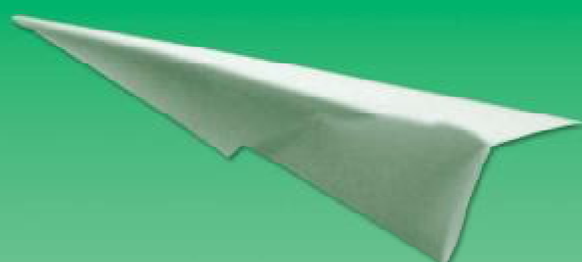
Packages Limited



Half Yearly Report

Interim Financial Information

JUNE 30, 2010 (Un-audited)

Contents

COMPANY INFORMATION

Board of Directors
Towfiq Habib Chinoy
(Chairman)
Syed Hyder Ali
(Chief Executive & Managing Director)
Khalid Yacob
Matti Ilmari Naakka
Mujeeb Rashid
Shahid Aziz Siddiqui
Shamim Ahmad Khan
Syed Aslam Mehdi
Syed Shahid Ali
Wazir Ali Khoja
Ali Aslam
(Alternate to Matti Ilmari Naakka)

Advisor
Syed Babar Ali

Company Secretary
Adi J. Cawasji

Executive Committee

Syed Hyder Ali	- Chairman
Syed Aslam Mehdi	- Member
Khalid Yacob	- Member

Audit Committee

Shamim Ahmad Khan *(Non-Executive Director)*	- Chairman
Matti Ilmari Naakka *(Non-Executive Director)*	- Member
Syed Shahid Ali *(Non-Executive Director)*	- Member
Wazir Ali Khoja *(Non-Executive Director)*	- Member
Syed Aslam Mehdi *(Executive Director)*	- Member
Adi J. Cawasji	- Secretary

Business Strategy Committee

Syed Hyder Ali	- Chairman
Syed Aslam Mehdi	- Member
Khalid Yacob	- Member

System and Technology Committee

Syed Aslam Mehdi	- Chairman
Khalid Yacob	- Member
Suleman Javed	- Member

Remuneration and Appointments Committee

Towfiq Habib Chinoy	- Chairman
Syed Hyder Ali	- Member
Syed Aslam Mehdi	- Member

Rating Agency: PACRA

Company Rating: AA

Auditors
A.F. Ferguson & Co.
Chartered Accountants

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

Bankers & Lenders
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Barclays Bank PLC, Pakistan
Citibank N.A.
Deutsche Bank A.G.
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
International Finance Corporation (IFC)
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Samba Bank Limited
Silk Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Tokyo - Mitsubishi UFJ, Limited
The Royal Bank of Scotland Limited
United Bank Limited

Head Office & Works
Shahrah-e-Roomi,
P.O. Amer Sidhu,
Lahore - 54760, Pakistan
PABX : (042) 35811541-46
: (042) 35811191-94
Fax : (042) 35811195
: (042) 35820147

Factories

Kasur Factory
Bulleh Shah Paper Mill (BSPM)
10-km Kasur Kot Radhakishan Road,
District Kasur, Pakistan
Tel. : (049) 2717335 - 43
Fax : (049) 2717220

Karachi Factory
Plot No. 6 & 6/1, Sector 28,
Korangi Industrial Area,
Karachi-74900, Pakistan
Tel. : (021) 35045320, 35045310
Fax : (021) 35045330

Registered Office & Regional Sales Office

Registered Office
4th Floor, The Forum
Suite No. 416 - 422, G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan
PABX : (021) 35874047-49
: (021) 35378650-51
: (021) 35831618, 35833011
Fax : (021) 35860251

Regional Sales Office
2nd Floor, G.D. Arcade
73-E, Fazal-ul-Haq Road, Blue Area,
Islamabad-44000, Pakistan
PABX : (051) 2276765
: (051) 2276768
: (051) 2278632
Fax : (051) 2829411
: (051) 2806267

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

9th Floor State Life Building,
2 - Liaquat Road,
Faisalabad - Pakistan
Tel. : (041) 2540842
Fax : (041) 2540815

Uzair Enterprises
Teer Chowk Bhuta Road,
Sukkur - 65200, Pakistan
Tel. & Fax: (071) 5616138

M. Hamza Traders
15-D Gul Plaza, Opp: Charsadda Bus Stand,
Peshawar-25000, Pakistan
Cell : 0301-8650486
Tel. : (091) 2043719

Haq Brothers
Tehsil Road, Jhelum-49600, Pakistan
Cell : 0321-5332095
: 0333-5179706

Shares Registrar
FAMCO Associates (Pvt.) Limited
1st Floor, State Life Building No. 1-A
I. I. Chundrigar Road,
Karachi-74000, Pakistan
PABX : (021) 32420755
: (021) 32427012
: (021) 32425467
Fax : (021) 32426752

Web Presence
www.packages.com.pk

DIRECTORS' REPORT FOR THE HALF YEAR ENDED JUNE 30, 2010

بسم الله الرحمن الرحيم

The Directors of Packages Limited take pleasure in presenting to its shareholders, the six monthly report together with the un-audited financial statements of the Company for the half year ended June 30, 2010.

Financial and Operational Performance

The comparison of the un-audited results for the half year ended June 30, 2010 as against June 30, 2009 is as follows:

	For the second quarter		**Cumulative**	
	Apr - June 2010	Apr - June 2009	**Jan - June 2010**	Jan - June 2009
Financial - Rupees in million				
Net sales - local	4,383	3,301	9,032	6,445
Net sales - export	335	161	729	226
EBITDA - operations	**386**	**202**	**848**	**301**
Depreciation & amortization	(383)	(343)	(764)	(617)
EBIT - operations	**3**	**(141)**	**84**	**(316)**
Finance costs	(296)	(334)	(596)	(669)
Other operating income - net	105	129	117	66
Impairment loss	-	(1,794)	-	(1,794)
Dividend income	15	-	757	161
Gain on sale of long-term investment	-	-	-	8,867
(Loss) / earnings before tax	**(173)**	**(2,140)**	**362**	**6,315**
Taxation	131	(49)	(83)	(2,149)
(Loss) / earnings after tax	**(42)**	**(2,189)**	**279**	**4,166**
(Loss) / earnings per share - rupees	**(0.49)**	**(25.94)**	**3.30**	**49.38**

Key Highlights

- Achieved local sales growth of 40% from Rs. 6,445 million to Rs. 9,032 million and export sales growth of approximately 3 times during the first half of 2010 over the corresponding period of last year.
- Generated EBITDA of Rs. 848 million during HY-2010 against that of Rs. 301 million generated during HY-2009 that is indicative of enhanced operational growth resulting from increased capacity utilization.
- The dividend income has grown by Rs. 596 million over the corresponding period of 2009 representing improved earnings from investments.
- The Company posted a loss per share of Rs. 0.49 in Q2-2010 as against profit per share of Rs. 3.80 in Q1-2010 primarily due to timing difference in receipt of dividend income of Rs. 15 million in Q2-2010 as against Rs. 742 million in Q1-2010.

