Contents

COMPANY INFORMATION

Board of Directors
Towfiq Habib Chinoy
(Chairman)
Syed Hyder Ali
(Chief Executive & Managing Director)
Khalid Yacob
Matti Ilmari Naakka
Muhammad Aurangzeb
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 *(Executive Director)*	- Chairman
Syed Aslam Mehdi *(Executive Director)*	- Member
Khalid Yacob *(Executive Director)*	- Member

Audit Committee

Shamim Ahmad Khan *(Non-Executive Director)*	- Chairman
Matti Ilmari Naakka *(Non-Executive Director)*	- Member
Muhammad Aurangzeb *(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 *(Company Secretary)*	- Secretary

Business Strategy Committee

Syed Hyder Ali *(Executive Director)*	- Chairman
Syed Aslam Mehdi *(Executive Director)*	- Member
Khalid Yacob *(Executive Director)*	- Member

System and Technology Committee

Syed Aslam Mehdi *(Executive Director)*	- Chairman
Khalid Yacob *(Executive Director)*	- Member
Suleman Javed	- Member

Human Resources Committee

Towfiq Habib Chinoy *(Non-Executive Director)*	- Chairman
Syed Hyder Ali *(Executive Director)*	- Member
Syed Aslam Mehdi *(Executive Director)*	- Member
Asma Javed	- Secretary

Rating Agency: PACRA

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

Auditors
A.F. Ferguson & Co.
Chartered Accountants

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

Bankers & Lenders
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
BankIslami Pakistan 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
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

Offices

Registered Office & Regional Sales Office
4th Floor, The Forum
Suite No. 416 - 422, G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan
PABX : (021) 35874047-49
: (021) 35378650-52
: (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

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 : 03018650486
Tel. : (091) 2043719

Haq Brothers
Tehsil Road, Jhelum-49600, Pakistan
Cell : 03215332095
: 03335179706

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, 2011

بسم الله الرحمن الرحيم

The Directors of Packages Limited are pleased to submit to its shareholders, the six monthly report along with the condensed interim un-audited financial statements of the Company for the half year ended June 30, 2011.

Financial and Operational Performance

The comparison of the un-audited results for the half year ended June 30, 2011 as against June 30, 2010 is as follows:

	For the second quarter		**For the half year**	
	Apr - June 2011	Apr - June 2010	**Jan - June 2011**	Jan - June 2010
Financial - Rupees in million				
Net sales - local	4,753	4,376	9,860	9,032
Net sales - export	46	342	131	729
EBITDA - operations	**89**	**386**	**604**	**848**
Depreciation & amortization	(401)	(383)	(779)	(764)
EBIT - operations	**(312)**	**3**	**(175)**	**84**
Finance costs	(399)	(296)	(750)	(596)
Other operating income - net	201	80	206	84
Investment income	60	40	702	790
(Loss) / earnings before tax	**(450)**	**(173)**	**(17)**	**362**
Taxation	115	131	(192)	(83)
(Loss) / earnings after tax	**(335)**	**(42)**	**(209)**	**279**
(Loss) / earnings per share - rupees	**(3.97)**	**(0.49)**	**(2.48)**	**3.30**

During the first half of the year 2011, your Company achieved local sales of Rs. 9,860 million indicating 9% growth over corresponding values of 2010. The EBITDA of the Company declined by Rs. 244 million during the first half of 2011 over corresponding values of 2010 due to the following reasons:

- Planned shutdown of Paper Machine (PM 6) for capacity expansion during the first half of 2011;
- Energy shortages due to non-availability of gas and resultant usage of high cost furnace oil. Also operational issues faced at boiler;
- Unprecedented rise in international pulp prices and local waste paper (OCC) which is used as raw material; and
- Significantly reduced supply of liquid packaging board during this period due to up-gradation of PM 6.

The above reasons adversely impacted our paper and board operations but as mentioned in paragraph below our packaging operations have continued to perform well.

In the future we expect the paper and board operations to improve as the rise in international pulp prices and local OCC prices have shown a reversal. The energy shortages are being addressed by exploring alternate energy options which is at an advanced stage.

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

Packaging Operations

The Packaging Operations have registered external sales of Rs. 6,775 million during the first half of 2011 as compared to Rs. 4,759 million of the corresponding period of last year achieving a sales growth of 42% with an EBITDA growth of Rs. 379 million. This segment of the Company continues to strengthen due to a number of factors including growing consumer industry, customer focused marketing and production methodology, focus on internal efficiencies and better product mix.

Consumer Products

The Consumer Products Division has recorded external sales of Rs. 1,097 million during the first six months of 2011 as compared to Rs. 916 million for the corresponding period thus achieving a sales growth of approximately 20%. This continuous sales growth is indicative of the Division's ability to increase its market diversification.

Paper & Board Operations

During the first half of the year 2011, external sales of Paper & Board Operations dropped by 1,911 million over corresponding values of 2010 due to a number of factors including planned shut down of Brown Paper Machine (PM-6) for capacity expansion, energy shortages and unfair competition faced by writing and printing paper from imported paper that is being sold at dumping prices in the local market.

Paper Machine (PM-6) rebuild project has been completed in time and machine has started commercial operations with enhanced capability of producing high value added liquid packaging and bleached board. This was partially financed by a long-term loan facility of Rs. 1,000 million. Applications for fixation of regulatory duty and ITP have been filed with National Tariff Commission (NTC) and the custom authorities. However our request has been met only partially.

Production Statistics

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

	Apr - June 2011	Apr - June 2010	**Jan - June 2011**	Jan - June 2010
Paper and paperboard produced - tons	**49,975**	46,315	**84,386**	89,709
Paper and paperboard converted - tons	**38,447**	25,065	**68,511**	50,857
Plastics all sorts converted - tons	**4,421**	2,871	**7,503**	5,503

Future Outlook

In view of rising raw material prices, electricity and gas shortages, your Company will continue to focus on improving shareholder's value through tight cost control, product and process optimisation, price rationalization and efficient working capital management. The price of local waste paper has stabilized and international pulp prices have also come down by an average 15%. The growth rate remains strong and we remain confident that economic prospects will improve in the future and the Company shall be able to maintain its market leadership.

New Asset Class

Most of the paper and paperboard manufacturing operations have been relocated from Lahore to Bulleh Shah Paper Mill Kasur leaving considerable land at Lahore site available for alternative use. Your Company is considering various possibilities for development thereof directly or through subsidiaries which would create shareholder value.

Election of Board of Directors

During the current year, fresh election of the Board of Directors of the Company were conducted during the Board meeting held on May 20, 2011 in pursuance of the requirements of listing regulations and the entire Board has been re-elected for the next term of three years effective May 26, 2011.

Mr. Towfiq Habib Chinoy has been re-appointed as the Chairman of the Board of Directors and Syed Hyder Ali will continue to hold the office of Chief Executive Officer of the Company for the next term of three years commencing May 26, 2011 in accordance with Company's policies and rules of service.

The Board wishes to place on record its appreciation of the services rendered by its members during their last term and expect them to continue providing the same valuable guidance and making positive contribution in future.

Company's Staff and Customers

As we continue with our mission, we would like to record our appreciation of continued patronage of our valued customers and sustained efforts of our employees.

