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#### **COMPANY INFORMATION**

R	oa	rd	οf	Πi	rec	:to	rs

Towfig Habib Chinoy (Non-Executive Director) Syed Hyder Ali (Executive Director) Rizwan Ghani (Executive Director) Jari Latvanen (Non-Executive Director) Muhammad Aurangzeb (Independent Director) Shamim Ahmad Khan (Non-Executive Director) Syed Aslam Mehdi (Non-Executive Director) Syed Shahid Ali (Non-Executive Director) Josef Meinrad Mueller (Non-Executive Director) Tariq Iqbal Khan (Non-Executive Director)

#### Advisor

Syed Babar Ali

#### **Chief Financial Officer**

Khurram Raza Bakhtayari

#### **Company Secretary**

Adi J. Cawasji

#### **Executive Committee**

Syed Hyder Ali (Executive Director) Rizwan Ghani (Executive Director)

#### **Audit Committee**

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

#### System and Technology Committee

Rizwan Ghani (Executive Director) Khurram Raza Bakhtayari (Chief Financial Officer) Suleman Javed (Manager ERP) - Chairman

- Chairman

Member

- Chairman

- Member

- Member

- Member

- Member

- Secretary

- Chairman

- Member

- Member

 Chief Executive & Managing Director

#### Human Resource and Remuneration (HR & R) Committee

Towfiq Habib Chinoy - Chairman (Non-Executive Director) Syed Hyder Ali - Member (Executive Director) Shamim Ahmad Khan - Member (Non-Executive Director) Syed Aslam Mehdi - Member (Non-Executive Director) Tariq Iqbal Khan - Member (Non-Executive Director) Kaifee Siddiqui - Secretary (Head of Human Resource)

#### Rating Agency: PACRA

Company Rating Long-Term: AA Short-Term: A1+

#### **Auditors**

A.F. Ferguson & Co. Chartered Accountants

#### **Legal Advisors**

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

#### **Bankers & Lenders**

United Bank Limited

Allied Bank Limited Askari Bank Limited Bank Alfalah Limited Bank Al-Habib Limited Deutsche Bank AG Dubai Islamic Bank Pakistan Limited Habib Bank Limited Habib Metropolitan Bank Limited International Finance Corporation (IFC) JS Bank Limited MCB Bank Limited Meezan Bank Limited **NIB Bank Limited** Samba Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited The Bank of Punjab

The Bank of Tokýo - Mitsubishi UFJ, Limited

#### **Head Office & Works**

Shahrah-e-Roomi, P.O. Amer Sidhu,

Lahore - 54760, Pakistan PABX: (042) 35811541-46

: (042) 35811191-93 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

Fax : (021) 35860251

#### **Regional Sales Office**

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

PABX: (051) 2348307 : (051) 2806267 : (051) 2348308

: (051) 2348309

Fax : (051) 2348310

#### **Zonal Sales Offices**

Office No. 606, 6th Floor, United Mall, Abdali Road, Multan, Pakistan

Tel: (061) 4584553

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

#### **Shares Registrar**

FAMCO Associates (Pvt.) Limited 8-F, Next to Hotel Faran Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal,

Karachi - 75400

PABX: (021) 34380101-105 Fax: (021) 34380106

Email: info.shares@famco.com.pk

#### Web Presence

www.packages.com.pk

#### DIRECTORS' REPORT FOR THE HALF YEAR ENDED JUNE 30, 2015



The Directors of Packages Limited are pleased to submit to its shareholders, the six monthly report along with the condensed interim un-audited financial statements of the Company for the half year ended June 30, 2015.

#### **Financial and Operational Performance**

The comparison of the un-audited financial results for the half year ended June 30, 2015 as against June 30, 2014 is as follows:

30, 2014 is as follows:	For the seco	ond quarter	Cumulative					
	Apr - June 2015	Apr - June 2014	Jan - June 2015	Jan - June 2014				
	(Rup	e e s i	n mill	ion)				
Net Sales	4,077	3,959	8,384	7,893				
<b>EBITDA - operations</b> Depreciation and amortisation	826 (147)	372 (132)	1,475 (288)	905 (259)				
EBIT - operations Finance costs Other (expenses) / income - net Investment income	679 (167) (51) 675	240 (201) (43) 962	1187 (336) (106) 1,611	646 (416) 21 1,954				
Earnings before tax Taxation	1,136 (250)	958 (73)	2,356 (460)	2,205 (279)				
Earnings after tax	886	885	1,896	1,926				
Basic earnings per share - Rupees	10.09	10.50	21.61	22.82				

During the first half of 2015, the Company has achieved net sales of Rs. 8,384 million against net sales of Rs. 7,893 million of corresponding period of last year, representing sales growth of 6%. The Operations have generated Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of Rs. 1,475 million during the half year under review against Rs. 905 million of corresponding period of year 2014, resulting in an increase of Rs. 570 million primarily due to prudent management of raw material costs, lower fuel and energy costs and production efficiencies.

The Company continued to improve working capital management by taking initiatives to rationalise inventory levels.

As part of the Company's efforts to move towards sustainable energy solutions, the Company installed solar panels for supply of 320 kWh of power to production operations. This capacity is planned to be increased to 1 MW to reduce reliance on power supply from traditional sources.

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

#### **Consumer Products Division**

Consumer Products Division has registered sales of Rs. 1,775 million during the first half of 2015 as compared to Rs. 1,493 million of corresponding period of 2014, representing sales growth of 19%.

Operating results of the Division have also improved by five times during first half of 2015 over corresponding values of 2014 resulting from revenue growth, improved capacity utilisation, operating cost control initiatives and overall lower fuel and energy costs.

#### **Packaging Operations**

Packaging Operations have achieved net sales of Rs. 6,416 million during first half of 2015 as compared to Rs. 6,270 million of corresponding period of year 2014. While Packaging Operations achieved sales growth of only 2%, operating results have improved by 44% over corresponding period of 2014 on comparable basis mainly due to improved product mix, operating cost control initiatives and overall lower fuel and energy costs.

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

	Apr - June 2015	Apr - June 2014	Jan - June 2015	Jan - June 2014
Consumer products produced - tons	3,000	2,941	6,059	5,170
Carton board & consumer products converted - tons	9,032	8,933	19,178	18,401
Plastics all sorts converted - tons	4,398	4,183	8,245	8,311

#### **Conversion of Preference Shares**

During the period, IFC exercised its right to convert 1,000,000 preference shares / convertible stock of Rs. 190 into 1,000,000 ordinary shares of Rs. 10 each. Consequently, the Company converted 2,000,000 preference shares / convertible stock during the period of which 1,000,000 shares pertain to the right exercised by IFC in the previous year.

#### Acquisition of operations of flexible packaging company in South Africa

During the half year ended June 30, 2015, the Company completed its acquisition of the operations of a flexible packaging company in South Africa. The management believes that the acquisition shall be advantageous to its shareholders.

#### **Future Outlook**

As part of its diversification strategy, the Company will continue to explore investment opportunities. Despite rising competition in packaging business, the Company will continue to focus on improving shareholders' value through cost optimisation, 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 20, 2015

Syed Hyder Ali)

Chief Executive & Managing Director Lahore, August 20, 2015

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

#### Introduction

We have reviewed the accompanying condensed interim balance sheet of Packages Limited as at June 30, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2014 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2015.

#### Scope of Review

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

#### Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended June 30, 2015 is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A. F. Ferguson & Co.

Chartered Accountants Lahore, August 20, 2015

Engagement partner: Asad Aleem Mirza

## PACKAGES LIMITED CONDENSED INTERIM BALANCE SHEET

as at June 30, 2015

EQUITY AND LIABILITIES	Note	June 30, 2015 Un-audited (Rupees in	December 31,  2014  Audited  1 thousand)
CAPITAL AND RESERVES			
Authorised capital 150,000,000 (December 31, 2014: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (December 31, 2014: 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 88,379,504 (December 31, 2014: 86,379,504) ordinary shares of Rs. 10 each Reserves Preference shares / convertible stock reserve Accumulated profit		883,795 48,998,012 1,309,681 2,410,793 53,602,281	863,795 44,766,414 1,571,699 2,800,819 50,002,727
NON-CURRENT LIABILITIES			
Long-term finances Liabilities against assets subject to finance lease Deferred income tax liabilities Deferred liabilities	6 7	4,014,895 24,808 455,888 194,568 4,690,159	4,228,815 25,685 292,841 174,581 4,721,922
CURRENT LIABILITIES			
Current portion of long-term liabilities - secured Finances under mark up arrangements - secured Trade and other payables Accrued finance costs		205,039 1,631,006 3,100,401 194,221	204,696 1,262,596 3,144,680 517,634
		5,130,667	5,129,606
CONTINGENCIES AND COMMITMENTS	8	-	-
		63,423,107	59,854,255

Note	June 30, 2015 Un-audited (Rupees i	December 31, 2014 Audited n thousand)
10	3,562,814 151,641 29,190 51,590,159 51,619 93,475 55,478,898	3,685,677 137,787 37,652 47,304,365 52,558 87,881 51,305,920
12	470,169 1,807,063 1,828,100 1,419,364 2,351,492 68,021	492,967 2,230,500 1,527,372 1,797,214 2,247,790 252,492 8,548,335
	10	Note Un-audited (Rupees i  10 3,562,814 151,641 29,190 11 51,590,159 51,619 93,475  55,478,898  470,169 1,807,063 1,828,100 1,419,364 12 2,351,492

