Contents

COMPANY INFORMATION

Board of Directors

Towfiq Habib Chinoy
(Chairman)
(Non-Executive Director)

Syed Hyder Ali
(Chief Executive & Managing Director)
(Executive Director)

Asghar Abbas
(Executive Director)

Atif Aslam Bajwa
(Independent Director)

Imran Khalid Niazi
(Non-Executive Director)

Josef Meinrad Mueller
(Non-Executive Director)

Shamim Ahmad Khan
(Non-Executive Director)

Syed Aslam Mehdi
(Non-Executive Director)

Syed Shahid Ali
(Non-Executive Director)

Tariq Iqbal Khan
(Non-Executive Director)

Advisor

Syed Babar Ali

Chief Financial Officer

Khurram Raza Bakhtayari

Company Secretary

Adi J. Cawasji

Rating Agency

PACRA

Company Credit Rating

Long Term : AA
Short Term : A1+

Auditors

A.F. Ferguson & Co.
(Chartered Accountants)

Legal Advisors

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

Shares Registrar

FAMCO Associates (Pvt.) Ltd
8-F, Next to Hotel Faran
Nursery, Block 6, P.E.C.H.S.,
Shahrah-e-Faisal,
Karachi-75400
PABX : (021) 34380101-5
: (021) 34384621-3
Fax : (021) 34380106
Email : info.shares@famco.com.pk

Bankers & Lenders

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Deutsche Bank A.G.
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
International Finance Corporation (IFC)
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
United Bank Limited

Head Office & Works

Shahrah-e-Roomi
P.O. Amer Sidhu
Lahore - 54760, Pakistan
PABX : (042) 35811541-46
Fax : (042) 35811195

Offices

Registered Office & Regional Sales office

4th Floor, The Forum
Suite No. 416 - 422, G-20, Block 9
Khayaban-e-Jami, Clifton
Karachi-75600, Pakistan

PABX : (021) 35874047-49
: (021) 35378650-51
: (021) 35831618, 35833011, 35831664
Fax : (021) 35860251

Regional Sales Office

2nd Floor, G.D. Arcade
73-E, Fazal-ul-Haq Road, Blue Area
Islamabad-44000, Pakistan

PABX : (051) 2348307-9
: (051) 2806267
Fax : (051) 2348310

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 - Pakistan
Tel : (041) 2602415
Fax : (041) 2629415

Web Presence

www.packages.com.pk

DIRECTORS' REPORT ON CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

The Directors of Packages Limited are pleased to submit to its shareholders, nine months report along with condensed interim un-audited financial statements of the Company for the period ended September 30, 2019.

Financial and Operational Performance

A comparison of the un-audited financial results for the nine months ended September 30, 2019 as against September 30, 2018 is as follows:

	July - Sep 2019	July - Sep 2018	**Jan - Sep 2019**	Jan - Sep 2018
	(Rupees in million)		(Rupees in million)	
Sales from operations	**5,768**	5,291	**17,300**	15,719
Trade discounts	**(84)**	(89)	**(255)**	(221)
Net Sales from operations	**5,684**	5,202	**17,045**	15,498
EBITDA - operations	**680**	487	**2,140**	1,698
Depreciation and amortization	**(196)**	(182)	**(596)**	(543)
EBIT - operations	**484**	305	**1,544**	1,155
Impairment charged on investment	**-**	-	**(500)**	-
Finance costs	**(308)**	(149)	**(741)**	(350)
Other income / (expenses) - net	**49**	(3)	**(10)**	(49)
Investment income	**279**	710	**1,812**	2,715
Earnings before tax	**504**	863	**2,105**	3,471
Taxation	**(336)**	(141)	**(686)**	(669)
Earnings after tax	**168**	722	**1,419**	2,802
Basic earnings per share - Rupees	**1.88**	8.07	**15.88**	30.43

We are pleased to report that the core manufacturing operations of the Compnay showed significantly improved performance in a difficult and competitive environment.The Company has achieved net sales of Rs.17,045 million against net sales of Rs. 15,498 million of corresponding period of last year, representing sales growth of 10%.

The operations have generated Earnings before Interest, Tax and Depreciation and Amortization (EBITDA) of Rs. 2,140 million during first nine months of the current period as compared to Rs. 1,698 million during the corresponding period last year showing an increase of Rs. 440 million (26%) mainly due to revenue growth, profit margin management and tighter controls over fixed costs.

However, the period under review saw the Company's investment portfolio come under stress as the management reviewed carrying amount of the Company's investments in order to determine possible impairment loss. As a result of this assessment, the recoverable amount of the investment in our associate, Tri-Pack Films Limited, was determined to be lower than its carrying value. Accordingly, carrying value was reduced by Rs. 500 million and recognized as an expense under 'Other expenses'.

The Company's investment income decreased by Rs. 903 million in the current period as compared to the corresponding period of the last year on account of discontinuation of dividend income from an investee company and less dividend declaration by subsidiaries and associates. This has resulted in decline in earnings after tax and earnings per share.

A brief review of the operations of the Company's business divisions is as follows:

Consumer Products Division

Consumer Products Division has registered net sales of Rs. 3,887 million during the first nine months of 2019 as compared to Rs. 3,294 million of corresponding period of 2018, representing sales growth of 18%. The Company has geared up promotional activities across various platforms as part of its strategy to increase market share. The operating results improved by 23%.

Packaging Division

Packaging Division has achieved net sales of Rs. 13,211 million during first nine months of 2019 as compared to Rs. 12,103 million in corresponding period of the last year representing sales growth of 9%. The operating results improved by 51%.

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

	Jan - Sep 2019	Jan - Sep 2018
Consumer products produced - tons	**10,627**	11,679
Carton Board & Consumer Products converted - tons	**29,878**	32,136
Plastics all sorts converted - tons	**15,415**	15,611

Internal restructuring

The Board of Directors approved internal restructuring of Packages Limited with an objective to create a holding company. The arrangement will help in developing operating synergies across businesses, managing operations in a focused manner and streamlining the ownership structure. This is in line with international practices being followed in the corporate world. The restructuring shall not affect the rights of the shareholders of Packages Limited in any manner.

The Company incorporated two wholly owned subsidiaries and will transfer:

(a) its manufacturing businesses including folding cartons, flexible packaging, consumer products and mechanical fabrication and roll covers along with all relevant assets, operations and corresponding liabilities into a 100% wholly owned subsidiary named "Packages Convertors Limited"; and

(b) its investment business comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary named "Packages Investments Limited"

Packages Limited will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries will remain with the Company. The transaction has been approved by shareholders of the Company in EOGM held on May 30, 2019. Furthermore, Packages Convertors Limited and Packages Investments Limited have currently filed an application with Securities and Exchange Commission of Pakistan (SECP) for affecting the above-mentioned transfers of assets and corresponding liabilities.

Future Outlook

Packaging and consumer product business is presently operating in a highly competitive environment. Therefore, the Company would continue to focus on increasing productivity, diversifying customer base and tightening cost controls.

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, October 23, 2019

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, October 23, 2019

کنزیومر پروڈکٹس ڈویژن

کنزیومر پروڈکٹس ڈویژن نے 2019 کے پہلے نو ماہ کے دوران 3,887 ملین روپے کی خالص سیلز حاصل کی جبکہ 2018 کی اسی مدت کے دوران یہ 3,294 ملین روپے تھی جو 18 فیصد کی سیلز گروتھ ظاہر کرتی ہے۔ کمپنی نے مارکیٹ شیئر میں اضافے کی اپنی حکمت عملی کے تحت مختلف پلیٹ فامز پر تشہیری سرگرمیوں کو تیز کر دیا ہے۔ آپریٹنگ نتائج 23 فیصد سے بہتر ہوئے ہیں۔

پیکیجنگ ڈویژن

پیکیجنگ ڈویژن نے 2019 کے پہلے نو ماہ کے دوران 13,211 ملین روپے کی خالص سیلز حاصل کی جبکہ 2018 کی اسی مدت کے دوران یہ 12,103 ملین روپے تھی جو کہ سیلز گروتھ میں 9 فیصد اضافہ کو ظاہر کرتی ہے۔ آپریٹنگ نتائج 51 فیصد سے بہتر ہوئے ہیں۔

زیر جائزہ مدت کے لئے پیداواری اعداد و شمار بشمول گزشتہ مدت کا تقابل درج ذیل کے مطابق ہے:

	جنوری-ستمبر 2019	جنوری-ستمبر 2018
اشیائے صارف تیار کردہ - ٹنز	**10,627**	11,679
کارٹن بورڈ اور کنزیومر پروڈکٹس - کنورٹڈ - ٹنز	**29,878**	32,136
پلاسٹک تمام اقسام کنورٹڈ - ٹنز	**15,415**	15,611

اندرونی تنظیمِ نو

ہولڈنگ کمپنی بنانے کے مقصد کے حصول کے لئے پیکیجز لمیٹڈ کے بورڈ آف ڈائریکٹرز نے اندرونی تنظیمِ نو کی منظوری دے دی ہے۔ یہ اقدام کاروباری ڈھانچہ میں آپریٹنگ ہم آہنگی، آپریشنز کو توجہ کے ساتھ چلانے اور ملکیتی ڈھانچے کو ہم آہنگ کرنے میں مدد دے گا۔ یہ اقدام کاروباری دنیا میں اپنائے جانے والے بین الاقوامی طریقوں کے عین مطابق ہے۔ یہ تنظیمِ نو پیکیجز لمیٹڈ کے حصہ داران پر کسی بھی طریقے سے کوئی اثر مرتب نہیں کرے گا۔

اسی حوالے سے، کمپنی دو مکمل ملکیتی سو فیصد ذیلی ادارے بنائے گی اور اس میں مندرجہ ذیل منتقل کرے گی

(ا) اپنے مینوفیکچرنگ کاروبار بشمول فولڈنگ کارٹن، فلیکسبل پیکیجنگ، اشیاء صارف، مکینیکل فیبریکشن اور رول کور اور اس کے ساتھ ساتھ متعلقہ اثاثہ جات آپریشنز اور متعلقہ Liabilities ایک مکمل سو فیصد ذیلی ادارہ پیکیجز کنورٹر لمیٹڈ Packages Convertor Limited میں

(ب) اپنے سرمایہ کاری کے کاروبار جس میں مختلف اداروں کے حصص، آپریشنز اور ان سے منسلک Liabilities (اگر کوئی ہے) کو اپنے مکمل ملکیتی ذیلی ادارے Packages Investment Limited میں

پیکیجز لمیٹڈ ایک ہولڈنگ کمپنی رہے گی اور آپریشنز، اثاثہ جات، Liabilities جو کہ اوپر بیان کردہ مکمل ملکیتی ذیلی اداروں میں منتقل ہونے کے علاوہ تمام دوسرے اثاثہ جات، Liabilities اور جائیدادیں پیکیجز لمیٹڈ کی ملکیت رہیں گی۔ کمپنی کے شیئر ہولڈرز نے اس کاروائی کی منظوری 30 مئی 2019 کو منعقدہ EOGM میں دی۔ مزید یہ کہ، پیکیجز کنورٹر لمیٹڈ اور پیکیجز انویسٹمنٹ لمیٹڈ نے مذکورہ بالا اثاثہ جات اور متعلقہ واجبات کی منتقلی کو موثر بنانے کے لئے Security and Exchange Commision of Pakistan کو درخواست دے دی ہے۔

مستقبل پر ایک نظر

پیکیجنگ اور اشیائے صارف کے کاروبار اس وقت انتہائی مسابقت کے ماحول میں کام کر رہے ہیں۔ لہذا کمپنی پیداواری صلاحیت کو بڑھانے، صارفین کے دائرہ کار میں اضافے اور اخراجات پر قابو پانے کی کوششیں جاری رکھے گی۔

کمپنی کا عملہ اور صارفین

ہم کمپنی کے لئے اپنے ملازمین کی بیش قدر خدمات اور اپنے صارفین کی مستقل سرپرستی پر انہیں خراج تحسین پیش کرتے ہیں۔

(سید حیدر علی)
چیف ایگزیکٹو اور مینجنگ ڈائریکٹر
لاہور، 23 اکتوبر 2019

(توفیق حبیب چنائے)
چیئرمین
لاہور، 23 اکتوبر 2019

30 ستمبر 2019 کو ختم ہونے والے نو ماہ کے لئے ڈائریکٹرز کی رپورٹ
بشمول عبوری غیر آڈٹ شدہ مالیاتی معلومات

پیکیجز لمیٹڈ کے ڈائریکٹرز بہ مسرت نو ماہ رپورٹ بشمول کمپنی کے مجموعی عبوری غیر آڈٹ شدہ مالیاتی معلومات برائے مدت 30 ستمبر 2019 پیش کر رہے ہیں۔

مالیاتی اور آپریشنل کارکردگی

30 ستمبر 2019 کو ختم ہونے والی پہلی نو ماہ کی مدت کے لئے غیر آڈٹ شدہ مالیاتی نتائج کا ایک تقابل بمقابلہ 30 ستمبر 2018 درج ذیل کے مطابق ہے:

	برائے تیسری سہ ماہی		مجموعی	
	جولائی-ستمبر 2019	جولائی-ستمبر 2018	جنوری-ستمبر 2019	جنوری-ستمبر 2018
	(روپے ملین میں)		(روپے ملین میں)	
خالص سیلز	**5,768**	5,291	**17,300**	15,719
تجارتی ڈسکاؤنٹ	**(84)**	(89)	**(255)**	(221)
	5,684	5,202	**17,045**	15,498
ای بی آئی ٹی ڈی اے (EBITDA)-آپریشنز	**680**	487	**2,140**	1,698
فرسودگی اور کساد بازاری	**(196)**	(182)	**(596)**	(543)
ای بی آئی ٹی (EBIT)-آپریشنز	**484**	305	**1,544**	1,155
سرمایہ کاری پر عائد کردہ امپیئر مینٹ	-	-	**(500)**	-
فنانس کی لاگت	**(308)**	(149)	**(741)**	(350)
دیگر (اخراجات)/آمدنی - خالص	**49**	(3)	**(10)**	(49)
سرمایہ کاری سے آمدنی	**279**	710	**1,812**	2,715
آمدنی قبل از ٹیکس	**504**	863	**2,105**	3,471
ٹیکسیشن	**(336)**	(141)	**(686)**	(669)
آمدنی بعد از ٹیکس	**168**	722	**1,419**	2,802
بنیادی آمدنی فی شیئر-روپے	**1.88**	8.07	**15.88**	30.43

