the management is confident that the ultimate outcome of the writ petition would be in favor of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

(ii) In respect of tax year 2014, the department, against taxable loss of Rs. 706.039 million as per return filed by the Company, assessed a taxable income of Rs. 2,614.710 million and amended the deemed order for the year raising a tax demand of Rs. 606.328 million. In this order, among other issues, the income tax department did not accept the Company's contention for non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL under section 97 of the Income Tax Ordinance, 2001. Such transfer has been taxed as capital gain on the value of assets transferred.

Further, certain other disallowances interalia including on account of allocation of various expenses towards dividend and other incomes, effectively reducing the available tax losses by approximately Rs. 1,200 million, were also made by the department in respect of previous tax years.

The Company being aggrieved of this order filed an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)']. CIR(A), through order dated March 2, 2018, has accepted all the contentions of the Company except non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL and taxation of provision for retirment benefits on accrual basis thereby reducing the tax refundable claimed by the Company from Rs. 352.953 million to Rs. 273.986 million. The Company has filed an appeal against the above order before Appellate Tribunal Inland Revenue ('ATIR') and has not made any provision against the above demand and disallowance as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

(iii) In respect of tax year 2016, the department, against taxable income of Rs. 1,157.926 million as per return filed by the Company, assessed a taxable income of Rs. 2,437.836 million and amended the deemed order for the year raising a tax demand of Rs. 464.187 million. The Company being aggrieved of the said order filed the appeal before CIR(A). CIR(A), through order dated December 11, 2017, has accepted all the contentions of the Company except the allowability of provision for workers' profit participation fund on payment rather than accrual basis and remanded back credit for minimum tax thereby reducing the tax demand to Rs. 86.864 million. The Company has filed an appeal before ATIR against the issues maintained by CIR(A) and has not made any provision against the above disallowance as the management is confident that the ultimate outcome of the appeal would be in favor of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

13. **Cost of sales**	**Three month period ended**		**Six month period ended**	
	June 30, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017
	Un-audited	Un-audited	**Un-audited**	Un-audited
	(R u p e	e s i n	t h o u	s a n d)
Materials consumed	**3,188,370**	2,493,950	**6,245,563**	4,925,335
Salaries, wages and amenities	**395,436**	354,865	**745,285**	699,253
Travelling	**8,631**	7,388	**12,811**	12,030
Fuel and power	**235,425**	163,039	**459,665**	341,403
Production supplies	**115,561**	92,371	**214,047**	205,502
Rent, rates and taxes	**9,392**	8,037	**18,139**	16,075
Insurance	**8,636**	9,309	**16,844**	16,510
Repairs and maintenance	**63,751**	77,477	**141,862**	153,417
Packing expenses	**79,673**	76,028	**162,269**	154,131
Depreciation on property, plant and equipment	**162,649**	150,278	**326,996**	305,394
Amortisation of intangible assets	**246**	1,345	**409**	3,919
Technical fee and royalty	**17,966**	6,440	**29,768**	11,245
Other expenses	**67,403**	62,962	**136,116**	124,799
	4,353,139	3,503,489	**8,509,774**	6,969,013
Opening work-in-process	**253,600**	249,825	**218,569**	219,626
Closing work-in-process	**(276,882)**	(237,831)	**(276,882)**	(237,831)
Cost of goods manufactured	**4,329,857**	3,515,483	**8,451,461**	6,950,808
Opening stock of finished goods	**592,186**	444,147	**538,888**	564,573
Closing stock of finished goods	**(642,369)**	(497,513)	**(642,369)**	(497,513)
	4,279,674	3,462,117	**8,347,980**	7,017,868

14. **Taxation**				
Current				
For the period	**352,939**	275,679	**437,939**	508,925
Prior years	**97,904**	205,612	**97,904**	205,612
	450,843	481,291	**535,843**	714,537
Deferred	**(15,257)**	44,476	**(8,257)**	9,476
	435,586	525,767	**527,586**	724,013

14.1 Through the Finance Act, 2018, an amendment has been made to section 5A of the Income Tax Ordinance, 2001. As per the amended provision, income tax at the rate of 5% of accounting profit before tax for tax year 2019 and onwards is applicable where the Company does not distribute at least 20% of its after tax profits, in the form of cash, within six months of the end of tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution expires. The Company has already distributed requisite percentage of its after tax profits for the tax year 2018 to avoid incidence of this tax.

15. As per the terms of Subscription Agreement dated March 25, 2009 with International Finance Corporation ('IFC'), 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. 30.00 per share was approved for the year ended December 31, 2017, 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.

16. Transactions and balances with related parties

Relationship with the Company	Nature of transactions	Six month period ended June 30, 2018 Un-audited (Rupees in thousand)	June 30, 2017 Un-audited
i. Subsidiaries	Purchase of goods and services	**2,472,351**	530,450
	Sale of goods and services	**49,022**	74,038
	Dividend income	**225,156**	172,451
	Rental income and others	**63,230**	18,434
	Management and technical fee	**35,894**	29,226
ii. Joint ventures	Purchase of goods and services	**-**	1,259,127
	Sale of goods and services	**18,591**	51,474
	Rental income and others	**217**	34,005
	Sale of property, plant and equipment	**-**	1,168
iii. Associates	Purchase of goods and services	**1,031,391**	492,255
	Sale of goods and services	**7,842**	12,957
	Insurance premium paid	**98,283**	82,032
	Commission earned	**4,738**	3,544
	Insurance claims received	**2,029**	1,656
	Rental income and other income	**9,733**	5,329
	Dividend income	**286,200**	129,334
	Dividend paid	**739,614**	607,740
iv. Retirement benefit obligations	Expense charged in respect of retirement benefit plans	**77,579**	61,594
	Dividend paid	**84,973**	70,811
v. Key management personnel	Salaries and other employee benefits	**85,283**	58,977
	Dividend paid	**68,618**	57,182
vi. Other related party	Donations made	**23,882**	45,580

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

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

Period / year end balances

	June 30, 2018 Un-audited (Rupees in thousand)	December 31, 2017 Audited
Receivable from related parties		
Subsidiaries	**258,066**	132,635
Joint ventures	**33,135**	3,714
Associates	**49,628**	29,515
Payable to related parties		
Subsidiaries	**330,935**	370,146
Associates	**124,765**	67,686
Retirement funds	**20,167**	17,165

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

17. Cash generated from operations

	Six month period ended	
	June 30, 2018	June 30, 2017
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax	**2,608,280**	3,844,147
Adjustments for non-cash items:		
Depreciation on property, plant and equipment	**355,156**	330,558
Depreciation on investment properties	**2,384**	3,317
Amortisation on intangible assets	**4,091**	4,316
Capital gain on disposal of Government securities	**-**	(2,834)
Provision for accumulating compensated absences	**30,000**	52,210
Provision for retirement benefits	**31,795**	18,642
Profit on disposal of property, plant and equipment	**(7,653)**	(5,416)
Exchange loss - net	**14,042**	9,149
Finance costs	**201,184**	226,462
Provision for doubtful debts	**3,433**	-
Reversal of provision for doubtful debts	**-**	(1,024)
Liabilities no longer payable written back	**(10,212)**	(852)
Capital work-in-progress charged to profit and loss account	**-**	1,172
Provision for obsolete / slow-moving stores and spares	**22,076**	3,176
Provision for obsolete / slow-moving stock-in-trade	**8,928**	6,748
Dividend income	**(2,005,431)**	(3,549,831)
Profit before working capital changes	**1,258,073**	939,940
Effect on cash flow due to working capital changes		
Increase in trade debts	**(537,095)**	(262,929)
Increase in stores and spares	**(93,182)**	(47,226)
Increase in stock-in-trade	**(898,133)**	(218,269)
Increase in loans, advances, deposits, prepayments and other receivables	**(75,415)**	(103,725)
Increase in trade and other payables	**473,706**	203,806
	(1,130,119)	(428,343)
	127,954	511,597

18. Cash and cash equivalents

Cash and bank balances	**121,357**	66,928
Finances under mark up arrangements - secured	**(3,489,765)**	(1,555,482)
	(3,368,408)	(1,488,554)

19. Financial risk management

19.1 Financial risk factors

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

The condensed interim 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 as at December 31, 2017.

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

19.2 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's material financial assets and liabilities that are measured at fair value at June 30, 2018.

	Un-audited (Rupees in thousand)			
Assets	Level 1	Level 2	Level 3	**Total**
Recurring fair value measurements				
Available for sale investments	41,966,353	-	-	**41,966,353**
Liabilities	-	-	-	**-**

The following table presents the Company's material financial assets and liabilities that are measured at fair value at December 31, 2017.

	Audited (Rupees in thousand)			
Assets	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Available for sale investments	41,966,316	-	-	41,966,316
Liabilities	-	-	-	-

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

20. Date of authorisation for issue

These condensed interim financial statements were authorised for issue on August 27, 2018 by the Board of Directors of the Company.

21. Corresponding figures

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

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

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

Packages Group
Condensed Consolidated Interim
Financial Statements

DIRECTORS' REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2018

The Directors of Packages Limited are pleased to present the un-audited condensed consolidated interim financial statements of the Group for the half year ended June 30, 2018.

Group results

The comparison of the un-audited results for the half year ended June 30, 2018 as against June 30, 2017 is as follows:

	Jan - June 2018	Jan - June 2017
	(Rupees in million)	
Invoiced sales - net	**26,715**	13,215
Profit from operations	**1,319**	1,300
Share of profit in associates and joint venture - net of tax	**52**	194
Investment income	**1,494**	3,248
Profit after tax	**1,069**	3,232

During the first half of 2018, the Group has achieved net sales of Rs. 26,715 million against net sales of Rs. 13,215 million achieved during corresponding period of last year. In October 2017, Bulleh Shah Packaging Private Limited (“BSPPL”) status was changed from being a Joint Venture (“JV”) to a fully owned subsidiary of the Group. For consolidation purposes, as a JV, equity accounting was applied in line with accounting principles, under the new accounting policy, only the JV's proportionate share of profit/loss was recognised as the subsidiary, each individual line item of the Balance Sheet and Profit or Loss Account are being added. Consequently, at the Group level, sales achieved by BSPPL amounting to Rs. 11 billion have been included in the results of the current period. Further, Packages Mall, a project of packages construction (private) Limited was inaugurated in April 2017 and sales for the current period amounting to Rs. 1,602 million have been included in the accounts.

The Group's distribution and marketing cost has increased by Rs. 577 million. It is mainly due to distribution expense of BSPPL which is not included in the comparative for the reason explained above. Also, the marketing expense of Packages Mall has been increased by Rs. 137 million in the current period.

The Group had an operating profit of Rs. 1,319 million compared to Rs. 1,300 million generated during the corresponding period of the last year. This increase in profit is primarily attributable to improved performance of the Parent Company on account of higher sales. The Group is exercising strict cost controls and is in the process of implementing various initiatives to bring down fixed costs and to increase sales volume.

The Group's finance cost has increased by 512 million which is primarily due to finance cost of BSPPL which has been included in the current period. In current period, finance cost incurred by BSPPL amounts to Rs. 305 million. Further, the finance cost being incurred by the Mall prior to inauguration was being capitalised and not expensed out in line with accounting principles. Accordingly, finance cost of Mall has increased by Rs. 212 million in the current period.

The Group's investment income has declined by 1,763 million in the current period as compared to the corresponding period of the last year due to timing difference of dividend declaration which has correspondingly resulted in decrease in earnings after tax.

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

Bulleh Shah Packaging (Private) Limited

Bulleh Shah Packaging (Private) Limited is principally engaged in the manufacturing and conversion of paper, paper board and corrugated boxes products. The Company has achieved net sales of Rs. 11,154 million during the first half of 2018 as compared to Rs. 9,138 million during 2017 representing sales growth of 22%. The Company has incurred an operating loss of Rs. 43 million during the current period as compared to the operating profit of Rs. 223 million in corresponding period last year. The main cause of decline is increase in raw material and fuel prices. Which were not fully passed on to the customer.

DIC Pakistan Limited

DIC Pakistan Limited is a non-listed public limited subsidiary of Packages Limited. It is principally engaged in manufacturing, processing and selling of industrial inks. The Company has achieved net sales of Rs. 2,077 million during the first half of the year 2018 as compared to Rs. 1,887 million of the corresponding period last year representing sales growth of 10%. The Company has generated profit after tax of Rs. 146 million during the first half of 2018 as against Rs. 143 million generated during corresponding period of 2017.

Packages Lanka (Private) Limited

Packages Lanka (Private) Limited is a Sri Lanka based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging solutions. During the first half of 2018, the Company has achieved sales of SLR 1,482 million as compared to SLR 1,114 million of the corresponding period of last year. The Company has generated profit before tax of SLR 43 million during the first half of 2018 as against SLR 152 million generated during corresponding period of 2017. The decline is due to a combination of decreased profitability from operations and also the loss of its Canadian acquisition consummated last year consolidated in its results. Operational decrease in profitability is mainly due to growing competition as well as increase in raw material prices. Moving forward, the Company will focus on improving operating results through tighter operating cost control, product diversification and price rationalisation.

Flexible Packages Convertors (Pty) Limited

Flexible Packages Convertors (Pty) Limited is private limited company based in South Africa. It is principally engaged in the manufacture of flexible packaging material. During the first half of 2018, the Company achieved net sales revenue of USD 20.4 million as compared to USD 16.4 million of the corresponding period of last year representing sales growth of 24%. Operating results of the Company have increased from USD 0.596 million in prior period to USD 1.157 million in the current period. This is primarily on account of higher sales and tighter operating cost control.

Packages Construction (Private) Limited

Packages Construction (Private) Limited is a subsidiary of Packages Limited. It is primarily engaged in the business of construction and development of real estate. It is currently operating Packages Mall which was inaugurated in April 2017. The Company has achieved net sales of Rs. 1,602 million during the first half of 2018 as compared to Rs. 577 million in the corresponding period of 2017. The Company has generated profit from operations of Rs. 412 million in the current period as compared to Rs. 162 million in the prior period.

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

Packages Power (Private) Limited

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

OmyaPack (Private) Limited

The JV Company, Omya Pack (Private) Limited has started its commercial production in June 2018, for its wet (slurry) plant and produced 300 tons of ground calcium carbonate. The production capacity of the plant is 45,000 tons/ year. Dry plant is still at commissioning phase and will be operational in Q3. The Board of Directors of Packages strongly believes in the future growth prospects of the Company leading to considerable benefit to the shareholders.

(Towfiq Habib Chinoy)
Chairman
Lahore, August 27, 2018

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, August 27, 2018

فیصد سیلز گروتھ کو ظاہر کرتا ہے۔ کمپنی کے آپریٹنگ نتائج گزشتہ سال کے مقابلے میں 0.596 ملین امریکی ڈالر سے بڑھ کر رواں مدت میں 1.157 ملین امریکی ڈالر ہو گئے۔ جس کی بنیادی وجہ سیلز میں اضافہ اور آپریٹنگ اخراجات پر سخت کنٹرول ہے۔

پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ

پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ پیکیجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر تعمیراتی سرگرمیوں اور رئیل اسٹیٹ کے فروغ کے کاروبار میں مصروف عمل ہے۔ اس وقت یہ "پیکیجز مال" کو آپریٹ کر رہا ہے۔ جس کا افتتاح اپریل 2017 میں کیا گیا تھا۔ کمپنی نے 2018 کی پہلی ششماہی کے دوران 1,602 ملین روپے کی خالص سیلز حاصل کی جو 2017 کی اس مدت کے دوران 577 ملین روپے تھی۔ کمپنی نے رواں مدت میں آپریشنز سے 412 ملین روپے کا منافع حاصل کیا جو گزشتہ مدت میں 162 ملین روپے تھا۔

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

پیکیجز پاور (پرائیویٹ) لمیٹڈ

پیکیجز پاور (پرائیویٹ) لمیٹڈ 3.1 میگاواٹ ہائیڈرو پاور پروجیکٹ کے قیام کے مقصد کے لئے بنایا گیا پیکیجز لمیٹڈ کا ایک مکمل ملکیتی ذیلی ادارہ ہے جیسا کہ پروجیکٹ کی تشہیر پنجاب پاور ڈیولپمنٹ بورڈ (پی پی ڈی بی) کی جانب سے کی گئی تھی۔ کمپنی نے مطلوبہ جائزوں اور اجازت ناموں کا حصول مکمل کر لیا ہے اور پروجیکٹ کو آگے بڑھانے کے ضمن میں متعلقہ سرکاری حکام کے ساتھ رابطے میں ہے۔

