Contents

COMPANY INFORMATION

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

Advisor
Syed Babar Ali

Company Secretary
Adi J. Cawasji

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

Audit Committee
Shamim Ahmad Khan - Chairman
(Non-Executive Director)
Matti Ilmari Naakka - Member
(Independent Director)
Muhammad Aurangzeb - Member
(Independent Director)
Syed Shahid Ali - Member
(Non-Executive Director)
Wazir Ali Khoja - Member
(Independent Director)
Syed Aslam Mehdi - Member
(Executive Director)
Adi J. Cawasji - Secretary
(Company Secretary)

Business Strategy Committee
Syed Hyder Ali - Chairman
(Executive Director)
Syed Aslam Mehdi - Member
(Executive Director)
Khalid Yacob - Member
(Executive Director)

System and Technology Committee
Syed Aslam Mehdi - Chairman
(Executive Director)
Khalid Yacob - Member
(Executive Director)
Suleman Javed - Member

Remuneration and Appointments Committee
Towfiq Habib Chinoy - Chairman
(Non-Executive Director)
Syed Hyder Ali - Member
(Executive Director)
Syed Aslam Mehdi - Member
(Executive Director)
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 AG
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 Punjab
The Bank of Tokyo - Mitsubishi UFJ, Limited
United Bank Limited

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

Factories

Kasur Factory
Bulleh Shah Paper Mill (BSPM)
10-km Kasur Kot Radha Kishan 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
Cell : 03013970046
Tel & Fax: (071) 5616138

M. Hamza Traders
15-D Gul Plaza, Opp: Charsadda Bus Stand,
Peshawar-25000, Pakistan
Cell : 03018650486
Tel : (091) 2043719

S. Y. Traders
Mir Ahmed Khan Road,
Quetta - 87300
Tel : (081) 2834432
: (081) 2834431

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, 2012

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, 2012.

Financial and Operational Performance

The comparison of the un-audited results for the half year ended June 30, 2012 as against June 30, 2011 is as follows:

	For the second quarter		**For the half year**	
	Apr - June 2012	Apr - June 2011	**Jan - June 2012**	Jan - June 2011
Financial - Rupees in million				
Net sales	5,223	4,766	10,132	9,937
EBITDA - operations	**386**	**56**	**728**	**549**
Depreciation & amortisation	(421)	(401)	(840)	(779)
EBIT - operations	**(35)**	**(345)**	**(112)**	**(230)**
Finance costs	(365)	(366)	(718)	(695)
Other operating income /(expenses) - net	156	201	183	206
Investment income	87	60	675	702
Reversal of impairment charged on investments	252	-	252	-
Earnings / (loss) before tax	**95**	**(450)**	**280**	**(17)**
Taxation	(20)	115	(8)	(192)
Earnings / (loss) after tax	**75**	**(335)**	**272**	**(209)**
Earnings / (loss) per share - rupees	**0.88**	**(3.97)**	**3.23**	**(2.48)**

During the first half of the year 2012, your Company has achieved net sales of Rs. 10,132 million against net sales of Rs. 9,937 million of corresponding period of last year. The Company has generated EBITDA of Rs. 728 million during HY-2012 against that of Rs. 549 million generated during HY-2011 that is indicative of enhanced operational growth. The Company has also recognised reversal of impairment amounting to Rs. 252 million during the HY-2012 on its investments held in IGI Insurance Limited and IGI Investment Bank Limited on the basis of recovery in recoverable amount. Increase in finance costs is due to long - term loan facility of Rs. 1,000 million availed by the Company for financing PM-6 capacity expansion project and enhanced working capital requirements of the Company.

Production Statistics

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

	Apr - June 2012	Apr - June 2011	**Jan - June 2012**	Jan - June 2011
Paper and paperboard produced - tons	**40,626**	33,829	**71,437**	68,240
Paper and paperboard converted - tons	**28,038**	28,981	**54,636**	59,044
Plastics all sorts converted - tons	**3,533**	3,481	**6,824**	6,564

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

Paper & Board Operations

During the first half of the year 2012, Paper & Board Operations have achieved external sales of Rs. 2,183 million as against Rs. 2,097 million achieved during corresponding period of the year 2011. EBITDA of the Division has increased by Rs. 233 million over corresponding values of 2011 despite 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. The Company has also started getting benefit of greater flexibility available after re-built of Paper Machine (PM-6) in terms of production of high value added products.

The Company is actively pursuing its applications for fixation of anti-dumping duty and Import Trade Price (ITP) with National Tariff Commission (NTC) and the custom authorities to protect its products i.e. writing and printing paper against unfair competition offered by imported paper.

Moreover, the Management is fully focused on its Alternate Energy Project to reduce its energy costs. It is expected to finalize the technical partners within next quarter.

Packaging Operations

The Packaging Operations have registered external sales of Rs. 6,994 million during the first half of 2012 as compared to Rs. 6,775 million of the corresponding period of last year indicating a sales growth of 3%. The consumer industry has shown stable business volumes in recent times due to inflationary pressures, energy situation and product variant rationalisation. The Division is fully geared up to meet enhanced customer requirements and is also actively pursuing cost control initiatives to improve bottom line results.

Consumer Products

The Consumer Products Division has registered sales of Rs. 914 million during the first half of 2012 as compared to Rs. 1,097 million of the corresponding period of 2011 representing decline of 16%. This decline in revenue is attributable to the unfortunate fire incident that occurred towards the end of 2011. Despite decease in sales by 16%, the Division has managed to improve its operating earnings by 19% through effective cost control measures. The Company has actively worked on re-commencement of operations and most of the critical machines including Facial Tissue machines, Toilet Roll machines, Table Napkin machines, Paper Cup and N-Fold machines have been installed and have commenced commercial operations. The Company is expecting to meet the revenue loss in future months with improved operating results.

Future Outlook

Despite 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 optimisation, price rationalisation 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 composition of Board Committees

In view of promulgation of Code of Corporate Governance 2012 (Code), the Board has resolved to change composition of its Committees in line with the Code in its meeting held on August 25, 2012 in the following manner:

Audit Committee

Mr. Shahid Aziz Siddiqui, Independent Director, has been nominated as Chairman of Audit Committee in place of Mr. Shamim Ahmad Khan, Non-Executive Director. Mr. Shamim Ahmad Khan will continue serving the Audit Committee as a Non-Executive member in place of Mr. Wazir Ali Khoja, Independent Director, who has opted to vacate his position as member of Audit Committee.

The total number of Audit Committee members shall remain fixed as six (06). The Board welcomes the Committee members into their new roles and expresses its gratitude towards the valuable contribution made by the outgoing member.

Human Resource and Remuneration (HR&R) Committee

"Remuneration and Appointments Committee" has been renamed as "Human Resource and Remuneration (HR&R) Committee" with its terms of reference amended in accordance with the Code. Number of Committee members has been increased from three to five with majority being Non-Executive Directors.

Mr. Shahid Aziz Siddiqui and Mr. Shamim Ahmad Khan have been inducted to the Committee as Independent Director and Non-Executive Director respectively. Mr. Towfiq Habib Chinoy, Non-Executive Director, will continue serving as Chairman of the Committee while Syed Hyder Ali and Syed Aslam Mehdi will continue their positions as Executive Members of the Committee.

Company's Staff and Customers

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

(Towfiq Habib Chinoy)
Chairman
Lahore, August 25, 2012

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, August 25, 2012

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, 2012 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, 2011 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2012.

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 then 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, 2012 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 25, 2012

Engagement partner : Asad Aleem Mirza

PACKAGES LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
as at June 30, 2012

	Note	Un-audited June 30, 2012	Audited December 31, 2011
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2011: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (2011: 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 (2011: 84,379,504) ordinary shares of Rs. 10 each		**843,795**	843,795
Reserves		**28,453,505**	28,179,067
Preference shares / convertible stock reserve		**1,605,875**	1,605,875
Accumulated profit / (loss)		**315,130**	(1,080,744)
		31,218,305	29,547,993
NON-CURRENT LIABILITIES			
Long-term finances	7	**7,946,768**	8,575,339
Deferred income tax liabilities	8	**1,892,000**	2,004,000
Retirement benefits		**30,577**	12,358
Deferred liabilities		**161,719**	161,795
		10,031,064	10,753,492
CURRENT LIABILITIES			
Current portion of long-term finances - secured		**910,714**	380,952
Finances under mark up arrangements - secured		**2,298,171**	796,227
Trade and other payables		**2,008,375**	1,731,255
Accrued finance costs		**320,659**	534,021
		5,537,919	3,442,455
CONTINGENCIES AND COMMITMENTS	9	**-**	-
		46,787,288	43,743,940

	Note	Un-audited June 30, 2012	Audited December 31, 2011
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	**18,166,530**	18,346,058
Investment property		**29,120**	29,943
Intangible assets		**34,413**	38,888
Investments		**18,064,606**	16,288,141
Long-term loans and deposits		**111,921**	110,873
Retirement benefits		**85,054**	89,299
		36,491,644	34,903,202
CURRENT ASSETS			
Stores and spares		**1,145,360**	978,741
Stock-in-trade		**4,906,130**	4,525,757
Trade debts		**2,285,588**	1,764,577
Loans, advances, deposits, prepayments and other receivables		**412,538**	454,548
Income tax receivable	12	**1,291,062**	941,439
Cash and bank balances		**254,966**	175,676
		10,295,644	8,840,738
		46,787,288	43,743,940

The annexed notes 1 to 24 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, 2012

	Note	Quarter ended		Half year ended	
		June 30, 2012	June 30, 2011	**June 30, 2012**	June 30, 2011
		(Rupees in thousand)			
Local sales		**6,125,272**	5,747,392	**11,886,113**	11,860,814
Export sales		**20,028**	45,874	**42,939**	130,644
Gross sales		**6,145,300**	5,793,266	**11,929,052**	11,991,458
Less: Sales tax and excise duty		**917,132**	1,022,399	**1,790,435**	2,045,314
Commission		**4,802**	4,861	**6,389**	9,620
		921,934	1,027,260	**1,796,824**	2,054,934
Net sales		**5,223,366**	4,766,006	**10,132,228**	9,936,524
Cost of sales	13	**(4,924,238)**	(4,738,067)	**(9,630,799)**	(9,507,725)
Gross profit		**299,128**	27,939	**501,429**	428,799
Administrative expenses		**(188,839)**	(183,831)	**(349,634)**	(323,081)
Distribution and marketing costs		**(145,440)**	(143,956)	**(262,870)**	(285,752)
Projects expenditure	14	**-**	(45,166)	**-**	(49,487)
Other operating expenses		**(1,205)**	19,999	**(15,132)**	(12,220)
Other operating income		**157,485**	181,439	**198,216**	217,983
Profit / (loss) from operations		**121,129**	(143,576)	**72,009**	(23,758)
Finance costs		**(364,935)**	(366,164)	**(717,948)**	(695,198)
Investment income		**86,806**	59,722	**674,776**	702,215
Reversal of impairment charged on investments	15	**252,018**	-	**252,018**	-
Profit / (loss) before taxation		**95,018**	(450,018)	**280,855**	(16,741)
Taxation	16	**(20,412)**	114,786	**(8,412)**	(192,214)
Profit / (loss) after taxation		**74,606**	(335,232)	**272,443**	(208,955)
Earnings / (loss) per share					
Basic Rupees	17	**0.88**	(3.97)	**3.23**	(2.48)
Diluted Rupees	17	**0.88**	(3.97)	**3.23**	(2.48)

The annexed notes 1 to 24 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, 2012

	Quarter ended		Half year ended	
	June 30, 2012	June 30, 2011	**June 30, 2012**	June 30, 2011
	(Rupees in thousand)			
Profit / (loss) after taxation	**74,606**	(335,232)	**272,443**	(208,955)
Other comprehensive income				
(Deficit) / surplus on re-measurement of available for sale financial assets	**(1,577,021)**	7,433,956	**1,524,438**	11,313,508
Total comprehensive (loss) / income for the period	**(1,502,415)**	7,098,724	**1,796,881**	11,104,553

The annexed notes 1 to 24 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, 2012

	Share capital	Share premium	Fair value reserve	General reserve	Preference shares / convertible stock reserve	Accumulated profit / (loss)	Total
	(Rupees in thousand)						
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**
Loss for the period	-	-	-	-	-	(1,358,997)	**(1,358,997)**
Other comprehensive income							
Deficit on re-measurement of available for sale financial assets	-	-	(6,853,215)	-	-	-	**(6,853,215)**
Balance as on December 31, 2011 (audited)	843,795	2,876,893	9,141,841	16,160,333	1,605,875	(1,080,744)	**29,547,993**
Appropriation of funds							
Transferred to profit and loss account	-	-	-	(1,250,000)	-	1,250,000	**-**
Transactions with owners							
Final dividend for the year ended December 31, 2011 Rs. 1.50 per share	-	-	-	-	-	(126,569)	**(126,569)**
Profit for the period	-	-	-	-	-	272,443	**272,443**
Other comprehensive income							
Surplus on re-measurement of available for sale financial assets	-	-	1,524,438	-	-	-	**1,524,438**
Balance as on June 30, 2012 (un-audited)	843,795	2,876,893	10,666,279	14,910,333	1,605,875	315,130	**31,218,305**

The annexed notes 1 to 24 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, 2012

	Note	Half year ended June 30, 2012	Half year ended June 30, 2011
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from / (used in) operations	19	**228,270**	(1,259,366)
Finance cost paid		**(931,310)**	(873,120)
Taxes paid		**(470,035)**	(254,708)
Payments for accumulating compensated absences		**(15,780)**	(5,273)
Retirement benefits paid		**(36,570)**	(31,302)
Net cash used in operating activities		**(1,225,425)**	(2,423,769)
Cash flow from investing activities			
Fixed capital expenditure		**(668,739)**	(1,199,174)
Investments - net		**13**	3,035
Investment in subsidiary		**(9)**	-
Net increase in long-term loans and deposits		**(1,048)**	(447)
Proceeds from disposal of property, plant and equipment		**19,932**	153,378
Dividends received		**674,764**	699,181
Net cash generated from / (used in) investing activities		**24,913**	(344,027)
Cash flow from financing activities			
Proceeds from long-term finances - secured		**-**	1,000,000
Repayment of long-term finances - secured		**(98,809)**	-
Dividend paid		**(123,333)**	(274,554)
Net cash (used in) / generated from financing activities		**(222,142)**	725,446
Net decrease in cash and cash equivalents		**(1,422,654)**	(2,042,350)
Cash and cash equivalents at the beginning of the period		**(620,551)**	998,912
Cash and cash equivalents at the end of the period	20	**(2,043,205)**	(1,043,438)

The annexed notes 1 to 24 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, 2012

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, 2012 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, 2011.