63,423,107

59,854,255

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

Towfiq Habib Chinoy Chairman Syed Hyder Ali Chief Executive & Managing Director

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

for the quarter and half year ended June 30, 2015

		Quarter	ended	Half yea	r ended
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	Note	(Rupe	es in	t h o u	s a n d )
Local sales		4,763,893	4,608,079	9,765,525	9,226,854
Export sales		2,674	3,890	16,564	17,400
Gross sales		4,766,567	4,611,969	9,782,089	9,244,254
Less: Sales tax and excise dut	ty	681,706	646,616	1,382,790	1,338,544
Commission		7,589	6,268	15,330	13,071
		689,295	652,884	1,398,120	1,351,615
Net sales		4,077,272	3,959,085	8,383,969	7,892,639
Cost of sales	13	(3,066,848)	(3,380,907)	(6,517,320)	(6,644,276)
Gross profit		1,010,424	578,178	1,866,649	1,248,363
Administrative expenses		(199,800)	(188,716)	(375,219)	(353,619)
Distribution and marketing cost	S	(131,785)	(149,005)	(304,004)	(248,732)
Other operating expenses		(100,357)	(89,950)	(198,618)	(178,698)
Other operating income		49,193	47,294	92,329	199,717
Profit from operations		627,675	197,801	1,081,137	667,031
Finance costs		(166,966)	(201,170)	(335,652)	(416,291)
Investment income		`675,497	962,193	1,610,922	1,953,738
Profit before taxation		1,136,206	958,824	2,356,407	2,204,478
Taxation	14	(250,334)	(73,224)	(460,264)	(278,896)
Profit for the period		885,872	885,600	1,896,143	1,925,582
Basic earnings per share	Rupees 15	10.09	10.50	21.61	22.82
Diluted earnings per share	Rupees 15	9.00	9.11	19.14	19.67

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

Towfiq Habib Chinoy Chairman Syed Hyder Ali Chief Executive & Managing Director

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

for the quarter and half year ended June 30, 2015

	Quarter ended					Half year ended												
	June 30, 2015			June 30, 2014			June 30, 2015				June 30, 2014			_				
	(	F	Rι	ı	p	е	е	s	i	n	t	h	0	u	s a	n	d	)
Profit for the period			88	5,	872	2		885	5,60	0	1,8	96,	14	3	1,9	25,5	582	
Other comprehensive income:																		
Items that will not be re-classified to profit or loss																		
Re-measurement of net defined benefit asset				5,	160	)		11	1,73	8		5,	,16	0		11,7	738	
Tax effect			(-	4,	913	3)		(3	3,87	5)		(4,	91	3)		(3,8	375)	,
					247	7		7	7,86	3			24	7		7,8	363	
Items that may be re-classified subsequently to profit or loss																		
(Deficit) / surplus on re-measurement of available for sale financial assets		(	(81	7,	432	2)	(1	,582	2,86	1)	2,3	375,	66	0	2,2	226,0	)42	
Other comprehensive (loss) / income for the period - net of tax			(81	7,	185	5)	(1	,574	1,99	8)	2,3	375,	90	7	2,2	233,9	905	_
Total comprehensive income / (loss) for the period			6	8,	687	7	_	(689	9,39	8)	4,2	?72,	05	0	4,1	59,4	187	_

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

Towfiq Habib Chinoy Chairman Syed Hyder Ali Chief Executive & Managing Director

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

for the half year ended June 30, 2015

		Half yea	ar ended
		June 30, 2015	June 30, 2014
	Note	(Rupees i	n thousand)
Cash flow from operating activities			
Cash generated from operations Finance cost paid Taxes paid Payments for accumulating compensated absences Retirement benefits paid	17	1,870,644 (659,065) (405,832) (9,264) (7,575)	889,410 (575,042) (323,750) (9,145) (6,449)
Net cash generated from / (used in) operating activities		788,908	(24,976)
Cash flow from investing activities			
Fixed capital expenditure Investments - net Long-term loans and deposits - net Proceeds from disposal of property, plant and equipment Dividends received		(184,560) (1,910,134) 939 30,366 1,610,922	(305,049) - 917 84,047 1,953,738
Net cash (used in) / generated from investing activities		(452,467)	1,733,653
Cash flow from financing activities			
Re-payment of long-term finances - secured Liabilities against assets subject to finance lease - net Dividend paid		(100,000) (2,414) (786,908)	(100,000) (1,642) (675,077)
Net cash used in financing activities		(889,322)	(776,719)
Net (decrease) / increase in cash and cash equivalents Cash and cash equivalents at the beginning of the period		(552,881) (1,010,104)	931,958 (1,281,764)
Cash and cash equivalents at the end of the period	18	(1,562,985)	(349,806)

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

Towfiq Habib Chinoy Chairman Syed Hyder Ali Chief Executive & Managing Director

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

for the half year ended June 30, 2015

Tor the man year chiece cuite 50, 201	Share capital	Share premium	Fair value reserve	General reserve	stock reserve		Total
Balance as on December 31, 2013 (audited)	( R 843.795	•		i n 11,610,333	t h o u 1,605,875	s a n 1,585,716	d ) 42,089,528
Appropriation of funds Transferred to general reserves	-	-	-	700,000	-	(700,000)	-
Total transactions with owners, recognised directly in equity Final dividend for the year ended December 31, 2013 Rs. 8.00 per share	-	-	-	-	-	(675,036)	(675,036)
Total comprehensive income for the period ended June 30, 2014 Profit for the period Other comprehensive income:	-	-	-	-	-	1,925,582	1,925,582
Surplus on re-measurement of available for sale financial assets Re-measurement of retirement benefits asset - net of tax	- -	-	2,226,042	-	-	7,863	2,226,042 7,863
Total comprehensive income for the period		-	2,226,042	-	-	1,933,445	4,159,487
Balance as on June 30, 2014 (un-audited)	843,795	2,876,893	25,792,958	12,310,333	1,605,875	2,144,125	45,573,979
Total transactions with owners, recognised directly in equity Conversion of preference shares / convertible stock into ordinary share capital (2,000,000 ordinary shares of Rs. 10 each)	20,000	355,938	-	-	(34,176)	-	341,762
Total comprehensive income for the period ended December 31, 2014 Profit for the period Other comprehensive income:	-	-		-	-	610,722	610,722
Surplus on re-measurement of available for sale financial assets Re-measurement of retirement benefit asset - net of tax	- -	-	3,430,292	-	_	- 45,972	3,430,292 45,972
Total comprehensive income for the period	-	-	3,430,292	-		656,694	4,086,986
Balance as on December 31, 2014 (audited) Appropriation of funds	863,795	3,232,831	29,223,250	12,310,333	1,571,699	2,800,819	50,002,727
Transferred to general reserve  Total transactions with owners, recognised directly in equity	-	-	-	1,500,000	-	(1,500,000)	•
Final Dividend for the year ended December 31, 2014 Rs. 9.00 per share Conversion of preference shares / convertible	-	-	-	-	-	(786,416)	(786,416)
stock into ordinary share capital (2,000,000 ordinary shares of Rs. 10 each)	20,000	355,938	-	-	(262,018)	-	113,920
Total comprehensive income for the period ended June 30, 2015				1			
Profit for the period Other comprehensive income: Surplus on re-measurement of available	-	-	2 275 660	-	-	1,896,143	1,896,143
for sale financial assets Re-measurement of retirement benefits asset - net of tax	-	-	2,375,660	-	-	247	2,375,660
Total comprehensive income for the period		_	2,375,660	-	<u>-</u>	1,896,390	4,272,050
Balance as on June 30, 2015 (un-audited)	883,795	3,588,769	31,598,910	13,810,333	1,309,681	2,410,793	53,602,281
•							

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

Towfiq Habib Chinoy Chairman Syed Hyder Ali Chief Executive & Managing Director

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

for the half year ended June 30, 2015

#### 1. The Company and its activities

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

The Board of Directors in its meeting held on April 22, 2015 resolved to enter into 50/50 Joint Venture arrangement with Omya Group of Switzerland ('Omya Group') subject to fulfillment of certain conditions. Omya Group is a leading producer of industrial minerals - mainly fillers and pigments derived from calcium carbonate and dolomite - and a worldwide distributor of specialty chemicals. The Joint Venture intends to set up a state of the art production facility to supply a range of high quality ground calcium carbonate products specifically tailored to meet local and regional markets.

#### 2. Basis of preparation

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended June 30, 2015 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2014.

#### 3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended December 31, 2014 except for the adoption of new accounting policies as referred to in note 3.2.1.

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

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

#### 3.2.1 Amendments to published standards effective in current year

New and amended standards, and interpretations mandatory for the first time for the financial year beginning January 1, 2015 and their impact on this condensed interim financial information is given below:

Annual improvements 2012 applicable for annual periods beginning on or after January 01, 2015. These amendments include changes from the 2010-12 cycle of the annual improvements project,

that affect 7 standards: IFRS 2, 'Share-based payment', IFRS 3, 'Business Combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and IAS 39, 'Financial instruments – Recognition and measurement'. These amendments do not have a material impact on this condensed interim financial information.

Annual improvements 2013 applicable for annual periods beginning on or after January 01, 2015. The amendments include changes from the 2011-13 cycle of the annual improvements project that affect 4 standards: IFRS 1, 'First time adoption', IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'. The application of this amendment does not have material impact on this condensed interim financial information.

IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after January 01, 2015. These amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The application of this amendment does not have material impact on this condensed interim financial information.

IFRS 11, 'Joint arrangements' is applicable on accounting periods beginning on or after January 01, 2015. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The application of this amendment does not have material impact on this condensed interim financial information.

IFRS 12, 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 01, 2015. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The application of this amendment does not have material impact on this condensed interim financial information.

IFRS 13, 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The application of this amendment does not have material impact on this condensed interim financial information.

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

Standards or Interpretations	Effective date (accounting periods beginning on or after)
IFRS 9, 'Financial instruments' - classification and measurement	July 1, 2015
Annual improvements 2014 which affect following standards:  IFRS 5, 'Non-current assets held for sale and discontinued operations'  IFRS 7, 'Financial instruments'  IAS 19, 'Employee benefits'  IAS 34, 'Interim financial reporting'  Amendments to IAS 16, 'Property, plant and equipment', and	January 1, 2016
IAS 38, 'Intangible assets'	January 1, 2016
Amendments to IAS 27, 'Separate financial statements'	January 1, 2016
Amendment to IAS 1, 'Presentation of financial statements'	January 1, 2016
Amendment to IFRS 11, 'Joint arrangements'	January 1, 2016
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, Intangible assets', on depreciation and amortisation IFRS 14 'Regulatory deferral accounts' IFRS 15 'Revenue from contracts with customers' Amendments to IFRS 9 'Financial instruments' - classification and measurement and general hedge accounting	January 1, 2016 January 1, 2016 January 1, 2017 January 1, 2018

#### 4. Taxation

The provision for taxation for the half year ended June 30, 2015 has been made using the tax rates that would be applicable to expected total annual earnings.

#### 5. Estimates

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

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2014, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

6.	Long-term finances		June 30, 2015	December 31, 2014
			Un-audited	Audited
		Note	(Rupees in	thousand)
	Opening balance Local currency loans - secured Preference shares / convertible stock - unsecured		2,300,000 2,128,815	2,900,000 2,470,577
	Loans repaid during the period Transfer to capital and reserves [1,000,000 shares		4,428,815 (100,000)	5,370,577 (600,000)
	(December 31, 2014: 3,000,000 shares)]	6.1	(113,920)	(341,762)
			4,214,895	4,428,815
	Current portion shown under current liabilities		(200,000)	(200,000)
	Closing balance		4,014,895	4,228,815

- 6.1 During the period, IFC exercised its right to convert 1,000,000 (December 31, 2014: 3,000,000) preference shares / convertible stock of Rs. 190 into 1,000,000 (December 31, 2014: 3,000,000) ordinary shares of Rs. 10 each. Consequently, the Company converted 2,000,000 (December 31, 2014: 2,000,000) preference shares / convertible stock during the period of which 1,000,000 (December 31, 2014: Nil) shares pertain to the right exercised by IFC in the previous year. Accordingly, the liability portion pertaining to 1,000,000 preference shares / convertible stock (December 31, 2014: 3,000,000) converted into ordinary shares has been transferred to capital and reserves.
- 7. The Company has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 666.955 million (December 31, 2014: Rs. 826.913 million) available to the Company under section 113 of the Income Tax Ordinance, 2001 ('Ordinance') in view of business profits of future periods, before these expire / lapse. Tax credits under section 113 of the Ordinance amounting to Rs. 203.917 million, Rs. 110.934 million, Rs. 175.30 million, Rs. 152.938 million and Rs. 23.866 million are set to lapse by the end of years ending on December 31, 2016, 2017, 2018, 2019 and 2020 respectively.

#### 8. Contingencies and commitments

#### 8.1 Contingencies

- (i) Claims against the Company not acknowledged as debts Rs. 18.708 million (December 2014: Rs. 18.062 million).
- (ii) Post dated cheques not provided in the financial information have been furnished by the Company in favor of the Collector of Customs against custom levies aggregated to Rs. 112.356 (December 2014: Rs. 86.546 million) in respect of goods imported.
- (iii) Standby letter of credit issued in favor of Habib Bank Limited Bahrain USD 12.8 million (Equivalent to PKR 1,299.2 million) [December 2014: Nil] as referred to in note 11.1.1.

#### 8.2 Commitments in respect of

- (i) Letters of credit and contracts for capital expenditure Rs. 185.582 million (December 2014: Rs. 51.002 million).
- (ii) Letters of credit and contracts for other than capital expenditure Rs. 288.402 million (December 2014: Rs. 209.069 million).
- (iii) The amount of future payments under operating leases and the period in which these payments shall become due are as follows:

	June 30, 2015	December 31, 2014
	Un-audited	Audited
	(Rupees i	n thousand)
Not later than one year	6,315	15,494
Later than one year and not later than five years	43,681	42,829
	49,996	58,323

#### 9. Dividends

Ordinary dividend relating to the year ended December 31, 2014 amounting to Rs. 786.416 million (December 31, 2013: Rs. 675.036 million) was declared during the period. The Company also paid preference dividend / return relating to the year ended December 31, 2014 amounting to Rs. 355.050 million (December 31, 2013: Rs. 412.050 million) during the period.

10.	Property, plant and equipment			
	, soporty, print and equipment		June 30, 2015	December 31, 2014
			Un-audited	Audited
		Note	(Rupees i	n thousand)
	Operating assets - at net book value Owned assets Assets subject to finance lease		3,378,098 30,527	3,400,833 30,830
	Assets subject to illiance lease	10.1		
	Capital work-in-progress	10.1	3,408,625 154,189	3,431,663 254,014
			3,562,814	3,685,677
10.1	Operating assets			
	Opening net book value		3,431,663	3,298,912
	Additions during the period / year	10.1.1	270,448	727,378
	Disposals during the period / year at book value Transferred to investment property		(15,494)	(27,507) (50,572)
	Depreciation charged during the period / year		(277,992)	(516,548)
			(293,486)	(594,627)
	Closing net book value		3,408,625	3,431,663
10.1.1	Additions during the period / year			
	Freehold land Buildings on freehold land		- -	19,731 20,485
	Plant and machinery Other equipment		221,929 14,974	540,565 78,951
	Furniture and fixtures		-	91
	Vehicles		33,545	67,555
			270,448	727,378
10.2	Capital work-in-progress			
	Civil works Plant and machinery Others		13,048 121,479 1,176	41,084 207,041
	Advances		18,486	5,889
			154,189	254,014
11.	Investments			
	Opening balance Investments made in related parties		47,304,365	41,048,030
	during the period / year Surplus on remeasurement of available	11.1	1,910,134	600,000
	for sale financial assets		2,375,660	5,656,335
	Closing balance		51,590,159	47,304,365

11.1 Investments made in related parties during the period/year

		June 30, 2015	2014
		<b>Un-audited</b>	Audited
	Note	(Rupees i	n thousand)
Packages Construction (Private) Limited		1,900,000	600,000
Anemone Holdings Limited	11.1.1	10,134	-
		1,910,134	600,000

Doggmbor 21

11.1.1 On January 5 2015, the Company incorporated a Special Purpose Vehicle ('SPV'), Anemone Holdings Limited ('AHL'), a wholly owned private limited company under the laws of Mauritius, and made an equity contribution in cash of USD 100,000 (equivalent to PKR 10.134 million) on February 4, 2015. Subsequently, Flexible Packages Convertors Proprietary Limited ('FPC') was incorporated under the laws of South Africa as a wholly owned subsidiary of AHL. On June 1, 2015, FPC acquired operations of FlexCo Investments Proprietary Limited registered under the laws of South Africa (formerly named 'Flexible Packaging Convertors Proprietary Limited'), in lieu of cash consideration and 45% shares of FPC. This acquisition amount of USD 8.542 million was funded by AHL through a loan from Habib Bank Limited, Offshore Banking Unit, Bahrain ('HBL Bahrain') against a guarantee in the form of a Standby Letter of Credit (SBLC) issued by Habib Bank Limited Pakistan ('HBL Pakistan') in favour of HBL Bahrain. The SBLC is secured against pledge of Nestle Pakistan Limited shares owned by the Company. The primary source of debt financing will be dividends generated from operations of FPC. In the event that there is a shortfall between the dividends and obligations against the finance facility, this shortfall will be funded by Packages Limited.

As of June 30, 2015, an aggregate of 222,856 shares (December 2014: Nil) of Nestle Pakistan Limited having market value Rs. 2,173.069 million (December 2014: Nil) were pledged in favor of Habib Bank Limited Pakistan against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 8.1. Subsequent to June 30, 2015, 37,144 shares of Nestle Pakistan Limited having market value of Rs. 362.154 million were further pledged in favor of HBL Pakistan.

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

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

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

#### 13. Cost of sales

		Quarter ended				Half year ended												
			<b>June 30</b> , June 30,			June 30,			,	June 30,								
		_	_		115	_	_	201			201		_	_		014		
	Mata	_!			udite		_	Jn-au			n-au			Un-audited				
	Note	(	F	R	u p	е	е	S	i n	t	t h	0	u	S	а	n	d )	
Materials consumed			2		49,3			,	0,050	4	,522	•		4			872	
Salaries, wages and amenities	13.1			2	37,9				9,106		498	•					581	
Travelling						77			7,828			),7					384	
Fuel and power					86,7				4,101		355	•					688	
Production supplies					85,0				1,224		175	•			1		229	
Excise duty and sales tax						59			1,036				51				195	
Rent, rates and taxes						241			1,484			,6					473	
Insurance						02			8,921			3,6					059	
Repairs and maintenance					76,9				3,744		155	•					448	
Packing expenses					76,0	123		6	9,040		150	1,3	13		13	38,	769	
Depreciation on property, plant				_	00.4	00		40	0 00 4		004		00		0	7	050	
and equipment				1	32,1				0,024		261	•			2		058	
Amortisation of intangible assets	5					34			1,947			1,8					664	
Technical fee and royalty						112			3,053			7,1					065	
Other expenses			_		44,8	140			3,892	_	84	<b>1,2</b> 2	29			/ 3,	937	_
			3	3,0	12,5	43		3,45	5,449	6	,246	i,3	56	6	6,6	78,	422	
Opening work-in-process				2	02,0	96		27	2,224		211	,6	99		2	22,	373	
Closing work-in-process				(1	81,4	70)		(32	7,790)		(181	,4	70)		(32	27,	790)	
Cost of goods produced			3	3,0	33,1	69		3,39	9,883	6	,276	i,5	85	- (	5,5	73,	005	_
Opening stock of finished goods				4	71,5	19		43	5,949		678	3,5	75		5	26,	196	
Closing stock of finished goods				(4	37,8	40)		(45	4,925)		(437	,84	40)		(4	54,	925)	
			3	3,0	66,8	348		3,38	0,907	6	,517	7,3	20	- (	6,6	14,	276	-

**13.1.** Salaries, wages and amenities include Nil (2014: Rs 0.438 million) paid to outgoing employees who opted for separation from Company's employment under Voluntary Separation Scheme.

