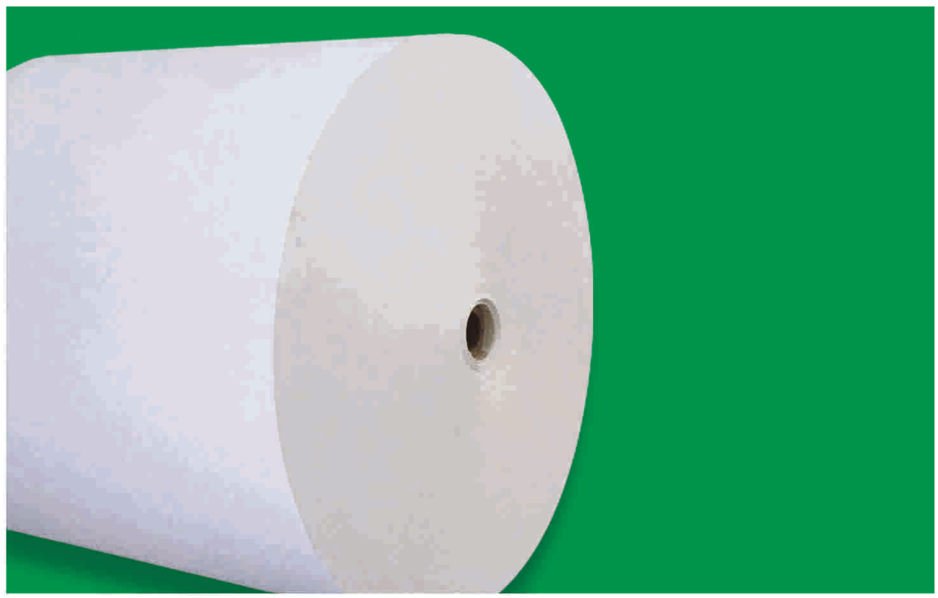
Half Yearly Report

Interim Financial Information
JUNE, 2009 (Un-audited)



PACKAGES LIMITED

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COMPANY INFORMATION

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

Advisor
Syed Babar Ali

Company Secretary
Adi J. Cawasji

Executive Committee

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

Audit Committee

Shamim Ahmad Khan *(Non-Executive Director)*	- Chairman
Tariq Iqbal Khan *(Non-Executive Director)*	- Member
Syed Shahid Ali *(Non-Executive Director)*	- Member
Matti Ilmari Naakka *(Non-Executive Director)*	- Member
Adi J. Cawasji	- Secretary

Business Strategy Committee

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

System and Technology Committee

Mujeeb Rashid	- Chairman
Khalid Yacob	- Member
Suleman Javed	- Member

Rating Agency: PACRA

Company Rating: AA

Auditors
A.F. Ferguson & Co.
Chartered Accountants

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

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

Head Office & Works
Shahrah-e-Roomi,
P.O. Amer Sidhu,
Lahore - 54760, Pakistan
PABX : (042) 5811541-46
: (042) 5811191-94
Fax : (042) 5811195
: (042) 5820147

Kasur Factory
Bulleh Shah Paper Mills (BSPM)
10-km Kasur Kot Radhakishan Road,
District Kasur, Pakistan
Tel. : (049) 2017051, 2018201
: (049) 2008666
Fax : (049) 2717220-21

Karachi Factory
Plot No. 6 & 6/1, Sector 28,
Korangi Industrial Area,
Karachi-74900, Pakistan
Tel. : (021) 5045320, 5045310
Fax : (021) 5045330

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) 5874047-49
: (021) 5378650-52
: (021) 5831618, 5833011
Fax : (021) 5860251

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

2nd Floor, Sitara Tower, Bilal Chowk,
Civil Lines, Faisalabad - 38000, Pakistan
Tel. & Fax: (041) 2629417

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

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

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

Shares Registrar
FAMCO Associates (Pvt.) Limited
1st Floor, State Life Building No. 1-A
Wallace Road off, I. I. Chundrigar Road,
Karachi-74000, Pakistan

Web Presence
www.packages.com.pk

DIRECTORS' REPORT FOR THE HALF YEAR ENDED JUNE 30, 2009

بسم الله الرحمن الرحيم

The Directors of Packages Limited take pleasure in presenting to its shareholders, the six monthly report together with the un-audited financial statements of the company for the half year ended June 30, 2009.

Economic Environment

The last quarter of 2008 witnessed the beginning of the international financial crises and the ensuing global economic recession which seriously affected trade volumes and business activity. The paper and paperboard industry worldwide was directly affected by this crises and the industry as a whole reported reduced income levels during H1-2009.

With the economic implications of the global economic slowdown a constant threat, 2009 is a year of capital preservation and de-leveraging. Your company has taken major steps aimed at achieving optimal capital structure for reducing finance costs, relieving the company of adverse exchange rate movement and improving cash flow position. We expect the operating environment in the remaining 2009 to be as challenging as the first half.

Financial and Operational Performance

The operational results of your company reflect its ability to withstand such high economic and operational pressures with earnings from operations doubled in Q2 - 2009 at Rs. 202 million from Rs. 99 million in Q1- 2009. Comparison of the un-audited results for the half year ended June 30, 2009 as against June 30, 2008 is as follows:

	For the second quarter		**Cumulative**	
	Apr - June 2009	Apr - June 2008	**Jan - June 2009**	Jan - June 2008
Financial - Rupees in million				
Invoiced sales-net	3,462	3,062	6,671	5,954
EBITDA (from operations)	202	335	301	487
Depreciation and amortization	(343)	(219)	(617)	(424)
Finance costs	(334)	(479)	(669)	(700)
Capital gain / investment income	-	-	9,028	325
Other operating expenses / income (net)	93	25	30	49
Impairment loss - net	(1,758)	-	(1,758)	-
(Loss) / profit before tax	(2,140)	(338)	6,315	(263)
Earnings per share - rupees	(25.94)	(3.16)	49.38	(2.90)

During the first half of 2009, your company has achieved an overall sales growth of 12% over the corresponding period. With the rise in commodities prices, the export market has again started offering positive potential as the company has registered export sales of 164 million in second quarter - 2009 as against Rs. 66 million in first quarter-2009.

We are happy to report that the USD 300 million capacity expansion program, which your company embarked upon in 2005, is complete and with the enhanced available capacity your company is uniquely positioned to enhance its market share. It is pertinent to mention that the capacity enhancement has been achieved at an average USD/PKR parity of PKR 65 which has given your company a unique competitive advantage.