ہم بامسرت اطلاع دے رہے ہیں کہ کمپنی کے کلیدی مینوفیکچرنگ آپریشنز نے مشکل اور مسابقتی ماحول میں نمایاں طور پر بہتر کارکردگی کا مظاہرہ کیا۔ کمپنی نے 17,045 ملین روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کی اسی مدت میں خالص سیلز 15,498 ملین روپے رہی تھی۔ جو کہ 10% کی سیلز گروتھ کو ظاہر کرتی ہے۔

آپریشنز سے 2019 کے پہلے نو ماہ کے دوران آمدنی قبل از انٹریسٹ، ٹیکس، فرسودگی اور کساد بازاری (EBITDA) 2,140 ملین روپے رہی جو کہ 2018 میں 1,698 ملین روپے تھی۔ جو کہ 440 ملین روپے، 26 فیصد کا اضافہ ظاہر کرتی ہے، جو بنیادی طور پر ریونیو گروتھ، شرح منافع کا انتظام اور طے کردہ مالیات پر سخت کنٹرول کے باعث ممکن ہوا۔

باہم زیر غور مدت میں دیکھا گیا کہ کمپنی کا سرمایہ کاری پورٹ فولیو دباؤ میں آیا ہے۔ انتظامیہ نے کمپنی کی سرمایہ کاری کی کیئرنگ ویلیو کا جائزہ لیا جسکا مقصد اسکے ممکنہ امپیئر مینٹ کا خسارہ جاننا تھا۔ اس تشخیص کے نتیجہ میں Tri-Pack Films Private Limited (ذیلی ادارہ) میں سرمایہ کاری کی وصول شدہ رقم اسکی کیئرنگ ویلیو سے کم نکلی۔ نتیجتاً، کیئرنگ ویلیو کو 500 ملین روپے سے کم کیا گیا اور اسے ذیلی اخراجات میں خرچہ تسلیم کیا گیا۔

کمپنی کی سرمایہ کاری سے آمدنی میں رواں مدت کے دوران گزشتہ سال کی اس مدت کے مقابلے میں 903 ملین روپے کی کمی دیکھنے میں آئی جس کی وجہ سرمایہ کار کمپنی سے منافع منقسمہ کا ختم ہونا، ذیلی اور ایسوسیٹ اداروں سے منافع منقسمہ کا کم اعلان تھا جس کے نتیجہ میں آمدنی بعد از ٹیکس اور ای پی ایس (EPS) میں کمی ہوئی۔

کمپنی کے کاروباری ڈویژنوں کے آپریشنز کا ایک مختصر جائزہ درج ذیل کے مطابق ہے:

PACKAGES LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
as at September 30, 2019

	Note	September 30, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 150,000,000 (December 31, 2018: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (December 31, 2018: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each		**4,180,000**	4,180,000
Issued, subscribed and paid up capital 89,379,504 (December 31, 2018: 89,379,504) ordinary shares of Rs. 10 each		**893,795**	893,795
8,186,842 (December 31, 2018: 8,186,842) 10% non-voting preference shares / convertible stock of Rs. 190 each		**606,222**	606,222
Reserves		**40,082,741**	51,550,397
Un-appropriated profit		**2,434,807**	3,383,827
		44,017,565	56,434,241
NON-CURRENT LIABILITIES			
Long term finances	6	**2,932,650**	932,650
Long term advances		**87,857**	87,283
Deferred taxation		**560,706**	361,603
Retirement benefits		**575,801**	511,602
Deferred liabilities		**173,223**	356,088
		4,330,237	2,249,226
CURRENT LIABILITIES			
Current portion of non-current liabilities		**293,229**	1,328,642
Finances under mark-up arrangements - secured		**5,622,313**	4,414,019
Trade and other payables		**4,323,720**	3,438,345
Unclaimed dividend		**73,528**	62,030
Accrued finance costs		**289,519**	249,352
		10,602,309	9,492,388
CONTINGENCIES AND COMMITMENTS	7	**-**	-
		58,950,111	68,175,855

ASSETS	Note	September 30, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
NON-CURRENT ASSETS			
Property, plant and equipment	8	**6,890,425**	6,546,461
Investment properties		**473,720**	111,613
Intangible assets	9	**70,383**	67,435
Investments	10	**38,709,692**	51,322,973
Long term security deposits		**5,456**	8,534
Long term loans		**713**	2,419
		46,150,389	58,059,435
CURRENT ASSETS			
Stores and spares		**666,952**	498,158
Stock-in-trade		**3,715,892**	3,124,998
Trade debts		**3,289,200**	2,568,727
Current portion of long term investments	10	**-**	10,000
Loans, advances, deposits, prepayments and other receivables		**1,652,410**	834,800
Income tax receivable		**2,958,777**	3,017,221
Cash and bank balances		**516,491**	62,516
		12,799,722	**10,116,420**
		58,950,111	68,175,855

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated un-audited financial statements.

Syed Hyder Ali	Asghar Abbas	Khurram Raza Bakhtayari
Chief Executive & Managing Director	Director	Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

for the three month and nine month periods ended September 30, 2019

	Note	Three month period ended		Nine month period ended	
		September 30, 2019 Un-audited	September 30, 2018 Un-audited	**September 30, 2019 Un-audited**	September 30, 2018 Un-audited
		(Rupees in thousand)			
Local sales		**6,789,630**	6,237,486	**20,347,827**	18,542,170
Export sales		**24,300**	14,303	**167,450**	31,712
		6,813,930	6,251,789	**20,515,277**	18,573,882
Less: Sales tax		**1,045,983**	960,939	**3,215,495**	2,854,685
Trade discount		**83,544**	88,523	**255,331**	220,915
		1,129,527	1,049,462	**3,470,826**	3,075,600
Net sales		**5,684,403**	5,202,327	**17,044,451**	15,498,282
Cost of sales	11	**(4,626,157)**	(4,415,448)	**(13,648,795)**	(12,763,428)
Gross profit		**1,058,246**	786,879	**3,395,656**	2,734,854
Administrative expenses		**(284,191)**	(226,413)	**(798,897)**	(752,486)
Distribution and marketing costs		**(289,944)**	(255,745)	**(1,052,493)**	(827,117)
Other expenses		**(22,836)**	(60,448)	**(707,493)**	(246,190)
Other income		**71,835**	57,868	**197,789**	197,113
		533,110	302,141	**1,034,562**	1,106,174
Finance cost		**(308,046)**	(148,704)	**(741,326)**	(349,875)
Investment income		**279,167**	709,503	**1,812,038**	2,714,934
Profit before taxation		**504,231**	862,940	**2,105,274**	3,471,233
Taxation	12	**(335,972)**	(141,413)	**(686,000)**	(668,999)
Profit for the period		**168,259**	721,527	**1,419,274**	2,802,234
Earnings per share					
Basic	Rupees	**1.88**	8.07	**15.88**	30.43
Diluted	Rupees	**1.88**	7.73	**15.40**	29.70

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated un-audited financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

for the three month and nine month periods ended September 30, 2019

	Three month period ended		Nine month period ended	
	September 30, 2019 Un-audited	September 30, 2018 Un-audited	**September 30, 2019 Un-audited**	September 30, 2018 Un-audited
	(Rupees in thousand)			
Profit for the period	**168,259**	721,527	**1,419,274**	2,802,234
Other comprehensive loss:				
Items that may be reclassified subsequently to profit or loss				
Changes in the fair value of equity investments at fair value through other comprehensive income	**(20,981,827)**	(7,302,072)	**(12,467,657)**	(7,302,109)
Total comprehensive loss for the period	**(20,813,568)**	(6,580,545)	**(11,048,383)**	(4,499,875)

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated un-audited financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the nine month period ended September 30, 2019

	Issued, subscribed and paid up capital		Reserves					Capital and reserves
			Capital reserves			Revenue reserves		
	Ordinary share capital	Preference share / convertible stock	Share premium	Fair value reserve	Capital redemption reserve	General reserve	Un-appropriated profits	Total
	(Rupees in thousand)							
Balance as on January 01, 2018 (audited)	893,795	606,222	3,766,738	37,981,410	1,615,000	14,310,333	6,492,264	**65,665,762**
Appropriation of reserves								
Transferred to general reserve	-	-	-	-	-	3,000,000	(3,000,000)	**-**
Transaction with preference shareholders								
Participating dividend on preference shares / convertible stock	-	-	-	-	-	-	(82,499)	**(82,499)**
Transaction with owners, recognised directly in equity								
Final dividend for the year ended December 31, 2017 Rs. 30.00 per share	-	-	-	-	-	-	(2,681,385)	**(2,681,385)**
Total comprehensive loss for the period ended September 30, 2018								
Profit for the period	-	-	-	-	-	-	2,802,234	**2,802,234**
Other comprehensive loss for the period	-	-	-	(7,302,109)	-	-	-	**(7,302,109)**
Total comprehensive loss for the period	-	-	-	(7,302,109)	-	-	2,802,234	**(4,499,875)**
Balance as on September 30, 2018 (un-audited)	893,795	606,222	3,766,738	30,679,301	1,615,000	17,310,333	3,530,614	**58,402,003**
Balance as on December 31, 2018 (audited)	893,795	606,222	3,766,738	28,858,326	1,615,000	17,310,333	3,383,827	**56,434,241**
Impact of adoption of IFRS 9 - net of tax - note 3.1.1(a)	-	-	-	-	-	-	(27,603)	**(27,603)**
Balance as on January 1, 2019 (un-audited)	893,795	606,222	3,766,738	28,858,326	1,615,000	17,310,333	3,356,224	**56,406,638**
Appropriation of reserves								
Transfer to general reserve	-	-	-	-	-	1,000,000	(1,000,000)	**-**
Transactions with owners, recognised directly in equity								
Final dividend for the year ended December 31, 2018 Rs.15.00 per share	-	-	-	-	-	-	(1,340,691)	**(1,340,691)**
Total comprehensive loss for the period ended September 30, 2019								
Profit for the period	-	-	-	-	-	-	1,419,274	**1,419,274**
Other comprehensive loss for the period	-	-	-	(12,467,657)	-	-	-	**(12,467,657)**
Total comprehensive loss for the period	-	-	-	(12,467,657)	-	-	1,419,274	**(11,048,383)**
Balance as on September 30, 2019 (un-audited)	893,795	606,222	3,766,738	16,390,669	1,615,000	18,310,333	2,434,807	**44,017,565**

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated un-audited financial statements.

Syed Hyder Ali	Asghar Abbas	Khurram Raza Bakhtayari
Chief Executive & Managing Director	Director	Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
for the nine month period ended September 30, 2019

	Note	Nine months ended September 30, 2019 Un-audited	Nine months ended September 30, 2018 Un-audited
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated / (used in) from operations	14	**1,081,796**	(284,455)
Finance cost paid		**(701,159)**	(347,677)
Income tax paid		**(467,211)**	(801,270)
Income tax refunded		**50,033**	-
Long term loans - net		**1,706**	-
Long term security deposits - net		**3,078**	(2,408)
Payments for accumulating compensated absences		**(225,865)**	(28,338)
Retirement benefits paid		**(13,683)**	(17,817)
Net cash outflow from operating activities		**(271,305)**	(1,481,965)
Cash flow from investing activities			
Fixed capital expenditure		**(1,353,695)**	(1,545,878)
Investments made in equity securities		**(354,376)**	(133,616)
Long term advances- net		**871**	-
Proceeds from disposal of property, plant and equipment		**46,221**	49,465
Proceeds from maturity of investments		**10,000**	-
Dividends received		**1,532,871**	2,629,934
Net cash (outflow) / inflow from investing activities		**(118,108)**	999,905
Cash flow from financing activities			
Repayment of long term finances secured		**(1,035,710)**	(1,035,710)
Proceeds from long term finances - secured		**2,000,000**	-
Repayment of liabilities against assets subject to finance lease		**-**	(13,504)
Participating dividend on preference shares paid		**-**	(82,499)
Dividend paid		**(1,329,195)**	(2,685,159)
Net cash outflow from financing activities		**(364,905)**	(3,816,872)
Net decrease in cash and cash equivalents		**(754,318)**	(4,298,932)
Cash and cash equivalents at the beginning of the period		**(4,351,504)**	(117,390)
Cash and cash equivalents at the end of the period	15	**(5,105,822)**	(4,416,322)

The annexed notes 1 to 18 form an integral part of these condensed interim unconsolidated un-audited financial statements.

Syed Hyder Ali	Asghar Abbas	Khurram Raza Bakhtayari
Chief Executive & Managing Director	Director	Chief Financial Officer

1. Legal status and nature of business

Packages Limited (the 'Company') is a public limited company incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited. It is principally engaged in the manufacture and sale of packaging materials and tissue products. The registered office of the Company is situated at 4th floor, the Forum, Suite No. 416 - 422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan. Head office and factory is located at Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore, Pakistan.

The Company also holds investments in companies engaged in the manufacture and sale of inks, flexible packaging material, paper, paperboard and corrugated boxes, biaxially oriented polypropylene ('BOPP') film and cast polypropylene ('CPP') film, production and sale of ground calcium carbonate products, companies engaged in insurance, power generation and real estate business.

These condensed interim unconsolidated financial statements are the separate financial statements of the Company. Condensed interim consolidated financial statements are prepared separately.

1.1 The Board of Directors of the Company, in its meeting held on April 24, 2019, has evaluated and approved internal restructuring of the Company with an objective to create a holding company, subject to procuring all applicable regulatory, corporate and third party approvals and execution of relevant documents / agreements between the Company and relevant subsidiaries. This arrangement will help in developing operating synergies across businesses, managing operations in a focused manner and streamlining the ownership structure. The proposed restructuring shall not affect the rights of the shareholders of the Company.