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, 2011 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, 2012 and their impact on this condensed interim financial information is given below:

IFRS 1 (Amendment), 'First time adoption of IFRS' (effective July 1, 2011). These amendments include two changes to IFRS 1, 'First-time adoption of IFRS'. The first replaces references to a fixed date of January 1, 2004 with 'the date of transition to IFRSs', thus eliminating the need for entities adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The application of this amendment has no material impact on the Company's financial statements.

IFRS 7 (Amendments), ‘Financial instruments: Disclosures’. 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. The application of these amendments has no material impact on the Company's condensed Interim financial information.

IAS 12 (Amendment), ‘Income taxes’. 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 shall 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’, shall 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 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 01, 2013 or later periods, but the Company has not early adopted them:

Annual improvements to IFRSs 2011 (effective January 01, 2013). This set of amendments includes changes to five standards: IFRS 1, ‘First time adoption of IFRS’, IAS 1, ‘Presentation of financial statements’, IAS 16, ‘Property plant and equipment’, IAS 32, ‘Financial instruments; Presentation’ and IAS 34, ‘Interim financial reporting’. The Company shall apply these amendments from January 01, 2013 and does not expect to have a material impact on its financial statements.

IFRS 1 (Amendment), 'First time adoption of IFRS', addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008. The Company shall apply this amendment from January 01, 2013 and does not expect to have a material impact on its financial statements.

IFRS 7 (Amendment), 'Financial instruments: Disclousures', reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The Company shall apply this amendment from January 01, 2013 and does not expect to have a material impact on its financial statements.

IFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. The standard is not applicable until January 01, 2015 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 shall 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 shall mainly affect financial institutions. There shall 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 shall apply this standard from January 01, 2013 and does not expect to have a material impact on its financial statements.

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 shall apply this standard from January 01, 2013 and does not expect to have a material impact on its financial statements.

IAS 1 (Amendment), 'Presentation of Financial Statement'. This is applicable on accounting periods beginning on or after July 01, 2012. The main change resulting from this 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 Company shall apply this amendment from January 01, 2013 and does not expect to have a material impact on its financial statements.

IAS 19 (Amendment), 'Employee benefits' is applicable on accounting periods beginning on or after January 01, 2013. The amendment shall eliminate the corridor approach and calculate finance costs on a net funding basis. The Company shall apply this amendment from January 01, 2013 and its impact on retained earnings will be Rs 452.369 million due to recognition of current unrealised actuarial losses on its defined benefit plans.

IAS 27 (Revised 2011), 'Separate financial statements' includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The revised standard is applicable for accounting periods beginning on or after January 01, 2013. The Company shall apply this standard from January 01, 2013 and does not expect to have a material impact on its financial statements.

IAS 32 (Amendment), 'Financial instruments: Presentation' is applicable on accounting periods beginning on or after January 01, 2014. This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Company shall apply this amendment from January 01, 2014 and does not expect to have a material impact on its financial statements.

4. The provision for taxation for the half year ended June 30, 2012 has been made using the tax rate that would be applicable to expected total annual earnings.

5. In April 2012, Shareholders of the Company have resolved to transfer the Company's Paper & Paper board and Corrugated businesses into a separate 100% owned subsidiary "Bulleh Shah Paper Mill (Private) Limited", acquired on February 29, 2012, through the process of hive down subject to necessary corporate and regulatory approvals. Once the said transfer is duly approved, the assets and liabilities of the Paper & Paperboard and Corrugated businesses would be transferred to and vested in Bulleh Shah Paper Mill (Private) Limited against the issue of shares by Bulleh Shah Paper Mill (Private) Limited to the Company.

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

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2011, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

7. Long-term finances

	Un-audited	Audited
	June 30, 2012	December 31, 2011
	(Rupees in thousand)	
Opening balance		
Local currency loans - secured	**6,485,714**	5,485,714
Preference shares / convertible stock - unsecured	**2,470,577**	2,470,577
	8,956,291	7,956,291
Loans obtained during the period		
Local currency loans - secured	**-**	1,000,000
	8,956,291	8,956,291
Loans repaid during the period		
Local currency loans - secured	**(98,809)**	-
	8,857,482	8,956,291
Current portion shown under current liabilities		
Local currency loans - secured	**(910,714)**	(380,952)
Closing balance	**7,946,768**	8,575,339

8. The Company has not adjusted the net deferred tax liability against tax credit available to the company under section 113 of the Income Tax Ordinance, 2001 amounting to Rs. 300.241 million (2011: Rs. 300.241 million) available till December 31, 2015 and unused tax losses of Rs. 132.163 million (2011: Rs.132.163 million) available till December 31, 2013 in view of management's estimate that these tax credits may not be utilised till December 31, 2015 due to sufficient unused tax losses available to the Company for adjustment against future profits.

9. Contingencies and commitments

9.1 Contingencies

(i) Claims against the Company not acknowledged as debts Rs. 20.360 million (December 31, 2011: Rs. 18.612 million).

(ii) Post dated cheques not provided in the condensed interim financial information have been furnished by the Company in favor of the Collector of Customs against custom levies aggregated to Rs. 140.041 million (December 31, 2011: Rs. 102.219 million) in respect of goods imported.

9.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 101.543 million (December 31, 2011: Rs. 310.397 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs. 961.917 million (December 31, 2011: Rs. 433.814 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	Audited
	June 30, 2012	December 31, 2011
	(Rupees in thousand)	
Not later than one year	**175,534**	191,692
Later than one year and not later than five years	**644,605**	814,092
	820,139	1,005,784

10. Dividends

Ordinary dividend relating to the year ended December 31, 2011 amounting to Rs. 126.569 million (December 31, 2010: Rs. 274.233 million) was declared during the period. The Company also paid preference dividend / return relating to the year ended December 31, 2011 amounting to Rs. 412.050 million (December 31, 2010: Rs. 412.050 million) during the period.

11. Property, plant and equipment

	Note	Un-audited June 30, 2012	Audited December 31, 2011
		(Rupees in thousand)	
Operating assets	11.1	**17,598,456**	18,220,375
Capital work-in-progress	11.2	**568,074**	125,683
		18,166,530	18,346,058

11.1. Operating assets

	Note	Un-audited June 30, 2012	Audited December 31, 2011
Opening book value		**18,220,375**	17,861,486
Additions during the period	11.1.1	**226,347**	2,113,213
Assets disposed / written off during the period (at book value)		**(13,678)**	(151,303)
Depreciation charged during the period		**(834,588)**	(1,603,021)
		(848,266)	(1,754,324)
Closing book value		**17,598,456**	18,220,375

11.1.1. Following is the detail of additions during the period

	Un-audited June 30, 2012	Audited December 31, 2011
Freehold land	**-**	2,185
Buildings on freehold land	**6,805**	30,089
Buildings on leasehold land	**373**	-
Plant and machinery	**134,590**	1,979,180
Other equipment	**52,390**	42,345
Vehicles	**32,189**	59,414
	226,347	2,113,213

11.2. Capital work-in-progress

	Un-audited June 30, 2012	Audited December 31, 2011
Civil works	**95,384**	15,784
Plant and machinery and others [including in transit Rs. 57.058 million (2011: Nil)]	**261,025**	105,806
Advances	**211,665**	4,093
	568,074	125,683