The production statistics for the period under review along with its comparison with the corresponding period is given below:

	Apr - June 2009	Apr - June 2008	**Jan - June 2009**	Jan - June 2008
Paper and paperboard produced-tonnes	40,559	39,321	75,453	75,167
Paper and paperboard converted-tonnes	22,197	22,342	44,918	47,037
Plastics all sorts converted-tonnes	2,567	2,606	5,053	4,952

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

Paper & Board Operations - Lahore and Bulleh Shah Operations

We are pleased to report that Paper machine (PM)-6 at Bulleh Shah Paper Mills (BSPM) is operating at its name plate capacity. With successful completion of second phase of expansion at Bulleh Shah Paper Mills (BSPM) comprising Paper Machine (PM)-7 for writing/printing paper and Deinking Pulp Plant in the first quarter of 2009, combined paper & paperboard production capacity has increased to 300,000 tonnes per annum. The 41MW power plant has also become fully operational from end July 2009. The company is now fully geared to capitalize on the growth potential available in the market on account of increasing urbanization, consumers shift from traditional unorganized unbranded products to packaged products and growth potential in per capita paper & paperboard consumption pattern. During the first half of 2009, paper and paperboard operations have registered 15% top line growth over the corresponding period.

Packaging Operations

Your company offers one-stop packaging solutions to major national and multinational companies dealing in consumer goods and segment's growth potential is directly linked with growing consumer market. In view of this fact, packaging operations have achieved sales growth of 18% during the first half of 2009 over the corresponding period. In consideration of rising demand, Packages Limited has installed a new extrusion machine in its flexible packaging operations during 2009 with production capacity of 5,000 tonnes per annum.

Consumer Products

Consumer Products Division has registered a sales growth of 45% during the first half of 2009 over the corresponding period of last year. Sales growth is primarily attributable to aggressive selling both in the local and export market enabled by capacity expansion through installation of new tissue paper manufacturing machine PM-9 in September 2008.

Issuance of Preference Shares/Convertible Stock and De-leveraging

In July 2009, your company has issued 10% local currency cumulative convertible preference shares/ convertible stock at the rate of Rs. 190 per share amounting to USD 50 million including conversion of existing USD 30 million foreign currency loan to International Finance Corporation.

In March 2009, your company has eased its local currency debt burden through partial prepayment of long-term loans and short-term working capital lines out of sale proceeds of USD 115 million realized from disposal of company's entire shareholding in Tetra Pak Pakistan Limited (TPPL).

Impairment on Available for Sale Investments

Your company has reviewed the carrying amount of its investments to assess whether there was any indication of possible impairment in their carrying values. In view of the recent erosion in the value of equity securities, the carrying amount of “Available for Sale Investment” in Nestle Pakistan Limited is assessed to be higher than its recoverable amount. Consequently, an impairment loss of Rs. 1,794 million has been recognised by the company in its profit and loss account on its shareholding in Nestle Pakistan Limited that is considered as other than temporary.

Future Outlook

Your company's medium term business strategy calls for the continuation of the growth in revenues and available capacity utilization coupled with prudent risk management and improved financial results. In consideration of current economic situation, management will continue its focus on improving operational performance of its papar and paperboard, packaging and consumer product division through product optimization, price rationalization, market segmentation and reduction in operating costs as facilitated by rationalization of interest and exchange rates. We remain confident that economic prospects will improve in the future and the company shall be able to maintain its market leadership.

Company's Staff and Customers

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

(Towfiq Habib Chinoy)
Chairman
Lahore, August 17, 2009

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, August 17, 2009

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, 2009 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity 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 for interim financial reporting. 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 for the quarters ended June 30, 2008 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2009.

Scope of Review

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

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended June 30, 2009 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 17, 2009

PACKAGES LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
as at June 30, 2009

	Note	Un-audited June 30, 2009	Audited December 31, 2008
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 150,000,000 (2008: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (2008: Nil) 10% non-voting cumulative, convertible preference shares of Rs. 190 each		**4,180,000**	-
Issued, subscribed and paid up capital 84,379,504 (2008: 84,379,504) ordinary shares of Rs. 10 each		**843,795**	843,795
Reserves		**16,537,226**	15,624,602
Unappropriated profit / (loss)		**3,970,456**	(195,825)
		21,351,477	16,272,572
NON-CURRENT LIABILITIES			
Long-term finances - secured	5	**5,500,000**	12,304,400
Deferred liabilities		**2,976,782**	840,788
		8,476,782	13,145,188
CURRENT LIABILITIES			
Current portion of long-term finances - secured	5	**2,354,400**	550,000
Finances under mark up arrangements - secured		**60,662**	2,587,819
Trade and other payables		**1,827,821**	1,461,904
		4,242,883	4,599,723
Liabilities directly associated with non-current assets classified as held-for-sale- advance against sale of shares		**-**	1,017,150
		4,242,883	5,616,873
CONTINGENCIES AND COMMITMENTS	6	**-**	-
		34,071,142	35,034,633

	Note	Un-audited June 30, 2009	Audited December 31, 2008
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	**17,525,625**	11,285,293
Intangible assets		**189**	241
Investment property		**55,907**	25,294
Capital work-in-progress	8	**2,242,859**	8,155,239
Investments		**7,491,119**	8,362,485
Long-term loans and deposits		**155,225**	155,102
Retirement benefits		**151,473**	127,518
		27,622,397	28,111,172
CURRENT ASSETS			
Stores and spares		**734,595**	841,487
Stock-in-trade		**3,238,706**	3,652,261
Trade debts		**1,456,859**	1,523,049
Loans, advances, deposits, prepayments and other receivables		**771,796**	692,076
Cash and bank balances		**246,789**	199,188
		6,448,745	6,908,061
Non-current assets classified as held-for-sale - investment in related party		**-**	15,400
		6,448,745	6,923,461
		34,071,142	35,034,633

The annexed notes 1 to 17 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 PROFIT AND LOSS ACCOUNT (UN-AUDITED)
for the quarter and half year ended June 30, 2009