In this regard, the Company has incorporated two wholly owned subsidiaries and will transfer:

(a) its manufacturing businesses including folding cartons, flexible packaging, consumer products and mechanical fabrication and roll covers along with all relevant assets, operations and corresponding liabilities into a separate 100% wholly owned subsidiary, namely Packages Convertors Limited; and

(b) its investment business comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary, namely Packages Investments Limited.

The Company will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries will remain with the Company.

2. Basis of preparation

These condensed interim unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

i) International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017 ; and

ii) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. Significant accounting policies

The accounting policies adopted for the preparation of these condensed interim unconsolidated financial statements are the same as those applied in the preparation of preceding annual audited financial statements of the Company for the year ended December 31, 2018, except for those stated in note 3.1.1.

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

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

3.1.1 Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on January 1, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim unconsolidated financial statements, except for the following:

(a) IFRS 9, 'Financial Instruments

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods beginning on or after July 1, 2018. This standard replaces guidance in IAS 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. Accordingly, the Company has changed its accounting policies and followed the requirements of IFRS 9 for classification and measurement of financial assets and recognition of loss allowance against financial assets.

In respect of application of IFRS 9, the Company has adopted modified retrospective approach as permitted by this standard, according to which the Company is not required to restate the prior period results. The adoption of this standard by the Company has resulted in an impact of Rs. 27.603 million net of tax on the opening equity of the Company in respect of recognition of loss allowance against the opening trade receivables.

(b) IFRS 15, 'Revenue from Contracts with Customers

This standard was notified by SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognize revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any material impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is not material. Therefore, the comparative information has not been restated and continues to be reported under the previous accounting policy.

(c) IFRS 16, 'Leases'

This standard has been notified by the SECP to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

The Company has applied IFRS 16 using the simplified approach for transition. This approach requires entities to recognise the cumulative effect of applying the standard as an adjustment to the opening balance of un-appropriated profit at the date of initial application. Comparative prior periods would not be adjusted. The cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is not material. Furthermore, the changes laid down by this standard do not have any significant impact on these condensed interim unconsolidated financial statements for the current period.

3.1.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these condensed interim unconsolidated financial statements.

4. Taxation

Income tax expense comprises current and deferred tax. SECP vide its certificate dated December 14, 2017, has registered the Company and its wholly-owned subsidiary Bulleh Shah Packaging (Private) Limited ('BSPPL') (together the 'Group') as a Group and has also, vide its certificate dated January 1, 2018, designated the Group for the purpose of group taxation under Section 59AA of the Income tax Ordinance, 2001. Consequent to the filing of declaration for group taxation for the tax year 2020 by the Company and BSPPL, the Group will be taxed as one fiscal unit for the tax year 2020. Subsequent to the period end, SECP has vide its certificate dated July 30, 2019 has altered the composition of the Group to include the Company, BSPPL, Packages Investments Limited and Packages Convertors Limited therein. The process for obtaining SECP's approval for designation of the new Group for group taxation under Section 59AA of the Income Tax Ordinance, 2001 is underway as of the date of issuance of these condensed interim unconsolidated financial statements.

Income tax expense is recognised based on management’s best estimate of the weighted average annual income tax rate expected for the full financial year. Current and deferred taxes based on the consolidated results of the Group are allocated within the Group on the basis of separate return method, modified for determining realisability of tax credits and tax losses which are assessed at Group level. Any adjustments in the current and deferred taxes of the Company on account of group taxation are credited or charged to condensed interim unconsolidated statement of profit or loss in the period in which they arise.

5. Critical accounting estimates and judgements

The preparation of these condensed interim unconsolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim unconsolidated financial statements, the significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2018, with the exception of the following:

- changes in estimates that are required in determining the provision for income taxes as referred to in note 4; and

- change in accounting estimate relating to recognition of provision for accumulating compensated absences on account of change in Company's leaves policy resulting in reduction of number of maximum earned leaves eligible for carry forward for certain category of Company's employees. The aforementioned change has resulted in a one-off payment of Rs. 193.935 million to these employees. However, the impact of such change on the Company's expense in respect of accumulating compensated absences is not significant.

6. Long term finances

	Note	**September 30, 2019**	December 31, 2018
		Un-audited	Audited
		(Rupees in thousand)	
These are composed of:			
Local currency loans - secured		**2,285,740**	1,321,450
Preference shares / convertible stock - unsecured		**932,650**	932,650
	6.1	**3,218,390**	2,254,100
Current portion shown under current liabilities		**(285,740)**	(1,321,450)
		2,932,650	932,650

6.1 The reconciliation of the carrying amount is as follows:

Opening balance	**2,254,100**	3,575,520
Disbursements during the period / year	**2,000,000**	-
Repayments during the period / year	**(1,035,710)**	(1,321,420)
Closing balance	**3,218,390**	2,254,100

7. Contingencies and commitments

7.1 Contingencies

There is no significant change in contingencies from the preceding annual audited financial statements of the Company for the year ended December 31, 2018, except for the following:

(i) Claims against the Company by ex-employees not acknowledged as debts amounting to Rs. 21.629 million (December 31, 2018: Rs. 17.885 million).

(ii) Standby letter of credit issued by Habib Bank Limited - Pakistan ('HBL Pakistan') in favour of Habib Bank Limited - Bahrain ('HBL Bahrain') on behalf of the Company amounting to USD 6.160 million equivalent to Rs. 963.211 million (December 31, 2018: USD 7.110 million equivalent to Rs. 989.176 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL'), wholly-owned subsidiary of the Company. The standby letter of credit is secured against pledge of Nestle Pakistan Limited's shares owned by the Company as referred to in note 10.2.

(iii) Letters of guarantees issued to various parties aggregating to Rs. 571.896 million (December 31, 2018: Rs. 511.967 million). Guarantees issued includes an amount of Rs. 368.226 million (December 31, 2018: Rs. 181.000 million) which has been issued in favour of a customer under an agreement whereby the Company has committed to purchase and install certain plant and machinery at its Lahore premises by December 1, 2019. Under the agreement, the customer is required to contribute Rs. 314.723 million (December 31, 2018: Rs. 181.000 million) as its share towards the cost of said plant and machinery. The contribution has been received by the Company during the current period.

7.2 Commitments in respect of

7.2.1 Letters of credit and contracts for capital expenditure aggregating Rs. 648.596 million (December 31, 2018: Rs. 89.872 million).

7.2.2 Letters of credit and contracts other than for capital expenditure aggregating Rs. 319.433 million (December 31, 2018: Rs. 284.192 million).

8. Property, plant and equipment

	Note	**September 30, 2019** **Un-audited**	December 31, 2018 Audited
		(Rupees in thousand)	
Operating fixed assets - at net book value	8.1 & 8.2	**5,783,841**	5,405,501
Capital work-in-progress	8.3	**1,106,584**	1,081,755
Major spare parts and stand-by equipment		**-**	59,205
		6,890,425	6,546,461

8.1 A portion of the land on which the Company's factory is situated, measuring 231 kanals and 19 marlas, was leased out to the Company by GoPb from December 1955 till November 2015 after which the lease has not been renewed. During the year 2015, the Company approached the Board of Revenue ('BoR'), GoPb to renew the lease; however, no adequate response was received. During the period, on January 5, 2019, the Supreme Court of Pakistan ('Court'), summoned BoR, to which the BoR stated that the new policy of the GoPb is not to lease state land but to sell it through open auction. Consequently, the Company was directed to deposit Rs. 500 million with the BoR as security to the payment of outstanding amount of rent to be determined, with such amount being adjustable against final amount of rent. The Company has deposited such amount in compliance with the direction on January 10, 2019. The Supreme Court has further directed Additional Advocate General, Punjab on January 16, 2019 that subject to the Court's approval, two surveyors be appointed for determination of rent based on industrial usage of the land for the period from December 2015 till date. However, no surveyors have been appointed as of the date of the authorization for issue of the condensed interim unconsolidated financial statements. Moreover, the Court has further decided that the land shall be sold through an open auction with the Company getting the first right of refusal.

The management has, on the basis of assessment of fair value of the said portion of land by an independent valuer and its understanding of the prevalent market terms relating to rent of such properties in the vicinity of the said portion of land, booked a provision of Rs. 444.630 million (December 31, 2018: Rs. 357.590 million) in respect of rent for the period from December 2015 to September 2019. The management is confident that the final amount of rent will be in congruence with the provision made in these financial statements, inter alia on the basis of the fair value determined by the independent valuer and the relevant facts and circumstances. Furthermore, the management also intends to acquire the tile of the said portion of land when the open auction takes place and is confident that it will be able to meet the highest bid.

8.2 Operating fixed assets

	Note	**September 30, 2019**	December 31, 2018
		Un-audited	Audited
		(Rupees in thousand)	
Opening net book value		**5,405,501**	4,198,010
Additions during the period / year	8.2.1	**1,000,775**	2,026,247
Disposals during the period / year at book value		**(38,867)**	(76,773)
Depreciation charged during the period / year		**(583,568)**	(741,983)
		(622,435)	(818,756)
Closing net book value		**5,783,841**	5,405,501

8.2.1 Additions during the period / year

Freehold land	**226,003**	11,723
Buildings on freehold land	**19,735**	76,540
Buildings on leasehold land	**-**	11,953
Plant and machinery	**585,079**	1,624,070
Furniture and fixtures	**620**	1,724
Other equipment (computers, lab equipment and other office equipment)	**111,768**	127,809
Vehicles	**57,570**	172,428
	1,000,775	2,026,247

8.3 Capital work-in-progress

Civil works	**135,187**	44,549
Plant and machinery	**710,199**	1,029,990
Advances to suppliers	**12,722**	7,216
Others	**248,476**	-
	1,106,584	1,081,755

9. Intangible assets

	Note	September 30, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
Opening book value		**67,435**	4,688
Additions during the period / year		**12,521**	71,770
Amortization charged during the period / year		**(9,573)**	(9,023)
Closing book value		**70,383**	67,435

10 Investments

	Note	September 30, 2019	December 31, 2018
Opening balance		**51,322,973**	60,166,443
Investments made during the period / year	10.1	**354,376**	289,614
Impairment loss on equity instruments of associate	10.3	**(500,000)**	-
Changes in the fair value of equity investments at fair value through other comprehensive income		**(12,467,657)**	(9,123,084)
Current portion shown under current assets		**-**	(10,000)
Closing balance		**38,709,692**	51,322,973

10.1 Investments made in related parties during the period/year

	September 30, 2019	December 31, 2018
OmyaPack (Private) Limited - joint venture	**185,000**	-
Anemone Holdings Limited - subsidiary	**167,376**	289,614
Packages Convertors Limited - subsidiary	**1,000**	-
Packages Investments Limited - subsidiary	**1,000**	-
	354,376	289,614

10.2 As of September 30, 2019, an aggregate of 1,195,000 shares (December 31, 2018: 775,000 shares) of Nestle Pakistan Limited having market value Rs. 6,672.283 million (December 31, 2018: Rs. 6,975.000 million) have been pledged in favour of HBL Pakistan. Out of aggregate shares pledged, 775,000 shares (December 31, 2018: 410,000 shares) are pledged against issuance of standby letter of credit in favour of HBL Bahrain as referred to in note 7.1 and the remaining 420,000 shares (December 31, 2018: 365,000 shares) are pledged against the term finance loan obtained from HBL Pakistan.

10.3 The Company reviewed the carrying amount of its investment in equity instruments of Tri-Pack Films Limited, an associate, and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. As a result of carrying out the aforementioned assessment, the recoverable amount of the investment was determined to be lower than its carrying amount. Accordingly, the carrying amount was reduced by Rs. 500 million which has been recognised as an expense and included in 'Other expenses'.

11. Cost of sales

	Three month period ended		Nine month period ended	
	September 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
	Un-audited	Un-audited	**Un-audited**	Un-audited
	(R u p e	e s i n	t h o u	s a n d)
Materials consumed	**3,566,774**	3,381,359	**10,219,252**	9,626,922
Salaries, wages and amenities	**367,612**	364,048	**1,193,917**	1,109,333
Travelling and conveyance	**7,730**	7,931	**18,866**	20,742
Fuel and power	**315,957**	257,230	**847,157**	716,895
Production supplies consumed	**158,395**	134,656	**402,162**	348,703
Rent	**13,923**	8,518	**41,783**	26,657
Insurance	**14,497**	10,384	**34,566**	27,228
Repairs and maintenance	**76,012**	66,070	**194,110**	207,932
Packing expenses	**88,324**	81,900	**265,705**	244,169
Depreciation on property plant & equipment	**175,632**	162,711	**536,259**	489,707
Amortization of intangible assets	**1,519**	497	**4,359**	906
Technical fees	**16,530**	11,733	**38,590**	41,501
Other expenses	**116,345**	101,106	**242,401**	237,221
a	**4,919,250**	4,588,143	**14,039,127**	13,097,916
Opening work-in-process	**339,556**	276,882	**708,937**	218,569
Closing work-in-process	**(368,891)**	(382,723)	**(368,891)**	(382,723)
	4,889,915	4,482,302	**14,379,173**	12,933,762
Opening stock of finished goods	**806,868**	642,460	**340,247**	538,980
Closing stock of finished goods	**(1,070,625)**	(709,314)	**(1,070,625)**	(709,314)
	4,626,157	4,415,448	**13,648,795**	12,763,428

12. Taxation

Current				
For the period	**127,128**	159,598	**475,622**	597,537
Prior years	**(81,204)**	-	**-**	97,904
	45,924	159,598	**475,622**	695,441
Deferred	**290,048**	(18,185)	**210,378**	(26,442)
	335,972	141,413	**686,000**	668,999

13. Transactions and balances with related parties

The related parties comprise of subsidiaries, joint ventures, associates, key management personnel including directors and post-employment staff retirement plans. The Company in the normal course of business carries out transactions with various related parties. Significant transactions and balances with related parties other than those disclosed in respective notes are as follows:

Relationship with the Company	Nature of transactions	Nine month period ended September 30, 2019 Un-audited	September 30, 2018 Un-audited
		(Rupees in thousand)	
i. Subsidiaries	Purchase of goods and services	**3,950,041**	3,925,029
	Sale of goods and services	**227,653**	84,191
	Dividend income	**110,098**	225,156
	Investment	**169,376**	-
	Rental income and others	**105,817**	95,328
	Management and technical fee	**46,181**	52,627
ii. Joint venture	Sale of goods and services	**1,171**	18,951
	Investment	**185,000**	-
	Rental income and others	**307**	466
iii. Associates	Purchase of goods and services	**1,395,048**	1,534,873
	Sale of goods and services	**12,091**	8,222
	Insurance premium paid	**140,684**	148,502
	Commission earned	**611**	4,738
	Insurance claims received	**4,492**	2,059
	Rental income and others	**10,224**	12,066
	Dividend income	**96,832**	286,200
	Dividend paid	**400,608**	739,613
iv. Retirement benefits obligations	Expense charged in respect of retirement benefit plans	**154,999**	116,506
	Dividend paid	**42,486**	84,973
v. Key management personnel	Salaries and other employee benefits	**99,988**	133,007
	Dividend paid	**34,309**	68,618
vi. Other related party	Donations made	**47,068**	31,632

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

There are no transactions with key management personnel other than under the terms of employment.