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

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

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

13. Cost of sales

		Quarter ended		Half year ended	
		June 30, 2012	June 30, 2011	**June 30, 2012**	June 30, 2011
	Note	(Rupees in thousand)			
Materials consumed		**2,876,756**	2,820,577	**5,130,617**	5,417,102
Salaries, wages and amenities	13.1	**503,730**	370,442	**859,999**	681,266
Travelling		**11,378**	10,583	**17,522**	14,858
Fuel and power		**705,429**	944,248	**1,502,923**	1,845,192
Production supplies		**154,914**	129,091	**245,032**	233,381
Excise duty and sales tax		**463**	306	**620**	493
Rent, rates and taxes		**87,772**	88,654	**170,490**	175,475
Insurance		**29,406**	20,722	**58,985**	40,794
Repairs and maintenance		**151,824**	170,571	**303,105**	305,061
Packing expenses		**51,911**	37,838	**97,281**	71,896
Depreciation on property, plant and equipment		**411,199**	394,460	**820,696**	765,888
Amortisation on intangible assets		**-**	5	**-**	9
Technical fee and royalty		**11,755**	8,223	**30,287**	11,889
Other expenses		**76,096**	69,662	**151,312**	129,289
		5,072,633	5,065,382	**9,388,869**	9,692,593
Opening work-in-process		**226,158**	269,644	**256,593**	209,916
Closing work-in-process		**(265,286)**	(320,607)	**(265,286)**	(320,607)
Cost of goods produced		**5,033,505**	5,014,419	**9,380,176**	9,581,902
Opening stock of finished goods		**1,829,459**	1,584,026	**2,189,349**	1,786,201
Closing stock of finished goods		**(1,938,726)**	(1,860,378)	**(1,938,726)**	(1,860,378)
		4,924,238	4,738,067	**9,630,799**	9,507,725

13.1 Salaries, wages and amenities include Rs. 88.355 million (2011: Nil) paid to outgoing employees who opted for separation from Company's employment under Voluntary Separation Scheme.

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

15. This represents reversal of impairment loss on the Company's investment in shares of IGI Investment Bank Limited and IGI Insurance Limited based on assessment of recoverable amount. The recoverable amount is equal to fair value which has been determined with reference to the active market value.

16. Taxation

	Quarter ended		Half year ended	
	June 30, 2012	June 30, 2011	**June 30, 2012**	June 30, 2011
	(Rupees in thousand)			
Current				
Current year	**54,000**	58,000	**110,000**	118,000
Prior years	**10,412**	31	**10,412**	31
	64,412	58,031	**120,412**	118,031
Deferred	**(44,000)**	(172,817)	**(112,000)**	74,183
	20,412	(114,786)	**8,412**	192,214

17. Earnings / (loss) per share

		Quarter ended		Half year ended	
		June 30, 2012	June 30, 2011	**June 30, 2012**	June 30, 2011
17.1 Basic earnings / (loss) per share					
Profit / (loss) for the period	- Rupees in thousand	**74,606**	(335,232)	**272,443**	(208,955)
Weighted average number of ordinary shares	- Numbers	**84,379,504**	84,379,504	**84,379,504**	84,379,504
Earnings / (loss) per share	- Rupees	**0.88**	(3.97)	**3.23**	(2.48)
17.2 Diluted earnings / (loss) per share					
Profit / (loss) for the period	- Rupees in thousand	**74,606**	(335,232)	**272,443**	(208,955)
Return on preference shares / convertible stock - net of tax	- Rupees in thousand	**80,869**	81,503	**161,589**	161,554
		155,475	(253,729)	**434,032**	(47,401)
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
Earnings / (loss) per share	- Rupees	**1.47**	(2.39)	**4.09**	(0.45)

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 Company	Nature of transactions	Half year ended June 30, 2012	Half year ended June 30, 2011
		(Rupees in thousand)	
i. Subsidiaries			
	Purchase of goods and services	**391,964**	413,977
	Sale of goods and services	**10,617**	9,139
	Proceeds from sale of property, plant and equipment	**-**	1,218
	Investment in subsidiary	**9**	-
	Management and technical fee - income	**10,346**	10,289
	Dividend income	**51,279**	68,159
	Rental income	**6,738**	6,409
ii. Associates			
	Purchase of goods and services	**392,819**	353,199
	Sale of goods and services	**51,222**	19,689
	Insurance premium	**105,386**	85,667
	Commission earned	**2,575**	1,937
	Insurance claims received	**229,820**	24,067
	Dividend income	**235,515**	125,545
iii. Post employment benefit plans	Expense charged in respect of retirement benefit plans	**73,636**	42,402
	Mark up on temporary loans	**-**	46
iv. Key management personnel	Salaries and other employee benefits	**40,395**	29,120

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

Period-end balances

	Un-audited June 30, 2012	Audited December 31, 2011
	(Rupees in thousand)	
Receivable from related parties		
Subsidiaries	**19,280**	16,587
Associates	**72,820**	179,287
Payable to related parties		
Subsidiaries	**68,378**	80,292
Associates	**55,601**	39,356
Post employment benefit plans	**16,144**	13,544

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

19. Cash generated from operations

	Half year ended	
	June 30, 2012	June 30, 2011
	(Rupees in thousand)	
Profit / (loss) before tax	**280,855**	(16,741)
Adjustments for:		
Depreciation on property, plant and equipment	**834,588**	777,828
Depreciation on investment property	**823**	823
Amortisation on intangible assets	**4,476**	459
Provision for accumulating compensated absences	**15,704**	63,487
Provision for retirement benefits	**59,034**	29,817
Net profit on disposal of property, plant and equipment	**(6,254)**	(135,229)
Gain on sale of short-term investments	**(13)**	(3,035)
Finance costs	**717,948**	695,198
Impairment on long-term investments	**-**	11,945
Reversal of impairment charged on investments	**(252,018)**	-
Dividend income	**(674,764)**	(699,181)
Profit before working capital changes	**980,379**	725,371
Effect on cash flow due to working capital changes		
Increase in stores and spares	**(166,619)**	(53,629)
Increase in stock-in-trade	**(380,373)**	(1,228,700)
Increase in trade debts	**(521,011)**	(459,861)
Decrease / (increase) in loans, advances, deposits, prepayments and other receivables	**42,010**	(122,662)
Increase / (decrease) in trade and other payables	**273,884**	(119,885)
	(752,109)	(1,984,737)
	228,270	(1,259,366)

20. Cash and cash equivalents

Cash and bank balances	**254,966**	233,938
Finances under mark up arrangements - secured	**(2,298,171)**	(1,277,376)
	(2,043,205)	(1,043,438)

21. 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, 2011.

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

22. Date of authorisation for issue

This condensed interim financial information was authorised for issue on August 25, 2012 by the Board of Directors of the Company.

23. Events after the balance sheet date

No material events have occurred subsequent to June 30, 2012.

24. Corresponding figures

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

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison. However, no significant re-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, 2012

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, 2012.

Group results

The comparison of the un-audited results for the half year ended June 30, 2012 as against June 30, 2011 is as follows:

	Jan-June 2012	Jan-June 2011
	(Rupees in million)	
Net Sales	**11,377**	11,028
Profit from operations	**211**	134
Share of profit of associates	**186**	215
Reversal of impairment charged on investments	**279**	-
Investment income	**388**	509
Profit before tax	**313**	129

During the first half of 2012, the Group has achieved net sales of Rs. 11,377 million with profit from operations of Rs. 211 million as compared to Rs. 134 million of corresponding period of last year. This growth reflects enhanced capacity utilisation and better product mix offered by the Parent Company.

