Contents

COMPANY INFORMATION

Board of Directors
Towfiq Habib Chinoy - Chairman
(Non-Executive Director)
Syed Hyder Ali - Chief Executive & Managing Director
(Executive Director)
Alamuddin Bullo
(Non-Executive Director)
Khalid Yacob
(Executive Director)
Mats Nordlander
(Non-Executive Director)
Muhammad Aurangzeb
(Independent Director)
Shamim Ahmad Khan
(Non-Executive Director)
Syed Aslam Mehdi
(Executive Director)
Syed Shahid Ali
(Non-Executive Director)
Tariq Iqbal Khan
(Non-Executive Director)

Advisor
Syed Babar Ali

Company Secretary
Adi J. Cawasji

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

Audit Committee
Shamim Ahmad Khan - Chairman
(Non-Executive Director)
Mats Nordlander - Member
(Non-Executive Director)
Muhammad Aurangzeb - Member
(Independent Director)
Alamuddin Bullo - Member
(Non-Executive Director)
Syed Aslam Mehdi - Member
(Executive Director)
Syed Shahid Ali - Member
(Non-Executive Director)
Adi J. Cawasji - Secretary
(Company Secretary)

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

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

Human Resource and Remuneration (HR & R) Committee
Towfiq Habib Chinoy - Chairman
(Non-Executive Director)
Shamim Ahmad Khan - Member
(Non-Executive Director)
Syed Hyder Ali - Member
(Executive Director)
Syed Aslam Mehdi - Member
(Executive Director)

Rating Agency: PACRA

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

Auditors
A.F. Ferguson & Co.
Chartered Accountants

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

Bankers & Lenders
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
BankIslami Pakistan Limited
Barclays Bank PLC, Pakistan
Citibank N.A.
Deutsche Bank AG
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
International Finance Corporation (IFC)
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Samba Bank Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
The Bank of Tokyo - Mitsubishi UFJ, Limited
United Bank Limited

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

Offices

Registered Office & Regional Sales Office
4th Floor, The Forum
Suite No. 416 - 422, G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan
PABX : (021) 35874047-49
: (021) 35378650-52
: (021) 35831618, 35833011
Fax : (021) 35860251

Regional Sales Office
2nd Floor, G.D. Arcade
73-E, Fazal-ul-Haq Road, Blue Area,
Islamabad-44000, Pakistan
PABX : (051) 2276765
: (051) 2276768
: (051) 2278632
Fax : (051) 2829411

Zonal Sales Offices
C-2, Hassan Arcade Nusrat Road,
Multan Cantt. - 60000, Pakistan
Tel & Fax: (061) 4504553

9th Floor State Life Building,
2 - Liaquat Road,
Faisalabad, Pakistan
Tel : (041) 2540842
Fax : (041) 2540815

Shares Registrar
FAMCO Associates (Pvt.) Limited
8-F, Next to Hotel Faran, Nursery
Block-6, P.E.C.H.S.
Shahrah-e-Fasial
Karachi.
PABX : (021) 34380101-2
Fax : (021) 34380106
Email : info.shares@famco.com.pk

Web Presence
www.packages.com.pk

DIRECTORS' REPORT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

بسم الله الرحمن الرحيم

The Directors of Packages Limited are pleased to submit to its shareholders, the nine months report along with the condensed interim un-audited financial information of the Company for the period ended September 30, 2013.

Financial and Operational Performance

The comparison of the un-audited results for the period ended September 30, 2013 as against September 30, 2012 is as follows:

	For the third quarter		Cumulative	
	July - Sep 2013	July - Sep 2012	**Jan - Sep 2013**	Jan - Sep 2012
Financial - Rupees in million				
Continuing Operations				
Net sales	**3,479**	2,939	**11,563**	8,665
Less: Imported materials transferred at cost to Discontinued Operations	**(225)**	-	**(1,247)**	-
Net Sales from operations	**3,254**	2,939	**10,316**	8,665
EBITDA - operations	**289**	265	**1,035**	760
Depreciation & amortisation	**(116)**	(101)	**(333)**	(267)
EBIT - operations	**173**	164	**702**	493
Finance costs - operations	**(16)**	(38)	**(57)**	(71)
	157	126	**645**	422
Finance costs - business related activities	**(225)**	(104)	**(584)**	(308)
Other operating income /(expenses) - net	**20**	39	**56**	210
Investment income	**320**	419	**1,553**	1,094
Reversal of impairment charged on investments	**-**	108	**-**	360
Earnings before tax	**272**	588	**1,670**	1,778
Taxation	**(69)**	(85)	**(411)**	(392)
Earnings after tax-Continuing Operations	**203**	503	**1,259**	1,386
Basic Earnings per share - Rupees	**2.41**	5.97	**14.93**	16.42
Discontinued Operations				
Loss after tax	**(38)**	(2,564)	**(190)**	(3,103)
Basic loss per share - Rupees	**(0.45)**	(30.39)	**(2.25)**	(36.77)

Continuing Operations

Continuing Operations comprise of Consumer Products Division and Packaging Operations including Folding Cartons and Flexible Packaging.

During first nine months of the year 2013, Continuing Operations have achieved net sales of Rs. 10,316 million against net sales of Rs. 8,665 million of corresponding period of last year representing overall sales growth of 19%. This sale excludes Rs. 1,247 million of materials imported on behalf of Discontinued Operations and transferred to them at cost.

The Operations have generated Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of Rs. 1,035 million during first nine months of 2013 against Rs. 760 million of corresponding period of 2012 resulting in an increase of Rs. 275 million mainly due to revenue growth, better product mix and production efficiencies.

The Profit before tax from Continuing Operations for the quarter under review is lower by Rs. 316 million mainly on account of higher financial charges of Rs. 121 million due to investment in Bulleh Shah Packaging (Private) Limited 'BSPL', lower investment income of Rs. 99 million due to timing difference and one-off reversal of impairment charged on investment of Rs. 108 million during the third quarter of 2012.

Consumer Products Division

Consumer Products Division has registered sales of Rs. 1,986 million during first nine months of the year 2013 as compared to Rs. 1,487 million of corresponding period of 2012 representing sales growth of 34%. Operating results of the Division have also improved by Rs. 60 million during first nine months of the year 2013 over corresponding values of 2012 as arising from revenue growth, improved capacity utilisation and operating cost control initiatives. The Company has also substantially regained its market share after re-commencement of own conversion operations and is continuing with its marketing and distribution efforts to further improve its market leadership.

Packaging Operations

Packaging Operations have achieved net sales of Rs. 8,125 million during first nine months of the year 2013 as compared to Rs. 6,985 million of corresponding period of 2012 representing sales growth of 16%. Operating results of the Packaging Operations have also improved by Rs. 103 million contributed by revenue growth, better product mix, production efficiencies and higher capacity utilisation.

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

	July - Sep 2013	July - Sep 2012	**Jan - Sep 2013**	Jan - Sep 2012
Consumer Products produced - tons	**2,513**	2,393	**7,470**	6,279
Carton Board & Consumer Products converted - tons	**7,952**	7,565	**24,294**	21,408
Plastics all sorts converted - tons	**3,911**	3,272	**11,593**	10,096

The finance cost has increased by Rs. 262 million during first nine months of 2013 over corresponding values of 2012 due to Long-term finance facility of Rs. 2,000 million availed towards the end of 2012 to finance various activities of the Company.

Investment income has increased by Rs. 459 million during nine months of 2013 over corresponding values of 2012 that is indicative of improved operational performance of the investee companies.

In 2013, the Company has also changed its accounting policy in respect of recognition of actuarial losses arising from retirement benefit plans in pursuance of amendments in International Accounting Standard 19 'Employee Benefits' that are effective from financial years beginning on or after January 1, 2013 and recognised a charge of Rs. 168.548 million net of taxes to the opening balance of accumulated profit/(loss) and retirement benefits including pension fund and gratuity fund as referred to in note 3.2.1 to the financial statements for the period ended September 30, 2013.

Discontinued Operations

Paper & Paperboard and Corrugated businesses have been recognised as Discontinued Operations with respect to Packages Limited in these financial statements in accordance with applicable financial reporting framework. The process of transfer of assets and related obligations of Paper & Paperboard and Corrugated businesses of the Company to 'BSPL' has already been completed during the first half of 2013 along with cash equity injection for financing future investment projects of BSPL.

After Implementation of Joint Venture Agreement with Stora Enso A.B, your Company now holds 65% equity in BSPL. Stora Enso (SE) has made direct equity investment of US$ 38.95M in BSPL and is also actively providing technical expertise to further streamline the Paper & Paperboard and Corrugated packaging operations.

In terms of the Shareholders agreement signed in September 2012 between SE and Packages, the first closing was to happen by January 2013. There was a gap of three quarters between 1st and 2nd closing allowing SE to fully comprehend the business and sustainability risks. Due to various reasons, first closing was actually completed in May 2013. Allowing for 3 quarters gap, the decision on 2nd closing should now happen by Q1, 2014.

Change in Board of Directors

In September 2013, there has been a change in the Board of Directors of the Company as Mr. Shahid Aziz Siddiqui, nominee of State Life Insurance Corporation of Pakistan, resigned from the Board of Directors of the Company and Mr. Alamuddin Bullo has been nominated by State Life Insurance Corporation of Pakistan in his place on the Board of Directors of the Company.

The Board wishes to place on record its appreciation of the services rendered by Mr. Shahid Aziz Siddiqui during the tenure of his office and welcomes Mr. Alamuddin Bullo who will hold office for the remainder of the term of Mr. Shahid Aziz Siddiqui in whose place he is appointed.

Audit Committee of the Board has also been re-constituted as Mr. Alamuddin Bullo has been appointed in place of Mr. Shahid Aziz Siddiqui as member of the Committee and Mr. Shamim Ahmad Khan, a non-executive director, has been appointed as Chairman of the Committee.

Future Outlook

In recent times, significant increase in electricity and fuel prices coupled with rising raw material prices have put pressure on the operating results of the corporate sector. In the winter months, gas shortage is also expected to challenge business results; however, your Company will continue its focus on improving shareholders' value through tight cost control, product and process optimization, price rationalization and efficient working capital management.

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
Karachi, October 25, 2013

(Syed Hyder Ali)
Chief Executive & Managing Director
Karachi, October 25, 2013

PACKAGES LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
as at September 30, 2013

		September 30, 2013 Un-audited	December 31, 2012 Audited and Re-stated
EQUITY AND LIABILITIES	**Note**	**(Rupees in thousand)**	
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (December 31, 2012: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (December 31, 2012: 22,000,000) 10% non-voting cumulative preference shares / convertible stock of Rs. 190 each		**4,180,000**	4,180,000
Issued, subscribed and paid up capital			
84,379,504 (December 31, 2012: 84,379,504) ordinary shares of Rs 10 each		**843,795**	843,795
Reserves		**33,127,659**	31,075,416
Preference shares / convertible stock reserve		**1,605,875**	1,605,875
Accumulated profit / (loss)		**1,161,910**	(2,837,327)
		36,739,239	30,687,759
NON-CURRENT LIABILITIES			
Long-term finances	6	**5,270,577**	4,470,577
Liabilities against assets subject to finance lease		**7,416**	-
Deferred income tax liabilities	7	**277,379**	255,052
Retirement benefits		**33**	306,808
Deferred liabilities		**141,768**	121,061
		5,697,173	5,153,498
CURRENT LIABILITIES			
Current portion of long-term finances - secured		**200,000**	1,000,000
Current portion of liabilities against assets subject to finance lease		**1,028**	-
Finances under mark up arrangements - secured		**2,073,683**	808,942
Derivative financial instruments	8	**87,772**	164,559
Trade and other payables		**2,888,926**	1,977,498
Accrued finance costs		**400,653**	530,501
		5,652,062	4,481,500
Liabilities of disposal group classified as held for sale	9	**-**	5,669,197
CONTINGENCIES AND COMMITMENTS	10	**-**	-
		48,088,474	45,991,954

