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## COMPANY INFORMATION

### Board of Directors

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

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

Asghar Abbas  
(Executive Director)

Imran Khalid Niazi  
(Non-Executive Director)

Josef Meinrad Mueller  
(Non-Executive Director)

Muhammad Aurangzeb  
(Independent Director)

Shamim Ahmad Khan  
(Non-Executive Director)

Syed Aslam Mehdi  
(Non-Executive Director)

Syed Shahid Ali  
(Non-Executive Director)

Tariq Iqbal Khan  
(Non-Executive Director)

### Advisor

Syed Babar Ali

### Chief Financial Officer

Khurram Raza Bakhtayari

### Company Secretary

Adi J. Cawasji

### Rating Agency

PACRA

### Credit Rating

Long Term : AA  
Short Term : A1+

### Auditors

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

### Legal Advisors

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

### Shares Registrar

FAMCO Associates (Pvt.) Ltd  
8-F, Next to Hotel Faran  
Nursery, Block 6, P.E.C.H.S.,  
Shahrah-e-Faisal,  
Karachi-75400

**PABX** : (021) 34380101-5  
: (021) 34384621-3

**Fax** : (021) 34380106

**Email** : info.shares@famco.com.pk

### Bankers & Lenders

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

## Head Office & Works

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

## Offices

### Registered Office & Regional Sales office

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

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

### Regional Sales Office

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

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

## Zonal Sales Offices

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

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

## Web Presence

[www.packages.com.pk](http://www.packages.com.pk)

## DIRECTORS' REPORT FOR THE HALF YEAR ENDED JUNE 30, 2017

The Directors of Packages Limited are pleased to submit to its shareholders, the half yearly report along with the condensed interim un-audited financial statements of the Company for the half year ended June 30, 2017.

### Financial and Operational Performance

A comparison of the un-audited financial results for the half year ended June 30, 2017 as against June 30, 2016 is as follows:

	For the second quarter		Cumulative	
	Apr - June 2017	Apr - June 2016	Jan - June 2017	Jan - June 2016
	( R u p e e s i n m i l l i o n )			
Net sales	4,331	4,008	8,827	8,591
<b>EBITDA - operations</b>	<b>440</b>	597	<b>1,019</b>	1,459
Depreciation and amortisation	(167)	(146)	(338)	(294)
<b>EBIT - operations</b>	<b>273</b>	451	<b>681</b>	1,165
Finance costs	(112)	(173)	(226)	(282)
Other (expenses) / income - net	(59)	(88)	(160)	(161)
Investment income	2,039	1,748	3,550	3,127
<b>Earnings before tax</b>	<b>2,141</b>	1,938	<b>3,844</b>	3,849
Taxation	(526)	(401)	(724)	(720)
<b>Earnings after tax</b>	<b>1,615</b>	1,537	<b>3,120</b>	3,129
<b>Basic earnings per share - Rupees</b>	<b>18.07</b>	17.26	<b>34.91</b>	35.15

During the first half of 2017, the Company has achieved net sales of Rs. 8,827 million against net sales of Rs. 8,591 million of corresponding period of last year, representing sales growth of 3%. However, the overall volume growth has been 6% which has been offset by price discounts passed onto the customers of the packaging division on the back of deflationary trends in the raw material and fuel and power costs.

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. 2,205 million during the first half of 2017 as compared to Rs. 1,989 million of corresponding period of 2016, representing sales growth of 11%. Operating results of the Division are higher by 12% during first half of 2017 over corresponding values of 2016 mainly on account of increased sales.

#### Packaging Division

Packaging Division's net sales of Rs. 6,509 million during first half of 2017 have been stagnant as compared

to corresponding period of year 2016. This is primarily on account of lower sales to tobacco industry. The stagnant sales combined with inflationary fixed cost increases have adversely affected the operating results of the Packaging Division. The Company is focusing on revenue growth through higher volumes, better product mix and stricter controls over fixed costs to improve the operating results and is confident that its full year targets will be met.

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

	<b>Jan - June 2017</b>	<b>Jan - June 2016</b>
Consumer products produced - tons	<b>7,384</b>	7,778
Carton board & consumer products converted - tons	<b>20,588</b>	19,587
Plastics all sorts converted - tons	<b>10,044</b>	8,670

#### **Proposed transaction of purchase of 35% shares held by Stora Enso in Bulleh Shah Packaging (Private) Limited**

The Board of Directors has resolved to purchase 35% shares held by Stora Enso in Bulleh Shah Packaging (Private) Limited ("BSPPL") at a price of upto USD 8 million equivalent to Rs. 850 million approximately subject to exchange variation on date of payment subject to certain adjustments ("Proposed Transaction").

The Board of Directors of Packages strongly believes in the future growth prospects of the Company leading to considerable benefit to the shareholders.

#### **Real estate development - Packages Mall**


Packages Mall was inaugurated on 20<sup>th</sup> April, 2017 and the customer response has been very encouraging. Moving forward, the Board believes that this investment will bring considerable benefit to the shareholders in the form of dividend income and capital gains.

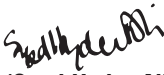
#### **Future Outlook**

As part of its diversification strategy, the Company hopes to continue exploring investment opportunities. Despite rising competition in packaging business, the Company will continue to focus on improving shareholders' value by increasing and diversifying revenue and expanding customer base, investment in new technology and production efficiencies. The joint venture with Omya Pack for production of calcium carbonate has commenced its construction activity and commercial production is targeted for Q1-2018.

#### **Company's Staff and Customers**

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

  
**(Towfiq Habib Chinoy)**  
 Chairman  
 Lahore, August 21, 2017

  
**(Syed Hyder Ali)**  
 Chief Executive & Managing Director  
 Lahore, August 21, 2017

کی بنیادی وجہ تمباکو کی صنعت کو سباز میں کمی تھی۔ جمود کا شکار سباز اور طے شدہ لاگت میں اغراط زر کی وجہ سے پیکیجنگ ڈویژن کے آپریٹنگ نتائج متاثر ہوئے۔ کمپنی بلند ترین حجم، مصنوعات کے بہتر امتزاج اور طے کردہ مالمیوں پر سخت کنٹرول کے ذریعے ریونیو میں بہتری پر توجہ دے رہی ہے تاکہ آپریٹنگ نتائج بہتر ہوں اور پورا اعتماد ہے کہ اس کے باعث پورے سال کے اہداف حاصل کر لئے جائیں گے۔

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

جنوری - جون	جنوری - جون	
2016	2017	
7,778	7,384	ایشیائے صارف تیار شدہ - ٹن
19,587	20,588	کارٹن بورڈ اور ایشیائے صارف منتقل کردہ - ٹن
8,670	10,044	پلاسٹک تمام اقسام منتقل شدہ - ٹن

اسٹورا اینسو (Stora Enso) کا بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ میں 35 فیصد شیئر کی خریداری کی مجوزہ منتقلی بورڈ آف ڈائریکٹرز نے قرار دیا ہے کہ اسٹورا اینسو کے پاس موجود 35 فیصد شیئرز کی بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ ("BSPPL") میں خریداری 8 ملین امریکی ڈالر، جو لگ بھگ 850 ملین روپے کے مساوی ہیں، کے نرخ پر کی جائے جو ادائیگی کی تاریخ پر زرمبادلہ کے نرخوں میں تغیر اور متعدد ایڈجسٹمنٹس سے مشروط ہے ("مجوزہ منتقلی")۔

پیکیجنگ لمیٹڈ کے بورڈ آف ڈائریکٹرز اس امر پر مستحکم یقین رکھتے ہیں کہ مستقبل میں کمپنی کی ترقی کے روشن امکانات موجود ہیں اور اس سے حصہ داران کو بہتر فائدہ ہوگا۔

#### ریٹیل اسٹیٹ ڈیولپمنٹ - پیکیجنگ مال

پیکیجنگ مال کا افتتاح 20 اپریل 2017 کو کیا جا چکا ہے اور صارفین کا ردعمل انتہائی حوصلہ افزا رہا۔ آگے بڑھتے ہوئے بورڈ اس امر پر یقین رکھتا ہے کہ اس سرمایہ کاری سے شیئرز ہولڈرز کو منافع منقسمہ اور کمپنل گین کی صورت میں قابل قدر منافع جات حاصل ہوں گے۔

#### مستقبل پر ایک نظر

کمپنی اپنی مختلف سمتوں میں جاری حکمت عملی کے حصہ کے طور پر سرمایہ کاری کے لئے مواقع تلاش کرنے کا سلسلہ جاری رکھے گی۔ پیکیجنگ برنس میں بڑھتے ہوئے مقابلے کے باوجود کمپنی ریونیو اور صارف کا دائرہ کار بڑھانے، نئی ٹیکنالوجی میں سرمایہ کاری اور باکفایت پیداواری صلاحیت کے ذریعے شیئرز ہولڈرز کا منافع بڑھانے پر توجہ دینے کا سلسلہ جاری رکھے گی۔ ٹیکسٹائل کاروبار کی پیداوار کے لئے اومیا بیگ کے ساتھ جو انٹنٹ و پیچر کا آغاز اس کی تعمیراتی سرگرمی کے ذریعے کیا جا چکا ہے اور 2018 کی پہلی سہ ماہی میں تجارتی پیداوار حاصل کرنے کا ہدف طے کیا گیا ہے۔

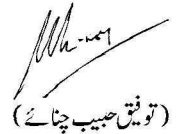
#### کمپنی کا عملہ اور صارفین

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

  
(سید حیدر علی)

چیف ایگزیکٹو اور پیکیجنگ ڈائریکٹر

لاہور، 21 اگست، 2017

  
(توفیق حبیب چنائے)

چیرمین

لاہور، 21 اگست، 2017

## 30 جون 2017 کو ختم ہونے والی ششماہی کے لئے ڈائریکٹرز کی رپورٹ

ٹیکسٹائل ملینڈ کے ڈائریکٹرز اپنے حصہ داران کو ششماہی رپورٹ بشمول 30 جون 2017 کو ختم ہونے والی ششماہی کے لئے کمپنی کے مجموعی عبوری غیر آڈٹ شدہ مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

### مالیاتی اور آپریشنل کارکردگی

30 جون 2017 کو ختم ہونے والی ششماہی کے لئے غیر آڈٹ شدہ مالیاتی نتائج کا ایک تقابل بمقابلہ 30 جون 2016 درج ذیل کے مطابق ہے:

مجموعی		برائے دوسری سدماہی		
جنوری-جون 2016	جنوری-جون 2017	اپریل-جون 2016	اپریل-جون 2017	
(روپے ملین میں)		(روپے ملین میں)		
8,591	<b>8,827</b>	4,008	<b>4,331</b>	خالص سیلز
1,459	<b>1,019</b>	597	<b>440</b>	ای بی آئی ٹی ڈی اے (EBITDA) - آپریشنز
(294)	<b>(338)</b>	(146)	<b>(167)</b>	فرسودگی اور کساد بازاری
1,165	<b>681</b>	451	<b>273</b>	ای بی آئی ٹی (EBIT) - آپریشنز
(282)	<b>(226)</b>	(173)	<b>(112)</b>	فنانس کی لاگت
(161)	<b>(160)</b>	(88)	<b>(59)</b>	دیگر (اخراجات) / آمدنی - خالص
3,127	<b>3,550</b>	1,748	<b>2,039</b>	سرمایہ کاری کی آمدنی
3,849	<b>3,844</b>	1,938	<b>2,141</b>	آمدنی قبل از ٹیکس
(720)	<b>(724)</b>	(401)	<b>(526)</b>	ٹیکسیشن
3,129	<b>3,120</b>	1,537	<b>1,615</b>	آمدنی بعد از ٹیکس
35.15	<b>34.91</b>	17.26	<b>18.07</b>	بنیادی آمدنی فی شیئر - روپے

2017 کی پہلی ششماہی کے دوران کمپنی نے 8,827 ملین روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کی اسی مدت کے دوران خالص سیلز 8,591 ملین روپے رہی تھی جس سے 3 فیصد کی بہتری ظاہر ہوتی ہے تاہم شرح نمو کا مجموعی حجم 6 فیصد رہا تھا جو کہ خام مال اور ایندھن کی بجلی کے اخراجات میں ڈی فلیشنز کی رجحانات کے باعث ہیکٹیجنگ ڈویژن کے صارفین کو ڈسکاؤنٹس منتقل کرنے سے متوازن ہوا۔

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

### ایشیائے صارف کا ڈویژن:

ایشیائے صارف کے ڈویژن میں 2017 کی پہلی ششماہی کے دوران 2,205 ملین کی سیلز رجسٹرڈ کی گئی جو کہ 2016 کی اسی مدت کے دوران 1,989 ملین روپے تھی اور اس طرح سیلز میں 11 فیصد کا اضافہ ہوا۔ ڈویژن کے آپریشنز کا نتائج 2017 کی پہلی ششماہی کے دوران 2016 کی اسی مدت کے مقابلے میں 12 فیصد زائد رہے جس کی بنیادی وجہ سیلز میں اضافہ تھا۔