The Group has also recognised reversal of impairment amounting to Rs. 279 million during the HY-2012 on its investments held in IGI Insurance Limited and IGI Investment Bank Limited on the basis of recovery in recoverable amount of these investments.

The investment income has declined by Rs. 121 million over the corresponding period of 2011 mainly on account of timing differences in dividend announcements of investee companies.

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

DIC PAKISTAN LIMITED

DIC Pakistan Limited is a non-listed public limited subsidiary of Packages Limited. It is principally engaged in manufacturing, processing and selling of industrial inks. The Company has achieved sales of Rs. 1,056 million during first half of the year 2012 as compared to Rs. 962 million of the corresponding period of last year representing sales growth of 10%. The Company has generated profit before tax of Rs. 64 million during first half of the year 2012 as against Rs. 92 million generated during corresponding period of 2011. The decrease in profitability is mainly due to increase in raw material prices that have not been fully passed on to the customers. The management is confident of maintaining margins through product diversification, price revisions and reduction in operating costs in the coming months.

PACKAGES LANKA (PRIVATE) LIMITED

Packages Lanka (Private) Limited is a Sri Lanka based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging solutions. The Company has achieved turnover of SLR 743 million during first half of the year 2012 as compared to SLR 656 million of corresponding period of last year representing sales growth of 13%. The Company has generated profit before tax of SLR 68 million during first half of 2012 as compared to SLR 42 million of corresponding period of 2011. With installation of new printing line in the coming months, the management is confident of consolidating its market share in the increasingly competitive local market.

(Towfiq Habib Chinoy)
Chairman
Lahore, August 25, 2012

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, August 25, 2012

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED)
as at June 30, 2012

	Note	**Un-audited** **June 30, 2012**	Audited December 31, 2011
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2011: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (2011: 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 (2011: 84,379,504) ordinary shares of Rs. 10 each		**843,795**	843,795
Reserves		**28,423,488**	28,184,472
Preference shares / convertible stock reserve		**1,605,875**	1,605,875
Accumulated profit / (loss)		**76,254**	(1,283,904)
		30,949,412	29,350,238
NON-CONTROLLING INTEREST		**211,204**	225,047
		31,160,616	29,575,285
NON-CURRENT LIABILITIES			
Long-term finances	6	**7,982,661**	8,575,339
Deferred income tax liabilities		**2,466,999**	2,632,844
Retirement benefits		**30,577**	12,358
Deferred liabilities		**178,550**	179,971
		10,658,787	11,400,512
CURRENT LIABILITIES			
Current portion of long-term finances - secured	6	**910,714**	380,952
Finances under mark up arrangements - secured		**2,744,423**	1,170,227
Trade and other payables		**2,133,435**	1,831,937
Accrued finance cost		**327,417**	542,031
Provision for taxation		**13,417**	13,832
		6,129,406	3,938,979
CONTINGENCIES AND COMMITMENTS	7	**-**	-
		47,948,809	44,914,776

	Note	Un-audited June 31, 2012	Audited December 31, 2011
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	**18,508,099**	18,685,332
Intangible assets		**43,979**	49,834
Investment property		**5,098**	5,261
Investments in associates	10	**3,195,443**	3,028,921
Other long-term investments	11	**14,665,915**	13,141,477
Long-term loans and deposits		**112,448**	111,424
Retirement benefits		**85,054**	89,299
		36,616,036	35,111,548
CURRENT ASSETS			
Stores and spares		**1,179,465**	1,013,766
Stock-in-trade		**5,447,282**	5,029,241
Trade debts		**2,661,903**	2,109,537
Loans, advances, deposits, prepayments and other receivables		**425,943**	466,564
Income tax receivable	9	**1,341,868**	983,800
Cash and bank balances		**276,312**	200,320
		11,332,773	9,803,228
		47,948,809	44,914,776

The annexed notes 1 to 24 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, 2012

	Note	Quarter ended		Half year ended	
		June 30, 2012	June 30, 2011	**June 30, 2012**	June 30, 2011
		(Rupees in thousand)			
Local sales		**6,734,930**	6,386,010	**13,175,805**	13,013,874
Export sales		**49,461**	46,130	**78,536**	133,388
Gross Sales		**6,784,391**	6,432,140	**13,254,341**	13,147,262
Less: Sales tax and excise duty		**947,693**	1,065,613	**1,870,773**	2,108,813
Commission		**3,022**	4,861	**6,797**	9,745
		950,715	1,070,474	**1,877,570**	2,118,558
Net sales		**5,833,676**	5,361,666	**11,376,771**	11,028,704
Cost of sales	12	**(5,461,391)**	(5,174,276)	**(10,631,930)**	(10,356,371)
Gross profit		**372,285**	187,390	**744,841**	672,333
Administrative expenses		**(204,666)**	(205,015)	**(405,210)**	(370,781)
Distribution and marketing costs		**(163,657)**	(158,843)	**(297,945)**	(314,166)
Projects expenditure	13	**-**	(45,166)	**-**	(49,487)
Other operating expenses		**(3,765)**	16,322	**(19,961)**	(19,157)
Other operating income		**155,224**	182,444	**189,375**	215,470
Profit / (loss) from operations		**155,421**	(22,868)	**211,100**	134,212
Finance costs		**(355,253)**	(418,232)	**(750,699)**	(729,221)
Investment income		**12**	406	**387,982**	508,512
Reversal of impairment charged on investments	14	**278,733**	-	**278,733**	-
Share of profit of associates		**74,836**	90,179	**185,923**	215,463
Profit / (loss) before taxation		**153,749**	(350,515)	**313,039**	128,966
Taxation					
Group		**(105,307)**	(303,737)	**12,865**	(637,772)
Associates		**(31,688)**	(38,944)	**(64,381)**	(77,156)
		(136,995)	(342,681)	**(51,516)**	(714,928)
Profit / (loss) after taxation		**16,754**	(693,196)	**261,523**	(585,962)
Attributable to:					
Equity holders of the Parent Company		**5,610**	(723,380)	**236,727**	(616,146)
Non-controlling interest		**11,144**	30,184	**24,796**	30,184
		16,754	(693,196)	**261,523**	(585,962)
Combined earnings / (loss) per share					
Basic Rupees	15	**0.07**	(8.57)	**2.81**	(7.30)
Diluted Rupees	15	**0.07**	(8.57)	**2.81**	(7.30)

The annexed notes 1 to 24 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, 2012

	Quarter ended		Half year ended	
	June 30, 2012	June 30, 2011	**June 30, 2012**	June 30, 2011
	(Rupees in thousand)			
Profit / (loss) after taxation	**16,754**	(693,196)	**261,523**	(585,962)
Other comprehensive income				
Exchange differences on translation of foreign subsidiary	**(25,582)**	(15,841)	**(47,026)**	(1,680)
Other reserves relating to associates - net of tax	**(10,349)**	-	**1,761**	-
(Deficit) / surplus on re-measurement of available for sale financial assets	**(1,577,021)**	9,711,343	**1,524,438**	11,313,508
Other comprehensive (loss) / income for the period	**(1,612,952)**	9,695,502	**1,479,173**	11,311,828
Total comprehensive (loss) / income for the period	**(1,596,198)**	9,002,306	**1,740,696**	10,725,866
Attributable to:				
Equity holders of the Parent Company	**(1,601,987)**	9,010,990	**1,725,743**	10,696,034
Non-controlling interest	**5,789**	(8,684)	**14,953**	29,832
	(1,596,198)	9,002,306	**1,740,696**	10,725,866