	Note	Quarter ended		Half year ended	
		June 30, 2009	June 30, 2008	**June 30, 2009**	June 30, 2008
		(Rupees in thousand)			
Local sales		**3,914,674**	3,357,794	**7,651,256**	6,589,488
Export sales		**164,472**	202,328	**230,740**	313,810
		4,079,146	3,560,122	**7,881,996**	6,903,298
Less: Sales tax and excise duty		**610,015**	490,103	**1,199,460**	939,259
Commission		**7,146**	7,166	**11,806**	10,397
		617,161	497,269	**1,211,266**	949,656
		3,461,985	3,062,853	**6,670,730**	5,953,642
Cost of sales	9	**(3,371,524)**	(2,700,436)	**(6,552,901)**	(5,471,948)
Gross profit		**90,461**	362,417	**117,829**	481,694
Administrative expenses		**(132,355)**	(146,105)	**(236,761)**	(238,354)
Distribution and marketing costs		**(99,706)**	(99,801)	**(197,093)**	(180,565)
Other operating expenses	10	**(1,751,008)**	5,525	**(1,924,620)**	(61)
Other operating income		**86,642**	19,713	**197,485**	49,457
(Loss) / profit from operations		**(1,805,966)**	141,749	**(2,043,160)**	112,171
Finance costs		**(333,770)**	(479,260)	**(669,072)**	(699,687)
Investment income	11	**-**	-	**9,027,513**	324,715
(Loss) / profit before taxation		**(2,139,736)**	(337,511)	**6,315,281**	(262,801)
Taxation		**(49,000)**	71,000	**(2,149,000)**	18,000
(Loss) / profit after taxation		**(2,188,736)**	(266,511)	**4,166,281**	(244,801)
(Loss) / earnings per share - basic & diluted-Rupees		**(25.94)**	(3.16)	**49.38**	(2.90)

The annexed notes 1 to 17 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, 2009

	Quarter ended		Half year ended	
	June 30, 2009	June 30, 2008	**June 30, 2009**	June 30, 2008
	(Rupees in thousand)			
(Loss) / profit after taxation	**(2,188,736)**	(266,511)	**4,166,281**	(244,801)
Other comprehensive income				
(Deficit) / surplus on remeasurement of available for sale financial assets	**(306,246)**	182,462	**(881,367)**	(583,880)
Impairment loss transferred to profit and loss account	**1,793,991**	-	**1,793,991**	-
Other comprehensive income / (loss) for the period - net of tax	**1,487,745**	182,462	**912,624**	(583,880)
Total comprehensive (loss) / income for the period	**(700,991)**	(84,049)	**5,078,905**	(828,681)

The annexed notes 1 to 17 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, 2009

	Note	January to June 2009	January to June 2008
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from / (used in) operations	13	**1,512,643**	(781,360)
Finance cost paid		**(1,020,029)**	(798,495)
Taxes paid		**(110,046)**	(64,753)
Payments for accumulating compensated absences		**(4,308)**	(8,713)
Retirement benefits paid		**(22,109)**	(15,841)
Net cash generated from / (used in) operating activities		**356,151**	(1,669,162)
Cash flow from investing activities			
Fixed capital expenditure		**(811,249)**	(1,647,707)
Advance against sale of non-current assets classified as held-for-sale		**-**	1,017,150
Investment		**(10,000)**	-
Net (increase) / decrease in long-term loans and deposits		**(123)**	73,199
Proceeds from sale of property, plant and equipment		**14,216**	8,777
Disposal of non-current assets classified as held-for-sale		**7,865,000**	-
Dividends received		**160,763**	324,715
Net cash generated from / (used in) investing activities		**7,218,607**	(223,866)
Cash flow from financing activities			
Payments of long-term finances - secured		**(5,000,000)**	-
Net cash used in financing activities		**(5,000,000)**	-
Net increase / (decrease) in cash and cash equivalents		**2,574,758**	(1,893,028)
Cash and cash equivalents at the beginning of the period		**(2,388,631)**	(299,997)
Cash and cash equivalents at the end of the period	14	**186,127**	(2,193,025)

The annexed notes 1 to 17 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, 2009

	Share capital	Share premium	Fair value reserve	General reserve	Unappro-priated profit/(loss)	Total
	(Rupees	in	thousand)			
Balance as on December 31, 2007 (audited)	733,735	2,986,953	789,751	9,333,536	4,326,797	**18,170,772**
11,006,002 ordinary shares of Rs. 10 each issued as fully paid bonus shares	110,060	(110,060)	-	-	-	**-**
Transferred from profit and loss account	-	-	-	4,326,797	(4,326,797)	**-**
Total comprehensive loss for the half year ended June 30, 2008	-	-	(583,880)	-	(244,801)	**(828,681)**
Balance as on June 30, 2008 (un-audited)	843,795	2,876,893	205,871	13,660,333	(244,801)	**17,342,091**
Total comprehensive (loss) / income for the half year ended December 31, 2008	-	-	(1,118,495)	-	48,976	**(1,069,519)**
Balance as on December 31, 2008 (audited)	843,795	2,876,893	(912,624)	13,660,333	(195,825)	**16,272,572**
Total comprehensive income for the half year ended June 30, 2009	-	-	912,624	-	4,166,281	**5,078,905**
Balance as on June 30, 2009 (un-audited)	843,795	2,876,893	-	13,660,333	3,970,456	**21,351,477**

The annexed notes 1 to 17 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, 2009

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 unaudited and has been prepared and is being submitted to the members in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 - 'Interim Financial Reporting'. The figures for the half year ended June 30, 2009 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, 2008.

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, 2008.

3.2 The following amendments to standards are mandatory for the first time for the financial year beginning January 1, 2009.

- IAS 1 (Revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income).

  The company has preferred to present two statements; a profit and loss account and a statement of comprehensive income. The interim financial information has been prepared under revised disclosure requirements.

- IFRS 7 'Financial Instruments : Disclosures' are effective from January 01, 2009. It requires disclosures about the significance of financial instruments for the company's financial position and performance, as well as quantitative and qualitative disclosure on the nature and extent to risks, however, it will not have any impact on the classification and valuation of the company's financial instruments. The company will consider the requirements of IFRS 7 in the annual financial statements.

- In addition to above, following new standards and amendments to standards are mandatory for the first time for the financial year beginning January 1, 2009 and are also relevant to the company. However, the adoption of these new standards and amendments to standards did not have any significant impact on the financial information of the company:
  - IFRS 8 - Operating segments
  - IAS 23 (Amendment) - Borrowing costs
  - IAS 27 (Revised) - Consolidated and separate financial statements
  - IAS 28 (Amendment) - Investment in associates
  - IAS 36 (Amendment) - Impairment of assets
  - IAS 39 (Amendment) - Financial Instruments : Recognition and measurement

4. The provision for taxation for the half year ended June 30, 2009 has been made on an estimated basis.

5. Long-term finances - secured

	Note	**Un-audited June 30, 2009**	Audited December 31, 2008
		(Rupees in thousand)	
Opening balance			
Local currency loans		**10,500,000**	10,500,000
Foreign currency loan		**2,354,400**	2,354,400
		12,854,400	12,854,400
Less: Partial prepayment of local currency loans	5.1	**5,000,000**	-
		7,854,400	12,854,400
Less: Current portion of long-term finances			
Local currency loans		**-**	550,000
Foreign currency loan	16	**2,354,400**	-
		2,354,400	550,000
Closing balance		**5,500,000**	12,304,400

5.1 The company has partially prepaid long-term local currency loans under Wavier and Prepayment Agreement dated March 06, 2009 with Citibank and a consortium of commercial banks led by MCB Bank Limited. As a result of such prepayment, local currency loan from Citibank has been reduced to Rs. 314.286 million repayable in 4 unequal semi annual instalments commencing December 06, 2011 and local currency consortium loan has been reduced to Rs. 5,185.714 million repayable in 11 unequal semi annual instalments commencing June 06, 2012.