اومیا پیک (پرائیویٹ) لمیٹڈ

جوائنٹ وینچر کمپنی، اومیا پیک (پرائیویٹ) لمیٹڈ نے اپنی تجارتی پیداوار کا آغاز جون 2018 سے اپنے ویٹ (slurry) پلانٹ سے کیا ہے اور 300 ٹن گراؤنڈ کیلشیم کاربونیٹ تیار کیا۔ پلانٹ کی پیداواری گنجائش 45,000 ٹن سالانہ ہے۔ ڈرائی پلانٹ بدستور کمیشننگ کے مرحلے میں ہے اور تیسری سہ ماہی میں یہ آپریشنل ہو جائے گا۔ پیکیجز کے بورڈ آف ڈائریکٹرز اس امر پر مستحکم یقین رکھتے ہیں کہ کمپنی کے مستقبل میں ترقی کے قوی امکانات شیئر ہولڈرز کے لئے بہترین منافع کا ذریعہ ثابت ہوں گے۔

(توفیق حبیب چنائے)
چیئرمین
لاہور، 27 اگست 2018ء

(سید حیدر علی)
چیف ایگزیکٹو اور مینجنگ ڈائریکٹر
لاہور، 27 اگست 2018ء

گروپ کے فنانس اخراجات 512 ملین روپے سے بڑھے جس کی وجہ بی ایس پی پی ایل (BSPPL) کے فنانس اخراجات کا رواں مدت میں شامل کرنا ہے۔ رواں مدت میں، بی ایس پی پی ایل (BSPPL) کی جانب سے صرف کیے گئے فنانس اخراجات 305 ملین روپے رہے۔ مزید برآں، افتتاح سے قبل پیکجز مل پر صرف ہونے والے فنانس اخراجات کو کیپیٹلائز کر دیا گیا تھا اور اکاؤنٹنگ اصولوں کے مطابق صرف (Expensed-out) نہیں کیا گیا۔ لہٰذا مل کے فنانس اخراجات رواں مدت کے دوران 212 ملین روپے سے بڑھ گئے۔

رواں مدت میں گروپ کی سرمایہ کاری سے آمدنی منافع منقسمہ کے اعلان کے مختلف اوقات کے باعث 1,763 ملین روپے سے گری، جس کے نتیجے میں آمدنی بعد از ٹیکس میں کمی آئی۔

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

بلھے شاہ پیکجنگ (پرائیویٹ) لمیٹڈ

بلھے شاہ پیکجنگ (پرائیویٹ) لمیٹڈ بنیادی طور پر پیپر اور پیپر بورڈ پروڈکٹس کی تیاری اور منتقلی میں مصروف عمل ہے۔ کمپنی نے سال 2018 کی پہلی ششماہی کے دوران 11,154 ملین روپے کی سیلز حاصل کی اس کے مقابلے میں گزشتہ سال کی اس مدت کے دوران یہ 9,138 ملین روپے تھی جس سے 22 فیصد کی سیلز گروتھ ظاہر ہوتی ہے۔ کمپنی نے رواں سال 2018 کے دوران 43 ملین روپے کا آپریٹنگ خسارہ ریکارڈ کیا جبکہ گزشتہ سال کی اسی مدت میں 223 ملین روپے کا آپریٹنگ منافع ہوا تھا۔ اس کمی کی بنیادی وجہ خام مال اور ایندھن کے نرخوں میں اضافہ تھا۔ جو صارفین کو مکمل طور پر منتقل نہیں کیا گیا۔

ڈی آئی سی پاکستان لمیٹڈ

ڈی آئی سی پاکستان لمیٹڈ پیکجز لمیٹڈ کا ایک نان لسٹڈ پبلک لمیٹڈ ذیلی ادارہ ہے۔ یہ بنیادی طور پر صنعتی انکس (inks) کی تیاری، پروسیسنگ اور سیلز میں مصروف عمل ہے۔ کمپنی نے سال 2018 کی پہلی ششماہی کے دوران 2,077 ملین روپے کی خالص سیلز حاصل کی، اس کے مقابلے میں گزشتہ سال کی اس مدت کے دوران یہ 1,887 ملین روپے تھی جو 10 فیصد کی سیلز گروتھ ظاہر کرتی ہے۔ کمپنی نے سال 2018 کی پہلی ششماہی کے دوران 146 ملین روپے کا منافع بعد از ٹیکس حاصل کیا جو 2017 کی اس مدت کے دوران 143 ملین روپے تھا۔

پیکجز لنکا (پرائیویٹ) لمیٹڈ

پیکجز لنکا (پرائیویٹ) لمیٹڈ سری لنکا میں قائم پیکجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر فلیکسبل پیکجنگ سولوشنز کی تیاری میں مصروف عمل ہے۔ کمپنی نے سال 2018 کی پہلی ششماہی کے دوران 1,482 ملین سری لنکن روپے کی سیلز حاصل کی جو گزشتہ سال کی اس مدت میں 1,114 ملین سری لنکن روپے تھی۔ کمپنی نے سال 2018 کی پہلی ششماہی میں 43 ملین سری لنکن روپے کا منافع قبل از ٹیکس حاصل کیا جبکہ 2017 کی اس مدت کے دوران یہ 152 ملین سری لنکن روپے تھا۔ اس کمی کی وجہ یکجا طور پر آپریشنز سے منافع جات میں کمی اور اس کے کینیڈین حصول کا خسارہ بھی تھا جو مجموعی طور پر اس کے نتائج میں گزشتہ سال شامل کیا گیا تھا۔ منافع جات میں آپریشنل کمی کی بنیادی وجہ مسابقت کا بڑھنا اور اس کے ساتھ خام مال کے نرخوں میں اضافہ تھا۔ آگے بڑھتے ہوئے، کمپنی آپریٹنگ اخراجات پر سخت کنٹرول، پروڈکٹ میں توسیع اور پرائس راشنلائزیشن کے ذریعے آپریٹنگ نتائج بہتر بنانے پر توجہ دیتی رہے گی۔

فلیکس ایبل پیکجز کنورٹرز (پروپرائٹری) لمیٹڈ

فلیکس ایبل پیکجز کنورٹرز (پروپرائٹری) لمیٹڈ جنوبی افریقہ میں قائم پرائیویٹ لمیٹڈ کمپنی ہے۔ یہ بنیادی طور پر فلیکس ایبل پیکجنگ میٹریل کی تیاری میں مصروف عمل ہے۔ 2018 کی پہلی ششماہی کے دوران کمپنی نے 20.4 ملین امریکی ڈالر کا خالص سیلز ریونیو حاصل کیا جو گزشتہ سال کی اس مدت میں 16.4 ملین ڈالر تھا۔ جو 24

30 جون 2018 کو ختم ہونے والی ششماہی کے لئے
مجموعی عبوری مالیاتی حسابات پر ڈائریکٹرز کی رپورٹ

پیکیجز لمیٹڈ کے ڈائریکٹرز 30 جون 2018 کو ختم ہونے والی ششماہی کے لئے گروپ کے غیر آڈٹ شدہ مجموعی مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

گروپ کے نتائج

30 جون 2018 کو ختم ہونے والی ششماہی کے لئے غیر آڈٹ شدہ مالیاتی نتائج بمقابلہ 30 جون 2017 درج ذیل کے مطابق ہیں:

	جنوری-جون 2018	(روپے ملین میں)	جنوری-جون 2017
انوائسڈ سیلز-خالص	**26,715**		13,215
آپریشنز سے حاصل منافع جات	**1,319**		1,300
منسلک اداروں اور مشترکہ منصوبے میں منافع کا حصہ-بعد از ٹیکس	**52**		194
سرمایہ کاری سے آمدنی	**1,494**		3,248
منافع بعد از ٹیکس	**1,069**		3,232

2018 کی پہلی ششماہی کے دوران گروپ نے 26,715 ملین روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کی اسی مدت کے دوران 13,215 ملین روپے کی خالص سیلز حاصل کی گئی تھی۔ اکتوبر 2017 میں بلھے شاہ پیکیجنگ پرائیویٹ لمیٹڈ ("BSPPL") کا درجہ جوائنٹ وینچر ("JV") سے تبدیل ہو کر گروپ کا ایک مکمل ملکیتی ادارہ بنا ہے۔ جے وی (JV) کے طور پر مجموعی حسابات اکٹھا کرنے کے مقاصد کے لئے اکاؤنٹنگ اصولوں کے مطابق ایکویٹی اکاؤنٹنگ نافذ کی گئی اور اس کی اکاؤنٹنگ پالیسی کے تحت صرف نفع / نقصان کا حصہ بالتناسب (JV) تسلیم کیا جاتا ہے اور بیلنس شیٹ اور نفع و نقصان کے اکاؤنٹ کی، بحیثیت ذیلی ادارہ ہر ایک انفرادی لائن آئٹم کو شامل کیا جاتا ہے۔ نتیجتاً گروپ لیول پر، بی ایس پی پی ایل کی جانب سے حاصل کردہ سیلز 11 ارب روپے کو بھی رواں مدت کے نتائج میں شامل کیا گیا ہے۔ مزید برآں، پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ کے پروجیکٹ پیکیجز مال کا افتتاح اپریل 2017 میں کیا گیا اور رواں سال کی سیلز 1,602 ملین روپے کو بھی اکاؤنٹس میں شامل کیا گیا ہے۔

