



Merit Packaging Limited
(ISO-9001/14001/22000/HACCP Certified)

Packaging solution
under one roof



December 2013

Half Yearly report

A Lakson Group Company



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Corporate Information

BOARD OF DIRECTORS

Iqbal Ali Lakhani	Chairman
Zulfiqar Ali Lakhani	
Amin Mohammed Lakhani	
Tasleemuddin Ahmed Batlay	
Shahid Ahmed Khan	Chief Executive Officer (From December 01, 2013)
Shaikh Muhammad Barinuddin	Independent Director
Sheikh Asim Rafiq	Nominee Director (NIT)
Mohammad Yousuf Memon	Nominee Director (NIT)
Mohammad Shahid	Chief Executive Officer (Upto December 01, 2013)

ADVISOR

Sultan Ali Lakhani

AUDIT COMMITTEE

Shaikh Muhammad Barinuddin	Chairman
Zulfiqar Ali Lakhani	
Tasleemuddin Ahmed Batlay	

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Iqbal Ali Lakhani	Chairman
Tasleemuddin Ahmed Batlay	
Shahid Ahmed Khan	

COMPANY SECRETARY

Mansoor Ahmed

AUDITORS

BDO Ebrahim & Co.
Chartered Accountants

BANKERS

Askari Bank Limited
Bank Alfalah Limited
Habib Bank Limited
HSBC Bank Middle East Limited
JS Bank Limited
Meezan Bank Limited
Soneri Bank Limited

SHARES REGISTRAR

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

REGISTERED OFFICE

Lakson Square, Building No.2, Sarwar Shaheed Road,
Karachi-74200 Pakistan
Phone: 021-35698000, Faxes: 021-35683410, 35686571

FACTORY

17-B, Sector 29, Korangi Industrial Township,
Karachi-75180.
Phone: 021-35017164, 021-35017180
Email: info@meritpack.com

WEBSITE

www.meritpack.com



Directors' Review

The Directors of your Company are pleased to present the condensed interim un-audited financial statements of the Company together with auditors' review for the half year ended December 31, 2013.

FINANCIAL AND OPERATIONAL PERFORMANCE

The comparison of the un-audited financial results for the first half and quarter ended December 31, 2013 is as follows:

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Rs. in Thousand		Rs. in Thousand	
Net sales	884,355	705,545	482,396	387,043
Gross profit	80,878	24,015	44,158	21,718
Operating profit/(loss)	53,156	(5,322)	29,590	6,393
Financial charges	52,926	50,671	27,809	24,444
Profit/(loss) before tax	230	(55,993)	1,781	(18,051)

Your Company achieved net sales value of Rs 884 million in the first half of the current financial year, as compared to Rs 705 million for the comparable period of the last year, showing an increase of Rs 179 million or 25%.

Operational capabilities are being further sharpened to ensure quicker deliveries for greater customer satisfaction. Addition of value added jobs, reduction in fixed expenses and passing major input cost increases to all customers despite competition have yielded return in the form of profit before tax for the first half of 2013-14 as compared to pre-tax loss of Rs 56 million for the same period last year.

BOARD OF DIRECTORS

During the period under review Mr. Mohammad Shahid Chief Executive Officer resigned and Mr. Shahid Ahmed Khan joined as his replacement. The Board wishes to place on record the valuable contribution made by Mr. Mohammad Shahid as the outgoing Chief Executive Officer during his long association and welcomes the new Chief Executive Officer, Mr. Shahid Ahmed Khan.

FUTURE OUTLOOK

Intense competition continues in the printing and packaging industry resulting in pressures on selling prices and profit margins. Operational changes have been made in your company and measures have been taken to sustain growth. The process of capital restructuring has been completed which will enable the Company to further strengthen its financial position.

The directors, look forward with confidence that increased efficiencies and underlying volume growth in the remaining period of the year will help us to consolidate performance and improve our bottom line appropriately.