### ہیکٹیجنگ ڈویژن

ہیکٹیجنگ ڈویژن نے 2017 کی پہلی ششماہی کے دوران 6,509 ملین روپے کی خالص سیلز حاصل کی جو کہ 2016 کی اسی مدت کے مقابلے میں جمود کا شکار رہی جس

**PACKAGES LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**

as at June 30, 2017

	Note	June 30, 2017 <u>Un-audited</u>	December 31, 2016 <u>Audited</u>
<b>(Rupees in thousand)</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorised capital			
150,000,000 (December 31, 2016: 150,000,000) ordinary shares of Rs. 10 each		<b>1,500,000</b>	1,500,000
22,000,000 (December 31, 2016: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each		<b>4,180,000</b>	4,180,000
Issued, subscribed and paid up capital			
89,379,504 (December 31, 2016: 89,379,504) ordinary shares of Rs. 10 each		<b>893,795</b>	893,795
Reserves		<b>52,929,493</b>	49,550,396
Preference shares /convertible stock reserve		<b>606,222</b>	606,222
Un-appropriated profit		<b>3,574,704</b>	1,734,057
		<b>58,004,214</b>	52,784,470
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	6	<b>2,914,810</b>	3,575,520
Liabilities against assets subject to finance lease		<b>21,927</b>	26,057
Deferred taxation	7	<b>353,562</b>	344,085
Retirement benefits		<b>95,409</b>	87,304
Deferred liabilities		<b>342,639</b>	304,996
		<b>3,728,347</b>	4,337,962
<b>CURRENT LIABILITIES</b>			
Current portion of long term liabilities		<b>953,400</b>	578,732
Finances under mark up arrangements - secured		<b>1,555,482</b>	1,377,033
Trade and other payables		<b>3,094,373</b>	2,847,914
Accrued finance costs		<b>118,726</b>	221,730
		<b>5,721,981</b>	5,025,409
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	-	-
		<b>67,454,542</b>	62,147,841




		<b>June 30, 2017</b>	December 31, 2016
	<b>Note</b>	<b>Un-audited</b>	<b>Audited</b>
<b>(Rupees in thousand)</b>			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	<b>4,330,961</b>	4,198,410
Investment properties		<b>129,862</b>	133,179
Intangible assets	10	<b>5,550</b>	9,866
Investments	11	<b>54,456,879</b>	50,077,782
Long term loans and deposits		<b>23,412</b>	25,958
		<b>58,946,664</b>	54,445,195

**CURRENT ASSETS**

Stores and spares		<b>507,925</b>	463,875
Stock-in-trade		<b>1,980,227</b>	1,768,706
Trade debts		<b>2,436,009</b>	2,171,966
Loans, advances, deposits, prepayments and other receivables		<b>1,222,620</b>	1,081,622
Income tax receivable	12	<b>2,294,169</b>	2,125,865
Cash and bank balances		<b>66,928</b>	90,612
		<b>8,507,878</b>	7,702,646
		<b>67,454,542</b>	62,147,841

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

  
Asghar Abbas  
Director

  
Khurram Raza Bakhtayari  
Chief Financial Officer


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

for the quarter and half year ended June 30, 2017

	Note	Quarter ended		Half year ended	
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
( R u p e e s i n t h o u s a n d )					
Local sales		5,113,168	4,674,203	10,415,989	10,038,750
Export sales		3,097	7,411	11,376	13,348
<b>Gross sales</b>		<b>5,116,265</b>	<b>4,681,614</b>	<b>10,427,365</b>	<b>10,052,098</b>
Less: Sales tax		784,994	667,171	1,600,481	1,445,996
Commission		-	6,762	-	15,163
		<b>784,994</b>	<b>673,933</b>	<b>1,600,481</b>	<b>1,461,159</b>
Net sales		4,331,271	4,007,681	8,826,884	8,590,939
Cost of sales	13	(3,462,117)	(3,112,958)	(7,017,868)	(6,496,262)
<b>Gross profit</b>		<b>869,154</b>	<b>894,723</b>	<b>1,809,016</b>	<b>2,094,677</b>
Administrative expenses	13.1	(301,011)	(223,524)	(543,846)	(450,029)
Distribution and marketing costs		(295,440)	(220,323)	(584,099)	(479,308)
Other operating expenses		(117,230)	(152,310)	(266,479)	(298,883)
Other income		58,448	64,370	106,186	137,740
<b>Profit from operations</b>		<b>213,921</b>	<b>362,936</b>	<b>520,778</b>	<b>1,004,197</b>
Finance costs		(112,063)	(172,621)	(226,462)	(281,563)
Investment income		2,039,119	1,747,611	3,549,831	3,126,705
<b>Profit before taxation</b>		<b>2,140,977</b>	<b>1,937,926</b>	<b>3,844,147</b>	<b>3,849,339</b>
Taxation	14	(525,767)	(401,269)	(724,013)	(719,872)
<b>Profit for the period</b>		<b>1,615,210</b>	<b>1,536,657</b>	<b>3,120,134</b>	<b>3,129,467</b>
<b>Basic earnings per share</b>	Rupees	<b>17.57</b>	17.26	<b>34.41</b>	35.15
<b>Diluted earnings per share</b>	Rupees	<b>16.88</b>	15.06	<b>32.63</b>	30.54

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

  
Asghar Abbas  
Director

  
Khurram Raza Bakhtayari  
Chief Financial Officer

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

for the quarter and half year ended June 30, 2017

	Quarter ended		Half year ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	( R u p e e s i n t h o u s a n d )			
Profit for the period	<b>1,615,210</b>	1,536,657	<b>3,120,134</b>	3,129,467
<b>Other comprehensive income / (loss):</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of retirement benefit obligations	-	(5,516)	-	(5,516)
Tax effect	-	1,655	-	1,655
	-	(3,861)	-	(3,861)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Changes in fair value of available-for-sale financial assets	<b>4,032,419</b>	1,115,757	<b>4,379,097</b>	(1,824,624)
<b>Other comprehensive income / (loss) for the period - net of tax</b>	<b>4,032,419</b>	1,111,896	<b>4,379,097</b>	(1,828,485)
<b>Total comprehensive income for the period</b>	<b>5,647,629</b>	2,648,553	<b>7,499,231</b>	1,300,982

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Syed Hyder Ali  
Chief Executive & Managing Director

  
Asghar Abbas  
Director

  
Khurram Raza Bakhtayari  
Chief Financial Officer

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

for the half year ended June 30, 2017

	Issued, subscribed and paid up capital	Reserves					Capital and reserves	
		Capital reserves				Revenue reserves		
		Share premium	Fair value reserve	Preference shares / convertible stock reserve	Capital redemption reserve	General reserve		Un-appropriated profits
( R u p e e s i n t h o u s a n d )								
<b>Balance as on January 01, 2016 (audited)</b>	883,795	3,588,769	24,479,228	1,309,682	-	13,810,333	3,714,566	<b>47,786,373</b>
<b>Appropriation of funds</b>								
Transfer to general reserve	-	-	-	-	-	1,500,000	(1,500,000)	-
<b>Transaction with preference shareholders</b>								
Redemption of preference shares/convertible stock (500,000 preference shares of Rs. 190 each)	-	-	-	(37,024)	95,000	-	(245,010)	<b>(187,034)</b>
<b>Total transactions with owners, recognised directly in equity</b>								
Final dividend for the year ended December 31, 2015 of Rs. 15.00 per share	-	-	-	-	-	-	(1,340,693)	<b>(1,340,693)</b>
Conversion of preference shares/convertible stock into ordinary share capital (1,000,000 ordinary shares of Rs. 10 each)	10,000	177,969	-	(74,049)	-	-	-	<b>113,920</b>
	10,000	177,969	-	(74,049)	-	-	(1,340,693)	<b>(1,226,773)</b>
<b>Total comprehensive income for the period ended June 30, 2016</b>								
Profit for the period	-	-	-	-	-	-	3,129,467	<b>3,129,467</b>
Other comprehensive income:								
Changes in fair value of available-for-sale financial assets	-	-	(1,824,624)	-	-	-	-	<b>(1,824,624)</b>
Remeasurement of retirement benefit obligations	-	-	-	-	-	-	(3,861)	<b>(3,861)</b>
<b>Total comprehensive income for the period</b>	-	-	(1,824,624)	-	-	-	3,125,606	<b>1,300,982</b>
<b>Balance as on June 30, 2016 (un-audited)</b>	<b>893,795</b>	<b>3,766,738</b>	<b>22,654,604</b>	<b>1,198,609</b>	<b>95,000</b>	<b>15,310,333</b>	<b>3,754,469</b>	<b>47,673,548</b>
<b>Balance as on January 01, 2017 (audited)</b>	893,795	3,766,738	28,858,325	606,222	1,615,000	15,310,333	1,734,057	<b>52,784,470</b>
<b>Appropriation of funds</b>								
Transfer from general reserve	-	-	-	-	-	(1,000,000)	1,000,000	-
<b>Transaction with preference shareholders</b>								
Participating dividend on preference shares - note 15	-	-	-	-	-	-	(45,000)	<b>(45,000)</b>
<b>Transaction with owners, recognised directly in equity</b>								
Final dividend for the year ended December 31, 2016 of Rs. 25.00 per share	-	-	-	-	-	-	(2,234,487)	<b>(2,234,487)</b>
<b>Total comprehensive income for the period ended June 30, 2017</b>								
Profit for the period	-	-	-	-	-	-	3,120,134	<b>3,120,134</b>
Other comprehensive income:								
Changes in fair value of available-for-sale financial assets	-	-	4,379,097	-	-	-	-	<b>4,379,097</b>
<b>Total comprehensive income for the period</b>	-	-	4,379,097	-	-	-	3,120,134	<b>7,499,231</b>
<b>Balance as on June 30, 2017 (un-audited)</b>	<b>893,795</b>	<b>3,766,738</b>	<b>33,237,422</b>	<b>606,222</b>	<b>1,615,000</b>	<b>14,310,333</b>	<b>3,574,704</b>	<b>58,004,214</b>

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

  
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Chairman

  
Syed Hyder Ali  
Chief Executive & Managing Director

  
Asghar Abbas  
Director

  
Khurram Raza Bakhtayari  
Chief Financial Officer


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

for the half year ended June 30, 2017

	Note	Half year ended	
		June 30, 2017	June 30, 2016
		Un-audited	Un-audited
<b>(Rupees in thousand)</b>			
<b>Cash flow from operating activities</b>			
Cash generated from operations	17	511,597	1,172,550
Finance cost paid		(329,466)	(420,481)
Income tax paid		(882,840)	(1,320,156)
Payments for accumulating compensated absences		(14,567)	(12,390)
Retirement benefits paid		(10,537)	(8,439)
<b>Net cash outflow from operating activities</b>		<b>(725,813)</b>	<b>(588,916)</b>
<b>Cash flow from investing activities</b>			
Fixed capital expenditure		(491,191)	(731,249)
Investments made in equity securities		-	(366,667)
Investments made in Government securities		(1,449,997)	-
Proceeds from disposal of Government securities		1,452,831	-
Long term loans and deposits - net		2,168	(676)
Proceeds from disposal of property, plant and equipment		33,985	79,533
Dividends received		3,549,831	3,126,705
<b>Net cash inflow from investing activities</b>		<b>3,097,627</b>	<b>2,107,646</b>
<b>Cash flow from financing activities</b>			
Repayment of long term finances - secured		(285,710)	(100,000)
Redemption of preference shares		-	(297,500)
Liabilities against assets subject to finance lease - net		(8,544)	(3,086)
Participating dividend on preference shares paid		(45,000)	-
Ordinary dividend paid		(2,234,693)	(1,340,933)
<b>Net cash outflow from financing activities</b>		<b>(2,573,947)</b>	<b>(1,741,519)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(202,133)</b>	<b>(222,789)</b>
Cash and cash equivalents at the beginning of the period		(1,286,421)	(782,741)
<b>Cash and cash equivalents at the end of the period</b>	18	<b>(1,488,554)</b>	<b>(1,005,530)</b>

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

  
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Asghar Abbas  
Director

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

for the half year ended June 30, 2017

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

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

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

**2. Basis of preparation**

This condensed interim financial information is un-audited. During the current period, the Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the Securities and Exchange Commission of Pakistan ('SECP') vide Circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 and further clarified through its press release dated July 20, 2017, companies whose financial year, and other interim period, closes on or before June 30, 2017, shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, this financial information has been prepared in accordance with the requirements of 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, 2017 have, however, been subjected to limited scope review by the auditors. 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 company's annual financial statements for the year ended December 31, 2016.