(Towfiq Habib Chinoy)
Chairman
Lahore, August 23, 2011

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, August 23, 2011

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, 2011 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2010 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2011.

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, 2011 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, 2011

Engagement partner : Shahzad Hussain

PACKAGES LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
as at June 30, 2011

	Note	Un-audited June 30, 2011	Audited December 31, 2010
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2010: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (2010: 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 (2010: 84,379,504) ordinary shares of Rs. 10 each		**843,795**	843,795
Reserves		**35,032,282**	24,218,774
Preference shares / convertible stock reserve		**1,605,875**	1,605,875
Unappropriated profit		**278,253**	261,441
		37,760,205	26,929,885
NON-CURRENT LIABILITIES			
Long-term finances	6	**8,857,482**	7,956,291
Deferred income tax liabilities		**2,242,183**	2,168,000
Retirement benefits		**-**	167
Deferred liabilities		**207,387**	149,173
		11,307,052	10,273,631
CURRENT LIABILITIES			
Current portion of long-term finances - secured	6	**113,095**	14,286
Finances under mark up arrangements - secured		**1,277,376**	141,231
Trade and other payables		**1,673,853**	1,794,059
Accrued finance cost		**293,790**	471,712
		3,358,114	2,421,288
CONTINGENCIES AND COMMITMENTS	7	**-**	-
		52,425,371	39,624,804

	Note	Un-audited June 30, 2011	Audited December 31, 2010
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	**18,822,029**	17,861,486
Intangible assets		**1,933**	2,392
Investment property		**30,765**	31,588
Capital work-in-progress	10	**195,982**	753,328
Investments		**23,520,600**	12,219,037
Long-term loans and deposits		**128,876**	128,429
Retirement benefits		**95,875**	94,557
		42,796,060	31,090,817
CURRENT ASSETS			
Stores and spares		**1,103,579**	1,049,950
Stock-in-trade		**4,897,851**	3,669,151
Trade debts		**2,103,136**	1,643,275
Loans, advances, deposits, prepayments and other receivables		**388,023**	265,361
Income tax receivable	11	**902,784**	766,107
Cash and bank balances		**233,938**	1,140,143
		9,629,311	8,533,987
		52,425,371	39,624,804

The annexed notes 1 to 23 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, 2011

		Quarter ended		Half year ended	
		June 30, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
	Note	(Rupees in		thousand)	
Local sales		**5,780,288**	5,199,619	**11,915,387**	10,700,086
Export sales		**45,874**	341,997	**130,644**	741,341
		5,826,162	5,541,616	**12,046,031**	11,441,427
Less: Sales tax and excise duty		**1,022,399**	812,921	**2,045,314**	1,659,877
Commission		**4,861**	10,761	**9,620**	20,397
		1,027,260	823,682	**2,054,934**	1,680,274
		4,798,902	4,717,934	**9,991,097**	9,761,153
Cost of sales	12	**(4,738,067)**	(4,425,508)	**(9,507,725)**	(9,117,235)
Gross profit		**60,835**	292,426	**483,372**	643,918
Administrative expenses		**(183,831)**	(138,419)	**(323,081)**	(260,384)
Distribution and marketing costs		**(143,956)**	(152,265)	**(285,752)**	(300,062)
Projects expenditure	13	**(45,166)**	-	**(49,487)**	-
Other operating expenses	14	**19,999**	15,040	**(12,220)**	(26,983)
Other operating income		**181,439**	66,586	**217,983**	111,209
(Loss) / profit from operations		**(110,680)**	83,368	**30,815**	167,698
Finance costs		**(399,060)**	(296,093)	**(749,771)**	(595,878)
Investment income		**59,722**	40,066	**702,215**	789,935
(Loss) / profit before taxation		**(450,018)**	(172,659)	**(16,741)**	361,755
Taxation	15	**114,786**	131,000	**(192,214)**	(83,000)
(Loss) / profit after taxation		**(335,232)**	(41,659)	**(208,955)**	278,755
(Loss) / earnings per share					
Basic Rupees	16	**(3.97)**	(0.49)	**(2.48)**	3.30
Diluted Rupees	16	**(3.97)**	(0.49)	**(2.48)**	3.30

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

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

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the quarter and half year ended June 30, 2011

	Quarter ended		Half year ended	
	June 30, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
	(Rupees in thousand)			
(Loss) / profit after taxation	**(335,232)**	(41,659)	**(208,955)**	278,755
Other comprehensive income				
Surplus on re-measurement of available for sale financial assets	**7,433,956**	1,477,945	**11,313,508**	1,602,165
Total comprehensive income for the period	**7,098,724**	1,436,286	**11,104,553**	1,880,920

The annexed notes 1 to 23 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, 2011

	Share capital	Share premium	Fair value reserve	General reserve	Preference shares / convertible stock reserve	Unappropriated profit	Total
	(Rupees in thousand)						
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**
Appropriation of funds							
Transferred from profit and loss account	-	-	-	3,000,000	-	(3,000,000)	**-**
Transactions with owners							
Final Dividend for the year ended December 31, 2009 Rs. 3.25 per share	-	-	-	-	-	(274,233)	**(274,233)**
Profit for the period	-	-	-	-	-	278,755	**278,755**
Other comprehensive income							
Surplus on re-measurement of available for sale financial assets	-	-	1,602,165	-	-	-	**1,602,165**
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**
Loss for the period	-	-	-	-	-	(611,180)	**(611,180)**
Other comprehensive income							
Surplus on re-measurement of available for sale financial assets	-	-	2,517,471	-	-	-	**2,517,471**
Balance as on December 31, 2010 (audited)	843,795	2,876,893	4,681,548	16,660,333	1,605,875	261,441	**26,929,885**
Appropriation of funds							
Transferred to profit and loss account	-	-	-	(500,000)	-	500,000	**-**
Transactions with owners							
Final Dividend for the year ended December 31, 2010 Rs. 3.25 per share	-	-	-	-	-	(274,233)	**(274,233)**
Loss for the period	-	-	-	-	-	(208,955)	**(208,955)**
Other comprehensive income							
Surplus on re-measurement of available for sale financial assets	-	-	11,313,508	-	-	-	**11,313,508**
Balance as on June 30, 2011 (un-audited)	843,795	2,876,893	15,995,056	16,160,333	1,605,875	278,253	**37,760,205**

The annexed notes 1 to 23 form an integral part of this condensed interim financial information.

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

PACKAGES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
for the half year ended June 30, 2011

	Note	Half year ended	
		June 30, 2011	June 30, 2010
		(Rupees in thousand)	
Cash flow from operating activities			
Cash (used in) / generated from operations	18	**(1,204,793)**	862,928
Finance cost paid		**(927,693)**	(585,487)
Taxes paid		**(254,708)**	(332,089)
Payments for accumulating compensated absences		**(5,273)**	(8,145)
Retirement benefits paid		**(31,302)**	(24,919)
Net cash used in operating activities		**(2,423,769)**	(87,712)
Cash flow from investing activities			
Fixed capital expenditure		**(1,199,174)**	(160,975)
Investment - net		**3,035**	32,537
Net increase in long-term loans and deposits		**(447)**	(655)
Proceeds from disposal of property, plant and equipment		**153,378**	14,947
Dividends received		**699,181**	757,398
Net cash (used in) / generated from investing activities		**(344,027)**	643,252
Cash flow from financing activities			
Increase in long-term loans		**1,000,000**	-
Dividend paid		**(274,554)**	(262,909)
Net cash generated from / (used in) financing activities		**725,446**	(262,909)
Net (decrease) / increase in cash and cash equivalents		**(2,042,350)**	292,631
Cash and cash equivalents at the beginning of the period		**998,912**	369,224
Cash and cash equivalents at the end of the period	19	**(1,043,438)**	661,855

The annexed notes 1 to 23 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
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

for the quarter and half year ended June 30, 2011

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, 2011 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, 2010.