On behalf of the Board of Directors

IQBAL ALI LAKHANI

Chairman

Karachi: February 24, 2014



Independent Auditor's Report on review of Condensed Interim Financial Information to the Members

Introduction

We have reviewed the accompanying condensed interim balance sheet of **MERIT PACKAGING LIMITED** (the "Company") as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred 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.

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 at and for the six months period ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

The figures for the quarter ended December 31, 2013 and December 31, 2012 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.


BDO EBRAHIM & CO.,
Chartered Accountants

Karachi:

Dated : February 24, 2014

Engagement Partner: Qasim E. Causer



Condensed Interim Balance Sheet

as at December 31, 2013 (Un-audited)

	Note	December 31, 2013 (Un-audited) Rs. in 000's	June 30, 2013 (Audited) Rs. in 000's (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	653,401	655,438
Intangible assets		527	1,038
Long-term loans and advances		4,691	53
Long-term deposits		3,597	3,597
		662,216	660,126
CURRENT ASSETS			
Stores and spares		59,588	63,317
Stock-in-trade		365,581	302,100
Trade debts (unsecured - considered good)		361,952	202,682
Loans and advances		6,211	1,793
Trade deposits and short-term prepayments		7,502	2,083
Other receivables		672	1,232
Tax refund due from Government		54,752	38,774
Taxation-net		18,498	7,597
Cash and bank balances		344,651	922
		1,219,407	620,500
TOTAL ASSETS		1,881,623	1,280,626
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
70,000,000 (June 30, 2013: 30,000,000)			
ordinary shares of Rs.10/- each		700,000	300,000
Issued, subscribed and paid-up capital			
4,742,847 (June 30, 2013: 4,742,847)			
ordinary shares of Rs.10/- each		47,428	47,428
Subscription against right issue	7	343,334	-
Reserves		(56,851)	(46,688)
		333,911	740
SURPLUS ON REVALUATION OF FIXED ASSETS		169,994	171,467
NON CURRENT LIABILITIES			
Subordinated loan	8	100,000	100,000
Long-term financing	9	441,000	440,000
Long-term deposits		81	81
		541,081	540,081
CURRENT LIABILITIES			
Trade and other payables		287,966	147,102
Markup accrued		26,086	9,872
Short-term borrowings		473,585	411,364
Current portion of long-term financing		49,000	-
		836,637	568,338
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		1,881,623	1,280,626

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


IQBAL ALI LAKHANI
Chairman


SHAHID AHMED KHAN
Chief Executive Officer



Condensed Interim Profit and Loss Account

For the period ended December 31, 2013 (Un-audited)

	Note	Half year ended		Quarter ended	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
		Rs. in 000's	Rs. in 000's	Rs. in 000's	Rs. in 000's
Sales - net	11	884,355	705,545	482,396	387,043
Cost of sales	12	(803,477)	(681,530)	(438,238)	(365,325)
Gross profit		80,878	24,015	44,158	21,718
General and administrative expenses		(15,944)	(16,463)	(8,545)	(8,447)
Selling expenses		(11,777)	(13,560)	(5,945)	(7,474)
Other income		1,545	1,690	762	1,013
Other operating expenses		(1,546)	(1,004)	(840)	(417)
		(27,722)	(29,337)	(14,568)	(15,325)
Operating profit / (loss)		53,156	(5,322)	29,590	6,393
Financial charges		(52,926)	(50,671)	(27,809)	(24,444)
Profit / (loss) before taxation		230	(55,993)	1,781	(18,051)
Taxation		(8,882)	311	(4,840)	(1,945)
Net loss for the period		(8,652)	(55,682)	(3,059)	(19,996)
Loss per share - basic and diluted (Rupees) 13		(1.82)	(11.74)	(0.64)	(4.22)

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

IQBAL ALI LAKHANI
Chairman

SHAHID AHMED KHAN
Chief Executive Officer



Condensed Interim Statement of Comprehensive Income

For the period ended December 31, 2013 (Un-audited)