Period / year end balances	September 30, 2019 Un-audited	December 31, 2018 Audited
	(Rupees in thousand)	
Receivable from related parties		
Subsidiaries	**373,807**	192,637
Joint venture	**5,099**	3,486
Associates	**55,321**	25,618
Payable to related parties		
Subsidiaries	**455,766**	469,168
Associates	**88,285**	39,218
Retirement benefit obligations	**17,255**	20,302

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

14. Cash generated / (used in) from operations

	Nine month ended	
	September 30, 2019	September 30, 2018
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before taxation	**2,105,274**	3,471,233
Adjustments for non cash items:		
Depreciation on property, plant and equipment	**583,568**	532,785
Depreciation on investment properties	**2,479**	3,569
Amortisation on intangible assets	**9,574**	4,309
Impairment charged on investment in associate	**500,000**	-
Provision for accumulating compensated absences	**43,000**	45,000
Provision for retirement benefits	**77,882**	47,693
Profit on disposal of property, plant and equipment	**(7,354)**	(10,559)
Exchange loss - net	**45,389**	26,081
Finance cost	**741,326**	349,875
Provision for doubtful debts	**50,059**	3,433
Reversal of provision against pending claims	**(4,037)**	53,354
Capital work-in-progress charged to profit or loss account	**10,188**	3,032
Liabilities no longer payable written back	**(18,810)**	(9,858)
Dividend income	**(1,812,038)**	(2,714,934)
Profit before working capital changes	**2,326,500**	1,805,013
Effect on cash flow due to working capital changes		
Increase in trade debts	**(805,369)**	(820,562)
Increase in stores and spares	**(168,794)**	(135,847)
Increase in stock-in-trade	**(590,894)**	(1,358,222)
Increase in loans, advances, deposits, prepayments and other receivables	**(538,443)**	(186,189)
Increase in trade and other payables	**858,796**	411,352
	(1,244,704)	(2,089,468)
	1,081,796	(284,455)

15. Cash and cash equivalents

Cash and bank balances	**516,491**	189,361
Finances under mark up arrangements - secured	**(5,622,313)**	(4,605,683)
	(5,105,822)	(4,416,322)

16. Financial risk management

16.1 Financial risk factors

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

The condensed interim unconsolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2018.

There have been no changes in the risk management department or in any risk management policies since the year ended December 31, 2018.

16.2 Fair value estimation

a) Fair value hierarchy

The different levels for fair value estimation used by the Company have been defined as follows:

The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity instruments.

To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the three levels prescribed above. The following table presents the Company's significant financial assets measured and recognised at fair value at September 30, 2019 and December 31, 2018 on a recurring basis:

	Un-audited (Rupees in thousand)			
	Level 1	Level 2	Level 3	**Total**
As at September 30, 2019				
Assets				
Recurring fair value measurements				
Equity investments at fair value through other comprehensive income	20,375,576	-	-	**20,375,576**
Liabilities	**-**	**-**	**-**	**-**

	Audited (Rupees in thousand)			
As at December 31, 2018	Level 1	Level 2	Level 3	**Total**
Assets				
Recurring fair value measurements				
Equity investments at fair value through other comprehensive income	32,843,232	-	-	**32,843,232**
Liabilities	-	-	-	-

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

17. Date of authorisation for issue

These condensed interim unconsolidated financial statements were authorised for issue on October 23, 2019 by the Board of Directors of the Company.

18. Corresponding figures

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

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made except for the following:

Particulars	(Rupees in thousand)
Trade discount' previously included in 'Advertisement and sales promotion' under' Distribution and marketing costs' now shown as deduction from 'Sales' on the face of condensed interim unconsolidated statement of profit or loss	**220,915**

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

Packages Group
Condensed Interim Consolidated
Un-audited Financial Statements

DIRECTORS' REPORT ON CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2019

The Directors of Packages Limited are pleased to present the un-audited condensed interim consolidated financial statements of the Group for the nine month period ended September 30, 2019.

Group results

The comparison of the un-audited results for the nine month period ended September 30, 2019 as against September 30, 2018 is as follows:

	Jan - Sep 2019	Jan - Sep 2018
	(Rupees in million)	
Invoiced sales - net	**45,368**	39,673
Profit from operations	**2,597**	1,524
Share of (loss) / profit in associates and joint venture - net of tax	**(84)**	104
Investment income	**1,605**	2,204
Profit after tax	**547**	1,594

We are pleased to report that the manufacturing operations of the Group showed significantly improved performance in a difficult and competitive environment. The Group has achieved net sales of Rs. 45,368 million against net sales of Rs. 39,673 million achieved during corresponding period of last year representing sales growth of 14% with an operating profit of Rs. 2,597 million compared to 1,524 million generated during the corresponding period of the year 2018 representing increase of 70%, mainly due to revenue growth and profit margin management in packaging and consumer business. The Group is focusing on revenue growth through higher volumes, better product mix and stricter controls over fixed costs to further improve the operating results.

The Group's finance cost has increased by Rs. 1,241 million which is mainly attributable to increased interest rates in current period.

The Group's investment income has decreased by Rs. 598 million in the current period as compared to the corresponding period of the last year primarily on account of discontinuation of dividend income from an investee company.

During the current period, the management of Parent Company reviewed the carrying amount of the Parent Company's investments to determine possible impairment loss. As a result of this assessment, the recoverable amount of the investment in associate, Tri-Pack Films Limited, was determined to be lower than its carrying value. Accordingly, carrying value was reduced by Rs. 500 million and recognized as an expense under 'Other expenses'.

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

Bulleh Shah Packaging (Private) Limited

Bulleh Shah Packaging (Private) Limited is principally engaged in the manufacturing and conversion of paper and paper board and corrugated boxes. The Company has achieved net sales of Rs. 19,492 million during first nine months of 2019 as compared to Rs. 16,780 million during 2018 representing sales growth of 16%. The Company has incurred an operating profit of Rs. 538 million during the current period as compared to the operating profit of Rs. 36 million in corresponding period last year representing increase of 15 times, primarily due to revenue growth and tighter control over fixed costs. The Company is focusing on further improving operating results through increased sales volumes, product diversification and better product mix.

DIC Pakistan Limited

DIC Pakistan Limited is a non-listed public limited subsidiary of Packages Limited. It is principally engaged in manufacturing, processing and selling of industrial inks. The Company has achieved net sales of Rs. 3,812 million during first nine months of the year 2019 as compared to Rs. 3,209 million of the corresponding period last year representing sales growth of 19%. The Company has generated profit after tax of Rs. 244 million in current period of 2019 as against Rs. 202 million generated during corresponding period of 2018.

Packages Lanka (Private) Limited

Packages Lanka (Private) Limited is a Sri Lanka based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging solutions. During first nine months of 2019, the Company has achieved sales of SLR 1,740 million as compared to SLR 1,794 million of the corresponding period of last year. The Company has generated profit before tax of SLR 15 million during first nine months of 2019 as against SLR 44 million generated during corresponding period of 2018 owing to lower sales. Moving forward, the Company will focus on improving operating results through tighter operating cost control, product diversification and price rationalisation.

Flexible Packages Convertors (Pty) Limited

Flexible Packages Convertors (Pty) Limited is private limited company based in South Africa. It is principally engaged in the manufacture of flexible packaging material. During first nine months of 2019, the company achieved net sales revenue of USD 27.4 million as compared to USD 30.2 million of the corresponding period of last year. Operating results of the Company have decreased from USD 1.638 million in prior period to USD 0.993 million in the current period. This is primarily on account of lower sales and increased operating expenses. The management is focusing on value and volume growth of sales as well as internal cost savings and tighter controls over fixed costs to improve the operating results of the Company.

Packages Real Estate (Private) Limited

Packages Real Estate (Private) Limited is a subsidiary of Packages Limited. It is primarily engaged in business of all types of construction activities and development of real estate. It is currently operating "Packages Mall". The Company has achieved revenue of Rs. 2,685 million during first nine months of 2019 as compared to Rs. 2,403 million in the corresponding period of 2018 representing growth of 12%. It has generated profit from operations of Rs. 936 million in the current period as compared to Rs. 606 million in the prior period.

Moving forward, the Board believes that this investment will bring considerable benefit to the shareholders in the form of dividend income.

Packages Power (Private) Limited

Packages Power (Private) Limited is a wholly owned subsidiary of Packages Limited duly formed for the purpose of setting up a 3.1 MW hydropower project as advertised by the Punjab Power Development Board (PPDB). The Company has moved forward with the requisite studies and approvals and is in liaison with the relevant Government authorities to take the project forward.

Internal restructuring

The Board of Directors of the Parent Company approved internal restructuring of the Parent Company with an objective to create a holding company. The arrangement will help in developing operating synergies across businesses, managing operations in a focused manner and streamlining the ownership structure. This is in line with international practices being followed in the corporate world. The restructuring shall not affect the rights of the shareholders of the Parent Company in any manner.

The Parent Company incorporated two wholly owned subsidiaries and will transfer:

(a) its manufacturing businesses including folding cartons, flexible packaging, consumer products and mechanical fabrication and roll covers along with all relevant assets, operations and corresponding liabilities into a 100% wholly owned subsidiary named “Packages Convertors Limited”; and

(b) its investment business comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary named “Packages Investments Limited”

Parent Company will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries will remain with the Company. The transaction has been approved by shareholders of the Parent Company in EOGM held on May 30, 2019. Furthermore, Packages Convertors Limited and Packages Investments Limited have currently filed an application with Securities and Exchange Commission of Pakistan (SECP) for affecting the above-mentioned transfers of assets and corresponding liabilities.

(Towfiq Habib Chinoy)
Chairman
Lahore, October 23, 2019

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, October 23, 2019

کاری کے تحت پروجیکٹ کوآگے بڑھایا ہے۔

اندرونی تنظیمِ نو

ہولڈنگ کمپنی بنانے کے مقصد کے حصول کے لئے Parent Company کے بورڈ آف ڈائریکٹرز نے اندرونی تنظیمِ نو کی منظوری دے دی ہے۔ یہ اقدام کاروباری ڈھانچہ میں آپریٹنگ ہم آہنگی، آپریشنز کو توجہ کے ساتھ چلانے اور ملکیتی ڈھانچے کو ہم آہنگ کرنے میں مدد دے گا۔ یہ اقدام کاروباری دنیا میں اپنائے جانے والے بین الاقوامی طریقوں کے عین مطابق ہے۔ یہ تنظیمِ نو Parent Company کے حصہ داران پر کسی بھی طریقے سے کوئی اثر مرتب نہیں کرے گا۔ اسی حوالے سے، پیرنٹ کمپنی دو مکمل ملکیتی سو فیصد ذیلی ادارے بنا دیئے ہیں اور اس میں مندرجہ ذیل منتقل کرے گی۔

(ا) اپنے مینوفیکچرنگ کاروبار بشمول فولڈنگ کارٹن، فلیکسبل پیکجنگ، اشیاء صارف، مکینیکل فیبریکیشن اور رول کور اور اس کے ساتھ ساتھ متعلقہ اثاثہ جات آپریشنز اور متعلقہ Liabilities ایک مکمل سو فیصد ذیلی ادارہ جس کا نام Packages Convertor Limited میں

(ب) اپنے سرمایہ کاری کے کاروبار جس میں مختلف اداروں کے حصص، آپریشنز اور ان سے منسلک Liabilities (اگر کوئی ہے) کو اپنے مکمل ملکیتی ذیلی ادارہ جس کا نام Packages Investment Limited میں

Parent Company ایک ہولڈنگ کمپنی رہے گی اور آپریشنز، اثاثہ جات ، Liabilities جو کہ اوپر بیان کردہ مکمل ملکیتی ذیلی اداروں میں منتقل ہونے کے علاوہ تمام دوسرے اثاثہ جات ، Liabilities اور جائیدادیں Company کی ملکیت رہیں گی۔ کمپنی کے شیئر ہولڈرز نے اس کاروائی کی منظوری 30 مئی 2019 کو منعقدہ EOGM میں دی۔ مزید یہ کہ، پیکیجز کنورٹر لمیٹڈ اور پیکیجز انویسٹمنٹ لمیٹڈ نے مذکورہ بالا اثاثہ جات اور متعلقہ واجبات کی منتقلی کو موثر بنانے کے لئے Security and Exchange Commision of Pakistan کو درخواست دے دی ہے۔