**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, 2016.

**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 condensed interim financial information covering annual periods, beginning on or after the following dates:

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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2017, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed interim financial information.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after January 01, 2018 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

- Amendments to IAS 40, 'Investment property' related to transfer of investment property are applicable on accounting periods beginning on or after January 01, 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use, there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

4. Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.
5. The preparation of this condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2016, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in note 4.

### 6. Long term finances

	Note	June 30, 2017 Un-audited	December 31, 2016 Audited
<b>(Rupees in thousand)</b>			
Local currency loans - secured	6.1	2,928,580	3,214,290
Preference shares / convertible stock - unsecured	6.2	932,650	932,650
		<b>3,861,230</b>	4,146,940
Current portion shown under current liabilities		<b>(946,420)</b>	(571,420)
		<b>2,914,810</b>	3,575,520
<b>6.1 Local currency loans - secured</b>			
Opening balance		3,214,290	2,100,000
Receipts during the period / year		-	3,000,000
		<b>3,214,290</b>	5,100,000
Repayments during the period / year		<b>(285,710)</b>	(1,885,710)
Closing balance		<b>2,928,580</b>	3,214,290
<b>6.2 Preference shares / convertible stock - unsecured</b>			
Opening balance		932,650	2,014,895
Transfer to capital and reserves [Nil shares (December 31, 2016: 1,000,000 shares) - for conversion into ordinary shares		-	(113,921)
Extinguishment of liability upon redemption of preference shares [Nil shares (December 31, 2016: 8,500,000 shares)]		-	(968,324)
Closing balance		<b>932,650</b>	932,650

7. The Divisional Bench of Sindh High Court in an order dated May 7, 2013 in case of another company has interpreted section 113(2)(c) of the Income Tax Ordinance, 2001 ('Ordinance') in the manner that the benefit of carry forward of minimum tax paid is not available, if otherwise no tax was payable by the company due to taxable loss. Taking a prudent view on the matter, the Company has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 270.768 million (December 31, 2016: Rs. 270.768 million) available under section 113 of the Ordinance.

Tax credits under section 113 of the Ordinance amounting to Rs. 110.934 million and Rs. 159.834 million are set to lapse by the end of years ending on December 31, 2017 and 2018 respectively.

## 8. Contingencies and commitments

### 8.1 Contingencies

- (i) Claims against the Company not acknowledged as debts aggregating Rs. 14.838 million (December 31, 2016: Rs. 14.861 million).
- (ii) Post dated cheques not provided in this condensed interim financial information have been furnished by the Company in favor of the Collector of Customs against custom levies aggregating Nil (December 31, 2016: Rs. 18.981 million) in respect of goods imported.
- (iii) Standby letter of credit issued by Habib Bank Limited - Pakistan ('HBL Pakistan') in favor of Habib Bank Limited - Bahrain ('HBL Bahrain') on behalf of the Company amounting to USD 10.801 million (equivalent to PKR 1,134.064 million) [December 31, 2016: USD 11.072 million (equivalent to PKR 1,160.311 million)].
- (iv) Letters of guarantees issued to various parties aggregating Rs. 207.306 million (December 31, 2016: Rs. 246.146 million).

### 8.2 Commitments in respect of

- (i) Letters of credit and contracts for capital expenditure aggregating Rs. 602.060 million (December 31, 2016: Rs. 191.973 million).
- (ii) Letters of credit and contracts other than for capital expenditure aggregating Rs. 350.907 million (December 31, 2016: Rs. 488.757 million).

## 9. Property, plant and equipment

		June 30, 2017	December 31, 2016
	Note	Un-audited	Audited
(Rupees in thousand)			
Operating assets - at net book value			
Owned assets	9.1	4,070,364	4,060,129
Assets subject to finance lease		31,904	33,263
		4,102,268	4,093,392
Capital work-in-progress	9.3	228,693	105,018
		<b>4,330,961</b>	<b>4,198,410</b>

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



9.2 Operating assets	Note	June 30, 2017	December 31, 2016
		Un-audited	Audited
<b>(Rupees in thousand)</b>			
Opening net book value		<b>4,093,392</b>	3,575,260
Additions during the period / year	9.2.1	<b>368,003</b>	1,133,266
Transfer from investment properties		-	47,296
		<b>368,003</b>	1,180,562
Disposals during the period / year at book value		<b>(28,569)</b>	(42,006)
Transfer to investment properties		-	(14,005)
Depreciation charged during the period / year		<b>(330,558)</b>	(606,419)
		<b>(359,127)</b>	(662,430)
Closing net book value		<b>4,102,268</b>	4,093,392
<b>9.2.1 Additions during the period / year</b>			
Freehold land		-	22,950
Buildings on freehold land		<b>12,097</b>	39,533
Plant and machinery		<b>282,225</b>	864,046
Other equipment		<b>35,750</b>	108,944
Furniture and fixtures		-	743
Vehicles		<b>37,931</b>	97,050
		<b>368,003</b>	1,133,266
<b>9.3 Capital work-in-progress</b>			
Civil works		<b>48,760</b>	8,810
Plant and machinery		<b>119,947</b>	58,595
Other equipment		<b>201</b>	1,923
Advances to suppliers		<b>59,785</b>	35,690
		<b>228,693</b>	105,018
<b>10. Intangible assets</b>			
Opening book value		<b>9,866</b>	20,729
Additions during the period / year		-	4,963
Amortisation charged during the period / year		<b>(4,316)</b>	(15,826)
Closing book value		<b>5,550</b>	9,866
<b>11. Investments</b>			
Opening balance		<b>50,077,782</b>	44,997,518
Investments made during the period / year	11.1	-	701,167
Changes in fair value of available-for-sale financial assets		<b>4,379,097</b>	4,379,097
Closing balance		<b>54,456,879</b>	50,077,782
<b>11.1 Investments made in related parties during the period / year</b>			
Packages Power (Private) Limited		-	25,000
OmyaPack (Private) Limited [Formerly CalciPack (Private) Limited]		-	309,500
Tri-Pack Films Limited		-	366,667
		-	701,167

**11.2** As of June 30, 2017, an aggregate of 775,000 shares (December 31, 2016: 775,000 shares) of Nestle Pakistan Limited having market value Rs. 7,905 million (December 31, 2016: Rs. 6,975 million) were pledged in favor of HBL Pakistan. Out of aggregate shares pledged, 410,000 shares (December 31, 2016: 410,000 shares) were pledged against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 8.1 and the remaining 365,000 shares (December 31, 2016: 365,000 shares) were pledged against the term finance loan obtained from HBL Pakistan.

## 12. Income tax receivable

- (i) In respect of tax year 2016, the department has, against taxable income of Rs. 1,157.926 million as per return filed by the Company, assessed a taxable income of Rs. 2,437.836 million and amended the deemed order for the year raising a tax demand of Rs. 464.187 million. In this order, the income tax department has disallowed various expenses and deductions amounting to Rs. 1,279.777 million including disallowances on account of allocation of various expenses towards dividend income amounting to Rs. 1,066.360 million, where as minimum tax credit has been disallowed amounting to Rs. 360.348 million.

The Company is contesting the above order before Commissioner Inland Revenue (Appeals) and has not made any provision against the above demand or disallowances as the management is confident that the ultimate outcome of the appeals would be in favor of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

- (ii) In respect of tax year 2014, the department has, against taxable loss of Rs. 706.039 million as per return filed by the Company, assessed a taxable income of Rs. 2.615 billion and amended the deemed order for the year raising a tax demand of Rs. 606.325 million. In this order, among other issues, the income tax department has not accepted the Company's contention for non-taxation of the transfer of paper & paperboard and corrugated business segments to Bulleh Shah Packaging (Private) Limited ('BSPPL') under section 97 of the Ordinance. Such transfer has been taxed as capital gain on the value of assets transferred. The matter is currently being contested before the Commissioner Inland Revenue (Appeals).

Further, certain other disallowances inter alia including on account of allocation of various expenses towards dividend and other incomes, effectively reducing the available tax losses by approximately Rs. 1.2 billion, have also been made by the department in respect of previous tax years.

The Company is contesting the above orders before Commissioner Inland Revenue (Appeals) and has not made any provision against the above demand or disallowances as the management is confident that the ultimate outcome of the appeals would be in favor of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

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

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

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

**13. Cost of sales**

	Quarter ended		Half year ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	Un-audited	Un-audited	Un-audited	Un-audited
	( R u p e e s i n t h o u s a n d )			
Materials consumed	<b>2,493,950</b>	2,132,898	<b>4,925,335</b>	4,477,771
Salaries, wages and amenities	<b>354,865</b>	313,996	<b>699,253</b>	604,886
Travelling	<b>7,388</b>	7,785	<b>12,030</b>	12,300
Fuel and power	<b>163,039</b>	135,154	<b>341,403</b>	267,516
Production supplies	<b>92,371</b>	99,385	<b>205,502</b>	222,557
Rent, rates and taxes	<b>8,037</b>	7,632	<b>16,075</b>	16,448
Insurance	<b>9,309</b>	8,397	<b>16,510</b>	16,603
Repairs and maintenance	<b>77,477</b>	98,989	<b>153,417</b>	179,800
Packing expenses	<b>76,028</b>	73,686	<b>154,131</b>	160,322
Depreciation on property, plant and equipment	<b>150,278</b>	132,621	<b>305,394</b>	264,005
Amortisation of intangible assets	<b>1,345</b>	2,434	<b>3,919</b>	4,867
Technical fee and royalty	<b>6,440</b>	16,160	<b>11,245</b>	19,326
Other expenses	<b>62,962</b>	42,448	<b>124,799</b>	98,229
	<b>3,503,489</b>	3,071,585	<b>6,969,013</b>	6,344,630
Opening work-in-process	<b>249,825</b>	159,883	<b>219,626</b>	210,945
Closing work-in-process	<b>(237,831)</b>	(151,157)	<b>(237,831)</b>	(151,157)
Cost of goods manufactured	<b>3,515,483</b>	3,080,311	<b>6,950,808</b>	6,404,418
Opening stock of finished goods	<b>444,147</b>	479,394	<b>564,573</b>	538,591
Closing stock of finished goods	<b>(497,513)</b>	(446,747)	<b>(497,513)</b>	(446,747)
	<b>3,462,117</b>	3,112,958	<b>7,017,868</b>	6,496,262

**13.1** In June 2017, Walton Cantonment Board concluded its assessment for property tax relating to June 2014 to June 2017 resulting in a one off adjustment of Rs.42 million which has been changed in the current period.

**14. Taxation**

	Quarter ended		Half year ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	Un-audited	Un-audited	Un-audited	Un-audited
	( R u p e e s i n t h o u s a n d )			
Current				
For the period	<b>275,679</b>	312,554	<b>508,925</b>	498,157
Prior years	<b>205,612</b>	115,349	<b>205,612</b>	115,349
	<b>481,291</b>	427,903	<b>714,537</b>	613,506
Deferred	<b>44,476</b>	(26,634)	<b>9,476</b>	106,366
	<b>525,767</b>	401,269	<b>724,013</b>	719,872

**14.1** Through the Finance Act, 2017, an amendment has been made to section 5A of the Ordinance whereby 'tax on undistributed reserves' has been substituted by 'tax on undistributed profits'. As per the amended provision, income tax at the rate of 7.5% of accounting profit before tax for tax year 2017 and onwards is applicable where the Company does not distribute at least 40% of its after tax profits, whether in the form of cash or bonus shares, within nine months of the end of tax year 2017, i.e. September 30, 2017, and within six months of the end of tax year 2018 and onwards. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution expires. The Company has already distributed 40% of its after tax profits for the tax year 2017.

**15.** As per the terms of Subscription Agreement dated March 25, 2009 with International Finance Corporation ('IFC'), in addition to the preferred right of return at the rate of 10 percent per annum, either in cash or ordinary shares on a non-cumulative basis till the date of settlement of preference

shares / convertible stock, the preference shareholders also have the right to share the excess amount with the ordinary shareholders on an as-converted basis in case the amount of dividend per share paid to an ordinary shareholder exceeds that paid to a preference shareholder. Since ordinary dividend of Rs. 25.00 per share was approved for the year ended December 31, 2016, which exceeded the preferred return for that year, the additional preference dividend to be paid to the preference shareholders has been distributed to the preference shareholders as participating dividend and charged directly to the equity.