	Note	September 30, 2013 Un-audited	December 31, 2012 Audited and Re-stated
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	**3,527,688**	3,459,115
Investment property		**71,253**	25,473
Assets subject to finance lease		**8,563**	-
Intangible assets		**34,999**	41,411
Investments		**36,121,545**	20,795,660
Long-term loans and deposits		**79,772**	97,105
Retirement benefits		**6,066**	-
		39,849,886	24,418,764
CURRENT ASSETS			
Stores and spares		**604,416**	461,625
Stock-in-trade		**2,313,829**	1,909,807
Trade debts		**1,814,180**	2,279,915
Loans, advances, deposits, prepayments and other receivables		**1,491,990**	412,866
Income tax receivable	13	**1,905,806**	1,603,306
Cash and bank balances		**108,367**	362,380
		8,238,588	7,029,899
Assets of disposal group classified as held for sale	9	**-**	14,543,291
		48,088,474	45,991,954

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

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

PACKAGES LIMITED

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

for the quarter and nine months ended September 30, 2013

		Quarter ended		Nine months ended	
		September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
		Un-audited	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented
	Note	(R u p e e s	i n	t h o u s a n d)	
Local sales		**4,055,578**	3,414,789	**13,396,609**	10,222,669
Export sales		**23,889**	24,007	**53,607**	53,863
Gross sales		**4,079,467**	3,438,796	**13,450,216**	10,276,532
Less: Sales tax		**595,492**	494,851	**1,870,026**	1,600,622
Commission		**5,405**	4,450	**17,112**	10,811
		600,897	499,301	**1,887,138**	1,611,433
Net Sales		**3,478,570**	2,939,495	**11,563,078**	8,665,099
Cost of sales	14	**(3,061,166)**	(2,593,795)	**(9,994,959)**	(7,678,355)
Gross profit		**417,404**	345,700	**1,568,119**	986,744
Administrative expenses		**(127,211)**	(85,511)	**(439,917)**	(240,266)
Distribution and marketing costs		**(116,051)**	(97,426)	**(425,387)**	(255,757)
Other operating expenses		**(17,684)**	14,279	**(112,586)**	(748)
Other operating income		**37,495**	25,129	**168,772**	211,718
Profit from operations		**193,953**	202,171	**759,001**	701,691
Finance costs		**(241,366)**	(142,076)	**(641,270)**	(379,152)
Investment income		**319,838**	419,676	**1,552,648**	1,094,453
Reversal of impairment charged on investments		**-**	108,682	**-**	360,700
Profit before taxation		**272,425**	588,453	**1,670,379**	1,777,692
Taxation	15	**(69,032)**	(85,018)	**(411,000)**	(391,825)
Profit for the period from Continuing operations		**203,393**	503,435	**1,259,379**	1,385,867
Loss for the period from Discontinued operations	9	**(38,373)**	(2,564,401)	**(190,212)**	(3,102,925)
Profit / (loss) for the period		**165,020**	(2,060,966)	**1,069,167**	(1,717,059)
Basic earnings / (loss) per share					
From Continuing operations	Rupees 16	**2.41**	5.97	**14.93**	16.42
From Discontinued operations	Rupees 16	**(0.45)**	(30.39)	**(2.25)**	(36.77)
From Profit for the period	Rupees	**1.96**	(24.42)	**12.68**	(20.35)
Diluted earnings / (loss) per share					
From Continuing operations	Rupees 16	**2.41**	5.52	**14.16**	15.36
From Discontinued operations	Rupees 16	**(0.45)**	(30.39)	**(2.25)**	(36.77)
From Profit for the period	Rupees	**1.96**	24.87	**11.91**	(21.41)

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

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

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the quarter and nine months ended September 30, 2013

	Quarter ended		Nine months ended	
	September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
	Un-audited	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented
	(R u p e e s	i n	t h o u s	a n d)
Profit / (loss) for the period	**165,020**	(2,060,966)	**1,069,167**	(1,717,059)
Other comprehensive income				
Items that will not be reclassified to profit or loss				
(Deficit) / surplus on re-measurement of available for sale financial assets	**(1,091,125)**	675,658	**5,352,243**	2,200,096
Re-measurement of net defined benefit asset / liability - net of tax	**-**	-	**9,778**	(25,628)
	(1,091,125)	675,658	**5,362,021**	2,174,468
Items that may be reclassified subsequently to profit or loss	**-**	-	**-**	-
Total comprehensive (loss) / income for the period	**(926,105)**	(1,385,308)	**6,431,188**	457,409

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

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

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the nine months ended September 30, 2013

	Share capital	Share premium	Fair value reserve	General reserve	Preference shares / convertible stock reserve	Accumulated (loss) / profit	Total
	(Rupees in thousand)						
Balance as on December 31, 2011 (audited)	843,795	2,876,893	9,141,841	16,160,333	1,605,875	(1,080,744)	**29,547,993**
Effect of change in accounting policy (note - 3.2.1)	-	-	-	-	-	(312,440)	**(312,440)**
Balance as on December 31, 2011 (audited and re-stated)	843,795	2,876,893	9,141,841	16,160,333	1,605,875	(1,393,184)	**29,235,553**
Appropriation of funds							
Transferred to profit and loss account	-	-	-	(1,250,000)	-	1,250,000	**-**
Transactions with owners							
Final dividend for the year ended December 31, 2011 Rs. 1.50 per share	-	-	-	-	-	(126,569)	**(126,569)**
Loss for the period - re-stated	-	-	-	-	-	(1,717,059)	**(1,717,059)**
Other comprehensive income							
Surplus on re-measurement of available for sale financial assets	-	-	2,200,096	-	-	-	**2,200,096**
Re-measurement of net defined benefit asset / liability (note - 3.2.1) - net of tax - re-stated	-	-	-	-	-	(25,628)	**(25,628)**
Total comprehensive income for the period	-	-	2,200,096	-	-	(1,742,687)	**457,409**
Balance as on September 30, 2012 (un-audited and re-stated)	843,795	2,876,893	11,341,937	14,910,333	1,605,875	(2,012,440)	**29,566,393**
Loss for the period - re-stated	-	-	-	-	-	(799,260)	**(799,260)**
Other comprehensive income							
Surplus on re-measurement of available for sale financial assets	-	-	1,946,253	-	-	-	**1,946,253**
Re-measurement of net defined benefit asset / liability (note - 3.2.1) - net of tax - re-stated	-	-	-	-	-	(25,627)	**(25,627)**
Total comprehensive income for the period	-	-	1,946,253	-	-	(824,887)	**1,121,366**
Balance as on December 31, 2012 (audited and re-stated)	843,795	2,876,893	13,288,190	14,910,333	1,605,875	(2,837,327)	**30,687,759**
Appropriation of funds							
Transferred to profit and loss account	-	-	-	(3,300,000)	-	3,300,000	**-**
Transactions with owners							
Final dividend for the year ended December 31, 2012 Rs. 4.50 per share	-	-	-	-	-	(379,708)	**(379,708)**
Profit for the period	-	-	-	-	-	1,069,167	**1,069,167**
Other comprehensive income							
Surplus on re-measurement of available for sale financial assets	-	-	5,352,243	-	-	-	**5,352,243**
Re-measurement of net defined benefit asset / liability (note - 3.2.1) - net of tax	-	-	-	-	-	9,778	**9,778**
Total comprehensive income for the period	-	-	5,352,243	-	-	1,078,945	**6,431,188**
Balance as on September 30, 2013 - un-audited	843,795	2,876,893	18,640,433	11,610,333	1,605,875	1,161,910	**36,739,239**

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

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

PACKAGES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
for the nine months ended September 30, 2013

	Note	Nine months ended September 30, 2013 Un-audited	Nine months ended September 30, 2012 Un-audited and Re-stated
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from / (used in) operations	18	**1,929,090**	(487,914)
Finance cost paid		**(1,019,399)**	(1,037,481)
Taxes paid		**(452,040)**	(648,286)
Payments for accumulating compensated absences		**(74,778)**	(18,167)
Retirement benefits paid		**(314,727)**	(36,570)
Net cash generated from / (used in) operating activities		**68,147**	(2,228,418)
Cash flow from investing activities			
Fixed capital expenditure		**(538,919)**	(961,851)
Investments - net		**(2,274,951)**	4
Net increase in long-term loans and deposits		**(1,267)**	(3,341)
Proceeds from disposal of property, plant and equipment		**55,357**	29,648
Dividends received		**1,552,648**	1,070,777
Net cash (used in) / generated from investing activities		**(1,207,132)**	135,237
Cash flow from financing activities			
Proceeds from long-term finances - secured		**1,000,000**	-
Repayment of long-term finances - secured		**(1,000,000)**	(98,809)
Dividend paid		**(379,768)**	(126,581)
Net cash used in financing activities		**(379,768)**	(225,390)
Net decrease in cash and cash equivalents		**(1,518,754)**	(2,318,570)
Cash and cash equivalents at the beginning of the period		**(5,546,562)**	(620,551)
Cash and cash equivalents transferred to the subsidiary		**5,100,000**	-
Cash and cash equivalents at the end of the period	19	**(1,965,316)**	(2,939,120)

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

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

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

for the quarter and nine months ended September 30, 2013

1. The Company and its activities

Packages Limited ('The Company') is a public limited company incorporated in Pakistan and is listed on Karachi, Lahore and Islamabad Stock Exchanges. It is principally engaged in the manufacture and sale of paper, packaging materials and tissue products.

The Company entered into 50/50 Joint Venture Agreement (the "JV Agreement") on September 17, 2012 with 'Stora Enso OYJ Group' ('Stora Enso') in its wholly owned subsidiary Bulleh Shah Packaging (Private) Limited [formerly Bulleh Shah Paper Mill (Private) Limited] ('BSPL'). The Joint Venture includes Paper & Paperboard and Corrugated business operations at Kasur and Karachi and involves initial equity participation of Stora Enso of 35% by way of subscription of right shares with a commitment to increase the shareholding to 50% at a later stage subject to certain conditions being met. The agreed value for 100% of the Joint Venture Company is USD 107.5 million on a cash and debt free basis with additional equity to be subscribed by Stora Enso through right shares in the Joint Venture Company of USD 17.5 million, based on the financial results of second half of 2012 and first half of 2013. Packages Limited shall continue to hold minimum 50% ownership and future profits of the Joint Venture.

Pursuant to the Agreement, the Company, during the period, transferred the assets and corresponding liabilities of its Kasur and Karachi operations to BSPL along with certain cash contribution. Upon subscription by Stora Enso in BSPL, the Company has derecognised its investment in BSPL owing to loss of control and recognised an investment in jointly controlled entity, with Stora Enso as the Joint Venture partner.

As a result, the Company's operations have been divided into Continuing and Discontinued operations in accordance with the requirements of International Financial Reporting Standard (IFRS) 5, 'Non-current assets held for sale and Discontinued operations'. Paper and Paperboard and Corrugated businesses have been classified as Discontinued operations because these form part of the Joint Venture. Continuing operations include Folding Cartons, Flexible Packaging and Consumer Products businesses.

Moreover, the Company also closed down its Paper and Paperboard operations in Lahore, during the prior year.

The Paper and Paperboard operations in Lahore have also been classified as a Discontinued operation as reflected in note 9 of these financial statements, in accordance with the requirements of IFRS 5. This has not been classified as held for sale as it does not meet the criteria for being classified as held for sale under IFRS 5.

The figures of the prior period have been represented in accordance with the requirements of IFRS 5, wherever relevant.

2. Basis of preparation

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2012.

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended December 31, 2012 except for the adoption of new accounting policies as referred to in note 3.2.1.

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

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

3.2.1 Amendments to published standards effective in current year

New and amended standards, and interpretations mandatory for the first time for the financial year beginning January 1, 2013 and their impact on these condensed interim financial information is given below:

Annual improvements to IFRSs 2011 are applicable on accounting periods beginning on or after January 1, 2013. This set of amendments includes changes to five standards: IFRS 1, 'First time adoption', IAS 1, 'Financial statement presentation', IAS 16, 'Property plant and equipment', IAS 32, 'Financial instruments; Presentation' and IAS 34, 'Interim financial reporting'. The application of these amendments have no material impact on the Company's condensed interim financial information.

IFRS 1 (Amendments), 'First time adoption', on government loans is applicable on accounting periods beginning on or after January 1, 2013. The amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008. The application of these amendments have no material impact on the Company's condensed interim financial information.

IFRS 7 (Amendments), 'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 1, 2013. The amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The application of these amendments have no material impact on the Company's condensed interim financial information.