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, 2010 except for the adoption of new accounting policies as referred to in note 3.2.1.

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

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

3.2.1 Amendments to published standards effective in current year

New and amended standards, and interpretations mandatory for the first time for the financial year beginning January 01, 2011 and their impact on this condensed interim financial information is given below:

- IAS 1 (Amendments), clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements, accordingly, the Company has presented analysis of other comprehensive income for each component of equity in the statement of changes in equity.

- IAS 24 (Revised), ‘Related party disclosures’, issued in November 2009. It supersedes IAS 24, ‘Related party disclosures’, issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The application of this standard has no material impact on the Company's financial statements.

- IAS 32 (Amendment), 'Classification of right issues' issued in October 2009. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such right issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The application of this amendment has no material impact on the Company's financial statements.

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The application of this interpretation has no material impact on the Company's financial statements.

- IFRIC 14 (Amendment), 'Prepayments of a minimum funding requirement'. 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 this. 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 that are not yet effective and have not been early adopted by the Company

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2012 or later periods, but the Company has not earlier adopted them:

- IFRS 7, 'Financial instruments: Disclosures' (Amendments). These are applicable on accounting periods beginning on or after July 01, 2011. These amendments arise from the IASB's review of off-balance-sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. Earlier application is permitted. The Company will apply these amendments from January 01, 2012 and does not expect to have a material impact on its financial statements.

- IFRS 9, 'Financial instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until January 01, 2013 but is available for early adoption. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace IAS 39, 'Financial instruments: Recognition and measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Company does not have any such liabilities.

- IFRS 12, 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company will apply this standard from January 01, 2013.

- IFRS 13, 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company will apply this standard from January 01, 2013.

- IAS 1, 'Presentation of Financial Statement' (Amendment). This is applicable on accounting periods beginning on or after July 01, 2012. The main change resulting from these amendment is a requirement for entities to group items presented in Other comprehensive income (OCI) on the basis of whether they are potentially recycled to profit or loss (re-classification adjustments). The amendment does not address which items are presented in OCI. The Company will apply this amendment from January 01, 2013 and does not expect to have a material impact on its financial statements.

- IAS 12, 'Income taxes' (Amendments). These are applicable on accounting periods beginning on or after January 01, 2012. IAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes - recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. The Company will apply these amendments from January 01, 2012 and does not expect to have a material impact on its financial statements.

- IAS 19, 'Employee benefits'(Amendment). This is applicable on accounting periods beginning on or after January 01, 2013. The amendment will eliminate the corridor approach and calculate finance costs on a net funding basis. The Company will apply this amendment from January 01, 2013 and its impact on retained earnings will be Rs. 315.937 million due to recognition of current unrealised actuarial losses on its defined benefit plans.

4. The provision for taxation for the half year ended June 30, 2011 has been made using the tax rate that would be applicable to expected total annual earnings.

5. The preparation of 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 expense. Actual results may differ from these estimates.

In preparing these condensed interim financial information, the significant judgements made by the 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, 2010, 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

	Un-audited June 30, 2011	Audited December 31, 2010
	(Rupees in thousand)	
Opening balance		
Local currency loans - secured	**5,500,000**	5,500,000
Preference shares / convertible stock - unsecured	**2,470,577**	2,470,577
	7,970,577	7,970,577
Loans obtained during the period		
Local currency loans - secured	**1,000,000**	-
	8,970,577	7,970,577
Current portion shown under current liabilities		
Local currency loans - secured	**(113,095)**	(14,286)
Closing balance	**8,857,482**	7,956,291

7. Contingencies and commitments

7.1 Contingencies

(i) Claims against the Company not acknowledged as debts Rs. 18.675 million (December 31, 2010: Rs. 17.952 million).

(ii) 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. 129.631 million (December 31, 2010: Rs. 88.769 million) in respect of goods imported.

7.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 178.408 million (December 31, 2010: Rs. 782.605 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs. 1,015.785 million (December 31, 2010: Rs. 761.100 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:

	Un-audited June 30, 2011	Audited December 31, 2010
	(Rupees in thousand)	
Not later than one year	**199,643**	219,612
Later than one year and not later than five years	**975,582**	1,118,159
	1,175,225	1,337,771

8. Dividends

Ordinary dividend relating to the year ended December 31, 2010 amounting to Rs. 274.233 million (December 31, 2009: Rs. 274.233 million) was paid during the period. The Company also paid preference dividend relating to the year ended December 31, 2010 amounting to Rs. 412.050 million (December 31, 2009: Rs. 193.435 million) during the period.

9. Property, plant and equipment

	Note	**Un-audited June 30, 2011**	Audited December 31, 2010
		(Rupees in thousand)	
Opening book value		**17,861,486**	19,161,332
Additions during the period	9.1	**1,756,520**	244,972
Transferred in from investment property (at book value)		**-**	20,970
Disposals during the period (at book value)		**(18,149)**	(36,073)
Depreciation charged during the period		**(777,828)**	(1,529,715)
		(795,977)	(1,565,788)
Closing book value		**18,822,029**	17,861,486

9.1 Following is the detail of additions during the period

Freehold land	**-**	13,495
Buildings on freehold land	**13,660**	14,226
Plant and machinery	**1,712,730**	123,717
Other equipment	**6,989**	41,686
Furniture and fixtures	**-**	186
Vehicles	**23,141**	51,662
	1,756,520	244,972

10. Capital work-in-progress

Civil works	**14,330**	19,695
Plant and machinery [including in transit Rs. 6.650 million (2010: Rs. 301.537 million)]	**144,726**	570,995
Others	**36,926**	336
Advances	**-**	162,302
	195,982	753,328

11. Income tax receivable includes Rs. 36.013 million which represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the following assessments.

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.