#### 16. Transactions and balances with related parties

Significant transactions and balances with related parties other than those disclosed in respective notes are as follows:

Relationship with the Company	Nature of transactions	Half year ended	
		June 30, 2017	June 30, 2016
		Un-audited	Un-audited
		(Rupees in thousand)	
i. Subsidiaries	Purchase of goods and services	530,450	486,724
	Sale of goods and services	74,038	56,947
	Dividend income	172,451	232,185
	Rental and other income	18,434	12,157
	Management and technical fee	29,226	16,473
ii. Joint ventures	Purchase of goods and services	1,259,127	1,274,658
	Sale of goods and services	51,474	36,122
	Rental and other income	34,005	31,737
	Sale of property, plant and equipment	1,168	9,781
iii. Associates	Purchase of goods and services	492,255	491,709
	Sale of goods and services	12,957	1,058
	Insurance premium	82,032	69,833
	Commission earned	3,544	4,231
	Insurance claims received	1,656	32
	Rental and other income	5,329	523
	Dividend income	129,334	102,088
	Investment in equity	-	366,667
iv. Retirement benefit obligations	Expense charged in respect of retirement benefit plans	61,594	46,103
v. Key management personnel	Salaries and other employee benefits	58,977	55,954
vi. Other related party	Donations made	45,580	12,440

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

Period / year end balances	June 30, 2017	December 31, 2016
	Un-audited	Audited
	(Rupees in thousand)	
Receivable from related parties		
Subsidiaries	88,144	60,935
Joint ventures	521,490	492,311
Associates	17,331	19,645
Payable to related parties		
Subsidiaries	91,494	94,010
Joint ventures	326,811	178,884
Associates	41,564	56,914
Retirement benefit obligations	18,541	15,948

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

## 17. Cash generated from operations

	Half year ended	
	June 30, 2017	June 30, 2016
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax	3,844,147	3,849,339
Adjustments for non-cash items:		
Depreciation on property, plant and equipment	330,558	282,803
Depreciation on investment properties	3,317	2,303
Amortisation on intangible assets	4,316	8,462
Capital gain on disposal of Government securities	(2,834)	-
Provision for accumulating compensated absences	52,210	35,952
Provision for retirement benefits	18,642	3,552
Profit on disposal of property, plant and equipment	(5,416)	(53,543)
Exchange loss	9,149	800
Finance costs	226,462	281,563
Provision for doubtful debts	-	21,170
Provision against pending claims	(17,809)	(32,357)
Provisions and unclaimed balances written back	(852)	(9,736)
Capital work-in-progress charged to profit or loss	1,172	-
Provision for slow moving stores and spares	3,176	-
Dividend income	(3,549,831)	(3,126,705)
<b>Profit before working capital changes</b>	<b>916,407</b>	<b>1,263,603</b>
<b>Effect on cash flow due to working capital changes</b>		
(Increase) / decrease in trade debts	(246,144)	43,226
(Increase) / decrease in stores and spares	(47,226)	53,509
Increase in stock-in-trade	(211,521)	(7,546)
Increase in loans, advances, deposits, prepayments and other receivables	(103,725)	(161,580)
Increase / (decrease) in trade and other payables	203,806	(18,662)
	(404,810)	(91,053)
	<b>511,597</b>	<b>1,172,550</b>

## 18. Cash and cash equivalents

Cash and bank balances	66,928	101,246
Finances under mark up arrangements - secured	(1,555,482)	(1,106,776)
	<b>(1,488,554)</b>	<b>(1,005,530)</b>

## 19. Financial risk management

### 19.1 Financial risk factors

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

The condensed interim financial 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, 2016.

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

## 19.2 Fair value estimation

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

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

The following table presents the Company's material financial assets and liabilities that are measured at fair value at June 30, 2017.

	Un-audited (Rupees in thousand)			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
<b>Recurring fair value measurements</b>				
Available-for-sale investments	37,222,330	-	-	<b>37,222,330</b>
<b>Liabilities</b>	-	-	-	-

The following table presents the Company's material financial assets and liabilities that are measured at fair value at December 31, 2016.

	Audited (Rupees in thousand)			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
<b>Recurring fair value measurements</b>				
Available-for-sale investments	32,843,232	-	-	<b>32,843,232</b>
<b>Liabilities</b>	-	-	-	-

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

## 20. Date of authorisation for issue

This condensed interim financial information was authorised for issue on August 21, 2017 by the Board of Directors of the Company.

## 21. Events after the balance sheet date

The Board of Directors of the Company, at its meeting held on July 26, 2017, has resolved to purchase 35% shares held by Stora Enso in BSPPL at a price of up to USD 8 million (equivalent to Rs. 850 million approximately), subject to exchange variation on payment date and certain adjustments. Upon completion of the proposed transaction, BSPPL shall become a wholly owned subsidiary of the Company.

Consummation of the proposed transaction is subject to execution of a share purchase agreement and procurement of all applicable corporate and regulatory approvals and other customary transaction related conditions including approval of shareholders through special resolution at the Extraordinary General Meeting of the Company which is scheduled to be held on August 28, 2017.

## 22. Corresponding figures

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

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

  
Towfiq Habib Chinoy  
Chairman

  
Syed Hyder Ali  
Chief Executive & Managing Director

  
Asghar Abbas  
Director

  
Khurram Raza Bakhtayari  
Chief Financial Officer

**Packages Group  
Condensed Consolidated Interim  
Financial Information**

## **DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2017**

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, 2017.

### **Group results**

A comparison of the un-audited results for the half year ended June 30, 2017 as against June 30, 2016 is as follows:

	<b>Jan - June 2017</b>	<b>Jan - June 2016</b>
	<b>(Rupees in million)</b>	
Net sales from operations	<b>13,215</b>	12,285
EBIT - operations	<b>1,300</b>	1,615
Share of profit in associates and joint venture - net of tax	<b>194</b>	270
Investment income	<b>3,248</b>	2,792
Profit after tax	<b>3,232</b>	3,328

During the first half of 2017, Group has achieved net sales of Rs. 13,215 million against net sales of Rs. 12,285 million achieved during corresponding period of last year representing sales growth of 8% with an operating profit of Rs. 1,300 million compared to Rs. 1,615 million generated during the corresponding period of the year 2016. This decrease in operating profit is primarily attributable to almost stagnant sales primarily in packaging segment combined with inflationary fixed cost increases and decline in sales volumes to organized tobacco industry. The Group is exercising stricter cost controls and is in the process of implementing various initiatives to bring down fixed costs and to increase sales volume.

Investment income has increased by Rs. 456 million during the first half of 2017 over corresponding values of 2016 that is primarily due to improved performance of investee companies.

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. 1,887 million during the first half of the year 2017 as compared to Rs. 1,869 million of the corresponding period of last year. The Company has generated profit before tax of Rs. 233 million during the first half of the year 2017 as against Rs. 293 million generated during corresponding period of 2016 primarily on account of stagnation in sales coupled with increase in fixed costs. Moving forward, the Company will continue its focus on improving operating results through tighter operating cost control, product diversification, price rationalization 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 2017, the Company has



achieved sales of SLR 1,114 million as compared to SLR 956 million of the corresponding period of last year representing sales growth of 17%. This increase in sales growth has been partially offset by increasing raw material prices. The Company has generated profit before tax of SLR 152 million during the first half of the year 2017 as against Rs. 149 million generated during corresponding period of 2016. Moving forward, the Company's focus will remain on improving operating results through product diversification and price rationalization.

#### **Bulleh Shah Packaging (Private) Limited**

Bulleh Shah Packaging (Private) Limited is private limited company. It is principally engaged in the manufacturing and conversion of paper and paperboard products. The Company has achieved sales of Rs. 9,138 million during the first half of the year 2017 as compared to Rs. 8,611 million of the corresponding period of last year representing overall sales growth of 6%. The Company has recorded loss before tax of Rs. 38 million during the first half of the year 2017 as compared to profit before tax of Rs. 59 million generated during corresponding period of 2016 primarily on account of depreciation and finance cost relating to biomass boiler which was capitalised in Q2 of 2016.

#### **Flexible Packages Convertors (Pty) Limited**

Flexible Packages Convertors (Pty) Limited is private limited company based in South Africa. It is principally engaged in the manufacture of flexible packaging material. During the first half of 2017, the company achieved net sales revenue of USD 16.4 million as compared to USD 15 million of the corresponding period of last year. Operating results of the Company are lower as compared to 2016 primarily on account of investment made in human resources to grow the business further. Moving forward, the Company will continue its focus on improving operating results through tighter operating cost control, increased sales volumes and product diversification.

#### **Packages Construction (Private) Limited**

Packages Mall was inaugurated on 20<sup>th</sup> April, 2017 and the customer response has been very encouraging. Moving forward, the Board believes that this investment will bring considerable benefit to the shareholders in the form of dividend income and capital gains.

#### **Packages Power (Private) Limited**

Packages Power (Private) Limited is a wholly owned subsidiary of Packages Limited for the purpose of setting up a 3.1 MW hydropower project as advertised by the Punjab Power Development Board (PPDB). Accordingly, an initial equity injection of Rs. 25 million was made in December 2016. The Company has initiated a feasibility study, after the issuance of Letter of Interest by PPDB, which is likely to be completed by fourth quarter of 2017.



**(Towfiq Habib Chinoy)**

Chairman

Lahore, August 21, 2017



**(Syed Hyder Ali)**

Chief Executive & Managing Director

Lahore, August 21, 2017

سال 2017 کی پہلی ششماہی کے دوران 1,114 ملین سری لنکن روپے کی سیلز حاصل کی جو گزشتہ سال کی اس مدت میں 956 ملین سری لنکن روپے تھی جس سے 17 فیصد کی سیلز گروتھ ظاہر ہوتی ہے۔ سیلز گروتھ میں یہ اضافہ جزوی طور پر خام مال کے نرخوں میں اضافے کی وجہ سے متوازن ہو گیا۔ کمپنی نے سال 2017 کی پہلی ششماہی میں 152 ملین سری لنکن روپے کا منافع قبل از ٹیکس حاصل کیا اس کے مقابلے میں 2016 کی اس مدت میں یہ 149 ملین سری لنکن روپے تھا۔ آگے بڑھتے ہوئے، کمپنی پروڈکٹ میں توسیع اور پرائس راسخلائزیشن کے ذریعے آپریٹنگ نتائج بہتر بنانے پر توجہ دیتی رہے گی۔

### بلیے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ

بلیے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ ایک نجی لمیٹڈ کمپنی ہے۔ یہ بنیادی طور پر پیپر اور پیپر بورڈ پروڈکٹس کی تیاری اور منتقلی میں مصروف عمل ہے۔ کمپنی نے سال 2017 کی پہلی ششماہی کے دوران 9,138 ملین روپے کی سیلز حاصل کی اس کے مقابلے میں گزشتہ سال کی اس مدت کے دوران یہ رقم 8,611 ملین روپے تھی جس سے 6 فیصد کی مجموعی سیلز گروتھ ظاہر ہوتی ہے۔ کمپنی نے سال 2017 کی پہلی ششماہی کے دوران 38 ملین روپے کا خسارہ قبل از ٹیکس ریکارڈ کیا اس کے برخلاف 2016 اس مدت میں 59 ملین روپے کا منافع ہوا تھا۔ جس کی وجہ باہو ماس بوائز سے متعلق فرسودگی اور فنانس کی ماییت تھا جو 2016 کی دوسری سہ ماہی میں لگایا گیا تھا۔

### فلیکس ایبل پیکیجنگ کورپوریشن (پروپرائیٹری) لمیٹڈ

فلیکس ایبل پیکیجنگ کورپوریشن (پروپرائیٹری) لمیٹڈ جنوبی افریقہ میں قائم ایک پرائیویٹ لمیٹڈ کمپنی ہے۔ یہ بنیادی طور پر فلیکس ایبل پیکیجنگ میٹریل کی تیاری میں مصروف عمل ہے۔ 2017 کی پہلی ششماہی کے دوران کمپنی نے 16.4 ملین امریکی ڈالر کا خالص سیلز ریویو حاصل کیا جو گزشتہ سال کی اس مدت میں 15 ملین ڈالر تھا۔ کمپنی کے آپریٹنگ نتائج 2016 کے مقابلے میں کمنٹر سطح پر رہے جس کی وجہ کاروبار میں توسیع کے لئے انسانی وسائل کے ضمن میں کی جانے والی سرمایہ کاری تھی۔ آگے بڑھتے ہوئے کمپنی آپریٹنگ اخراجات پر سخت کنٹرول، سیلز کے حجم میں اضافے اور مصنوعات کی توسیع کے ذریعے آپریٹنگ نتائج بہتر بنانے پر توجہ دیتی رہے گی۔

### پیکیجنگ کنٹرول (پرائیویٹ) لمیٹڈ

پیکیجنگ مال کا افتتاح 20 اپریل 2017 کو کیا جا چکا ہے اور صارفین کا رد عمل انتہائی حوصلہ افزا رہا۔ آگے بڑھتے ہوئے بورڈ اس امر پر یقین رکھتا ہے کہ اس سرمایہ کاری سے شیئرز ہولڈرز کو منافع منقسمہ اور کیپٹل گین کی صورت میں قابل قدر منافع جات حاصل ہوں گے۔