Production Statistics

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

	Apr - June 2010	Apr - June 2009	**Jan - June 2010**	Jan - June 2009
Paper and paperboard produced - tons	**46,315**	40,559	**89,709**	75,453
Paper and paperboard converted - tons	**25,065**	22,197	**50,857**	44,918
Plastics all sorts converted - tons	**2,871**	2,567	**5,503**	5,053

A review of the operations of different business units is as follows:

Paper & Board Operations

Paper and Board - Lahore Operations has achieved sales growth of 19% during the first half of 2010 with EBITDA of Rs. 52 million as compared to negative EBITDA of Rs. 4 million for the corresponding period of 2009. Bulleh Shah Paper Mill (BSPM) has generated external sales of 1,789 million (including export sales of Rs. 636 million) during the first half of 2010 with an EBITDA of Rs. 81 million as against negative EBITDA of Rs. 129 million in HY-2009. The Paper Machine (PM-6) is operating at its name plate capacity and Paper Machine (PM-7) products are continuously improving their market share.

Your Company is enhancing production capacity of its Paper Machine (PM-6) at BSPM to cater for enhanced product demand and diversify machine's product range.

Packaging Operations

The Packaging Operations have registered external sales of Rs. 4,759 million during the first half of 2010 as compared to Rs. 4,001 million of the corresponding period representing sales growth of 19% with a growth in EBITDA of Rs. 222 million. This growth is directly associated with growing consumer market and division's ability to provide technical & logistical support and one-stop packaging solutions to its customers on timely basis.

Consumer Products

The Consumer Products Division has achieved sales of Rs. 916 million during the half year 2010 as compared to Rs. 827 million of the corresponding period of last year representing sales growth of 11% with corresponding EBITDA growth of Rs. 41 million.

Future Outlook

In view of rising raw material prices, electricity and gas shortages, your Company will continue its focus to improve shareholder's value through tight cost control, product and process optimization, price rationalization and efficient working capital management. We remain confident that economic prospects will improve in the future and the Company shall be able to maintain its market leadership.

Change in Board of Directors

There has been a change in the Board of Directors of the Company subsequent to June 30, 2010 as Mr. Tariq Iqbal Khan, nominee of National Investment Trust Limited, resigned from the Board of Directors of the Company on July 19, 2010 and Mr. Wazir Ali Khoja has been nominated by National Investment Trust Limited on the Board of Directors of the Company.

The Board wishes to place on record its profound appreciation of the services rendered by Mr. Tariq Iqbal Khan during the tenure of his office and welcomes Mr. Wazir Ali Khoja who will hold office for the remainder of the term of Mr. Tariq Iqbal Khan in whose place he is appointed.

With the induction of Mr. Wazir Ali Khoja on the Board of the Company, the Audit Committee has also been re-constituted as Mr. Wazir Ali Khoja is appointed as member of the Committee in place of Mr. Tariq Iqbal Khan.

Corporate Social Responsibility

In August 2010, our country experienced a flood of catastrophic magnitude that has claimed many human lives across the country. Considering its social responsibility towards the nation, your Company and its employees are contributing towards flood relief activities and rehabilitation of displaced persons.

Company's Staff and Customers

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

(Towfiq Habib Chinoy)
Chairman
Karachi, August 23, 2010

(Syed Hyder Ali)
Chief Executive & Managing Director
Karachi, August 23, 2010

AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Packages Limited as at June 30, 2010 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the account for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2009 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2010.

Scope of Review

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

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended June 30, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

A. F. Ferguson & Co.
Chartered Accountants
Lahore, August 23, 2010

Engagement partner : Mr. Shahzad Hussain

PACKAGES LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
as at June 30, 2010

	Note	**Un-audited June 30, 2010**	Audited December 31, 2009
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2009: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (2009: 22,000,000) 10% non-voting cumulative preference shares / convertible stock of Rs. 190 each		**4,180,000**	4,180,000
Issued, subscribed and paid up capital 84,379,504 (2009: 84,379,504) ordinary shares of Rs. 10 each		**843,795**	843,795
Reserves		**21,701,303**	17,099,138
Preference shares / convertible stock reserve		**1,605,875**	1,605,875
Unappropriated profit		**872,621**	3,868,099
		25,023,594	23,416,907
NON-CURRENT LIABILITIES			
Long-term finances	5	**7,970,577**	7,970,577
Deferred liabilities		**2,481,529**	2,477,852
		10,452,106	10,448,429
CURRENT LIABILITIES			
Finances under mark up arrangements - secured		**131,611**	86,496
Trade and other payables		**1,673,124**	1,656,197
		1,804,735	1,742,693
CONTINGENCIES AND COMMITMENTS	6	**-**	-
		37,280,435	35,608,029

	Note	Un-audited June 30, 2010	Audited December 31, 2009
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	**18,541,502**	19,161,332
Intangible assets		**86**	137
Investment property		**53,907**	55,335
Capital work-in-progress	8	**70,882**	65,578
Investments		**9,701,567**	8,099,401
Long-term loans and deposits		**140,232**	139,577
Retirement benefits		**100,892**	107,900
		28,609,068	27,629,260
CURRENT ASSETS			
Stores and spares		**943,072**	870,951
Stock-in-trade		**3,609,294**	4,102,396
Trade debts		**2,206,561**	1,752,216
Loans, advances, deposits, prepayments and other receivables		**1,118,974**	797,486
Cash and bank balances		**793,466**	455,720
		8,671,367	7,978,769
		37,280,435	35,608,029

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

PACKAGES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
for the quarter and half year ended June 30, 2010

		Quarter ended		Half year ended	
		June 30, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
	Note	(R u p e	e s i n	t h o u	s a n d)
Local sales		**5,199,619**	3,914,674	**10,700,086**	7,651,256
Export sales		**341,997**	164,472	**741,341**	230,740
		5,541,616	4,079,146	**11,441,427**	7,881,996
Less: Sales tax and excise duty		**812,921**	610,015	**1,659,877**	1,199,460
Commission		**10,761**	7,146	**20,397**	11,806
		823,682	617,161	**1,680,274**	1,211,266
		4,717,934	3,461,985	**9,761,153**	6,670,730
Cost of sales	9	**(4,423,371)**	(3,371,524)	**(9,124,224)**	(6,552,901)
Gross profit		**294,563**	90,461	**636,929**	117,829
Administrative expenses		**(144,053)**	(132,355)	**(260,020)**	(236,761)
Distribution and marketing costs		**(148,768)**	(99,706)	**(293,437)**	(197,093)
Other operating expenses		**15,040**	(1,751,008)	**(26,983)**	(1,924,620)
Other operating income		**58,229**	86,642	**111,209**	197,485
Profit / (loss) from operations		**75,011**	(1,805,966)	**167,698**	(2,043,160)
Finance costs		**(296,093)**	(333,770)	**(595,878)**	(669,072)
Investment income		**48,423**	-	**789,935**	9,027,513
(Loss) / profit before taxation		**(172,659)**	(2,139,736)	**361,755**	6,315,281
Taxation		**131,000**	(49,000)	**(83,000)**	(2,149,000)
(Loss) / profit after taxation		**(41,659)**	(2,188,736)	**278,755**	4,166,281
(Loss) / earnings per share					
basic - Rupees	10	**(0.49)**	(25.94)	**3.30**	49.38
diluted - Rupees	10	**(0.49)**	(25.94)	**3.30**	49.38

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the quarter and half year ended June 30, 2010

	Quarter ended		Half year ended	
	June 30, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
	(Rupees in thousand)			
(Loss) / profit after taxation	**(41,659)**	(2,188,736)	**278,755**	4,166,281
Other comprehensive income				
Surplus / (deficit) on remeasurement of available for sale financial assets	**1,477,945**	(306,246)	**1,602,165**	(881,367)
Impairment loss transferred to profit and loss account	**-**	1,793,991	**-**	1,793,991
Other comprehensive income for the period - net of tax	**1,477,945**	1,487,745	**1,602,165**	912,624
Total comprehensive income / (loss) for the period	**1,436,286**	(700,991)	**1,880,920**	5,078,905