#### 14. Taxation

Quarter	Half year ended					
June 30, 2015		June 30, 2015	June 30, 2014			
In-audited	Un-audited	<b>Un-audited</b>	Un-audited			
Rupe	es in	t h o u	s a n d )			
165,201	108,034	302,131	247,982			
85,133	(34,810)	158,133	30,914			
250,334	73,224	460,264	278,896			
	June 30, 2015 In-audited R u p e 165,201 85,133	2015 2014 In-audited Un-audited R u p e e s i n  165,201 108,034 85,133 (34,810)	June 30, 2015         June 30, 2014         June 30, 2015           In-audited R u p e e s i n         Un-audited t h o u           165,201 85,133         108,034 (34,810)         302,131 (34,810)			

Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital and the company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires.

15.	Earnings per share		Quarte	r ended	Half Year ended				
			June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014			
			Un-audited	Un-audited	Un-audited	Un-audited			
15.1	Basic earnings per st	nare							
	Profit for the period Weighted average number	Rupees in thousand	885,872	885,600	1,896,143	1,925,582			
	of ordinary shares	Numbers	87,755,195	84,379,504	87,755,195	84,379,504			
	Earnings per share	Rupees	10.09	10.50	21.61	22.82			
15.2	Diluted earnings per	share							
	Profit for the period	Rupees in thousand	885,872	885,600	1,896,143	1,925,582			
	Return on preference shares / convertible								
	stock - net of tax	Rupees in thousand	69,092	81,017	134,439	161,142			
			954,964	966,617	2,030,582	2,086,724			
	Weighted average number of ordinary shares	Numbers	87,755,195	84,379,504	87,755,195	84,379,504			
	Weighted average number of notionally converted preference								
	shares / convertible stock	Numbers	18,311,151	21,686,842	18,311,151	21,686,842			
			106,066,346	106,066,346	106,066,346	106,066,346			
	Earnings per share	Rupees	9.00	9.11	19.14	19.67			

#### 16. Transactions with related parties

		_	June 30, 2015	June 30, 2014
		_	Un-audited	Un-audited
		_	(Rupees in	
Re	lationship with the Company	Nature of transactions		,
i.	Subsidiaries	Purchase of goods and services Sale of goods and services Investment in equity Dividend income Rental and other income Management and technical fee Expenses incurred on behalf of subsidiaries	467,279 19,374 1,910,134 165,423 9,006 10,311	455,613 21,143 - 91,487 8,391 11,361 56,319
ii.	Joint venture	Purchase of goods and services Sale of goods and services Rental and other income Sale of property, plant & equipmen	1,416,193 63,718 31,149 t 77	1,366,424 71,513 22,717
iii.	Associates	Purchase of goods and services Sale of goods and services Insurance premium Commission earned Insurance claims received Rental and other income Dividend income Sale of property, plant & equipmen	433,811 4,036 68,970 1,347 800 619 39,066 t 1,834	523,910 9,969 47,172 549 334 41 17,757
iv.	Post employment benefit plans	Expense charged in respect of retirement benefit plans	43,240	47,287
V.	Key management personnel	Salaries and other employee benef	its <b>45,700</b>	52,150

Half year ended

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

#### **Period-end balances**

	June 30, 2015	December 31, 2014
	Un-audited	Audited
Receivable from related parties	(Rupees in t	nousand)
Subsidiaries Joint venture Associates	37,856 1,139,435 4,955	,
Payable to related parties Subsidiaries Joint venture Associates Post employment benefit plans	72,039 160,022 59,680 14,339	70,043 164,462 1,853 13,237

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

#### 17. Cash generated from operations

18.

	Half year ended		
	June 30, 2015	June 30, 2014	
	Un-audited	Un-audited	
	(Rupees in	thousand)	
Profit before tax Adjustments for:	2,356,407	2,204,478	
Depreciation on property, plant and equipment	277,992	250,149	
Depreciation on investment property	1,960	1,809	
Amortisation on intangible assets	8,465	6,711	
Provision for accumulating compensated absences	29,251	24,627	
Provision for retirement benefits	7,141	12,023	
Net profit on disposal of property, plant and equipment	(14,872)	(72,786)	
Exchange loss / (gain)	13,000	(16,962)	
Finance costs	335,652	416,291	
Provision for doubtful debts	30,347	2,525	
(Write back) / provision for pending claims	(56,384)	7,763	
Gain on re-measurement of derivative financial instruments	-	(27,272)	
Provisions and unclaimed balances written back	(20,156)	(3,269)	
Dividend income	(1,610,922)	(1,953,738)	
Profit before working capital changes	1,357,881	852,349	
Effect on cash flow due to working capital changes			
Increase in trade debts	(274,691)	(231,655)	
Decrease in stores and spares	22,798	46,972	
Decrease in stock-in-trade	423,437	191,051	
Decrease / (increase) in loans, advances, deposits,			
prepayments and other receivables	287,809	(116,875)	
Increase in trade and other payables	53,410	147,568	
	512,763	37,061	
	1,870,644	889,410	
Cash and cash equivalents			
Cash and bank balances	68,021	165,311	
Finances under mark up arrangements - secured	(1,631,006)	(515,117)	
	(1,562,985)	(349,806)	

#### 19. Financial risk management

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2014.

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

#### 20. Date of authorisation for issue

This condensed interim financial information was authorised for issue on August 20, 2015 by the Board of Directors of the Company.

#### 21. Events after the balance sheet date

No material events have occurred subsequent to June 30, 2015.

#### 22. Corresponding figures

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

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

Towfiq Habib Chinoy Chairman Syed Hyder Ali Chief Executive & Managing Director

Rizwan Ghani

Director

Spallpauli

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# **Packages Group Condensed Consolidated Interim Financial Information**

# DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2015



The Directors of Packages Limited are pleased to submit the un-audited consolidated financial statements of the Group for the half year ended June 30, 2015.

#### **Group results**

The comparison of the un-audited results for the half year ended June 30, 2015 as against June 30, 2014 is as follows:

	Jan - June 2015	Jan - June 2014
	(Rupees	in million)
Net sales from operations	10,615	9,649
Profit from operations	1,509	903
Share of profit / (loss) in associates and joint venture - net of tax	169	(100)
Investment income	1,406	1,862
Profit after tax	2,047	1,903

During the first half of 2015, Group has achieved net sales of Rs. 10,615 million against net sales of Rs. 9,649 million achieved during corresponding period of last year representing sales growth of 10% with an operating profit of Rs. 1,509 million compared to Rs. 903 million generated during the corresponding period of the year 2014 representing an increase of Rs. 606 million, i.e. 67%. This increase in operating profit is attributable to revenue growth, initiatives taken to further improve working capital cycle, lower fuel and energy costs and operational efficiencies.

Investment income has decreased by Rs. 456 million during the first half of 2015 over corresponding values of 2014 that is mainly due to timing difference of declaration of dividend of investee companies.

During the half year ended June 30, 2015, the Company completed its acquisition of the operations of a flexible packaging company in South Africa. The management believes that the acquisition shall be advantageous to its shareholders.

The Group's development of a high quality retail mall at its Lahore land is currently underway and is on schedule for completion in 2016.

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

#### **DIC Pakistan Limited**

DIC Pakistan Limited is a non-listed public limited subsidiary of Packages Limited. It is principally engaged in manufacturing, processing and selling of industrial inks. The Company has achieved net sales of Rs. 1,686 million during the first half of the year 2015 as compared to Rs. 1,540 million of the corresponding

period of last year representing sales growth of 10%. This sales growth coupled with prudent management of raw material costs has helped in improved operating results of the Company as it has generated profit before tax of Rs. 237 million during the first half of the year 2015 as against Rs. 158 million generated during corresponding period of 2014. Moving forward, the Company will continue its focus on improving operating results through tighter operating cost control, product diversification, price rationalisation and better working capital management.

#### Packages Lanka (Private) Limited

Packages Lanka (Private) Limited is a Sri Lanka based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging solutions. During the first half of 2015, the Company has achieved sales of SLR 865 million as compared to SLR 661 million of the corresponding period of last year representing sales growth of 31%. This increase in sales growth, waste reduction efforts and reduced fuel prices have helped in improving operating results of the Company as the Company has generated profit before tax of SLR 104 million during the first half of the year 2015 as against Rs. 79 million generated during corresponding period of 2014. Moving forward, the Company will focus on improving operating results through product diversification and price rationalisation.