گروپ کے ڈسٹری بیوشن اور مارکیٹنگ اخراجات 577 ملین روپے سے بڑھ گئے بوجہ بی ایس پی پی ایل (BSPPL) کے ڈسٹری بیوشن اخراجات کو ماسبق طور پر شامل نہ کرنا ہے جیسا کہ اوپر بیان کیا گیا ہے۔ مزید برآں پیکیجز مال کے مارکیٹنگ اخراجات رواں مدت کے دوران 137 ملین روپے سے بڑھ گئے۔

گروپ نے 1,319 ملین روپے کا آپریٹنگ منافع حاصل کیا جو گزشتہ سال کی اس مدت کے دوران 1,300 ملین روپے تھا۔ منافع میں یہ اضافہ بنیادی طور پر سرپرست کمپنی کی بہتر کارکردگی کے باعث بلند تر سیلز کے ضمن میں ممکن ہوا۔ گروپ اخراجات پر سخت کنٹرول کر رہا ہے اور طے کردہ لاگتوں کو کم کرنے اور سیلز کے حجم میں اضافے کے کئی اقدامات پر عمل پیرا ہے۔

PACKAGES GROUP
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
as at June 30, 2018

	Note	June 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (December 31, 2017: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (December 31, 2017: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each		**4,180,000**	4,180,000
Issued, subscribed and paid up capital			
89,379,504 (December 31, 2017: 89,379,504) ordinary shares of Rs. 10 each		**893,795**	893,795
8,186,842 (December 31, 2017: 8,186,842) 10% non-voting preference shares / convertible stock of Rs. 190 each		**606,222**	606,222
Reserves		**65,438,243**	62,382,915
Equity portion of loan from shareholder of the Parent Company	6	**171,187**	171,187
Un-appropriated profit		**6,295,982**	11,087,931
		73,405,429	75,142,050
NON-CONTROLLING INTEREST		**2,065,144**	2,117,100
		75,470,573	77,259,150
NON-CURRENT LIABILITIES			
Long term finances	7	**12,642,006**	14,626,258
Loan from shareholder of the Parent Company - unsecured		**430,872**	409,380
Liabilities against assets subject to finance lease		**41,404**	49,391
Deferred taxation	8	**2,279,254**	2,565,506
Retirement benefits		**569,359**	516,586
Deferred income		**96,377**	107,889
Rental security deposits		**298,642**	277,655
Deferred liabilities		**562,688**	525,282
		16,920,602	19,077,947
CURRENT LIABILITIES			
Current portion of non-current liabilities		**3,272,621**	3,427,251
Finances under mark up arrangements - secured		**10,998,670**	5,091,722
Trade and other payables		**8,433,617**	7,512,233
Accrued finance costs		**471,576**	495,278
Provision for taxation		**228**	22,176
		23,176,712	16,548,660
CONTINGENCIES AND COMMITMENTS	9	**-**	-
		115,567,887	112,885,757

	Note	June 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	**25,709,748**	25,992,806
Intangible assets	11	**345,423**	286,621
Investment properties		**11,909,718**	12,342,428
Investments accounted for under equity method	12	**9,672,283**	9,802,130
Other long term investments	13	**41,971,085**	41,981,048
Long term loans and deposits		**142,594**	157,208
		89,750,851	90,562,241
CURRENT ASSETS			
Stores and spares		**1,825,629**	1,707,667
Stock-in-trade		**10,547,001**	8,439,160
Trade debts		**7,102,706**	5,946,606
Current portion of long term investments	13	**10,000**	-
Loans, advances, deposits, prepayments and other receivables		**1,388,635**	1,138,978
Income tax receivable	14	**4,283,281**	4,002,315
Cash and bank balances		**659,784**	1,088,790
		25,817,036	22,323,516
		115,567,887	112,885,757

The annexed notes 1 to 24 form an integral part of this condensed consolidated interim financial statements.

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

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)
for the three-month and six-month period ended June 30, 2018

		Three month period ended		**Six month period ended**	
		June 30, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017
		Un-audited	Un-audited	**Un-audited**	Un-audited
	Note	(R u p e	e s i n	t h o u	s a n d)
Local sales		**14,981,436**	7,481,994	**30,186,797**	14,687,290
Export sales		**162,493**	164,962	**310,647**	350,757
Gross sales		**15,143,929**	7,646,956	**30,497,444**	15,038,047
Sales tax		**(1,894,473)**	(889,340)	**(3,776,603)**	(1,807,744)
Commission		**(2,744)**	(9,014)	**(6,002)**	(15,269)
		(1,897,217)	(898,354)	**(3,782,605)**	(1,823,013)
Net sales		**13,246,712**	6,748,602	**26,714,839**	13,215,034
Cost of sales	15	**(11,437,622)**	(5,242,229)	**(22,883,942)**	(10,317,685)
Gross profit		**1,809,090**	1,506,373	**3,830,897**	2,897,349
Administrative expenses		**(580,661)**	(440,941)	**(1,173,090)**	(836,701)
Distribution and marketing costs		**(674,843)**	(388,619)	**(1,338,431)**	(760,943)
Other operating expenses		**(298,451)**	(130,586)	**(373,623)**	(290,684)
Other income		**43,487**	39,271	**90,256**	89,642
Profit from operations		**298,622**	585,498	**1,036,009**	1,098,663
Finance costs		**(502,890)**	(255,616)	**(931,061)**	(418,748)
Investment income		**1,494,076**	1,852,372	**1,494,076**	3,248,046
Share of profit of investments accounted for using the equity method - net of tax		**22,680**	156,727	**52,120**	194,012
Profit before taxation		**1,312,488**	2,338,981	**1,651,144**	4,121,973
Taxation		**(488,093)**	(647,223)	**(581,799)**	(889,483)
Profit for the period		**824,395**	1,691,758	**1,069,345**	3,232,490
Attributable to:					
Equity holders of the Parent Company		**814,464**	1,654,981	**987,186**	3,140,595
Non-controlling interest		**9,931**	36,777	**82,159**	91,895
		824,395	1,691,758	**1,069,345**	3,232,490
Earnings per share attributable to equity holders of the Parent Company					
Basic	Rupees	**8.19**	18.01	**10.12**	34.63
Diluted	Rupees	**8.19**	17.29	**10.12**	32.84

The annexed notes 1 to 24 form an integral part of these condensed consolidated interim financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the three-month and six-month period ended June 30, 2018

	Three month period ended		Six month period ended	
	June 30, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017
	Un-audited	Un-audited	**Un-audited**	Un-audited
	(R u p e	e s i n	t h o u	s a n d)
Profit for the period	**824,395**	1,691,758	**1,069,345**	3,232,490
Other comprehensive (loss) / income				
Items that will not be reclassified to profit or loss				
Re measurement of retirement benefit obligations	**(21,161)**	-	**(21,161)**	-
Tax effect	**5,910**	-	**5,910**	-
	(15,251)	-	**(15,251)**	-
Items that may be reclassified subsequently to profit or loss				
Exchange difference on translation of foreign subsidiaries	**(168,013)**	26,809	**(58,463)**	49,729
Share of other comprehensive income of investments accounted for using the equity method - net of tax	**(600,264)**	(15,687)	**113,543**	(15,367)
Changes in fair value of available for sale financial assets	**(4,196,634)**	4,032,419	**37**	4,379,097
	(4,964,911)	4,043,541	**55,117**	4,413,459
Other comprehensive (loss) / income for the period	**(4,980,162)**	4,043,541	**39,866**	4,413,459
Total comprehensive (loss) / income for the period	**(4,155,767)**	5,735,299	**1,109,211**	7,645,949
Attributable to:				
Equity holders of the Parent Company	**(4,100,843)**	5,686,156	**1,027,263**	7,531,767
Non-controlling interest	**(54,924)**	49,143	**81,948**	114,182
	(4,155,767)	5,735,299	**1,109,211**	7,645,949

The annexed notes 1 to 24 form an integral part of these condensed consolidated interim financial statements.