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

PACKAGES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
for the half year ended June 30, 2010

	Note	January to June 2010	January to June 2009
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from operations	12	**895,465**	1,512,643
Finance cost paid		**(585,487)**	(1,020,029)
Taxes paid		**(332,089)**	(110,046)
Payments for accumulating compensated absences		**(8,145)**	(4,308)
Retirement benefits paid		**(24,919)**	(22,109)
Net cash (used in) / generated from operating activities		**(55,175)**	356,151
Cash flow from investing activities			
Fixed capital expenditure		**(160,975)**	(811,249)
Investment		**-**	(10,000)
Net increase in long-term loans and deposits		**(655)**	(123)
Proceeds from disposal of property, plant and equipment		**14,947**	14,216
Proceeds from disposal of non-current assets classified as held-for-sale		**-**	7,865,000
Dividends received		**757,398**	160,763
Net cash generated from investing activities		**610,715**	7,218,607
Cash flow from financing activities			
Payments of long-term finances - secured		**-**	(5,000,000)
Dividend paid		**(262,909)**	-
Net cash used in financing activities		**(262,909)**	(5,000,000)
Net increase in cash and cash equivalents		**292,631**	2,574,758
Cash and cash equivalents at the beginning of the period		**369,224**	(2,388,631)
Cash and cash equivalents at the end of the period	13	**661,855**	186,127

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

PACKAGES LIMITED

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

for the half year ended June 30, 2010

	Share capital	Share premium	Fair value reserve	General reserve	Preference shares / convertible stock reserve	Unappro-priated profit / (loss)	Total
	(Rupees in thousand)						
Balance as on December 31, 2008 (audited)	843,795	2,876,893	(912,624)	13,660,333	-	(195,825)	**16,272,572**
Total comprehensive income for the half year ended June 30, 2009	-	-	912,624	-	-	4,166,281	**5,078,905**
Balance as on June 30, 2009 (un-audited)	843,795	2,876,893	-	13,660,333	-	3,970,456	**21,351,477**
Equity component of preference shares / convertible stock (net of transaction costs)	-	-	-	-	1,605,875	-	**1,605,875**
Total comprehensive income / (loss) for the half year ended December 31, 2009	-	-	561,912	-	-	(102,357)	**459,555**
Balance as on December 31, 2009 (audited)	843,795	2,876,893	561,912	13,660,333	1,605,875	3,868,099	**23,416,907**
Transferred from profit and loss account	-	-	-	3,000,000	-	(3,000,000)	-
Final Dividend for the year ended December 31, 2009 Rs. 3.25 per share	-	-	-	-	-	(274,233)	**(274,233)**
Total comprehensive income for the half year ended June 30, 2010	-	-	1,602,165	-	-	278,755	**1,880,920**
Balance as on June 30, 2010 (un-audited)	843,795	2,876,893	2,164,077	16,660,333	1,605,875	872,621	**25,023,594**

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.

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

1. The company and its activities

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

2. Basis of preparation

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. The figures for the half year ended June 30, 2010 have, however, been subjected to limited scope review by the auditors as required by the Code of Corporate Governance. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended December 31, 2009.

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, 2009 except for the adoption of new accounting policies as referred to in note 3.2.1.

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

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

3.2.1 Standards, amendments to published standards and interpretations that are effective in current period and are relevant to the company

- IAS 1 (amendment), ‘Presentation of financial statements’. The amendment is part of the IASB’s annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The application of this amendment has no material impact on the company's financial statements.

- IAS 27 (revised), ‘Consolidated and separate financial statements’, requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in income statement. The application of this revised standard has no material impact on the company's financial statements.

- IAS 38 (amendment), 'Intangible assets'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The application of this amendment has no material impact on the company's financial statements.

- IAS 39 (amendment); 'Cash flow hedge accounting'. This amendment provides clarification when to recognise gains or losses on hedging instruments as a reclassification adjustment in a cash flow hedge of a forecast transaction that results subsequently in the recognition of a financial instrument. The amendment clarifies that gains or losses should be reclassified from equity to income statement in the period in which the hedged forecast cash flow affects income statement. The application of this amendment has no material impact on the company's financial statements.

- IFRS 3 (revised), 'Business combinations' is effective from July 1, 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non controlling interest in the acquiree at fair value or at the non controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The application of this revised standard has no material impact on the company's financial statements.

- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The application of this amendment has no material impact on the company's financial statements.

3.2.2 Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the company

- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the company, as it has not made any non-cash distributions.

- IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This is not relevant to the company, as it has not received any assets from customers.

3.2.3 The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial period beginning 1 January 2010 and have not been early adopted:

- IFRS 9, 'Financial instruments', issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the company's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The company has not yet decided when to adopt IFRS 9.

- Revised IAS 24, 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised IAS 24 is required to be applied from 1 January 2011. Earlier application, in whole or in part, is permitted.

- 'Classification of rights issues' (Amendment to IAS 32), issued in October 2009. For rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment should be applied for annual periods beginning on or after 1 February 2010. Earlier application is permitted.

- 'Prepayments of a minimum funding requirement' (Amendments to IFRIC 14), issued in November 2009. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented.

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. This clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after 1 July 2010. Earlier application is permitted.

4. The provision for taxation for the half year ended June 30, 2010 has been made using the tax rate that would be applicable to expected total annual earnings.

5. Long-term finances

	Un-audited June 30, 2010	Audited December 31, 2009
	(Rupees in thousand)	
Opening balance		
Local currency loans - secured	**5,500,000**	10,500,000
Foreign currency loan - secured	**-**	2,354,400
Preference shares / convertible stock - unsecured	**2,470,577**	-
	7,970,577	12,854,400
Add: Loans obtained during the period		
Preference shares / convertible stock - unsecured	**-**	2,470,577
	7,970,577	15,324,977
Less: Loans repaid during the period		
Local currency loan - secured	**-**	5,000,000
Foreign currency loan - secured	**-**	2,354,400
	-	7,354,400
Closing balance	**7,970,577**	7,970,577

6. Contingencies and commitments

6.1 Contingencies

(i) Claims against the company not acknowledged as debts Rs. 16.109 million (December 31, 2009: Rs. 15.802 million).

(ii) Against a sales tax refund aggregating Rs. 12.827 million determined by the Sales Tax Officer (STO) on the basis of the orders of the Appellate Assistant Commissioner (AAC) for the assessment years 1977-78 through 1980-81 and recognised in the accounts in 1985, the STO filed an appeal in 1986 with the Income Tax Appellate Tribunal (ITAT) against the Orders of the AAC for these years. The orders of the AAC were based on a decision already given by the ITAT on the company's appeal for application of a lower rate of sales tax on self consumed material for earlier years. Pending the outcome of the appeal filed by STO no adjustment has been made for the refunds recognised in the accounts as the management is of the view that the appeal of the STO will not be upheld by the ITAT.

(iii) Post dated cheques not provided in the condensed interim financial information have been furnished by the company in favour of the Collector of Customs against custom levies aggregated to Rs. 61.970 million (December 31, 2009: Rs. 27.305 million) in respect of goods imported.