(Towfiq Habib Chinoy)

Mhin

Chairman

Lahore, August 20, 2015

Sydle Hyder Ali)

Chief Executive & Managing Director

Lahore, August 20, 2015

# PACKAGES GROUP CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED) as at June 30, 2015

	Note	June 30, 2015 Un-audited	December 31, 2014 Audited
	NOIG		1 thousand)
EQUITY AND LIABILITIES		(Hupces II	i tilousaliu)
CAPITAL AND RESERVES			
Authorised capital 150,000,000 (December 31, 2014: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (December 31, 2014: 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 88,379,504 (December 31, 2014: 86,379,504) ordinary shares of Rs. 10 each Reserves Preference shares / convertible stock reserve Equity portion of short-term loan from shareholder of the Parent Company Accumulated profit	6	883,795 48,975,622 1,309,682 21,444 3,066,014	863,795 44,759,323 1,571,699 - 3,397,572
		54,256,557	50,592,389
NON CONTROLLING INTEREST		1,080,068	392,866
		55,336,624	50,985,255
NON-CURRENT LIABILITIES			
Long-term finances Liabilities against assets subject to finance lease Deferred income tax liabilities Deferred liabilities	7 8	5,073,720 305,297 608,382 303,772	4,428,836 25,685 437,000 212,911
		6,291,171	5,104,432
CURRENT LIABILITIES			
Current portion of long-term liabilities - secured Short-term loan from shareholder of the Parent Company Finances under mark up arrangements - secured Trade and other payables Accrued finance cost	9	373,153 478,556 2,092,045 4,388,742 203,050	271,370 - 1,607,583 3,561,912 526,943
		7,535,546	5,967,808
CONTINGENCIES AND COMMITMENTS	10		
		69,163,341	62,057,495

ASSETS	Note	June 30, 2015 Un-audited (Rupees i	December 31, 2014 Audited n thousand)
NON-CURRENT ASSETS			
Property, plant and equipment Intangible assets Investment property	12	5,214,171 609,154 2,956,205	4,186,396 43,059 1,166,414
Investments accounted for using the equity method	13	13,579,233	13,448,877
Other long-term investments Long-term loans and deposits Retirement benefits	14	35,598,547 63,963 93,475 58,114,748	33,222,887 53,361 87,881 52,208,875

#### **CURRENT ASSETS**

Stores and spares	518,733	549,505
Stock-in-trade	2,893,913	2,935,722
Trade debts	3,064,360	2,057,352
Loans, advances, deposits, prepayments		
and other receivables	1,452,744	1,504,559
Income tax receivable 15	2,439,925	2,341,185
Cash and bank balances	678,918	460,297
	11 048 593	9 848 620

**69,163,341** 62,057,495

The annexed notes 1 to 26 form an integral part of this condensed consolidated interim financial information.

Towfiq Habib Chinoy Chairman Syed Hyder Ali Chief Executive & Managing Director

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

for the quarter and half year ended June 30, 2015

for the quarter and hair year ended Jur	ie 30, 2	UI	ਹ <b>Quarter</b>	ended	Half vea	ar ended
		_	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	Note	(	•		thou	s a n d )
Local sales Export sales			6,114,950 63,274	5,403,535 160,551	12,088,285 134,171	10,963,373
Gross Sales			6,178,224	5,564,086	12,222,456	11,188,294
Less: Sales tax and excise duty Commission			787,986 15,284	740,019 9,377	1,578,931 28,391	1,519,179 20,385
			803,270	749,396	1,607,322	1,539,564
Net sales Cost of sales	16		5,374,954 (4,055,203)	4,814,690 (4,057,543)	10,615,134 (8,210,888)	9,648,730 (8,027,101)
Gross profit			1,319,751	757,147	2,404,246	1,621,629
Administrative expenses Distribution and marketing costs Other operating expenses Other operating income			(294,815) (171,358) (111,778) 68,411	(225,843) (171,064) (95,315) 50,506	(526,460) (368,658) (217,633) 105,061	(293,420)
Profit from operations			810,211	315,431	1,396,556	918,674
Finance costs Investment income Share of profit / (loss) of investments accounted for using the equity meth - net of tax	od		(191,189) 636,432 298,829	(225,275) 938,251 91,910	(374,682) 1,406,432 169,422	(463,423) 1,862,251 (100,133)
Profit before taxation			1,554,283	1,120,317	2,597,728	2,217,369
Taxation			(319,613)	(99,487)	(550,835)	
Profit for the period			1,234,670	1,020,830	2,046,893	1,902,847
Attributable to: Equity holders of the Parent Company Non-controlling interest			1,182,857 51,813	991,544	1,954,611 92,282	1,843,172 59,675
			1,234,670	1,020,830	2,046,893	1,902,847
Earnings per share attributable to equity holders of the Parent Company for the period						
Basic earnings per share - Rupees	17		13.48	11.75	22.27	21.84
Diluted earnings per share - Rupees	17		11.80	10.11	19.70	18.90

The annexed notes 1 to 26 form an integral part of this condensed consolidated interim financial information.

Towfiq Habib Chinoy Chairman

Syed Hyder Ali Chief Executive & Managing Director

## PACKAGES GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

for the quarter and half year ended June 30, 2015

		Quarter ended				Half year en				nded										
		•		ie 3 01:	30, 5			June 30, 2014			_	June 30, 2015					June 20			-
	(		R	u	p	е	е	s	i	n		t	h	0 u	1	S	a ı	1	d	)
Profit for the period			1,2	234	1,6	70		1,0	20,8	330		2,0	046	,893	}	-	1,90	2,8	847	
Other comprehensive income																				
Items that will not be re-classified to profit or loss																				
Re-measurement of net defined benefit asset				5	5,1	60			11,7	738			5	,160	)		1	1,7	738	
Tax effect				(4	I,9	13)			(3,8	375)	)		(4	,913	3)		(	3,8	375	)
					2	47			7,8	363				247	7			7,8	363	_
Items that may be re-classified subsequently to profit or loss																				
Exchange difference on translation of foreign subsidiary			(	(12	2,1	17)			6,4	190			(16	,845	5)		(3	8,	181	)
Other reserves relating to associates - net of tax						-			11,7	790				•	-		1	1,7	790	
(Deficit) / surplus on re-measurement of available for sale financial assets			(8	317	7,4	32)		(1,5	82,8	361)	)	2,3	375	,660	)	2	2,22	6,0	042	
			(8	329	),5	49)		(1,5	64,5	581)	)	2,3	358	,815	5	1	2,19	9,6	651	_
Other comprehensive (loss) / income for the period		_	(8	329	9,3	02)		(1,5	56,7	718)	 )	2,3	359	,062	_	-	2,20	7,5	514	_
Total comprehensive income / (loss) for the period			4	105	5,3	68		(5	35,8	388)	)	4,4	405	,955	_ 5	_	4,11	0,3	361	_
Attributable to: Equity holders of the Parent Company Non-controlling interest			3		I,1 I,2				66,5 30,6			4,3	315 90	,219 ,736	) j	4	4,05 5		677 684	
		_		105	5,3	68		(5	35,8	388)	 )	4,4	105	,955	5	_	4,11	0,3	361	_
The anneyed notes 1 to 26 form an integral part	٥f	+I	hic	00	nd	one	•	Loor	neoli	date	i ha	nto	rim	finar	nci	al	infor	m	atio	'n

The annexed notes 1 to 26 form an integral part of this condensed consolidated interim financial information.

Towfiq Habib Chinoy Chairman Syed Hyder Ali Chief Executive & Managing Director

# PACKAGES GROUP CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

for the half year ended June 30, 2015

		Half yea	r ended
		June 30, 2015	June 30, 2014
		Un-audited	Un-audited
Cash flow from operating activities	Note	(Rupees in	ı thousand)
Cash generated from operations Finance cost paid Taxes paid Payments for accumulating compensated absences and staff gratuity Retirement benefits paid	20	2,067,050 (698,575) (483,106) (10,264) (9,400)	1,183,433 (620,087) (392,139) (9,913) (6,449)
Net cash generated from operating activities		865,705	154,845
Net cash generated from operating activities		003,703	134,043
Cash flow from investing activities			
Acquisition of subsidiary, net of cash acquired Fixed capital expenditure Net decrease in long-term loans and deposits Proceeds from sale of property, plant and equipment Dividends received		(968,700) (2,012,275) 879 34,398 1,445,498	(385,602) 816 85,249 1,862,251
Net cash (used in) / generated from investing activities		(1,500,200)	1,562,714
Cash flow from financing activities			
Proceeds from long-term finances - secured Re-payment of long-term finances - secured Short-term loan from shareholder of the Parent Company Re-payment of liabilities against assets subject to finance le Dividend paid to equity holders of the Parent Company Dividend paid to non-controlling interest	ease	894,080 (136,052) 500,000 (4,747) (786,908) (97,719)	(133,352) - (1,642) (675,077) (62,204)
Net cash generated from / (used in) financing activities		368,654	(872,275)
Net (decrease) / increase in cash and cash equivalents Cash and cash equivalents at the beginning of the period		(265,841) (1,147,286)	845,284 (1,677,227)
Cash and cash equivalents at the end of the period	21	(1,413,127)	(831,943)

The annexed notes 1 to 26 form an integral part of this condensed consolidated interim financial information.