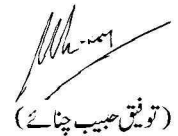
### پیکیجنگ پاور (پرائیویٹ) لمیٹڈ

پیکیجنگ پاور (پرائیویٹ) لمیٹڈ 3.1 میگا واٹ ہائیڈرو پاور پراجیکٹ کے قیام کے مقصد کے لئے بنایا گیا پیکیجنگ لمیٹڈ کا ایک مکمل ملکیتی ذیلی ادارہ ہے جیسا کہ پنجاب پاور ڈیولپمنٹ (پبلی ڈی بی) کی جانب سے مشہور کیا گیا۔ اس کے مطابق ابتدائی طور پر 25 ملین روپے کی ایکویٹی دسمبر 2016 کو شامل کی گئی تھی۔ کمپنی نے ابتدائی طور پر پبلی ڈی بی کی جانب سے لیٹر آف انٹرسٹ کے اجراء کے بعد فونڈنگی جائزہ رپورٹ پر کام شروع کر دیا ہے جو ممکنہ طور پر 2017 کی چوتھی سہ ماہی تک مکمل کر لیا جائے گا۔

  
(سید حیدر علی)

چیف ایگزیکٹو اور پیکیجنگ ڈائریکٹر

لاہور، 21 اگست، 2017

  
(توفیق حبیب چنائے)

چیرمین

لاہور، 21 اگست، 2017

## 30 جون 2017 کو ختم ہونے والی ششماہی کے لئے مجموعی مالیاتی حسابات پر ڈائریکٹرز کی رپورٹ

ٹیکسز لمیٹڈ کے ڈائریکٹرز 30 جون 2017 کو ختم ہونے والی ششماہی محنتیہ کے لئے گروپ کے غیر آڈٹ شدہ مجموعی مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

گروپ کے نتائج

30 جون 2017 کو ختم ہونے والی ششماہی محنتیہ کے لئے غیر آڈٹ شدہ مالیاتی نتائج بمقابلہ 30 جون 2016 درج ذیل کے مطابق ہیں:

جنوری - 2016	جنوری - 2017	
		(روپے ملین میں)
12,285	13,215	آپریٹنگ سے خالص سیلز
1,615	1,300	ای بی آئی ٹی (EBIT) - آپریٹنگ
270	194	منسلک اداروں اور جوائنٹ وینچرز میں منافع کا حصہ - بعد از ٹیکس
2,792	3,248	سرمایہ کاری سے آمدنی
3,328	3,232	منافع بعد از ٹیکس

2017 کی پہلی ششماہی کے دوران گروپ نے 13,215 ملین روپے کی خالص سیلز حاصل کی اس کے برخلاف گزشتہ سال کی اسی مدت کے دوران 12,285 ملین روپے کی خالص سیلز حاصل کی گئی تھی جس سے 8 فیصد کی سیلز گروتھ ظاہر ہوتی ہے اس کے ساتھ 1,300 ملین روپے کا آپریٹنگ منافع حاصل کیا گیا جبکہ سال 2016 کی اسی مدت کے دوران 1,615 ملین روپے کا منافع حاصل کیا گیا تھا۔ آپریٹنگ منافع میں یہ کمی بنیادی طور پر ٹیکسنگ سیکٹ میں جمود کا شکار سیلز مارجن افراط زر کے طے شدہ نرخ میں اضافے اور تباہی کوئی منظم صنعت کو سیلز کے حجم میں کمی کے باعث ہوئی۔ گروپ لاگت پر کنٹرول کے لئے سخت اقدامات پر عمل پیرا ہے اور طے شدہ لاگت کو منجلی سطح پر لانے اور سیلز کا حجم بڑھانے کے مختلف اقدامات پر عملدرآمد کر رہا ہے۔

سرمایہ کاری کی آمدنی 2017 کی پہلی ششماہی کے دوران 2016 کی اس مدت کے مقابلے میں 456 ملین روپے تک بڑھ گئی ہے اور یہ بنیادی طور پر انویسٹی اداروں کی بہتر کارکردگی کے باعث ہوا۔

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

### ڈی آئی سی پاکستان لمیٹڈ

ڈی آئی سی پاکستان لمیٹڈ ٹیکسز لمیٹڈ کی ایک نان لسڈ پبلک لمیٹڈ ذیلی ادارہ ہے۔ یہ بنیادی طور پر صنعتی ٹیکس کی تیاری، پروسیسنگ اور سیلز میں سرگرم ہے۔ کمپنی نے سال 2017 کی پہلی ششماہی کے دوران 1,887 ملین روپے کی خالص سیلز حاصل کی، اس کے مقابلے میں گزشتہ سال کی اس مدت میں یہ حجم 1,869 ملین روپے تھا۔ کمپنی نے سال 2017 کی پہلی ششماہی کے دوران 233 ملین روپے کا منافع قبل از ٹیکس حاصل کیا جو 2016 کی اس مدت کے دوران 293 ملین روپے تھا جس کی وجہ جمود کا شکار سیلز اور طے شدہ اخراجات میں اضافہ تھا۔ آگے بڑھتے ہوئے کمپنی آپریٹنگ اخراجات پر سخت انتظامی کنٹرول، پروڈکٹ میں توسیع، پرائس رائٹلائزیشن اور بہتر ورکنگ کیپٹل کے انتظام کے ذریعے آپریٹنگ نتائج مزید بہتر بنانے پر توجہ دینے کا سلسلہ جاری رکھے گی۔

### ٹیکسز لنکا (پرائیویٹ) لمیٹڈ

ٹیکسز لنکا (پرائیویٹ) لمیٹڈ سری لنکا میں قائم ٹیکسز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر فلیکس اسٹیل ٹیکسٹائل سولوشنز کی تیاری میں مصروف عمل ہے۔ کمپنی نے

**PACKAGES GROUP**  
**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED)**

as at June 30, 2017

	June 30, 2017	December 31, 2016
Note	Un-audited	Audited
	(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Authorised capital		
150,000,000 (December 31, 2016: 150,000,000) ordinary shares of Rs. 10 each	<b>1,500,000</b>	1,500,000
22,000,000 (December 31, 2016: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each	<b>4,180,000</b>	4,180,000
Issued, subscribed and paid up capital		
89,379,504 (December 31, 2016: 89,379,504) ordinary shares of Rs. 10 each	<b>893,795</b>	893,795
Reserves	<b>52,741,832</b>	49,350,660
Preference shares / convertible stock reserve	<b>606,222</b>	606,222
Equity portion of short term loan from shareholder of the Parent Company	<b>103,077</b>	77,991
Un-appropriated profits	<b>3,740,677</b>	1,879,569
	<b>58,085,603</b>	52,808,237
	<b>1,969,311</b>	1,950,579
	<b>60,054,913</b>	54,758,816
<b>NON CONTROLLING INTEREST</b>		
<b>NON-CURRENT LIABILITIES</b>		
Long term finances	<b>11,430,809</b>	10,306,006
Liabilities against assets subject to finance lease	<b>64,004</b>	73,851
Deferred tax	<b>820,757</b>	802,529
Retirement benefits	<b>95,409</b>	102,825
Rental Security Deposits	<b>197,536</b>	-
Deferred liabilities	<b>406,719</b>	349,437
	<b>13,015,234</b>	11,634,648
<b>CURRENT LIABILITIES</b>		
Current portion of long term liabilities - secured	<b>1,236,762</b>	828,884
Short term loan from shareholder of the Parent Company - unsecured	<b>475,212</b>	462,930
Finances under mark up arrangements - secured	<b>2,613,330</b>	1,918,079
Trade and other payables	<b>5,850,755</b>	5,126,373
Accrued finance costs	<b>260,562</b>	313,512
Provision for tax	<b>42,671</b>	66,199
	<b>10,479,292</b>	8,715,977
<b>CONTINGENCIES AND COMMITMENTS</b>		
	<b>-</b>	-
	<b>83,549,439</b>	75,109,441


		<b>June 30, 2017</b>	December 31, 2016
	<b>Note</b>	<b>Un-audited</b>	<b>Audited</b>
<b>(Rupees in thousand)</b>			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	<b>6,751,772</b>	6,488,347
Intangible assets	12	<b>167,051</b>	164,294
Investment properties		<b>12,996,005</b>	10,922,713
Investments accounted for under equity method	13	<b>13,914,388</b>	13,867,035
Other long term investments	14	<b>37,237,059</b>	32,857,962
Long term loans and deposits		<b>70,746</b>	39,858
		<b>71,137,021</b>	64,340,209

#### **CURRENT ASSETS**

Stores and spares		<b>627,617</b>	515,209
Stock-in-trade		<b>3,334,156</b>	2,846,446
Trade debts		<b>4,270,388</b>	3,561,210
Loans, advances, deposits, prepayments and other receivables		<b>1,326,303</b>	1,131,050
Income tax receivable	15	<b>2,512,971</b>	2,303,516
Cash and bank balances		<b>340,983</b>	411,801
		<b>12,412,418</b>	10,769,232
		<b>83,549,439</b>	75,109,441

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

  
Asghar Abbas  
Director

  
Khurram Raza Bakhtayari  
Chief Financial Officer

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

for the quarter and half year ended June 30, 2017

	Note	Quarter ended		Half year ended	
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
( R u p e e s i n t h o u s a n d )					
Local sales		7,481,994	6,621,655	14,687,290	13,867,432
Export sales		164,962	62,108	350,757	124,342
Gross sales		7,646,956	6,683,763	15,038,047	13,991,774
Less: Sales tax		889,340	788,723	1,807,744	1,675,553
Commission		9,014	14,255	15,269	30,955
		898,354	802,978	1,823,013	1,706,508
Net sales		6,748,602	5,880,785	13,215,034	12,285,266
Cost of sales	16	(5,242,229)	(4,579,873)	(10,317,685)	(9,344,843)
<b>Gross profit</b>		<b>1,506,373</b>	<b>1,300,912</b>	<b>2,897,349</b>	<b>2,940,423</b>
Administrative expenses	16.1	(440,941)	(326,775)	(836,701)	(686,719)
Distribution and marketing costs		(388,619)	(297,445)	(760,943)	(639,177)
Other operating expenses		(130,586)	(167,098)	(290,684)	(324,396)
Other operating income		39,271	93,487	89,642	182,617
<b>Profit from operations</b>		<b>585,498</b>	<b>603,081</b>	<b>1,098,663</b>	<b>1,472,748</b>
Finance costs		(255,616)	(231,368)	(418,748)	(360,589)
Investment income		1,852,372	1,560,432	3,248,046	2,792,432
Share of profit of investments accounted for using the equity method - net of tax		156,727	33,062	194,012	270,250
<b>Profit before taxation</b>		<b>2,338,981</b>	<b>1,965,207</b>	<b>4,121,973</b>	<b>4,174,841</b>
Taxation		(647,223)	(503,706)	(889,483)	(846,907)
<b>Profit for the period</b>		<b>1,691,758</b>	<b>1,461,501</b>	<b>3,232,490</b>	<b>3,327,934</b>
<b>Attributable to:</b>					
Equity holders of the Parent Company		1,654,981	1,397,974	3,140,595	3,192,056
Non-controlling interest		36,777	63,527	91,895	135,878
		1,691,758	1,461,501	3,232,490	3,327,934
<b>Earnings per share from operations attributable to equity holders of the Parent Company for the period</b>					
<b>Basic earnings per share</b>	Rupees	<b>18.01</b>	15.70	<b>34.63</b>	35.85
<b>Diluted earnings per share</b>	Rupees	<b>17.29</b>	13.75	<b>32.84</b>	31.13

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



Asghar Abbas  
Director




Khurram Raza Bakhtayari  
Chief Financial Officer

**PACKAGES GROUP**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
for the quarter and half year ended June 30, 2017

	Quarter ended		Half year ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	( R u p e e s i n t h o u s a n d )			
Profit for the period	<b>1,691,758</b>	1,461,501	<b>3,232,490</b>	3,327,934
<b>Other comprehensive income</b>				
<i>Items that will not be re-classified to profit or loss</i>				
Remeasurement of retirement benefit obligations	-	(5,516)	-	(5,516)
Tax effect	-	1,655	-	1,655
	-	(3,861)	-	(3,861)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange difference on translation of foreign subsidiary	<b>26,809</b>	(31,697)	<b>49,729</b>	95,448
Share of other comprehensive income of investments accounted for under equity method - net of tax	<b>(15,687)</b>	(2,927)	<b>(15,367)</b>	(2,927)
Changes in fair value of available-for-sale financial assets	<b>4,032,419</b>	1,115,757	<b>4,379,097</b>	(1,824,624)
	<b>4,043,541</b>	1,081,133	<b>4,413,459</b>	(1,732,103)
<b>Other comprehensive income / (loss) for the period</b>	<b>4,043,541</b>	1,077,272	<b>4,413,459</b>	(1,735,964)
<b>Total comprehensive income for the period</b>	<b>5,735,299</b>	2,538,773	<b>7,645,949</b>	1,591,970
Attributable to:				
Equity holders of the Parent Company	<b>5,686,156</b>	2,490,786	<b>7,531,767</b>	1,414,819
Non-controlling interest	<b>49,143</b>	47,987	<b>114,182</b>	177,151
	<b>5,735,299</b>	2,538,773	<b>7,645,949</b>	1,591,970