(iv) In 1987, the Income Tax Officer (ITO) re-opened the company's assessments for the accounting years ended December 31, 1983 and 1984 disallowing primarily tax credit given to the company under section 107 of the Income Tax Ordinance, 1979. The tax credit amounting to Rs 36.013 million on its capital expenditure for these years was refused on the grounds that such expenditure represented an extension of the company's undertaking which did not qualify for tax credit under this section in view of the company's location. The assessments for these years were revised by the ITO on these grounds and taxes reassessed were adjusted against certain sales tax refunds and the tax credits previously determined by the ITO and set off against the assessments framed for these years. The company had filed an appeal against the revised orders of the ITO before the Commissioner of Income Tax (Appeals) [CIT(A)], Karachi. The Commissioner has, in his order issued in 1988, held the assessments reframed by the ITO for the years 1983 and 1984 presently to be void and of no legal effect. The ITO has filed an appeal against the Commissioner's order with the Income Tax Appellate Tribunal (ITAT). The ITAT has in its order issued in 1996 maintained the order of CIT(A). The assessing officer after the receipt of the appellate order passed by CIT (A), has issued notices under section 65 of the Income Tax Ordinance, 1979 and the company has filed a writ petition against the aforesaid notices with the High Court of Sindh, the outcome of which is still pending. The management is of the view that outcome shall be in favour of the company.

6.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 1,033.211 million (December 31, 2009: Rs. 6.967 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs. 655.166 million (December 31, 2009: Rs. 418.044 million).

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

	Note	Un-audited June 30, 2010	Audited December 31, 2009
		(Rupees in thousand)	
Not later than one year		**337,229**	230,527
Later than one year and not later than five years		**1,131,090**	1,180,215
Later than five years		**15,363**	129,661
		1,483,682	1,540,403

7. Property, plant and equipment

	Note	Un-audited June 30, 2010	Audited December 31, 2009
Opening book value		**19,161,332**	11,285,293
Add: Additions during the period	7.1	**155,670**	9,264,591
Less: Disposals during the period (at book value)		**8,918**	10,210
Adjustment / transferred to investment property (at book value)		**3,703**	58,217
Depreciation charged during the period		**762,879**	1,320,125
		775,500	1,388,552
Closing book value		**18,541,502**	19,161,332

7.1 Following is the detail of additions during the period:

Property, plant and equipment

	Un-audited June 30, 2010	Audited December 31, 2009
Freehold land	**1,200**	8,470
Buildings on freehold land	**4,185**	1,270,560
Plant and machinery	**87,383**	7,835,880
Other equipment	**32,135**	89,550
Furniture and fixtures	**84**	3,944
Vehicles	**30,683**	56,187
	155,670	9,264,591

8. Capital work-in-progress

	Un-audited June 30, 2010	Audited December 31, 2009
Civil works	**8,336**	12,928
Plant and machinery	**59,631**	52,494
Others	**2,915**	156
	70,882	65,578

9. Cost of sales

	Quarter ended		Half year ended	
	June 30, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
	(R u p	e e s i n	t h o u	s a n d)
Opening work-in-process	**152,187**	209,651	**145,140**	205,551
Materials consumed	**2,646,671**	2,000,627	**4,834,273**	4,015,071
Salaries, wages and amenities	**337,942**	217,592	**591,767**	408,973
Fuel and power	**700,323**	503,400	**1,424,284**	933,540
Production supplies	**125,771**	87,243	**230,714**	178,173
Excise duty and sales tax	**312**	212	**1,153**	388
Rent, rates and taxes	**35,139**	40,452	**69,627**	80,443
Insurance	**18,851**	20,916	**37,991**	38,055
Repairs and maintenance	**126,039**	112,019	**237,654**	205,355
Packing expenses	**30,979**	29,588	**62,836**	48,132
Depreciation on property, plant and equipment	**376,423**	337,308	**751,032**	603,985
Amortisation on intangible assets	**5**	5	**9**	9
Technical fee and royalty	**3,804**	2,088	**6,056**	4,623
Other expenses	**40,542**	49,054	**101,115**	94,057
	4,594,988	3,610,155	**8,493,651**	6,816,355
Less: Closing work-in-process	**174,197**	153,026	**174,197**	153,026
Cost of goods produced	**4,420,791**	3,457,129	**8,319,454**	6,663,329
Opening stock of finished goods	**1,232,797**	1,338,173	**2,034,987**	1,313,350
Cost of goods available for sale	**5,653,588**	4,795,302	**10,354,441**	7,976,679
Less: Closing stock of finished goods	**1,230,217**	1,423,778	**1,230,217**	1,423,778
	4,423,371	3,371,524	**9,124,224**	6,552,901

10. Earnings / (loss) per share

10.1 Basic earnings / (loss) per share

		Quarter ended		Half year ended	
		June 30, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
(Loss) / profit for the period	- Rupees in thousand	**(41,659)**	(2,188,736)	**278,755**	4,166,281
Weighted average number of ordinary shares	- Numbers	**84,379,504**	84,379,504	**84,379,504**	84,379,504
(Loss) / earnings per share	- Rupees	**(0.49)**	(25.94)	**3.30**	49.38

10.2 Diluted earnings / (loss) per share

(Loss) / profit for the period	- Rupees in thousand	**(41,659)**	(2,188,736)	**278,755**	4,166,281
Add: Return on preference shares / convertible stock	- Rupees in thousand	**103,585**	-	**207,170**	-
		61,926	(2,188,736)	**485,925**	4,166,281
Weighted average number of ordinary shares	- Numbers	**84,379,504**	84,379,504	**84,379,504**	84,379,504
Add: Weighted average number of notionally converted preference shares / convertible stock	- Numbers	**21,686,842**	-	**21,686,842**	-
		106,066,346	84,379,504	**106,066,346**	84,379,504
Earnings / (loss) per share	- Rupees	**0.58**	(25.94)	**4.58**	49.38

The effect of the conversion of the convertible preference shares into ordinary shares is anti-dilutive, accordingly the diluted EPS is restricted to the basic EPS.

11. Transactions with related parties

Relationship with the Company	Nature of transactions	Half Year ended June 30, 2010 (Rupees in thousand)	Half Year ended June 30, 2009 (Rupees in thousand)
i. Subsidiaries	Purchase of goods and services	**298,420**	291,448
	Sale of goods and services	**11,541**	8,587
	Sale of property, plant and equipment	**-**	280
	Management and technical fee - income	**10,570**	11,228
	Dividend income	**40,527**	-
	Rental income	**5,712**	6,498
ii. Associated undertakings	Purchase of goods and services	**244,290**	131,760
	Sale of goods and services	**14,561**	13,712
	Insurance premium	**65,671**	54,146
	Insurance claims	**332**	962
	Dividend income	**115,886**	69,532
iii. Other related parties	Purchase of goods and services	**25,785**	42,643
	Sale of goods and services	**2,859,911**	1,418,185
	Dividend income	**600,985**	91,231
	Investment made	**803,252**	-
	Proceeds from sale of investment	**811,113**	-
	Mark up expense	**-**	51
	Rental income	**15,271**	15,524
	Rental expense	**-**	1,716
iv. Post employment benefit plans	Expense charged in respect of retirement benefit plans	**62,258**	50,193
v. Key management personnel	Salaries and other employee benefits	**23,880**	27,578

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

Period-end balances

	Un-audited June 30, 2010 (Rupees in thousand)	Audited December 31, 2009 (Rupees in thousand)
Receivable from related parties	**624,689**	413,318
Payable to related parties	**88,734**	72,952