Towfiq Habib Chinoy Chairman Syed Hyder Ali Chief Executive & Managing Director

# PACKAGES GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

for the half year ended June 30, 2015

											Non- controlling	Total
			Attributab	le to equity	holders of the	e Parent Con	1pany				interest	Equity
	Share capital	Share premium	Exchange difference on translation of foreign subsidiary	Fair Value reserve	General reserve	Preference shares / convertible stock reserve	Other reserves relating to associates & Joint venture	portion of	Accumulated profit	Total		
	( R	u p	е	e s	i	n	t I	h o	u s	a n		)
Balance as on December 31, 2013 (audited)	843,795	2,876,893	42,784	23,566,916	11,610,333	1,605,875	(29,109)		2,309,000	42,826,487	332,354	43,158,841
Appropriation of funds												
Transferred to general reserve	-	-	-	-	700,000	-	-	-	(700,000)	-	-	
Transactions with owners recognised directly in equity												
Final dividend for the year ended December 31, 2013 Rs. 8 per share									(675,036)	(675,036)	_	(675,036
Dividend relating to 2013 paid to non-controlling interests									(070,000)	(0/3,030)	(62.204)	(62,204
Total transactions with owners, recognised directly in equity		<u> </u>		<u> </u>		<u> </u>	تــــا		(675,036)	(675,036)	(62,204)	(737,240
Total comprehensive income for the period ended June 30, 2014	_	_	-	_		_	-	_	(010,000)	(010,000)	(02,204)	(101,240
Profit for the period									1,843,172	1.843.172	59.675	1.902.847
Other comprehensive income:									1,010,112	1,010,172	00,070	1,502,071
Surplus on re-measurement of available for sale financial assets		١.	∥ .	2.226.042		١.			╽.	2,226,042		2.226.042
Re-measurement of retirement benifits asset - net of tex		١.	∥ .	-		١.			7.863	7.863		7.863
Other reserves of investment accounted for under equity method							11,790		1,000	11,790		11.790
Exchange difference on translation of foreign subsidiary		١.	(30.190)	١.			,			(30,190)	(7,991)	(38,181
Total comprehensive (loss) / income for the period			(30.190)	2.226.042			11.790		1,851,035	4.058.677	51.685	4,110,361
Balance as on June 30, 2014 (un-audited)	843.795	2.876.893	12.594	25.792.958	12,310,333	1.605.875	(17,319)		2.784.999	46.210.128	321.835	46,531,962
Transactions with owners, recognised directly in equity	,	_,,	,	,,	,,	.,,	(,/		=,,	,=,.=.	,	,,
Dividend relating to 2013 paid to non-controlling interests											(735)	(735
Conversion of preference shares / convertible stock into ordinary shares											()	(
capital (2,000,000 ordinary shares of Rs.10 each)	20,000	355,938	-	-	-	(34,176)	-	-	-	341,762	-	341,762
Total transactions with owners, recognised directly in equity	20,000	355,938		-		(34,176)	•	-		341,762	(735)	341,027
Total comprehensive income for the period												
ended December 31, 2014										l		
Profit for the period	-				-	-	-	-	566,799	566,799	69,961	636,760
Other comprehensive income:												
Exchange difference on translation of foreign subsidiary	-		7,023		-		-	-		7,023	1,859	8,882
Surplus on re-measurement of available for sale financial assets	-			3,430,292	-			-		3,430,292	-	3,430,292
Other reserves of investments accounted for under equity method	-	-		-	-	-	(9,389)	-		(9,389)	-	(9,389
Re-measurement of retirement benifits asset - net of tex	-			-	-			-	45,774	45,774	(53)	45,721
Total comprehensive income / (loss) for the period			7,023	3,430,292	-	-	(9,389)		612,573	4,040,499	71,767	4,112,266
Balance as on December 31, 2014 (audited)	863,795	3,232,831	19,617	29,223,250	12,310,333	1,571,699	(26,708)		3,397,572	50,592,389	392,867	50,985,255
Appropriation of funds					4 500 000				(4 500 000)			
Transferred to general reserve	•	-		-	1,500,000	-	•		(1,500,000)	•		
Transactions with owners recognised directly in equity			1						1		(07.740)	(07.740
Dividend relating to 2014 paid to non-controlling interests							-	-	(700.440)	700 (40)	(97,719)	(97,719
Final dividend for the year ended December 31, 2014 - Rs.9.00 per share	-				-		-	-	(786,416)	(786,416)		(786,416
Acquisition of Subsidiary - Flexible Packages Convertors (Pty) Limited	-				-		-	-		-	694,184	694,184
Equity portion of short-term loan from shareholder of the Parent Company (note - 6)		١.		١.		١.		22,465	١.	22.465		22.465
Interest during the period (note - 6)		.		.			-	(1,021)	.	(1,021)		(1,021
Conversion of preference shares / convertible stock into ordinary shares	20,000	355,938				(262,017)		(-,)		113,921		113,921
capital (2,000,000 ordinary shares of Rs.10 each)  Total transactions with owners, recognised directly in equity	20,000	355,938				(262,017)	نــــا	21,444	(786,416)	(651,051)	596,465	(54,586
Total comprehensive income for the period ended June 30, 2015	20,000	000,000	-	_		(202,011)	-	21,777	(100,410)	(001,001)	000,700	(07,000
Profit for the period									1,954,611	1,954,611	92,282	2,046,893
Other comprehensive income:			-			•	1		1,007,011	1,004,011	02,202	£,040,030
Re-measurement of retirement benifits asset - net of tex					.		.		247	247	.	247
Surplus on re-measurement of available for sale financial assets				2,375,660			.		".	2,375,660	.	2,375,660
Exchange difference on translation of foreign subsidiary			(15,299)	2,0.0,000	.		.			(15,299)	(1,546)	(16,845
Total comprehensive (loss) / income for the period		<u> </u>	(15,299)	2,375,660	-	<u> </u>	-		1,954,858	4,315,219	90,736	4,405,955
Balance as on June 30,2015 (un-audited)	883,795	3,588,769	4,318	31,598,910	13,810,333	1,309,682	(26,708)	21,444	3,066,014	54,256,557	1,080,068	55,336,624
The annexed notes 1 to 26 form an integral part of this condensed consolida				, -,	, -,	, -,	1 -1 - 21	,	, -,	, .,	, -,	,,.

Towfiq Habib Chinoy Chairman Syed Hyder Ali Chief Executive & Managing Director

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

for the half year ended June 30, 2015

#### 1. Legal status and nature of business

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

Packaging: Representing manufacture and sale of packing materials and tissue products. Inks: Representing manufacture and sale of finished and semi finished inks.

Construction: Representing all type of construction activities and development of real estate.

The Board of Directors of the Parent Company in its meeting held on April 22, 2015 resolved to enter into 50/50 Joint Venture arrangement with Omya Group of Switzerland ('Omya Group') subject to fulfillment of certain conditions. Omya Group is a leading producer of industrial minerals - mainly fillers and pigments derived from calcium carbonate and dolomite - and a worldwide distributor of specialty chemicals. The Joint Venture intends to set up a state of the art production facility to supply a range of high quality ground calcium carbonate products specifically tailored to meet local and regional markets.

#### 2. Basis of preparation

This condensed consolidated interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2014.

#### 3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of this condensed consolidated interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended December 31, 2014 except for the adoption of new accounting policies as referred to in note 3.2.1.

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

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

#### 3.2.1 Amendments to published standards effective in current year

New and amended standards, and interpretations mandatory for the first time for the financial year beginning January 01, 2015 and their impact on this condensed consolidated interim financial information is given below:

Annual improvements 2012 applicable for annual periods beginning on or after January 01, 2015. These amendments include changes from the 2010-12 cycle of the annual improvements project,

that affect 7 standards: IFRS 2, 'Share-based payment', IFRS 3, 'Business Combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and IAS 39, 'Financial instruments – Recognition and measurement'. The application of these amendments has no material impact on the Group's financial statements.

Annual improvements 2013 applicable for annual periods beginning on or after January 01, 2015. The amendments include changes from the 2011-13 cycle of the annual improvements project that affect 4 standards: IFRS 1, 'First time adoption', IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'. The application of these amendments has no material impact on the Group's financial statements.

IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after January 01, 2015. These amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The application of these amendments has no material impact on the Group's financial statements.

IFRS 11, 'Joint arrangements' is applicable on accounting periods beginning on or after January 01, 2015. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The application of these amendments has no material impact on the Group's financial statements.

IFRS 12, 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 01, 2015. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The application of these amendments has no material impact on the Group's financial statements.

IFRS 13, 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The application of these amendments has no material impact on the Group's financial statements.

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

Standards or Interpretations	Effective date (accounting periods beginning on or after)
IFRS 9, 'Financial instruments' - classification and measurement	July 1, 2015
Annual improvements 2014 which affect following standards:  IFRS 5, 'Non-current assets held for sale and discontinued operations'  IFRS 7, 'Financial instruments'  IAS 19, 'Employee benefits'  IAS 34, 'Interim financial reporting'  Amendments to IAS 16, 'Property, plant and equipment', and	January 1, 2016
IAS 38, 'Intangible assets'	January 1, 2016
Amendments to IAS 27, 'Separate financial statements'	January 1, 2016
Amendment to IAS 1, 'Presentation of financial statements'	January 1, 2016
Amendment to IFRS 11, 'Joint arrangements'	January 1, 2016
Amendment to IAS 16, 'Property, plant and equipment' and	Inn
IAS 38,Intangible assets', on depreciation and amortisation	January 1, 2016
IFRS 14 'Regulatory deferral accounts'	January 1, 2016
IFRS 15 'Revenue from contracts with customers' Amendments to IFRS 9 'Financial instruments' - classification and	January 1, 2017
measurement and general hedge accounting	January 1, 2018

#### 4. Taxation

The provision for taxation for the half year ended June 30, 2015 has been made using the tax rates that would be applicable to expected total annual earnings.

#### 5. Estimates

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

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2014, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

#### 6. Equity portion of short-term loan from shareholder of the Parent Company

	Note	June 30, 2015 Un-audited	December 31, 2014 Audited
		(Rupees i	n thousand)
Equity portion of loan at initial recognition Interest during the period	9 9	22,465,281 (1,021,200)	-
Closing balance		21,444,081	-

Interest free loan aggregating to Rs. 500 million from the shareholder of the Parent Company, as referred to in note 9 has been discounted at a rate of 10.10%, considered to be the rate for a similar instrument, to determine the fair value of the loan. The resulting gain on initial recognition has been classified directly in equity as a capital contribution of the shareholder of the Parent Company accompanying a loan at market terms. The interest on unwinding of the loan is consequently also taken directly in equity.

#### Long-term finances June 30, December 31, 2015 2014 Audited **Un-audited** (Rupees in thousand) Opening balance 2,300,000 2,900,000 Local currency loans - secured 266,695 266,695 Term loan Preference shares / convertible stock - unsecured 2,128,815 2,470,577 4,695,510 5,637,272 Loans obtained during the period Foreign currency loans - secured 894,080 5,589,590 5,637,272 Preference shares converted to ordinary shares (113,921)(341,762)Loans repaid during the period Local currency loans - secured (136,052)(600,000)5,339,617 4,695,510 Current portion shown under current liabilities Local currency loans - secured (265,897)(266,674)Closing balance 5,073,720 4,428,836

7.