12. Cost of sales

	Quarter ended		Half year ended	
	June 30, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
	(Rupees in thousand)			
Opening work-in-process	**269,644**	152,187	**209,916**	145,140
Materials consumed	**2,820,577**	2,646,671	**5,417,102**	4,834,273
Salaries, wages and amenities	**370,442**	331,179	**681,266**	575,878
Fuel and power	**944,248**	700,323	**1,845,192**	1,424,284
Production supplies	**129,091**	125,771	**233,381**	230,714
Excise duty and sales tax	**306**	312	**493**	1,153
Rent, rates and taxes	**88,654**	35,139	**175,475**	69,627
Insurance	**20,722**	18,851	**40,794**	37,991
Repairs and maintenance	**170,571**	126,039	**305,061**	237,654
Packing expenses	**37,838**	30,979	**71,896**	62,836
Depreciation on property, plant and equipment	**394,460**	376,423	**765,888**	751,032
Amortisation on intangible assets	**5**	5	**9**	9
Technical fee and royalty	**8,223**	3,804	**11,889**	6,056
Travelling and conveyance	**14,858**	8,900	**14,858**	8,900
Other expenses	**65,387**	40,542	**129,289**	101,115
	5,335,026	4,597,125	**9,902,509**	8,486,662
Closing work-in-process	**(320,607)**	(174,197)	**(320,607)**	(174,197)
Cost of goods produced	**5,014,419**	4,422,928	**9,581,902**	8,312,465
Opening stock of finished goods	**1,584,026**	1,232,797	**1,786,201**	2,034,987
Cost of goods available for sale	**6,598,445**	5,655,725	**11,368,103**	10,347,452
Closing stock of finished goods	**(1,860,378)**	(1,230,217)	**(1,860,378)**	(1,230,217)
	4,738,067	4,425,508	**9,507,725**	9,117,235

13. These represent expenses incurred on prospective projects which are not capitalised under International Financial Reporting Standards.

14. Other operating expenses includes Rs. 11.945 million (2010: Nil) in respect of impairment charged on the Company's investment in shares of IGI Investment Bank Limited.

15. Taxation

	Quarter ended		Half year ended	
	June 30, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
	(Rupees in thousand)			
For the period				
Current	**58,000**	80,000	**118,000**	112,000
Deferred	**(387,000)**	(213,000)	**(140,000)**	(31,000)
	(329,000)	(133,000)	**(22,000)**	81,000
Prior periods				
Current	**31**	-	**31**	-
Deferred	**214,183**	2,000	**214,183**	2,000
	214,214	2,000	**214,214**	2,000
	(114,786)	(131,000)	**192,214**	83,000

Prior period tax charge includes a tax credit available to the Company written off under section 113 of the Income Tax Ordinance, 2001 amounting to Rs. 183.493 million (2010: Nil) available till December 31, 2013 in view of management's estimate that this tax credits may not be utilised till December 31, 2013 due to sufficient unused tax losses available to the Company for adjustment against future profits.

16. (Loss) / earnings per share

16.1 Basic (loss) / earnings per share

		Quarter ended		Half year ended	
		June 30, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
		(Rupees in thousand)			
(Loss) / profit for the period	- Rupees in thousand	**(335,232)**	(41,659)	**(208,955)**	278,755
Weighted average number of ordinary shares	- Numbers	**84,379,504**	84,379,504	**84,379,504**	84,379,504
(Loss) / earnings per share	- Rupees	**(3.97)**	(0.49)	**(2.48)**	3.30

16.2 Diluted (loss) / earnings per share

(Loss) / profit for the period	- Rupees in thousand	**(335,232)**	(41,659)	**(208,955)**	278,755
Return on preference shares / convertible stock - net of tax	- Rupees in thousand	**80,343**	83,212	**161,545**	165,542
		(254,889)	41,553	**(47,410)**	444,297
Weighted average number of ordinary shares	- Numbers	**84,379,504**	84,379,504	**84,379,504**	84,379,504
Weighted average number of notionally converted preference shares / convertible stock	- Numbers	**21,686,842**	21,686,842	**21,686,842**	21,686,842
		106,066,346	106,066,346	**106,066,346**	106,066,346
(Loss) / earnings per share	- Rupees	**(2.40)**	0.39	**(0.45)**	4.19

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.

17. Transactions with related parties

Relationship with the Company	Nature of transactions	Half year ended **June 30, 2011**	Half year ended June 30, 2010
		(Rupees in thousand)	
i. Subsidiaries			
	Purchase of goods and services	**413,977**	298,420
	Sale of goods and services	**9,139**	11,541
	Proceeds from sale of property, plant and equipment	**1,218**	-
	Management and technical fee - income	**10,289**	10,570
	Dividend income	**68,159**	40,527
	Rental income	**6,409**	5,712
ii. Associated undertakings			
	Purchase of goods and services	**353,199**	244,290
	Sale of goods and services	**19,689**	14,561
	Insurance premium	**85,667**	67,272
	Commission earned	**1,937**	1,601
	Insurance claims	**24,067**	332
	Dividend income	**125,545**	115,886
iii. Other related parties			
	Purchase of goods and services	**78,562**	25,785
	Sale of goods and services	**1,464,157**	2,859,911
	Dividend income	**505,477**	600,985
	Investment made	**750,000**	803,252
	Proceeds from sale of investment	**752,798**	811,113
	Rental income	**17,761**	15,271
	Mark up income	**46**	-
iv. Post employment benefit plans	Expense charged in respect of retirement benefit plans	**80,207**	62,258
v. Key management personnel	Salaries and other employee benefits	**29,120**	23,880

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

Period-end balances

	Un-audited June 30, 2011	Audited December 31, 2010
	(Rupees in thousand)	
Receivable from related parties	**240,096**	241,471
Payable to related parties	**144,502**	92,773

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

18. Cash generated from operations

	Half year ended June 30, 2011	Half year ended June 30, 2010
	(Rupees in thousand)	
(Loss) / profit before tax	**(16,741)**	361,755
Adjustments for:		
Depreciation on property, plant and equipment	**777,828**	762,879
Amortisation on intangible assets	**459**	51
Depreciation on investment property	**823**	1,428
Provision for accumulating compensated absences	**63,487**	40,822
Provision for retirement benefits	**29,817**	31,927
Net profit on disposal of property, plant and equipment	**(135,229)**	(6,029)
Gain on sale of short-term investments	**(3,035)**	(32,537)
Finance costs	**749,771**	595,878
Impairment on long-term investments	**11,945**	-
Dividend income	**(699,181)**	(757,398)
Profit before working capital changes	**779,944**	998,776
Effect on cash flow due to working capital changes		
Increase in trade debts	**(459,861)**	(454,345)
Increase in stores and spares	**(53,629)**	(68,418)
(Increase) / decrease in stock-in-trade	**(1,228,700)**	493,102
Increase in loans, advances, deposits, prepayments and other receivables	**(122,662)**	(101,399)
Decrease in trade and other payables	**(119,885)**	(4,788)
	(1,984,737)	(135,848)
	(1,204,793)	862,928

19. Cash and cash equivalents

	June 30, 2011	June 30, 2010
Cash and bank balances	**233,938**	793,466
Finances under mark up arrangements - secured	**(1,277,376)**	(131,611)
	(1,043,438)	661,855

20. Financial risk management

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2010.

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

21. Date of authorisation for issue

This condensed interim financial information was authorised for issue on August 23, 2011 by the Board of Directors of the Company.

22. Events after the balance sheet date

No material events have occurred subsequent to June 30, 2011.

23. 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 Chairman	Syed Hyder Ali Chief Executive & Managing Director	Syed Aslam Mehdi Director

Packages Group
Condensed Consolidated Interim
Financial Information

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2011

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, 2011.

Group results

The comparison of the un-audited results for the half year ended June 30, 2011 as against June 30, 2010 is as follows:

	Jan-June 2011	Jan-June 2010
	(Rupees in million)	
Net sales	**11,083**	10,851
Profit from operations	**189**	362
Share of profit of associates	**215**	108
Investment income	**508**	634
Profit before tax	**129**	478

During the current period, the Group achieved sales of Rs. 11,083 million with profit from operations of Rs. 189 million. Decrease in profit from operations of Rs. 173 million over corresponding values of 2010 is mainly attributable to planned shut down of Paper Machine (PM-6) for re-build and energy shortages that adversely impacted product margins of the Parent Company.