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

12. Cash generated from operations

	Half year ended	
	June 30, 2010	June 30, 2009
	(Rupees in thousand)	
Profit before tax	**361,755**	6,315,281
Adjustments for:		
Depreciation on property, plant and equipment	**762,879**	616,346
Amortisation on intangible assets	**51**	52
Depreciation on investment property	**1,428**	948
Provision for accumulating compensated absences	**40,822**	30,302
Retirement benefits - net	**31,927**	(1,846)
Impairment loss recognised on available for sale investment	**-**	1,793,991
Gain on disposal of non-current assets classified as held for sale	**-**	(8,866,750)
Net profit on disposal of property, plant and equipment	**(6,029)**	(6,602)
Finance costs	**595,878**	669,072
Dividend income	**(757,398)**	(160,763)
Profit before working capital changes	**1,031,313**	390,031
Effect on cash flow due to working capital changes		
(Increase) / decrease in stores and spares	**(68,418)**	106,892
Decrease in stock-in-trade	**493,102**	413,555
(Increase) / decrease in trade debts	**(454,345)**	66,190
Increase in loans, advances, deposits, prepayments and other receivables	**(101,399)**	(8,674)
(Decrease) / increase in trade and other payables	**(4,788)**	544,649
	(135,848)	1,122,612
	895,465	1,512,643

13. Cash and cash equivalents

Cash and bank balances	**793,466**	246,789
Finances under mark up arrangements - secured	**(131,611)**	(60,662)
	661,855	186,127

14. Date of authorisation for issue

This condensed interim financial information was authorised for issue on August 23, 2010 by the Board of Directors of the company.

15. Corresponding figures

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

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

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

Packages Group
Condensed Consolidated Interim Financial Information

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2010

بسم الله الرحمن الرحيم

The Directors of Packages Limited are pleased to present the un-audited consolidated financial statements of the Group for the half year ended June 30, 2010.

Group results

The comparison of the un-audited results for the half year ended June 30, 2010 as against half year ended June 30, 2009 is as follows:

	Jan-June 2010	Jan-June 2009
	(Rupees in million)	
Invoiced Sales - Net	**10,851**	7,559
Profit / (loss) from operations - excluding impairment loss	**362**	(98)
Share of profit of associates	**108**	101
Profit before tax	**478**	6,383

During the current period, the Group's sales increased by 44% over the corresponding period of 2009 generating profit from operations of Rs. 362 million as compared to loss of Rs. 98 million for the corresponding period of 2009. This growth reflects increased capacity utilisation and better product mix offered by the Parent Company thereby absorbing incremental depreciation and finance costs.

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

DIC PAKISTAN LIMITED

DIC Pakistan Limited has achieved sales of Rs. 825 million during the first half of 2010 as compared to Rs. 758 million of the corresponding period representing sales growth of 9%. This top line growth has generated a profit before tax of Rs. 78 million as compared to Rs. 70 million for the corresponding period of 2009. Moving forward, the management is fully confident of improving its operating margins through effective price rationalisation and tighter operating cost control.

PACKAGES LANKA (PRIVATE) LIMITED

Packages Lanka (Private) Limited has achieved sales of SLR 714 million during first half of 2010 as compared to SLR 516 million for the corresponding period of 2009 representing sales growth of 38%. This sales growth along with operating cost optimisation has enabled the Company to generate profit before tax of SLR 116 million during the first half of 2010 as compared to SLR 39 million over the corresponding period of 2009. We are pleased to report that the Company has also declared an interim dividend of SLR 0.50 per share subsequent to June 30, 2010 for the first time in its history. Moving forward, the Company is confident of maintaining its growth momentum through revenue growth and operational efficiencies.

(Towfiq Habib Chinoy)
Chairman
Karachi, August 23, 2010

(Syed Hyder Ali)
Chief Executive & Managing Director
Karachi, August 23, 2010

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED)
as at June 30, 2010

	Note	**Un-audited June 30, 2010**	Audited December 31, 2009
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2009: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (2009: 22,000,000) 10% non-voting cumulative preference shares / convertible stock of Rs. 190 each		**4,180,000**	4,180,000
Issued, subscribed and paid up capital 84,379,504 (2009: 84,379,504) ordinary shares of Rs. 10 each		**843,795**	843,795
Reserves		**21,805,555**	17,192,193
Preference shares / convertible stock reserve		**1,605,875**	1,605,875
Unappropriated profit		**1,006,358**	4,003,965
		25,261,583	23,645,828
NON-CONTROLLING INTEREST		**214,968**	209,635
		25,476,551	23,855,463
NON-CURRENT LIABILITIES			
Long-term finances	5	**7,970,577**	7,970,577
Liabilities against assets subject to finance lease		**1,253**	8,015
Deferred liabilities		**2,655,682**	2,655,862
		10,627,512	10,634,454
CURRENT LIABILITIES			
Current portion of long-term liabilities		**13,354**	11,532
Finances under mark up arrangements - secured		**449,830**	430,508
Trade and other payables		**1,770,942**	1,768,021
Provision for taxation		**54,713**	29,600
		2,288,839	2,239,661
CONTINGENCIES AND COMMITMENTS	6	-	-
		38,392,902	36,729,578

	Note	Un-audited June 30, 2010	Audited December 31, 2009
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	**18,992,840**	19,624,165
Intangible assets		**15,173**	16,605
Investment property		**27,251**	28,020
Assets subject to finance lease		**29,396**	29,381
Capital work-in-progress	8	**71,129**	65,578
Investments	9	**9,530,662**	7,971,556
Long-term loans and deposits		**140,688**	139,901
Retirement benefits		**100,892**	107,900
		28,908,031	27,983,106
CURRENT ASSETS			
Stores and spares		**965,705**	898,383
Stock-in-trade		**4,001,711**	4,483,990
Trade debts		**2,504,844**	2,031,990
Loans, advances, deposits, prepayments and other receivables		**1,194,888**	834,796
Cash and bank balances		**817,723**	497,313
		9,484,871	8,746,472
		38,392,902	36,729,578

The annexed notes 1 to 18 form an integral part of this condensed consolidated interim financial information.

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

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
for the quarter and half year ended June 30, 2010

	Note	Quarter ended		Half year ended	
		June 30, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
		(Rupees in thousand)			
Local sales		**5,769,871**	4,419,926	**11,851,714**	8,616,448
Export sales		**349,057**	170,255	**771,302**	243,599
		6,118,928	4,590,181	**12,623,016**	8,860,047
Less: Sales tax and excise duty		**858,120**	656,874	**1,749,001**	1,287,844
Commission		**11,047**	7,214	**22,687**	12,741
		869,167	664,088	**1,771,688**	1,300,585
		5,249,761	3,926,093	**10,851,328**	7,559,462
Cost of sales	10	**(4,844,397)**	(3,716,309)	**(9,946,082)**	(7,226,780)
Gross profit		**405,364**	209,784	**905,246**	332,682
Administrative expenses		**(157,074)**	(150,473)	**(294,061)**	(272,192)
Distribution and marketing costs		**(167,661)**	(110,472)	**(325,094)**	(218,554)
Other operating expenses		**13,162**	(1,753,998)	**(32,829)**	(1,929,873)
Other operating income		**59,676**	77,824	**108,604**	195,806
Profit / (loss) from operations		**153,467**	(1,727,335)	**361,866**	(1,892,131)
Finance costs		**(312,179)**	(360,788)	**(624,726)**	(724,595)
Investment income		**32,536**	-	**633,521**	8,898,260
Share of profit of associates		**53,127**	80,017	**107,688**	101,147
(Loss) / profit before taxation		**(73,049)**	(2,008,106)	**478,349**	6,382,681
Taxation		**98,498**	(124,812)	**(166,171)**	(2,245,557)
Profit / (loss) after taxation		**25,449**	(2,132,918)	**312,178**	4,137,124
Attributable to:					
Equity holders of the parent company		**12,086**	(2,147,655)	**276,626**	4,111,524
Non controlling interest		**13,363**	14,737	**35,552**	25,600
		25,449	(2,132,918)	**312,178**	4,137,124
Combined earnings / (loss) per share					
basic - Rupees	11	**0.14**	(25.45)	**3.28**	48.73
diluted - Rupees	11	**0.14**	(25.45)	**3.28**	48.73

The annexed notes 1 to 18 form an integral part of this condensed consolidated interim financial information.