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

  
Asghar Abbas  
Director

  
Khurram Raza Bakhtayari  
Chief Financial Officer

**PACKAGES GROUP**  
**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
for the half year ended June 30, 2017

	Issued, subscribed and paid up capital	Reserves										Capital and reserves		
		Capital reserves											Revenue reserves	
		Share capital	Share premium	Exchange difference on translation of foreign subsidiary	Fair value reserve	Preference shares / convertible stock reserve	Other reserves relating to associates & joint ventures	Transaction with non-controlling interest	Equity portion of short term loan	Capital redemption reserve	General reserve			Un-appropriated profits
( Rupees in thousands )														
Balance as on January 01, 2016 (audited)	883,795	3,588,769	(238,195)	24,479,228	1,309,682	(32,842)	-	46,596	-	13,810,333	4,316,773	48,163,139	929,138	49,082,277
<b>Appropriation of funds</b>														
Transferred to general reserve	-	-	-	-	-	-	-	-	-	1,500,000	(1,500,000)	-	-	-
<b>Transactions with preference shareholders</b>														
Redemption of preference shares / convertible stock (500,000 preference shares of Rs. 190 each)	-	-	-	-	(37,024)	-	-	-	95,000	-	(245,010)	(187,034)	-	(187,034)
<b>Transactions with owners, recognised directly in equity</b>														
Conversion of preference shares / convertible stock into ordinary shares capital (1,000,000 ordinary shares of Rs. 10 each)	10,000	177,969	-	-	(74,048)	-	-	-	-	-	-	113,921	-	113,921
Interest acquired in subsidiary Packages Construction (Private) Limited by non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	750,000	750,000
Equity portion of short term loan from shareholder of the parent company (note-6)	-	-	-	-	-	-	-	27,407	-	-	-	27,407	-	27,407
Final dividend for the year ended December 31, 2015 Rs. 15 per share	-	-	-	-	-	-	-	-	-	-	(1,340,693)	(1,340,693)	-	(1,340,693)
Dividend relating to 2015 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(163,628)	(163,628)
<b>Total transactions with owners, recognised directly in equity</b>	10,000	177,969	-	-	(74,048)	-	-	27,407	-	-	(1,340,693)	(1,199,365)	586,372	(612,993)
<b>Total comprehensive income for the period ended June 30, 2016</b>														
Profit for the period	-	-	-	-	-	-	-	-	-	-	3,182,056	3,182,056	135,678	3,327,934
<b>Other comprehensive income:</b>														
Changes in fair value of available-for-sale financial assets	-	-	-	(1,824,624)	-	-	-	-	-	-	-	(1,824,624)	-	(1,824,624)
Other reserves of investment accounted for under equity method	-	-	-	-	-	(2,927)	-	-	-	-	-	(2,927)	-	(2,927)
Remeasurement of retirement benefit asset / liability net of tax	-	-	-	-	-	-	-	-	-	-	(3,861)	(3,861)	-	(3,861)
Exchange difference on translation of foreign subsidiary	-	-	54,175	-	-	-	-	-	-	-	-	54,175	41,273	95,448
<b>Total comprehensive income for the period</b>	-	-	54,175	(1,824,624)	-	(2,927)	-	-	-	-	3,188,195	1,414,819	177,152	1,591,970
<b>Balance as on June 30, 2016 (un-audited)</b>	893,795	3,766,738	(185,020)	22,654,804	1,199,610	(35,769)	-	74,003	95,000	15,310,333	4,419,285	48,191,559	1,692,662	49,884,220
<b>Balance as on January 1, 2017 (audited)</b>	893,795	3,766,738	(156,663)	28,858,325	606,222	(66,054)	22,981	77,991	1,615,000	15,310,333	1,879,569	52,808,237	1,950,580	54,758,816
<b>Appropriation of funds</b>														
Transferred from general reserve	-	-	-	-	-	-	-	-	-	(1,000,000)	1,000,000	-	-	-
<b>Transactions with preference shareholders</b>														
Participating dividend on preference shares- note 17	-	-	-	-	-	-	-	-	-	-	(45,000)	(45,000)	-	(45,000)
<b>Transactions with owners, recognised directly in equity</b>														
Final dividend for the year ended December 31, 2016 Rs. 25 per share	-	-	-	-	-	-	-	-	-	-	(2,234,487)	(2,234,487)	-	(2,234,487)
Dividend relating to 2016 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(103,742)	(103,742)
Equity portion of short term loan from shareholder of the holding company	-	-	-	-	-	-	-	25,086	-	-	-	25,086	-	33,377
<b>Total transactions with owners, recognized directly in equity</b>	-	-	-	-	-	-	-	25,086	-	-	(2,234,487)	(2,209,401)	(95,451)	(2,304,852)
<b>Total comprehensive income for the period ended June 30, 2017</b>														
Profit for the period	-	-	-	-	-	(15,367)	-	-	-	-	3,140,595	3,125,228	91,895	3,217,123
<b>Other comprehensive income:</b>														
Changes in fair value of available-for-sale financial assets	-	-	-	4,379,097	-	-	-	-	-	-	-	4,379,097	-	4,379,097
Exchange difference on translation of foreign subsidiary	-	-	27,442	-	-	-	-	-	-	-	-	27,442	22,287	49,729
<b>Total comprehensive income for the period</b>	-	-	27,442	4,379,097	-	(15,367)	-	-	-	-	3,140,595	7,531,767	114,182	7,645,949
<b>Balance as on June 30, 2017 (un-audited)</b>	893,795	3,766,738	(129,221)	33,237,422	606,222	(81,421)	22,981	103,077	1,615,000	14,310,333	3,740,677	58,085,603	1,969,311	60,054,913

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

  
Towfiq Habib Chinoy  
Chairman

  
Syed Hyder Ali  
Chief Executive & Managing Director

  
Asghar Abbas  
Director

  
Khurram Raza Bakhtayari  
Chief Financial Officer



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

for the half year ended June 30, 2017

	Note	Half year ended	
		June 30, 2017	June 30, 2016
		Un-audited	Un-audited
<b>(Rupees in thousand)</b>			
<b>Cash flow from operating activities</b>			
Cash generated from operations	20	1,053,440	1,381,112
Finance cost paid		(602,676)	(590,479)
Income tax paid		(1,104,238)	(1,491,148)
Payments for accumulating compensated absences and staff gratuity		(14,567)	(12,390)
Retirement benefits paid		(26,058)	(8,439)
<b>Net cash outflow from operating activities</b>		<b>(694,099)</b>	<b>(721,344)</b>
<b>Cash flow from investing activities</b>			
Fixed capital expenditure		(2,810,957)	(4,028,061)
Investments - net		-	(366,667)
Investments made in government securities		(1,449,997)	-
Proceeds from disposal of government securities		1,452,831	-
Rental security deposits - net		197,536	-
Long-term loans and deposits - net		(30,888)	(5,020)
Proceeds from disposal of property, plant and equipment		66,105	91,655
Dividends received		3,379,338	2,792,433
<b>Net cash inflow / (outflow) from investing activities</b>		<b>803,968</b>	<b>(1,515,660)</b>
<b>Cash flow from financing activities</b>			
Proceeds from long term finances - secured		1,874,406	2,707,033
Proceeds received by Non controlling interest on interest acquisition in subsidiary		-	750,000
Redemption of preference share capital		-	(297,500)
Rental security deposits		-	-
Repayment of long term finances - secured		(358,189)	(100,000)
Liabilities against assets subject to finance lease - net		(8,720)	42,099
Participating dividend on preference shares paid		(45,000)	-
Dividend paid to equity holders of the Parent Company		(2,234,693)	(1,340,870)
Dividend paid to non-controlling interest		(103,742)	(163,628)
<b>Net cash (outflow) / inflow from financing activities</b>		<b>(875,938)</b>	<b>1,597,134</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(766,069)</b>	<b>(639,870)</b>
Cash and cash equivalents at the beginning of the period		(1,506,278)	(742,005)
<b>Cash and cash equivalents at the end of the period</b>	21	<b>(2,272,347)</b>	<b>(1,381,875)</b>

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

  
Asghar Abbas  
Director

  
Khurram Raza Bakhtayari  
Chief Financial Officer

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

for the half year ended June 30, 2017

**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, Packages Power (Private) Limited, Anemone Holdings Limited and Flexible Packages Convertors (Proprietary) Limited (together, 'the Group') are engaged in the following businesses:

Packaging: Representing manufacture and sale of packing materials 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  
Power generation: Representing the development and management of hydropower project

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

During the half year ended June 30, 2017, Packages Lanka, a subsidiary of Packages Limited incorporated a wholly owned subsidiary in Canada, Linnaea Holdings Inc. ("Linnaea"), which ultimately incorporated a company, 2582101 Ontario Inc. ("Ontario Company") in Canada, to acquire the flexible packaging business operations of Chantler Packaging Inc. ("CPI"), as discussed in note 25. CPI is a wholly-owned subsidiary of Chantler & Chantler Inc., ("C&C"), and both companies are registered under the laws of Canada.

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

**2. Basis of preparation**

This condensed consolidated interim financial information is un-audited. During the current period, the Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the Securities and Exchange Commission of Pakistan ('SECP') vide Circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 and further clarified through its press release dated July 20, 2017, companies whose financial year, and other interim period, closes on or before June 30, 2017, shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, this consolidated financial information has been prepared in accordance with the requirements of 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, 2017 have, however, been subjected to limited scope review by the auditors. This condensed consolidated interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the company's annual financial statements for the year ended December 31, 2016.

**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, 2016 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**

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2017, but are considered not to be relevant or to

have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed consolidated interim financial information.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after January 01, 2018 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these financial statements, except for the following:

Amendments to IAS 40, 'Investment property' related to transfer of investment property are applicable on accounting periods beginning on or after January 01, 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use, there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

## 4. Taxation

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

## 5. Estimates

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

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Groups' accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2016, 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

This represents equity portion of interest free short term loan from shareholder of the holding company as referred in note 9. As per the original loan agreement, it was repayable on June 10, 2016. However, as per revised terms of the loan, the tenure has now been extended to December 31, 2017.

## 7. Long term finances

		<b>June 30, 2017</b>	December 31, 2016
	<b>Note</b>	<b>Un-audited</b>	<b>Audited</b>
<b>(Rupees in thousand)</b>			
These are composed of			
Local currency loans - secured	7.1	<b>10,161,003</b>	8,689,840
Foreign currency loan - secured	7.2	<b>1,550,453</b>	1,490,062
		<b>11,711,456</b>	10,179,902
Preference shares / convertible stock - unsecured	7.3	<b>932,650</b>	932,650
		<b>12,644,106</b>	11,112,552
Current portion shown under current liabilities			
Long term finance facility		<b>(1,213,297)</b>	(806,546)
Closing balance		<b>11,430,809</b>	10,306,006

**7.1 Local currency loans - secured**

	<b>June 30, 2017</b>	December 31, 2016
	<b>Un-audited</b>	Audited
	<b>(Rupees in thousand)</b>	
Opening balance	<b>8,689,840</b>	3,085,950
Receipts during the period / year	<b>1,756,873</b>	7,489,600
	<b>10,446,713</b>	10,575,550
Repayments during the period / year	<b>(285,710)</b>	(1,885,710)
Closing balance	<b>10,161,003</b>	8,689,840

**7.2 Foreign currency loans**

Opening balance	<b>1,490,062</b>	1,110,351
Receipts during the period / year	<b>117,533</b>	452,090
	<b>1,607,595</b>	1,562,441
Repayments during the period / year	<b>(72,479)</b>	(67,980)
Exchange adjustment on opening balances	<b>15,337</b>	(4,399)
Closing balance	<b>1,550,453</b>	1,490,062

**7.3 Preference shares / convertible stock - unsecured**

Opening balance	<b>932,650</b>	2,014,895
Transfer to capital and reserves [Nil shares (December 31, 2016: 1,000,000 shares)] - for conversion into ordinary shares	-	(113,921)
Extinguishment of liability upon redemption of preference shares [Nil shares (December 31, 2016: 8,500,000 shares)]	-	(968,324)
Closing balance	<b>932,650</b>	932,650

8. The Divisional Bench of Sindh High Court in an order dated May 7, 2013 in case of another company has interpreted section 113(2)(c) of the Income Tax Ordinance, 2001 ('Ordinance') in the manner that the benefit of carry forward of minimum tax paid is not available, if otherwise no tax was payable by the company due to taxable loss. Taking a prudent view on the matter, the Company has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 270.768 million (December 1, 2016: Rs. 270.768 million) available under section 113 of the Ordinance.