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

DIC PAKISTAN LIMITED

DIC Pakistan Limited has registered sales of Rs. 962 million during the first half of 2011 as compared to Rs. 825 million of corresponding period of 2010 achieving a sales growth of 17%. The Company has generated profit before tax of Rs. 92 million during first half of 2011 as against Rs. 78 million generated during corresponding period of 2010. In addition to price rationalisation, Company is also focussing on tighter operating cost control and efficient working capital management to improve margins in the coming months.

PACKAGES LANKA (PRIVATE) LIMITED

Packages Lanka (Private) Limited has achieved sales of SLR 656 million during first half of 2011 as compared to SLR 714 million for the corresponding period of 2010. Company has managed to generate profit before tax of SLR 42 million during the first half of 2011 as against SLR 116 million for the corresponding period of 2010. This decline in profit is mainly attributable to increase in raw material prices which could not be passed on completely to the customers and decrease in sales. The Company is now focusing on productivity to maximize the utilisation of existing assets and exploring new markets.

(Towfiq Habib Chinoy)
Chairman
Lahore, August 23, 2011

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, August 23, 2011

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED)
as at June 30, 2011

	Note	**Un-audited June 30, 2011**	Audited December 31, 2010
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 150,000,000 (2010: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (2010: 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 (2010: 84,379,504) ordinary shares of Rs. 10 each		**843,795**	843,795
Reserves		**35,050,869**	24,238,689
Preference shares / convertible stock reserve		**1,605,875**	1,605,875
Unappropriated profit		**187,108**	577,487
		37,687,647	27,265,846
NON-CONTROLLING INTEREST		**208,700**	213,718
		37,896,347	27,479,564
NON-CURRENT LIABILITIES			
Long-term finances	6	**8,857,482**	7,956,291
Deferred income tax liabilities		**2,814,735**	2,348,704
Retirement benefits		**-**	167
Deferred liabilities		**227,800**	163,853
		11,900,017	10,469,015
CURRENT LIABILITIES			
Current portion of long-term finances - secured	6	**113,095**	14,286
Finances under mark up arrangements - secured		**1,696,843**	511,439
Trade and other payables		**1,776,650**	1,896,664
Accrued finance cost		**301,426**	475,249
Provision for taxation		**55,168**	46,094
		3,943,182	2,943,732
CONTINGENCIES AND COMMITMENTS	7	**-**	-
		53,739,546	40,892,311

	Note	Un-audited June 31, 2011	Audited December 31, 2010
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	**19,150,243**	18,209,643
Intangible assets		**14,260**	16,099
Investment property		**5,426**	5,589
Capital work-in-progress	10	**204,099**	753,328
Investments in associates	12	**3,531,103**	3,530,286
Other long-term investments	13	**19,994,692**	8,681,184
Long-term loans and deposits		**129,358**	139,943
Retirement benefits		**95,875**	94,557
		43,125,056	31,430,629
CURRENT ASSETS			
Stores and spares		**1,131,639**	1,080,181
Stock-in-trade		**5,441,154**	4,163,403
Trade debts		**2,425,578**	1,947,316
Loans, advances, deposits, prepayments and other receivables		**412,430**	282,616
Income tax receivable		**955,096**	821,717
Cash and bank balances		**248,593**	1,166,449
		10,614,490	9,461,682
		53,739,546	40,892,311

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

Syed Aslam Mehdi
Director

PACKAGES GROUP

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

for the quarter and half year ended June 30, 2011

	Note	Quarter ended		Half year ended	
		June 30, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
		(Rupees in thousand)			
Local sales		**6,386,010**	5,769,871	**13,068,447**	11,851,714
Export sales		**46,130**	349,057	**133,388**	771,302
		6,432,140	6,118,928	**13,201,835**	12,623,016
Less: Sales tax and excise duty		**1,065,613**	858,120	**2,108,813**	1,749,001
Commission		**4,861**	11,047	**9,745**	22,687
		1,070,474	869,167	**2,118,558**	1,771,688
		5,361,666	5,249,761	**11,083,277**	10,851,328
Cost of sales	14	**(5,174,276)**	(4,846,535)	**(10,356,371)**	(9,939,093)
Gross profit		**187,390**	403,226	**726,906**	912,235
Administrative expenses		**(205,015)**	(151,440)	**(370,781)**	(294,425)
Distribution and marketing costs		**(158,843)**	(171,157)	**(314,166)**	(331,719)
Projects expenditure	15	**(45,166)**	-	**(49,487)**	-
Other operating expenses	16	**16,322**	13,162	**(19,157)**	(32,829)
Other operating income		**182,444**	59,676	**215,470**	108,604
(Loss) / profit from operations		**(22,868)**	153,467	**188,785**	361,866
Finance costs		**(418,232)**	(312,179)	**(783,794)**	(624,726)
Investment income		**406**	32,536	**508,512**	633,521
Share of profit of associates		**90,179**	53,127	**215,463**	107,688
(Loss) / profit before taxation		**(350,515)**	(73,049)	**128,966**	478,349
Taxation					
Group		**(303,737)**	117,177	**(637,772)**	(131,310)
Associates		**(38,944)**	(18,679)	**(77,156)**	(34,861)
		(342,681)	98,498	**(714,928)**	(166,171)
(Loss) / profit after taxation		**(693,196)**	25,449	**(585,962)**	312,178
Attributable to:					
Equity holders of the parent Company		**(723,380)**	12,086	**(616,146)**	276,626
Non-controlling interest		**30,184**	13,363	**30,184**	35,552
		(693,196)	25,449	**(585,962)**	312,178
Combined (Loss) / earnings per share					
Basic Rupees	17	**(8.57)**	0.14	**(7.30)**	3.28
Diluted Rupees	17	**(8.57)**	0.14	**(7.30)**	3.28

The annexed notes 1 to 26 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, 2011

	Quarter ended		Half year ended	
	June 30, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
	(R u p e e s	i n	t h o u	s a n d)
(Loss) / profit after taxation	**(693,196)**	25,449	**(585,962)**	312,178
Other comprehensive income				
Exchange differences on translation of foreign subsidary	**(15,841)**	8,977	**(1,680)**	14,161
Surplus on re-measurement of available for sale financial assets	**9,711,343**	1,477,945	**11,313,508**	1,602,165
Other comprehensive income for the period	**9,695,502**	1,486,922	**11,311,828**	1,616,326
Total comprehensive income for the period	**9,002,306**	1,512,371	**10,725,866**	1,928,504
Attributable to:				
Equity holders of the parent	**9,010,990**	1,497,129	**10,696,034**	1,889,988
Non-controlling interest	**(8,684)**	15,242	**29,832**	38,516
	9,002,306	1,512,371	**10,725,866**	1,928,504

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	Syed Aslam Mehdi Director

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the half year ended June 30, 2011