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

PACKAGES GROUP

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

for the quarter and half year ended June 30, 2010

	Quarter ended		Half year ended	
	June 30, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
	(Rupees	in	thousand)	
Profit / (loss) after taxation	**25,449**	(2,132,918)	**312,178**	4,137,124
Other comprehensive income				
Exchange differences on translating foreign operations	**8,977**	2,034	**14,161**	4,076
Available for sale financial assets	**1,477,945**	(306,246)	**1,602,165**	(881,367)
Impairment loss transferred to profit and loss account	**-**	1,793,991	**-**	1,793,991
Other comprehensive income for the period -net of tax	**1,486,922**	1,489,779	**1,616,326**	916,700
Total comprehensive income / (loss) for the period	**1,512,371**	(643,139)	**1,928,504**	5,053,824
Attributable to:				
Equity holders of the parent company	**1,497,129**	(658,301)	**1,889,988**	5,027,371
Non controlling interest	**15,242**	15,162	**38,516**	26,453
	1,512,371	(643,139)	**1,928,504**	5,053,824

The annexed notes 1 to 18 form an integral part of this condensed consolidated interim financial information.

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

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
for the half year ended June 30, 2010

	Note	January to June 2010	January to June 2009
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from operations	13	**1,063,831**	1,748,297
Finance cost paid		**(622,382)**	(1,085,622)
Taxes paid		**(373,017)**	(154,102)
Payments for accumulating compensated absences		**(8,223)**	(6,325)
Retirement benefits paid		**(24,919)**	(22,109)
Net cash generated from operating activities		**35,290**	480,139
Cash flow from investing activities			
Fixed capital expenditure		**(167,073)**	(856,243)
Net increase in long-term loans and deposits		**(787)**	(121)
Proceeds from disposal of property, plant and equipment		**17,819**	14,728
Dividends received		**716,871**	160,763
Investment		**-**	(10,000)
Proceeds from disposal of non-current assets classified as held-for-sale		**-**	7,865,000
Net cash generated from investing activities		**566,830**	7,174,127
Cash flow from financing activities			
Payment of long-term finance - secured		**-**	(5,000,000)
Payment of finance lease liabilities		**(4,940)**	(3,533)
Dividend paid		**(262,909)**	-
Dividend paid to non controlling interest holders		**(33,183)**	-
Net cash used in financing activities		**(301,032)**	(5,003,533)
Net Increase in cash and cash equivalents		**301,088**	2,650,733
Cash and cash equivalents at the beginning of the period		**66,805**	(3,043,387)
Cash and cash equivalents at the end of the period	14	**367,893**	(392,654)

The annexed notes 1 to 18 form an integral part of this condensed consolidated interim financial information.

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

PACKAGES GROUP

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

for the half year ended June 30, 2010

	Share capital	Share premium	Exchange difference on translation of foreign subsidiary	Revaluation reserve	Fair value reserve	General reserve	Preference shares / convertible stock reserve	Unappro-priated profit / (loss)	Total	Non Controlling Interest	Total Equity
	(Rupees in thousand)										
Balance as on December 31, 2008 (audited)	843,795	2,876,893	(2,513)	-	(912,624)	13,660,333	-	(61,652)	16,404,232	130,412	**16,534,644**
Total comprehensive income for the period	-	-	3,223	-	912,624	-	-	4,111,524	5,027,371	26,453	**5,053,824**
Balance as on June 30, 2009 (un-audited)	843,795	2,876,893	710	-	-	13,660,333	-	4,049,872	21,431,603	156,865	**21,588,468**
Equity component of preference shares / convertible stock (net of transation costs)	-	-	-	-	-	-	1,605,875	-	1,605,875	-	**1,605,875**
Total comprehensive income / (loss) for the period	-	-	4,520	87,825	561,912	-	-	(45,907)	608,350	52,770	**661,120**
Balance as on December 31, 2009 (audited)	843,795	2,876,893	5,230	87,825	561,912	13,660,333	1,605,875	4,003,965	23,645,828	209,635	**23,855,463**
Transferred from profit & loss account	-	-	-	-	-	3,000,000	-	(3,000,000)	-	-	**-**
Final dividend for the year ended December 31, 2009 Rs. 12 per share	-	-	-	-	-	-	-	-	-	(33,183)	**(33,183)**
Final dividend for the year ended December 31, 2009 Rs. 3.25 per share	-	-	-	-	-	-	-	(274,233)	(274,233)	-	**(274,233)**
Total comprehensive income for the period	-	-	11,197	-	1,602,165	-	-	276,626	1,889,988	38,516	**1,928,504**
Balance as on June 30, 2010 (un-audited)	843,795	2,876,893	16,427	87,825	2,164,077	16,660,333	1,605,875	1,006,358	25,261,583	214,968	**25,476,551**

The annexed notes 1 to 18 form an integral part of this condensed consolidated interim financial information.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Syed Aslam Mehdi
Director

1. This condensed interim financial information is un-audited and has been prepared and is being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 - 'Interim Financial Reporting'.

2. This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements for the year ended December 31, 2009.

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 Group for the year ended December 31, 2009 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 Standards, amendments to published standards and interpretations that are effective in current period and are relevant to the Group

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The application of this amendment has no material impact on the Group's financial statements.

- IAS 27 (revised), 'Consolidated and separate financial statements', requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in income statement. The application of this revised standard has no material impact on the Group's financial statements.

- IAS 38 (amendment), 'Intangible assets'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The application of this amendment has no material impact on the Group's financial statements.

- IAS 39 (amendment); 'Cash flow hedge accounting'. This amendment provides clarification when to recognise gains or losses on hedging instruments as reclassification adjustment in a cash flow hedge of a forecast transaction that results subsequently in the recognition of a financial instrument. The amendment clarifies that gains or losses should be reclassified from equity to income statement in the period in which the hedged forecast cash flow affects income statement. The application of this amendment has no material impact on the Group's financial statements.

- IFRS 3 (revised), 'Business combinations' is effective from July 1, 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non controlling interest in the acquiree at fair value or at the non controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The application of this revised standard has no material impact on the Group's financial statements.

- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The application of this amendment has no material impact on the Group's financial statements.

3.2.2 Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Group

- IFRIC 17, 'Distributions of non-cash assets to owners', effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

- IFRIC 18, 'Transfers of assets from customers', effective for transfer of assets received on or after 1 July 2009. This is not relevant to the Group, as it has not received any assets from customers.

3.2.3 The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial period beginning 1 January 2010 and have not been early adopted:

- IFRS 9, 'Financial instruments', issued in December 2009. This addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

  Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Group has not yet decided when to adopt IFRS 9.

- Revised IAS 24, 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised IAS 24 is required to be applied from 1 January 2011. Earlier application, in whole or in part, is permitted.