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Rs. in 000's	Rs. in 000's	Rs. in 000's	Rs. in 000's
		Restated		Restated
Net loss for the period	(8,652)	(55,682)	(3,059)	(19,996)
Other comprehensive income:				
Re-measurement of defined benefit liability	-	1,023	-	511
Total comprehensive loss for the period	(8,652)	(54,659)	(3,059)	(19,485)

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


IQBAL ALI LAKHANI
 Chairman


SHAHID AHMED KHAN
 Chief Executive Officer



Condensed Interim Cash Flow Statement

For the period ended December 31, 2013 (Un-audited)

	Note	Half year ended	
		December 31, 2013	December 31, 2012
		Rs. in 000's	Rs. in 000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	14	(32,290)	19,231
Taxes paid		(27,392)	(4,343)
Financial charges paid		(36,712)	(37,347)
Long-term loans and advances		(4,638)	(624)
Net cash used in operating activities		(101,032)	(23,083)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(8,339)	(13,236)
Intangible assets		-	(70)
Proceeds from sale of operating fixed assets		529	288
Net cash used in investing activities		(7,810)	(13,018)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		50,000	-
Proceeds from right shares subscription		340,350	-
Short term borrowings (excluding running finance)		10,000	70,000
Repayment of liabilities against assets subject to finance leases		-	(1,776)
Net cash generated from financing activities		400,350	68,224
Net increase in cash and cash equivalents		291,508	32,123
Cash and cash equivalents at beginning of the period		(340,442)	(331,932)
Cash and cash equivalents at end of the period		(48,934)	(299,809)
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash and bank balances		344,651	1,146
Short-term running finances		(393,585)	(300,955)
		(48,934)	(299,809)

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


IQBAL ALI LAKHANI
 Chairman


SHAHID AHMED KHAN
 Chief Executive Officer



Condensed Interim Statement of Changes in Equity

For the half year ended December 31, 2013 (Un-audited)

	Issued, subscribed and paid-up capital Rs. in 000's	Subscription against right issue Rs. in 000's	Reserves			Total Rs. in 000's
			General reserve Rs. in 000's	Accumulated loss Rs. in 000's	Total Rs. in 000's	
Balance as at July 1, 2012 as reported	47,428	-	106,800	(67,554)	39,246	86,674
Effect of change in accounting policy (Note 3)	-	-	-	(2,568)	(2,568)	(2,568)
Balance as at July 1, 2012 (Restated)	47,428	-	106,800	(70,122)	36,678	84,106
Transfer from surplus on revaluation of fixed assets	-	-	-	1,483	1,483	1,483
Total comprehensive loss for the half year ended December 31, 2012 (Restated)						
Loss for the half year ended December 31, 2012	-	-	-	(55,682)	(55,682)	(55,682)
Other comprehensive income	-	-	-	1,023	1,023	1,023
	-	-	-	(54,659)	(54,659)	(54,659)
Balance as at December 31, 2012 (Restated)	47,428	-	106,800	(123,298)	(16,498)	30,930
Balance as at July 1, 2013 as reported	47,428	-	106,800	(152,965)	(46,165)	1,263
Effect of change in accounting policy (Note 3)	-	-	-	(523)	(523)	(523)
Balance as at July 1, 2013 (Restated)	47,428	-	106,800	(153,488)	(46,688)	740
Transfer from surplus on revaluation of fixed assets	-	-	-	1,473	1,473	1,473
Share issue costs	-	-	-	(2,984)	(2,984)	(2,984)
Transactions with owners						
Subscription against right issue	-	343,334	-	-	-	343,334
Total comprehensive loss for the half year ended December 31, 2013						
Loss for the half year ended December 31, 2013	-	-	-	(8,652)	(8,652)	(8,652)
Other comprehensive income	-	-	-	-	-	-
	-	-	-	(8,652)	(8,652)	(8,652)
Balance as at December 31, 2013	47,428	343,334	106,800	(163,651)	(56,851)	333,911

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


IQBAL ALI LAKHANI
Chairman


SHAHID AHMED KHAN
Chief Executive Officer



Notes to the Condensed Interim Financial Information

For the period ended December 31, 2013 (Un-audited)

1. NATURE AND STATUS OF THE COMPANY

Merit Packaging Limited ("the Company") was incorporated on January 28, 1980 in Pakistan as a public limited company under the Companies Ordinance, 1984 and is listed on the Karachi Stock Exchange. The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi. The Company is mainly engaged in the manufacture and sale of printing and packaging materials.

2. BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is unaudited but subject to the limited scope review by auditors and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984.

This condensed interim financial report of the Company for the six months period ended December 31, 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2013.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except for the recognition of certain staff retirement benefits at present value.

This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted and methods of computation followed in the preparation of this condensed interim financial information is same as those for the preceding annual financial statements for the year ended June 30, 2013.

- a) In accordance with IAS 19 (revised) - "Employee Benefits" (effective for annual period beginning on or after January 1, 2013), the Company has changed its accounting policy for recognition of the actuarial/remeasurement gains and losses on employees' retirement benefit plans. The remeasurement gains/losses as per actuarial valuation done at financial year end will now be recognized immediately in other comprehensive income. Previously, these gains/losses in excess of the corridor limit were recognized in profit and loss account over the remaining service life of the employees.



Notes to the Condensed Interim Financial Information

For the period ended December 31, 2013 (Un-audited)

The change in accounting policy has been accounted for retrospectively and the comparative figures have thereby been restated. The effect on comparative figures presented is as follows:

	Rupees in 000's
Balance sheet as at June 30, 2013	
Increase in accumulated loss	523
Actuarial losses on retirement benefit plans	
Increase in trade and other payable	523
Gratuity payable	
Statement of comprehensive income for the half year ended December 31, 2013	
Increase in comprehensive income	
Re-measurement of defined benefit liability	1,023
Statement of changes in equity	
Increase in accumulated loss July 1, 2012	2,568
Increase in accumulated loss July 1, 2013	523

- b) The Company has changed its accounting policy for stand-by spares in line with amendments to IAS 16 "Property, Plant and Equipment" effective for the period beginning on or after January 01, 2013, which clarifies that spare parts, stand-by equipment and servicing equipment should be capitalised as an asset when they meet the definition of the Property, Plant and Equipment.

As permitted by IAS 8 "Accounting Policy, Change in Accounting Estimates and Errors", the change in accounting policy has been accounted for prospectively as it is impracticable to determine the period specific and cumulative effect of change on comparative amounts of prior periods presented in these financial statements.

Resultantly, stand-by spares amounting to Rs. 11.163 million have been classified under the head "plant and machinery" which were previously shown under stores and spares. This also complies with the requirements of SRO 183(I)/2013 issued by Securities and Exchange Commission of Pakistan in respect of disclosure requirements.

- 3.2 The other standards, amendments and interpretations of approved accounting standards that became effective during the period do not have a significant impact on the Company's condensed interim financial information.

4. TAXATION

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

5. ESTIMATES

The preparation of condensed 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 expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2013.



Notes to the Condensed Interim Financial Information

For the period ended December 31, 2013 (Un-audited)