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

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
For the six-month period ended June 30, 2018

	Issued, subscribed and paid up capital		Reserves									Capital and reserves		
			Capital reserves							Revenue reserves				
	Share capital	Preference shares / convertible stock	Share premium	Exchange difference on translation of foreign subsidiaries	Fair value resrve	Other reserves relating to associates & joint ventures	Transaction with non-controlling interest	Equity portion of long term loan from share holder of the Parent Company	Capital redemption reserve	General reserve	Un-appropriated profits	Total	Non-controlling interest	Total Equity
	(Rupees in thousand)													
Balance as on January 1, 2017 (audited)	893,795	606,222	3,766,738	(156,663)	28,858,325	(66,054)	22,981	77,991	1,615,000	15,310,333	1,879,569	52,808,237	1,950,580	**54,758,817**
Appropriation of reserves														
Transferred from general reserve	-	-	-	-	-	-	-	-	-	(1,000,000)	1,000,000	-	-	-
Transactions with preference shareholders														
Participating dividend on preference shares / convertible stock	-	-	-	-	-	-	-	-	-	-	(45,000)	(45,000)	-	**(45,000)**
Transactions with owners recognised directly in equity														
Final dividend for the year ended December 31, 2016 Rs. 25 per share	-	-	-	-	-	-	-	-	-	-	(2,234,487)	(2,234,487)	-	**(2,234,487)**
Dividend relating to 2016 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(103,742)	**(103,742)**
Equity portion of short term loan from shareholder of the Parent Company	-	-	-	-	-	-	-	25,086	-	-	-	25,086	8,291	**33,377**
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	25,086	-	-	(2,234,487)	(2,209,401)	(95,451)	**(2,304,852)**
Total comprehensive income for the period ended June 30, 2017														
Profit for the period	-	-	-	-	-	(15,367)	-	-	-	-	3,140,595	3,125,228	91,895	**3,217,123**
Other comprehensive income:														
Changes in fair value of available for sale financial assets	-	-	-	-	4,379,097	-	-	-	-	-	-	4,379,097	-	**4,379,097**
Exchange differences on translation of foreign subsidiaries	-	-	-	27,442	-	-	-	-	-	-	-	27,442	22,287	**49,729**
Total comprehensive income for the period	-	-	-	27,442	4,379,097	(15,367)	-	-	-	-	3,140,595	7,531,767	114,183	**7,645,949**
Balance as on June 30, 2017 (un-audited)	893,795	606,222	3,766,738	(129,221)	33,237,422	(81,421)	22,981	103,077	1,615,000	14,310,333	3,740,677	58,085,603	1,969,312	**60,054,914**
Balance as on January 1, 2018 (audited)	893,795	606,222	3,766,738	(73,314)	37,981,410	4,759,767	22,981	171,187	1,615,000	14,310,333	11,087,931	75,142,050	2,117,100	**77,259,150**
Appropriation of reserves														
Transferred to general reserve	-	-	-	-	-	-	-	-	-	3,000,000	(3,000,000)	-	-	-
Transactions with preference shareholders														
Participating dividend on preference shares / convertible stock - note 16	-	-	-	-	-	-	-	-	-	-	(82,499)	(82,499)	-	**(82,499)**
Transactions with owners recognised directly in equity														
Final dividend for the year ended December 31, 2017 Rs. 30 per share	-	-	-	-	-	-	-	-	-	-	(2,681,385)	(2,681,385)	-	**(2,681,385)**
Dividend relating to 2017 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(138,624)	**(138,624)**
Interest acquired in sub-subsidiary - Chantler Packages Inc.	-	-	-	-	-	-	-	-	-	-	-	-	4,720	**4,720**
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	-	-	-	(2,681,385)	(2,681,385)	(133,904)	**(2,815,289)**
Total comprehensive income for the period ended June 30, 2018														
Profit for the period	-	-	-	-	-	-	-	-	-	-	987,186	987,186	82,159	**1,069,345**
Other comprehensive income:														
Remeasurement of retirement benefit asset - net of tax	-	-	-	-	-	-	-	-	-	-	(15,251)	(15,251)	-	**(15,251)**
Changes in fair value of available for sale financial assets	-	-	-	-	37	-	-	-	-	-	-	37	-	**37**
Other comprehensive income from investments accounted for under using the equity method	-	-	-	-	-	113,543	-	-	-	-	-	113,543	-	**113,543**
Exchange difference on translation of foreign subsidiaries	-	-	-	(58,252)	-	-	-	-	-	-	-	(58,252)	(211)	**(58,463)**
Total comprehensive income for the period	-	-	-	(58,252)	37	113,543	-	-	-	-	971,935	1,027,263	81,948	**1,109,211**
Balance as on June 30, 2018 (un-audited)	893,795	606,222	3,766,738	(131,566)	37,981,447	4,873,310	22,981	171,187	1,615,000	17,310,333	6,295,982	73,405,429	2,065,144	**75,470,573**

The annexed notes 1 to 24 form an integral part of these condensed consolidated interim financial statements.

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

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
for the six-month period ended June 30, 2018

	Note	Six month period ended June 30, 2018 Un-audited	June 30, 2017 Un-audited
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from operations	19	**736,594**	1,053,440
Finance cost paid		**(933,271)**	(602,676)
Income tax paid		**(1,165,055)**	(1,104,238)
Payments for accumulating compensated absences and staff gratuity		**(23,358)**	(14,567)
Retirement benefit contributions paid		**(15,563)**	(26,058)
Net cash outflow from operating activities		**(1,400,653)**	(694,099)
Cash flow from investing activities			
Fixed capital expenditure		**(1,725,763)**	(2,810,957)
Rental security deposits - net		**20,987**	197,536
Investments made in Government securities		**-**	(1,449,997)
Proceeds from disposal of Government securities		**-**	1,452,831
Long term loans and deposits - net		**2,034**	(30,888)
Proceeds from disposal of property, plant and equipment		**38,130**	66,105
Dividends received		**1,789,586**	3,379,338
Net cash inflow from investing activities		**124,974**	803,968
Cash flow from financing activities			
Proceeds from long term finances - secured		**-**	1,874,406
Proceeds received from non-controlling interest on interest acquisition in subsidiary		**4,720**	-
Repayment of long term finances - secured		**(2,144,398)**	(358,189)
Repayment of liabilities against assets subject to finance lease		**(14,606)**	(8,720)
Participating dividend on preference shares paid		**(82,499)**	(45,000)
Dividend paid to equity holders of the Parent Company		**(2,684,868)**	(2,234,693)
Dividend paid to non-controlling interest		**(138,624)**	(103,742)
Net cash outflow from financing activities		**(5,060,275)**	(875,938)
Net decrease in cash and cash equivalents		**(6,335,954)**	(766,069)
Cash and cash equivalents at the beginning of the period		**(4,002,932)**	(1,506,278)
Cash and cash equivalents at the end of the period	20	**(10,338,886)**	(2,272,347)

The annexed notes 1 to 24 form an integral part of these condensed consolidated interim financial statements.

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

1. Legal status and nature of business

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

Packaging:	Representing manufacture and sale of packing materials.
Consumer Products:	Representing manufacture and sale of tissue products.
Inks:	Representing manufacture and sale of finished and semi finished inks
Construction:	Representing all type of construction activities, development and operation of real estate projects.
Paper and paperboard:	Representing manufacture and sale of paper and paperboard.
Power generation:	Representing the development and management of hydropower project.

The Group also holds investment in companies engaged in the manufacture and sale of biaxially oriented polypropylene (BOPP) film and cast polypropylene (CPP) film, plastic, insurance business and production and sale of ground calcium carbonate products.

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

2. Basis of preparation

These condensed consolidated interim financial statements are un-audited and have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim consolidated financial statements do not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2017.

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of these condensed consolidated 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, 2017.

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

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

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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 1, 2018, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements, except for the following:

Amendments to IAS 40, 'Investment property' relating to transfers of investment property (effective for periods beginning on or after January 1, 2018). These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use, there should be an assessment of whether the property meets the definition. This change must be supported by evidence. The Group's current accounting treatment is already in line with the requirements of this standard.

IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The Group's current accounting treatment is already in line with the requirements of this interpretation.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after January 01, 2019 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 financial statements, except for the following:

- IFRS 9, 'Financial instruments': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Group has yet to assess the full impact of the standard.

Amendment to IFRS 9, 'Financial instruments', on prepayment features with negative compensation': (effective for periods beginning on or after January 1, 2019). This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. The Group is yet to assess the full impact of the ammendment.

- IFRS 15, 'Revenue from contracts with customers': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The Group has yet to assess the full impact of the standard.

Amendments to IFRS 15, 'Revenue from contracts with customers' (effective for periods beginning on or after January 1, 2018). IFRS 15 has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. The Group is yet to assess the full impact of the amendments.

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

- IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group has yet to assess the full impact of the interpretation.

Amendments to IAS 28 ‘Investments in associates’, on long term interests in associates and joint ventures: (effective for periods beginning on or after January 1, 2019). These amendments clarify that companies account for long term interests in an associate or joint venture to which the equity method is not applied using IFRS 9. The Group is yet to assess the full impact of these amendments.

4. "Income tax expense comprises current and deferred tax. SECP vide its certificate dated December 14, 2017, has registered the Parent Company and its wholly-owned subsidiary Bulleh Shah Packaging (Private) Limited ('BSPPL') (together the ' Tax Group') as a Tax Group and has also, vide its certificate dated January 1, 2018, designated the Tax Group for the purpose of group taxation under Section 59AA of the Income tax Ordinance, 2001. Consequent to the filing of declaration for group taxation for the tax year 2019 by the Parent company and BSPPL, the Tax Group will be taxed as one fiscal unit for the tax year 2019.

Income tax expense is recognised based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year.

Current and deferred taxes based on the consolidated results of the Tax Group are allocated within the Tax Group on the basis of separate return method, modified for determining realisability of tax credits and tax losses which are assessed at Tax Group level. Any adjustments in the current and deferred taxes of the Parent Company on account of group taxation are credited or charged to profit or loss account in the year in which they arise.

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

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Groups' accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2017, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

6. The loan has been obtained by Packages Construction (Private) Limited ('PCPL') from Syed Babar Ali ('SBA'), shareholder of the Parent Company and is interest free. The loan is payable on December 31, 2019. It is being carried at amortised cost using a market interest rate of 10.50% for a similar instrument.

7. Long term finances

	Note	June 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
Local currency loans - secured	7.1	**13,591,682**	15,564,742
Foreign currency loans - secured	7.2	**1,376,893**	1,490,808
		14,968,575	17,055,550
Preference shares / convertible stock - unsecured		**932,650**	932,650
		15,901,225	17,988,200
Current portion shown under current liabilities		**(3,259,219)**	(3,361,942)
Closing balance		**12,642,006**	14,626,258

7.1 Local currency loans - secured

Opening balance	**15,564,742**	8,689,840
Loans acquired under business acquisition	**-**	4,935,000
Receipts during the period / year	**-**	2,511,322
	15,564,742	16,136,162
Repayments during the period / year	**(1,973,060)**	(571,420)
Closing balance	**13,591,682**	15,564,742

7.2 Foreign currency loans - secured

Opening balance	**1,490,808**	1,490,062
Receipts during the period / year	**-**	117,533
	1,490,808	1,607,595
Repayments during the period / year	**(171,337)**	(92,785)
Exchange adjustment on opening balances	**57,422**	(24,002)
Closing balance	**1,376,893**	1,490,808

8. Deferred tax asset on tax losses representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 is recognised to the extent of the realisation of related tax benefits through future taxable profits of the Tax Group which is probable. The Parent Company has not recognised deferred tax asset of Rs. 11.657 million (December 31, 2017: Rs. 11.657 million), set to lapse in the accounting year 2022, in respect of minimum tax available for carry forward arisen after the formation of the Tax Group, as sufficient taxable profits would not be available to the Tax Group to utilise these in the foreseeable future. Deferred tax asset has also not been recognised on aggregate minimum taxes prior to the formation of the Tax Group amounting to Rs. 212.759 million (December 31, 2017: Rs. 212.759 million) as the same can not be realised against the taxable profits of the Tax Group. However, in case the Parent Company opts out of the Tax Group, these minimum tax credits will become available for realisation against the taxable profits of the Parent Company. Out of these minimum tax credits, Rs. 159.834 million is set to lapse in the accounting year 2018 and Rs. 52.925 million is set to lapse in the accounting year 2021.

9 Contingencies and commitments

9.1 Contingencies

(i) Claims against the Group by ex-employees not acknowledged as debts Rs. 25.668 million (December 31, 2017: Rs. 28.294 million).

(ii) Guarantees issued in favor of Excise and Taxation officer amounting to Rs. 2.780 million (December 31, 2017: Rs. 1.624 million).

(iii) Guarantees to Director General Customs amounting to Rs. 16 million (December 31, 2017: Nil).

(iv) Letters of guarantees issued to various parties aggregating Rs. 179.934 million (December 31, 2017: Rs. 189.474 million).

(v) Standby letter of credit issued by Habib Bank Limited - Pakistan ('HBL Pakistan') in favor of Habib Bank Limited - Bahrain ('HBL Bahrain') on behalf of the Parent Company amounting to USD 8.272 million equivalent to Rs. 1,005.828 million (December 31, 2017: USD 11.063 million equivalent to Rs. 1,223.503 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL'), wholly owned subsidiary of The Parent Company. The standby letter of credit is secured against pledge of Nestle Pakistan Limited's shares owned by the Parent Company.

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

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

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

During July 2017 WCB issued another demand challan to PCPL requiring payment of property tax of Rs. 256.372 million relating to the period July 2017 to June 2018 followed by an assessment notice. The demand was challenged by the PCPL legal counsel and the same was rejected by WCB. Aggrieved by the decision of the WCB, the PCPL challenged the demand of WCB before the LHC through Writ Petition No. 208653/18. The LHC after hearing the point of view of the PCPL, by its order dated May 04, 2018, restrained WCB from taking any coercive action against the PCPL and directed WCB to submit a reply thereto. The next date of hearing is now fixed for September 06, 2018.

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

9.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 1,952.610 million (December 31, 2017: Rs. 558.812 million)

(ii) Letters of credit and contracts for other than capital expenditure Rs. 2,438.967 million (December 31, 2017: Rs. 2,587.985 million)

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

	Note	June 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
Not later than one year		**113,283**	175,359
Later than one year and not later than five years		**428,041**	480,532
Later than five years		**34,002**	15,628
		575,326	671,519

10. Property, plant and equipment

	Note	June 30, 2018 Un-audited	December 31, 2017 Audited
Operating fixed assets - at net book value			
Owned assets		**23,012,197**	23,787,270
Assets subject to finance lease		**49,495**	84,248
	10.2	**23,061,692**	23,871,518
Capital work-in-progress	10.3	**2,523,195**	1,999,477
Major spare parts and stand-by equipment		**124,861**	121,811
		25,709,748	25,992,806

10.1 A portion of the land on which the Parent Company's Lahore plant is situated is on lease from the Government of Punjab for the past 60 years. The term of this lease has been expired in December 2015 and the Parent Company has filed an application with the relevant authorities for its renewal.

10.2 Operating fixed assets

	Note	June 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
Opening net book value		**23,871,518**	6,379,688
Additions during the period / year	10.2.1	**1,080,894**	1,283,105
Assets acquired under business combination		**-**	17,579,451
Transfer in at book value - net		**-**	79,033
		1,080,894	18,941,589
		24,952,412	25,321,277
Disposals during the period / year at book value		**(36,685)**	(84,141)
Transferred out at book value - net		**-**	(992)
Depreciation charged during the period / year		**(1,854,096)**	(1,672,727)
Exchange adjustment on opening book value - net		**61**	308,101
		(1,890,720)	(1,449,759)
Closing book value		**23,061,692**	23,871,518

10.2.1 Additions during the period

	June 30, 2018 Un-audited	December 31, 2017 Audited
Freehold land	**-**	121,247
Buildings on freehold land	**20,853**	49,168
Buildings on leasehold land	**1,159**	6,784
Plant and machinery	**864,621**	685,330
Other equipments	**131,715**	206,744
Furniture and fixtures	**6,421**	64,548
Vehicles	**56,125**	149,284
	1,080,894	1,283,105

10.3 Capital work-in-progress

	Note	June 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
Civil works		**69,906**	123,112
Plant and machinery		**1,999,171**	1,754,533
Advances to suppliers		**454,118**	121,832
		2,523,195	1,999,477