6. Contingencies and commitments

6.1 Contingencies

(i) Claims against the company not acknowledged as debts, Rs. 14.728 million (December 31, 2008: Rs. 14.193 million).

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

6.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 26.368 million (December 31, 2008: Rs. 265.907 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs. 823.547 million (December 31, 2008: Rs. 280.896 million).

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

	Note	**Un-audited June 30, 2009**	Audited December 31, 2008
		(Rupees in thousand)	
Not later than one year		**164,979**	164,150
Later than one year and not later than five years		**1,269,722**	1,220,468
Later than five years		**254,912**	386,326
		1,689,613	1,770,944
7. Property, plant and equipment			
Opening book value		**11,285,293**	10,361,253
Add: Additions during the period	7.1	**6,888,043**	1,816,964
Less: Disposals during the period (at book value)		**7,614**	8,074
Transferred to investment property (at book value)		**23,751**	619
Depreciation charged during the period		**616,346**	884,231
		647,711	892,924
Closing book value		**17,525,625**	11,285,293

7.1 Following is the detail of additions during the period

Property, plant and equipment		
Freehold land	**4,693**	11,517
Buildings on freehold land	**1,204,669**	522,431
Plant and machinery	**5,618,339**	1,207,607
Other equipment	**28,043**	33,170
Furniture and fixtures	**3,696**	446
Vehicles	**28,603**	41,793
	6,888,043	1,816,964

8. Capital work-in-progress

	Un-audited June 30, 2009	Audited December 31, 2008
	(Rupees in thousand)	
Civil works	**24,226**	14,279
Plant and machinery	**251,095**	16,551
Others	**720**	27
Expansion project :		
- Civil works	**47,445**	742,994
- Plant and machinery [including in transit Rs. Nil (2008: Rs. 2.400 million)]	**1,530,016**	5,767,935
- Advances	**-**	5,534
- Unallocated expenditure	**389,357**	1,607,919
	1,966,818	8,124,382
	2,242,859	8,155,239

9. Cost of sales

	Quarter ended		Half year ended	
	June 30, 2009	June 30, 2008	**June 30, 2009**	June 30, 2008
	(Rupees in thousand)			
Opening work-in-process	**209,651**	123,050	**205,551**	117,400
Materials consumed	**2,000,627**	1,890,589	**4,015,071**	3,470,608
Salaries, wages and amenities	**217,592**	176,821	**408,973**	350,701
Fuel and power	**503,400**	354,900	**933,540**	818,681
Production supplies	**87,243**	72,379	**178,173**	147,105
Excise duty and sales tax	**212**	114	**388**	245
Rent, rates and taxes	**40,452**	568	**80,443**	1,136
Insurance	**20,916**	13,959	**38,055**	27,110
Repairs and maintenance	**112,019**	94,474	**205,355**	190,612
Packing expenses	**29,588**	14,428	**48,132**	27,907
Depreciation on property, plant and equipment	**337,308**	212,396	**603,985**	409,770
Amortisation on intangible assets	**5**	60	**9**	120
Technical fee and royalty	**2,088**	1,267	**4,623**	2,445
Other expenses	**49,054**	40,699	**94,057**	82,800
	3,610,155	2,995,704	**6,816,355**	5,646,640
Less: Closing work-in-process	**153,026**	176,242	**153,026**	176,242
Cost of goods produced	**3,457,129**	2,819,462	**6,663,329**	5,470,398
Opening stock of finished goods	**1,338,173**	506,574	**1,313,350**	627,150
Cost of goods available for sale	**4,795,302**	3,326,036	**7,976,679**	6,097,548
Less: Closing stock of finished goods	**1,423,778**	625,600	**1,423,778**	625,600
	3,371,524	2,700,436	**6,552,901**	5,471,948

10. Other operating expenses

Included in other operating expenses is an amount of Rs. 1,793.991 million representing decline in value of shares of Nestle Pakistan Limited classified as available for sale investment which is considered other than temporary and accordingly charged to profit and loss account.

11. Investment Income

This includes an amount of Rs. 8,866.750 million representing gain on disposal of investment in Tetra Pak Pakistan Limited (TPPL). Company has disposed off its entire shareholding in TPPL i.e. 30,800,000 shares representing 44% of paid up capital of TPPL under an agreement dated January 3, 2009 with Tetra Laval Holding and Finances S.A. (TLH).

12. Transactions with related parties

Relationship with the company	Nature of transactions	Half year ended June 30, 2009 (Rupees in thousand)	Half year ended June 30, 2008 (Rupees in thousand)
i. Subsidiaries			
	Purchase of goods and services	**291,448**	250,821
	Sale of goods and services	**8,587**	7,876
	Sale of property, plant and equipment	**280**	-
	Management and technical fee received	**11,228**	6,209
	Dividend income	**-**	50,659
	Rental income	**6,498**	4,042
ii. Associated undertakings			
	Purchase of goods and services	**131,760**	147,566
	Sale of goods and services	**13,712**	926,999
	Insurance premium	**54,146**	29,426
	Insurance claims	**962**	52,280
	Dividend income	**69,532**	237,564
	Rental income	**-**	13,257
	Other expenses	**-**	100
iii. Other related parties			
	Purchase of goods and services	**42,643**	110,427
	Sale of goods and services	**1,418,185**	606,135
	Dividend income	**91,231**	36,492
	Mark up expense	**51**	299
	Rental income	**15,524**	-
	Rental expense	**1,716**	1,560
iv. Post employment benefit plans			
	Expense charged in respect of retirement benefit plans	**50,193**	26,525
	Mark up income on temporary loans	**-**	1,569
v. Key management personnel			
	Salaries and other employee benefits	**27,578**	26,029

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

	Un-audited June 30, 2009	Audited December 31, 2008
	(Rupees in thousand)	
Period-end balances		
Receivable from related parties	**263,685**	328,807
Payable to related parties	**73,027**	68,388