- 7.1 During the period, IFC exercised its right to convert 1,000,000 (December 31, 2014: 3,000,000) preference shares / convertible stock of Rs. 190 into 1,000,000 (December 31, 2014: 3,000,000) ordinary shares of Rs. 10 each. Consequently, the Group converted 2,000,000 (December 31, 2014: 2,000,000) preference shares / convertible stock during the period of which 1,000,000 (December 31, 2014: Nil) shares pertain to the right exercised by IFC in the previous year. Accordingly, the liability portion pertaining to 1,000,000 preference shares / convertible stock (December 31, 2014: 3,000,000) converted into ordinary shares has been transferred to capital and reserves.
- 8. The Parent Company has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 666.955 million (December 31, 2014: Rs. 826.913 million) available to the Parent Company under section 113 of the Income Tax Ordinance, 2001 ('Ordinance') in view of business profits of future periods, before these expire / lapse. Tax credits under section 113 of the Ordinance amounting to Rs. 203.917 million, Rs. 110.934 million, Rs. 175.30 million, Rs. 152.938 million and Rs. 23.866 million are set to lapse by the end of years ending on December 31, 2016, 2017, 2018, 2019 and 2020 respectively.

#### 9. Short-term loan from shareholder of the Parent Company - unsecured

	June 30, 2015	December 31, 2014
	<b>Un-audited</b>	Audited
	(Rupees ir	ı thousand)
Loan is recognised in the balance sheet as follows:		
Gross proceeds of loan Equity portion of loan at initial recognition	500,000 (22,465)	
Fair value of the loan at initial recognition Interest during the period	477,535 1,021	
Closing balance	478,556	-

Dagambar 01

**9.1** This loan has been obtained from Syed Babar Ali, shareholder of the Parent Company and is interest free. The loan is repayable on December 11, 2015 and has been carried at amortised cost using a market interest rate of 10.10% for a similar instrument.

#### 10. Contingencies and commitments

#### 10.1 Contingencies

- (i) Claims against the Group not acknowledged as debts Rs. 18.708 million (December 31, 2014: Rs. 18.062 million).
- (ii) Post dated cheques not provided in the condensed consolidated interim financial information have been furnished by the Parent Company in favor of the Collector of Customs against custom levies aggregated to Rs. 114.724 million (December 31, 2014: Rs. 100.337 million) in respect of goods imported.
- (iii) Guarantees issued in favor of Excise and Taxation officer amounting to Rs. 1.452 million (December 31, 2014 : Rs. 1.485 million)
- (iv) Guarantees to Director General of Customs amounting to Rs. 4.00 million (December 31, 2014: Nil)
- (v) Standby letter of credit issued in favor of Habib Bank Limited Bahrain USD 12.8 million (Equivalent to PKR 1,299.2 million) [December 2014: Nil] as referred to in note 14.1.

#### 10.2 Commitments in respect of

- (i) Letters of credit and contracts for capital expenditure Rs. 2,868.514 million (December 31, 2014: Rs. 962.267 million).
- (ii) Letters of credit and contracts other than for capital expenditure Rs. 423.491 million (December 31, 2014: Rs. 227.594 million).
- (iii) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	June 30, 2015	December 31, 2014
	<b>Un-audited</b>	Audited
	(Rupees i	ı thousand)
Not later than one year Later than one year and not later than five years Later than five years	71,406 262,940 203,270	28,923 49,404 -
	537,616	78,327

#### 11. Dividends

The Parent Company declared ordinary dividend relating to the year ended December 31, 2014 amounting to Rs. 786.416 million (December 31, 2013: Rs. 675.036 million) during the period. The Parent Company also paid preference dividend / return relating to the year ended December 31, 2014 amounting to Rs. 355.050 million (December 31, 2013: Rs 412.050 million) during the period.

	2014 amounting to Rs. 355.050 million (December 3)	I, 2013: RS	412.000 [[[[[[0]]]	auring the period.
12.	Property, plant and equipment		June 30, 2015	December 31, 2014
		Note	Un-audited	Audited
			(Rupees	n thousand)
	Operating assets - at net book value Owned assets Assets subject to finance lease		4,976,385 30,527	3,901,357 30,830
		12.1	5,006,912	3,932,187
	Capital work-in-progress	12.2	207,259	254,209
			5,214,171	4,186,396
12.1	Operating assets			
	Opening net book value Additions during the period Transfer in at book value - net	12.1.1	3,932,187 291,112 1,140,802	3,861,098 777,632 -
			5,364,101	4,638,730
	Disposals during the period at book value Transferred to investment property		(19,465)	(29,177) (50,572)
	Depreciation charged during the period Exchange adjustment on opening book value - net		(332,102) (5,622)	(601,036) (25,758)
			(357,189)	(706,543)
	Closing book value		5,006,912	3,932,187
12.1.1	Following is the detail of additions during the period	od / year		
	Freehold land Buildings on freehold land Plant and machinery Other equipment Furniture and fixtures Vehicles		226,043 26,744 749 37,576	19,731 21,267 546,398 102,880 6,887 80,469
			291,112	777,632
12.2	Capital work-in-progress			
	Civil works Plant and machinery		14,745 172,852	41,084 207,041
	Others		1,176	195
	Advances		18,486	5,889
			207,259	254,209

13.	Investments accounted for using the equity method			
			June 30, 2015	December 31, 2014
		Note	<b>Un-audited</b>	Audited
			(Rupees i	thousand)
	Investments in associates	13.1	3,688,547	3,531,225
	Investment in joint venture	13.2	9,890,686	9,917,652
			13,579,233	13,448,877
13.1	Investments in associates			
	Opening balance		3,531,225	3,662,998
	Share of profit / (loss) from associates - net of tax		196,388	(120,420)
	Share of other comprehensive income - net of tax Dividends received during the period		(39,066)	6,404 (17,757)
	Closing balance	13.1.1	3,688,547	3,531,225
13.1.	1 In equity instruments of associated companies			
	Quoted			
	IGI Insurance Limited 13,022,093 (December 31, 2014: 13,022,093)			
	fully paid ordinary shares of Rs. 10 each			
	Market value - Rs. 2,668.096 million			
	(December 31, 2014: Rs. 3,523.518 million)		1,290,842	1,211,651
	Tri-Pack Films Limited			
	10,000,000 (December 31, 2014: 10,000,000)			
	fully paid ordinary shares of Rs. 10 each Market value - Rs. 1,843.800 million			
	(December 31, 2014: Rs. 2,607.3 million)		2,397,704	2,319,574
	IGI Investment Bank Limited			
	4,610,915 (December 31, 2014: 4,610,915)			
	fully paid ordinary shares of Rs. 10 each			
	Market value - Rs. 7.792 million (December 31, 2014: Rs. 10.928 million)		-	-
			3,688,547	3,531,225
			0,000,041	0,001,220

13.2	Investment in joint venture	June 30, 2015	December 31, 2014
	Note	Un-audited	Audited
			in thousand)
	Opening balance Share of loss from joint venture - net of tax Share of other comprehensive income	9,917,652 (26,966)	10,011,843 (90,188)
	from joint venture - net of tax	-	(4,003)
	Closing balance	9,890,686	9,917,652
14.	Other long-term investments		
	Quoted Nestle Pakistan Limited 3,649,248 (December 31, 2014: 3,649,248) fully paid ordinary shares of Rs. 10 each Equity held 8.05% (December 31, 2014: 8.05%) Market value - Rs. 35,583.816 million (December 31, 2014: Rs. 33,208.156 million)	35,583,816	33,208,156
	Unquoted Tetra Pak Pakistan Limited 1,000,000 (December 31, 2014: 1,000,000) fully paid non-voting shares of Rs. 10 each	10,000	10,000
	Pakistan Tourism Development Corporation Limited 2,500 (December 31, 2014: 2,500) fully paid ordinary shares of Rs. 10 each	25	25
	Orient Match Company Limited 1,900 (December 31, 2014: 1,900) fully paid ordinary shares of Rs. 100 each	-	

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

4,706

35,598,547

4,706

33,222,887

Coca-Cola Beverages Pakistan Limited 500,000 (December 31, 2014: 500,000)

fully paid ordinary shares of Rs. 10 each

14.1 On January 5, 2015, the Parent Company incorporated a Special Purpose Vehicle ('SPV'), Anemone Holdings Limited ('AHL'), a wholly owned private limited company under the laws of Mauritius, and made an equity contribution in cash of USD 100,000 (Equivalent to PKR 10.134 million) on February 4, 2015. Subsequently, Flexible Packages Convertors Proprietary Limited ('FPC') was incorporated under the laws of South Africa as a wholly owned subsidiary of AHL. On June 1, 2015, FPC acquired operations of FlexCo Investments Proprietary Limited registered under the laws of South Africa (formerly named 'Flexible Packaging Convertors Proprietary Limited'), in lieu of cash consideration and 45% shares of FPC. This acquisition amount of USD 8.542 million was funded by AHL through a loan from Habib Bank Limited, Offshore Banking Unit, Bahrain ('HBL Bahrain') against a guarantee in the form of a Standby Letter of Credit (SBLC) issued by Habib Bank Limited Pakistan ('HBL Pakistan') in favour of HBL Bahrain. The SBLC is secured against pledge of Nestle Pakistan Limited shares owned by the Parent Company. The primary source of debt financing will be dividends generated from operations of FPC. In the event that there is a shortfall between the dividends and obligations against the finance facility, this shortfall will be funded by Parent Company.

The business combination has been accounted for by applying the purchase method. The cost of acquisition has been measured at the cash payment made by Anemone Holding Limited ('AHL') against the purchase of shares. Identified assets acquired, liabilities, assumed or incurred have been carried at book value at the acquisition date. The excess of cost of acquisition over the book value of the Group's share of the identifiable net assets acquired has been recorded as goodwill under 'Intangible assets' amounting to PKR 574 million in the financial statements of the Group. This goodwill is provisional as management is in the process of determining the fair value of assets and liabilities.