11. Intangible assets

Opening book value		**286,621**	164,294
Additions during the period / year		**76,331**	22,684
Assets acquired under business combination		**-**	87,207
Amortisation charged during the period / year		**(15,613)**	(14,521)
Exchange difference		**(1,916)**	26,957
Closing book value		**345,423**	286,621

12. Investments accounted for using the equity method

Investments in associates	12.1	**9,364,734**	9,470,360
Investment in joint ventures	12.2	**307,549**	331,770
Closing balance		**9,672,283**	9,802,130

12.1 Investments in associates

Cost			
Opening balance		**3,386,278**	3,421,278
Disposal of interest in associate on exchange of shares		**-**	(35,000)
		3,386,278	3,386,278
Post acquisition share of profits and reserves net of impairment losses			
Opening balance		**6,084,082**	969,399
Share of profit from associates - net of tax		**58,108**	393,608
Share of other comprehensive income - net of tax		**122,465**	4,797,476
Gain on exchange of shares of associate		**-**	17,932
Reversal of accumulated loss		**-**	35,000
Dividends received during the period / year		**(286,199)**	(129,333)
Closing balance		**5,978,456**	6,084,082
Balance as on	12.1.1	**9,364,734**	9,470,360

12.1.1 Investment in equity instruments of associated companies - quoted

	Note	June 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
IGI Holdings Limited (formerly IGI Insurance Limited)			
13,072,211 (December 31, 2017: 13,072,211) fully paid ordinary shares of Rs. 10 each			
Equity held 10.46% (2017: 10.46%)			
Market value - Rs. 3,764.797 million (December 31, 2017: Rs. 3,828.720 million)	12.3	**6,372,711**	6,395,007
Tri-Pack Films Limited			
12,933,333 (December 31, 2017: 12,933,333) fully paid ordinary shares of Rs. 10 each			
Equity held 33.33% (2017: 33.33%)			
Market value - Rs. 1,771.867 million (December 31, 2017: Rs. 1,808.985 million)		**2,992,023**	3,075,353
		9,364,734	9,470,360

12.2 Investment in joint ventures

	Note	June 30, 2018	December 31, 2017
Opening balance		**331,770**	9,476,358
Share of loss from joint ventures - net of tax		**(5,988)**	(187,078)
Share of other comprehensive loss from joint ventures - net of tax		**(8,922)**	(9,960)
Dividends received during the period / year		**(9,311)**	(5,958)
Share of gains recognised directly in equity from joint ventures - net of tax		**-**	41,729
Interest in joint venture transferred to interest in subsidiary		**-**	(8,983,321)
Closing balance	12.2.1	**307,549**	331,770

12.2.1 Investment in equity instruments of joint ventures - unquoted

	June 30, 2018	December 31, 2017
Plastic Extrusions (Proprietary) Limited		
500 (December 31, 2017: 500) fully paid ordinary shares of ZAR 1 each		
Equity held 50% (2017: 50%)	**15,159**	24,081
OmyaPack (Private) Limited		
31,000,000 (December 31, 2017: 31,000,000) fully paid ordinary shares of Rs. 10 each		
Equity held 50% (2017: 50%)	**292,390**	307,689
	307,549	331,770

12.3 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 Company has significant influence over the financial and operating policies through representation on the board of directors of the company.

13. Other long term investments

	Note	June 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
Quoted			
Nestle Pakistan Limited 3,649,248 (December 31, 2017: 3,649,248) fully paid ordinary shares of Rs. 10 each Equity held 8.05% (December 31, 2017: 8.05%) Cost - Rs. 5,778.896 million (December 31, 2017: Rs. 5,778.896 million)	13.1 & 13.2	**41,966,354**	41,966,317
Unquoted			
Tetra Pak Pakistan Limited 1,000,000 (December 31, 2017: 1,000,000) fully paid non-voting ordinary shares of Rs. 10 each	13.1 & 13.3	**-**	10,000
Pakistan Tourism Development Corporation Limited 2,500 (December 31, 2017: 2,500) fully paid ordinary shares of Rs. 10 each		**25**	25
Orient Match Company Limited 1,900 (December 31, 2017: 1,900) fully paid ordinary shares of Rs. 100 each		**-**	-
Coca-Cola Beverages Pakistan Limited 500,000 (December 31, 2017: 500,000) fully paid ordinary shares of Rs. 10 each		**4,706**	4,706
		41,971,085	41,981,048

13.1 Nestle Pakistan Limited and Tetrapak Pakistan Limited are associated undertakings under the Companies Act, 2017. However, for the purpose of measurement, these have been classified as available for sale investments as the Group does not have a significant influence over their operations.

13.2 As of June 30, 2018, an aggregate of 775,000 shares (December 31, 2017: 775,000 shares) of Nestle Pakistan Limited having market value Rs. 8,912 million (December 31, 2017: Rs. 8,912 million) were pledged in favor of HBL Pakistan. Out of aggregate shares pledged, 410,000 shares (December 31, 2017: 410,000 shares) were pledged against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 9.1 and the remaining 365,000 shares (December 31, 2017: 365,000 shares) were pledged against the term finance loan obtained from HBL Pakistan.

13.3 Investment has been classified as current asset during the period.

14. Income tax receivable

(i) In respect of tax year 2016, the department has, against taxable income of Rs. 1,157.926 million as per return filed by the Parent Company, assessed a taxable income of Rs. 2,437.836 million and amended the deemed order for the year raising a tax demand of Rs. 464.187 million. The Parent Company being aggrieved of the said order filed the appeal before CIR(A). CIR(A), through order dated December 11, 2017, has accepted all the contentions of the Parent Company except the allowability of provision for workers' profit participation fund on payment rather than accrual basis thereby reducing the tax refundable claimed by the Parent Company to Rs. 86.864 million. The Parent Company has filed an appeal before ATIR against the issues maintained by CIR(A) and has not made any provision against the above disallowance as the management is confident that the ultimate outcome of the appeal would be in favor of the Parent Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

(ii) In respect of tax year 2014, the department has, against taxable loss of Rs. 706.039 million as per return filed by the Company, assessed a taxable income of Rs. 2,614.710 million and amended the deemed order for the year raising a tax demand of Rs. 606.328 million. The Parent Company being aggrieved of this order filed an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)']. CIR(A) through order dated March 2, 2018 has accepted all the contentions of the Parent Company except non-taxation of the transfer of paper and paperboard and corrugated business segments to Bulleh Shah Packaging (Private) Limited under section 97 of the Income Tax Ordinance, 2001. Such transfer has been taxed as capital gain on the value of assets transferred.

Further, certain other disallowances interalia including on account of allocation of various expenses towards dividend and other incomes, effectively reducing the available tax losses by approximately Rs. 1,200 million, were also made by the department in respect of previous tax years.

The Parent Company being aggrieved of this order filed an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)']. CIR(A), through order dated March 2, 2018, has accepted all the contentions of the Parent Company except non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL and taxation of provision for retirment benefits on accrual basis thereby reducing the tax refundable claimed by the Parent Company from Rs. 352.953 million to Rs. 273.986 million. The Parent Company has filed an appeal against the above order before Appellate Tribunal Inland Revenue ('ATIR') and has not made any provision against the above demand and disallowance as the management is confident that the ultimate outcome of the appeal would be in favor of the Parent Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

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

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

The amount recoverable of Rs. 36.013 million represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the assessments. The Parent Company has not made any provision against the above order as the management is confident that the ultimate outcome of the writ petition would be in favor of the Parent Company, inter alia o the basis of the advice of the tax consultant and the relevant law and the facts.