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

13. Cash generated from / (used in) operations

	Half year ended	
	June 30, 2009	June 30, 2008
	(Rupees in thousand)	
Profit / (loss) before tax	**6,315,281**	(262,801)
Adjustments for:		
- Depreciation on property, plant and equipment	**616,346**	422,828
- Amortisation on intangible assets	**52**	247
- Depreciation on investment property	**948**	689
- Provision for accumulating compensated absences	**30,302**	23,083
- Retirement benefits - net	**(1,846)**	5,941
- Impairment loss recognised on available for sale investment	**1,793,991**	-
- Gain on disposal of non-current assets classified as held-for-sale	**(8,866,750)**	-
- Net profit on disposal of property, plant and equipment	**(6,602)**	(5,392)
- Finance costs	**669,072**	699,687
- Dividend income	**(160,763)**	(324,715)
Profit before working capital changes	**390,031**	559,567
Effect on cash flow due to working capital changes		
- Decrease / (increase) in trade debts	**66,190**	(250,793)
- Decrease / (increase) in stores and spares	**106,892**	(67,374)
- Decrease / (increase) in stock-in-trade	**413,555**	(850,612)
- Increase in loans, advances, deposits, prepayments and other receivables	**(8,674)**	(154,554)
- Increase / (decrease) in trade and other payables	**544,649**	(17,594)
	1,122,612	(1,340,927)
	1,512,643	(781,360)

14. Cash and cash equivalents

Cash and bank balances	**246,789**	101,821
Finances under mark up arrangements - secured	**(60,662)**	(2,294,846)
	186,127	(2,193,025)

15. Date of authorisation for issue

This condensed interim financial information was authorised for issue on August 17, 2009 by the Board of Directors of the company.

16. Non-Adjusting events after the balance sheet date

In July 2009, the company has issued 10% local currency cumulative convertible preference shares / convertible stock at the rate of Rs. 190 per share amounting to USD 50 million equivalent to Rs. 4,120.5 million under "Subscription Agreement" dated March 25, 2009 with International Finance Corporation. The subscription proceeds have been utilised partially in prepayment of foreign currency loan amounting to USD 30 million equivalent to Rs. 2,354.4 million as referred to in note 5.

17. Corresponding figures

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

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

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

Packages Group
Condensed Consolidated Interim Financial Information

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DIRECTORS' REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED JUNE 30, 2009

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, 2009.

Group results

During the current period, the group's sales increased by 12% over the corresponding period of 2008. However, the increase in depreciation and finance costs as a result of capitalisation of the Phase-2 of Bulleh Shah Paper Mills had a marked impact on its financial performance. It is expected that these shall be absorbed with increase in capacity utilisation. The comparison of the un-audited results for the half year ended June 30, 2009 as against June 30, 2008 is as follows:

	Jan - June 2009	Jan - June 2008
	(Rupees in million)	
Invoiced sales-net	**7,559**	6,737
(Loss) / profit from operations	**(98)**	262
Share of profit of associates	**101**	749
Profit before tax	**6,383**	310

DIC PAKISTAN LIMITED

DIC Pakistan Limited has shown sales growth of 12 % during the first half of the year 2009 over the corresponding period of last year. The company's sales for the half year ended June 30, 2009 reached Rs. 758 million as compared to Rs. 677 million for H1-2008. Increase in raw material consumption and finance costs due to expansion in business operations has affected the margins of the company during the first half of 2009. The management is confident of maintaining margins through price revisions and reduction in operating costs in the coming months.

PACKAGES LANKA (PRIVATE) LIMITED

Packages Lanka (Private) Limited has shown a sales growth of 13% during the first half of 2009 over the corresponding period of last year with corresponding gross margin growth of 33% arising from reduction in raw material consumption and fuel and power costs. The management is expecting increase in raw material prices in the coming months, the impact of which shall be mitigated through price rationalisation and operational efficiencies. The company is planning to take full advantage of expected reduction in interest rates, improvement in law and order situation and liquidity position of the Sri-Lankan economy.

The share of profit of associates declined during the first half of year 2009 by Rs. 648 million over the corresponding period of last year primarily due to disposal of parent company's entire shareholding in Tetra Pak Pakistan Limited in January 2009 against sale consideration of USD 115 million that has yielded one-off capital gain of Rs. 8,807 million to the parent company during the current period.

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

(Towfiq Habib Chinoy)
Chairman
Lahore, August 17, 2009

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, August 17, 2009

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED)

as at June 30, 2009

	Note	**Un-audited June 30, 2009**	Audited December 31, 2008
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 150,000,000 (2008: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (2008: Nil) 10% non-voting cumulative, convertible preference shares of Rs. 190 each		**4,180,000**	-
Issued, subscribed and paid up capital 84,379,504 (2008: 84,379,504) ordinary shares of Rs. 10 each		**843,795**	843,795
Reserves		**16,537,936**	15,622,089
Unappropriated profit / (loss)		**4,049,872**	(61,652)
		21,431,603	16,404,232
NON-CONTROLLING INTEREST		**156,865**	130,412
		21,588,468	16,534,644
NON-CURRENT LIABILITIES			
Long-term finances - secured	5	**5,500,000**	12,304,400
Liabilities against assets subject to finance lease		**13,814**	18,465
Deferred liabilities		**3,157,854**	1,006,540
		8,671,668	13,329,405
CURRENT LIABILITIES			
Current portion of long-term finances - secured	5	**2,354,400**	550,000
Current portion of Liabilities against assets subject to finance lease		**9,836**	8,718
Finances under mark up arrangements - secured		**689,544**	3,259,035
Trade and other payables		**1,909,918**	1,588,447
Provision for taxation		**-**	6,824
		4,963,698	5,413,024
Liabilities directly associated with non-current assets classified as held-for-sale - advance against sale of shares		**-**	1,017,150
		4,963,698	6,430,174
CONTINGENCIES AND COMMITMENTS	6	**-**	-
		35,223,834	36,294,223

	Note	Un-audited June 30, 2009	Audited December 31, 2008
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	**17,846,304**	11,600,184
Intangible assets		**189**	241
Investment property		**28,789**	6,788
Assets subject to finance lease		**29,427**	30,454
Capital work-in-progress	8	**2,273,330**	8,165,283
Investments	9	**7,358,533**	8,255,412
Long-term loans and deposits		**155,828**	155,707
Retirement benefits		**151,473**	127,518
		27,843,873	28,341,587
CURRENT ASSETS			
Stores and spares		**758,131**	862,048
Stock-in-trade		**3,807,685**	4,288,551
Trade debts		**1,704,509**	1,790,189
Loans, advances, deposits, prepayments and other receivables		**812,746**	721,079
Cash and bank balances		**296,890**	215,648
		7,379,961	7,877,515
Non-current assets classified as held for sale - investment in related party		**-**	75,121
		7,379,961	7,952,636
		35,223,834	36,294,223