(توفیق حبیب چنائے)
چیئر مین
لاہور، 23 اکتوبر 2019

(سید حیدر علی)
چیف ایگزیکٹو اور مینجنگ ڈائریکٹر
لاہور، 23 اکتوبر 2019

بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ

بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ بنیادی طور پر پیپر اور پیپر بورڈ پروڈکٹس کی تیاری اور منتقلی میں مصروف عمل ہے۔ کمپنی نے 2019 کے پہلے نو ماہ کے دوران 19,492 ملین روپے کی سیلز حاصل کی جو اس کے مقابلے میں 2018 کے دوران 16,780 ملین روپے تھی۔ جس سے 16 فیصد کی سیلز گروتھ ظاہر ہوتی ہے۔ کمپنی نے موجودہ مدت کے دوران 538 ملین روپے کا آپریٹنگ منافع دیکھا جو 2018 میں اِسی مدت کے دوران 36 ملین روپے تھا۔ جو کہ 15 فیصد کو ظاہر کرتا ہے۔ جو بنیادی طور پر ریونیو گروتھ اور طے کردہ مالیات پر سخت کنٹرول کے باعث ممکن ہوا۔ کمپنی بلند تر حجم، پروڈکٹ میں توسیع اور پروڈکٹ مکس کے ذریعے آپریٹنگ نتائج مزید بہتر بنانے پر توجہ دے رہی ہے۔

ڈی آئی سی پاکستان لمیٹڈ

ڈی آئی سی پاکستان لمیٹڈ پیکیجز لمیٹڈ کا ایک نان لسٹڈ پبلک لمیٹڈ ذیلی ادارہ ہے۔ یہ بنیادی طور پر صنعتی انکس (inks) کی تیاری، پروسیسنگ اور سیلز میں مصروفِ عمل ہے۔ کمپنی نے سال 2019 کی پہلے نو ماہ کے دوران 3,812 ملین روپے کی خالص سیلز حاصل کی۔ اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران یہ 3,209 ملین روپے تھیں جو 19 فیصد کی سیلز گروتھ کو ظاہر کرتی ہے۔ کمپنی نے 2019 کی موجودہ مدت کے دوران 244 ملین روپے کا منافع قبل از ٹیکس حاصل کیا جو 2018 کی اِسی مدت میں 202 ملین روپے تھا۔

پیکیجز لنکا (پرائیویٹ) لمیٹڈ

پیکیجز لنکا (پرائیویٹ) لمیٹڈ سری لنکا میں قائم پیکیجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر فلیکس ایبل پیکیجنگ کی تیاری میں مصروف عمل ہے۔ کمپنی نے 2019 کی پہلے نو ماہ کے دوران 1,740 ملین سری لنکن روپے کی سیلز حاصل کی جو گزشتہ سال کی اس مدت میں 1,794 ملین سری لنکن روپے تھی۔ کمپنی نے سال 2019 کی پہلے نو ماہ میں 15 ملین سری لنکن روپے کا منافع قبل از ٹیکس حاصل کیا جو کہ 2018 کی اسی مدت کے دوران 44 ملین سری لنکن روپے تھا۔ جسکی وجہ سیلز میں کمی تھی۔ آگے بڑھتے ہوئے، کمپنی آپریٹنگ اخراجات پر سخت کنٹرول، پروڈکٹ میں توسیع اور پرائس راشنلائزیشن کے ذریعے آپریٹنگ نتائج بہتر بنانے پر توجہ دیتی رہے گی۔

فلیکس ایبل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ

فلیکس ایبل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ جنوبی افریقہ میں قائم پرائیویٹ لمیٹڈ کمپنی ہے۔ یہ بنیادی طور پر فلیکس ایبل پیکیجنگ میٹریل کی تیاری میں مصروف عمل ہے۔ کمپنی نے 2019 کے پہلے نو ماہ کے دوران 27.4 ملین امریکی ڈالر کا خالص سیلز ریونیو حاصل کیا جو گزشتہ سال کی اس مدت میں 30.2 ملین امریکی ڈالر تھا۔ کمپنی کے آپریٹنگ نتائج 2018 کے پہلے نو ماہ میں 1.638 ملین امریکی ڈالر تھے جو رواں نو ماہ میں 0.993 ملین ڈالر سے کم ہوئے ہیں، جس کی بنیادی وجہ سیلز میں کمی اور آپریٹنگ اخراجات میں اضافہ تھا۔ مینجمنٹ سیلز کے حجم اور قدر کو بڑھانے کے ساتھ ساتھ اندرونی اخراجات میں بچت اور طے کردہ مالیات پر سخت کنٹرول کے ذریعے کمپنی کے آپریٹنگ نتائج کو بہتر بنانے پر توجہ دے رہی ہے۔

پیکیجز ریئل اسٹیٹ (پرائیویٹ) لمیٹڈ

پیکیجز ریئل اسٹیٹ (پرائیویٹ) لمیٹڈ پیکیجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر تمام اقسام کی تعمیراتی سرگرمیوں اور ریئل اسٹیٹ کے فروغ کے کاروبار میں سرگرمِ عمل ہے۔ اِس وقت یہ ریئل اسٹیٹ ''پیکیجز مال'' کے نام سے ایک پراجیکٹ آپریٹ کر رہا ہے۔ کمپنی نے پہلے نو ماہ 2019 کے دوران 2,685 ملین روپے کی آمدن حاصل کی جو کہ 2018 کے اسی عرصہ کے دوران 2,403 ملین روپے تھی جو کہ 12 فیصد اضافے کو ظاہر کرتا ہے۔ اس نے موجودہ مدت 2019 کے دوران 936 ملین روپے کا آپریٹنگ منافع حاصل کیا جو کہ 2018 میں 606 ملین روپے تھا۔

آگے بڑھتے ہوئے، بورڈ اس امر پر یقین رکھتا ہے کہ یہ سرمایہ کاری منافع منقسمہ کی صورت میں شیئر ہولڈرز کے لئے قابل قدر منافع کی حامل ثابت ہوگی۔

پیکیجز پاور (پرائیویٹ) لمیٹڈ

30 ستمبر 2019 کوختم ہونے والی نو ماہ کی مدت کے لئے

ڈائریکٹرز کی رپورٹ بشمول مجموعی عبوری غیر آڈٹ شدہ مالیاتی معلومات

پیکیجز لمیٹڈ کے ڈائریکٹرز بہ مسرت 30 ستمبر 2019 کوختم ہونے والی نو ماہ کی مدت کے لئے گروپ کے غیر آڈٹ شدہ مجموعی مالیاتی معلومات پیش کرنے پر خوشی محسوس کرتے ہیں۔

گروپ کے نتائج

30 ستمبر 2019 کوختم ہونے والی نو ماہ کی مدت کے لئے غیر آڈٹ شدہ نتائج کا تقابل 30 ستمبر 2018 کے مقابلے میں درج ذیل کے مطابق ہے:

	جنوری-ستمبر 2019	جنوری-ستمبر 2018
	(روپے ملین میں)	
انوائسڈ سیلز - خالص	**45,368**	39,673
آپریشنز سے حاصل منافع جات	**2,597**	1,524
منسلکہ اداروں اور مشترکہ منصوبے میں (اخراجات)/منافع کا حصہ - بعد از ٹیکس	**(84)**	104
سرمایہ کاری سے آمدنی	**1,605**	2,204
منافع بعد از ٹیکس	**547**	1,594

ہم بامسرت اطلاع دے رہے ہیں کہ گروپ کے کلیدی مینوفیکچرنگ آپریشنز نے مشکل اور مسابقتی ماحول میں نمایاں طور پر بہتر کارکردگی کا مظاہرہ کیا۔ گروپ نے 45,368 ملین روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کی اس مدت کے دوران 39,673 ملین روپے کی خالص سیلز حاصل کی گئی تھی جو کہ 14 فیصد سیلز گروتھ کو ظاہر کرتا ہے۔ گروپ نے 2,597 ملین روپے کا آپریٹنگ منافع حاصل کیا جو گزشتہ سال کی اسی مدت میں 1,524 ملین روپے تھا جو کہ 70 فیصد اضافہ کو ظاہر کرتا ہے جو کہ بنیادی طور پر ریونیو گروتھ اور پیکجنگ اور کاروبار صارف میں شرح منافع کے انتظام کے باعث ممکن ہوا۔ گروپ بلند تر حجم، مصنوعات کے بہتر امتزاج اور طے کردہ مالیات پر سخت کنٹرول کے ذریعے اپریٹنگ نتائج کو بہتر کرنے پر توجہ دے رہا ہے۔

گروپ کی فنانس لاگت میں 1,241 ملین روپے کا اضافہ ہو جسکی وجہ شرح سود میں اضافہ تھا۔

گروپ کی سرمایہ کاری سے آمدنی میں رواں مدت کے دوران گزشتہ سال کی اس مدت کے مقابلے میں 598 ملین روپے کی کمی دیکھنے میں آئی جسکی وجہ سرمایہ کار کمپنی سے منافع منقسمہ کا ختم ہونا تھا۔

رواں مدت کے دوران انتظامیہ نے پیرنٹ کمپنی کی سرمایہ کاری کی کیئرنگ ویلیو کا جائزہ لیا۔ جسکا مقصد اسکے ممکنہ امپیئر مینٹ کا خسارہ جاننا تھا۔ اس تشخیص کے نتیجہ میں Tri-Pack Films Private Limited (ذیلی ادارہ) میں سرمایہ کاری کی وصول شدہ رقم اسکی کیئرنگ ویلیو سے کم نکلی۔ نتیجتاً، کیئرنگ ویلیو کو 500 ملین روپے سے کم کیا گیا اور اسے ذیلی اخراجات میں خرچہ تسلیم کیا گیا۔

گروپ کے ذیلی اداروں کی آپریشنل کارکردگی کا ایک مختصر جائزہ درج ذیل کے مطابق ہے:

PACKAGES GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
as at September 30, 2019

	Note	September 30, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (December 31, 2018: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (December 31, 2018: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each		**4,180,000**	4,180,000
Issued, subscribed and paid up capital			
89,379,504 (December 31, 2018: 89,379,504) ordinary shares of Rs. 10 each		**893,795**	893,795
8,186,842 (December 31, 2018: 8,186,842) 10% non-voting preference shares / convertible stock of Rs. 190 each		**606,222**	606,222
Reserves		**41,807,155**	54,905,687
Equity portion of loan from shareholder of the Parent Company	6	**277,219**	277,219
Un-appropriated profit		**4,175,258**	6,249,793
		47,759,649	62,932,716
NON-CONTROLLING INTEREST		**2,241,103**	2,124,244
		50,000,752	65,056,960
NON-CURRENT LIABILITIES			
Long term finances	7	**15,351,264**	13,566,292
Loan from shareholder of the Parent Company - unsecured		**197,590**	220,916
Liabilities against assets subject to finance lease		**115,555**	20,994
Deferred taxation		**2,162,138**	2,030,711
Long term advances		**97,648**	96,592
Retirement benefits		**788,188**	692,767
Deferred income		**70,947**	84,229
Security deposits		**369,719**	315,902
Deferred liabilities		**450,114**	579,478
		19,603,163	17,607,881
CURRENT LIABILITIES			
Current portion of non-current liabilities		**4,064,200**	3,584,794
Finances under mark up arrangements - secured		**12,702,707**	11,618,495
Trade and other payables		**10,018,947**	8,986,971
Unclaimed dividend		**87,133**	62,030
Accrued finance costs		**902,415**	739,105
Provision for tax		**287**	10,748
		27,775,689	25,002,143
CONTINGENCIES AND COMMITMENTS	8	**-**	-
		97,379,604	107,666,984

	Note	**September 30, 2019**	December 31, 2018
		Un-audited	Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	**27,900,444**	27,084,557
Intangible assets	10	**413,644**	385,100
Investment properties		**11,541,110**	11,822,054
Investments accounted for using the equity method	11	**6,163,805**	8,312,837
Other long term investments	12	**20,380,306**	32,847,963
Long term security deposits		**136,879**	142,291
Long term loans		**713**	3,101
		66,536,901	80,597,903
CURRENT ASSETS			
Stores and spares		**2,183,916**	1,953,160
Stock-in-trade		**12,227,869**	11,836,992
Trade debts		**8,483,445**	6,660,220
Current portion of long term investments		**-**	10,000
Loans, advances, deposits, prepayments and other receivables		**2,135,358**	1,319,304
Income tax receivable		**4,935,166**	4,828,059
Cash and bank balances		**876,949**	461,346
		30,842,703	27,069,081
		97,379,604	107,666,984

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated un-audited financial statements.

Syed Hyder Ali	Asghar Abbas	Khurram Raza Bakhtayari
Chief Executive & Managing Director	Director	Chief Financial Officer

PACKAGES GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

for the three month and nine month periods ended September 30, 2019

	Note	Three month period ended September 30, 2019 Un-audited	Three month period ended September 30, 2018 Un-audited	Nine month period ended September 30, 2019 Un-audited	Nine month period ended September 30, 2018 Un-audited
		(Rupees in thousand)			
Local sales and services		**18,118,527**	14,795,639	**51,979,005**	44,982,436
Export sales		**219,920**	247,103	**756,044**	557,750
		18,338,447	15,042,742	**52,735,049**	45,540,186
Less: Sales tax		**2,436,024**	1,859,585	**7,094,967**	5,636,188
Commission		**6,720**	3,932	**16,962**	9,934
Trade discount		**83,544**	88,523	**255,331**	220,915
		2,526,288	1,952,040	**7,367,260**	5,867,037
Net sales		**15,812,159**	13,090,702	**45,367,789**	39,673,149
Cost of sales and services	13	**(13,060,617)**	(11,422,862)	**(38,168,202)**	(34,306,804)
Gross profit		**2,751,542**	1,667,840	**7,199,587**	5,366,345
Administrative expenses		**(638,050)**	(541,897)	**(1,842,401)**	(1,714,987)
Distribution and marketing costs		**(730,639)**	(561,919)	**(2,182,188)**	(1,767,958)
Other expenses		**(43,779)**	(101,592)	**(969,729)**	(475,215)
Other income		**32,956**	25,353	**392,197**	115,609
		1,372,030	487,785	**2,597,466**	1,523,794
Finance costs		**(1,048,093)**	(571,294)	**(2,742,902)**	(1,502,355)
Investment income		**279,167**	709,504	**1,605,108**	2,203,580
Share of (loss) /profit on investments accounted for using the equity method - net of tax		**(8,444)**	52,370	**(84,098)**	104,490
Profit before taxation		**594,660**	678,365	**1,375,574**	2,329,509
Taxation		**(336,627)**	(153,679)	**(828,695)**	(735,478)
Profit for the period		**258,033**	524,686	**546,879**	1,594,031
Attributable to:					
Equity holders of the Parent Company		**151,876**	488,271	**380,645**	1,475,457
Non-controlling interest		**106,157**	36,415	**166,234**	118,574
		258,033	524,686	**546,879**	1,594,031
Earnings per share attributable to equity holders of the Parent Company					
Basic Rupees		**1.70**	4.54	**4.26**	15.58
Diluted Rupees		**1.70**	4.54	**4.26**	15.58

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated un-audited financial statements.