	Note	Un-audited December 31, 2013 Rs. in 000's	Audited June 30, 2013 Rs. in 000's
6. PROPERTY, PLANT AND EQUIPMENT			
Opening net book value (NBV)		655,438	665,875
Addition (cost) during the period / year	6.1	19,502	34,945
		674,940	700,820
Disposal (NBV) during the period / year	6.2	(527)	(5,407)
Depreciation charged during the period / year		(21,012)	(39,975)
		(21,539)	(45,382)
		653,401	655,438
6.1 Detail of additions (at cost) during the period / year are as follows:			
Building / improvements on leasehold land		81	275
Plant and machinery		3,291	27,986
Furniture and fixtures		23	340
Vehicles		136	1,135
Office equipment		-	1,790
Computer equipment		64	479
Factory tools and equipment		4,110	2,940
Capital spares	6.3	11,797	-
		19,502	34,945
6.2 Detail of disposals (net book value) during the period/year are as follows:			
Plant and machinery		-	138
Vehicles		494	5,255
Computer equipment		33	14
		527	5,407
6.3 During the period, capital spares transferred from store and spares inventory which pertains to capital nature amounted to Rs. 11.163 million.			
7. SUBSCRIPTION AGAINST RIGHT ISSUE			
Subscription against right issue	7.1	343,334	-
7.1 This represents amount received from the shareholders as subscription money against right issue upto December 31, 2013. During the period, the Company announced issue of 750% right shares at par of Rs. 10 per share in proportion of 15 shares for every 2 shares. Subsequent, to the balance sheet date 35,571,352 ordinary shares of Rs. 10/- each amounting to Rs. 355.714 million have been allotted by the Allotment Committee (as constituted by the Board of Directors in their meeting held on January 15, 2014) on January 21, 2014.			
8. SUBORDINATED LOAN - UNSECURED			
From associated undertakings	8.1	100,000	100,000



Notes to the Condensed Interim Financial Information

For the period ended December 31, 2013 (Un-audited)

8.1 This subordinated loan has been obtained from an associated undertaking. The rate of markup is 0.9% over last business day of three months KIBOR of preceding quarter. During the period, the effective mark-up rate was 10.17% per annum (June 30, 2013: 10.43% per annum). This loan shall remain sub-ordinated to the financing facilities extended by the banks to the Company. The loan shall not be repaid until the entire amount of financing facilities and any payments due in respect of financing facilities or any other finance extended / provided by the banks to the Company, have been paid in full by the Company to the banks and the banks have notified to the sponsors of such payments; and / or the banks otherwise give any permission in writing to the Company to make full or part of the payments due under the long term financing to the associated undertakings.

	Note	Un-audited December 31, 2013 Rs. in 000's	Audited June 30, 2013 Rs. in 000's
9. LONG TERM FINANCING			
Unsecured			
From associated undertaking	9.1	490,000	440,000
Less: Current portion shown under current liabilities		(49,000)	-
		441,000	440,000

9.1 This loan has been obtained from an associated undertaking. An aggregate amount of Rs. 590 million was received out of which Rs. 100 million has been converted into subordinated loan (Note 8). It is to be repaid in twenty equal quarterly installments commencing from July 2014. During the period, the rate of mark-up revised to 0.9% over last business day of three months KIBOR of preceding quarter from 0.9% over average of three months KIBOR of the last five days of preceding quarter. During the period, the effective mark-up rate was 10.17% per annum (June 30, 2013: 10.43% per annum).

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There were no significant changes in the contingent liabilities of the Company since the last annual balance sheet date.

10.2 Commitments

The Company was committed as at the balance sheet date as follows:

Stores, spares and raw materials under letter of credit	9,427	8,854
Stores, spares and raw materials under contractual obligation	5,812	4,521



Notes to the Condensed Interim Financial Information

For the period ended December 31, 2013 (Un-audited)