- ‘Classification of rights issues’ (Amendment to IAS 32), issued in October 2009. For rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity’s existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment should be applied for annual periods beginning on or after 1 February 2010. Earlier application is permitted.

- ‘Prepayments of a minimum funding requirement’ (Amendments to IFRIC 14), issued in November 2009. The amendments correct an unintended consequence of IFRIC 14, ‘IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction’. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented.

- IFRIC 19, ‘Extinguishing financial liabilities with equity instruments’. This clarifies the requirements of IFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity’s shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after 1 July 2010. Earlier application is permitted.

4. The provision for taxation for the half year ended June 30, 2010 has been made using the tax rate that would be applicable to expected total annual earnings.

5. Long-term finances

	Un-audited June 30, 2010	Audited December 31, 2009
	(Rupees in thousand)	
Opening Balance		
Local currency loans - secured	**5,500,000**	10,500,000
Foreign currency loan - secured	**-**	2,354,400
Preference shares / convertible stock - unsecured	**2,470,577**	-
	7,970,577	12,854,400
Add: Loans obtained during the period		
Preference shares / convertible stock - unsecured	**-**	2,470,577
	7,970,577	15,324,977
Less: Loans repaid during the period		
Local currency loans - secured	**-**	5,000,000
Foreign currency loan - secured	**-**	2,354,400
	-	7,354,400
Closing Balance	**7,970,577**	7,970,577

6. Contingencies and commitments

6.1 Contingencies

(i) Claims against the group not acknowledged as debts Rs. 16.109 million (December 31, 2009: Rs. 15.802 million).

(ii) Against a sales tax refund aggregating Rs. 12.827 million determined by the Sales Tax Officer (STO) on the basis of the orders of the Appellate Assistant Commissioner (AAC) for the assessment years 1977-78 through 1980-81 and recognized in the financial statements in 1985, the STO filed an appeal in 1986 with the Income Tax Appellate Tribunal (ITAT) against the Orders of the AAC for these years. The orders of the AAC were based on a decision already given by the ITAT on the parent company's appeal for application of a lower rate of sales tax on self consumed material for earlier years. Pending the outcome of the appeal filed by STO no adjustment has been made for the refunds recognized in the financial statements as the management is of the view that the appeal of the STO will not be upheld by the ITAT.

(iii) Post dated cheques not provided in the condensed consolidated financial information have been furnished by the group in favor of the Collector of Customs against custom levies aggregated to Rs. 61.970 million (December 31, 2009 : Rs. 27.305 million) in respect of goods imported.

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

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

6.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 1,050.871 million (December 31, 2009: Rs. 6.967 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs. 716.745 million (December 31, 2009: Rs. 457.295 million).

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

	Note	**Un-audited June 30, 2010**	Audited December 31, 2009
		(Rupees in thousand)	
Not later than one year		**337,229**	230,527
Later than one year and not later than five years		**1,131,090**	1,180,215
Later than five years		**15,363**	129,661
		1,483,682	1,540,403

7. Property, plant and equipment

	Note	**Un-audited June 30, 2010**	Audited December 31, 2009
Opening book value		**19,624,165**	11,600,184
Add: Additions during the period	7.1	**161,524**	9,338,766
Transfer out adjustment		**-**	(53,250)
Revaluation surplus of fixed assets - foreign subsidiary		**-**	84,303
Exchange adjustment on opening cost		**19,659**	25,207
		181,183	9,395,026
		19,805,348	20,995,210
Less: Disposals during the period (at book value)		**10,050**	11,901
Transfer out adjustment		**3,703**	1,979
Depreciation adjustment relating to revaluation surplus		**-**	(26,770)
Depreciation charged during the period		**789,266**	1,368,499
Exchange adjustment on opening accumulated depreciation		**9,489**	15,436
		812,508	1,371,045
Closing book value		**18,992,840**	19,624,165

7.1 Following is the detail of additions during the period:

Property, plant and equipment		
Freehold land	**1,200**	8,470
Building on freehold land	**4,325**	1,278,083
Building on leasehold land	**-**	8,976
Plant and machinery	**87,383**	7,878,467
Other equipment	**34,282**	98,343
Furniture and fixtures	**539**	6,054
Vehicles	**33,795**	60,373
	161,524	9,338,766

8. Capital work-in-progress

Civil works	**8,336**	12,928
Plant and machinery	**59,878**	52,494
Others	**2,915**	156
	71,129	65,578

9. Investments

	Note	Un-audited June 30, 2010	Audited December 31, 2009
		(Rupees in thousand)	
These represent the long-term investments in:			
Equity instruments of associated companies	9.1	**3,366,949**	3,410,008
Others	9.3	**6,163,713**	4,561,548
		9,530,662	7,971,556

9.1 In equity instruments of associated companies

	Note	Un-audited June 30, 2010	Audited December 31, 2009
Cost		**3,758,386**	3,758,386
Post acquisition loss brought forward		**(348,378)**	(373,977)
		3,410,008	3,384,409
Profit for the period before taxation		**107,688**	136,126
Provision for taxation		**(34,861)**	(34,641)
		72,827	101,485
		3,482,835	3,485,894
Less: Dividends received during the period		**115,886**	75,886
Closing balance	9.2	**3,366,949**	3,410,008

9.2 In equity instruments of associated companies

	Un-audited June 30, 2010	Audited December 31, 2009
Quoted		
IGI Insurance Limited 7,625,294 (2009: 6,354,412) fully paid ordinary shares of Rs. 10 each Market value - Rs. 530.644 million (2009: Rs. 558.489 million)	**1,073,349**	1,076,190
Tri-Pack Films Limited 10,000,000 (2009: 10,000,000) fully paid ordinary shares of Rs. 10 each Market value - Rs. 975.300 million (2009: Rs. 1,030.400 million)	**2,254,592**	2,292,513
IGI Investment Bank Limited 4,610,915 (2009: 4,610,915) fully paid ordinary shares of Rs. 10 each Market value - Rs. 9.867 million (2009: Rs. 16.277 million)	**39,008**	41,305
	3,366,949	3,410,008

9.3 Others

	Un-audited June 30, 2010	Audited December 31, 2009
	(Rupees in thousand)	
Quoted		
Nestle Pakistan Limited		
3,649,248 (2009: 3,649,248) fully paid ordinary shares of Rs. 10 each	**6,148,982**	4,546,817
Unquoted		
Tetra Pak Pakistan Limited		
1,000,000 (2009: 1,000,000) fully paid non voting shares of Rs. 10 each	**10,000**	10,000
Pakistan Tourism Development Corporation Limited		
2,500 (2009: 2,500) fully paid ordinary shares of Rs. 10 each	**25**	25
Orient Match Company Limited		
1,900 (2009: 1,900) fully paid ordinary shares of Rs. 100 each	**-**	-
Coca-Cola Beverages Pakistan Limited		
500,000 (2009: 500,000) fully paid ordinary shares of Rs. 10 each	**4,706**	4,706
	6,163,713	4,561,548

Nestle Pakistan Limited, Tetra Pak Pakistan Limited and Coca-Cola Beverages 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.