Syed Hyder Ali Chief Executive & Managing Director	Asghar Abbas Director	Khurram Raza Bakhtayari Chief Financial Officer

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

for the three month and nine month periods ended September 30, 2019

	Three month period ended		Nine month period ended	
	September 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
	Un-audited	Un-audited	**Un-audited**	Un-audited
	(Rupees in thousand)			
Profit for the period	**258,033**	524,686	**546,879**	1,594,031
Other comprehensive (loss) / income				
Items that will not be reclassified to profit or loss				
Re-measurement of retirement benefit obligations	**-**	-	**-**	(21,161)
Tax effect	**-**	-	**-**	5,910
	-	-	**-**	(15,251)
Items that may be reclassified subsequently to profit or loss				
Exchange difference on translation of foreign subsidiaries	**(213,133)**	(49,598)	**61,440**	(108,061)
Share of other comprehensive loss of investments accounted for using the equity method - net of tax	**(540,384)**	(929,671)	**(1,642,711)**	(816,128)
Changes in fair value of available for sale investments	**(3,953,487)**	(7,302,146)	**(12,467,657)**	(7,302,109)
	(4,707,004)	(8,281,415)	**(14,048,928)**	(8,226,298)
Other comprehensive loss for the period	**(4,707,004)**	(8,281,415)	**(14,048,928)**	(8,241,549)
Total comprehensive loss for the period	**(4,448,971)**	(7,756,729)	**(13,502,049)**	(6,647,518)
Attributable to:				
Equity holders of the Parent Company	**(4,460,220)**	(7,780,683)	**(13,717,887)**	(6,753,420)
Non-controlling interest	**11,249**	23,954	**215,838**	105,902
	(4,448,971)	(7,756,729)	**(13,502,049)**	(6,647,518)

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated un-audited financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the nine month period ended September 30, 2019

	Issued, subscribed and paid up capital		Reserves									Capital and reserves		
			Capital reserves							Revenue reserves				
	Ordinary share Capital	Preference shares / convertible stock	Share premium	Exchange difference on transaction of foreign subsidiaries	Fair value reserve	Other reserves relating to associates & joint ventures	Transaction with non-controlling interest	Equity portion of long term loan from shareholder of the Parent Company	Capital redemption reserve	General reserve	Un-appropriated profits	Total	Non-controlling interest	Total
	(Rupees in thousand)													
Balance as on January 1, 2018 (audited)	893,795	606,222	3,766,738	(73,314)	37,981,410	4,759,767	22,981	171,187	1,615,000	14,310,333	11,087,931	75,142,050	2,117,100	77,259,150
Appropriation of funds														
Transferred to general reserve	-	-	-	-	-	-	-	-	-	3,000,000	(3,000,000)	-	-	-
Transactions with preference shareholders														
Participating dividend on preference shares / convertible stock	-	-	-	-	-	-	-	-	-	-	(82,499)	(82,499)	-	(82,499)
Transactions with owners recognized directly in equity														
Final dividend for the year ended December 31, 2017 Rs. 30 per share	-	-	-	-	-	-	-	-	-	-	(2,681,385)	(2,681,385)	-	(2,681,385)
Dividend relating to 2017 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(138,624)	(138,624)
Interest acquired in sub-subsidiary - Chantler Packages Inc.	-	-	-	-	-	-	-	-	-	-	-	-	4,720	4,720
Total transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-	-	(2,681,385)	(2,681,385)	(133,904)	(2,815,289)
Total comprehensive income for the period ended September 30, 2018														
Profit for the period	-	-	-	-	-	-	-	-	-	-	1,475,457	1,475,457	118,574	1,594,031
Other comprehensive income:														
Remeasurement of retirement benefits asset - net of tax											(15,251)	(15,251)		(15,251)
Other comprehensive loss for the period	-	-	-	-	(7,302,109)	-	-	-	-	-	-	(7,302,109)	-	(7,302,109)
Other comprehensive income from investments accounted for under using the equity method	-	-	-	-	-	(816,128)	-	-	-	-	-	(816,128)	-	(816,128)
Exchange differences on translation of foreign subsidiaries	-	-	-	(95,389)	-	-	-	-	-	-	-	(95,389)	(12,672)	(108,061)
Total comprehensive (loss) / income for the period	-	-	-	(95,389)	(7,302,109)	(816,128)	-	-	-	-	1,460,206	(6,753,420)	105,903	(6,647,518)
Balance as on September 30, 2018 (un-audited)	893,795	606,222	3,766,738	(168,703)	30,679,301	3,943,639	22,981	171,187	1,615,000	17,310,333	6,784,253	65,624,746	2,089,099	67,713,844
Balance as on December 31, 2018 (audited)	893,795	606,222	3,766,738	(194,715)	28,858,325	3,527,025	22,981	277,219	1,615,000	17,310,333	6,249,793	62,932,716	2,124,244	65,056,960
Impact of adoption of IFRS 9 - net of tax	-	-	-	-	-	-	-	-	-	-	(27,603)	(27,603)	-	(27,603)
Balance as on January 1, 2019 (un-audited)	893,795	606,222	3,766,738	(194,715)	28,858,325	3,527,025	22,981	277,219	1,615,000	17,310,333	6,222,190	62,905,113	2,124,244	65,029,357
Appropriation of reserves														
Transferred to general reserve	-	-	-	-	-	-	-	-	-	1,000,000	(1,000,000)	-	-	-
Transactions with owners recognized directly in equity														
Final dividend for the year ended December 31, 2018 Rs. 15 per share	-	-	-	-	-	-	-	-	-	-	(1,340,693)	(1,340,693)	-	(1,340,693)
Adjustment on account of Group taxation	-	-	-	-	-	-	-	-	-	-	(86,884)	(86,884)	-	(86,884)
Dividend relating to 2018 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(98,979)	(98,979)
Total transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-	-	(1,427,577)	(1,427,577)	(98,979)	(1,526,556)
Total comprehensive income for the period ended September 30, 2019														
Profit for the period	-	-	-	-	-	-	-	-	-	-	380,645	380,645	166,234	546,879
Other comprehensive income:														
Other comprehensive loss for the period	-	-	-	-	(12,467,657)	-	-	-	-	-	-	(12,467,657)	-	(12,467,657)
Other comprehensive income from investments accounted for under equity	-	-	-	-	-	(1,642,711)	-	-	-	-	-	(1,642,711)	-	(1,642,711)
Exchange difference on translation of foreign subsidiaries	-	-	-	11,836	-	-	-	-	-	-	-	11,836	49,604	61,440
Total comprehensive (loss) / income for the period	-	-	-	11,836	(12,467,657)	(1,642,711)	-	-	-	-	380,645	(13,717,887)	215,838	(13,502,049)
Balance as on September 30, 2019 (un-audited)	893,795	606,222	3,766,738	(182,879)	16,390,668	1,884,314	22,981	277,219	1,615,000	18,310,333	4,175,258	47,759,649	2,241,103	50,000,752

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated un-audited financial statements.

Syed Hyder Ali	Asghar Abbas	Khurram Raza Bakhtayari
Chief Executive & Managing Director	Director	Chief Financial Officer

PACKAGES GROUP
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

for the nine month period ended September 30, 2019

	Note	Nine month period ended	
		September 30, 2019	September 30, 2018
		Un-audited	Un-audited
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated / (used in) from operations	16	**4,656,827**	(2,892)
Finance cost paid		**(2,602,918)**	(1,550,336)
Income tax paid		**(901,720)**	(1,494,338)
Payments for accumulating compensated absences and staff gratuity		**(361,117)**	(38,713)
Retirement benefits paid		**(171,913)**	(26,093)
Net cash inflow / (outflow) from operating activities		**619,159**	(3,112,372)
Cash flows from investing activities			
Fixed capital expenditure		**(3,789,072)**	(3,156,941)
Proceeds from maturity of investments		**10,000**	-
Investments made in equity securities		**(185,000)**	-
Rental security deposits - net		**53,817**	23,033
Long term loans and deposits - net		**7,800**	4,891
Proceeds from disposal of property, plant and equipment		**75,372**	74,149
Dividends received		**1,712,331**	2,502,629
Net cash outflow from investing activities		**(2,114,752)**	(552,239)
Cash flows from financing activities			
Proceeds from long term finances - secured		**5,371,407**	3,000,000
Proceeds received from non-controlling interest on interest acquisition in subsidiary		**-**	4,720
Repayment of long term finances - secured		**(3,291,003)**	(3,711,510)
Liabilities against assets subject to finance lease		**161,002**	(18,288)
Long term advances paid		**147**	-
Participating dividend on preference shares		**-**	(82,499)
Dividend paid to equity holders of the Parent Company		**(1,315,590)**	(2,685,148)
Dividend paid to non-controlling interest		**(98,979)**	(138,624)
Net cash inflow / (outflow) from financing activities		**826,984**	(3,631,349)
Net decrease in cash and cash equivalents		**(668,609)**	(7,295,960)
Cash and cash equivalents at the beginning of the period		**(11,157,149)**	(4,002,932)
Cash and cash equivalents at the end of the period	17	**(11,825,758)**	(11,298,892)

The annexed notes 1 to 21 form an integral part of this condensed interim consolidated un-audited financial statements.

Syed Hyder Ali	Asghar Abbas	Khurram Raza Bakhtayari
Chief Executive & Managing Director	Director	Chief Financial Officer

1. Legal status and nature of business

Packages Limited ('the Parent Company') and its subsidiaries, DIC Pakistan Limited, Bulleh Shah Packaging (Private) Limited, Packages Lanka (Private) Limited, Linnaea Holdings Inc., Chantler Packages Inc., Packages Real Estate (Private) Limited [Formerly Packages Construction (Private) Limited], Packages Power (Private) Limited, Anemone Holdings Limited, Flexible Packages Convertors (Proprietary) Limited, Packages Convertors Limited and Packages Investments Limited (together, 'the Group') are engaged in the following businesses:

Packaging:	Representing manufacture and sale of packaging materials and tissue products
Inks:	Representing manufacture and sale of finished and semi finished inks
Construction:	Representing all types of construction activities and development of real estate
Paper and paperboard:	Representing manufacture and sale of paper and paperboard of all kinds
Investments:	Representing and managing investments
Power generation:	Representing the development and management of hydropower project

The Group also holds investments in companies engaged in the manufacture and sale of inks, flexible packaging material, paper, paperboard and corrugated boxes, biaxially oriented polypropylene ('BOPP') film and cast polypropylene ('CPP') film, production and sale of ground calcium carbonate products, and companies engaged in insurance, power generation and real estate business.

The registered office of the Group is situated at 4th Floor, the Forum, Suite No. 416 - 422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan. Head office and the factory is located at Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore, Pakistan.

1.1 The Board of Directors of the Parent Company, in its meeting held on April 24, 2019, has evaluated and approved internal restructuring of the Parent Company with an objective to create a holding company, subject to procuring all applicable regulatory, corporate and third party approvals and execution of relevant documents / agreements between the Parent Company and relevant subsidiaries. This arrangement will help in developing operating synergies across businesses, managing operations in a focused manner and streamlining the ownership structure. The proposed restructuring shall not affect the rights of the shareholders of the Parent Company.

In this regard, the Parent Company has incorporated two wholly owned subsidiaries and will transfer:

(a) its manufacturing businesses including folding cartons, flexible packaging, consumer products and mechanical fabrication and roll covers along with all relevant assets, operations and corresponding liabilities into a separate 100% wholly owned subsidiary, namely Packages Convertors Limited; and

(b) its investment business comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary, namely Packages Investments Limited.

The Parent Company will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries will remain with the Parent Company.

2. Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

i) International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017 ; and

ii) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. Significant accounting policies

The accounting policies adopted for the preparation of this condensed interim consolidated financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended December 31, 2018, except for those stated in note 3.1.1.

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

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

3.1.1 Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 1, 2019, but are considered not to be relevant or to have any significant effect on the Group’s operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim consolidated financial statements, except for the following:

(a) IFRS 9, ‘Financial Instruments'

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods beginning on or after July 1, 2018. This standard replaces guidance in IAS 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. Accordingly, the Group has changed its accounting policies and followed the requirements of IFRS 9 for classification and measurement of financial assets and recognition of loss allowance against financial assets.

In respect of application of IFRS 9, the Group has adopted modified retrospective approach as permitted by this standard, according to which the Group is not required to restate the prior period results. The adoption of this standard by the Group has resulted in an impact of Rs. 27.603 million net of tax on the opening equity of the Group in respect of recognition of loss allowance against the opening trade receivables.

(b) IFRS 15, ‘Revenue from Contracts with Customers'

This standard was notified by SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, ‘Revenue’, and IAS 11, ‘Construction contracts’, and related interpretations.

IFRS 15 introduces a single five-step model for revenue recognition with a comprehensive framework based on core principle that an entity should recognize revenue representing the transfer of promised goods or services under separate performance obligations under the contract to customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any material impact on the revenue recognition policy of the Group and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is not material. Therefore, the comparative information has not been restated and continues to be reported under the previous accounting policy.