The annexed notes 1 to 19 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

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

for the quarter and half year ended June 30, 2009

	Note	Quarter ended		Half year ended	
		June 30, 2009	June 30, 2008	**June 30, 2009**	June 30, 2008
		(Rupees in thousand)			
Local sales		**4,419,926**	3,826,734	**8,616,448**	7,456,722
Export sales		**170,255**	216,259	**243,599**	333,228
		4,590,181	4,042,993	**8,860,047**	7,789,950
Less: Sales tax and excise duty		**656,874**	543,456	**1,287,844**	1,041,848
Commission		**7,214**	6,728	**12,741**	10,730
		664,088	550,184	**1,300,585**	1,052,578
		3,926,093	3,492,809	**7,559,462**	6,737,372
Cost of sales	10	**(3,716,309)**	(3,020,459)	**(7,226,780)**	(6,041,073)
Gross profit		**209,784**	472,350	**332,682**	696,299
Administrative expenses		**(150,473)**	(160,975)	**(272,192)**	(268,436)
Distribution and marketing costs		**(110,472)**	(108,790)	**(218,554)**	(198,635)
Other operating expenses	11	**(1,753,998)**	1,829	**(1,929,873)**	(7,292)
Other operating income		**77,824**	18,471	**195,806**	40,417
(Loss) / profit from operations		**(1,727,335)**	222,885	**(1,892,131)**	262,353
Finance costs		**(360,788)**	(503,262)	**(724,595)**	(738,251)
Investment income	12	**-**	-	**8,898,260**	36,492
Share of profit of associates		**80,017**	370,044	**101,147**	749,390
(Loss) / profit before taxation		**(2,008,106)**	89,667	**6,382,681**	309,984
Taxation		**(124,812)**	(115,799)	**(2,245,557)**	(310,761)
(Loss) / profit after taxation		**(2,132,918)**	(26,133)	**4,137,124**	(777)
Non-controlling interest		**(14,737)**	(16,144)	**(25,600)**	(31,677)
Equity holders of the parent		**(2,147,655)**	(42,277)	**4,111,524**	(32,454)
Combined (loss) / earnings per share - basic and diluted - Rupees		**(25.45)**	(0.50)	**48.73**	(0.38)

The annexed notes 1 to 19 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

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

for the quarter and half year ended June 30, 2009

	Quarter ended		Half year ended	
	June 30, 2009	June 30, 2008	**June 30, 2009**	June 30, 2008
	(Rupees in thousand)			
(Loss) / profit after taxation	**(2,132,918)**	(26,133)	**4,137,124**	(777)
Other comprehensive income				
Exchange differences on translating foreign operations	**2,034**	16,252	**4,076**	21,007
(Deficit) / surplus on remeasurement of available for sale financial assets	**(306,246)**	182,462	**(881,367)**	(583,880)
Impairment loss transferred to profit and loss account	**1,793,991**	-	**1,793,991**	-
Other comprehensive income / (loss) for the period - net of tax	**1,489,779**	198,714	**916,700**	(562,873)
Total comprehensive (loss) / income for the period	**(643,139)**	172,581	**5,053,824**	(563,650)
Non-controlling interest	**(15,162)**	(19,546)	**(26,453)**	(36,074)
Equity holders of the parent	**(658,301)**	153,035	**5,027,371**	(599,724)

The annexed notes 1 to 19 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

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

for the half year ended June 30, 2009

(Rupees in thousand)

	Note	January to June 2009	2008
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from / (used in) operations	14	**1,748,297**	(740,206)
Finance costs paid		**(1,085,622)**	(832,103)
Taxes paid		**(154,102)**	(93,544)
Payments for accumulating compensated absences		**(6,325)**	(8,840)
Retirement benefits paid		**(22,109)**	(15,841)
Net cash generated from / (used in) operating activities		**480,139**	(1,690,534)
Cash flow from investing activities			
Purchase of property, plant and equipment		**(856,243)**	(1,711,537)
Advance against sale of non-current assets classified as held-for-sale		**-**	1,017,150
Net (increase) / decrease in long-term loans and deposits		**(121)**	73,253
Proceeds from sale of property, plant and equipment		**14,728**	10,249
Dividends received		**160,763**	274,055
Investment		**(10,000)**	-
Disposal of non-current assets classified as held-for-sale		**7,865,000**	-
Net cash generated from / (used in) investing activities		**7,174,127**	(336,830)
Cash flow from financing activities			
Payments of long-term finances - secured		**(5,000,000)**	(7,437)
Payment of finance lease liabilities		**(3,533)**	(107)
Dividend paid to non-controlling interest - holders		**-**	(41,479)
Net cash used in financing activities		**(5,003,533)**	(49,023)
Net increase / (decrease) in cash and cash equivalents		**2,650,733**	(2,076,387)
Cash and cash equivalents at the beginning of the period		**(3,043,387)**	(573,733)
Cash and cash equivalents at the end of the period	15	**(392,654)**	(2,650,120)

The annexed notes 1 to 19 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

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

for the half year ended June 30, 2009

	Share capital	Share premium	Fair Value reserve	General reserve	Unappro-priated profit/(loss)	Exchange difference	Total	Non controlling interest	Total
	(Rupees in thousand)								
Balance as on December 31, 2007 (audited)	733,735	2,986,953	789,751	9,333,536	4,830,239	(32,249)	18,641,965	129,365	**18,771,330**
Final dividend for the year ended December 31, 2007 Rs. 15 per share	-	-	-	-	-	-	-	(41,479)	**(41,479)**
Issue of 11,006,022 ordinary shares of Rs. 10 each as fully paid bonus shares	110,060	(110,060)	-	-	-	-	-	-	**-**
Transferred from profit and loss account	-	-	-	4,326,797	(4,326,797)	-	-	-	**-**
Total comprehensive (loss) / income for the period	-	-	(583,880)	-	(32,454)	16,610	(599,724)	36,074	**(563,650)**
Balance as on June 30, 2008 (un-audited)	843,795	2,876,893	205,871	13,660,333	470,988	(15,639)	18,042,241	123,960	**18,166,201**
Interim dividend for the seven months ended July 31, 2008 Rs. 6.50 per share	-	-	-	-	-	-	-	(17,975)	**(17,975)**
Total comprehensive (loss) / income for the period	-	-	(1,118,495)	-	(532,640)	13,126	(1,638,009)	24,427	**(1,613,582)**
Balance as on December 31, 2008 (audited)	843,795	2,876,893	(912,624)	13,660,333	(61,652)	(2,513)	16,404,232	130,412	**16,534,644**
Total comprehensive income for the period	-	-	912,624	-	4,111,524	3,223	5,027,371	26,453	**5,053,824**
Balance as on June 30, 2009 (un-audited)	843,795	2,876,893	-	13,660,333	4,049,872	710	21,431,603	156,865	**21,588,468**

The annexed notes 1 to 19 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

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

for the half year ended June 30, 2009

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

2. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2008.

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the group for the year ended December 31, 2008.