The annexed notes 1 to 24 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, 2012

	Attributable to equity holders of the Parent Company									Non-controlling interest	Total Equity
	Share capital	Share premium	Exchange difference on translation of foreign subsidiary	Fair Value reserve	General reserve	Preference shares / convertible stock reserve	Other reservers relating to associates	Accumulated Profit/ (loss)	Total		
	(Rupees in thousand)										
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 owners											
Dividend relating to 2010 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(34,850)	**(34,850)**
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	-	-	(1,328)	11,313,508	-	-	-	-	11,312,180	(352)	**11,311,828**
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**
Transactions with the owners											
Dividend relating to 2010 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(15,597)	**(15,597)**
(Loss) / profit for the period	-	-	-	-	-	-	-	(1,471,012)	(1,471,012)	30,797	**(1,440,215)**
Other comprehensive income	-	-	4,329	(6,853,215)	-	-	(17,511)	-	(6,866,397)	1,147	**(6,865,250)**
Balance as on December 31, 2011 (audited)	843,795	2,876,893	22,916	9,141,841	16,160,333	1,605,875	(17,511)	(1,283,904)	29,350,238	225,047	**29,575,285**
Appropriation of funds											
Transferred to profit & loss account	-	-	-	-	(1,250,000)	-	-	1,250,000	-	-	-
Transactions with the owners											
Dividend relating to 2011 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(28,795)	**(28,795)**
Final dividend for the year ended December 31, 2011 Rs. 1.50 per share	-	-	-	-	-	-	-	(126,569)	(126,569)	-	**(126,569)**
Profit for the period	-	-	-	-	-	-	-	236,727	236,727	24,796	**261,523**
Other comprehensive income	-	-	(37,183)	1,524,438	-	-	1,761	-	1,489,016	(9,844)	**1,479,172**
Balance as on June 30, 2012 (un-audited)	843,795	2,876,893	(14,267)	10,666,279	14,910,333	1,605,875	(15,750)	76,254	30,949,412	211,204	**31,160,616**

The annexed notes 1 to 24 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, 2012

	Note	Half year ended June 30, 2012	 June 30, 2011
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from / (used in) operations	17	**321,742**	(1,146,012)
Finance cost paid		**(965,313)**	(903,044)
Taxes paid		**(511,463)**	(296,049)
Payments for accumulating compensated absences		**(14,929)**	(5,311)
Retirement benefits paid		**(36,570)**	(31,302)
Net cash used in operating activities		**(1,206,533)**	(2,381,718)
Cash flow from investing activities			
Fixed capital expenditure		**(719,758)**	(1,214,583)
Investments - net		**13**	3,035
Net (increase) / decrease in long-term loans and deposits		**(1,024)**	10,585
Proceeds from sale of property, plant and equipment		**20,657**	154,767
Dividends received		**623,485**	634,058
Net cash used in investing activities		**(76,627)**	(412,138)
Cash flow from financing activities			
Proceeds from long-term finances - secured		**35,893**	1,000,000
Repayment of long-term finances - secured		**(98,809)**	-
Dividend paid		**(123,333)**	(274,554)
Dividend paid to non-controlling interest		**(28,795)**	(34,850)
Net cash (used in) / generated from financing activities		**(215,044)**	690,596
Net decrease in cash and cash equivalents		**(1,498,204)**	(2,103,260)
Cash and cash equivalents at the beginning of the period		**(969,907)**	655,010
Cash and cash equivalents at the end of the period	18	**(2,468,111)**	(1,448,250)

The annexed notes 1 to 24 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. Legal status and nature of business

Packages Limited (the Parent Company) and its subsidiaries, DIC Pakistan Limited, Packages Lanka (Private) Limited, Packages Construction (Private) Limited and Bulleh Shah Paper Mill (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 Consolidated interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under The Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under The Companies Ordinance, 1984 have been followed. This condensed consolidated 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, 2011.

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of this condensed consolidated interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended December 31, 2011 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, 2012 and their impact on this condensed consolidated interim financial information is given below:

IFRS 1 (Amendment), 'First time adoption of IFRS' (effective July 1, 2011). These amendments include two changes to IFRS 1, 'First-time adoption of IFRS'. The first replaces references to a fixed date of January 1, 2004 with 'the date of transition to IFRSs', thus eliminating the need for entities adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The application of this amendment has no material impact on the Group's financial statements.

IFRS 7 (Amendments), 'Financial instruments: Disclosures'. 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. The application of these amendments has no material impact on the Group's condensed interim financial information.

IAS 12 (Amendments), 'Income taxes'. 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 shall 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', shall 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 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 01, 2013 or later periods, but the Group has not early adopted them:

Annual improvements to IFRSs 2011 (effective January 01, 2013). This set of amendments includes changes to five standards: IFRS 1, 'First time adoption of IFRS', IAS 1, 'Presentation of financial statements', IAS 16, 'Property plant and equipment', IAS 32, 'Financial instruments; Presentation' and IAS 34, 'Interim financial reporting'. The Group shall apply these amendments from January 01, 2013 and does not expect to have a material impact on its financial statements.

IFRS 1 (Amendment), 'First time adoption of IFRS', addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008. The Group shall apply this amendment from January 01, 2013 and does not expect to have a material impact on its financial statements.

IFRS 7 (Amendment), 'Financial instruments: Disclousures', reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The Group shall apply this amendment from January 01, 2013 and does not expect to have a material impact on its financial statements.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The standard is not applicable until January 01, 2015 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 shall 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 shall mainly affect financial institutions. There shall 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 10 - 'Consolidated financial statements'. The objective of IFRS 10 is to establish principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries. The Group shall apply this standard from January 01, 2013 and does not expect to have a material impact on its financial statements.

IFRS 11 - 'Joint arrangements'. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has a right to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenues and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The application of this standard has no material impact on the Group's financial statements.

IFRS 12 - 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 01, 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 shall apply this standard from January 01, 2013 and does not expect to have a material impact on its financial statements.

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 shall apply this standard from January 01, 2013 and does not expect to have a material impact on its financial statements.

IAS 1 (Amendments), 'Presentation of Financial Statement'. This is applicable on accounting periods beginning on or after July 01, 2012. The main change resulting from this 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 consolidated profit and loss account (reclassification adjustments). The amendment does not address which items are presented in OCI. The Group shall apply this amendment from January 01, 2013 and does not expect to have a material impact on its financial statements.

IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after January 01, 2013. The amendment shall eliminate the corridor approach and calculate finance costs on a net funding basis. The Group shall apply this amendment from January 01, 2013 and its impact on retained earnings shall be Rs. 452.369 million due to recognition of current unrealised actuarial losses on its defined benefit plans.

IAS 27 (Revised 2011), 'Separate financial statements' includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The revised standard is applicable for accounting periods beginning on or after January 01, 2013. The Group shall apply this standard from January 01, 2013 and does not expect to have a material impact on its financial statements.

IAS 28 (Revised 2011), 'Associates and Joint Ventures' includes the requirements for joint ventures, as well as associates, to be equity accounted following issue of IFRS 11. The Group shall apply this standard from January 01, 2013 and does not expect to have a material impact on its financial statements.

IAS 32 (Amendment), 'Financial Instruments: Presentation' is applicable on accounting periods beginning on or after January 01, 2014. This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Group shall apply this amendment from January 01, 2014 and does not expect to have a material impact on its financial statements.

4. The provision for taxation for the half year ended June 30, 2012 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 judgments, 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 this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2011, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

In April 2012, Shareholders of the Parent Company have resolved to transfer the Parent Company's Paper & Paperboard and Corrugated businesses into a separate 100% owned subsidiary "Bulleh Shah Paper Mill (Private) Limited", acquired on February 29, 2012, through the process of hive down subject to necessary corporate and regulatory approvals. Once the said transfer is duly approved, the assets and liabilities of the Paper & Paperboard and Corrugated businesses would be transferred to and vested in Bulleh Shah Paper Mill (Private) Limited against the issue of shares by Bulleh Shah Paper Mill (Private) Limited to the Parent Company.

6. Long-term finances

	Un-audited June 30, 2012	Audited December 31, 2011
	(Rupees in thousand)	
Opening balance		
Local currency loans - secured	**6,485,714**	5,485,714
Preference shares / convertible stock - unsecured	**2,470,577**	2,470,577
	8,956,291	7,956,291
Loans obtained during the period		
Local currency loans - secured	**35,893**	1,000,000
	8,992,184	8,956,291
Loans repaid during the period		
Local currency loans - secured	**(98,809)**	-
	8,893,375	8,956,291
Current portion shown under current liabilities		
Local currency loans - secured	**(910,714)**	(380,952)
Closing balance	**7,982,661**	8,575,339

7. Contingencies and commitments

7.1 Contingencies

(i) Claims against the Group not acknowledged as debts Rs. 20.360 million (December 31, 2011: Rs. 18.612 million).

(ii) Post dated cheques not provided in the condensed consolidated interim financial information have been furnished by the Parent Company in favor of the Collector of Customs against custom levies aggregated to Rs. 140.041 million (December 31, 2011: Rs. 102.219 million).

7.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 265.001 million (December 31, 2011: Rs. 310.397 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs. 1,029.482 million (December 31, 2011: Rs. 463.874 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, 2012	Audited December 31, 2011
	(Rupees in thousand)	
Not later than one year	**182,389**	202,295
Later than one year and not later than five years	**646,577**	818,844
	828,966	1,021,139

8. Property, plant and equipment

	Note	Un-audited June 30, 2012	Audited December 31, 2011
		(Rupees in thousand)	
Operating assets	8.1	**17,901,559**	18,559,649
Capital work-in-progress	8.2	**606,540**	125,683
		18,508,099	18,685,332

8.1 Operating assets

	Note	Un-audited June 30, 2012	Audited December 31, 2011
Opening book value		**18,559,649**	18,209,643
Additions during the period	8.1.1	**238,901**	2,157,307
Exchange adjustment on opening cost		**(60,589)**	5,322
		178,312	2,162,629
		18,737,961	20,372,272
Assets disposed / written off during the period (at book value)		**(14,360)**	(151,769)
Depreciation charged during the period		**(860,623)**	(1,657,404)
Exchange adjustment on opening accumulated depreciation		**38,581**	(3,450)
		(836,402)	(1,812,623)
Closing book value		**17,901,559**	18,559,649

8.1.1 Following is the detail of additions during the period

	Un-audited June 30, 2012	Audited December 31, 2011
Freehold land	**-**	2,185
Buildings on freehold land	**7,591**	55,548
Buildings on leasehold land	**373**	-
Plant and machinery	**134,683**	1,986,687
Other equipment	**57,386**	48,744
Furniture and fixtures	**2,666**	2,047
Vehicles	**36,202**	62,096
	238,901	2,157,307

8.2 Capital work-in-progress

	Un-audited June 30, 2012	Audited December 31, 2011
Civil works	**95,384**	15,784
Plant and machinery and others [including in transit Rs. 57.058 million (2011: Nil)]	**261,025**	105,806
Advances	**250,131**	4,093
	606,540	125,683

9. 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 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 have filed a writ petition against the aforesaid notices with the High Court of Sindh, the outcome of which is still pending.

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

10. Investments in associates

	Note	**Un-audited June 30, 2012**	Audited December 31, 2011
		(Rupees in thousand)	
Cost		**3,758,386**	3,758,386
Post acquisition loss brought forward		**(729,465)**	(228,100)
		3,028,921	3,530,286
Profit for the period before taxation		**185,923**	439,243
Provision for taxation		**(64,381)**	(144,355)
		121,542	294,888
		3,150,463	3,825,174
Other comprehensive income / (loss)		**1,761**	(17,511)
Dividends received during the period		**(235,515)**	(135,839)
Reversal of impairment charged on investments		**278,733**	-
Impairment loss		**-**	(642,903)
		44,980	(796,253)
Closing balance	10.1	**3,195,443**	3,028,921

10.1 In equity instruments of associates

Quoted		
IGI Insurance Limited 11,838,267 (2011: 11,838,267) fully paid ordinary shares of Rs. 10 each Market value - Rs. 770.434 million (2011: Rs. 523.488 million)	**770,434**	523,488
Tri-Pack Films Limited 10,000,000 (2011: 10,000,000) fully paid ordinary shares of Rs. 10 each Market value - Rs. 2,099.990 million (2011: Rs. 1,603 million)	**2,415,326**	2,500,822
IGI Investment Bank Limited 4,610,915 (2011: 4,610,915) fully paid ordinary shares of Rs. 10 each Market value - Rs. 9.683 million (2011: Rs. 4.150 million)	**9,683**	4,611
	3,195,443	3,028,921

11. Other long-term investments

	Un-audited June 30, 2012	Audited December 31, 2011
	(Rupees in thousand)	
Quoted		
Nestle Pakistan Limited		
3,649,248 (2011: 3,649,248) fully paid ordinary shares of Rs. 10 each	**14,651,184**	13,126,746
Market value - Rs. 14,651.184 million (2011: Rs. 13,126.746 million)		
Unquoted		
Tetra Pak Pakistan Limited		
1,000,000 (2011: 1,000,000) fully paid non-voting shares of Rs. 10 each	**10,000**	10,000
Pakistan Tourism Development Corporation Limited		
2,500 (2011: 2,500) fully paid ordinary shares of Rs. 10 each	**25**	25
Orient Match Comapny Limited		
1,900 (2011: 1,900) fully paid ordinary shares of Rs. 100 each	**-**	-
Coca-Cola Beverages Pakistan Limited		
500,000 (2011: 500,000) fully paid ordinary shares of Rs. 10 each	**4,706**	4,706
	14,665,915	13,141,477

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

12. Cost of sales

	Note	Quarter ended June 30, 2012	Quarter ended June 30, 2011	Half year ended June 30, 2012	Half year ended June 30, 2011
		(Rupees in thousand)			
Materials consumed		**3,286,556**	3,173,882	**5,925,498**	6,093,296
Salaries, wages and amenities	12.1	**534,830**	397,016	**919,399**	731,768
Fuel and power		**723,347**	961,837	**1,539,395**	1,878,788
Production supplies		**160,997**	136,296	**258,212**	247,328
Excise duty and sales tax		**463**	306	**620**	493
Rent, rates and taxes		**86,880**	87,346	**168,658**	174,035
Insurance		**29,599**	21,059	**59,614**	41,413
Repairs and maintenance		**166,348**	181,236	**331,206**	325,279
Packing expenses		**64,849**	28,102	**119,972**	71,896
Depreciation on property, plant and equipment		**422,428**	406,144	**842,841**	788,036
Amortisation on intangible assets		**-**	5	**-**	9
Technical fee and royalty		**35,256**	20,082	**49,996**	34,026
Traveling and conveyance		**12,081**	15,918	**19,212**	16,639
Other expenses		**85,648**	77,165	**175,492**	150,296
		5,609,282	5,506,394	**10,410,115**	10,553,302
Opening work-in-process		**316,830**	338,285	**336,271**	269,221
Closing work-in-process		**(349,083)**	(395,615)	**(349,083)**	(395,615)
Cost of goods produced		**5,577,029**	5,449,064	**10,397,303**	10,426,908
Opening stock of finished goods		**1,875,624**	1,622,211	**2,225,889**	1,826,462
Closing stock of finished goods		**(1,991,262)**	(1,896,999)	**(1,991,262)**	(1,896,999)
		5,461,391	5,174,276	**10,631,930**	10,356,371

12.1 Salaries, wages and amenities include Rs. 88.355 million (2011: Nil) paid to outgoing employees of the Parent Company who opted for separation from the Parent Company's employment under Voluntary Separation Scheme.