(c) IFRS 16, 'Leases'

This standard has been notified by the SECP to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

The Group has applied IFRS 16 using the simplified approach for transition. This approach requires entities to recognise the cumulative effect of applying the standard as an adjustment to the opening balance of un-appropriated profit at the date of initial application. Comparative prior periods would not be adjusted. The cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is not material. Furthermore, the changes laid down by this standard do not have any significant impact on these condensed interim consolidated financial statements for the current period.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2020 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these condensed interim consolidated financial statements.

4. Income tax expense comprises current and deferred tax. SECP vide its certificate dated December 14, 2017, has registered the Parent Company and its wholly-owned subsidiary Bulleh Shah Packaging (Private) Limited ('BSPPL') (together the 'Tax Group') as a Group and has also, vide its certificate dated January 1, 2018, designated the Tax Group for the purpose of group taxation under Section 59AA of the Income tax Ordinance, 2001. Consequent to the filing of declaration for group taxation for the tax year 2020 by the Parent Company and BSPPL, the Tax Group will be taxed as one fiscal unit for the said tax year. Subsequent to the period end, SECP has vide its certificate dated July 30, 2019 has altered the composition of the Tax Group to included the Parent Company, BSPPL, Packages Investments Limited and Packages Convertors Limited therein. The process for obtaining SECP's approval for designation of the new Tax Group for group taxation under Section 59AA of the Income Tax Ordinance, 2001 is underway as of the date of issuance of these condensed interim consolidated financial statements.

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. Current and deferred taxes based on the consolidated results of the Tax Group are allocated within the Tax Group on the basis of separate return method, modified for determining realisability of tax credits and tax losses which are assessed at Tax Group level. Any adjustments in the current and deferred taxes of the Parent Company on account of group taxation are credited or charged to condensed interim consolidated profit or loss statement in the period in which they arise.

5. Critical accounting estimates and judgements

The preparation of these condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2018, with the exception of the following:

- changes in estimates that are required in determining the provision for income taxes as referred to in note 4; and

- change in accounting estimate relating to recognition of provision for accumulating compensated absences on account of change in Parent Company's leaves policy resulting in reduction of number of maximum earned leaves eligible for carry forward for certain category of Parent Company's employees. The aforementioned change has resulted in a one-off payment of Rs. 193.935 million to these employees. However, the impact of such change on the Parent Company's expense in respect of accumulating compensated absences is not significant.

6. This represents loan repayable to Babar Ali Foundation (BAF) and is interest free. It is being carried at amortized cost using a market interest rate of 16% for a similar instrument.

7. Long term finances

	Note	**September 30, 2019**	December 31, 2018
		Un-audited	Audited
		(Rupees in thousand)	
These are composed of:			
Local currency loans - secured	7.1	**16,698,630**	14,667,258
Foreign currency loans - secured	7.2	**1,688,592**	1,486,270
		18,387,222	16,153,528
Preference shares / convertible stock - unsecured		**932,650**	932,650
		19,319,872	17,086,178
Current portion shown under current liabilities		**(3,968,608)**	(3,519,886)
		15,351,264	13,566,292

7.1 Local currency loans - secured

	September 30, 2019	December 31, 2018
	Un-audited	Audited
	(Rupees in thousand)	
Opening balance	**14,667,258**	15,564,742
Disbursements during the period / year	**5,012,082**	3,000,000
	19,679,340	18,564,742
Repayments during the period / year	**(2,980,710)**	(3,897,484)
Closing balance	**16,698,630**	14,667,258

7.2 Foreign currency loans - secured

	September 30, 2019	December 31, 2018
Opening balance	**1,486,270**	1,490,808
Disbursements during the period / year	**359,325**	411,079
	1,845,595	1,901,887
Repayments during the period / year	**(310,293)**	(346,681)
Exchange adjustment on opening balances	**153,290**	(68,936)
Closing balance	**1,688,592**	1,486,270

8. Contingencies and commitments

8.1 Contingencies

(i) Claims against the Group by ex-employees not acknowledged as debts Rs. 21.629 million December 31, 2018: Rs. 17.885 million).

(ii) Guarantees issued in favour of Office of Excise and Taxation, Lahore; Director Taxes, Excise and Taxation Department, aggregating to Rs. 59.424 million (December 31, 2018: Rs. 4.624 million).

(iii) Letters of guarantees issued to various parties aggregating to Rs. 1,560.489 million (December 31, 2018: Rs. 1,057.720 million). Guarantees issued includes an amount of Rs. 368.226 million (December 31, 2018: Rs. 181.000 million) which has been issued in favour of a customer under an agreement whereby the Parent Company has committed to purchase and install certain plant and machinery at its Lahore premises by December 1, 2019. Under the agreement, the customer is required to contribute Rs. 314.723 million (December 31, 2018: Rs. 181.000 million) as its share towards the cost of said plant and machinery. The contribution has been received by the Parent Company during the current period.

(iv) Standby letter of credit issued by Habib Bank Limited - Pakistan ('HBL Pakistan') in favour of Habib Bank Limited - Bahrain ('HBL Bahrain') on behalf of the Parent Company amounting to USD 6.160 million equivalent to Rs. 963.211 million (December 31, 2018: USD 7.110 million equivalent to Rs. 989.176 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL') wholly-owned subsidiary of the Parent Company. The standby letter of credit is secured against pledge of Nestle Pakistan Limited's shares owned by the Parent Company as referred to in note 12.2.

(v) In respect of tax year 2016, the Department of Inland Revenue Services ('the department') by an order dated April 30, 2018, against a taxable loss of Rs. 3,309.505 million as per return filed by BSPPL, assessed a taxable income of Rs. 773.450 million and amended the deemed order for the year raising a tax demand of Rs. 89.824 million. In this order, among other issues, the department disallowed the adjustment of tax loss carried forward of Rs. 3,507.631 million against the taxable income of the said year on the grounds that the contention of the Parent Company in respect of tax year 2014 for non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL under section 97 of the Income Tax Ordinance, 2001 was rejected in the assessment order dated May 28, 2016 passed by the department for the Parent Company, thereby taxing such transfer as capital gain on the value of assets transferred. The Parent Company filed an appeal against the above order before the Appellate Tribunal Inland Revenue ('ATIR') on May 4, 2018, the outcome of which is still pending.

Further, certain other disallowances were made by the department inter alia including refund adjustment pertaining to tax year 2014 of Rs. 141.323 million claimed by BSPPL, on the grounds that return of income for the tax year 2014 was amended by the department via an order dated February 28, 2017, thereby eliminating the amount of tax refundable claimed by BSPPL for the tax year 2014.

BSPPL being aggrieved of the order dated April 30, 2018 filed the appeal before Commissioner Inland Revenue (Appeals) [‘CIR(A)’]. CIR(A), through order dated July 6, 2018, accepted some contentions of BSPPL, remanded back few contentions to the department, disallowed the adjustment of tax loss carried forward of Rs. 3,507.631 million and disallowed the refund adjustment pertaining to tax year 2014 of Rs. 141.324 million. BSPPL filed an appeal dated August 7, 2018 before Appellate Tribunal Inland Revenue against the CIR(A)’s disallowances and did not make any provision against the above disallowances as the management of BSPPL is confident that the ultimate outcome of the appeal would be in favor of BSPPL, inter alia on the basis of the advice of the tax consultant of BSPPL and the Parent Company and the relevant law and the facts.

8.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 1,351.321 million (December 31, 2018: Rs. 1,252.734 million)

(ii) Letters of credit and contracts for other than capital expenditure Rs. 1,913.168 million (December 31, 2018: Rs. 1,568.659 million)

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

	Note	**September 30, 2019**	December 31, 2018
		Un-audited	Audited
		(Rupees in thousand)	
Not later than one year		**136,340**	126,279
Later than one year and not later than five years		**506,084**	588,202
Later than five years		**79,871**	49,792
		722,295	764,273

9. Property, plant and equipment

	Note	**September 30, 2019**	December 31, 2018
Operating fixed assets - at net book			
Owned assets	9.1	**24,384,284**	24,829,244
Right-of-use assets		**250,830**	75,517
	9.2	**24,635,114**	24,904,761
Capital work-in-progress	9.3	**3,115,151**	2,054,719
Major spare parts and stand-by equipment		**150,179**	125,077
		27,900,444	27,084,557

9.1 A portion of the land on which the Parent Company’s factory is situated, measuring 231 kanals and 19 marlas, was leased out to the Parent Company by GoPb from December 1955 till November 2015 after which the lease has not been renewed. During the year 2015, the Parent Company approached the Board of Revenue ('BoR'), GoPb to renew the lease; however, no adequate response was received. On January 5, 2019, the Supreme Court of Pakistan ('Court'), summoned BoR, to which the BoR stated that the new policy of the GoPb is not to lease state land but to sell it through open auction. Consequently, the Parent Company was directed to deposit Rs. 500 million with the BoR as security to the payment of outstanding amount of rent to be determined, with such amount being adjustable against final amount of rent. The Parent Company has deposited such amount in compliance with the direction on January 10, 2019. The Supreme Court has further directed Additional Advocate General, Punjab on January 16, 2019 that subject to the Court's approval, two surveyors be appointed for determination of rent based on industrial usage of the land for the period from December 2015 till date. However, no surveyors have been appointed as of the date of the authorization for issue of condensed interim consolidated financial statements. Moreover, the Court has further decided that the land shall be sold through an open auction with the Parent Company getting the first right of refusal.

The management of the Parent Company has, on the basis of assessment of fair value of the said portion of land by an independent valuer and its understanding of the prevalent market terms relating to rent of such properties in the vicinity of the said portion of land, booked a provision of Rs. 444.630 million (December 31, 2018: Rs. 357.590 million) in respect of rent for the period from December 2015 to September 2019. The management of the Parent Company is confident that the final amount of rent will be in congruence with the provision made in these financial statements, inter alia on the basis of the fair value determined by the independent valuer and the relevant facts and circumstances. Furthermore, the management of the Parent Company also intends to acquire the tile of the said portion of land when the open auction takes place and is confident that it will be able to meet the highest bid.

9.2 Operating fixed assets

	Note	**September 30, 2019 Un-audited**	December 31, 2018 Audited
		(Rupees in thousand)	
Opening net book value		**24,904,761**	23,871,518
Additions during the period / year	9.2.1	**2,317,203**	4,374,544
Transfer in at book value - net		**-**	144,433
		2,317,203	4,518,977
		27,221,964	28,390,495
Disposals during the period / year at book value		**(64,734)**	(114,394)
Transferred out at book value - net		**-**	(118,099)
Depreciation charged during the period / year		**(2,805,187)**	(3,453,242)
Exchange adjustment on opening book value - net		**283,071**	200,001
		(2,586,850)	(3,485,734)
Closing net book value		**24,635,114**	24,904,761

9.2.1 Additions during the period

Freehold land		**226,003**	16,615
Leasehold Land		**-**	52,997
Buildings on freehold land		**99,658**	76,684
Buildings on leasehold land		**-**	1,705
Plant and machinery		**1,580,062**	3,772,704
Other equipments		**226,896**	203,629
Furniture and fixtures		**13,853**	26,696
Vehicles		**170,731**	223,514
		2,317,203	4,374,544

9.3 Capital work-in-progress

Civil works		**151,337**	60,224
Plant and machinery		**2,539,570**	1,893,158
Others		**342,597**	925
Advances		**81,647**	100,412
		3,115,151	2,054,719

10. Intangible assets

	Note	September 30, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
Opening book value		**385,100**	285,595
Additions during the period / year		**42,399**	130,924
Amortization charged during the period / year		**(27,290)**	(31,396)
Exchange difference		**13,435**	(23)
Closing book value		**413,644**	385,100

11. Investments accounted for using the equity method

	Note	September 30, 2019	December 31, 2018
Investments in associates	11.1	**5,692,773**	8,009,152
Investment in joint ventures	11.2	**471,032**	303,685
		6,163,805	8,312,837

11.1 Investments in associates

	Note	September 30, 2019	December 31, 2018
Cost			
Opening balance		**3,386,278**	3,386,278
Impairment loss on equity instruments of associate		**(500,000)**	-
		2,886,278	3,386,278
Post acquisition share of profits and reserves net of impairment losses			
Opening balance		**4,622,874**	6,084,082
Share of (loss)/profit from associates - net of tax		**(79,041)**	96,950
Share of other comprehensive loss - net of tax		**(1,640,506)**	(1,232,742)
Dividends received during the period / year		**(96,832)**	(325,416)
Closing balance		**2,806,495**	4,622,874
Balance as on	11.1.1	**5,692,773**	8,009,152

11.1.1 Investment in equity instruments of associated companies - quoted

	Note	September 30, 2019	December 31, 2018
IGI Holdings Limited (formerly IGI Insurance Limited) 15,033,041 (December 31, 2018: 15,033,041) fully paid ordinary shares of Rs. 10 each Equity held 10.54% (2018: 10.54%) Market value - Rs. 2,191.817 million (December 31, 2018: Rs. 3,024.248 million)	11.3	**3,396,500**	5,028,603
Tri-Pack Films Limited 12,933,333 (December 31, 2018: 12,933,333) fully paid ordinary shares of Rs. 10 each Equity held 33.33% (2018: 33.33%) Market value - Rs. 643.951 million (December 31, 2018: Rs. 1,184.901 million)	11.4	**2,296,273**	2,980,549
		5,692,773	8,009,152

11.2 Investment in joint ventures

	Note	September 30, 2019	December 31, 2018
Opening balance		**303,685**	331,770
Additions during the year / period		**185,000**	-
Share of loss from joint ventures - net of tax		**(5,057)**	(20,948)
Share of other comprehensive income from joint ventures - net of tax		**(2,205)**	5,689
Dividends received during the period / year		**(10,391)**	(12,826)
Closing balance	11.2.1	**471,032**	303,685

11.2.1 Investment in equity instruments of joint ventures - unquoted

	September 30, 2019	December 31, 2018
	Un-audited	Audited
	(Rupees in thousand)	
Plastic Extrusions (Proprietary) Limited, South Africa		
500 (December 31, 2018: 500) fully paid ordinary shares of ZAR 1 each		
Equity held 50% (2018: 50%)	**25,236**	27,441
OmyaPack (Private) Limited, Pakistan		
49,500,000 (December 31, 2018: 31,000,000) fully paid ordinary shares of Rs. 10 each		
Equity held 50% (2018: 50%)	**445,796**	276,244
	471,032	303,685

11.3 The Parent Company's investment in IGI Holdings Limited is less than 20% but it is considered to be an associate as per the requirement of IAS 28 'Investments in Associates' because the Parent Company has significant influence over the financial and operating policies through representation on the board of directors of the company.