15. Cost of sales

	Three month period ended		Six month period ended	
	June 30, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017
	Un-audited	Un-audited	**Un-audited**	Un-audited
	(Rupees	in	thousand)	
Materials consumed	**7,067,890**	3,586,387	**14,152,118**	7,190,362
Salaries, wages and amenities	**1,031,092**	493,217	**1,968,392**	960,575
Travelling and conveyance	**51,372**	12,546	**63,634**	19,580
Fuel and power	**1,121,146**	304,233	**2,421,137**	521,899
Production supplies	**266,461**	111,221	**534,217**	238,731
Rent, rates and taxes	**67,660**	38,196	**138,187**	46,328
Insurance	**50,811**	20,517	**100,406**	29,775
Repairs and maintenance	**237,929**	111,074	**470,530**	208,503
Packing expenses	**178,639**	107,839	**374,953**	219,701
Depreciation on property, plant and equipment	**1,091,175**	377,577	**2,187,630**	603,405
Amortisation of intangible assets	**2,412**	1,345	**4,742**	3,919
Technical fee and royalty	**36,961**	25,481	**58,583**	48,487
Other expenses	**281,675**	134,449	**572,661**	224,626
	11,485,223	5,324,082	**23,047,190**	10,315,891
Opening work-in-process	**399,994**	366,036	**405,698**	335,892
Closing work-in-process	**(433,273)**	(365,646)	**(433,273)**	(365,646)
Cost of goods manufactured	**11,451,944**	5,324,472	**23,019,615**	10,286,137
Opening stock of finished goods	**3,956,931**	547,870	**3,835,580**	661,661
Closing stock of finished goods	**(3,971,253)**	(630,113)	**(3,971,253)**	(630,113)
	11,437,622	5,242,229	**22,883,942**	10,317,685

16. As per the terms of Subscription Agreement dated March 25, 2009 with International Finance Corporation ('IFC'), 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. 30.00 per share was approved for the year ended December 31, 2017, 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.

17. Segment Information

	Packaging Division		Consumer Products Division		Ink Division		Paper & Paperboard		Real estate		Power Generation and others		Total	
	June 30, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017	**June 30, 2018**	June 30, 2017	**June 30, 2018**	June 30, 2017	**June 30, 2018**	June 30, 2017	**June 30, 2018**	June 30, 2017	**June 30, 2018**	June 30, 2017
	Un-audited	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited
	(Rupees in thousand)													
Revenue from external customers	**15,520,190**	8,919,476	**2,400,000**	2,205,000	**1,613,432**	1,338,199	**5,560,340**	-	**1,599,514**	577,423	**21,363**	174,936	**26,714,839**	13,215,034
Intersegment revenue	**219,161**	214,602	**-**	-	**463,807**	549,080	**1,657,253**	-	**2,475**	-	**139,152**	36,158	**2,481,848**	799,840
	15,739,351	9,134,078	**2,400,000**	2,205,000	**2,077,239**	1,887,279	**7,217,593**	-	**1,601,989**	577,423	**160,515**	211,094	**29,196,687**	14,014,874
Segment profit / (loss) before tax	**512,603**	592,115	**284,857**	343,637	**212,727**	232,968	**(47,520)**	-	**113,205**	76,953	**1,600,438**	2,988,364	**2,676,310**	4,234,037
	June 30, 2018	December 31, 2017	**June 30, 2018**	December 31, 2017	**June 30, 2018**	December 31, 2017	**June 30, 2018**	December 31, 2017	**June 30, 2018**	December 31, 2017	**June 30, 2018**	December 31, 2017	**June 30, 2018**	December 31, 2017
	Un-audited	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited
Segment assets	**16,204,881**	21,923,522	**2,222,543**	1,849,118	**2,147,417**	1,781,752	**23,519,135**	15,900,473	**12,873,691**	13,518,943	**7,229,572**	6,722,694	**64,197,239**	61,696,502

Reconciliation of profit

	June 30, 2018	June 30, 2017
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for reportable segments	**2,676,310**	4,234,037
Profit from associates and joint ventures - net of dividends	**(243,390)**	62,720
Intercompany consolidation adjustments	**(781,776)**	(174,784)
Profit before tax	**1,651,144**	4,121,973

18. Transactions with related parties

Relationship with the Group	Nature of transactions	Six month period ended June 30, 2018 Un-audited	June 30, 2017 Un-audited
		(Rupees in thousand)	
i Associated Undertakings	Purchase of goods and services	**1,066,743**	492,255
	Sale of goods and services	**13,058**	12,957
	Dividend income	**286,200**	129,333
	Insurance premium paid	**257,605**	119,738
	Rental and other income	**12,199**	5,329
	Insurance claims received	**7,528**	1,656
	Commission earned	**6,936**	3,848
	Dividend Paid	**739,613**	607,740
ii Joint venture	Purchase of goods and services	**12,871**	1,269,589
	Sale of goods and services	**98,037**	168,912
	Rental and other income	**1,793**	34,006
	Sale of property plant & equipment	**-**	2,828
	Dividend income	**-**	1,959
iii Other related parties	Purchase of goods and services	**375,492**	123,573
	Sale of goods and services	**264,465**	-
	Royalty and technical fee - expense	**22,504**	37,891
	Commission Income	**41**	8,986
	Commission expense	**5,132**	-
	Rebate received	**727**	418
	Rent Expense	**4,390**	-
iv Post employment benefit plans	Expenses charged in respect of retirement benefit plans	**88,850**	74,029
	Dividend Paid	**84,973**	70,811
v Key management personnel	Salaries and other employee benefits	**87,593**	108,335
	Dividend Paid	**68,153**	57,182
vi. Other related party	Donation	**23,882**	45,580

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

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

Period-end balances

	June 30, 2018 Un-audited	December 31, 2017 Audited
	(Rupees in thousand)	
Receivable from related parties		
Associates	**79,143**	33,862
Joint ventures	**99,514**	18,770
Other related parties	**57,822**	63,479
Payable to related parties		
Associates	**126,970**	70,615
Joint venture	**8,643**	-
Other related parties	**79,041**	103,674
Retirement benefit obligations	**20,167**	17,165

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

19. Cash generated from operations

	Six month period ended	
	June 30, 2018	June 30, 2017
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax	**1,651,144**	4,121,973
Adjustments for non-cash items:		
Depreciation on property, plant and equipment	**1,854,096**	501,074
Depreciation on investment property	**474,480**	153,800
Amortisation on intangible assets	**15,613**	5,401
Capital gain on disposal of Government securities	**-**	(2,834)
Provision for accumulating compensated absences	**60,764**	59,642
Provision for retirement benefits	**47,175**	18,642
Provision for obsolete / slow-moving stores and spares	**7,924**	-
Provision for obsolete / slow-moving stock-in-trade	**22,076**	-
Amortisation of deferred income	**(11,512)**	-
Profit on disposal of property, plant and equipment	**(1,445)**	(14,162)
Exchange loss - net	**34,333**	16,320
Finance costs	**931,061**	418,748
Provision against pending claims	-	(17,809)
Provision for doubtful debts	**16,196**	112
Liabilities no longer payable written back	**(10,810)**	(1,144)
Exchange difference on translation of foreign subsidiaries	**814**	4,441
Share of profits on investments accounted for using the equity method	**(52,120)**	(194,012)
Dividend income	**(1,494,076)**	(3,248,046)
Profit before working capital changes	**3,545,713**	1,822,146
Effect on cash flow due to working capital changes		
Increase in trade debts	**(1,172,296)**	(691,481)
Increase in stores and spares	**(140,038)**	(112,408)
Increase in stock-in-trade	**(2,115,765)**	(487,710)
Increase in loans, advances, deposits, prepayments and other receivables	**(249,657)**	(158,428)
Increase in trade and other payables	**868,637**	681,321
	(2,809,119)	(768,706)
	736,594	1,053,440

20. Cash and cash equivalents

Cash and bank balances	**659,784**	340,983
Finances under mark up arrangements - secured	**(10,998,670)**	(2,613,330)
	(10,338,886)	(2,272,347)

21. Financial risk management

21.1 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.

These 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, 2017.

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

21.2 Fair value estimation

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

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Groups' material financial assets and liabilities that are measured at fair value at June 30, 2018.

	Un-audited (Rupees in thousand)			
Assets	Level 1	Level 2	Level 3	**Total**
Recurring fair value measurements				
Available for sale investments	41,966,353	-	-	**41,966,353**
Liabilities	-	-	-	**-**

The following table presents the Group’s material financial assets and liabilities that are measured at fair value at December 31, 2017.

	Audited (Rupees in thousand)			
	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Available for sale investments	41,966,316	-	-	41,966,316
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.

22. 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	63.26%	Canada
DIC Pakistan Limited	December 31	54.98%	Pakistan
Flexible Packages Converters (Proprietary) Limited	February 28	55.00%	South Africa
Linnaea Holdings Inc.	December 31	79.07%	Canada
Packages Construction (Private) Limited	December 31	75.16%	Pakistan
Packages Lanka (Private) Limited	December 31	79.07%	Sri Lanka
Packages Power (Private) Limited	December 31	100.00%	Pakistan

23. Date of authorisation for issue

These condensed consolidated interim financial statements authorised for issue on August 27, 2018 by the Board of Directors of the Parent Company.

24. Corresponding figures

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

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

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