Tax credits under section 113 of the Ordinance amounting to Rs. 110.934 million and Rs. 159.834 million are set to lapse by the end of years ending on December 31, 2017 and 2018 respectively.

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

	<b>June 30, 2017</b>	December 31, 2016
	<b>Un-audited</b>	Audited
	<b>(Rupees in thousand)</b>	
Loan is recognised in the balance sheet as follows:		
Opening balance	<b>462,930</b>	478,110
Equity portion of loan at renegotiation	<b>(33,377)</b>	(39,959)
	<b>429,553</b>	438,151
Interest during the period / year	<b>45,659</b>	24,779
Closing balance	<b>475,212</b>	462,930

**9.1** This loan has been obtained from Syed Babar Ali, shareholder of the Parent Company and is interest free. The loan was originally repayable on June 10, 2016. The subsidiary, Packages Construction (Private) Limited, renegotiated the loan and it is now payable on December 31, 2017.

## **10. Contingencies and commitments**

### **10.1 Contingencies**

- (i) Claims against the Group not acknowledged as debts Rs. 14.838 million (December 31, 2016: Rs. 14.861 million)
- (ii) Post dated cheques not provided in the condensed consolidated interim financial information have been furnished by the Group in favor of the Collector of Customs against custom levies aggregated to Nil (December 31, 2016: Rs. 19.632 million) in respect of goods imported
- (iii) Guarantees issued in favor of Excise and Taxation officer amounting to Nil (December 31, 2016: Rs. 1.624 million)
- (iv) Guarantees to Director General Customs amounting to Rs. 16 million (December 31, 2016: Nil)
- (v) Letters of guarantees issued to various parties aggregating Rs. 207.306 million (December 31, 2016: Rs. 246.146 million).
- (vi) Standby letter of credit issued by Habib Bank Limited Pakistan ('HBL Pakistan') in favor of Habib Bank Limited Bahrain ('HBL Bahrain') on behalf of the Parent Company USD 10.801 million (Equivalent to PKR 1,134.064 million) [(December 2016: USD 11.072 million (Equivalent to PKR 1,160.311 million)]

### **10.2 Commitments in respect of**

- (i) Letters of credit and contracts for capital expenditure Rs.602.060 million (December 31, 2016: Rs. 870.599 million)
- (ii) Letters of credit and contracts other than for capital expenditure Rs. 420.80 million (December 31, 2016: Rs. 511.677 million)

## **11. Property, plant and equipment**

		<b>June 30, 2017</b>	December 31, 2016
	<b>Note</b>	<b>Un-audited</b>	Audited
<b>(Rupees in thousand)</b>			
Operating assets - at net book value			
Owned assets		<b>6,405,105</b>	6,288,589
Assets subject to finance lease		<b>85,920</b>	91,099
	11.2	<b>6,491,025</b>	6,379,688
Capital work-in-progress	11.3	<b>260,747</b>	108,659
		<b>6,751,772</b>	6,488,347

## 11.2 Operating assets

		<b>June 30, 2017</b>	December 31, 2016
	<b>Note</b>	<b>Un-audited</b>	<b>Audited</b>
<b>(Rupees in thousand)</b>			
Opening net book value		<b>6,379,688</b>	5,301,065
Additions during the period / year	11.2.1	<b>601,468</b>	1,731,678
Transfer in at book value - net		-	47,296
		<b>601,468</b>	1,778,974
		<b>6,981,156</b>	7,080,039
Disposals during the period / year at book value		<b>(51,943)</b>	(58,913)
Transferred out		-	(14,005)
Depreciation charged during the period / year		<b>(501,071)</b>	(888,874)
Exchange adjustment on opening book value - net		<b>62,883</b>	261,441
		<b>(490,131)</b>	(700,351)
Closing book value		<b>6,491,025</b>	6,379,688

### 11.2.1 Following is the detail of additions during the period / year

Freehold land	-	22,951
Buildings on freehold land	<b>12,613</b>	52,132
Buildings on leasehold land	-	638
Plant and machinery	<b>470,748</b>	1,353,404
Other equipment	<b>74,712</b>	184,242
Furniture and fixtures	<b>2,614</b>	6,131
Vehicles	<b>40,781</b>	112,180
	<b>601,468</b>	1,731,678

## 11.3 Capital work-in-progress

Civil works	<b>67,053</b>	4,050
Plant and machinery	<b>125,307</b>	65,657
Others	<b>201</b>	38,952
Advances	<b>68,186</b>	-
	<b>260,747</b>	108,659

## 12. Intangible assets

Opening book value	<b>164,294</b>	150,437
Additions during the period / year	<b>1,534</b>	5,188
Amortisation charged during the period / year	<b>(5,401)</b>	(18,271)
Exchange difference	<b>6,623</b>	26,940
Closing book value	<b>167,050</b>	164,294

### 13. Investments accounted for using the equity method

		June 30, 2017	December 31, 2016
	Note	Un-audited	Audited
(Rupees in thousand)			
Investments in associates	13.1	4,460,969	4,390,677
Investment in joint ventures	13.2	9,453,419	9,476,358
		<b>13,914,388</b>	<b>13,867,035</b>
<b>13.1 Investments in associates</b>			
Cost		3,421,278	3,421,278
Post acquisition share of profits and reserves net of impairment losses			
Opening balance		969,399	719,363
Share of profit from associates - net of tax		199,625	357,945
Share of other comprehensive loss - net of tax		-	(1,524)
Share of other reserves of associates		-	(4,297)
Dividends received during the period / year		(129,333)	(102,088)
Closing balance		1,039,691	969,399
Balance as on	13.1.1	<b>4,460,969</b>	<b>4,390,677</b>
<b>13.1.1 In equity instruments of associated companies</b>			
<b>Quoted</b>			
<b>IGI Insurance Limited</b>			
13,022,093 (December 31, 2016: 13,022,093) fully paid ordinary shares of Rs. 10 each Equity held 10.61% ( 2016 : 10.61%) Market value - Rs. 4,125.399 million (December 31, 2016: Rs. 4,009.372 million)	13.3	1,455,593	1,366,894
<b>Tri-Pack Films Limited</b>			
12,933,333 (December 31, 2016: 12,933,333) fully paid ordinary shares of Rs. 10 each Equity held 33.33% ( 2016 : 33.33%) Market value - Rs. 2,897.066 million (December 31, 2016: Rs. 3,797.743 million)		3,005,376	3,023,783
<b>IGI Investment Bank Limited</b>			
4,610,915 (December 31, 2016: 4,610,915) fully paid ordinary shares of Rs. 10 each Equity held 2.17% ( 2016 : 2.17%) Market value - Rs. 13.924 million (December 31, 2016: Rs. 15.032 million)	13.3	-	-
		<b>4,460,969</b>	<b>4,390,677</b>

### 13.2 Investment in joint ventures

	<b>June 30, 2017</b>	December 31, 2016
<b>Note</b>	<b>Un-audited</b>	<b>Audited</b>
	<b>(Rupees in thousand)</b>	
Opening balance	<b>9,476,358</b>	10,153,991
Share of loss from joint venture - net of tax	<b>(5,613)</b>	(648,807)
Share of other comprehensive loss from joint venture - net of tax	<b>(15,367)</b>	(27,391)
Dividend received	<b>(1,959)</b>	(1,435)
Closing balance	<b>9,453,419</b>	9,476,358

#### 13.2.1 Investment in equity instruments of joint ventures - unquoted

##### **Bulleh Shah Packaging (Private) Limited**

709,718,013 (2016: 709,718,013)

fully paid ordinary shares of Rs. 10 each

Equity held 65% (2016: 65%)

25      **9,126,935**      9,151,720

##### **Plastic Extrusions (Proprietary) Limited**

500 (2016: 500) Fully paid ordinary

shares of ZAR 1 each

Equity held 50% (2016: 50%)

**17,954**      17,571

##### **OmyaPack (Private) Limited**

**[Formerly CalciPack (Private) Limited]**

31,000,000 (2016: Nil) fully paid ordinary

shares of Rs. 10 each

Equity held 50% (2016: 50%)

**308,530**      307,067

**9,453,419**      9,476,358

**13.3** The Company's investment in IGI Insurance Limited and IGI Investment Bank Limited is less than 20% but they are considered to be associates as per the requirement of IAS 28 'Investments in Associates' because the Company has significant influence over the financial and operating policies of these companies through representation on the board of directors of these companies.

During the prior year, the board of directors of IGI Insurance Limited and IGI Investment Bank Limited have approved Scheme of Amalgamation ("Amalgamation Scheme") under Sections 284 to 288 of the Companies Ordinance, 1984 (the "Ordinance") for the amalgamation of the entire undertaking, assets, entitlements and liabilities of IGI Investment Bank Limited with and into IGI Insurance Limited. In addition, the boards of Directors of IGI Insurance Limited and its wholly owned subsidiaries i.e. IGI General Insurance Limited and IGI Investments (Pvt.) Limited also approved Scheme of Arrangement ("Arrangement Scheme") under Sections 284 to 288 of the Ordinance for the demerger of the insurance division and certain investments along with corresponding liabilities, if any, held by IGI Insurance Limited into its (2) wholly owned subsidiaries IGI General Insurance Limited and IGI Investments (Pvt.) Limited respectively subsequent to the merger under Amalgamation scheme.



Both Amalgamation Scheme and Arrangement Scheme have been filed by these entities with Honorable Sindh High Court in accordance with provisions of law and are pending before the Court; as a result, no adjustment has been recognized in these financial statements.

#### 14. Other long-term investments

	Note	June 30, 2017 <u>Un-audited</u>	December 31, 2016 <u>Audited</u>
(Rupees in thousand)			
<b>Quoted</b>			
<b>Nestle Pakistan Limited</b>			
3,649,248 (December 31, 2016: 3,649,248)			
fully paid ordinary shares of Rs. 10 each			
Equity held 8.05% (December 31, 2016: 8.05%)			
Cost - Rs. 5,778.896 million			
(December 31, 2016: Rs. 5,778.896 million)	14.1 & 14.2	<b>37,222,328</b>	32,843,231
<b>Unquoted</b>			
<b>Tetra Pak Pakistan Limited</b>			
1,000,000 (December 31, 2016: 1,000,000)			
fully paid non-voting shares of Rs. 10 each	14.1	<b>10,000</b>	10,000
<b>Pakistan Tourism Development Corporation Limited</b>			
2,500 (December 31, 2016: 2,500)			
fully paid ordinary shares of Rs. 10 each		<b>25</b>	25
<b>Orient Match Company Limited</b>			
1,900 (December 31, 2016: 1,900)			
fully paid ordinary shares of Rs. 100 each		-	-
<b>Coca-Cola Beverages Pakistan Limited</b>			
500,000 (December 31, 2016: 500,000)			
fully paid ordinary shares of Rs. 10 each		<b>4,706</b>	4,706
		<b><u>37,237,059</u></b>	<b><u>32,857,962</u></b>

**14.1** 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.

**14.2** As of June 30, 2017, an aggregate of 775,000 shares (December 31, 2016: 775,000 shares) of Nestle Pakistan Limited having market value Rs. 7,905 million (December 31, 2016: Rs. 6,975 million) were pledged in favour of HBL Pakistan. Out of aggregate shares pledged, 410,000 shares (December 31, 2016: 410,000 shares) were pledged against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 10.1 and the remaining 365,000 shares (December 31, 2016: 365,000 shares) were pledged against the term finance loan obtained from HBL Pakistan.

## 15. Income tax receivable

- (i) In respect of tax year 2016, the department has, against taxable income of Rs. 1,157.926 million as per return filed by the Parent Company, assessed a taxable income of Rs. 2,437.836 million and amended the deemed order for the year raising a tax demand of Rs. 464.187 million. In this order, the income tax department has disallowed various expenses and deductions amounting to Rs. 1,279.777 million including disallowances on account of allocation of various expenses towards dividend income amounting to Rs. 1,066.360 million, where as minimum tax credit has been disallowed amounting to Rs. 360.348 million.