IFRS 11 - 'Joint arrangements' is applicable on accounting periods beginning on or after January 1, 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The application of these amendments has no material impact on the Company's condensed interim financial information.

IFRS 12 - 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 1, 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The application of this standard has no material impact on the Company's condensed interim financial information.

IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 1, 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The application of this standard has no material impact on the Company's condensed interim financial information.

IAS 1 (Amendments), 'Financial statement presentation' regarding other comprehensive income. This is applicable on accounting periods beginning on or after July 1, 2012. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendments do not address which items are presented in OCI. The application of this standard has no material impact on the Company's condensed interim financial information.

IAS 19 (revised) 'Employee benefits'. IAS 19 (revised) amends the accounting for employment benefits. The Company has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Company has been in the following areas:

The standard requires past service cost to be recognised immediately in profit or loss account. Since there are no unrecognised past service costs there is no impact of this provision on the condensed interim financial information of the Company.

The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on high-quality corporate bonds. The effect has been that the income statement charge for the period has decreased by Nil (September 30, 2012: Rs. 71.465 million).

There is a new term ''re-measurements''. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.

Retirement benefits obligation as previously reported has been re-stated at the reporting dates to reflect the effect of the above. Amounts have been re-stated as at January 1, 2012 by increasing the retirement benefits obligation by Rs. 480.678 million and December 31, 2012 by increasing the retirement benefits obligation by Rs. 259.306 million.

Due to the re-statement, basic and diluted earnings per share for the period ended September 30, 2012 have increased by Rs. 0.85 per share and Rs. 0.67 per share respectively.

The effect of the change in accounting policy on the statement of cash flows was immaterial.

These impacts have been calculated and reported on the basis of actuarial valuation conducted at June 30, 2013, no such valuation has been carried out at this interim stage as there is no material development that may significantly impact these financial results.

IAS 27 (Revised 2011), ‘Separate financial statements’ is applicable on accounting periods beginning on or after January 1, 2013. It includes the provisions on separate financial statements that are left after the control provisions of IAS 27 which have been included in the new IFRS 10. The application of this standard has no material impact on the Company's condensed interim financial statements.

IAS 28 (Revised 2011), ‘Associates and joint ventures’ is applicable on accounting periods beginning on or after January 1, 2013. It includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 11. The application of this standard has no material impact on the Company's condensed interim financial statements.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2013 or later periods, but the Company has not early adopted them:

IFRS 9 - ‘Financial instruments’ - classification and measurement. This is applicable on accounting periods beginning on or after January 01, 2015. This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, ‘Financial instruments: Recognition and measurement’. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. The application of these amendments have no material impact on the Company's condensed interim financial statements.

IAS 32 (Amendment), 'Financial Instruments: Presentation' is applicable on accounting periods beginning on or after January 1, 2014. This amendment updates the application guidance in IAS 32, ‘Financial instruments: Presentation’, to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Company shall apply this amendment from January 1, 2014 and does not expect to have a material impact on its condensed interim financial statements.

4. Taxation

The provision for taxation for the nine months ended September 30, 2013 has been made using the tax rate that would be applicable to expected total annual earnings.

5. Estimates

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

In preparing these condensed interim financial information, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2012, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

6. Long-term finances

	Note	September 30, 2013 Un-audited	December 31, 2012 Audited
		(Rupees in thousand)	
Opening balance			
Local currency loans - secured		**3,000,000**	6,485,714
Preference shares / convertible stock - unsecured		**2,470,577**	2,470,577
		5,470,577	8,956,291
Loans obtained during the period			
Local currency loans - secured	6.1	**1,000,000**	2,000,000
		6,470,577	10,956,291
Loans repaid during the period			
Local currency loans - secured	6.1	**(1,000,000)**	(5,485,714)
		5,470,577	5,470,577
Current portion shown under current liabilities		**(200,000)**	(1,000,000)
Closing balance		**5,270,577**	4,470,577

6.1 During the current period, the Company has prepaid its Term Finance Loan of Rs. 1,000 million availed from Bank Al-Habib Limited having Bank Al-Habib Limited own source component of Rs. 578 million and State Bank of Pakistan's long-term finance facility component of Rs. 422 million using long-term loan of Rs. 1,000 million from Bank Al-Habib Limited. This loan is secured by a ranking charge of Rs. 1,273 million over present and future fixed assets of the Company located at Lahore excluding land and buildings. It carries mark up at the rate of six months KIBOR plus 0.65 percent per annum and is repayable in 10 equal semiannual installments starting on November 19, 2013 and ending on May 19, 2018.

7. The Company has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 566.842 million (2012: Rs. 566.842 million) and Rs. 261.474 million (2012: Rs. 261.474 million) available to the Company under section 113 and section 65B of the Income Tax Ordinance, 2001 ('Ordinance') respectively and unused tax losses of Rs. 132.163 (2012: Nil) in view of the management's estimate that the Company may not be able to offset these against tax liability arising in respect of relevant business profits of future periods, before these expire / lapse. Tax credits under section 113 of the Ordinance amounting to Rs. 68.813 million, Rs. 183.823 million, Rs. 203.917 million and Rs. 110.289 million are set to lapse by the end of years ending on December 31, 2014, 2015, 2016 and 2017 respectively. Tax credit under section 65B of the Ordinance amounting to Rs. 190.334 million and Rs 71.140 million shall lapse by the end of years ending on December 31, 2013 and 2014 respectively.

8. Derivative financial instruments

Liability in respect of arrangements under the JV Agreement

This represents amount in respect of arrangements under the JV Agreement between the Company and Stora Enso referred to in note 1; which provide Stora Enso the right, in case certain conditions specified in the JV Agreement are not met, and obligates Stora Enso, in case certain conditions specified in the JV Agreement are met, to subscribe to the share capital of BSPL. A key condition of such right and obligation relates to the envisaged Joint Venture achieving specified EBITDA, to which the subscription price is also linked. At recognition, it was included in the loss recognised on re-measurement of the disposal group classified as held for sale in the previous year's annual financial statements. The gain on re-measurement of this derivative during the current period has been included in other operating income of continuing operations.

9. Disposal group classified as held for sale and Discontinued operations

9.1 Assets and liabilities of disposal group classified as held for sale

	Note	**September 30, 2013**	December 31, 2012
		Un-audited	Audited
		(Rupees in thousand)	
Assets classified as held for sale			
Operating assets	9.1.1	**-**	10,249,450
Capital work-in-progress		**-**	162,365
Intangible assets		**-**	10,021
Stores and spares		**-**	695,153
Stock-in-trade		**-**	3,426,302
Total assets of the disposal group		**-**	14,543,291
Liabilities directly associated with assets classified as held for sale			
Deferred income tax liabilities		**-**	551,513
Short-term finances - secured		**-**	5,100,000
Other payables		**-**	17,684
Total liabilities of the disposal group		**-**	5,669,197
Total net assets of the disposal group		**-**	8,874,094

9.1.1 Operating assets

	Note	September 30, 2013	December 31, 2012
Opening balance		**10,249,450**	-
Assets of disposal group classified as held for sale as at September 30, 2012		**-**	14,672,768
Net book value of additions / transfers in		**113,580**	32,402
Net book value of deletions / transfers out		**(1,176)**	(1,591)
		10,361,854	14,703,579
Loss recognised on the re-measurement of assets of disposal group	9.1.2	**-**	(4,454,129)
		10,361,854	10,249,450
Assets transferred out to BSPL during the period		**(10,361,854)**	-
Closing balance		**-**	10,249,450

9.1.2 Loss recognised on the re-measurement of assets of disposal group

This represents the difference between the carrying values of net assets transferred to BSPL and the estimated fair value thereof in the form of Company's interest in the envisaged Joint Venture, net of the amount as described in note 8.

9.2 Commitments in respect of disposal group classified as held for sale

(i) Letters of credit and contracts for capital expenditure Nil (2012: Rs. 2.242 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs. 5.565 million (2012: Rs. 369.488 million).

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

	September 30, 2013	December 31, 2012
	Un-audited	Audited
	(Rupees in thousand)	
Not later than one year	-	346
Later than one year and not later than five years	-	268
	-	614

9.3 Profit and loss account - Discontinued operations

	Paper & Paperboard and Corrugated business operations at Kasur and Karachi		**Paper & Paperboard operations at Lahore**		**Total**	
	September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012	**September 30, 2013**	September 30, 2012
	Un-audited	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented
	(Rupees in thousand)					
Local sales	**2,944,540**	7,524,895	**-**	70,135	**2,944,540**	7,595,030
Export sales	**7,213**	24,853	**-**	-	**7,213**	24,853
Gross sales	**2,951,753**	7,549,748	**-**	70,135	**2,951,753**	7,619,883
Less : Sales tax and excise duty	**381,329**	1,024,230	**-**	2,761	**381,329**	1,026,991
Commission	**-**	34	**-**	-	**-**	34
	381,329	1,024,264	**-**	2,761	**381,329**	1,027,025
	2,570,424	6,525,484	**-**	67,374	**2,570,424**	6,592,858
Sales to Continuing operations	**448,623**	1,607,725	**-**	-	**448,623**	1,607,725
	3,019,047	8,133,209	**-**	67,374	**3,019,047**	8,200,583
Cost of sales	**(2,809,367)**	(7,865,252)	**-**	(229,193)	**(2,809,367)**	(8,094,445)
Gross profit / (loss)	**209,680**	267,957	**-**	(161,819)	**209,680**	106,138
Administrative expenses	**(106,766)**	(234,673)	**-**	(34,500)	**(106,766)**	(269,173)
Distribution and marketing costs	**(62,355)**	(131,963)	**-**	(15,734)	**(62,355)**	(147,697)
Other operating income / expense	**2,377**	8,665	**42,133**	11,455	**44,510**	20,120
Profit / (loss) from operations	**42,936**	(90,014)	**42,133**	(200,598)	**85,069**	(290,612)
Finance cost	**(248,281)**	(739,235)	**-**	(3,447)	**(248,281)**	(742,682)
(Loss) / profit before tax from Discontinued operations	**(205,345)**	(829,249)	**42,133**	(204,045)	**(163,212)**	(1,033,294)
Taxation	**(26,195)**	389,985	**(805)**	(2,616)	**(27,000)**	387,369
(Loss) / profit for the period from Discontinued operations	**(231,540)**	(439,264)	**41,328**	(206,661)	**(190,212)**	(645,925)
Loss on remeasurement of assets held as Disposal Group	**-**	(3,870,000)	**-**	-	**-**	(3,870,000)
Taxation	**-**	1,323,000	**-**	-	**-**	1,323,000
Loss after tax	**-**	(2,457,000)	**-**	**-**	**-**	**(2,457,000)**
profit / (loss) for the period from Discontinued operations	**(231,540)**	(2,896,264)	**41,328**	(206,661)	**(190,212)**	(3,102,925)

9.4 Cash flow from Discontinued operations

	Paper & Paperboard and Corrugated business operations at Kasur and Karachi		Paper & Paperboard operations at Lahore		Total	
	September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012	**September 30, 2013**	September 30, 2012
	Un-audited	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented
	(Rupees in thousand)					
Cash flow from operating activities	**303,180**	(959,320)	**174,180**	115,316	**477,360**	(844,004)
Cash flow from investing activities	**(20,371)**	(181,000)	**11,971**	2,481	**(8,400)**	(178,519)
Cash flow from financing activities	**-**	(98,809)	**-**	-	**-**	(98,809)
Total cash flows	**282,809**	(1,239,129)	**186,151**	117,797	**468,960**	(1,121,332)

10. Contingencies and commitments

10.1 Contingencies

(i) Claims against the Company not acknowledged as debts Rs. 20.030 million (December 31, 2012: Rs. 25.860 million).

(ii) Post dated cheques not provided in the condensed interim financial information have been furnished by the Company in favor of the Collector of Customs against custom levies aggregated to Rs. 423.558 million (December 31, 2012: Rs. 217.102 million) in respect of goods imported.

10.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 38.068 million (December 31, 2012: Rs. 81.017 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs. 220.773 million (December 31, 2012: Rs. 618.740 million).