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

14. This represents reversal of impairment loss on investment in shares of IGI Investment Bank Limited and IGI Insurance Limited based on assessment of recoverable amount. The recoverable amount is equal to fair value which has been determined with reference to the active market value.

15. Combined earnings / (loss) per share

		Quarter ended		**Half year ended**	
		June 30, 2012	June 30, 2011	**June 30, 2012**	June 30, 2011

15.1 Combined basic earnings / (loss) per share

Profit / (loss) for the period	- Rupees in thousand	**5,610**	(723,380)	**236,727**	(616,146)
Weighted average number of ordinary shares	- Numbers	**84,379,504**	84,379,504	**84,379,504**	84,379,504
Earnings / (loss) per share	- Rupees	**0.07**	(8.57)	**2.81**	(7.30)

15.2 Combined diluted earnings / (loss) per share

Profit / (loss) for the period	- Rupees in thousand	**5,610**	(723,380)	**236,727**	(616,146)
Return on preference shares / convertible stock	- Rupees in thousand	**80,869**	81,503	**161,589**	161,554
		86,479	(641,877)	**398,316**	(454,592)
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
Earnings / (loss) per share	- Rupees	**0.82**	(6.05)	**3.76**	(4.29)

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.

16. Transactions with related parties

		Half year ended	
		June 30, 2012	June 30, 2011
		(Rupees in thousand)	
Relationship with the Group	**Nature of transactions**		
i. Associates			
	Purchase of goods & services	**392,819**	355,119
	Sale of goods & services	**51,222**	19,689
	Dividend income	**235,515**	125,545
	Insurance premium	**111,676**	89,320
	Insurance claim received	**229,820**	24,067
	Commission earned	**2,911**	1,967
ii. Other related parties			
	Purchase of goods & services	**92,968**	80,157
	Sale of goods & services	**24,252**	172
	Royalty and technical fee - expense	**19,317**	22,328
	Rebate received	**-**	414
iii. Post employment benefit plans			
	Expenses charged in respect of retirement benefit plans	**77,850**	46,001
	Mark up on temporary loan	**-**	46
iv. Key management personnel			
	Salaries and other employee benefits	**50,211**	37,088

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

Period-end balances

	Un-audited	Audited
	June 30, 2012	December 31, 2011
	(Rupees in thousand)	
Receivable from related parties		
Associates	**72,820**	179,942
Other related parties	**24,252**	26,429
Payable to related parties		
Associates	**56,085**	39,591
Other related parties	**13,890**	44,548
Post employment benefit plans	**16,144**	13,544

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

17. Cash generated from operations

	Half year ended	
	June 30, 2012	June 30, 2011
	(Rupees in thousand)	
Profit before taxation	**313,039**	128,966
Adjustments for:		
Depreciation on property, plant and equipment	**860,623**	805,249
Depreciation on investment property	**163**	163
Amortisation on intangible assets	**5,855**	1,839
Provision for accumulating compensated absences and staff gratuity	**13,508**	69,258
Exchange Adjustments	**(25,018)**	(2,503)
Provision for retirement benefits	**59,034**	29,817
Net profit on disposal of property, plant and equipment	**(6,297)**	(135,658)
Gain on sale of short-term investments	**(13)**	(3,035)
Finance costs	**750,699**	729,221
Impairment on long-term investments	-	11,945
Reversal of impairment charged on investments	**(278,733)**	-
Dividend income from other investments	**(387,970)**	(508,512)
Share of profit from associates	**(185,923)**	(215,463)
Profit before working capital changes	**1,118,967**	911,287
Effect on cash flow due to working capital changes		
Increase in trade debts	**(552,366)**	(478,262)
Increase in stores and spares	**(165,699)**	(51,458)
Increase in stock-in-trade	**(418,041)**	(1,277,751)
Decrease / (increase) in loans, advances, deposits, prepayments and other receivables	**40,621**	(129,814)
Increase / (decrease) in trade and other payables	**298,260**	(120,014)
	(797,225)	(2,057,299)
	321,742	(1,146,012)

18. Cash and cash equivalents

Cash and bank balances	**276,312**	248,593
Finances under mark up arrangements - secured	**(2,744,423)**	(1,696,843)
	(2,468,111)	(1,448,250)

19 Segment Information

	Packaging Division		Paper & Board Division		Ink Division		General & Others		Total	
	June 30, 2012	June 30, 2011	**June 30, 2012**	June 30, 2011	**June 30, 2012**	June 30, 2011	**June 30, 2012**	June 30, 2011	**June 30, 2012**	June 30, 2011
	(Rupees in thousand)									
Revenue from external customers	**7,529,462**	7,225,409	**3,096,472**	3,194,043	**709,169**	587,266	**41,668**	21,986	**11,376,771**	11,028,704
Intersegment revenue	**307,300**	360,918	**2,722,631**	4,453,106	**347,047**	374,340	**98,903**	77,593	**3,475,881**	5,265,957
	7,836,762	7,586,327	**5,819,103**	7,647,149	**1,056,216**	961,606	**140,571**	99,579	**14,852,652**	16,294,661
Segment profit / (loss) before tax	**686,639**	858,758	**(1,315,223)**	(1,695,227)	**64,281**	92,126	**744,136**	726,102	**179,832**	(18,241)
	June 30, 2012	Dec. 31, 2011	**June 30, 2012**	Dec. 31, 2011	**June 30, 2012**	Dec. 31, 2011	**June 30, 2012**	Dec. 31, 2011	**June 30, 2012**	Dec. 31, 2011
Segment assets	**6,737,033**	6,693,350	**19,607,851**	18,928,206	**861,060**	799,767	**756,466**	583,674	**27,962,410**	27,004,997

	June 30, 2012	June 30, 2011
	(Rupees in thousand)	
Reconciliation of profit		
Profit / (loss) for reportable segments	**179,832**	(18,241)
Income from associates	**185,923**	215,463
Intercompany consolidation adjustments	**(52,717)**	(68,256)
Profit before tax	**313,039**	128,966

20. Financial risk management

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2011.

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

21. 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
Bulleh Shah Paper Mill (Private) Limited	June 30	100.00%	Pakistan

22. Date of authorization for issue

This condensed consolidated interim financial information was authorized for issue on August 25, 2012 by the Board of Directors of the Parent Company.

23. Events after balance sheet date

No material events have occurred subsequent to June 30, 2012.

24. Corresponding figures

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

Corresponding figures have been re-arranged and re-classified, 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

Blank Page