3.2 The following amendments to standards are mandatory for the first time for the financial year beginning January 1, 2009.

- IAS 1 (Revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in performance statement. Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (profit and loss account and statement of comprehensive income).

  The group has preferred to present two statements; a profit and loss account and a statement of comprehensive income. The interim financial information has been prepared under revised disclosure requirements.

- IFRS 7 'Financial Instruments : Disclosures' are effective from January 01, 2009. It requires disclosures about the significance of financial instruments for the group's financial position and performance, as well as quantitative and qualitative disclosure on the nature and extent to risks, however it will not have any impact on the classification and valuation of the group's financial instruments. The group will consider the requirements of IFRS 7 in the annual financial statements.

- In addition to above, following new standards and amendments to standards are mandatory for the first time for the financial year beginning January 1, 2009 and are also relevant to the group. However, the adoption of these new standards and amendments to standards did not have any significant impact on the financial information of the group:

  - IFRS 8 - Operating segments
  - IAS 23 (Amendment) - Borrowing costs
  - IAS 27 (Revised) - Consolidated and separate financial statements

- IAS 28 (Amendment) - Investment in associates
- IAS 36 (Amendment) - Impairment of assets
- IAS 39 (Amendment) - Financial Instruments : Recognition and measurement

4. The provision for taxation of the parent company for the half year ended June 30, 2009 has been made on an estimated basis.

5. Long-term finances - secured

	Note	**Un-audited June 30, 2009**	Audited December 31, 2008
		(Rupees in thousand)	
Opening Balance			
Local currency loans		**10,500,000**	10,500,000
Foreign currency loan		**2,354,400**	2,354,400
		12,854,400	12,854,400
Less: Partial prepayment of local currency loans	5.1	**5,000,000**	-
		7,854,400	12,854,400
Less: Current portion of long-term finances			
Local currency loans		**-**	550,000
Foreign currency loan	18	**2,354,400**	-
		2,354,400	550,000
Closing Balance		**5,500,000**	12,304,400

5.1 The parent company has partially prepaid long-term local currency loans under Wavier and Prepayment Agreement dated March 06, 2009 with Citibank and a consortium of commercial banks led by MCB Bank Limited. As a result of such prepayment, local currency loan from Citibank has been reduced to Rs. 314.286 million repayable in 4 unequal semi annual instalments commencing December 06, 2011 and local currency consortium loan has been reduced to Rs. 5,185.714 million repayable in 11 unequal semi annual instalments commencing June 06, 2012.

6. Contingencies and commitments

6.1 Contingencies

(i) Claims against the group not acknowledged as debts Rs. 14.728 million (December 31, 2008: Rs. 14.193 million).

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

6.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 26.368 million (December 31, 2008: Rs. 292.347 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs. 894.297 million (December 31, 2008: Rs.319.416 million).

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

	Note	**Un-audited June 30, 2009**	Audited December 31, 2008
		(Rupees in thousand)	
Not later than one year		**164,979**	171,057
Later than one year and not later than five years		**1,269,722**	1,222,353
Later than five years		**254,912**	386,327
		1,689,613	1,779,737

7. Property, plant and equipment

	Note		
Opening book value		**11,600,184**	10,636,868
Add: Additions during the period	7.1	**6,911,054**	1,866,784
Exchange adjustment on opening cost		**10,720**	76,419
		6,921,774	1,943,203
		18,521,958	12,580,071
Less: Disposals during the period (at book value)		**7,798**	10,653
Transferred to investment property (at book value)		**22,378**	-
Depreciation charged during the period		**638,897**	924,718
Exchange adjustment on opening accumulated depreciation		**6,581**	44,516
		675,654	979,887
Closing book value		**17,846,304**	11,600,184

7.1 Following is the detail of additions during the period

Property, plant and equipment		
Freehold land	**4,693**	11,517
Building on freehold land	**1,219,605**	522,431
Plant and machinery	**5,620,853**	1,240,236
Other equipment	**29,688**	40,919
Furniture and fixtures	**4,416**	2,240
Vehicles	**31,799**	49,441
	6,911,054	1,866,784

8. Capital work-in-progress

	Note	Un-audited June 30, 2009	Audited December 31, 2008
		(Rupees in thousand)	
Civil works		**24,226**	16,975
Plant and machinery [including in transit Nil (2008: Rs. 7.833 million)]		**281,566**	25,421
Others		**720**	27
Expansion project:			
Civil works		**47,445**	741,472
Plant and machinery [including in transit Nil (2008: Rs. 2.400 million)]		**1,530,016**	5,767,935
Advances		**-**	5,534
Unallocated expenditure		**389,357**	1,607,919
		1,966,818	8,122,860
		2,273,330	8,165,283

9. Investments

These represent the long-term investments in:

	Note	Un-audited June 30, 2009	Audited December 31, 2008
Equity instruments of associated companies	9.1	**3,358,895**	3,384,409
Others	9.3	**3,999,638**	4,871,003
		7,358,533	8,255,412

9.1 In equity instruments of associated companies

	Note	Un-audited June 30, 2009	Audited December 31, 2008
Cost		**3,758,386**	3,773,785
Post acquisition (loss) / profit brought forward		**(373,977)**	135,933
		3,384,409	3,909,718
Profit / (loss) for the period before taxation		**101,148**	(226,597)
Provision for taxation		**(57,130)**	(78,507)
		44,018	(305,104)
		3,428,427	3,604,614
Less: Dividends received during the period		**69,532**	145,084
Investment classified as held for sale		**-**	75,121
		69,532	220,205
Closing balance	9.2	**3,358,895**	3,384,409

9.2 In equity instruments of associated companies

	Un-audited June 30, 2009	Audited December 31, 2008
	(Rupees in thousand)	
Quoted		
IGI Insurance Limited 6,354,412 (2008: 6,354,412) fully paid ordinary shares of Rs. 10 each Market value - Rs. 574.058 million (2008: Rs. 732.473 million)	**1,102,490**	1,141,310
Tri-Pack Films Limited 10,000,000 (2008: 10,000,000) fully paid ordinary shares of Rs. 10 each Market value - Rs. 998.900 million (2008: Rs. 1,246.400 million)	**2,213,340**	2,197,782
IGI Investment Bank Limited 4,610,915 (2008: 4,610,915) fully paid ordinary shares of Rs. 10 each Market value - Rs. 19.273 million (2008: Rs. 14.524 million)	**43,065**	45,317
	3,358,895	3,384,409