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	Rs. in 000's	Rs. in 000's	Rs. in 000's	Rs. in 000's
11. SALES - NET				
Gross sales	1,031,756	815,504	562,737	447,559
Sales tax	(147,401)	(109,959)	(80,341)	(60,516)
	884,355	705,545	482,396	387,043
12. COST OF SALES				
Materials consumed	692,275	538,769	384,433	291,407
Salaries, wages and other benefits	37,618	45,881	20,260	24,196
Packing material consumed	16,060	15,836	9,009	8,379
Outsourced services	5,230	10,615	3,707	5,012
Stores and spares consumed	16,040	13,599	8,252	7,213
Power and fuel	23,581	17,728	12,925	8,453
Depreciation	20,211	18,851	10,551	9,461
Amortization	228	224	114	114
Rent, rates and taxes	1,878	1,591	931	822
Repairs and maintenance	1,579	1,521	479	734
Vehicle running expenses	259	679	133	402
Insurance	2,124	2,217	1,087	1,142
Printing and stationery	276	302	163	224
Communication charges	400	695	222	377
Travelling and conveyance	570	209	383	153
Fees and subscription	267	134	167	119
Software license fee	200	203	100	102
Other expenses	527	666	278	371
	819,323	669,720	453,194	358,681
Opening work-in-process	20,302	52,819	29,881	42,482
Closing work-in-process	(45,609)	(33,770)	(45,609)	(33,770)
	(25,307)	19,049	(15,728)	8,712
Cost of goods manufactured	794,016	688,769	437,466	367,393
Opening stock of finished goods	19,601	5,154	10,912	10,325
Closing stock of finished goods	(10,140)	(12,393)	(10,140)	(12,393)
	9,461	(7,239)	772	(2,068)
	803,477	681,530	438,238	365,325
13. LOSS PER SHARE - BASIC AND DILUTED				
There is no dilutive effect on the basic earnings per share of the Company, which is based on:				
Loss for the period	(8,652)	(55,682)	(3,059)	(19,996)
Weighted average number of ordinary shares (in thousands)	4,743	4,743	4,743	4,743
Loss per share (Rupees)	(1.82)	(11.74)	(0.64)	(4.22)



Notes to the Condensed Interim Financial Information

For the period ended December 31, 2013 (Un-audited)

	Note	Unaudited Half year ended	
		December 31, 2013	December 31, 2012
		Rs. in 000's	Rs. in 000's
14. CASH GENERATED FROM OPERATIONS			
Profit / (loss) before taxation		230	(55,993)
Adjustment for non-cash charges and other items:			
Gain on disposal of operating fixed assets		(2)	-
Financial charges		52,926	50,671
Depreciation		21,012	19,935
Amortization		511	508
		74,447	71,114
Profit before working capital changes		74,677	15,121
Working capital changes	14.1	(106,967)	4,110
		(32,290)	19,231
14.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(7,434)	(15,597)
Stock-in-trade		(63,481)	77,905
Trade debts		(159,270)	(12,947)
Loans and advances		(4,418)	1,769
Trade deposits and short term prepayments		(5,419)	(6,915)
Other receivables		560	(693)
Tax refund due from government		(8,368)	2,978
		(247,830)	46,500
Increase / (decrease) in current liabilities:			
Trade and other payables (excluding unclaimed dividend)		140,863	(42,390)
		(106,967)	4,110

15. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of related group companies, local associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows:



Notes to the Condensed Interim Financial Information

For the period ended December 31, 2013 (Un-audited)

Relation with the Company	Nature of transaction	Half year ended		Quarter ended	
		December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
		Rs. in 000's	Rs. in 000's	Rs. in 000's	Rs. in 000's
Associated companies	Sale of goods and services	96,032	85,132	49,854	42,264
	Purchase of goods and services	542,855	388,637	318,281	193,695
	Rent and allied charges	117	117	69	65
	Insurance agency commission	322	349	161	178
	Insurance claim received	35	-	35	-
	Long-term financing obtained	50,000	-	-	-
	Mark-up on long-term financing	29,372	-	15,362	-
	Subscription against right issue	188,054	-	188,054	-
Sponsors	Mark-up on long-term financing	-	27,222	-	13,611
Directors	Subscription against right issue	655	-	655	-
Retirement benefit plans	Contribution towards employee retirement benefits plans	2,733	4,162	1,364	2,091
Key management personnel	Compensation in respect of:				
	Short term employee benefits	5,586	7,237	2,662	3,555
	Retirement benefits	372	984	177	492

16. CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison, the effect of which is not material.

17. DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue by the Board of Directors of the Company on February 24, 2014.

18. GENERAL

Amounts have been rounded off to the nearest thousands of rupees.


IQBAL ALI LAKHANI
Chairman


SHAHID AHMED KHAN
Chief Executive Officer



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