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

	September 30, 2013	December 31, 2012
	Un-audited	Audited
	(Rupees in thousand)	
Not later than one year	**208,276**	170,192
Later than one year and not later than five years	**228,465**	495,581
	436,741	665,773

11. Dividends

Ordinary dividend relating to the year ended December 31, 2012 amounting to Rs. 379.708 million (December 31, 2011: Rs. 126.569 million) was declared during the period. The Company also paid preference dividend / return relating to the year ended December 31, 2012 amounting to Rs. 412.050 million (December 31, 2011: Rs. 412.050 million) during the period.

12. Property, plant and equipment

		September 30, 2013	December 31, 2012
		Un-audited	Audited
	Note	**(Rupees in thousand)**	
Operating assets	12.1	**3,230,081**	3,068,122
Capital work-in-progress	12.2	**297,607**	390,993
		3,527,688	3,459,115

12.1 Operating assets

	Note	September 30, 2013 Un-audited	December 31, 2012 Audited
		(Rupees in thousand)	
Opening book value		**3,068,122**	18,220,375
Additions during the period	12.1.1	**568,703**	848,486
Transfer in at book value - net		**1,409**	2,841
Classified as held for sale	9.1.1	**-**	(14,672,768)
Disposals during the period (at book value)		**(16,035)**	(88,322)
Classified as held for sale		**(20,395)**	-
Transferred to investment property		**(49,188)**	-
Depreciation charged during the period		**(322,535)**	(1,242,490)
		(408,153)	(1,330,812)
Closing book value		**3,230,081**	3,068,122

12.1.1 Following is the detail of additions during the period

Buildings on freehold land	**402**	8,236
Buildings on leasehold land	**169,099**	3,072
Plant and machinery	**198,032**	711,401
Other equipment	**154,355**	56,443
Vehicles	**46,815**	69,334
	568,703	848,486

12.2 Capital work-in-progress

Civil works	**134,509**	172,830
Plant and machinery and others [including in transit Nil (2012: Rs. 95.562 million)]	**162,883**	197,731
Others	**215**	246
Advances	**-**	20,186
	297,607	390,993

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

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

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

14. Cost of sales

	Note	Quarter ended		Nine Months ended	
		September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
		Un-audited	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented
		(Rupees in thousand)			
Materials consumed		**2,227,887**	1,892,357	**7,086,730**	5,567,833
Salaries, wages and amenities	14.1	**208,733**	208,002	**664,102**	585,628
Travelling		**5,440**	5,385	**17,982**	17,242
Fuel and power		**250,175**	268,124	**715,099**	683,963
Production supplies		**68,463**	48,688	**203,821**	158,297
Excise duty and sales tax		**741**	23	**3,531**	483
Rent, rates and taxes		**65,621**	78,041	**200,403**	242,060
Insurance		**9,997**	6,741	**26,633**	19,131
Repairs and maintenance		**71,762**	62,561	**220,504**	211,026
Packing expenses		**60,377**	24,495	**141,469**	68,375
Depreciation on property, plant and equipment		**104,353**	84,621	**295,522**	238,774
Amortisation of intangible assets		**647**	-	**1,881**	-
Depreciation on assets subject to finance lease		**86**	-	**86**	-
Technical fee and royalty		**2,472**	1,586	**6,236**	18,619
Other expenses		**28,460**	7,444	**80,101**	35,682
		3,105,214	2,688,068	**9,664,100**	7,847,113
Opening work-in-process		**195,720**	257,051	**245,126**	246,344
Closing work-in-process		**(199,968)**	(150,685)	**(199,968)**	(150,685)
Cost of goods produced		**3,100,966**	2,794,434	**9,709,258**	7,942,772
Opening stock of finished goods		**483,103**	476,667	**808,604**	412,889
Closing stock of finished goods		**(522,903)**	(677,306)	**(522,903)**	(677,306)
		3,061,166	2,593,795	**9,994,959**	7,678,355

14.1. Salaries, wages and amenities include Rs. 14.481 million (2012: Rs. 6.192 million) paid to outgoing employees who opted for separation from Company's employment under Voluntary Separation Scheme.

15. Taxation

	Quarter ended		Nine months ended	
	September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
	Un-audited	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented
	(Rupees in thousand)			
Current				
Current year	**35,000**	(16,571)	**129,000**	49,929
Prior years	**-**	-	**-**	10,412
	35,000	(16,571)	**129,000**	60,341
Deferred	**34,032**	101,589	**282,000**	331,484
	69,032	85,018	**411,000**	391,825

16. Earnings / (loss) per share

		Quarter ended		Nine months ended	
		September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
		Un-audited	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented
16.1 Basic earnings per share - Continuing operations					
Profit for the period	Rupees in thousand	**203,393**	503,435	**1,259,379**	1,385,867
Weighted average number of ordinary shares	Numbers	**84,379,504**	84,379,504	**84,379,504**	84,379,504
Earnings per share	Rupees	**2.41**	5.97	**14.93**	16.42
16.2 Basic loss per share - Discontinued operations					
Loss for the period	Rupees in thousand	**(38,373)**	(2,564,401)	**(190,212)**	(3,102,925)
Weighted average number of ordinary shares	Numbers	**84,379,504**	84,379,504	**84,379,504**	84,379,504
Loss per share	Rupees	**(0.45)**	(30.39)	**(2.25)**	(36.77)
16.3 Diluted earnings per share - Continuing operations					
Profit for the period	Rupees in thousand	**203,393**	503,435	**1,259,379**	1,385,867
Return on preference shares / convertible stock - net of tax	Rupees in thousand	**81,850**	81,683	**242,991**	243,272
		285,243	585,118	**1,502,370**	1,629,139
Weighted average number of ordinary shares	Numbers	**84,379,504**	84,379,504	**84,379,504**	84,379,504
Weighted average number of notionally converted preference shares / convertible stock	Numbers	**21,686,842**	21,686,842	**21,686,842**	21,686,842
		106,066,346	106,066,346	**106,066,346**	106,066,346
Earnings per share	Rupees	**2.69**	5.52	**14.16**	15.36

The effect of the conversion of the convertible preference shares into ordinary shares is anti-dilutive for the current quarter, accordingly the diluted EPS is restricted to the basic EPS.

16.4 Diluted loss per share - Discontinued operations

The diluted loss per share of Discontinued operations is the same as basic loss per share of Discontinued operations as there are no convertible instruments attributable to the Discontinued operations.

17. Transactions with related parties

Relationship with the Company	Nature of transactions	Nine months ended September 30, 2013 Un-audited	September 30, 2012 Un-audited and Re-stated
		(Rupees in thousand)	
i. Subsidiaries	Purchase of goods and services	**991,232**	573,365
	Sale of goods and services	**710,695**	18,806
	Assets and liabilities transferred	**9,973,642**	-
	Investment	**-**	9
	Dividend income	**29,524**	51,279
	Rental income	**20,239**	10,429
	Management & Technical Fee	**14,000**	15,067
ii. Joint Venture	Purchase of goods and services	**709,186**	-
	Sale of goods and services	**836,468**	-
	Rental income	**18,209**	-
iii. Associates	Purchase of goods and services	**737,541**	587,134
	Sale of goods and services	**33,038**	70,539
	Insurance premium	**107,495**	149,239
	Commission earned	**5,398**	4,949
	Insurance claims received	**63,875**	231,433
	Dividend income	**123,677**	259,191
iv. Post employment benefit plans	Expense charged in respect of retirement benefit plans	**82,311**	99,652
v. Key management personnel	Salaries and other employee benefits	**63,602**	60,650

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

Period-end balances

	September 30, 2013 Un-audited	December 31, 2012 Audited
	(Rupees in thousand)	
Receivable from related parties		
Subsidiaries	**35,721**	18,546
Joint Venture	**1,050,116**	-
Associates	**50,900**	101,877
Payable to related parties		
Subsidiaries	**73,086**	75,421
Joint Venture	**148,415**	-
Associates	**41,858**	95,948
Post employment benefit plans	**11,965**	15,788

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

18. Cash generated from operations

	Nine Months ended	
	September 30, 2013	September 30, 2012
	Un-audited	Un-audited and Re-stated
	(Rupees in thousand)	
Profit before tax	**1,507,167**	(3,035,602)
Adjustments for:		
Loss recognised on the re-measurement of assets of disposal group	**-**	3,780,000
Depreciation on property, plant and equipment	**322,535**	1,142,681
Depreciation on investment property	**1,885**	1,234
Amortisation on intangible assets	**8,595**	6,713
Depreciation on assets subject to finance lease	**86**	-
Provision for accumulating compensated absences	**59,313**	34,859
Provision for / (reversal of) retirement benefits	**16,927**	(50,911)
Net profit on disposal of property, plant and equipment	**(39,322)**	(10,855)
Gain on sale of short-term investments	**-**	(13)
Finance costs	**889,551**	1,121,837
Reversal of impairment charged on investments	**-**	(360,700)
Gain on re-measurement of derivative financial instruments	**(76,787)**	-
Dividend income	**(1,552,648)**	(1,094,453)
Profit before working capital changes	**1,137,302**	1,534,790
Effect on cash flow due to working capital changes		
Decrease / (increase) in trade debts	**465,735**	(723,972)
Increase in stores and spares	**(186,415)**	(134,800)
Decrease / (increase) in stock-in-trade	**626,051**	(1,175,698)
Increase in loans, advances, deposits, prepayments and other receivables	**(74,796)**	(69,451)
(Decrease) / increase in trade and other payables	**(38,787)**	81,217
	791,788	(2,022,704)
	1,929,090	(487,914)

19. Cash and cash equivalents

Cash and bank balances	**108,367**	191,678
Finances under mark up arrangements - secured	**(2,073,683)**	(3,130,798)
	(1,965,316)	(2,939,120)

20. Financial risk management

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2012.

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

21. Date of authorisation for issue

This condensed interim financial information was authorised for issue on October 25, 2013 by the Board of Directors of the Company.

22. Events after the balance sheet date

No material events have occurred subsequent to September 30, 2013.

23. Corresponding figures

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

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison. However, no significant reclassifications have been made except for restatement made in accordance with IAS 19 (revised) and representing the results of discontinued operations in accordance with IFRS 5 as reflected in notes 3.2.1 and 9 respectively to these condensed financial statements.

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

Packages Group
Condensed Consolidated Interim Financial Information

DIRECTORS' REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

بسم الله الرحمن الرحيم

The Directors of Packages Limited are pleased to present the un-audited condensed consolidated interim financial information of the Group for the nine months ended September 30, 2013.

Group results

The comparison of the un-audited results for the nine months ended September 30, 2013 as against September 30, 2012 is as follows:

	Jan - Sept 2013	Jan - Sept 2012 Re-stated and Represented
	(Rupees in million)	
Continuing Operations:		
Invoiced sales - net	**13,306**	10,508
Less: Imported materials transferred at cost to Joint Venture	**(460)**	-
Net sales from operations	**12,846**	10,508
Profit from operations	**1,038**	898
Share of profit of associates and joint venture	**250**	224
Investment income	**1,399**	784
Profit after tax	**1,419**	1,463
Discontinued Operations:		
Loss after tax	**(144)**	(3,103)

Continuing Operations

During the first nine months of 2013, Continuing Operations have achieved net sales of Rs. 12,843 million against net sales of Rs. 10,508 million achieved during corresponding period of last year indicating sales growth of 22%. This sale excludes Rs. 460 million of materials imported on behalf of "Bulleh Shah Packaging (Private) Limited 'BSPL' and transferred to it at cost subsequent to its recognition as jointly controlled entity.

Continued Operations have achieved Profit from operations of Rs. 1,038 million during the nine months of 2013 as against that of Rs. 898 million achieved during corresponding period of the year 2012 representing an increase of Rs. 140 million i.e. 16%.

Investment income has also increased by Rs. 615 million during first nine months of 2013 over corresponding values of 2012 that is indicative of improved operational performance of the investee companies.

In 2013, the Group has also changed its accounting policy in respect of recognition of actuarial losses arising from retirement benefit plans in pursuance of amendments in International Accounting Standard 19 'Employee Benefits' that are effective from financial years beginning on or after January 1, 2013 and recognised a charge of Rs. 168.548 million net of taxes to the opening balance of accumulated profit /(loss) and retirement benefits including pension fund and gratuity fund as referred to in note 3.2.1 to the financial statements for the period ended September 30, 2013.