	Share capital	Share premium	Exchange difference on translation of foreign subsidiary	Fair Value reserve	General reserve	Preference shares / convertible stock reserve	Unappro-priated profit	Total	Non-controlling interest	Total Equity
	(Rupees in thousand)									
Balance as on December 31, 2009 (audited, restated)	843,795	2,876,893	5,230	561,912	13,660,333	1,605,875	4,003,965	23,558,003	186,388	**23,744,391**
Appropriation of funds										
Transferred from profit & loss account	-	-	-	-	3,000,000	-	(3,000,000)	-	-	**-**
Transactions with the owner										
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)**
Profit for the period	-	-	-	-	-	-	276,626	276,626	35,552	**312,178**
Other comprehensive income										
Surplus on re-measuremnet of available for sale financial assets	-	-	-	1,602,165	-	-	-	1,602,165	-	**1,602,165**
Exchange difference on translation of foreign subsidiary	-	-	11,197	-	-	-	-	11,197	2,964	**14,161**
Balance as on June 30, 2010 (un-audited, restated)	843,795	2,876,893	16,427	2,164,077	16,660,333	1,605,875	1,006,358	25,173,758	191,721	**25,365,479**
Transactions with the owner										
Interim dividend for the half year ended June 30, 2010 SLR 0.50 per share	-	-	-	-	-	-	-	-	(4,464)	**(4,464)**
(Loss) / profit for the period	-	-	-	-	-	-	(428,871)	(428,871)	25,538	**(403,333)**
Other comprehensive income										
Surplus on re-measuremnet of available for sale financial assets	-	-	-	2,517,471	-	-	-	2,517,471	-	**2,517,471**
Exchange difference on translation of foreign subsidiary	-	-	3,488	-	-	-	-	3,488	923	**4,411**
Balance as on December 31, 2010 (audited)	843,795	2,876,893	19,915	4,681,548	16,660,333	1,605,875	577,487	27,265,846	213,718	**27,479,564**
Appropriation of funds										
Transferred to profit & loss account	-	-	-	-	(500,000)	-	500,000	-	-	**-**
Transactions with the owner										
Final dividend for the year ended December 31, 2010 SLR. 1 per share	-	-	-	-	-	-	-	-	(7,197)	**(7,197)**
Final dividend for the year ended December 31, 2010. Rs 10 per share	-	-	-	-	-	-	-	-	(27,653)	**(27,653)**
Final dividend for the year ended December 31, 2010 Rs. 3.25 per share	-	-	-	-	-	-	(274,233)	(274,233)	-	**(274,233)**
(Loss) / profit for the period	-	-	-	-	-	-	(616,146)	(616,146)	30,184	**(585,962)**
Other comprehensive income										
Surplus on re-measuremnet of available for sale financial assets	-	-	-	11,313,508	-	-	-	11,313,508	-	**11,313,508**
Exchange difference on translation of foreign subsidiary	-	-	(1,328)	-	-	-	-	(1,328)	(352)	**(1,680)**
Balance as on June 30, 2011 (un-audited)	843,795	2,876,893	18,587	15,995,056	16,160,333	1,605,875	187,108	37,687,647	208,700	**37,896,347**

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	Syed Aslam Mehdi Director

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
for the half year ended June 30, 2011

	Note	Half year ended June 30, 2011	Half year ended June 30, 2010
		(Rupees in thousand)	
Cash flow from operating activities			
Cash (used in) / generated from operations	19	**(1,091,439)**	1,031,294
Finance cost paid		**(957,617)**	(622,382)
Taxes paid		**(296,049)**	(373,017)
Payments for accumulating compensated absences		**(5,311)**	(8,223)
Retirement benefits paid		**(31,302)**	(24,919)
Net cash (used in) / generated from operating activities		**(2,381,718)**	2,753
Cash flow from investing activities			
Fixed capital expenditure		**(1,214,583)**	(167,073)
Investment - net		**3,035**	32,537
Net decrese / (increase) in long-term loans and deposits		**10,585**	(787)
Proceeds from sale of property, plant and equipment		**154,767**	17,819
Dividends received		**634,058**	716,871
Net cash (used in) / generated from investing activities		**(412,138)**	599,367
Cash flow from financing activities			
Increase in long-term loans		**1,000,000**	-
Payment of finance lease liabilities		**-**	(4,940)
Dividend paid		**(274,554)**	(262,909)
Dividend paid to non-controlling interest		**(34,850)**	(33,183)
Net cash generated from / (used in) financing activities		**690,596**	(301,032)
Net (decrease) / increase in cash and cash equivalents		**(2,103,260)**	301,088
Cash and cash equivalents at the beginning of the period		**655,010**	66,805
Cash and cash equivalents at the end of the period	20	**(1,448,250)**	367,893

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

Syed Aslam Mehdi
Director

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

for the quarter and half year ended June 30, 2011

1. Legal status and nature of business

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

Packaging: Representing manufacture and sale of paper, paperboard, 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.

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. 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, 2010.

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, 2010 except for the adoption of new accounting policies as referred to in note 3.2.1.

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

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

3.2.1 Amendments to published standards effective in current year

New and amended standards, and interpretations mandatory for the first time for the financial year beginning January 01, 2011 and their impact on this condensed interim financial information is given below:

- IAS 1 (Amendments), clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements, accordingly, the Group has presented analysis of other comprehensive income for each component of equity in the statement of changes in equity.

- IAS 24 (Revised), 'Related party disclosures', issued in November 2009. It supersedes IAS 24, 'Related party disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The application of this standard has no material impact on the Group's financial statements.

- IAS 32 (Amendment), 'Classification of right issues' issued in October 2009. The amendment addresses the accounting for right issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The application of this amendment has no material impact on the Group's financial statements.

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The application of this interpretation has no material impact on the Group's financial statements.

- IFRIC 14 (Amendments), 'Prepayments of a minimum funding requirement'. 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 this. 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 that are not yet effective and have not been early adopted by the Group

The following amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after January 1, 2012 or later periods, but the Group has not earlier adopted them:

- IFRS 7, 'Financial instruments: Disclosures' (Amendments). These are applicable on accounting periods beginning on or after July 01, 2011. These amendments arise from the IASB's review of off-balance-sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. Earlier application is permitted. The Group will apply these amendments from January 01, 2012 and does not expect to have a material impact on its financial statements.

- IFRS 9, 'Financial instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until January 01, 2013 but is available for early adoption. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace IAS 39, 'Financial instruments: Recognition and measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that 'in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Group does not have any such liabilities.

- IFRS 12, 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group will apply this standard from January 01, 2013.

- IFRS 13, 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group will apply this standard from January 01, 2013.

- IAS 1, 'Financial statement presentation' (Amendment). This is applicable on accounting periods beginning on or after July 01, 2012. The main change resulting from these amendment is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendment does not address which items are presented in OCI. The Group will apply this amendment from January 01, 2013 and does not expect to have a material impact on its financial statements.

- IAS 12, 'Income taxes' (Amendments). These are applicable on accounting periods beginning on or after January 01, 2012. IAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. The Group will apply these amendments from January 01, 2012 and does not expect to have a material impact on its financial statements.

- IAS 19, 'Employee benefits'(Amendment). This is applicable on accounting periods beginning on or after January 01, 2013. The amendment will eliminate the corridor approach and calculate finance costs on a net funding basis. The Group will apply this amendment from January 01, 2013 and its impact on retained earnings will be Rs. 315.937 million due to recognition of current unrealised actuarial losses on its defined benefit plans.

4. The provision for taxation for the half year ended June 30, 2011 has been made using the tax rate that would be applicable to expected total annual earnings.

5. The preparation of 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 expense. Actual results may differ from these estimates.

In preparing these condensed interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2010, 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**

	Un-audited June 30, 2011	Audited December 31, 2010
	(Rupees in thousand)	
Opening balance :		
Local currency loans - secured	**5,500,000**	5,500,000
Preference shares / Convertible Stock - unsecured	**2,470,577**	2,470,577
	7,970,577	7,970,577
Loans obtained during the period		
Local currency loans - secured	**1,000,000**	-
	8,970,577	7,970,577
Current portion shown under current liabilities		
Local currency loans - secured	**(113,095)**	(14,286)
Closing Balance	**8,857,482**	7,956,291

7. **Contingencies and commitments**

7.1 **Contingencies**

(i) Claims against the Group not acknowledged as debts Rs. 18.675 million (December 31, 2010: Rs. 17.952 million).

(ii) Post dated cheques and Guarantees not provided in the condensed consolidated interim financial information have been furnished by the Group in favour of the Collector of Customs (Pakistan) and Director General of Customs (Sri Lanka) against custom levies aggregated to Rs. 129.631 million (December 31, 2010 : Rs. 88.769 million) and Rs. 5.633 million (December 31, 2010 : Nil) respectively in respect of goods imported.

7.2 **Commitments in respect of**

(i) Letters of credit and contracts for capital expenditure Rs. 201.048 million (December 31, 2010: Rs. 782.605 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs. 1,051.785 million (December 31, 2010: Rs. 812.150 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:

	Un-audited June 30, 2011	Audited December 31, 2010
	(Rupees in thousand)	
Not later than one year	**199,643**	232,167
Later than one year and not later than five years	**975,582**	1,130,762
	1,175,225	1,362,929

8. Dividends

Ordinary dividend relating to the year ended December 31, 2010 amounting to Rs. 274.233 million (December 31, 2009: Rs. 274.233 million) was paid during the period. The Group has also paid preference dividend relating to the year ended December 31, 2010 amounting to Rs. 412.050 million (December 31, 2009: Rs. 193.435 million) during the period.

9. Property, plant and equipment

		Un-audited	Audited
		June 30, 2011	December 31, 2010
		(Rupees in thousand)	
Opening book value		**18,209,643**	19,513,093
Additions during the period	9.1	**1,764,135**	278,153
Transfer in (at book value)		**-**	51,270
Exchange adjustment on opening cost		**2,212**	29,611
		1,766,347	359,034
		19,975,990	19,872,127
Disposals during the period (at book value)		**(19,109)**	(60,880)
Depreciation charged during the period		**(805,249)**	(1,582,728)
Exchange adjustment on opening accumulated depreciation		**(1,389)**	(18,876)
		(825,747)	(1,662,484)
Closing book value		**19,150,243**	18,209,643

9.1 Following is the detail of additions during the period

Freehold land	**-**	13,495
Building on freehold land	**13,661**	14,226
Plant and machinery	**1,712,730**	145,472
Other equipment	**11,723**	44,839
Furniture and fixtures	**80**	1,312
Vehicles	**25,941**	58,809
	1,764,135	278,153

10. Capital work-in-progress

Civil works	**14,330**	19,695
Plant and machinery (including in transit Rs. 6.650 million (2010:Rs. 301.537)	**152,843**	570,995
Others	**36,926**	336
Advances	**-**	162,302
	204,099	753,328

11. Income tax receivable includes Rs. 36.013 million which represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the following assessments.

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.

12. Investments in associates

	Note	**Un-audited June 30, 2011**	Audited December 31, 2010
		(Rupees in thousand)	
Cost		**3,758,386**	3,758,386
Post acquisition loss brought forward		**(228,100)**	(348,378)
		3,530,286	3,410,008
Profit for the period before taxation		**215,463**	324,219
Provision for taxation		**(77,156)**	(80,430)
		138,307	243,789
		3,668,593	3,653,797
Dividends received during the period		**(125,545)**	(123,511)
Impairment loss		**(11,945)**	-
		(137,490)	(123,511)
Closing balance	12.1	**3,531,103**	3,530,286

12.1 In equity instruments of associated companies

Quoted

	Un-audited June 30, 2011	Audited December 31, 2010
IGI Insurance Limited		
10,294,146 (2010: 7,625,294) fully paid ordinary shares of Rs. 10 each		
Market value - Rs. 746.326 million (2010: Rs. 738.815 million)	**1,117,092**	1,135,713
Tri-Pack Films Limited		
10,000,000 (2010: 10,000,000) fully paid ordinary shares of Rs. 10 each		
Market value - Rs. 1,712.500 million (2010: Rs. 1,221.60 million)	**2,393,899**	2,357,450
IGI Investment Bank Limited		
4,610,915 (2010: 4,610,915) fully paid ordinary shares of Rs 10 each		
Market value - Rs. 7.608 million (2010: Rs. 13.510 million)	**32,057**	37,123
Impairment loss	**(11,945)**	-
	20,112	37,123
	3,531,103	3,530,286

13. Other long-term investments

	Note	Un-audited June 30, 2011	Audited December 31, 2010
		(Rupees in thousand)	
Quoted			
Nestle Pakistan Limited			
3,649,248 (2010: 3,649,248) fully paid ordinary shares of Rs. 10 each		**19,979,961**	8,666,453
Unquoted			
Tetra Pak Pakistan Limited			
1,000,000 (2010: 1,000,000) fully paid non voting shares of Rs. 10 each		**10,000**	10,000
Pakistan Tourism Development Corporation Limited			
2,500 (2010: 2,500) fully paid ordinary shares of Rs. 10 each		**25**	25
Orient Match Company Limited			
1,900 (2010: 1,900) fully paid ordinary shares of Rs. 100 each		**-**	-
Coca-Cola Beverages Pakistan Limited			
500,000 (2010: 500,000) fully paid ordinary shares of Rs 10 each		**4,706**	4,706
		19,994,692	8,681,184

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.

14. Cost of sales

	Quarter ended June 30, 2011	Quarter ended June 30, 2010	Half year ended June 30, 2011	Half year ended June 30, 2010
	(Rupees in thousand)			
Opening work-in-process	**338,285**	232,712	**269,221**	227,609
Materials consumed	**3,173,882**	2,968,920	**6,093,296**	5,464,408
Salaries, wages and amenities	**397,016**	358,744	**731,768**	633,741
Fuel and power	**961,837**	717,615	**1,878,788**	1,457,592
Production supplies	**136,296**	129,998	**247,328**	240,156
Excise duty and sales tax	**306**	312	**493**	1,153
Rent, rates and taxes	**87,346**	33,946	**174,035**	69,366
Insurance	**21,059**	18,615	**41,413**	38,477
Repairs and maintenance	**181,236**	135,355	**325,279**	255,142
Packing expenses	**28,102**	36,288	**71,896**	76,295
Depreciation on property, plant and equipment	**406,144**	387,472	**788,036**	773,427
Amortisation on intangible assets	**5**	5	**9**	9
Technical fee and royalty	**20,082**	13,708	**34,026**	26,764
Traveling and conveyance	**15,918**	9,742	**16,639**	10,013
Other expenses	**77,165**	52,801	**150,296**	116,545
	5,844,679	5,089,471	**10,822,523**	9,374,808
Closing work-in-process	**(395,615)**	(238,224)	**(395,615)**	(238,224)
Cost of goods produced	**5,449,064**	4,851,247	**10,426,908**	9,136,584
Opening stock of finished goods	**1,622,211**	1,263,837	**1,826,462**	2,071,058
Cost of goods available for sale	**7,071,275**	6,115,084	**12,253,370**	11,207,642
Closing stock of finished goods	**(1,896,999)**	(1,268,549)	**(1,896,999)**	(1,268,549)
	5,174,276	4,846,535	**10,356,371**	9,939,093

15. These represent expense incurred on prospective projects which are not capitalised under International Financial Reporting Standards.