The Parent Company is contesting the above order before Commissioner Inland Revenue (Appeals) and has not made any provision against the above demand or disallowances as the management is confident that the ultimate outcome of the appeals would be in favour of the Parent Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

- (ii) In respect of tax year 2014, the department has, against taxable loss of Rs. 706.039 million as per return filed by the Parent Company, assessed a taxable income of Rs. 2.615 billion and amended the deemed order for the year raising a tax demand of Rs. 606.325 million. In this order, among other issues, the income tax department has not accepted the Parent Company's contention for non-taxation of the transfer of paper & paperboard and corrugated business segments to Bulleh Shah Packaging (Private) Limited ('BSPPL') under section 97 of the Ordinance. Such transfer has been taxed as capital gain on the value of assets transferred. The matter is currently being contested before the Commissioner Inland Revenue (Appeals).

Further, certain other disallowances inter alia including on account of allocation of various expenses towards dividend and other incomes, effectively reducing the available tax losses by approximately Rs. 1.2 billion, have also been made by the department in respect of previous tax years.

The Parent Company is contesting the above orders before Commissioner Inland Revenue (Appeals) and has not made any provision against the above demand or disallowances as the management is confident that the ultimate outcome of the appeals would be in favor of the Parent Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

- (iii) In 1987, the then Income Tax Officer ('ITO') re-opened the Parent Company's assessments for the accounting years ended December 31, 1983 and 1984 disallowing primarily tax credit given to the 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 Parent 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 Parent Company had filed an appeal against the revised orders of the ITO before the then Commissioner of Income Tax (Appeals) ['CIT(A)'], Karachi. CIT(A) in his order issued in 1988, held the assessments reframed by the ITO for the years 1983 and 1984 presently to be void and of no legal effect. The ITO has filed an appeal against the CIT(A)'s order with the then Income Tax Appellate Tribunal ('ITAT'). The ITAT has in its order issued in 1996 maintained the

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

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

## 16. Cost of sales

	Quarter ended		Half year ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	Un-audited	Un-audited	Un-audited	Un-audited
	( R u p e e s i n t h o u s a n d )			
Materials consumed	<b>3,586,387</b>	3,284,813	<b>7,190,362</b>	6,649,884
Salaries, wages and amenities	<b>493,217</b>	409,565	<b>960,575</b>	801,612
Traveling and conveyance	<b>12,546</b>	10,267	<b>19,580</b>	16,603
Fuel and power	<b>304,233</b>	168,474	<b>521,899</b>	332,566
Production supplies	<b>111,221</b>	118,446	<b>238,731</b>	257,767
Rent, rates and taxes	<b>38,196</b>	8,779	<b>46,328</b>	18,722
Insurance	<b>20,517</b>	12,673	<b>29,775</b>	22,718
Repairs and maintenance	<b>111,074</b>	129,117	<b>208,503</b>	231,342
Packing expenses	<b>107,839</b>	102,659	<b>219,701</b>	218,465
Depreciation on property, plant and equipment	<b>377,577</b>	190,251	<b>603,405</b>	377,769
Amortisation of intangible assets	<b>1,345</b>	2,434	<b>3,919</b>	4,867
Technical fee and royalty	<b>25,481</b>	48,996	<b>48,487</b>	75,487
Other expenses	<b>134,449</b>	68,993	<b>224,626</b>	150,048
	<b>5,324,082</b>	4,555,467	<b>10,315,891</b>	9,157,850
Opening work-in-process	<b>366,036</b>	274,042	<b>335,892</b>	324,838
Closing work-in-process	<b>(365,646)</b>	(269,251)	<b>(365,646)</b>	(269,251)
Cost of goods manufactured	<b>5,324,472</b>	4,560,258	<b>10,286,137</b>	9,213,437
Opening stock of finished goods	<b>547,870</b>	585,001	<b>661,661</b>	696,792
Closing stock of finished goods	<b>(630,113)</b>	(565,386)	<b>(630,113)</b>	(565,386)
	<b>5,242,229</b>	4,579,873	<b>10,317,685</b>	9,344,843

**16.1** In June 2017, Walton Cantonment Board concluded its assessment for property tax for parent company for the period relating to June 2014 to June 2017 resulting in a one off adjustment of Rs.42 million which has been changed in the current period.

**17.** As per the terms of Subscription Agreement dated March 25, 2009 with International Finance Corporation ('IFC'), in addition to the preferred right of return at the rate of 10 percent per annum, either in cash or ordinary shares on a non-cumulative basis till the date of settlement of preference shares / convertible stock, the preference shareholders also have the right to share the excess amount with the ordinary shareholders on an as-converted basis in case the amount of dividend per share paid to an ordinary shareholder exceeds that paid to a preference shareholder. Since ordinary dividend of Rs. 25.00 per share was approved for the year ended December 31, 2016, which exceeded the preferred return for that year, the additional preference dividend to be paid to the preference shareholders has been distributed to the preference shareholders as participating dividend and charged directly to the equity.

## 18. Transactions with related parties

Relationship with the Group	Nature of transactions	Half year ended	
		June 30, 2017	June 30, 2016
		Un-audited	Un-audited
<b>(Rupees in thousand)</b>			
i Associated Undertakings	Purchase of goods and services	<b>492,255</b>	505,832
	Sale of goods and services	<b>12,957</b>	1,058
	Dividend income	<b>129,333</b>	102,088
	Insurance premium	<b>119,738</b>	83,085
	Rental and other income	<b>5,329</b>	523
	Insurance claim	<b>1,656</b>	32
	Commission earned	<b>3,848</b>	4,626
	Investment in equity	-	366,667
	Share capital issued	-	750,000
ii Joint venture	Purchase of goods and services	<b>1,269,589</b>	1,286,646
	Sale of goods and services	<b>168,912</b>	151,815
	Rental and other income	<b>34,006</b>	31,737
	Sale of property plant & equipment	<b>2,828</b>	9,781
	Divident income	<b>1,959</b>	-
iii Other related parties	Purchase of goods and services	<b>123,573</b>	49,031
	Royalty and technical fee - expense	<b>37,891</b>	39,709
	Commission earned	<b>8,986</b>	-
	Rebate received	<b>418</b>	-
	Donation	<b>45,580</b>	-
iv Post employment benefit plans	Expenses charged in respect of retirement benefit plans	<b>74,029</b>	58,274
v Key management personnel	Salaries and other employee benefits	<b>108,335</b>	100,472

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

### Period / year end balances

	June 30, 2017	December 31, 2016
	Un-audited	Audited
<b>(Rupees in thousand)</b>		
Receivable from related parties		
Associates	<b>18,769</b>	19,645
Joint ventures	<b>592,005</b>	524,416
Other related parties	<b>2,070</b>	1,040
Payable to related parties		
Associates	<b>41,570</b>	57,522
Joint ventures	<b>330,910</b>	179,727
Other related parties	<b>47,401</b>	87,256
Retirement benefit obligations	<b>18,541</b>	15,948

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

## 19. Segment Information

	Packaging Division		Consumer Products Division		Ink Division		Real estate		General & Others		Total	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited
	( Rupees in thousand )											
Revenue from external customers	8,919,476	8,750,968	2,205,000	1,988,873	1,338,199	1,446,334	577,423	-	174,936	99,091	13,215,034	12,285,266
Intersegment revenue	214,602	224,743	-	5,728	549,080	421,924	-	-	36,158	38,522	799,840	690,917
	9,134,078	8,975,711	2,205,000	1,994,601	1,887,279	1,868,258	577,423	-	211,094	137,613	14,014,874	12,976,183
Segment profit before tax	592,115	1,057,150	343,637	302,317	232,968	293,191	76,953	(49,133)	2,988,364	2,638,602	4,234,037	4,242,127
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Segment assets	10,021,801	9,790,948	1,982,242	1,603,568	1,762,024	1,485,012	13,649,298	11,030,560	1,125,652	1,178,368	28,541,017	25,088,456

### Reconciliation of profit

	June 30, 2017	June 30, 2016
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for reportable segments	4,234,037	4,242,127
Profit from associates and joint venture - net of dividend	62,720	168,162
Intercompany consolidation adjustments	(174,784)	(235,448)
<b>Profit before tax</b>	<b>4,121,973</b>	<b>4,174,841</b>

## 20. Cash generated from operations

	Half year ended	
	June 30, 2017	June 30, 2016
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before taxation	4,121,973	4,174,841
Adjustments for non-cash items:		
Depreciation on property, plant and equipment	501,074	411,342
Depreciation on investment property	153,800	1,641
Amortisation on intangible assets	5,401	9,788
Capital gain on disposal of government securities	(2,834)	-
Provision for accumulating compensated absences	59,642	47,543
Provision for retirement benefits	18,642	3,552
Profit on disposal of property, plant and equipment	(14,162)	(53,545)
Exchange loss	16,320	800
Finance costs	418,748	360,589
Reversal for provision against pending claims	(17,809)	(32,357)
Provision for doubtful debts	112	21,170
Provisions and unclaimed balances written back	(1,144)	(9,736)
Exchange difference on translation of foreign subsidiaries	4,441	(39,562)
Share of profit of investments accounted for using the equity method	(194,012)	(270,250)
Dividend income	(3,248,046)	(2,792,433)
<b>Profit before working capital changes</b>	<b>1,822,146</b>	<b>1,833,383</b>
<b>Effect on cash flow due to working capital changes</b>		
Increase in trade debts	(691,481)	(185,728)
(Decrease) / increase in stores and spares	(112,408)	56,536
Increase in stock-in-trade	(487,710)	(73,697)
Increase in loans, advances, deposits, prepayments and other receivables	(158,428)	(211,272)
Increase / (decrease) in trade and other payables	681,321	(38,110)
	(768,706)	(452,271)
	<b>1,053,440</b>	<b>1,381,112</b>

## 21. Cash and cash equivalents

	Half year ended	
	June 30, 2017	June 30, 2016
	Un-audited	Un-audited
	(Rupees in thousand)	
Cash and bank balances	340,983	294,748
Finances under markup arrangements - secured	(2,613,330)	(1,676,623)
	<u>(2,272,347)</u>	<u>(1,381,875)</u>

## 22. Financial risk management

### 22.1 Financial risk factors

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

The condensed interim 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, 2016.

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

### 22.2 Fair value estimation

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

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

The following table presents the Groups' material financial assets and liabilities that are measured at fair value at June 30, 2017.

	Un-audited (Rupees in thousand)			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
<b>Recurring fair value measurements</b>				
Available-for-sale investments	37,222,330	-	-	37,222,330
<b>Liabilities</b>	-	-	-	-

The following table presents the Group's material financial assets and liabilities that are measured at fair value at December 31, 2016.

	Audited (Rupees in thousand)			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
<b>Recurring fair value measurements</b>				
Available-for-sale investments	32,843,232	-	-	32,843,232
<b>Liabilities</b>	-	-	-	-

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

## 23. Detail of subsidiaries

Name of the subsidiaries	Accounting year end	Percentage of holding	Country of incorporation
Anemone Holdings Limited	December 31	100.00%	Mauritius
DIC Pakistan Limited	December 31	54.98%	Pakistan
Flexible Packages Converters (Proprietary) Limited	February 28	55.00%	South Africa
Packages Construction (Private) Limited	December 31	75.16%	Pakistan
Packages Power (Private) Limited	December 31	100.00%	Pakistan
Packages Lanka (Private) Limited	December 31	79.07%	Sri Lanka
Linnaea Holdings Inc.	December 31	79.07%	Canada
2582101 Ontario Inc.	December 31	63.26%	Canada

## 24. Date of authorization for issue

This condensed consolidated interim financial information was authorized for issue on August 21, 2017 by the Board of Directors of the Parent Company.

## 25. Events after balance sheet date

- (i) The Board of Directors of the Parent Company, at its meeting held on July 26, 2017, has resolved to purchase 35% shares held by Stora Enso in BSPPL at a price of up to USD 8 million (equivalent to Rs. 850 million approximately), subject to exchange variation on payment date and certain adjustments. Upon completion of the proposed transaction, BSPPL shall become a wholly owned subsidiary of the Company.

Consummation of the proposed transaction is subject to execution of a share purchase agreement and procurement of all applicable corporate and regulatory approvals and other customary transaction related conditions including approval of shareholders through special resolution at the Extraordinary General Meeting of the Company which is scheduled on August 28, 2017.

- (ii) Further as discussed under note 1, on June 30, 2017, Packages Lanka and Linnaea signed a Shareholders' agreement ("the Agreement") and an Asset Purchase Agreement with C&C and CPI, by which Ontario Company acquired substantial assets from C&C and operations from CPI from July 1, 2017 for a total consideration of CAD 700,000 resulting in Linnaea becoming 80% shareholder of Ontario Company.

## 26. Corresponding figures

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

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

  
Tawfiq Habib Chinoy  
Chairman

  
Syed Hyder Ali  
Chief Executive & Managing Director

  
Asghar Abbas  
Director

  
Khurram Raza Bakhtayari  
Chief Financial Officer