As of June 30, 2015, an aggregate of 222,856 shares (December 2014: Nil) of Nestle Pakistan Limited having market value Rs. 2,173.069 million (December 2014: Nil) were pledged in favor of Habib Bank Limited Pakistan against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 10.1. Subsequent to June 30, 2015, 37,144 shares of Nestle Pakistan Limited having market value of Rs 362.154 million were further pledged in favour of HBL Pakistan.

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

The Parent Company had filed an appeal against the revised orders of the ITO before the Commissioner of Income Tax (Appeals) [CIT(A)], Karachi. The Commissioner has, in his order issued in 1988, held the assessments reframed by the ITO for the years 1983 and 1984 presently to be void and of no legal effect. The ITO has filed an appeal against the Commissioner's order with the Income Tax Appellate Tribunal (ITAT). The ITAT has in its order issued in 1996 maintained the order of

CIT(A). The assessing officer after the receipt of the appellate order passed by CIT (A), has issued notices under section 65 of the Income Tax Ordinance, 1979 and the Parent Company has filed a writ petition against the aforesaid notices with the High Court of Sindh, the outcome of which is still pending.

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

#### 16. Cost of sales

	Quarter ended		Half year ended			
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014		
	<b>Un-audited</b>	Un-audited	Un-audited	Un-audited		
	(Rupe	es in	thou	s a n d )		
Materials consumed	2,927,519	2,996,376	5,831,146	5,825,661		
Salaries, wages and amenities	296,522	288,599	600,347	563,471		
Traveling and conveyance	8,874	10,934	15,228	20,094		
Fuel and power	212,719	304,479	397,426	570,895		
Production supplies	96,721	119,056	198,496	191,876		
Excise duty and sales tax	559	1,036	651	1,195		
Rent, rates and taxes	1,241	59,948	1,659	119,433		
Insurance	11,715	9,388	21,480	18,524		
Repairs and maintenance	97,655	95,743	191,827	185,976		
Packing expenses	96,388	53,303	189,586	138,769		
Depreciation on property, plant						
and equipment	160,530	138,124	305,898	276,282		
Amortisation of intangible assets	2,434	1,947	4,867	2,664		
Technical fee and royalty	25,587	17,319	44,823	37,998		
Other expenses	62,839	47,122	119,264	99,087		
	4,001,303	4,143,374	7,922,698	8,051,926		
Opening work-in-process	309,765	384,327	327,674	342,748		
Closing work-in-process	(284,581)	(425,933)	(284,581)	(425,933)		
Cost of goods produced	4,026,487	4,101,768	7,965,791	7,968,741		
Opening stock of finished goods	553,029	498,877	769,410	601,462		
Closing stock of finished goods	(524,313)	(543,102)	(524,313)	(543,102)		
	4,055,203	4,057,543	8,210,888	8,027,101		

**<sup>16.1</sup>** Salaries, wages and amenities include Nil (2014: Rs. 0.438 million) paid to outgoing employees who opted for separation from Group's employment under Voluntary Separation Scheme.

#### 17. Earnings per share

			Quarte	r ended	Half year ended		
			June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	
			Un-audited	Un-audited	Un-audited	Un-audited	
17.1	Basic earnings per sl	nare					
	Profit for the period attribut to equity holders of the	table					
	Parent Company	Rupees in thousand	1,182,857	991,544	1,954,611	1,843,172	
	Weighted average number	Normaliana	07 755 405	04 970 504	07 755 405	04 270 504	
	of ordinary shares	Numbers	87,755,195	84,379,504	87,755,195	84,379,504	
	Earnings per share	Rupees	13.48	11.75	22.27	21.84	
17.2	Diluted earnings per	share					
	Profit for the period attribut	table					
	to equity holders of the Parent Company	Rupees in thousand	1,182,857	991,544	1,954,611	1,843,172	
	Return on preference share / convertible stock	S					
	- net of tax	Rupees in thousand	69,092	81,017	134,439	161,142	
			1,251,949	1,072,561	2,089,050	2,004,314	
	Weighted average number of ordinary shares	Numbers	87,755,195	84,379,504	87,755,195	84,379,504	
	Weighted average number of notionally converted preference						
	shares / convertible stock	Numbers	18,311,151	21,686,842	18,311,151	21,686,842	
			106,066,346	106,066,346	106,066,346	106,066,346	
	Diluted earnings per share	Rupees	11.80	10.11	19.70	18.90	

#### 18. Transactions with related parties

Half year ended					
June 30, 2015	June 30, 2014				
Un-audited	Un-audited				
(Rupees in thousand)					

Re	elationship with the Group	Nature of transactions		
İ	Associated Undertakings	Purchase of goods and services Sale of goods and services Dividend income Sale of property, plant & equipment Insurance premium Rental and other income Insurance claims received	449,132 4,036 39,066 1,834 79,919 619 800	533,080 9,969 17,757 - 55,801 41 334
ii	Joint Venture	Commission earned	1,733	768
"	John Venture	Purchase of goods and services Sale of goods and services Rental and other income Sale of property, plant & equipment	1,419,847 102,330 31,149 77	1,369,684 108,691 22,717
iii	Other related parties	Purchase of goods and services Sale of goods and services Royalty and technical fee - expense Rebate received Proceeds against loan from shareholder of the Parent Company	133,187 - 34,804 - 500,000	138,149 703 30,011 974
iv	Post employment benefit plans		555,555	
v	Voy managament	Expenses charged in respect of retirement benefit plans	53,493	52,696
V	Key management personnel	Salaries and other employee benefits	73,776	65,214

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

Period-end balances	June 30, 2015	December 31, 2014
	Un-audited	Audited
Receivable from related parties	(Rupees in	thousand)
Associates Joint venture Other related parties	5,517 1,148,974 -	2,614 1,226,986 812
Payable to related parties Associates Joint venture Other related parties Post employment benefit plans	60,194 160,870 552,934 14,339	1,973 164,823 50,060 13,237

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

#### 19. Segment Information

	Packaging Division Consumer Products Division		Ink Division Real estate		estate	tate General & Others		Total				
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited
	( R	u	p e	e s		i n	t	h	0 U	s a	n	d )
Revenue from external customers	7,452,340	6,958,581	1,775,457	1,493,347	1,287,051	1,140,781	-	-	100,286	56,021	10,615,134	9,648,730
Intersegment revenue	241,146	215,933		5,767	399,384	399,125			60,579	49,353	701,109	670,178
	7,693,486	7,174,514	1,775,457	1,499,114	1,686,435	1,539,906			160,865	105,374	11,316,243	10,318,908
Segment profit before tax	862,841	617,433	334,968	69,249	237,380	157,599	(40,532)	(546)	1,235,294	1,564,979	2,629,951	2,408,714
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
Segment assets	8,239,124	6,568,797	1,512,928	1,385,332	1,346,596	1,265,593	3,272,727	1,076,708	1,447,952	934,213	15,819,327	11,230,643

Reconciliation of profit	June 30, 2015	June 30, 2014
	Un-audited	Un-audited
	(Rupees in	thousand)
Profit for reportable segments	2,629,951	2,408,714
Profit / (loss) from associates and joint venture - net of tax	130,356	(100,133)
Intercompany consolidation adjustments	(162,579)	(91,212)
Profit before tax	2,597,728	2,217,369

	<del></del>	Half year ended			
20.	Cash generated from operations	June 30, 2015	June 30, 2014		
		Un-audited	Un-audited		
		(Rupees in	thousand)		
	Profit before taxation Adjustments for:	2,597,728	2,217,369		
	Depreciation on property, plant and equipment Depreciation on investment property Amortisation on intangible assets Provision for accumulating compensated absences	332,102 1,206 9,384	294,389 1,150 7,584		
	and staff gratuity Exchange adjustments Provision for doubtful debts Provision for pending claims	36,103 5,622 30,998 (56,384)	29,293 (2,151) 3,560 7,763		
	Provision for retirement benefits Provisions and unclaimed balances written back Net profit on disposal of property, plant and equipment Gain on de-recognition of derivative financial instruments	8,966 (21,235) (14,933)	12,023 (6,045) (73,246) (27,272)		
	Exchange loss / (gain) Finance costs Dividend income from other investments Share of (profit) / loss of investments accounted for using the equity method	13,000 374,682 (1,406,432) (169,422)	(16,962) 463,423 (1,862,251) 100,133		
	Profit before working capital changes  Effect on cash flow due to working capital changes	1,741,385	1,148,760		
	Decrease in stores and spares Decrease in stock in trade Increase in trade debts Increase in loans, advances, deposits,	30,772 354,922 (397,607)	50,811 165,710 (259,050)		
	prepayments and other receivables Increase in trade and other payables	(37,426) 375,004	(34,822) 112,024		
		325,665	34,673		
		2,067,050	1,183,433		

#### 21. Cash and cash equivalents

•	Half year ended		
	<b>June 30</b> , June 3 <b>2015</b> 2014		
	<b>Un-audited</b> Un-aud		
	(Rupees in	thousand)	
Cash and bank balances	678,918	284,302	
Finances under markup arrangements - secured	(2,092,045)	(1,116,245)	
	(1,413,127)	(831,943)	

#### 22. Financial risk management

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2014.

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

#### 23. Detail of subsidiaries

Name of the subsidiaries	Accounting year end	Percentage of holding	Country of incorporation
Packages Lanka (Private) Limited	December 31	79.07%	Sri Lanka
DIC Pakistan Limited	December 31	54.98%	Pakistan
Packages Construction (Private) Limited	December 31	99.99%	Pakistan
Anemone Holdings Limited	December 31	100.00%	Mauritius

#### 24. Date of authorisation for issue

This condensed consolidated interim financial information was authorised for issue on August 20, 2015 by the Board of Directors of the Parent Company.

#### 25. Events after balance sheet date

No material events have occurred subsequent to June 30, 2015.

#### 26. Corresponding figures

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

the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes

of comparison. However, no significant re-classifications have been made.

Towfiq Habib Chinoy Chairman Syed Hyder Ali Chief Executive & Managing Director