Discontinued Operations

The Parent Company has recognised its Paper & Paperboard and Corrugated businesses as Discontinued Operations in accordance with applicable financial reporting framework and has completed the transfer of assets and related obligations of these businesses to its 100% wholly owned subsidiary "Bulleh Shah Packaging (Private) Limited 'BSPL' during the first half of 2013 against the issuance of shares. Furthermore, the Parent Company has also injected cash equity into BSPL to finance its investment project.

After Implementation of Joint Venture (JV) Agreement with Stora Enso A.B, Packages Limited now holds 65% equity in BSPL. Stora Enso has made direct equity investment of US$ 38.95M in BSPL and is also actively providing technical expertise to further streamline the Paper & Paperboard and Corrugated packaging operations.

The financial results of BSPL have been consolidated into the Group financials as a 100% wholly owned subsidiary in accordance with applicable financial reporting framework till May 31, 2013; when Stora Enso injected direct equity investment into BSPL under the JV Agreement. Thereafter, BSPL has been recognised as a jointly controlled entity and its subsequent financial results have been accounted for under equity method as permitted under applicable financial reporting framework.

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

DIC PAKISTAN LIMITED

DIC Pakistan Limited is a non-listed public limited subsidiary of Packages Limited. It is principally engaged in manufacturing, processing and selling of industrial inks. The Company has achieved net sales of Rs. 1,960 million during first nine months of the year 2013 as compared to Rs. 1,583 million of the corresponding period of last year representing sales growth of 24%. The Company has generated profit before tax of Rs. 195 million during first nine months of the year 2013 as against Rs. 90 million generated during corresponding period of 2012. Moving forward, the Company will continue its focus on improving operating results through tighter operating cost control, product diversification, price rationalization and better working capital management.

PACKAGES LANKA (PRIVATE) LIMITED

Packages Lanka (Private) Limited is a Sri Lanka based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging solutions. The Company has achieved turnover of SLR. 1,134 million during first nine months of the year 2013 as compared to SLR. 1,066 million of corresponding period of last year. The Company has generated profit before tax of SLR. 26 million during first nine months of 2013 as compared to SLR. 81 million of corresponding period of 2012. This decline in profit is mainly attributable to increase in depreciation charge and finance cost by SLR. 32 million and SLR. 35 million respectively resulting from capitalisation of new printing line towards the end of the year 2012. With installation of new printing line, the management is confident of consolidating its market share in the increasingly competitive local market and will be able to recover investment costs through enhanced sales.

(Towfiq Habib Chinoy)
Chairman
Karachi, October 25, 2013

(Syed Hyder Ali)
Chief Executive & Managing Director
Karachi, October 25, 2013

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED)
as at September 30, 2013

	Note	September 30, 2013 Un-audited	December 31, 2012 Audited and Re-stated
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (December 31, 2012: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (December 31, 2012: 22,000,000) 10% non-voting cumulative preference shares / convertible stock of Rs. 190 each		**4,180,000**	4,180,000
Issued, subscribed and paid up capital			
84,379,504 (December 31, 2012: 84,379,504) ordinary shares of Rs 10 each		**843,795**	843,795
Reserves		**33,156,418**	31,091,857
Preference shares / convertible stock reserve		**1,605,875**	1,605,875
Accumulated profit / (loss)		**1,820,581**	(2,325,639)
		37,426,669	31,215,888
NON CONTROLLING INTEREST		**308,969**	252,201
		37,735,638	31,468,089
NON-CURRENT LIABILITIES			
Long-term finances	6	**5,603,542**	4,687,220
Liabilities against assets subject to finance lease		**7,416**	-
Deferred income tax liabilities	7	**445,891**	420,052
Retirement benefits		**9,252**	315,336
Deferred liabilities		**156,591**	133,360
		6,222,692	5,555,968
CURRENT LIABILITIES			
Current portion of long-term finances - secured	6	**200,000**	1,000,000
Current portion of liabilities against assets subject to finance lease		**1,028**	-
Finances under mark up arrangements - secured		**2,474,145**	1,251,463
Trade and other payables		**3,074,436**	2,162,205
Derivative financial instruments	8	**87,772**	164,559
Accrued finance cost		**404,100**	543,187
		6,241,481	5,121,414
Liabilities of disposal group classified as held for sale	17	**-**	5,669,197
CONTINGENCIES AND COMMITMENTS	9	**-**	-
		50,199,811	47,814,668

	Note	September 30, 2013 Un-audited	December 31, 2012 Audited and Re-stated
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	**4,087,823**	4,020,733
Intangible assets		**42,333**	50,053
Investment property		**48,848**	2,108
Assets subject to finance lease		**8,563**	-
Investments accounted for using the equity method	12	**13,680,276**	3,612,013
Other long-term investments	13	**22,640,069**	17,287,826
Long-term loans and deposits		**80,590**	97,747
Retirement benefits		**6,067**	-
Deferred income tax asset		**12,018**	13,654
		40,606,588	25,084,134
CURRENT ASSETS			
Stores and spares		**660,288**	507,521
Stock-in-trade		**2,993,685**	2,484,123
Trade debts		**2,276,813**	2,667,931
Loans, advances, deposits, prepayments and other receivables		**1,544,654**	446,758
Income tax receivable	14	**1,965,655**	1,664,333
Cash and bank balances		**152,128**	416,577
		9,593,223	8,187,243
Assets of disposal group classified as held for sale	17	**-**	14,543,291
		50,199,811	47,814,668

The annexed notes 1 to 27 form an integral part of this condensed consolidated interim financial information.

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

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

for the quarter and nine months ended September 30, 2013

	Note	Quarter ended		Nine months ended	
		September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
		Un-audited	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented
		(Rupees in thousand)			
Local sales		**4,550,141**	4,065,377	**14,920,705**	12,162,949
Export sales		**130,065**	52,658	**343,011**	118,111
Gross sales		**4,680,206**	4,118,035	**15,263,717**	12,281,060
Less : Sales tax		**588,686**	575,397	**1,938,276**	1,761,506
Commission		**6,443**	4,599	**19,015**	11,368
		595,129	579,996	**1,957,291**	1,772,874
Net sales		**4,085,077**	3,538,039	**13,306,426**	10,508,186
Cost of sales	15	**(3,508,847)**	(3,082,917)	**(11,265,638)**	(9,168,608)
Gross profit		**576,230**	455,122	**2,040,788**	1,339,578
Administrative expenses		**(159,077)**	(112,955)	**(536,315)**	(323,286)
Distribution and marketing costs		**(137,277)**	(114,167)	**(487,825)**	(307,573)
Other operating expenses		**(22,852)**	12,375	**(126,931)**	(7,481)
Other operating income		**30,654**	18,534	**148,752**	196,282
Profit from operations		**287,678**	258,909	**1,038,469**	897,520
Finance costs		**(269,825)**	(161,072)	**(717,766)**	(430,899)
Investment income		**307,999**	396,001	**1,399,447**	783,983
Reversal of impairment charged on investments	16	**-**	177,130	**-**	455,863
Share of profit of investments accounted for using the equity method		**99,304**	38,124	**250,200**	224,047
Profit before taxation		**425,156**	709,092	**1,970,350**	1,930,514
Taxation					
Group		**(98,760)**	(101,399)	**(480,927)**	(386,929)
Associates		**(26,083)**	(16,353)	**(70,571)**	(80,734)
		(124,843)	(117,752)	**(551,498)**	(467,663)
Profit for the period from Continuing operations		**300,313**	591,340	**1,418,852**	1,462,851
Loss for the period from Discontinued operations	17.3	**(38,373)**	(2,564,401)	**(143,820)**	(3,102,925)
Profit / (loss) for the period		**261,940**	(1,973,061)	**1,275,032**	(1,640,074)
Attributable to:					
Equity holders of the Parent Company		**242,439**	(1,983,095)	**1,213,754**	(1,674,904)
Non-controlling interest		**19,501**	10,034	**61,278**	34,830
		261,940	(1,973,061)	**1,275,032**	(1,640,074)
Combined earnings per share from Continuing and Discontinued operations attributable to equity holders of the Parent Company during the period					
Combined basic earnings / (loss) per share					
From Continuing operations Rupees	18	**3.33**	6.89	**16.09**	16.92
From Discontinued operations Rupees	18	**(0.45)**	(30.39)	**(1.70)**	(36.77)
From Profit for the period Rupees		**2.87**	(23.50)	**14.38**	(19.85)
Combined diluted earnings / (loss) per share					
From Continuing operations Rupees	18	**3.33**	6.25	**15.09**	15.76
From Discontinued operations Rupees	18	**(0.45)**	(30.39)	**(1.70)**	(36.77)
From Profit for the period		**2.87**	(24.14)	**13.39**	(21.02)

The annexed notes 1 to 27 form an integral part of this condensed consolidated interim financial information.

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

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the quarter and nine months ended September 30, 2013

	Quarter ended		Nine months ended	
	September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
	Un-audited	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented
	(Rupees in thousand)			
Profit / (loss) after taxation	**261,940**	(1,973,061)	**1,275,032**	(1,640,074)
Other comprehensive income				
Exchange differences on translation of foreign subsidiary	**15,404**	21,961	**15,578**	(25,065)
Other reserves relating to associates - net of tax	**-**	15,750	**-**	17,511
Re-measurement of net defined benefit asset / liability	**-**	-	**12,174**	(25,628)
(Deficit) / surplus on re-measurement of available for sale financial assets	**(1,091,125)**	675,657	**5,352,243**	2,200,095
Other comprehensive (loss) / income for the period	**(1,075,721)**	713,368	**5,379,995**	2,166,913
Total comprehensive (loss) / income for the period	**(813,781)**	(1,259,693)	**6,655,027**	526,839
Attributable to:				
Equity holders of the Parent Company	**(836,506)**	(1,274,323)	**6,590,489**	497,255
Non-controlling interest	**22,725**	14,630	**64,538**	29,584
	(813,781)	(1,259,693)	**6,655,027**	526,839
Total comprehensive (loss) / income attributable to equity holders of the Parent Company arising from:				
Continuing operations	**(798,133)**	1,290,078	**6,734,309**	3,600,180
Discontinued operations	**(38,373)**	(2,564,401)	**(143,820)**	(3,102,925)
	(836,506)	(1,274,323)	**6,590,489**	497,255

The annexed notes 1 to 27 form an integral part of this condensed consolidated interim financial information.

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

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the nine months ended September 30, 2013

	Attributable to equity holders of the Parent Company									Non-controlling interest	Total Equity
	Share capital	Share premium	Exchange difference on translation of foreign subsidiary	Fair Value reserve	General reserve	Preference shares / convertible stock reserve	Other reservers relating to associates	Accumulated (loss) / profit	Total		
	(Rupees in thousand)										
Balance as on December 31, 2011 (audited)	843,795	2,876,893	22,916	9,141,841	16,160,333	1,605,875	(17,511)	(1,283,904)	29,350,238	225,047	**29,575,285**
Effect of change in accounting policy (note - 3.2.1)	-	-	-	-	-	-	-	(312,440)	(312,440)	-	**(312,440)**
Balance as on December 31, 2011 (audited and re-stated)	843,795	2,876,893	22,916	9,141,841	16,160,333	1,605,875	(17,511)	(1,596,344)	29,037,798	225,047	**29,262,845**
Appropriation of funds											
Transferred to consolidated profit and loss account	-	-	-	-	(1,250,000)	-	-	1,250,000	-	-	-
Transactions with owners											
Final dividend for the year ended December 31, 2011 Rs. 1.5 per share	-	-	-	-	-	-	-	(126,569)	(126,569)	-	**(126,569)**
Dividend relating to 2011 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(28,795)	**(28,795)**
Profit for the period - re-stated	-	-	-	-	-	-	-	(1,674,904)	(1,674,904)	34,830	**(1,640,074)**
Other comprehensive income											
Surplus on re-measurement of available for sale financial assets	-	-	-	2,200,096	-	-	-	-	2,200,096	-	**2,200,096**
Re-measurement of net defined benefit asset / liability (note - 3.2.1) - net of tax - re-stated	-	-	-	-	-	-	-	(25,628)	(25,628)	-	**(25,628)**
Other comprehensive income	-	-	(19,819)		-	-	17,511	-	(2,308)	(5,246)	**(7,554)**
Total comprehensive income	-	-	(19,819)	2,200,096	-	-	17,511	(1,700,532)	497,256	29,585	**526,840**
Balance as on September 30, 2012 (un-audited and re-stated)	843,795	2,876,893	3,097	11,341,937	14,910,333	1,605,875	-	(2,173,445)	29,408,485	225,836	**29,634,321**
Loss for the period - re-stated	-	-	-	-	-	-	-	(126,567)	(126,567)	22,894	**(103,673)**
Other comprehensive income											
Surplus on re-measurement of available for sale financial assets	-	-	-	1,946,253	-	-	-	-	1,946,253	-	**1,946,253**
Re-measurement of net defined benefit asset / liability (note - 3.2.1) - net of tax - restated	-	-	-	-	-	-	-	(25,627)	(25,627)	-	**(25,627)**
Other comprehensive income	-	-	13,344	-	-	-	-	-	13,344	3,532	**16,876**
Total comprehensive income for the period	-	-	13,344	1,946,253	-	-	-	(152,194)	1,807,403	26,426	**1,833,829**
Transactions with owners											
Dividend relating to 2011 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(61)	**(61)**
Balance as on December 31, 2012 (audited and re-stated)	843,795	2,876,893	16,441	13,288,190	14,910,333	1,605,875	-	(2,325,639)	31,215,888	252,201	**31,468,089**
Appropriation of funds											
Transferred to consolidated profit and loss account	-	-	-	-	(3,300,000)	-	-	3,300,000	-	-	-
Transactions with owners											
Final dividend for the year ended December 31, 2012 Rs. 4.50 per share	-	-	-	-	-	-	-	(379,708)	(379,708)	-	**(379,708)**
Dividend relating to 2012 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(7,770)	**(7,770)**
Profit for the period	-	-	-	-	-	-	-	1,213,754	1,213,754	61,278	**1,275,032**
Other comprehensive income											
Re-measurement of net defined benefit asset / liability (note - 3.2.1) - net of tax	-	-	-	-	-	-	-	12,174	12,174	-	**12,174**
Surplus on re-measurement of available for sale financial assets	-	-	-	5,352,243	-	-	-	-	5,352,243	-	**5,352,243**
Other comprehensive income	-	-	12,318	-	-	-	-	-	12,318	3,260	**15,578**
Total comprehensive income for the period	-	-	12,318	5,352,243	-	-	-	1,225,928	6,590,489	64,538	**6,655,027**
Balance as on September 30, 2013 (un-audited)	843,795	2,876,893	28,759	18,640,433	11,610,333	1,605,875	-	1,820,581	37,426,669	308,969	**37,735,638**

The annexed notes 1 to 27 form an integral part of this condensed consolidated interim financial information.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Syed Aslam Mehdi
Director

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
for the nine months ended September 30, 2013

		Nine months ended	
		September 30, 2013	September 30, 2012
		Un-audited	Un-audited and Re-stated
	Note	**(Rupees in thousand)**	
Cash flow from operating activities			
Cash generated from / (used in) operations	21	**2,106,386**	(429,609)
Finance cost paid		**(1,110,895)**	(1,090,687)
Taxes paid		**(536,539)**	(711,462)
Payments for accumulating compensated absences		**(75,032)**	(18,440)
Retirement benefits paid		**(311,039)**	(36,570)
Net cash generated from / (used in) operating activities		**72,881**	(2,286,768)
Cash flow from investing activities			
Fixed capital expenditure		**(592,668)**	(1,045,738)
Investments - net		**(2,274,951)**	13
Net increase in long-term loans and deposits		**(1,443)**	(3,318)
Proceeds from disposal of property, plant and equipment		**57,142**	34,591
Dividends received		**1,523,124**	1,043,174
Net cash (used in) /generated from investing activities		**(1,288,796)**	28,722
Cash flow from financing activities			
Proceeds from long-term finances - secured		**1,116,322**	37,364
Repayment of long-term finances - secured		**(1,000,000)**	(98,810)
Dividend paid		**(379,768)**	(126,581)
Dividend paid to non-controlling interest		**(7,770)**	(28,795)
Net cash used in financing activities		**(271,216)**	(216,822)
Net decrease in cash and cash equivalents		**(1,487,131)**	(2,474,868)
Cash and cash equivalents at the beginning of the period		**(5,934,886)**	(969,907)
Cash and cash equivalents transferred		**5,100,000**	-
Cash and cash equivalents at the end of the period	22	**(2,322,017)**	(3,444,775)

The annexed notes 1 to 27 form an integral part of this condensed consolidated interim financial information.

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

PACKAGES GROUP
NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
for the quarter and nine months ended September 30, 2013

1. Legal status and nature of business

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

Packaging: Representing manufacture and sale of packing materials and tissue products
Inks: Representing manufacture and sale of finished and semi finished inks.
Construction: Representing all type of construction activities and development of real estate.

The Parent Company entered into 50/50 Joint Venture Agreement (the "JV Agreement") on September 17, 2012 with 'Stora Enso OYJ Group' ('Stora Enso') in its wholly owned subsidiary Bulleh Shah Packaging (Private) Limited ('BSPL'). The Joint Venture includes Paper & Paperboard and Corrugated business operations at Kasur and Karachi and involves initial equity participation of Stora Enso of 35% by way of subscription of right shares with a commitment to increase the shareholding to 50% at a later stage subject to certain conditions being met. The agreed value for 100% of the Joint Venture Company is USD 107.5 million on a cash and debt free basis with additional equity to be subscribed by Stora Enso through right shares in the Joint Venture Company of USD 17.5 million, based on the financial results of second half of 2012 and first half of 2013. Packages Limited shall continue to hold minimum 50% ownership and future profits of the Joint Venture.

Pursuant to the Agreement, the Parent Company, during the period, transferred the assets and corresponding liabilities of its Kasur and Karachi operations to BSPL alongwith certain cash contribution. Upon subscription by Stora Enso in BSPL, the Parent Company has derecognised its investment in BSPL owing to loss of control and recognised an investment in jointly controlled entity, with Stora Enso as the joint venture partner. Consequently, the Joint Venture is being accounted for using the equity method in the Group's condensed consolidated interim financial statements.

As a result, the Group's operations have been divided into Continuing and Discontinued operations in accordance with the requirements of International Financial Reporting Standard (IFRS) 5, 'Non-current assets held for sale and Discontinued operations'. Paper and Paperboard and Corrugated businesses have been classified as Discontinued operations because these form part of the Joint Venture. Continuing operations include Folding Cartons, Flexible Packaging, Consumer Products businesses, Inks and Construction.

Moreover, the Parent Company also closed down its Paper and Paperboard operations in Lahore, in addition to the above mentioned transaction, during the prior year.

The Paper and Paperboard operations in Lahore have also been classified as a discontinued operation as reflected in note 17 of these financial statements, in accordance with the requirements of IFRS 5. This has not been classified as held for sale as it does not meet the criteria for being classified as held for sale under IFRS 5.

The figures of the prior period have been represented in accordance with the requirements of IFRS 5, wherever relevant.

2. Basis of preparation

This condensed consolidated interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under The Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under The Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2012.

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of this condensed consolidated interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended December 31, 2012 except for the adoption of new accounting policies as referred to in note 3.2.1.

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

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

3.2.1 Amendments to published standards effective in current year

New and amended standards, and interpretations mandatory for the first time for the financial year beginning January 1, 2013 and their impact on this condensed consolidated interim financial information is given below:

Annual improvements to IFRSs 2011 are applicable on accounting periods beginning on or after January 1, 2013. This set of amendments includes changes to five standards: IFRS 1, ‘First time adoption’, IAS 1, ‘Financial statement presentation’, IAS 16, ‘Property plant and equipment’, IAS 32, ‘Financial instruments; Presentation’ and IAS 34, ‘Interim financial reporting’. The application of these amendments have no material impact on the Group's financial statements.

IFRS 1 (Amendments), ‘First time adoption’, on government loans is applicable on accounting periods beginning on or after January 1, 2013. The amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008. The application of these amendments have no material impact on the Group's financial statements.

IFRS 7 (Amendments), ‘Financial instruments: Disclosures’, on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 1, 2013. The amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The application of these amendments have no material impact on the Group's financial statements.

IFRS 11 - ‘Joint arrangements’ is applicable on accounting periods beginning on or after January 1, 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The application of these amendments has no material impact on the Group's financial statements.

IFRS 12 - ‘Disclosures of interests in other entities’. This is applicable on accounting periods beginning on or after January 1, 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The application of this standard has no material impact on the Group's financial statements.

IFRS 13 - ‘Fair value measurement’. This is applicable on accounting periods beginning on or after January 1, 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The application of this standard has no material impact on the Group's financial statements.

IAS 1 (Amendments), ‘Financial statement presentation’ regarding other comprehensive income. This is applicable on accounting periods beginning on or after July 1, 2012. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendments do not address which items are presented in OCI. The application of this standard has no material impact on the Group's financial statements.

IAS 19 (revised) ‘Employee benefits’. IAS 19 (revised) amends the accounting for employment benefits. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Group has been in the following areas:

The standard requires past service cost to be recognised immediately in profit or loss account. Since there are no unrecognised past service costs there is no impact of this provision on the condensed interim financial information of the Group.

The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to determining the discount rate; this continues to reflect the yield on high-quality corporate bonds. The effect has been that the income statement charge for the period has decreased by Nil (September 30, 2012: Rs. 71.465 million)

There is a new term ‘‘re-measurements’’. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost.

‘Retirement benefits obligation’ as previously reported has been re-stated at the reporting dates to reflect the effect of the above. Amounts have been restated as at January 1, 2012 by increasing the retirement benefits obligation by Rs. 480.678 million and December 31, 2012 by increasing the retirement benefits obligation by Rs. 259.306 million.

Due to the re-statement basic and diluted earnings per share for the nine months ended September 30, 2012 have increased by Rs. 0.85 per share and Rs. 0.67 per share respectively.

The effect of the change in accounting policy on the statement of cash flow was immaterial.

These impacts have been calculated and reported on the basis of actuarial valuation conducted at

June 30, 2013, no such valuation has been carried out at this interim stage as there is no material development that may significantly impact these financial results.

IAS 27 (Revised 2011), ‘Separate financial statements’ is applicable on accounting periods beginning on or after January 1, 2013. It includes the provisions on separate financial statements that are left after the control provisions of IAS 27 which have been included in the new IFRS 10. The application of this standard has no material impact on the Group's financial statements.

IAS 28 (Revised 2011), ‘Associates and joint ventures’ is applicable on accounting periods beginning on or after January 1, 2013. It includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 11. The application of this standard has no material impact on the Group's financial statements.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after January 1, 2013 or later periods, but the Group has not early adopted them:

IFRS 9 - ‘Financial instruments’ - classification and measurement. This is applicable on accounting periods beginning on or after January 1, 2015. This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, ‘Financial instruments: Recognition and measurement’. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. The application of these amendments have no material impact on the Group's financial statements.

IAS 32 (Amendment), 'Financial Instruments: Presentation' is applicable on accounting periods beginning on or after January 1, 2014. This amendment updates the application guidance in IAS 32, ‘Financial instruments: Presentation’, to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Group shall apply this amendment from January 1, 2014 and does not expect to have a material impact on its financial statements.

4. The provision for taxation for the nine months ended September 30, 2013 has been made using the tax rate that would be applicable to expected total annual earnings.

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

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

6. Long-term finances

	September 30, 2013	December 31, 2012
	Un-audited	Audited
	(Rupees in thousand)	
Opening balance		
Local currency loans - secured	**3,216,643**	6,485,714
Preference shares / convertible stock - unsecured	**2,470,577**	2,470,577
	5,687,220	8,956,291
Loans obtained during the period		
Local currency loans - secured	**1,116,322**	2,216,643
	6,803,542	11,172,934
Loans repaid during the period		
Local currency loans - secured	**(1,000,000)**	(5,485,714)
	5,803,542	5,687,220
Current portion shown under current liabilities		
Local currency loans - secured	**(200,000)**	(1,000,000)
Closing Balance	**5,603,542**	4,687,220

6.1. During the current period, the Parent Company has prepaid its Term Finance Loan of Rs. 1,000 million availed from Bank Al-Habib Limited having Bank Al-Habib Limited own source component of Rs. 578 million and State Bank of Pakistan's long-term finance facility component of Rs. 422 million using long-term loan of Rs. 1,000 million from Bank Al-Habib Limited. This loan is secured by a ranking charge of Rs. 1,273 million over present and future fixed assets of the Parent Company located at Lahore excluding land and buildings. It carries markup at the rate of six months KIBOR plus 0.65 percent per annum and is repayable in 10 equal semi annual installments starting on November 19, 2013 and ending on May 19, 2018.

7. The Parent Company has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 566.842 million (2012: Rs. 566.842 million) and Rs. 261.474 million (2012: Rs. 261.474 million) available to the Parent Company under section 113 and section 65B of the Income Tax Ordinance, 2001 ('Ordinance') respectively and unused tax losses of Rs. 132.163 million (2012: Nil) in view of the management's estimate that the Parent Company may not be able to offset these against tax liability arising in respect of relevant business profits of future periods, before these expire / lapse. Tax credits under section 113 of the Ordinance amounting to Rs. 68.813 million, Rs. 183.823 million, Rs. 203.917 million and Rs. 110.289 million are set to lapse by the end of years ending on December 31, 2014, 2015, 2016 and 2017 respectively. Tax credit under section 65B of the Ordinance amounting to Rs 190.334 million and Rs. 71.140 million shall lapse by the end of years ending on December 31, 2013 and 2014 respectively.

8. Derivative financial instruments

Liability in respect of arrangements under the JV Agreement

This represents amount in respect of arrangements under the JV Agreement between the Parent Company and Stora Enso referred to in note 1; which provide Stora Enso the right, in case certain conditions specified in the JV Agreement are not met, and obligates Stora Enso, in case certain conditions specified in the JV Agreement are met, to subscribe to the share capital of BSPL. A key condition of such right and obligation relates to the envisaged Joint Venture achieving specified EBITDA, to which the subscription price is also linked. At recognition, it was included in the loss recognized on re-measurement of the disposal group classified as held for sale in the previous year's annual financial statements. The gain on remeasurement of this derivative during the current period has been included in other operating income of continuing operations.

9. Contingencies and commitments

9.1 Contingencies

(i) Claims against the Group not acknowledged as debts Rs. 20.030 million (December 31, 2012: Rs. 25.860 million).

(ii) Post dated cheques not provided in the condensed consolidated interim financial information have been furnished by the Parent Company in favor of the Collector of Customs against custom levies aggregated to Rs. 423.558 million (December 31, 2012 : Rs. 217.102 million) in respect of goods imported.

(iii) Guarantees to Director General of Customs amounting to Rs. 4.442 million (December 2012 : Nil)

9.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs 38.068 million (December 31, 2012: Rs 81.017 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs 296.723 million (December 31, 2012: Rs. 661.831 million).

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

	September 30, 2013	December 31, 2012
	Un-audited	Audited
	(Rupees in thousand)	
Not later than one year	**223,814**	180,796
Later than one year and not later than five years	**246,035**	507,544
	469,849	688,340

10. Dividends

Ordinary dividend relating to the year ended December 31, 2012 amounting to Rs. 379.708 million (December 31, 2011: Rs. 126.569 million) was declared during the period. The Parent Company also paid preference dividend / return relating to the year ended December 31, 2012 amounting to Rs. 412.050 million (December 31, 2011: Rs. 412.050 million) during the period.

11. Property, plant and equipment

	Note	**September 30, 2013**	December 31, 2012
		Un-audited	Audited
		(Rupees in thousand)	
Operating assets	11.1	**3,754,341**	3,629,740
Capital work-in-progress	11.2	**333,482**	390,993
		4,087,823	4,020,733

11.1 Operating assets

	Note	September 30, 2013 Un-audited	December 31, 2012 Audited
		(Rupees in thousand)	
Opening book value		**3,629,740**	3,054,879
Additions during the period	11.1.1	**586,577**	1,096,626
Transfer in at book value - net		**1,409**	4,446
Exchange adjustment on opening cost		**21,457**	(2,242)
		609,443	1,098,830
		4,239,183	4,153,709
Disposals during the period (at book value)		**(17,531)**	(87,465)
Classified as held for sale		**(20,395)**	-
Transferred to investment property		**(49,188)**	-
Depreciation charged during the period		**(388,516)**	(444,809)
Exchange adjustment on opening accumulated depreciation		**(9,212)**	8,305
		(484,842)	(523,969)
Closing book value		**3,754,341**	3,629,740

11.1.1 Following is the detail of additions during the period

Buildings on freehold land		**402**	16,328
Buildings on leasehold land		**169,099**	3,072
Plant and machinery		**203,205**	883,094
Other equipment		**162,475**	116,603
Furniture and fixtures		**1,299**	5,754
Vehicles		**50,097**	71,775
		586,577	1,096,626

11.2 Capital work-in-progress

Civil works		**134,509**	172,830
Plant and machinery and others [including in transit Nil (December 31, 2012: Rs. 95.652 million)]		**198,758**	197,731
Others		**215**	246
Advances		**-**	20,186
		333,482	390,993

12. Investments accounted for using the equity method

Investments in associates	12.1	**3,560,188**	3,612,013
Investment in joint venture	12.2	**10,120,087**	-
		13,680,276	3,612,013

12.1 Investments in associates

Opening balance		**3,612,013**	3,028,921
Profit for the period before taxation		**100,656**	288,552
Provision for taxation		**(28,804)**	(95,628)
		71,852	192,924
		3,683,865	3,221,845
Other comprehensive income		**-**	17,511
Dividends received during the period		**(123,677)**	(259,191)
Reversal of impairment on investments in associates		**-**	631,848
		(123,677)	390,168
Closing balance	12.1.1	**3,560,188**	3,612,013

12.1.1 In equity instruments of associated companies

	September 30, 2013 Un-audited	December 31, 2012 Audited
	(Rupees in thousand)	
Quoted		
IGI Insurance Limited		
11,838,267 (December 31, 2012: 11,838,267) fully paid ordinary shares of Rs. 10 each		
Market value - Rs. 1,629.182 million (December 31, 2012: Rs 1,139.788 million)	**1,101,670**	1,104,860
Tri-Pack Films Limited		
10,000,000 (December 31, 2012: 10,000,000) fully paid ordinary shares of Rs. 10 each		
Market value - Rs. 1,937.000 million (December 31, 2012: Rs. 1,920 million)	**2,451,622**	2,496,271
IGI Investment Bank Limited		
4,610,915 (December 31, 2012: 4,610,915) fully paid ordinary shares of Rs. 10 each		
Market value - Rs. 7.838 million (December 31, 2012: Rs. 10.882 million)	**6,897**	10,882
	3,560,188	3,612,013

12.2 Investment in Joint Venture

	September 30, 2013	December 31, 2012
Opening balance	**-**	**-**
Interest in subsidiary transferred to interest in Joint Venture		
Cost	**9,973,651**	-
Reserves	**38,657**	-
	10,012,309	-
Profit for the period before taxation	**149,544**	**-**
Provision for taxation	**(41,765)**	-
	107,779	**-**
Closing balance	**10,120,087**	-

13. Other long-term investments

	September 30, 2013	December 31, 2012
Quoted		
Nestle Pakistan Limited		
3,649,248 (December 31, 2012: 3,649,248) fully paid ordinary shares of Rs. 10 each		
Equity held 8.05% (December 31, 2012: 8.05%)	**22,625,338**	17,273,095
Market value - Rs. 22,625.338 million (December 31, 2012: Rs. 17,273.095 million)		
Unquoted		
Tetra Pak Pakistan Limited		
1,000,000 (December 31, 2012: 1,000,000) fully paid non-voting shares of Rs. 10 each	**10,000**	10,000
Pakistan Tourism Development Corporation Limited		
2,500 (December 31, 2012: 2,500) fully paid ordinary shares of Rs. 10 each	**25**	25
Orient Match Company Limited		
1,900 (December 31, 2012: 1,900) fully paid ordinary shares of Rs. 100 each	**-**	**-**
Coca-Cola Beverages Pakistan Limited		
500,000 (December 31, 2012: 500,000) fully paid ordinary shares of Rs. 10 each	**4,706**	4,706
	22,640,069	17,287,826

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

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

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

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

15. Cost of sales

		Quarter ended		Nine months ended	
		September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
		Un-audited	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented
	Note	(Rupees in	thousand)		
Materials consumed		**2,541,324**	2,294,563	**7,974,181**	6,764,920
Salaries, wages and amenities	15.1	**241,763**	224,997	**766,578**	662,023
Travelling and conveyance		**5,581**	12,421	**19,644**	25,968
Fuel and power		**274,430**	271,126	**791,690**	723,437
Production supplies		**76,556**	51,080	**226,609**	173,869
Excise duty and sales tax		**741**	19	**3,531**	479
Rent, rates and taxes		**64,034**	76,599	**195,805**	238,786
Insurance		**10,124**	6,267	**27,914**	19,286
Repairs and maintenance		**84,388**	67,439	**256,744**	244,005
Packing expenses		**74,471**	36,697	**183,312**	103,268
Depreciation on property, plant and equipment		**123,530**	93,965	**353,561**	270,263
Amortisation of intangible assets		**647**	-	**1,881**	-
Depreciation on assets subject to finance lease		**86**	-	**86**	-
Technical fee and royalty		**13,414**	11,007	**44,461**	47,749
Other expenses		**43,297**	75,317	**120,665**	58,026
		3,554,386	3,154,926	**10,966,662**	9,332,079
Opening work-in-process		**306,891**	340,848	**338,842**	326,022
Closing work-in-process		**(310,409)**	(241,674)	**(310,409)**	(241,674)
Cost of goods produced		**3,550,868**	3,254,100	**10,995,095**	9,416,427
Opening stock of finished goods		**540,628**	529,203	**853,192**	452,567
Closing stock of finished goods		**(582,649)**	(700,386)	**(582,649)**	(700,386)
		3,508,847	3,082,917	**11,265,638**	9,168,608

15.1 Salaries, wages and amenities include Rs. 14.481 million (2012: Rs. 6.192 million) paid to outgoing employees who opted for separation from Company's employment under Voluntary Separation Scheme.

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

17. Disposal group classified as held for sale and Discontinued Operations

17.1 Assets and liabilities of disposal group classified as held for sale

	Note	**September 30, 2013**	December 31, 2012
		Un-audited	Audited
		(Rupees in thousand)	
Assets classified as held for sale			
Operating assets	17.1.1	**-**	10,249,450
Capital work-in-progress		**-**	162,365
Intangible assets		**-**	10,021
Stores and spares		**-**	695,153
Stock-in-trade		**-**	3,426,302
Total assets of the disposal group		**-**	14,543,291
Liabilities directly associated with assets classified as held for sale			
Deferred income tax liabilities		**-**	551,513
Short-term finances - secured		-	5,100,000
Other payables		**-**	17,684
Total liabilities of the disposal group		-	5,669,197
Total net assets of the disposal group		**-**	8,874,094

17.1.1 Operating assets

	Note	September 30, 2013	December 31, 2012
Opening balance		**10,249,450**	-
Assets of disposal group classified as held for sale as at September 30, 2012		**-**	14,672,768
Net book value of additions / transfers in		**113,580**	32,402
Net book value of deletions / transfers out		**(1,176)**	(1,591)
		10,361,854	14,703,579
Loss recognised on the re-measurement of assets of disposal group	17.1.2	**-**	(4,454,129)
		10,361,854	10,249,450
Assets transferred out to BSPL during the period		**(10,361,854)**	-
Closing balance		**-**	10,249,450

17.1.2 Loss recognised on the re-measurement of assets of disposal group

This represents the difference between the carrying values of net assets to be transferred to BSPL and the estimated fair value thereof in the form of Parent Company's interest in the envisaged joint venture, net of the amount as described in note 8.

17.2 Commitments in respect of disposal group classified as held for sale

(i) Letters of credit and contracts for capital expenditure Nil (2012: Rs. 2.242 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs. 5.565 million (2012: Rs. 369.488 million).

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

	September 30, 2013	December 31, 2012
	Un-audited	Audited
	(Rupees in thousand)	
Not later than one year	**-**	346
Later than one year and not later than five years	**-**	268
	-	614

17.3 Profit and loss account - Discontinued operations

	Paper & Paperboard and Corrugated business operations at Kasur and Karachi		**Paper & Paperboard operations at Lahore**		**Total**	
	September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012	**September 30, 2013**	September 30, 2012
	Un-audited	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented
Local sales	**5,052,753**	7,524,895	-	70,135	**5,052,753**	7,595,030
Export sales	**8,926**	24,853	-	-	**8,926**	24,853
Gross sales	**5,061,679**	7,549,748	-	70,135	**5,061,679**	7,619,883
Less: Sales tax	**666,773**	1,024,230	-	2,761	**666,773**	1,026,991
Commission	-	34	-	-	-	34
	666,773	1,024,264	-	2,761	**666,773**	1,027,025
	4,394,905	6,525,484	-	67,374	**4,394,905**	6,592,858
Sales to Continuing operations	**448,623**	1,607,725	-	-	**448,623**	1,607,725
	4,843,528	8,133,209	-	67,374	**4,843,528**	8,200,583
Cost of sales	**(4,394,424)**	(7,865,252)	-	(229,193)	**(4,394,424)**	(8,094,445)
Gross profit / (loss)	**449,104**	267,957	-	(161,819)	**449,104**	106,138
Administrative expenses	**(236,067)**	(234,673)	-	(34,500)	**(236,067)**	(269,173)
Distribution and marketing costs	**(97,539)**	(131,963)	-	(15,734)	**(97,539)**	(147,697)
Other operating expenses	**(4,089)**	-	-	(106)	**(4,089)**	(106)
Other operating income	**3,287**	8,665	**42,133**	11,561	**45,420**	20,226
Profit / (loss) from operations	**114,696**	(90,014)	**42,133**	(200,598)	**156,829**	(290,612)
Finance cost	**(254,042)**	(739,235)	-	(3,447)	**(254,042)**	(742,682)
(Loss) / profit before tax from Discontinued operations	**(139,346)**	(829,249)	**42,133**	(204,045)	**(97,213)**	(1,033,294)
Taxation	**(45,802)**	389,985	**(805)**	(2,616)	**(46,607)**	387,369
(Loss) / profit for the period from Discontinued operations	**(185,148)**	(439,264)	**41,328**	(206,661)	**(143,820)**	(645,925)
Loss on remeasurement of assets held as Disposal Group	**-**	(3,780,000)	**-**	-	**-**	(3,780,000)
Taxation	**-**	1,323,000	**-**	-	**-**	1,323,000
Loss after tax	**-**	(2,457,000)	**-**	**-**	**-**	**(2,457,000)**
profit / (loss) for the period from Discontinued operations	**(185,148)**	(2,896,264)	**41328**	(206,661)	**(143,820)**	(3,102,925)

17.4 Cash flow from Discontinued operations

Cash flow from operating activities	**206,051**	(959,320)	**174,180**	115,316	**380,231**	(844,004)
Cash flow from investing activities	**(143,883)**	(181,000)	**11,971**	2,481	**(131,912)**	(178,519)
Cash flow from financing activities	**-**	(98,809)	-	-	-	(98,809)
Total cash flow	**62,168**	(1,239,129)	**186,151**	117,797	**248,319**	(1,121,332)

18. Combined earnings / (loss) per share

		Quarter ended		Nine months ended	
		September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012
		Un-audited	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented
18.1 Combined basic earnings per share - Continuing operations					
Profit for the period attributable to equity holders of the Parent Company	- Rupees in thousand	**280,812**	581,306	**1,357,574**	1,428,021
Weighted average number of ordinary shares	- Numbers	**84,379,504**	84,379,504	**84,379,504**	84,379,504
Earnings per share	- Rupees	**3.33**	6.89	**16.09**	16.92
18.2 Combined basic loss per share - Discontinued operations					
loss for the period attributable to equity holders of the Parent Company	- Rupees in thousand	**(38,373)**	(2,564,401)	**(143,820)**	(3,102,925)
Weighted average number of ordinary shares	- Numbers	**84,379,504**	84,379,504	**84,379,504**	84,379,504
Loss per share	- Rupees	**(0.45)**	(30.39)	**(1.70)**	(36.77)
18.3 Combined diluted earnings per share - Continuing operations					
Profit for the period attributable to equity holders of the Parent Company	- Rupees in thousand	**280,812**	581,306	**1,357,574**	1,428,021
Return on preference shares / convertible stock	- Rupees in thousand	**81,850**	81,683	**242,991**	243,272
		362,663	662,989	**1,600,566**	1,671,293
Weighted average number of ordinary shares	- Numbers	**84,379,504**	84,379,504	**84,379,504**	84,379,504
Weighted average number of notionally converted preference shares / convertible stock	- Numbers	**21,686,842**	21,686,842	**21,686,842**	21,686,842
		106,066,346	106,066,346	**106,066,346**	106,066,346
Earnings per share	- Rupees	**3.42**	6.25	**15.09**	15.76

The effect of the conversion of the convertible prefrence shares into ordinary shares is anti-dilutive for the current quarter, accordingly the diluted EPS is restricted to the basic EPS.

18.4 Combined diluted loss per share - Discontinued operations

The combined diluted loss per share of Discontinued operations is the same as combined basic loss per share of Discontinued operations as there are no convertible instruments attributable to the Discontinued operations.

19. Transactions with related parties

Relationship with the Group	Nature of transactions	Nine months ended September 30, 2013 Un-audited	Nine months ended September 30, 2012 Un-audited and Re-stated
		(Rupees in thousand)	
i Associated Undertakings	Purchase of goods & services	**741,236**	587,134
	Sale of goods & services	**40,944**	70,539
	Dividend income	**123,677**	259,191
	Insurance premium	**175,253**	155,960
	Insurance claim received	**96,406**	231,433
	Commission earned	**6,058**	5,322
ii Joint Venture	Purchase of goods and services	**710,191**	-
	Sale of goods and services	**868,206**	-
	Rental income	**18,209**	-
iii Other related parties	Purchase of goods & services	**153,927**	171,349
	Sale of goods & services	**22,269**	48,455
	Royalty and technical fee - expense	**38,225**	29,039
iv Post employment benefit plans	Expenses charged in respect of retirement benefit plans	**100,503**	106,006
v Key management personnel	Salaries and other employee benefits	**111,691**	75,374

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

Period-end balances

	September 30, 2013 Un-audited	December 31, 2012 Audited
	(Rupees in thousand)	
Receivable from related parties		
Associates	**50,900**	101,877
Joint Venture	**1,059,948**	-
Other related parties	**1,905**	15,809
Payable to related parties		
Associates	**43,379**	127,951
Joint Venture	**148,718**	-
Other related parties	**45,879**	18,720
Post employment benefit plans	**11,965**	15,788

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

20. Segment Information

	Continuing operations								Sub Total		Discontinued operations	
	Packaging Division		Consumer Products Division		Ink Division		General & Others		Continuing Operations		Paper & Paperboard and Corrugator	
	September 30, 2013	September 30, 2012	**September 30, 2013**	September 30, 2012	**September 30, 2013**	September 30, 2012	**September 30, 2013**	September 30, 2012	**September 30, 2013**	September 30, 2012	**September 30, 2013**	September 30, 2012
	Un-audited	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented	**Un-audited**	Un-audited, Re-stated and Represented
	(Rupees in thousand)											
Revenue from external customers	**8,944,877**	7,753,883	**1,986,459**	1,487,421	**1,288,793**	1,074,274	**1,086,297**	192,608	**13,306,426**	10,508,186	**4,394,905**	6,592,858
Intersegment revenue	**351,668**	259,758	**24,299**	9,028	**670,842**	508,675	**592,613**	145,132	**1,639,422**	922,593	**448,623**	1,607,725
	9,296,545	8,013,641	**2,010,758**	1,496,449	**1,959,635**	1,582,949	**1,678,910**	337,740	**14,945,848**	11,430,779	**4,843,528**	8,200,583
Segment profit / loss before tax	**671,477**	565,782	**17,455**	77,375	**194,603**	89,592	**999,159**	1,303,050	**1,882,694**	2,035,799	**(97,213)**	(4,813,294)
	September 30, 2013	December 31, 2012	**September 30, 2013**	December 31, 2012	**September 30, 2013**	December 31, 2012	**September 30, 2013**	December 31, 2012	**September 30, 2013**	December 31, 2012	**September 30, 2013**	December 31, 2012
Segment assets	**6,488,278**	6,493,184	**1,443,039**	1,125,111	**1,060,355**	943,436	**1,305,724**	1,351,375	**10,297,396**	9,913,106	**-**	14,533,270

Reconciliation of profit

	September 30, 2013	September 30, 2012
	Un-audited	Un-audited, Re-stated and Represented
	(Rupees in thousand)	
Profit for reportable segments	**1,882,694**	2,035,799
Income from investments held under equity method	**126,523**	(35,144)
Intercompany consolidation adjustments	**(38,867)**	(70,141)
Profit before tax	**1,970,350**	1,930,514

21. Cash generated from operations

	Nine months ended	
	September 30, 2013	September 30, 2012
	Un-audited	Un-audited and Re-stated
	(Rupees in thousand)	
Profit before tax	**1,873,137**	(2,882,780)
Adjustments for:		
Loss recognised on the re-measurement of assets of disposal group	**-**	3,780,000
Depreciation on property, plant and equipment	**388,516**	1,181,681
Depreciation on investment property	**925**	245
Amortisation on intangible assets	**9,902**	8,784
Depreciation on assets subject to finance lease	**86**	-
Provision for accumulating compensated absences and staff gratuity	**62,091**	34,815
Exchange Adjustments	**3,333**	(16,765)
Provision for retirement benefits	**17,618**	(50,911)
Net profit on disposal of property, plant and equipment	**(39,611)**	(11,024)
Gain on sale of short-term investment	**-**	(13)
Gain on re-measurement of derivative financial instruments	**(76,787)**	-
Finance costs	**971,808**	1,173,581
Reversal of impairment charged on investments	**-**	(455,863)
Dividend income from other investments	**(1,399,447)**	(783,970)
Share of profit of investments accounted for using the equity method	**(288,857)**	(224,047)
Profit before working capital changes	**1,522,714**	1,753,733
Effect on cash flow due to working capital changes		
Increase in stores and spares	**(196,391)**	(137,669)
Decrease / (Increase) in stock in trade	**520,511**	(1,314,648)
Decrease / (increase) in trade debts	**391,118**	(831,524)
Increase in loans, advances, deposits, prepayments and other receivables	**(93,569)**	(89,413)
(Decrease) / increase in trade and other payables	**(37,997)**	189,912
	583,672	(2,183,342)
	2,106,386	(429,609)

22. Cash and cash equivalents

	Nine months ended	
	September 30, 2013	September 30, 2012
	Un-audited	Un-audited and Re-stated
	(Rupees in thousand)	
Cash and bank balances	**152,128**	239,045
Finances under mark up arrangements - secured	**(2,474,145)**	(3,683,820)
	(2,322,017)	(3,444,775)

23. Financial risk management

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2012.

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

24. Detail of subsidiaries

Name of the subsidiaries	**Accounting year end**	**Percentage of holding**	**Country of incorporation**
Packages Lanka (Private) Limited	December 31	79.07%	Sri Lanka
DIC Pakistan Limited	December 31	54.98%	Pakistan
Packages Construction (Private) Limited	December 31	99.99%	Pakistan
Bulleh Shah Packaging (Private) Limited [uptil May 31, 2013]	December 31	100.00%	Pakistan

25. Date of authorisation for issue

This condensed consolidated interim financial information was authorised for issue on October 25, 2013 by the Board of Directors of the Parent Company.

26. Events after balance sheet date

No material events have occurred subsequent to September 30, 2013.

27. Corresponding figures

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

Corresponding figures have been re-arranged and reclassified, wherever necessary, for the purposes of comparison. However, no significant reclassifications have been made except for restatement made in accordance with IAS 19 (revised) and representing the results of Discontinued operations in accordance with IFRS 5 as reflected in notes 3.2.1 and 17 respectively to these condensed financial statements.

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