10. Cost of sales

	Quarter ended		Half year ended	
	June 30, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
	(Rupees in thousand)			
Opening work-in-process	**232,712**	303,824	**227,609**	301,323
Materials consumed	**2,968,920**	2,266,463	**5,464,408**	4,519,500
Salaries, wages and amenities	**358,744**	236,335	**633,741**	446,621
Fuel and power	**717,615**	516,623	**1,457,592**	959,199
Production supplies	**129,998**	90,922	**240,156**	185,206
Excise duty and sales tax	**312**	212	**1,153**	388
Rent, rates and taxes	**33,946**	41,549	**69,366**	82,589
Insurance	**18,615**	21,494	**38,477**	39,165
Repairs and maintenance	**135,355**	119,725	**255,142**	220,562
Packing expenses	**36,288**	38,368	**76,295**	64,119
Depreciation on property, plant and equipment	**387,472**	347,529	**773,427**	624,291
Amortization on intangible assets	**5**	5	**9**	9
Technical fee and royalty	**13,708**	11,849	**26,764**	23,207
Traveling and conveyance	**842**	581	**1,113**	1,411
Other expenses	**52,801**	52,909	**116,545**	99,979
	5,087,333	4,048,388	**9,381,797**	7,567,569
Less: Closing work-in-process	**238,224**	250,813	**238,224**	250,813
Cost of goods produced	**4,849,109**	3,797,575	**9,143,573**	7,316,756
Opening stock of finished goods	**1,263,837**	1,380,505	**2,071,058**	1,371,795
Cost of goods available for sale	**6,112,946**	5,178,080	**11,214,631**	8,688,551
Less: Closing stock of finished goods	**1,268,549**	1,461,771	**1,268,549**	1,461,771
	4,844,397	3,716,309	**9,946,082**	7,226,780

11. Combined Earnings / (loss) per share

11.1 Combined Basic earnings / (loss) per share

		Quarter ended		Half year ended	
		June 30, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
Profit / (loss) for the period	- Rupees in thousand	12,086	(2,147,655)	276,626	4,111,524
Weighted average number of ordinary shares	- Numbers	84,379,504	84,379,504	84,379,504	84,379,504
Earnings / (loss) per share	- Rupees	0.14	(25.45)	3.28	48.73

11.2 Combined Diluted earnings / (loss) per share

Profit / (loss) for the period	- Rupees in thousand	12,086	(2,147,655)	276,626	4,111,524
Add: Return on preference shares / convertible stock	- Rupees in thousand	103,585	-	207,170	-
		115,671	(2,147,655)	483,796	4,111,524
Weighted average number of ordinary shares	- Numbers	84,379,504	84,379,504	84,379,504	84,379,504
Add: Weighted average number of notionally converted preference shares / convertible stock	- Numbers	21,686,842	-	21,686,842	-
		106,066,346	84,379,504	106,066,346	84,379,504
Earnings / (loss) per share	- Rupees	1.09	(25.45)	4.56	48.73

The effect of the conversion of the convertible preference shares into ordinary shares is anti-dilutive, accordingly the diluted EPS is restricted to the basic EPS.

12. Transactions with related parties

		Half year ended	
		June 30, 2010	June 30, 2009
		(Rupees in thousand)	
Relationship within group	**Nature of transactions**		
i. Associated Undertakings	Purchase of goods and services	**244,290**	131,760
	Sale of goods and services	**14,561**	13,712
	Insurance premium	**68,810**	58,769
	Insurance claims	**332**	962
	Dividend income	**115,886**	69,532
ii. Other related parties	Purchase of goods and services	**103,362**	108,795
	Sale of goods and services	**3,053,110**	1,491,348
	Mark up expense	**-**	51
	Dividend income	**600,985**	91,231
	Rental income	**15,271**	15,524
	Management & Technical fee - expense	**20,532**	18,584
	Investment made	**803,252**	-
	Proceeds from sale of investment	**811,113**	-
	Rental expenses	**-**	1,716
iii. Post employment benefit plans	Expenses charged in respect of retirement benefit plans	**65,689**	53,205
iv. Key management personnel	Salaries and other employee benefits	**28,484**	31,972

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

Period-end balances

	Un-audited June 30, 2010	Audited December 31, 2009
	(Rupees in thousand)	
Receivable from related parties	627,833	445,892
Payable to related parties	32,758	30,434

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

13. Cash generated from operations

	Half year ended	
	June 30, 2010	June 30, 2009
	(Rupees in thousand)	
Profit before taxation	478,349	6,382,681
Adjustments for:		
Depreciation on property, plant and equipment	789,266	638,897
Amortization on intangible assets	1,432	52
Depreciation on investment property	769	1,464
Depreciation on assets subject to finance lease	1,030	1,027
Gain on sale of non-current assets classified as held-for-sale	-	(8,807,029)
Impairment loss recognized on available-for-sale financial assets	-	1,793,991
Provision for accumulating compensated absences and staff gratuity	42,462	32,640
Exchange adjustments	2,946	8,216
Retirement benefits-net	31,927	(1,846)
Profit on disposal of property, plant and equipment	(7,769)	(6,930)
Finance cost	624,726	724,595
Dividend income from other investments	(600,985)	(91,231)
Share of profit from associated companies	(107,688)	(101,147)
Profit before working capital changes	1,256,465	575,380
Effect on cash flow due to working capital changes		
(Increase) / decrease in stores and spares	(63,619)	103,917
Decrease in stock-in-trade	482,279	480,866
(Increase) / decrease in trade debts	(472,854)	85,680
Increase in loans, advances, deposits, prepayments and other receivables	(127,691)	(7,818)
(Decrease) / increase in trade and other payables	(10,749)	510,272
	(192,634)	1,172,917
	1,063,831	1,748,297

14. Cash and cash equivalents

Cash and bank balances	817,723	296,890
Finances under markup arrangements - secured	(449,830)	(689,544)
	367,893	(392,654)

15. Segment Information

	Packaging Division		Paper & Board Division		Ink Division		General & Others		Total	
	June 30, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009	**June 30, 2010**	June 30, 2009	**June 30, 2010**	June 30, 2009	**June 30, 2010**	June 30, 2009
	(R u p e e s i n t h o u s a n d)									
Revenue from external customers	**5,296,338**	4,361,205	**4,924,353**	2,628,950	**552,873**	528,759	**77,764**	40,548	**10,851,328**	7,559,462
Intersegment revenue	**248,320**	208,592	**2,225,278**	2,270,600	**271,889**	228,761	**47,624**	16,124	**2,793,111**	2,724,077
	5,544,658	4,569,797	**7,149,631**	4,899,550	**824,762**	757,520	**125,388**	56,672	**13,644,439**	10,283,539
Segment profit / (loss) before tax	**600,623**	321,545	**(1,018,933)**	(1,232,975)	**77,881**	69,784	**867,503**	7,253,423	**527,074**	6,411,777
	June 30, 2010	Dec 31, 2009	**June 30, 2010**	Dec 31, 2009	**June 30, 2010**	Dec 31, 2009	**June 30, 2010**	Dec 31, 2009	**June 30, 2010**	Dec 31, 2009
Segment assets	**5,687,717**	4,989,482	**19,645,055**	20,913,814	**617,559**	622,644	**630,628**	611,231	**26,580,959**	27,137,171

Reconciliation of profit

	June 30, 2010	June 30, 2009
	(Rupees in thousand)	
Total profit or loss for reportable segments	**527,074**	6,411,777
Income from Associates	**107,688**	101,147
Intercompany consolidation adjustment	**(156,413)**	(130,243)
Profit before tax	**478,349**	6,382,681

16. Detail of subsidiaries

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

17. Date of authorization for issue

This condensed consolidated interim financial information was authorized for issue on August 23, 2010 by the Board of Directors of the parent company.

18. Corresponding figures

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

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

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

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