16. Other operating expenses include Rs. 11.945 million (2010: Nil) in respect of impairment charged on the Parent Company's investment in shares of IGI Investment Bank Limited.

17. Combined (loss) / earnings per share

		Quarter ended		Half year ended	
		June 30, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010
		(Rupees in thousand)			

17.1 Combined basic (loss) / earnings per share

(Loss) / profit for the period	- Rupees in thousand	**(723,380)**	12,086	**(616,146)**	276,626
Weighted average number of ordinary shares	- Numbers	**84,379,504**	84,379,504	**84,379,504**	84,379,504
(Loss) / earnings per share	- Rupees	**(8.57)**	0.14	**(7.30)**	3.28

17.2 Combined diluted (loss) / earnings per share

(Loss) / profit for the period	- Rupees in thousand	**(723,380)**	12,086	**(616,146)**	276,626
Return on preference shares / convertible stock - net of tax	- Rupees in thousand	**80,343**	`83,212	**161,545**	165,542
		(643,037)	95,298	**(454,601)**	442,168
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	**21,686,842**	21,686,842
		106,066,346	106,066,346	**106,066,346**	106,066,346
(Loss) / earnings per share	- Rupees	**(6.06)**	0.90	**(4.29)**	4.17

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.

18. Transactions with related parties

Relationship with the Group	Nature of transactions	Half year ended June 30, 2011	Half year ended June 30, 2010
		(Rupees in thousand)	
i. Associated undertakings			
	Purchase of goods and services	**355,119**	244,290
	Sale of goods and services	**19,861**	14,561
	Dividend income	**125,545**	115,886
	Insurance premium	**89,320**	70,411
	Insurance claims	**24,067**	332
	Commission earned	**1,967**	1,862
ii. Other related parties			
	Purchase of goods and services	**158,719**	103,362
	Sale of goods and services	**1,668,298**	3,053,110
	Mark up income	**46**	-
	Dividend income	**505,477**	600,985
	Rental income	**17,761**	15,271
	Royalty & Technical fee - expense	**22,328**	20,532
	Investment made	**750,000**	803,252
	Proceeds from sale of investments	**752,798**	811,113
	Rebate received	**414**	-
iii. Post employment benefit plans	Expenses charged in respect of retirement benefit plans	**84,000**	65,689
iv. Key management personnel	Salaries and other employee benefits	**37,088**	28,484

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

Period-end balances

	Un-audited June 30, 2011	Audited December 31, 2010
	(Rupees in thousand)	
Receivable from related parties	**254,287**	263,741
Payable to related parties	**83,005**	36,563

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

19. Cash generated from operations

	Half year ended June 30, 2011	Half year ended June 30, 2010
	(Rupees in thousand)	
Profit before taxation	**128,966**	478,349
Adjustments for:		
Depreciation on property, plant and equipment	**805,249**	789,266
Amortisation on intangible assets	**1,839**	1,432
Depreciation on investment property	**163**	769
Depreciation on assets subject to finance lease	**-**	1,030
Provision for accumulating compensated absences and staff gratuity	**69,258**	42,462
Exchange Adjustments	**(2,503)**	2,946
Provision for retirement benefits	**29,817**	31,927
Profit on disposal of property, plant and equipment	**(135,658)**	(7,769)
Gain on sale of short-term investments	**(3,035)**	(32,537)
Finance costs	**783,794**	624,726
Impairment on long-term investments	**11,945**	-
Dividend income from other investments	**(508,512)**	(600,985)
Share of profit from associated companies	**(215,463)**	(107,688)
Profit before working capital changes	**965,860**	1,223,928
Effect on cash flow due to working capital changes		
Increase in trade debts	**(478,262)**	(472,854)
Increase in stores and spares	**(51,458)**	(63,619)
(Increase) / decrease in stock-in-trade	**(1,277,751)**	482,279
Increase in loans, advances, deposits, prepayments and other receivables	**(129,814)**	(127,691)
Decrease in trade and other payables	**(120,014)**	(10,749)
	(2,057,299)	(192,634)
	(1,091,439)	1,031,294

20. Cash and cash equivalents

Cash and bank balances	**248,593**	817,723
Finances under markup arrangements - secured	**(1,696,843)**	(449,830)
	(1,448,250)	367,893

21. Segment Information

	Packaging Division		Paper & Board Division		Ink Division		General & Others		Total	
	June 30, 2011	June 30, 2010	**June 30, 2011**	June 30, 2010	**June 30, 2011**	June 30, 2010	**June 30, 2011**	June 30, 2010	**June 30, 2011**	June 30, 2010
	(Rupees in thousand)									
Revenue from external customers	**7,279,982**	5,296,338	**3,194,043**	4,924,353	**587,266**	552,873	**21,986**	77,764	**11,083,277**	10,851,328
Intersegment revenue	**360,918**	248,320	**4,453,106**	2,225,278	**374,340**	271,889	**77,593**	47,624	**5,265,957**	2,793,111
	7,640,900	5,544,658	**7,647,149**	7,149,631	**961,606**	824,762	**99,579**	125,388	**16,349,234**	13,644,439
Segment profit/ (loss) before tax	**858,758**	600,623	**(1,695,227)**	(1,018,933)	**92,126**	77,881	**851,647**	867,503	**107,304**	527,074
	June 30, 2011	Dec. 31, 2010	**June 30, 2011**	Dec. 31, 2010	**June 30, 2011**	Dec. 31, 2010	**June 30, 2011**	Dec. 31, 2010	**June 30, 2011**	Dec. 31, 2010
Segment assets	**6,165,832**	5,459,523	**21,035,057**	19,592,348	**823,477**	757,953	**627,174**	633,392	**28,651,540**	26,443,216

	June 30, 2011	June 30, 2010
Reconciliation of profit:	(Rupees in thousand)	
Total profit for reportable segments	**107,304**	527,074
Income from Associates	**89,918**	(8,198)
Intercompany consolidation adjustment	**(68,256)**	(40,527)
Profit before tax	**128,966**	478,349

22. Financial risk management

The Groups's activities expose it to a variety of financial risk: 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, 2010

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

23. Detail of subsidiaries

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

24. Date of authorization for issue

This condensed consolidated interim financial information was authorized for issue on August 23, 2011 by the Board of Directors of the Parent Company.

25. Events after balance sheet date

No material events have occurred subsequent to June 30, 2011.

26. 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 Chairman	Syed Hyder Ali Chief Executive & Managing Director	Syed Aslam Mehdi Director