9.3 Others

Quoted		
Nestle Pakistan Limited 3,649,248 (2008: 3,649,248) fully paid ordinary shares of Rs. 10 each	**3,984,907**	4,866,272
Unquoted		
Tetra Pak Pakistan Limited 1,000,000 (2008: Nil) fully paid non voting shares of Rs. 10 each	**10,000**	-
Pakistan Tourism Development Corporation Limited 2,500 (2008: 2,500) fully paid ordinary shares of Rs. 10 each	**25**	25
Orient Match Company Limited 1,900 (2008: 1,900) fully paid ordinary shares of Rs. 100 each	**-**	-
Coca-Cola Beverages Pakistan Limited 500,000 (2008: 500,000) fully paid ordinary shares of Rs. 10 each	**4,706**	4,706
	3,999,638	4,871,003

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

10. Cost of sales

	Quarter ended		Half year ended	
	June 30, 2009	June 30, 2008	**June 30, 2009**	June 30, 2008
	(Rupees in thousand)			
Opening work-in-process	**303,824**	172,608	**301,323**	169,391
Materials consumed	**2,266,463**	2,160,437	**4,519,500**	3,926,065
Salaries, wages and amenities	**236,335**	191,931	**446,621**	380,481
Fuel and power	**516,623**	367,544	**959,199**	841,719
Production supplies	**90,922**	75,153	**185,206**	152,845
Excise duty and sales tax	**212**	114	**388**	245
Rent, rates and taxes	**41,549**	978	**82,589**	1,887
Insurance	**21,494**	14,347	**39,165**	27,885
Repairs and maintenance	**119,725**	101,421	**220,562**	205,120
Packing expenses	**38,368**	22,862	**64,119**	43,435
Depreciation on property, plant and equipment	**347,529**	221,043	**624,291**	426,802
Amortization on intangible assets	**5**	60	**9**	120
Technical fee and royalty	**11,849**	10,401	**23,207**	19,386
Traveling and conveyance	**581**	413	**1,411**	858
Other expenses	**52,909**	43,074	**99,979**	88,020
	4,048,388	3,382,386	**7,567,569**	6,284,259
Less: Closing work-in-process	**250,813**	239,742	**250,813**	239,742
Cost of goods produced	**3,797,575**	3,142,644	**7,316,756**	6,044,517
Opening stock of finished goods	**1,380,505**	544,029	**1,371,795**	662,770
Cost of goods available for sale	**5,178,080**	3,686,673	**8,688,551**	6,707,287
Less: Closing stock of finished goods	**1,461,771**	666,214	**1,461,771**	666,214
	3,716,309	3,020,459	**7,226,780**	6,041,073

11. Other operating expenses

Included in other operating expenses is an amount of Rs. 1,793.991 million representing decline in value of shares of Nestle Pakistan Limited classified as available for sale investment which is considered other than temporary and accordingly charged to profit & loss account.

12. Investment Income

Included in investment income is an amount of Rs. 8,807.029 million representing gain on disposal of investment in Tetra Pak Pakistan Limited (TPPL). Parent company has disposed off its entire shareholding in TPPL i.e. 30,800,000 shares representing 44% of paid up capital of TPPL under an agreement dated January 3, 2009 with Tetra Laval Holding and Finances S.A (TLH) against consideration of USD 115 million.

13. Transactions with related parties

Relationship	Nature of transactions	Half year ended June 30, 2009	Half year ended June 30, 2008
		(Rupees in thousand)	
i. Associated Undertakings			
	Purchase of goods and services	**197,912**	189,852
	Sale of goods and services	**13,712**	977,065
	Insurance premium	**54,146**	29,426
	Insurance claim	**962**	52,280
	Dividend income	**69,532**	237,564
	Rental income	**-**	13,257
	Royalty & technical fee paid	**18,584**	16,941
	Other expenses	**-**	100
ii. Other related parties			
	Purchase of goods and services	**42,650**	110,427
	Sale of goods and services	**1,491,348**	606,135
	Mark up expense	**51**	299
	Dividend income	**91,231**	36,492
	Rental expense	**1,716**	1,560
	Rental income	**15,524**	-
iii. Post employment benefit plans			
	Expense charged in respect of retirement benefit plans	**53,205**	27,465
	Mark up income on temporary loans	**-**	1,569
iv. Key management personnel			
	Salaries and other employee benefits	**32,121**	29,498

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

Period-end balances

	June 30, 2009	December 31, 2008
	(Rupees in thousand)	
Receivable from related parties	**265,334**	334,761
Payable to related parties	**37,189**	22,452

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

14. Cash generated from / (used in) operations

	Half year ended June 30, 2009	Half year ended June 30, 2008
	(Rupees in thousand)	
Profit before taxation	**6,382,681**	309,984
Adjustments for:		
Depreciation on property, plant and equipment	**638,897**	443,069
Amortization on intangible assets	**52**	248
Depreciation on investment property	**1,464**	299
Depreciation on assets subject to finance lease	**1,027**	-
Impairment loss recognised on available for sale investment	**1,793,991**	-
Gain on disposal of non-current assets classified as held for sale	**(8,807,029)**	-
Provision for accumulating compensated absences and staff gratuity	**32,640**	24,181
Exchange adjustments	**8,216**	40,021
Retirement benefits - net	**(1,846)**	5,941
Profit on disposal of property, plant and equipment	**(6,930)**	(5,427)
Finance costs	**724,595**	738,251
Dividend income from other investments	**(91,231)**	(36,492)
Share of profit from associated companies	**(101,147)**	(749,390)
Profit before working capital changes	**575,380**	770,685
Effect on cash flow due to working capital changes		
Decrease / (increase) in trade debts	**85,680**	(324,692)
Decrease / (increase) in stores and spares	**103,917**	(73,551)
Decrease / (increase) in stock-in-trade	**480,866**	(997,977)
Increase in loans, advances, deposits, prepayments and other receivables	**(7,818)**	(148,856)
Increase in trade and other payables	**510,272**	34,185
	1,172,917	(1,510,891)
	1,748,297	(740,206)

15. Cash and cash equivalents

	June 30, 2009	June 30, 2008
Cash and bank balances	**296,890**	121,267
Finances under mark up arrangements - secured	**(689,544)**	(2,771,387)
	(392,654)	(2,650,120)

16. Detail of subsidiaries

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

17. Date of authorization for issue

This condensed consolidated interim financial information was authorised for issue on August 17, 2009 by the Board of Directors of the parent company.

18. Non-adjusting events after the balance sheet date

In July 2009, the parent company has issued 10% local currency cumulative convertible preference shares / convertible stock at the rate of Rs. 190 per share amounting to USD 50 million equivalent to Rs. 4,120.5 million under "Subscription Agreement" dated March 25, 2009 with International Finance Corporation. The subscription proceeds have been utilised partially in prepayment of foreign currency loan amounting to USD 30 million equivalent to Rs. 2,354.4 million as referred to in note 5.

19. Corresponding figures

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

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

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

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