11.4 The Parent Company reviewed the carrying amount of its investment in equity instruments of Tri-Pack Films Limited, an associate, and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. As a result of carrying out the aforementioned assessment, the recoverable amount of the investment was determined to be lower than its carrying amount. Accordingly, the carrying amount was reduced by Rs. 500 million which has been recognised as an expense and included in 'Other expenses'.

12. Other long-term investments

	Note	September 30, 2019	December 31, 2018
		Un-audited	Audited
		(Rupees in thousand)	
Quoted			
Nestle Pakistan Limited			
3,649,248 (December 31, 2018: 3,649,248) fully paid ordinary shares of Rs. 10 each			
Equity held 8.05% (December 31, 2018: 8.05%)			
Cost - Rs. 5,778.896 million (December 31, 2018: Rs. 5,778.896 million)	12.1 & 12.2	**20,375,575**	32,843,232
Unquoted			
Tetra Pak Pakistan Limited			
1,000,000 (December 31, 2018: 1,000,000) fully paid non-voting shares of Rs. 10 each		**-**	10,000
Pakistan Tourism Development Corporation Limited			
2,500 (December 31, 2018: 2,500) fully paid ordinary shares of Rs. 10 each		**25**	25
Orient Match Company Limited			
1,900 (December 31, 2018: 1,900) fully paid ordinary shares of Rs. 100 each		**-**	-
Coca-Cola Beverages Pakistan Limited			
500,000 (December 31, 2018: 500,000) fully paid ordinary shares of Rs. 10 each			
Equity held 0.14% (December 31, 2018: 0.14%)		**4,706**	4,706
		20,380,306	32,857,963

12.1 Nestle Pakistan Limited is an associated undertaking under the Companies Act, 2017. However, for the purpose of measurement, this has been classified as available for sale investments as the Group does not have a significant influence over its operations.

12.2 As of September 30, 2019, an aggregate of 1,195,000 shares (December 31, 2018: 775,000 shares) of Nestle Pakistan Limited having market value Rs. 6,672.283 million (December 31, 2018: Rs. 6,975.000 million) have been pledged in favor of HBL Pakistan. Out of aggregate shares pledged, 410,000 shares (December 31, 2018: 410,000 shares) are pledged against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 8.1 and the remaining 785,000 shares (December 31, 2018: 365,000 shares) are pledged against the term finance loan obtained from HBL Pakistan.

13. Cost of sales and services

	Three month period ended		**Nine month period ended**	
	September 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018
	Un-audited	Un-audited	**Un-audited**	Un-audited
	(Rupees in thousand)			
Materials consumed	**8,908,211**	7,891,582	**24,355,804**	22,043,700
Salaries, wages and amenities	**1,066,385**	989,458	**3,211,767**	2,957,850
Travelling and conveyance	**(11,423)**	(15,262)	**39,545**	48,372
Fuel and power	**1,541,723**	1,423,696	**4,256,097**	3,844,833
Production supplies consumed	**384,204**	288,854	**963,965**	823,071
Rent	**(295,576)**	69,104	**48,800**	207,291
Insurance	**59,135**	57,473	**162,039**	157,879
Repairs and maintenance	**331,866**	233,615	**786,555**	704,145
Packing expenses	**223,043**	190,540	**650,411**	565,493
Depreciation on property, plant and equipment	**1,063,835**	1,086,885	**3,265,583**	3,274,515
Amortization of intangible assets	**4,305**	2,664	**11,466**	7,406
Technical fee and royalty	**33,173**	30,991	**101,957**	89,574
Other expenses	**347,583**	355,529	**837,949**	928,190
	13,656,464	12,605,129	**38,691,938**	35,652,319
Opening work-in-process	**571,841**	433,273	**973,939**	405,698
Closing work-in-process	**(627,074)**	(528,194)	**(627,074)**	(528,194)
	13,601,231	12,510,208	**39,038,803**	35,529,823
Opening stock of finished goods	**4,169,755**	3,971,253	**3,839,768**	3,835,580
Closing stock of finished goods	**(4,710,369)**	(5,058,599)	**(4,710,369)**	(5,058,599)
	13,060,617	11,422,862	**38,168,202**	34,306,804

14. Transactions and balances with related parties

Relationship with the Group	Nature of transactions	Nine month period ended September 30, 2019 Un-audited	September 30, 2018 Un-audited
		(Rupees in thousand)	
i Associated Undertakings	Purchase of goods and services	**1,396,118**	1,593,642
	Sale of goods and services	**23,346**	13,916
	Dividend income	**96,832**	286,200
	Insurance premium paid	**396,987**	343,312
	Rental and other income	**20,972**	16,158
	Insurance claims received	**27,525**	8,761
	Commission earned	**1,055**	10,626
	Dividend paid	**400,608**	739,613
ii Joint venture	Purchase of goods and services	**165,769**	45,454
	Sale of goods and services	**199,054**	181,555
	Rental and other income	**2,669**	2,830
	Investment	**185,000**	-
iii Other related parties	Purchase of goods and services	**588,386**	576,834
	Sale of goods and services	**156,947**	410,896
	Dividend income	**-**	114,758
	Royalty and technical fee - expense	**41,668**	34,994
	Commission Income	**131**	41
	Commission expense	**8,477**	8,802
	Rebate received	**-**	1,977
	Rent expense	**-**	6,680
	Donation	**47,068**	31,632
	Dividend paid	**90,147**	-
iv Post employment benefit plans	Expenses charged in respect of retirement benefit plans	**172,473**	133,378
	Dividend paid	**42,486**	84,973
v Key management personnel	Salaries and other employee benefits	**99,988**	136,994
	Dividend paid	**34,309**	68,618

All transactions with related parties have been carried out on mutually agreed terms and conditions. There are no transactions with key management personnel other than under the terms of employment.

Period / year end balances

	September 30, 2019 Un-audited	December 31, 2018 Audited
	(Rupees in thousand)	
Receivable from related parties		
Associates	**113,100**	59,992
Joint ventures	**71,111**	24,632
Other related parties	**13,965**	5,450
Payable to related parties		
Associates	**102,804**	46,899
Joint ventures	**47,001**	11,118
Other related parties	**117,193**	78,436
Post employment benefit plans	**17,255**	33,189

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

15. Segment Information

(Rupees in thousand)

	Packaging Division		Consumer Products Division		Ink Division	
	September 30, 2019 Un-audited	September 30, 2018 Un-audited	**September 30, 2019 Un-audited**	September 30, 2018 Un-audited	**September 30, 2019 Un-audited**	September 30, 2018 Un-audited
Revenue from external customers	**25,468,972**	24,429,408	**3,886,798**	3,293,554	**3,149,329**	2,506,561
Intersegment revenue	**565,052**	340,494	**-**	9,050	**662,606**	702,112
	26,034,024	24,769,902	**3,886,798**	3,302,604	**3,811,935**	3,208,673
Segment profit / (loss) before tax	**1,519,400**	1,402,862	**332,635**	340,766	**342,816**	293,355
	September 30, 2019 Un-audited	December 31, 2018 Audited	**September 30, 2019 Un-audited**	December 31, 2018 Audited	**September 30, 2019 Un-audited**	December 31, 2018 Audited
Segment assets	**24,245,721**	24,105,218	**2,520,427**	2,349,911	**2,882,987**	2,498,477

	Paper & Paperboard		Real estate		General and un-allocated		Total	
	September 30, 2019 Un-audited	September 30, 2018 Un-audited	**September 30, 2019 Un-audited**	September 30, 2018 Un-audited	**September 30, 2019 Un-audited**	September 30, 2018 Un-audited	**September 30, 2019 Un-audited**	September 30, 2018 Un-audited
Revenue from external customers	**10,237,342**	7,039,769	**2,678,296**	2,396,304	**(52,948)**	9,185	**45,367,789**	39,674,781
Intersegment revenue	**2,859,057**	2,869,185	**6,690**	7,107	**4,813**	141,746	**4,098,218**	4,069,694
	13,096,399	9,908,954	**2,684,986**	2,403,411	**(48,135)**	150,931	**49,466,007**	43,744,475
Segment profit / (loss) before tax	**(903,056)**	(742,299)	**311,549**	165,027	**606,099**	2,096,911	**2,209,443**	3,556,622
	September 30, 2019 Un-audited	December 31, 2018 Audited	**September 30, 2019 Un-audited**	December 31, 2018 Audited	**September 30, 2019 Un-audited**	December 31, 2018 Audited	**September 30, 2019 Un-audited**	December 31, 2018 Audited
Segment assets	**20,015,113**	18,614,594	**12,240,654**	12,618,377	**35,474,702**	44,147,745	**97,379,604**	104,334,322

Reconciliation of profit

	September 30, 2019	September 30, 2018
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for reportable segments	**2,209,443**	3,556,622
Loss from associates and joint ventures - net of dividends	**(191,321)**	(194,559)
Intercompany consolidation adjustments	**(642,548)**	(1,032,554)
Profit before tax	**1,375,574**	2,329,509

16. Cash generated from operations

	Nine month period ended	
	September 30, 2019	September 30, 2018
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax	**1,375,574**	2,329,509
Adjustments for non-cash items:		
Depreciation on property, plant and equipment	**2,805,187**	2,775,330
Depreciation on investment properties	**624,880**	619,786
Amortization on intangible assets	**27,290**	21,201
Provision for accumulating compensated absences	**231,753**	88,272
Provision for retirement benefits	**267,334**	67,702
Reversal for obsolete / slow-moving stores and spares	**(16,117)**	-
Reversal for obsolete / slow-moving stock-in-trade	**(750)**	-
Amortization of deferred income	**(13,282)**	(11,512)
Profit on disposal of property, plant and equipment	**(10,638)**	(21,182)
Exchange loss - net	**84,520**	226,910
Finance costs	**2,742,902**	1,502,355
Provision against pending claims	**-**	53,354
Expected credit loss	**203,046**	53,820
Impairment charged on investment in associate	**500,000**	-
Liabilities no longer payable written back	**(19,586)**	(10,442)
Exchange difference on translation of foreign subsidiaries	**(81,776)**	47,781
Share of profits on investments accounted for using the equity method	**84,098**	(104,490)
Dividend income	**(1,605,108)**	(2,203,580)
Profit before working capital changes	**7,199,327**	5,434,814
Effect on cash flow due to working capital changes		
Increase in trade debts	**(2,053,874)**	(1,770,693)
Increase in stores and spares	**(230,006)**	(314,041)
Increase in stock-in-trade	**(374,760)**	(3,923,080)
Increase in loans, advances, deposits, prepayments and other receivables	**(816,054)**	(571,090)
Increase in trade and other payables	**932,194**	1,141,198
	(2,542,500)	(5,437,706)
	4,656,827	(2,892)

17. Cash and cash equivalents

Cash and bank balances	**876,949**	430,523
Finances under markup arrangements - secured	**(12,702,707)**	(11,729,415)
	(11,825,758)	(11,298,892)

18. Financial risk management

18.1 Financial risk factors

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

The condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2018.

There have been no changes in the risk management department or in any risk management policies since the year ended December 31, 2018.

18.2 Fair value estimation

The different levels for fair value estimation used by the Group have been explained as follows:

- The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Parent Company is the current bid price. These instruments are included in Level 1.
- The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in Level 2.
- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity instruments.

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed above. The following table presents the Group’s significant financial assets measured and recognised at fair value at September 30, 2019 and December 31, 2018 on a recurring basis:

	Un-audited (Rupees in thousand)			
	Level 1	Level 2	Level 3	**Total**
As at September 30, 2019				
Assets				
Recurring fair value measurement				
Equity investments at fair value through other comprehensive income	20,375,574	-	-	**20,375,57**
Liabilities	-	-	-	**-**

	Audited (Rupees in thousand)			
As at December 31, 2018				
Assets	Level 1	Level 2	Level 3	**Total**
Recurring fair value measurement				
Equity investments at fair value through other comprehensive income	32,843,232	-	-	**32,843,232**
Liabilities	-	-	-	**-**

During the period, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities. Furthermore, there were no reclassifications of financial assets.

19. Detail of subsidiaries

Name of the subsidiaries	Accounting year end	Percentage of holding	Country of incorporation
Anemone Holdings Limited	December 31	100.00%	Mauritius
Bulleh Shah Packaging (Private) Limited	December 31	100.00%	Pakistan
Chantler Packages Inc.	December 31	72.07%	Canada
DIC Pakistan Limited	December 31	54.98%	Pakistan
Flexible Packages Converters (Proprietary) Limited	December 31	55.00%	South Africa
Linnaea Holdings Inc.	December 31	79.07%	Canada
Packages Real Estate (Private) Limited	December 31	75.16%	Pakistan
Packages Lanka (Private) Limited	December 31	79.07%	Sri Lanka
Packages Investments Limited	December 31	100.00%	Pakistan
Packages Convertors Limited	December 31	100.00%	Pakistan
Packages Power (Private) Limited	December 31	100.00%	Pakistan

20. Date of authorization for issue

These condensed interim consolidated financial statements were authorized for issue on October 23, 2019 by the Board of Directors of the Parent Company.

21. Corresponding figures

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

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison. However, no significant reclassifications have been made except for the following:

Particulars	(Rupees in thousand)
'Trade discount' previously included in 'Advertisement and sales promotion' under 'Distribution and marketing costs' now shown as deduction from 'Sales' on the face of condensed interim consolidated statement of profit or loss	**220,915**

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer