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COMPANY INFORMATION

Board of Directors

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

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

Asghar Abbas
(Executive Director)

Josef Meinrad Mueller
(Non-Executive Director)

Khurram Raza Bakhtayari
(Executive Director)

Muhammad Aurangzeb
(Independent Director)

Shamim Ahmad Khan
(Non-Executive Director)

Syed Aslam Mehdi
(Non-Executive Director)

Syed Shahid Ali
(Non-Executive Director)

Tariq Iqbal Khan
(Non-Executive Director)

Advisor

Syed Babar Ali

Chief Financial Officer

Khurram Raza Bakhtayari

Company Secretary

Adi J. Cawasji

Rating Agency

PACRA

Credit Rating

Long Term : AA
Short Term : A1+

Auditors

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

Legal Advisors

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

Shares Registrar

FAMCO Associates (Pvt.) Ltd
8-F, Next to Hotel Faran
Nursery, Block 6, P.E.C.H.S.,
Shahrah-e-Faisal,
Karachi-75400

PABX : (021) 34380101-5
: (021) 34384621-3

Fax : (021) 34380106

Email : info.shares@famco.com.pk

Bankers & Lenders

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Deutsche Bank A.G.
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
International Finance Corporation (IFC)
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
NIB Bank Limited
Samba 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
Fax : (042) 35811195

Offices

Registered Office & Regional Sales office

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

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

Regional Sales Office

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

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

Zonal Sales Offices

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

2nd Floor Sitara Tower,
Bilal chowk, Civil Lines, Faisalabad - Pakistan
Tel : (041) 2602415
Fax : (041) 2629415

Web Presence

www.packages.com.pk

DIRECTORS' REPORT FOR THE THREE MONTHS ENDED MARCH 31, 2017

The Directors of Packages Limited are pleased to submit to its shareholders, the quarterly report along with the condensed interim un-audited financial statements of the Company for the three months ended March 31, 2017.

Financial and Operational Performance

A comparison of the un-audited financial results for the first quarter ended March 31, 2017 as against March 31, 2016 is as follows:

	Jan - March 2017	Jan - March 2016
	(Rupees in million)	
Net sales	4,496	4,583
EBITDA - operations	579	861
Depreciation and amortisation	(171)	(147)
EBIT - operations	408	714
Finance costs	(114)	(109)
Other (expenses) / income - net	(102)	(73)
Investment income	1,511	1,379
Earnings before tax	1,703	1,911
Taxation	(198)	(319)
Earnings after tax	1,505	1,593
Basic earnings per share - Rupees	16.84	17.96

During the first quarter of 2017, the Company achieved net sales of Rs. 4,496 million against net sales of Rs. 4,583 million of corresponding period of last year. The sales have remained almost stagnant primarily due to discounts passed to customers due to deflationary trends in raw material prices and also due to decline in sales volume of organized tobacco industry. The Company is taking steps to redress this situation.

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

Consumer Products Division

Consumer Products Division has registered sales of Rs. 1,153 million during the three months of 2017 as compared to Rs. 1,062 million of corresponding period of 2016, representing sales growth of 8.6%. Operating results of the Division are higher by 22% over corresponding value of 2016 mainly on account of increased sales and operational efficiencies.

Packaging Operations

Packaging Operations have achieved net sales of Rs. 3,277 million during first three months of 2017 as compared to Rs. 3,472 million in corresponding period of year 2016, lower by 5.6%. This decline in sales and inflationary fixed cost increases have adversely affected the operating results. The Company is focusing on revenue growth through higher volumes, better product mix and stricter controls over fixed costs to improve the operating results.

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

	Jan - March 2017	Jan - March 2016
Consumer products produced - tons	3,673	4,407
Carton board & Consumer products converted - tons	10,222	10,664
Plastics all sorts converted - tons	5,189	4,160

Real estate development - Packages Mall


The Company's development of a high quality retail mall at its Lahore land through its subsidiary, Packages Construction (Private) Limited, stands completed and the mall will be open to general public on April 20, 2017.

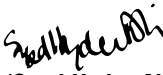
Future Outlook

The Company will continue to focus on improving shareholders' value by increasing and diversifying revenue and customer base, investment in new technology and ensuring production efficiencies.

Company's Staff and Customers

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


(Towfiq Habib Chinoy)
Chairman
Lahore, April 19, 2017


(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, April 19, 2017

پیکجنگ آپریشنز

پیکجنگ آپریشنز نے 2017 کے پہلے تین ماہ کے دوران 3,227 ملین روپے کی خالص سیلز حاصل کی جبکہ اس کے مقابلے میں 2016 کی اسی مدت کے دوران یہ حجم 3,472 ملین روپے تھا جس سے 5.6 فیصد کمی ظاہر ہوتی ہے۔ سیلز میں کمی اور طے شدہ لاگت میں افراط زر کی وجہ سے آپریشنز نتائج بڑی طرح متاثر ہوئے۔ کمپنی بلند ترین حجم، مصنوعات کے بہتر امتزاج اور طے کردہ مالیاتوں پر سخت کنٹرول پر توجہ دے رہی ہے تاکہ آپریشنز نتائج بہتر بنائے جاسکیں۔

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

جنوری-مارچ 2016	جنوری-مارچ 2017	
4,407	3,673	اشیائے صارف تیار شدہ-ٹن
10,664	10,222	کارٹن بورڈ اور اشیائے صارف منتقل شدہ-ٹن
4,160	5,189	پلاسٹک تمام اقسام منتقل شدہ-ٹن

ریئل اسٹیٹ ڈیولپمنٹ - پیکجنگ مال

کمپنی اپنی لاہور میں واقع اراضی پر اپنے ایک ذیلی ادارے پیکجنگ کنسٹرکشن (پرائیویٹ) لمیٹڈ کے ذریعے ایک اعلیٰ معیار کا ریٹیل مال تعمیر کر رہی ہے جو مکمل ہو چکا ہے اور مال کا افتتاح عوام الناس کے لئے 20 اپریل 2017 کو کیا جا رہا ہے۔

مستقبل پر ایک نظر

کمپنی آمدنی اور صارفین کی تعداد میں اضافے اور نئے شعبوں میں کام کرنے، نئی ٹیکنالوجی میں سرمایہ کاری اور باکفایت پیداواری لاگت یقینی بنانے کے ذریعے شیئر ہولڈرز کے منافع کو بہتر بنانے پر توجہ دینے کا سلسلہ جاری رکھے گی۔

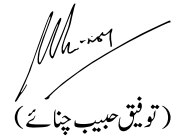
کمپنی کا عملہ اور صارفین

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


(سید حیدر علی)

چیف ایگزیکٹو اور پیکجنگ ڈائریکٹر

لاہور، 19 اپریل، 2017


(توفیق حبیب چنائے)

چیرمین

لاہور، 19 اپریل، 2017

31 مارچ 2017 کو ختم ہونے والی سہ ماہی کے لئے ڈائریکٹرز کی رپورٹ

ٹیکسٹ لیمیٹڈ کے ڈائریکٹرز 31 مارچ 2017 کو ختم ہونے والی سہ ماہی کے لئے پرمسرت اپنی سہ ماہی رپورٹ بشمول عبوری غیر آڈٹ شدہ مالیاتی حسابات اپنے شیئر ہولڈرز کو پیش کر رہے ہیں۔

مالیاتی اور آپریشنل کارکردگی

31 مارچ 2017 کو ختم ہونے والی پہلی سہ ماہی کے لئے غیر آڈٹ شدہ مالیاتی نتائج کا ایک تقابل بمقابلہ 31 مارچ 2016 درج ذیل کے مطابق ہے:

جنوری۔ مارچ 2016	جنوری۔ مارچ 2017	
		(روپے ملین میں)
4,583	4,496	خالص سیلز
861	579	ای بی آئی ٹی ڈی اے (EBITDA) - آپریشنز
(147)	(171)	فرسودگی اور کساد بازاری
714	408	ای بی آئی ٹی (EBIT) - آپریشنز
(109)	(114)	فنانس کی لاگت
(73)	(102)	دیگر (اخراجات) / آمدنی - خالص
1,379	1,511	سرمایہ کاری کی آمدنی
1,911	1,703	آمدنی قبل از ٹیکس
(319)	(198)	ٹیکسیشن
1,593	1,505	آمدنی بعد از ٹیکس
17.96	16.84	بنیادی آمدنی فی شیئر - روپے

2017 کی پہلی سہ ماہی کے دوران کمپنی نے 4,496 ملین روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کی اسی مدت کے دوران خالص سیلز 4,583 ملین روپے رہی تھی۔ سیلز بنیادی طور پر خام مال کے نرخوں میں ڈبلیو بی سی کے باعث صارفین کو ڈس کاؤنٹس منتقل کرنے کے باعث جمود کا شکار رہی تھی اور تمباکو کی منظم صنعت کے سیلز کے حجم میں کمی کے سبب بھی ایسا ہوا۔ کمپنی اس صورتحال سے نمٹنے کے لئے اقدامات کر رہی ہے۔

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

اشیائے صارف کا ڈویژن

اشیائے صارف کے ڈویژن نے 2017 کے تین ماہ کے دوران 1,153 ملین روپے کی سیلز رجسٹرڈ کی جبکہ 2016 کی اسی مدت کے دوران یہ 1,062 ملین روپے تھی جس سے 8.6 فیصد کی سیلز گروتھ ظاہر ہوتی ہے۔ اس شعبے کے آپریٹنگ نتائج 2016 کی اسی مدت کے مقابلے میں 22 فیصد زائد رہے جس کی وجہ سیلز میں اضافہ اور آپریشنل امور میں کارکردگی تھا۔

PACKAGES LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

as at March 31, 2017

	Note	March 31, 2017 <u>Un-audited</u>	December 31, 2016 <u>Audited</u>
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (December 31, 2016: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (December 31, 2016: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each		4,180,000	4,180,000
Issued, subscribed and paid up capital			
89,379,504 (December 31, 2016: 89,379,504) ordinary shares of Rs. 10 each		893,795	893,795
Reserves		48,897,074	49,550,396
Preference shares / convertible stock reserve		606,222	606,222
Accumulated profit		4,238,981	1,734,057
		54,636,072	52,784,470
NON-CURRENT LIABILITIES			
Long term finances	6	3,575,520	3,575,520
Liabilities against assets subject to finance lease		22,921	26,057
Deferred income tax liabilities	7	309,086	344,085
Retirement benefits		91,384	87,304
Deferred liabilities		316,583	304,996
		4,315,494	4,337,962
CURRENT LIABILITIES			
Current portion of long term liabilities		578,433	578,732
Finances under mark up arrangements - secured		397,708	1,377,033
Trade and other payables		2,934,097	2,847,914
Accrued finance costs		236,997	221,730
		4,147,235	5,025,409
CONTINGENCIES AND COMMITMENTS	8	-	-
		63,098,801	62,147,841

	Note	March 31, 2017	December 31, 2016
		Un-audited	Audited
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	4,295,172	4,198,410
Investment property		131,435	133,179
Intangible assets		7,094	9,866
Investments	10	50,424,460	50,077,782
Long term loans and deposits		22,728	25,958
		54,880,889	54,445,195

CURRENT ASSETS

Stores and spares		468,057	463,875
Stock-in-trade		1,969,486	1,768,706
Trade debts		2,202,988	2,171,966
Loans, advances, deposits, prepayments and other receivables		1,224,704	1,081,622
Income tax receivable	11	2,238,524	2,125,865
Cash and bank balances		114,153	90,612
		8,217,912	7,702,646
		63,098,801	62,147,841

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director


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

for the three months ended March 31, 2017

			March 31, 2017	March 31, 2016
	Note		Un-audited	Un-audited
(Rupees in thousand)				
Local sales			5,302,821	5,364,547
Export sales			8,279	5,937
Gross sales			5,311,100	5,370,484
Less: Sales tax and excise duty			815,487	778,825
Commission			-	8,401
			815,487	787,226
Net sales			4,495,613	4,583,258
Cost of sales	12		(3,555,751)	(3,383,304)
Gross profit			939,862	1,199,954
Administrative expenses			(242,835)	(226,505)
Distribution and marketing costs			(288,659)	(258,985)
Other operating expenses			(149,249)	(146,573)
Other operating income			47,738	73,370
Profit from operations			306,857	641,261
Finance costs			(114,399)	(108,942)
Investment income			1,510,712	1,379,094
Profit before taxation			1,703,170	1,911,413
Taxation	13		(198,246)	(318,603)
Profit for the period			1,504,924	1,592,810
Basic earnings per share		Rupees	16.84	17.96
Diluted earnings per share		Rupees	15.75	15.48

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director



Asghar Abbas
Director

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the three months ended March 31, 2017

	Three months ended	
	March 31, 2017	March 31, 2016
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for the period	1,504,924	1,592,810
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Surplus / (deficit) on remeasurement of available for sale financial assets	346,678	(2,940,381)
Total comprehensive income / (loss) for the period	<u>1,851,602</u>	<u>(1,347,571)</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director

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

for the three months ended March 31, 2017

	Issued, subscribed and paid up capital	Reserves					Capital and reserves	
		Capital reserves				Revenue reserves		
		Share premium	Fair value reserve	Preference shares/ convertible stock reserve	Capital redemption reserve	General reserve		Accumulated profits
		(R u p e e s i n t h o u s a n d)						
Balance as on December 31, 2015 (audited)	883,795	3,588,769	24,479,228	1,309,682	-	13,810,333	3,714,566	47,786,373
Appropriation of funds								
Transferred to general reserve	-	-	-	-	-	1,500,000	(1,500,000)	-
Total transactions with owners, recognised directly in equity								
Conversion of preference shares / convertible stock into ordinary shares (1,000,000 ordinary shares of Rs. 10 each)	10,000	177,969	-	(74,048)	-	-	-	113,921
	10,000	177,969	-	(74,048)	-	-	-	113,921
Total comprehensive income for the period ended March 31, 2016								
Profit for the period	-	-	-	-	-	-	1,592,810	1,592,810
Other comprehensive income								
Deficit on remeasurement of available for sale financial assets	-	-	(2,940,381)	-	-	-	-	(2,940,381)
Total comprehensive (loss) / income for the period	-	-	(2,940,381)	-	-	-	1,592,810	(1,347,571)
Balance as on March 31, 2016 (un-audited)	893,795	3,766,738	21,538,847	1,235,634	-	15,310,333	3,807,376	46,552,723
Total transactions with owners, recognised directly in equity								
Final dividend for the year ended December 31, 2015 Rs. 15 per share	-	-	-	-	-	-	(1,340,693)	(1,340,693)
Redemption of preference shares / convertible stock (8,500,000 preference shares of Rs. 190 each)	-	-	-	(629,412)	1,615,000	-	(4,709,181)	(3,723,593)
	-	-	-	(629,412)	1,615,000	-	(6,049,874)	(5,064,286)
Total comprehensive income for the period ended December 31, 2016								
Profit for the period	-	-	-	-	-	-	4,002,919	4,002,919
Other comprehensive income								
Surplus on remeasurement of available for sale financial assets	-	-	7,319,478	-	-	-	-	7,319,478
Remeasurement of retirement benefit liability - net of tax	-	-	-	-	-	-	(26,364)	(26,364)
Total comprehensive income for the period	-	-	7,319,478	-	-	-	3,976,555	11,296,033
Balance as on December 31, 2016 (audited)	893,795	3,766,738	28,858,325	606,222	1,615,000	15,310,333	1,734,057	52,784,470
Appropriation of funds								
Transfer from general reserve	-	-	-	-	-	(1,000,000)	1,000,000	-
Total comprehensive income for the period ended March 31, 2017								
Profit for the period	-	-	-	-	-	-	1,504,924	1,504,924
Other comprehensive income								
Surplus on remeasurement of available for sale financial assets	-	-	346,678	-	-	-	-	346,678
Total comprehensive income for the period	-	-	346,678	-	-	-	1,504,924	1,851,602
Balance as on March 31, 2017 (un-audited)	893,795	3,766,738	29,205,003	606,222	1,615,000	14,310,333	4,238,981	54,636,072

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director

PACKAGES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

for the three months ended March 31, 2017

	Note	Three months ended	
		March 31, 2017	March 31, 2016
		Un-audited	Un-audited
(Rupees in thousand)			
Cash flow from operating activities			
Cash generated from operations	16	207,732	356,592
Finance cost paid		(99,132)	(23,501)
Taxes paid		(345,905)	(277,834)
Payments for accumulating compensated absences		(8,579)	(9,019)
Net cash (used in) / generated from operating activities		(245,884)	46,238
Cash flow from investing activities			
Fixed capital expenditure		(276,197)	(265,695)
Investments		-	(366,667)
Long term loans and deposits - net		3,230	(749)
Proceeds from disposal of property, plant and equipment		14,622	60,519
Dividends received		1,510,712	1,329,094
Net cash generated from investing activities		1,252,367	756,502
Cash flow from financing activities			
Liabilities against assets subject to finance lease - net		(3,435)	(2,927)
Dividend paid		(182)	(177)
Net cash used in financing activities		(3,617)	(3,104)
Net increase in cash and cash equivalents		1,002,866	799,636
Cash and cash equivalents at the beginning of the period		(1,286,421)	(782,741)
Cash and cash equivalents at the end of the period	17	(283,555)	16,895

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director

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

for the three months ended March 31, 2017

1. Legal status and nature of business

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

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

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, 2016.

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, 2016 except for the adoption of new accounting policies as referred to in note 3.2.1.

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

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

3.2.1 Amendments to published standards effective in current year

New and amended standards and interpretations mandatory for the first time for the financial year beginning January 01, 2017:

Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative are applicable on accounting periods beginning on or after January 01, 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. These amendments do not have a material impact on the Company's financial statements.

Amendments to IAS 12, 'Income taxes' in relation to recognition of deferred tax assets for unrealised losses are applicable on accounting periods beginning on or after January 01, 2017. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments do not have a material impact on the Company's financial statements.

3.2.2 Standards, amendments and interpretations to existing standards that are not yet effective

Standards or Interpretations	Effective date (accounting periods beginning on or after)
Annual improvements 2014-2016	January 01, 2018
Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transaction	January 01, 2018
IFRS 9 - 'Financial instruments'	January 01, 2018
IFRS 15 - 'Revenue from contracts with customers'	January 01, 2018
Amendments to IFRS 15, 'Revenue from contracts with customers' on gross versus net revenue presentation	January 01, 2018
Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9	January 01, 2018
Amendments to IAS 40, 'Investment property', relating to transfer of investment property	January 01, 2018
IFRIC 22 - 'Foreign currency transactions and advance consideration'	January 01, 2018
IFRS 16 - 'Leases'	January 01, 2019

4. Taxation

The provision for taxation for the three months ended March 31, 2017 has been made using the tax rate that would be applicable to expected total annual earnings.

5. Estimates

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

In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2016, 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

	March 31, 2017	December 31, 2016
	Un-audited	Audited
	(Rupees in thousand)	
Local currency loans - secured	3,214,290	3,214,290
Preference shares / convertible stock - unsecured	932,650	932,650
	4,146,940	4,146,940
Current portion shown under current liabilities	(571,420)	(571,420)
	3,575,520	3,575,520

7. The Divisional Bench of Sindh High Court in an order dated May 7, 2013, in case of another company, has interpreted section 113(2)(c) of the Income Tax Ordinance, 2001 ('Ordinance') in the manner that the benefit of carry forward of minimum tax paid is not available if otherwise no tax was payable by the company due to taxable loss. Taking a prudent view on the matter the Company has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 270.768 million (2016: Rs. 270.768 million) available under section 113 of the Ordinance. Tax credits under section 113 of the Ordinance amounting to Rs. 110.934 million and Rs. 159.834 million are set to lapse by the end of years ending on December 31, 2017 and 2018 respectively.

8. Contingencies and commitments

8.1 Contingencies

- (i) Claims against the Company not acknowledged as debts Rs. 14.840 million (December 31, 2016: Rs. 14.861 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. 15.778 million (December 31, 2016: Rs. 18.981 million) in respect of goods imported.
- (iii) Standby letter of credit issued by Habib Bank Limited Pakistan ('HBL Pakistan') in favor of Habib Bank Limited Bahrain ('HBL Bahrain') on behalf of the Company amounts to USD 11.072 million (Equivalent to PKR 1,160.899 million) [December 2016: USD 11.072 million (Equivalent to PKR 1,160.311 million)].

8.2 Commitments in respect of

- (i) Letters of credit and contracts for capital expenditure Rs. 517.709 million (December 31, 2016: Rs. 191.973 million).
- (ii) Letters of credit and contracts other than for capital expenditure Rs. 257.058 million (December 31, 2016: Rs. 488.757 million).
- (iii) The amount of future payments under operating leases and the period in which these payments shall become due are as follows:

		March 31, 2017	December 31, 2016
	Note	Un-audited	Audited
(Rupees in thousand)			
Not later than one year		4,416	6,333
Later than one year and not later than five years		26,252	24,592
		30,668	30,925
9. Property, plant and equipment			
Operating assets - at net book value			
Owned assets		3,913,272	4,060,129
Assets subject to finance lease		32,522	33,263
	9.1	3,945,794	4,093,392
Capital work-in-progress	9.2	349,378	105,018
		4,295,172	4,198,410
9.1 Operating assets			
Opening net book value		4,093,392	3,575,260
Additions during the period / year	9.1.1	31,839	1,133,266
Transfer in at book value - net		-	47,296
		31,839	1,180,562
Disposals during the period / year at book value		(12,895)	(42,006)
Transferred to investment property		-	(14,005)
Depreciation charged during the period / year		(166,542)	(606,419)
		(179,437)	(662,430)
Closing net book value		3,945,794	4,093,392

9.1.1 Additions during the period / year	Note	March 31, 2017	December 31, 2016
		Un-audited	Audited
		(Rupees in thousand)	
Freehold land		-	22,950
Buildings on freehold land		7,344	39,533
Plant and machinery		1,815	864,046
Furniture and fixtures		-	743
Other equipment		9,136	108,944
Vehicles		13,544	97,050
		31,839	1,133,266
9.2 Capital work-in-progress			
Civil works		19,629	4,050
Plant and machinery		304,946	65,278
Others		17,876	-
Advances		6,927	35,690
		349,378	105,018
10 Investments			
Opening balance		50,077,782	44,997,518
Investments made in related parties during the period / year	10.1	-	701,167
Surplus on remeasurement of available for sale financial assets		346,678	4,379,097
Closing balance		50,424,460	50,077,782
10.1 Investments made in related parties during the period / year			
OmyaPack (Pvt) Limited [Formerly CalciPack (Private) Limited]		-	309,500
Packages Power (Private) Limited		-	25,000
Tri-Pack Films Limited		-	366,667
		-	701,167

10.2 As of March 31, 2017, an aggregate of 775,000 shares (December 31, 2016: 775,000) of Nestle Pakistan Limited having market value Rs. 7,048 million (December 31, 2016: Rs. 6,975 million) were pledged in favor of Habib Bank Limited Pakistan.

11. In respect of tax year 2014, the department has, against taxable loss of Rs. 706.039 million as per return filed by the Company, assessed a taxable income of Rs. 2.615 billion and amended the deemed order for the year raising a tax demand of Rs. 606.325 million. In this Order, among other issues, the income tax department has not accepted the Company's contention for non-taxation of the transfer of paper & paperboard and corrugated business segments to Bulleh Shah Packaging (Private) Limited under section 97 of the Income Tax Ordinance, 2001. Such transfer has been taxed as capital gain on the value of assets transferred. The matter is currently being contested before the Commissioner (Appeals).

Further, certain other disallowances interalia including on account of allocation of various expenses towards dividend and other incomes, effectively reducing the available tax losses by approximately Rs. 1.2 billion, have also been made by the department in respect of previous tax years.

The Company is contesting the above orders before Commissioner (Appeals) and has not made any provision against the above demand or disallowances as the management is confident that the ultimate outcome of the appeals would be in favor of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

In 1987, the then 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 then Commissioner of Income Tax (Appeals) [CIT(A)], Karachi. CIT(A) 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 CIT(A)'s order with the then 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), had issued notices under section 65 of the Income Tax Ordinance, 1979 and the Company had 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.

12. Cost of sales

	Three months ended	
	March 31, 2017	March 31, 2016
	Un-audited	Un-audited
	(Rupees in thousand)	
Materials consumed	2,431,385	2,344,873
Salaries, wages and amenities	344,388	290,890
Travelling	4,642	4,515
Fuel and power	178,364	132,362
Production supplies	113,131	123,172
Excise duty and sales tax	91	304
Rent, rates and taxes	8,038	8,816
Insurance	7,201	8,206
Repairs and maintenance	75,940	80,811
Packing expenses	78,103	86,636
Depreciation on property, plant & equipment	155,116	131,384
Amortisation of intangible assets	2,574	2,433
Technical fee and royalty	4,805	3,166
Other expenses	61,746	55,477
	3,465,524	3,273,045
Opening work-in-process	219,626	210,945
Closing work-in-process	(249,825)	(159,883)
Cost of goods produced	3,435,325	3,324,107
Opening stock of finished goods	564,573	538,591
Closing stock of finished goods	(444,147)	(479,394)
	3,555,751	3,383,304

13. Taxation

	Three months ended	
	March 31, 2017	March 31, 2016
	Un-audited	Un-audited
	(Rupees in thousand)	
Current	233,246	185,603
Deferred	(35,000)	133,000
	198,246	318,603

Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the Company are in excess of its paid up capital and the Company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires.

14. Earnings per share

		Three months ended	
		March 31, 2017	March 31, 2016
		Un-audited	Un-audited

14.1 Basic earnings per share

Profit for the period	Rupees in thousand	1,504,924	1,592,810
Weighted average number of ordinary shares	Numbers	89,379,504	88,709,174
Earnings per share	Rupees	16.84	17.96

14.2 Diluted earnings per share

Profit for the period	Rupees in thousand	1,504,924	1,592,810
Return on preference shares / convertible stock - net of tax	Rupees in thousand	31,406	48,628
		1,536,330	1,641,438
Weighted average number of ordinary shares	Numbers	89,379,504	88,709,174
Weighted average number of notionally converted preference shares / convertible stock	Numbers	8,186,842	17,357,172
		97,566,346	106,066,346
Earnings per share	Rupees	15.75	15.48

15. Transactions with related parties

Relationship with the Company	Nature of transactions	Three months ended	
		March 31, 2017	March 31, 2016
		Un-audited	Un-audited
		(Rupees in thousand)	
i. Subsidiaries	Purchase of goods and services	253,747	202,569
	Sale of goods and services	28,473	25,991
	Dividend income	115,037	97,094
	Rental and other income	5,864	6,779
	Management and technical fee	14,590	5,835
	Expenses incurred on behalf of subsidiaries	108,594	105,711
ii. Joint ventures	Purchase of goods and services	498,900	609,636
	Sale of goods and services	24,466	9,882
	Rental and other income	18,225	15,039
	Sales of property, plant & equipment	1,168	-
iii. Associates	Purchase of goods and services	234,410	139,812
	Sale of goods and services	8,917	1,083
	Investments	-	366,667
	Insurance premium	44,377	35,786
	Commission earned	1,007	2,595
	Insurance claims received	62	8
	Rental and other income	2,567	204
	Dividend income	-	50,000
iv. Other related party	Donations made	15,628	-
v. Post employment benefit plans	Expense charged in respect of retirement benefit plans	30,730	22,155
vi. Key management personnel	Salaries and other employee benefits	29,716	28,756

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

Period-end balances

	March 31, 2017	December 31, 2016
	Un-audited	Audited
	(Rupees in thousand)	
Receivable from related parties		
Subsidiaries	97,217	60,935
Joint ventures	440,963	492,313
Associates	18,964	19,645
Payable to related parties		
Subsidiaries	102,741	94,010
Joint ventures	262,331	178,884
Associates	62,520	56,913
Retirement funds	22,533	15,948

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

16. Cash generated from operations

	Three months ended	
	March 31, 2017	March 31, 2016
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax	1,703,170	1,911,413
Adjustments for:		
Depreciation on property, plant & equipment	166,542	141,140
Depreciation on investment property	1,743	1,150
Amortisation on intangible assets	2,772	4,231
Provision for accumulating compensated absences	20,166	19,519
Provision for retirement benefits	4,080	-
Net profit on disposal of property, plant and equipment	(1,727)	(41,799)
Exchange loss	7,391	3,000
Finance costs	114,399	108,942
Provision for doubtful debts	903	519
Provisions and unclaimed balances written back	(384)	(12)
Dividend income	(1,510,712)	(1,379,094)
Profit before working capital changes	508,343	769,009
Effect on cash flow due to working capital changes		
Increase in trade debts	(31,925)	(443,562)
(Increase) / decrease in stores and spares	(4,182)	87,824
(Increase) / decrease in stock-in-trade	(200,780)	51,649
Increase in loans, advances, deposits, prepayments and other receivables	(143,082)	(5,766)
Increase / (decrease) in trade and other payables	79,358	(102,562)
	(300,611)	(412,417)
	207,732	356,592

17. Cash and cash equivalents

Cash and bank balances	114,153	151,355
Finances under mark up arrangements - secured	(397,708)	(134,460)
	(283,555)	16,895

18. 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, 2016.

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

19. Date of authorisation for issue

This condensed interim financial information was authorised for issue on April 19, 2017 by the Board of Directors of the Company.

20. Events after the balance sheet date

The Board of Directors has proposed a final cash dividend for the year ended December 31, 2016 of Rs. 25 per share (2015: Rs. 15 per share), amounting to Rs. 2,234.488 million (2015: Rs. 1,340.693 million) at their meeting held on February 28, 2017 for approval of the members at the Annual General Meeting to be held on April 25, 2017. Reference to the ordinary dividend proposed by the Board, the Board has further proposed such amount of additional preference dividend to be paid to IFC as per the terms of subscription agreement.

21. 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 rearranged and reclassified, wherever necessary, for the purposes of comparison. However, no significant reclassifications have been made.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director

**Packages Group
Condensed Consolidated Interim
Financial Information**

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2017

The Directors of Packages Limited are pleased to submit the un-audited consolidated financial statements of the Group for the first quarter ended March 31, 2017.

Group results

The comparison of the un-audited results for the first quarter ended March 31, 2017 as against March 31, 2016 is as follows:

	Jan - March 2017	Jan - March 2016
	(Rupees in million)	
Invoiced sales - net	6,466	6,404
Profit from operations	513	870
Share of profit in associates and joint ventures - net of tax	37	237
Investment income	1,395	1,232
Profit after tax	1,541	1,866

During the first quarter of 2017, Group has achieved net sales of Rs. 6,466 million against net sales of Rs. 6,404 million achieved during corresponding period of last year with an operating profit of Rs. 513 million compared to Rs. 870 million generated during the corresponding period. This decrease in profit after tax is primarily attributable to almost stagnant sales due to discounts passed to customers due to deflationary trends in raw material prices and also due to decline in sales volume of organised tobacco industry. The Group is exercising stricter cost controls and is in the process of implementing various initiatives to bring down fixed costs and to increase sales volume.

Investment income has increased by Rs. 163 million during the first quarter of 2017 over corresponding values of 2016 that is due to improved performance of group companies and timing difference of declaration of dividend of investee companies.

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

DIC Pakistan Limited

DIC Pakistan Limited is a non-listed public limited subsidiary of Packages Limited. It is principally engaged in manufacturing, processing and selling of industrial inks. The Company has achieved net sales of Rs. 953 million during the first quarter of the year 2017 as compared to Rs. 903 million of the corresponding period of last year representing sales growth of 5.5%. However, the operating results of the Company generated profit before tax of Rs. 116 million during the first quarter of the year 2017 as against Rs. 146 million generated during corresponding period of 2016 due to increase in raw material and fuel costs. Moving forward, the Company will continue its focus on improving operating results through tighter operating cost control, product diversification, price rationalisation 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. During the first quarter of 2017, the Company has achieved sales of SLR 576 million as compared to SLR 480 million of the corresponding period of last year representing sales growth of 20%. This increase in sales growth, waste reduction efforts and reduced fuel prices have helped in improving operating results as the Company has generated profit before tax of SLR 94 million during the first quarter of the year 2017 as against SLR 79 million generated during corresponding period of 2016, representing growth of 23.7%. Moving forward, the Company's focus will remain on improving operating results through operational cost control and price rationalisation.

Flexible Packages Convertors (Pty) Limited

Flexible Packages Convertors (Pty) Limited is private limited company based in South Africa. It is principally engaged in the manufacture of flexible packaging material. During the first quarter of 2017, the Company achieved net sales revenue of USD 8.6 million as compared to USD 7.4 million of the corresponding period of last year. Operating results of the Company are higher by 12% due to better product mix. Moving forward, the Company will continue its focus on improving operating results through tighter operating cost control and product diversification.

Packages Construction (Private) Limited

The Group's development of a high quality retail mall at its Lahore land through its subsidiary, Packages Construction (Private) Limited, stands completed and the mall will be open to general public on April 20, 2017.

Packages Power (Private) Limited

Packages Power (Private) Limited is a wholly owned subsidiary of Packages Limited for the purpose of setting up a 3.1 MW hydropower project as advertised by the Punjab Power Development Board (PPDB). Accordingly, an initial equity injection of Rs. 25 million was made in December 2016. The Company has initiated a feasibility study, after the issuance of Letter of Interest by PPDB, which is likely to be completed by third quarter of 2017.



(Towfiq Habib Chinoy)
Chairman
Lahore, April 19, 2017



(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, April 19, 2017

ذریعے آپریٹنگ نتائج بہتر بنانے پر توجہ دیتی رہے گی۔

پیکیز لنکا (پرائیویٹ) لمیٹڈ

پیکیز لنکا (پرائیویٹ) لمیٹڈ پیکیز لمیٹڈ کی سری لنکا میں قائم ذیلی کمپنی ہے۔ یہ بنیادی طور پر فلکس ایبل پیکیجنگ سولوشنز کی تیاری میں سرگرم عمل ہے۔ 2017 کی پہلی سہ ماہی کے دوران کمپنی نے 576 ملین سری لنکن روپے کی سیلز حاصل کی جو گزشتہ سال کی اس مدت میں 480 ملین سری لنکن روپے تھے اور اس سال 20 فیصد بہتر شرح نمو حاصل کی گئی۔ سیلز میں اضافہ، خام مال کے ضیاع میں کمی کی کوششوں اور ایندھن کی قیمتوں میں کمی سے کمپنی کے آپریٹنگ نتائج بہتر بنانے میں مدد ملی جیسا کہ کمپنی نے سال 2017 کی پہلی سہ ماہی کے دوران 94 ملین سری لنکن روپے کا قبل از ٹیکس منافع حاصل کیا اس کے برخلاف 2016 میں اس مدت میں 79 ملین سری لنکن روپے حاصل کئے گئے تھے جس سے 23.7 فیصد شرح نمو ظاہر ہوتی ہے۔ آگے بڑھتے ہوئے کمپنی آپریٹنگ نتائج پر کنٹرول اور پرائس ریشنل رائٹس رائٹس کے ذریعے آپریٹنگ نتائج بہتر بنانے پر توجہ مرکوز رکھے گی۔

فلکس ایبل پیکیز کنورٹرز (پروپرائیٹری) لمیٹڈ

فلکس ایبل پیکیز کنورٹرز (پروپرائیٹری) لمیٹڈ جنوبی افریقہ میں قائم ایک پرائیویٹ لمیٹڈ کمپنی ہے۔ یہ بنیادی طور پر فلکس ایبل پیکیجنگ میٹریل کی تیاری میں مصروف عمل ہے۔ 2017 کی پہلی سہ ماہی کے دوران کمپنی نے 8.6 ملین امریکی ڈالر کی خالص سیلز حاصل کی جو اس کے مقابلے میں گزشتہ سال کی اس سہ ماہی کے دوران 7.4 ملین امریکی ڈالر تھے۔ کمپنی کے آپریٹنگ نتائج بہتر پروڈکٹ امتزاج کے باعث 12 فیصد زائد رہے۔ آگے بڑھتے ہوئے کمپنی آپریٹنگ لاگت پر سخت ترین کنٹرول اور پروڈکٹ میں توسیع کے ذریعے آپریٹنگ نتائج بہتر بنانے کا سلسلہ جاری رکھے گی۔

پیکیز کنسٹرکشن (پرائیویٹ) لمیٹڈ

گروپ لاہور میں اس کی اراضی پر اس کے ایک ذیلی ادارے پیکیز کنسٹرکشن (پرائیویٹ) لمیٹڈ کے ذریعے ایک اعلیٰ معیار کا رئیل مال تعمیر کر رہا ہے جو مکمل ہو چکا ہے اور مال کو 20 اپریل 2017 کو عوام الناس کے لئے کھولا جا رہا ہے۔

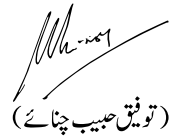
پیکیز پاور (پرائیویٹ) لمیٹڈ

پیکیز پاور (پرائیویٹ) لمیٹڈ 3.1 میگا واٹ ہائیڈرو پاور پروجیکٹ کے قیام کے مقصد کے لئے بنایا گیا پیکیز لمیٹڈ کا ایک مکمل ملکیتی ذیلی ادارہ ہے جیسا کہ پنجاب پاور ڈیولپمنٹ بورڈ (پی ڈی بی) کی جانب سے مشتہر کیا گیا۔ اس کے مطابق ابتدائی طور پر 25 ملین روپے کی ایکویٹی دسمبر 2016 کو شامل کی گئی تھی۔ کمپنی نے ابتدائی طور پر پی ڈی بی کی جانب سے لیٹر آف انٹرسٹ کے اجراء کے بعد فونڈنگ جازہ رپورٹ پر کام شروع کر دیا ہے جو ممکنہ طور پر 2017 کی تیسری سہ ماہی تک مکمل کر لیا جائے گا۔


(سید حید علی)

چیف ایگزیکٹو اور پیکیجنگ ڈائریکٹر

لاہور، 19 اپریل، 2017


(توفیق حبیب چنائے)

چیرمین

لاہور، 19 اپریل، 2017

31 مارچ 2017 کو ختم ہونے سے ماہی کی مدت کے لئے

مجموعی مالیاتی حسابات پر ڈائریکٹرز کی رپورٹ

ٹیکسز لمیٹڈ کے ڈائریکٹرز 31 مارچ 2017 کو ختم ہونے والی پہلی سہ ماہی کے لئے ہمسرت گروپ کے غیر آڈٹ شدہ مجموعی مالیاتی حسابات پیش کر رہے ہیں۔

گروپ کے نتائج

31 مارچ 2017 کو ختم ہونے والی پہلی سہ ماہی کے لئے غیر آڈٹ شدہ مالیاتی نتائج کا تقابل بمقابلہ 31 مارچ 2016 درج ذیل کے مطابق ہے:

جنوری - مارچ 2016	جنوری - مارچ 2017	
		(روپے ملین میں)
6,404	6,466	انوائسڈ سیلز - خالص
870	513	آپریٹرز سے منافع جات
237	37	منسلک اداروں اور جوائنٹ وینچرز میں منافع کا حصہ/ بعد از ٹیکس
1,232	1,395	سرمایہ کاری کی آمدنی
1,866	1,541	منافع بعد از ٹیکس

2017 کی پہلی سہ ماہی کے دوران گروپ نے 6,466 ملین روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کی اسی مدت کے دوران 6,404 ملین روپے کی خالص سیلز کی گئی تھی اس کے ساتھ 513 ملین روپے کا آپریٹنگ منافع حاصل کیا گیا جو گزشتہ سال کی اسی مدت کے دوران 870 ملین روپے تھا۔ منافع بعد از ٹیکس میں کمی کی بنیادی وجہ خام مال کے نرخوں میں ڈبلیو ایچ ایس جی کے رجحانات کے باعث ڈسکاؤنٹس صارفین کو منتقل کئے جانے کے سبب سیلز کا جمود کا شکار ہونا اور تمباکو کی منظم صنعت کی فروخت کے حجم میں کمی تھی۔ گروپ لاگت پر کنٹرول کے لئے سخت اقدامات پر عمل پیرا ہے اور طے شدہ لاگت کو نجلی سطح پر لانے اور سیلز کا حجم بڑھانے کے مختلف اقدامات پر عملدرآمد کر رہا ہے۔

سرمایہ کاری کی آمدنی 2017 کی پہلی سہ ماہی کے دوران 2016 کی اسی مدت کے مقابلے میں 163 ملین روپے تک بڑھ گئی ہے جس کی وجہ گروپ کمپنیز کی بہتر کارکردگی اور انویسٹی کمپنیوں کے منافع منقسمہ کا اعلان مختلف اوقات میں کرنا تھا۔

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

ڈی آئی سی پاکستان لمیٹڈ

ڈی آئی سی پاکستان لمیٹڈ ٹیکسز لمیٹڈ کا ایک نان-لسٹڈ پبلک لمیٹڈ ذیلی ادارہ ہے۔ یہ بنیادی طور پر صنعتی انکس (inks) کی تیاری، پروسیسنگ اور سیلز میں مصروف عمل ہے۔ کمپنی نے سال 2017 کی پہلی سہ ماہی کے دوران 953 ملین روپے کی خالص سیلز حاصل کی۔ اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران 903 ملین روپے کی خالص سیلز حاصل کی گئی تھی اور اس طرح 5.5 فیصد سیلز گروتھ حاصل ہوئی۔ تاہم کمپنی نے آپریٹنگ نتائج کے مطابق سال 2017 کی پہلی سہ ماہی کے دوران 116 ملین روپے کا منافع قبل از ٹیکس حاصل کیا جو 2016 کی اسی مدت میں 146 ملین روپے تھا اور اس کی وجہ خام مال اور ایندھن کے اخراجات میں اضافہ تھا۔ آگے بڑھتے ہوئے کمپنی آپریٹنگ اخراجات پر سخت انتظامی کنٹرول، پروڈکٹ میں توسیع، پرائس ریشٹرائزیشن اور بہتر ورکنگ کیپٹل کے انتظام کے

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED)

as at March 31, 2017

	Note	March 31, 2017 <u>Un-audited</u>	December 31, 2016 <u>Audited</u>
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (December 31, 2016: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (December 31, 2016: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each		4,180,000	4,180,000
Issued, subscribed and paid up capital			
89,379,504 (December 31, 2016: 89,379,504) ordinary shares of Rs. 10 each		893,795	893,795
Reserves		48,710,657	49,350,660
Preference shares / convertible stock reserve		606,222	606,222
Equity portion of short term loan from shareholder of the Parent Company	6	77,991	77,991
Accumulated profit		4,365,183	1,879,569
		54,653,848	52,808,237
NON-CONTROLLING INTEREST		1,985,131	1,950,579
		56,638,979	54,758,816
NON-CURRENT LIABILITIES			
Long term finances	7	11,538,524	10,306,006
Liabilities against assets subject to finance lease		62,402	73,851
Deferred tax	8	782,648	802,529
Retirement benefits		106,695	102,825
Deferred liabilities		371,138	349,437
		12,861,407	11,634,648
CURRENT LIABILITIES			
Current portion of long term liabilities - secured		837,897	828,884
Short term loan from shareholder of the Parent Company - unsecured	9	462,930	462,930
Finances under mark up arrangements - secured		1,266,386	1,918,079
Trade and other payables		4,911,544	5,126,373
Accrued finance cost		280,356	313,512
Provision for taxation		43,151	66,199
		7,802,264	8,715,977
CONTINGENCIES AND COMMITMENTS	10	-	-
		77,302,650	75,109,441


		March 31, 2017	December 31, 2016
	Note	Un-audited	Audited
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	6,593,164	6,488,347
Intangible assets		167,070	164,294
Investment property		11,789,738	10,922,713
Investments accounted for under equity method	12	13,902,689	13,867,035
Other long term investments	13	33,204,640	32,857,962
Long term loans and deposits		42,176	39,858
		65,699,477	64,340,209

CURRENT ASSETS

Stores and spares		520,274	515,209
Stock-in-trade		3,159,013	2,846,446
Trade debts		3,644,559	3,561,210
Loans, advances, deposits, prepayments and other receivables		1,277,215	1,131,050
Income tax receivable	14	2,448,806	2,303,516
Cash and bank balances		553,306	411,801
		11,603,173	10,769,232
		77,302,650	75,109,441

The annexed notes 1 to 25 form an integral part of this condensed consolidated interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director

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

for the three months ended March 31, 2017

	Note	Three months ended	
		March 31, 2017	March 31, 2016
		Un-audited	Un-audited
		(Rupees in thousand)	
Local sales		7,205,296	7,245,777
Export sales		185,795	62,234
Gross sales		7,391,091	7,308,011
Less: Sales tax and excise duty		918,404	886,830
Commission		6,255	16,700
		924,659	903,530
Net sales		6,466,432	6,404,481
Cost of sales	15	(5,075,456)	(4,764,970)
Gross profit		1,390,976	1,639,511
Administrative expenses		(395,760)	(359,944)
Distribution and marketing costs		(372,324)	(341,732)
Other operating expenses		(160,098)	(157,298)
Other operating income		50,371	89,130
Profit from operations		513,165	869,667
Finance costs		(163,132)	(129,221)
Investment income		1,395,674	1,232,000
Share of profit of investments accounted for using the equity method - net of tax		37,285	237,188
Profit before taxation		1,782,992	2,209,634
Taxation		(242,260)	(343,201)
Profit for the period		1,540,732	1,866,433
Attributable to:			
Equity holders of the Parent Company		1,485,614	1,794,082
Non-controlling interest		55,118	72,351
		1,540,732	1,866,433

**Earnings per share attributable to equity
holders of the Parent Company
for the period**

Basic earnings per share	Rupees	16	16.62	20.22
Diluted earnings per share	Rupees	16	15.55	17.37

The annexed notes 1 to 25 form an integral part of this condensed consolidated interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the three months ended March 31, 2017

	Three months ended	
	March 31, 2017	March 31, 2016
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for the period	1,540,732	1,866,433
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation of foreign subsidiary	22,920	127,045
Share of other comprehensive income of investments accounted for under equity method - net of tax	320	-
Surplus / (deficit) on remeasurement of available for sale financial assets	346,678	(2,940,381)
Other comprehensive income / (loss) for the period	369,918	(2,813,336)
Total comprehensive income / (loss) for the period	1,910,650	(946,903)
Attributable to:		
Equity holders of the Parent Company	1,845,611	(1,076,067)
Non-controlling interest	65,039	129,164
	1,910,650	(946,903)

The annexed notes 1 to 25 form an integral part of this condensed consolidated interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the three months ended March 31, 2017

	Issued, subscribed and paid up capital	Reserves										Capital and reserves		
		Capital reserves								Revenue reserves				
		Share capital	Share premium	Exchange difference on translation of foreign subsidiary	Fair value reserve	Preference shares / convertible stock reserve	Other reserves relating to associates & joint ventures	Transaction with non-controlling interest	Equity portion of short term loan	Capital redemption reserve	General reserve		Accumulated profits	Total
(R u p e e s i n t h o u s a n d)														
Balance as on December 31, 2015 (audited)	883,795	3,588,769	(238,195)	24,479,228	1,309,682	(32,842)	-	46,596	-	13,810,333	4,316,773	48,163,139	929,138	49,092,277
Appropriation of funds														
Transferred to general reserve	-	-	-	-	-	-	-	-	-	1,500,000	(1,500,000)	-	-	-
Total transactions with owners, recognised directly in equity														
Conversion of preference shares / convertible stock into ordinary share capital (1,000,000 ordinary shares of Rs.10 each)	10,000	177,969	-	-	(74,048)	-	-	-	-	-	-	113,921	-	113,921
Interest acquired in subsidiary Packages Construction (Private) Limited by non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	750,000	750,000
Dividend relating to 2015 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(26,519)	(26,519)
	10,000	177,969	-	-	(74,048)	-	-	-	-	-	-	113,921	723,481	837,402
Total comprehensive income for the period ended March 31, 2016														
Profit for the period	-	-	-	-	-	-	-	-	-	-	1,794,082	1,794,082	72,351	1,866,433
Other comprehensive income:														
Deficit on remeasurement of available for sale financial assets	-	-	-	(2,940,381)	-	-	-	-	-	-	-	(2,940,381)	-	(2,940,381)
Exchange difference on translation of foreign subsidiaries	-	-	70,232	-	-	-	-	-	-	-	-	70,232	56,612	127,044
Total comprehensive income / (loss) for the period	-	-	70,232	(2,940,381)	-	-	-	-	-	-	1,794,082	(1,076,067)	129,164	(946,904)
Balance as on March 31, 2016 (un-audited)	893,795	3,766,738	(168,963)	21,538,847	1,235,634	(32,842)	-	46,596	-	15,310,333	4,610,855	47,200,993	1,781,783	48,982,775
Share of other reserves of investments accounted for under equity method	-	-	-	-	-	(4,297)	-	-	-	-	-	-	(4,297)	(4,297)
Total transactions with owners, recognised directly in equity														
Dividend relating to 2015 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(230,146)	(230,146)
Final dividend for the year ended December 31, 2015 Rs. 15 per share	-	-	-	-	-	-	-	-	-	-	(1,340,693)	(1,340,693)	-	(1,340,693)
Equity portion of short term loan from shareholder of the Parent Company (note-6)	-	-	-	-	-	-	-	31,385	-	-	-	31,385	8,564	39,959
Interest acquired in subsidiary Packages Construction (Private) Limited by non-controlling interest	-	-	-	-	-	-	-	22,981	-	-	-	22,981	227,019	250,000
Redemption of preference shares / convertible stock (8,500,000 preference shares of Rs. 190 each)	-	-	-	(629,412)	-	-	-	-	1,615,000	-	(4,708,181)	(3,723,593)	-	(3,723,593)
	-	-	-	(629,412)	-	-	22,981	31,385	1,615,000	-	(6,049,874)	(5,009,910)	5,437	(5,004,473)
Total comprehensive income for the period ended December 31, 2016														
Profit for the period	-	-	-	-	-	-	-	-	-	-	3,345,619	3,345,619	139,255	3,485,074
Other comprehensive income:														
Remeasurement of retirement benefit liability-net of tax	-	-	-	-	-	-	-	-	-	-	(27,231)	(27,231)	(230)	(27,461)
Exchange difference on translation of foreign subsidiaries	-	-	12,300	-	-	-	-	-	-	-	-	12,300	24,335	36,635
Surplus on remeasurement of available for sale financial assets	-	-	-	7,319,478	-	-	-	-	-	-	-	7,319,478	-	7,319,478
Other comprehensive income of investments accounted for under equity method	-	-	-	-	(28,915)	-	-	-	-	-	-	(28,915)	-	(28,915)
Total comprehensive income / (loss) for the period	-	-	12,300	7,319,478	(28,915)	-	-	-	-	-	3,318,588	10,621,451	163,360	10,784,811
Balance as on December 31, 2016 (audited)	893,795	3,766,738	(156,663)	28,858,325	606,222	(66,054)	22,981	77,991	1,615,000	15,310,333	1,879,569	52,808,237	1,950,580	54,758,816
Appropriation of funds														
Transfer from general reserve	-	-	-	-	-	-	-	-	(1,000,000)	1,000,000	-	-	-	-
Total transactions with owners, recognised directly in equity														
Dividend relating to 2016 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(30,488)	(30,488)
Total comprehensive income for the period ended March 31, 2017														
Profit for the period	-	-	-	-	-	320	-	-	-	-	1,485,614	1,485,934	55,118	1,541,052
Other comprehensive income:														
Surplus on remeasurement of available for sale financial assets	-	-	-	346,678	-	-	-	-	-	-	-	346,678	-	346,678
Exchange difference on translation of foreign subsidiaries	-	-	12,999	-	-	-	-	-	-	-	-	12,999	9,921	22,920
Total comprehensive income for the period	-	-	12,999	346,678	-	320	-	-	-	-	1,485,614	1,845,611	65,039	1,910,650
Balance as on March 31, 2017 (un-audited)	893,795	3,766,738	(143,664)	29,205,003	606,222	(65,734)	22,981	77,991	1,615,000	14,310,333	4,385,183	54,653,848	1,985,131	56,638,979

The annexed notes 1 to 25 form an integral part of this condensed consolidated interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
for the three months ended March 31, 2017

	Note	Three months ended	
		March 31, 2017	March 31, 2016
		Un-audited	Un-audited
Cash flow from operating activities			
Cash generated from operations	19	24,064	235,097
Finance cost paid		(290,031)	(28,963)
Taxes paid		(430,479)	(352,684)
Payments for accumulating compensated absences and staff gratuity		(8,579)	(9,019)
Net cash used in operating activities		(705,025)	(155,569)
Cash flow from investing activities			
Fixed capital expenditure		(1,143,657)	(1,610,787)
Investments - net		-	(366,667)
Net increase in long term loans and deposits		(2,318)	(771)
Proceeds from sale of property, plant and equipment		34,546	64,563
Dividends received		1,395,674	1,232,000
Net cash generated from / (used in) investing activities		284,245	(681,662)
Cash flow from financing activities			
Proceeds from long term finances - secured		1,250,000	1,250,000
Proceeds received by Non-controlling interest on interest acquisition in subsidiary		-	750,000
Liabilities against assets subject to finance lease - net		(5,353)	3,662
Dividend paid to equity holders of the Parent Company		(182)	(177)
Dividend paid to non-controlling interest		(30,487)	(26,519)
Net cash generated from financing activities		1,213,978	1,976,966
Net increase in cash and cash equivalents		793,198	1,139,735
Cash and cash equivalents at the beginning of the period		(1,506,278)	(742,005)
Cash and cash equivalents at the end of the period	20	(713,080)	397,730

The annexed notes 1 to 25 form an integral part of this condensed consolidated interim financial information.


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director

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

for the three months ended March 31, 2017

1. Legal status and nature of business

Packages Limited ('the Parent Company') and its subsidiaries, DIC Pakistan Limited, Packages Lanka (Private) Limited, Packages Construction (Private) Limited, Packages Power (Private) Limited, Anemone Holdings Limited and Flexible Packages Convertors (Proprietary) 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.
Power generation: Representing the development and management of hydropower project.

The Group also holds investment in companies engaged in the manufacture and sale of paper, paperboard and corrugated boxes, biaxially oriented polypropylene (BOPP) film and cast polypropylene (CPP) film, plastic, insurance business and production and sale of ground calcium carbonate products.

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

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, 2016.

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, 2016 except for the adoption of new accounting policies as referred to in note 3.2.1.

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

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

3.2.1 Amendments to published standards effective in current year

New and amended standards and interpretations mandatory for the first time for the financial year beginning January 01, 2017:

Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative are applicable on accounting periods beginning on or after January 01, 2017. These amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. These amendments do not have a material impact on the Group's financial statements.

Amendments to IAS 12, 'Income taxes' in relation to recognition of deferred tax assets for unrealised losses are applicable on accounting periods beginning on or after January 01, 2017. These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. These amendments do not have a material impact on the Group's financial statements.

3.2.2 Standards, amendments and interpretations to existing standards that are not yet effective

Standards or Interpretations	Effective date (accounting periods beginning on or after)
Annual improvements 2014-2016	January 01, 2018
Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transaction	January 01, 2018
IFRS 9 - 'Financial instruments'	January 01, 2018
IFRS 15 - 'Revenue from contracts with customers'	January 01, 2018
Amendments to IFRS 15, 'Revenue from contracts with customers' on gross versus net revenue presentation	January 01, 2018
Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9	January 01, 2018
Amendments to IAS 40, 'Investment property', relating to transfer of investment property	January 01, 2018
IFRIC 22 - 'Foreign currency transactions and advance consideration'	January 01, 2018
IFRS 16 - 'Leases'	January 01, 2019

4. Taxation

The provision for taxation for the three months ended March 31, 2017 has been made using the tax rate that would be applicable to expected total annual earnings.

5. Estimates

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

In preparing this condensed interim financial information, the significant judgments made by management in applying the Groups'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, 2016, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

6. Equity portion of short term loan from shareholder of the Parent Company

This represents equity portion of interest free short term loan from shareholder of the Parent Company as referred in note 9. As per the original loan agreement, it was repayable on June 10, 2016. However, as per revised terms of the loan, the tenure has now been extended to June 30, 2017.

7. Long term finances

	March 31, 2017	December 31, 2016
	Un-audited	Audited
	(Rupees in thousand)	
These are composed of		
Local currency loans - secured		
Term finance loan	3,214,290	3,214,290
Long term finance facility	6,785,307	5,475,550
Foreign currency loan - secured	1,415,740	1,490,062
	11,415,337	10,179,902
Preference shares / convertible stock - unsecured	932,650	932,650
	12,347,987	11,112,552
Current portion shown under current liabilities		
Long term finance facility	(809,463)	(806,546)
Closing balance	11,538,524	10,306,006

- 8.** The Divisional Bench of Sindh High Court in an order dated May 7, 2013, in case of another company, has interpreted section 113(2)(c) of the Income Tax Ordinance, 2001 ('Ordinance') in the manner that the benefit of carry forward of minimum tax paid is not available if otherwise no tax was payable by the company due to taxable loss. Taking a prudent view on the matter, the Parent Company has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 270.768 million (2016: Rs. 270.768 million) available under section 113 of the Ordinance. Tax credits under section 113 of the Ordinance amounting to Rs. 110.934 million and Rs. 159.834 million are set to lapse by the end of years ending on December 31, 2017 and 2018 respectively.

9. Short term loan from shareholder of the Parent Company - unsecured

	March 31, 2017	December 31, 2016
	Un-audited	Audited
	(Rupees in thousand)	
Loan is recognised in the balance sheet as follows:		
Opening balance	462,930	478,110
Equity portion of loan at renegotiation	-	(39,959)
	462,930	438,151
Interest during the period / year	-	24,779
Closing balance	462,930	462,930

- 9.1** This loan has been obtained from Syed Babar Ali, shareholder of the Parent Company and is interest free. The loan was originally repayable on June 10, 2016. The subsidiary, Packages Construction (Private) Limited, renegotiated the loan during the period and it is now payable on June 30, 2017.

10. Contingencies and commitments

10.1 Contingencies

- (i) Claims against the Group not acknowledged as debts Rs. 14.840 million (December 31, 2016: Rs. 14.861 million)
- (ii) Post dated cheques not provided in the condensed consolidated interim financial information have been furnished by the Group in favor of the Collector of Customs against custom levies aggregated to Rs.16.429 million (December 31, 2016: Rs. 19.632 million) in respect of goods imported.
- (iii) Guarantees issued in favor of Excise and Taxation officer amounting to Rs. 1.624 million (December 31, 2016: Rs. 1.624 million)
- (iv) Guarantees to Director General Customs amounting to Rs. 15 million (December 31, 2016: Nil)
- (v) Standby letter of credit issued by Habib Bank Limited Pakistan ('HBL Pakistan') in favor of Habib Bank Limited Bahrain ('HBL Bahrain') on behalf of the Parent Company USD 11.072 million (Equivalent to PKR 1,160.899 million) [December 2016: USD 11.072 million (Equivalent to PKR 1,160.311 million)].

10.2 Commitments in respect of

- (i) Letters of credit and contracts for capital expenditure Rs.1,016.808 million (December 31, 2016: Rs. 870.599 million)
- (ii) Letters of credit and contracts other than for capital expenditure Rs. 307.684 million (December 31, 2016: Rs. 511.677 million)
- (iii) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	March 31, 2017	December 31, 2016
Note	Un-audited	Audited
	(Rupees in thousand)	
Not later than one year	62,466	98,799
Later than one year and not later than five years	256,798	457,006
Later than five years	93,815	77,946
	413,079	633,751

11. Property, plant and equipment

Operating assets - at net book value		
Owned assets	6,148,394	6,288,589
Assets subject to finance lease	88,133	91,099
	6,236,527	6,379,688
Capital work-in-progress	356,637	108,659
	6,593,164	6,488,347

11.1 Operating assets

		March 31, 2017	December 31, 2016
	Note	Un-audited	Audited
(Rupees in thousand)			
Opening net book value		6,379,688	5,301,065
Additions during the period / year	11.1.1	110,707	1,731,678
Transfer in at book value - net		-	47,296
		110,707	1,778,974
		6,490,395	7,080,039
Disposals during the period / year at book value		(32,305)	(58,913)
Transferred out		-	(14,005)
Depreciation charged during the period / year		(246,480)	(888,874)
Exchange adjustment on opening book value - net		24,917	261,441
		(253,868)	(700,351)
Closing book value		6,236,527	6,379,688
11.1.1 Following is the detail of additions during the period / year			
Freehold land		-	22,951
Buildings on freehold land		7,727	52,132
Buildings on leasehold land		-	638
Plant and machinery		66,230	1,353,404
Other equipment		21,949	184,242
Furniture and fixtures		291	6,131
Vehicles		14,510	112,180
		110,707	1,731,678
11.2 Capital work-in-progress			
Civil works		19,629	4,050
Plant and machinery		312,205	65,657
Others		17,876	38,952
Advances		6,927	-
		356,637	108,659
12. Investments accounted for using the equity method			
Investments in associates	12.1	4,468,071	4,390,677
Investment in joint ventures	12.2	9,434,618	9,476,358
		13,902,689	13,867,035
12.1 Investments in associates			
Cost		3,421,278	3,421,278
Post acquisition share of profits and reserves net of impairment losses			
Opening balance		969,399	719,363
Share of profit from associates - net of tax		77,394	357,945
Share of other comprehensive loss - net of tax		-	(1,524)
Share of other reserves of associates		-	(4,297)
Dividends received during the period		-	(102,088)
Closing balance		1,046,793	969,399
Balance as on	12.1.1	4,468,071	4,390,677

12.1.1 In equity instruments of associated companies

	Note	March 31, 2017 <u>Un-audited</u>	December 31, 2016 <u>Audited</u>
(Rupees in thousand)			
Quoted			
IGI Insurance Limited			
13,022,093 (December 31, 2016: 13,022,093) fully paid ordinary shares of Rs. 10 each Equity held 10.61% (2016 : 10.61%) Market value - Rs. 4,693.943 million (December 31, 2016: Rs. 4,009.372 million)	12.3	1,383,196	1,366,894
Tri-Pack Films Limited			
12,933,333 (December 31, 2016: 12,933,333) fully paid ordinary shares of Rs. 10 each Equity held 33.33% (2016 : 33.33%) Market value - Rs. 3,275.237 million (December 31, 2016: Rs. 3,797.743 million)		3,084,875	3,023,783
IGI Investment Bank Limited			
4,610,915 (December 31, 2016: 4,610,915) fully paid ordinary shares of Rs. 10 each Equity held 2.17% (2016 : 2.17%) Market value - Rs. 15.031 million (December 31, 2016: Rs. 15.032 million)	12.3	-	-
		4,468,071	4,390,677
12.2 Investment in joint ventures			
Opening balance		9,476,358	10,153,991
Share of loss from joint venture - net of tax		(40,109)	(648,807)
Share of other comprehensive income / (loss) from joint venture - net of tax		320	(27,391)
Dividend received		(1,951)	(1,435)
Closing balance	12.2.1	9,434,618	9,476,358
12.2.1 Investment in equity instruments of joint ventures-unquoted			
Bulleh Shah Packaging (Private) Limited			
709,718,013 (2016: 709,718,013) fully paid ordinary shares of Rs. 10 each Equity held 65.00 % (2016: 65.00%)		9,108,388	9,151,720
Plastic Extrusions (Proprietary) Limited			
500 (2016: 500) Fully paid ordinary shares of ZAR 1 each Equity held 50.00 % (2016 : 50.00%)		17,891	17,571
OmyaPack (Private) Limited [Formerly CalciPack (Private) Limited]			
31,000,000 (2016: 31,000,000) fully paid ordinary shares of Rs. 10 each Equity held 50.00 % (2016 : 50.00 %)		308,339	307,067
		9,434,618	9,476,358

- 12.3** The Company's investment in IGI Insurance Limited and IGI Investment Bank Limited is less than 20% but they are considered to be associates as per the requirement of IAS 28 'Investments in Associates' because the Company has significant influence over the financial and operating policies of these companies through representation on the board of directors of these companies.

During the prior year, the boards of directors of IGI Insurance Limited and IGI Investment Bank Limited have approved Scheme of Amalgamation ("Amalgamation Scheme") under Sections 284 to 288 of the Companies Ordinance, 1984 (the "Ordinance") for the amalgamation of the entire undertaking, assets, entitlements and liabilities of IGI Investment Bank Limited with and into IGI Insurance Limited. In addition, the boards of Directors of IGI Insurance Limited and its wholly owned subsidiaries i.e. IGI General Insurance Limited and IGI Investments (Pvt) Limited also approved Scheme of Arrangement ("Arrangement Scheme") under Sections 284 to 288 of the Ordinance for the demerger of the insurance division and certain investments along with corresponding liabilities, if any, held by IGI Insurance Limited into its (2) wholly owned subsidiaries IGI General Insurance Limited and IGI Investments (Pvt) Limited respectively subsequent to the merger under Amalgamation scheme.

Both Amalgamation Scheme and Arrangement Scheme have been filed by these entities with Honorable Sindh High Court in accordance with provisions of law and are pending before the Court; as a result, no adjustment has been recognised in these financial statements.

13. Other long term investments

	Note	March 31, 2017 Un-audited	December 31, 2016 Audited
(Rupees in thousand)			
Quoted			
Nestle Pakistan Limited			
3,649,248 (December 31, 2016: 3,649,248)			
fully paid ordinary shares of Rs. 10 each			
Equity held 8.05% (December 31, 2016: 8.05%)			
Cost - Rs. 5,778.896 million			
(December 31, 2016: Rs. 5,778.896 million)	13.1&13.2	33,189,909	32,843,231
Unquoted			
Tetra Pak Pakistan Limited			
1,000,000 (December 31, 2016: 1,000,000)			
fully paid non-voting shares of Rs. 10 each	13.1	10,000	10,000
Pakistan Tourism Development Corporation Limited			
2,500 (December 31, 2016: 2,500) fully paid ordinary shares of Rs. 10 each		25	25
Orient Match Company Limited			
1,900 (December 31, 2016: 1,900)		-	-
fully paid ordinary shares of Rs. 100 each			
Coca-Cola Beverages Pakistan Limited			
500,000 (December 31, 2016: 500,000)		4,706	4,706
fully paid ordinary shares of Rs. 10 each			
		33,204,640	32,857,962

- 13.1** Nestle Pakistan Limited and Tetra Pak 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.
- 13.2** As of March 31, 2017, an aggregate of 775,000 shares (December 31, 2016: 775,000) of Nestle Pakistan Limited having market value Rs. 7,048 million (December 31, 2016: Rs. 6,975 million) were pledged in favor of Habib Bank Limited Pakistan.
- 14.** In respect of tax year 2014, the department has, against taxable loss of Rs. 706.039 million as per return filed by the Parent Company, assessed a taxable income of Rs. 2.615 billion and amended the deemed order for the year raising a tax demand of Rs. 606.325 million. In this Order, among other issues, the income tax department has not accepted the Parent Company's contention for non-taxation of the transfer of paper & paperboard and corrugated business segments to Bulleh Shah Packaging (Private) Limited under section 97 of the Income Tax Ordinance, 2001. Such transfer has been taxed as capital gain on the value of assets transferred. The matter is currently being contested before the Commissioner (Appeals).

Further, certain other disallowances inter alia including on account of allocation of various expenses towards dividend and other incomes, effectively reducing the available tax losses by approximately Rs. 1.2 billion, have also been made by the department in respect of previous tax years.

The Parent Company is contesting the above orders before Commissioner (Appeals) and has not made any provision against the above demand or disallowances as the management is confident that the ultimate outcome of the appeals would be in favor of the Parent Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

In 1987, the then 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 Parent Company under section 107 of the Income Tax Ordinance, 1979. The tax credit amounting to Rs. 36.013 million on its capital expenditure for these years was refused on the grounds that such expenditure represented an extension of the Parent Company's undertaking which did not qualify for tax credit under this section in view of the Parent Company's location. The assessments for these years were revised by the ITO on these grounds and taxes reassessed were adjusted against certain sales tax refunds and the tax credits previously determined by the ITO and set off against the assessments framed for these years.

The Parent Company had filed an appeal against the revised orders of the ITO before the then Commissioner of Income Tax (Appeals) [CIT(A)], Karachi. CIT(A) 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 CIT(A)'s order with the then 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), had issued notices under section 65 of the Income Tax Ordinance, 1979 and the Parent Company had 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

	Three months ended	
	March 31, 2017	March 31, 2016
	Un-audited	Un-audited
	(Rupees in thousand)	
Materials consumed	3,603,975	3,365,071
Salaries, wages and amenities	467,358	392,047
Traveling and conveyance	7,034	6,336
Fuel and power	217,666	164,092
Production supplies	127,510	139,321
Excise duty and sales tax	91	304
Rent, rates and taxes	8,132	9,943
Insurance	9,258	10,045
Repairs and maintenance	97,429	102,225
Packing expenses	111,862	115,806
Depreciation on property, plant and equipment	225,828	187,518
Amortisation of intangible assets	2,574	2,433
Technical fee and royalty	23,006	26,491
Other expenses	90,086	80,751
	4,991,809	4,602,383
Opening work-in-process	335,892	324,838
Closing work-in-process	(366,036)	(274,042)
	4,961,665	4,653,179
Cost of goods produced	4,961,665	4,653,179
Opening stock of finished goods	661,661	696,792
Closing stock of finished goods	(547,870)	(585,001)
	5,075,456	4,764,970

16. Earnings per share**16.1 Basic earnings per share**

Profit for the period attributable to equity holders of the Parent Company	Rupees in thousand	1,485,614	1,794,082
Weighted average number of ordinary shares	Numbers	89,379,504	88,709,174
Earnings per share	Rupees	16.62	20.22

16.2 Diluted earnings per share

Profit for the period attributable to equity holders of the Parent Company	Rupees in thousand	1,485,614	1,794,082
Return on preference shares / convertible stock - net of tax	Rupees in thousand	31,406	48,628
		1,517,020	1,842,710
Weighted average number of ordinary shares	Numbers	89,379,504	88,709,174
Weighted average number of notionally converted preference shares / convertible stock	Numbers	8,186,842	17,357,172
		97,566,346	106,066,346
Diluted earnings per share	Rupees	15.55	17.37

17. Transactions with related parties

Relationship with the Group	Nature of transactions	Three months ended	
		March 31, 2017	March 31, 2016
		Un-audited	Un-audited
(Rupees in thousand)			
i Associated Undertakings	Purchase of goods and services	234,410	147,007
	Sale of goods and services	9,704	1,083
	Dividend income	-	50,000
	Insurance premium	57,396	41,481
	Rental and other income	2,567	204
	Insurance claim	62	8
	Commission earned	1,310	2,836
	Investment	-	366,667
ii Joint ventures	Purchase of goods and services	503,248	614,422
	Sale of goods and services	59,807	41,159
	Rental and other income	18,225	15,039
	Sale of property, plant & equipment	2,820	-
iii Other related parties	Purchase of goods and services	39,074	79,372
	Sale of goods and services	767	-
	Royalty and technical fee - expense	19,514	19,081
	Donations made	15,628	-
iv Post employment benefit plans	Expenses charged in respect of retirement benefit plans	36,961	27,986
v Key management personnel	Salaries and other employee benefits	52,435	59,073

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

Period-end balances

	March 31, 2017	December 31, 2016
	Un-audited	Audited
	(Rupees in thousand)	
Receivable from related parties		
Associates	19,790	19,645
Joint ventures	463,296	524,416
Other related parties	1,807	1,040
Payable to related parties		
Associates	62,616	57,522
Joint ventures	263,865	179,727
Other related parties	13,674	87,256
Post employment benefit plans	22,533	15,948

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

18. Segment Information

	Packaging Division		Consumer Products Division		Ink Division		Real estate		General & Others		Total	
	Three months ended		Three months ended		Three months ended		Three months ended		Three months ended		Three months ended	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited
	(R u p e e s i n t h o u s a n d)											
Revenue from external customers	4,540,253	4,604,642	1,152,608	1,061,948	678,232	688,563	-	-	95,339	49,328	6,466,432	6,404,481
Intersegment revenue	103,852	122,774	3,720	2,609	274,746	214,074	-	-	36,158	38,522	418,476	377,979
	4,644,105	4,727,416	1,156,328	1,064,557	952,978	902,637	-	-	131,497	87,850	6,884,908	6,782,460
Segment profit / (loss) before tax	361,252	586,568	204,393	157,921	109,339	142,496	(23,620)	(14,580)	1,211,902	1,247,388	1,863,266	2,119,793
	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016	March 31, 2017	December 31, 2016
Segment assets	10,002,354	9,790,948	1,870,188	1,603,568	1,822,130	1,485,012	2,843,269	11,030,560	1,193,294	1,178,368	17,531,235	25,088,456

Reconciliation of profit	Three months ended	
	March 31, 2017	March 31, 2016
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for reportable segments	1,863,266	2,119,793
Profit from associates and joint venture - net of dividend	35,134	187,188
Intercompany consolidation adjustments	(115,408)	(97,347)
Profit before tax	1,782,992	2,209,634

19. Cash generated from operations

	Three months ended	
	March 31, 2017	March 31, 2016
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before taxation	1,782,992	2,209,634
Adjustments for:		
Depreciation on property, plant and equipment	246,480	201,377
Depreciation on investment property	1,413	820
Amortisation on intangible assets	3,251	4,917
Provision for accumulating compensated absences and staff gratuity	30,280	27,351
Exchange adjustments	(12,568)	13,370
Provision for doubtful debts	903	519
Provision for retirement benefits	4,080	-
Provisions and unclaimed balances written back	(384)	(12)
Net profit on disposal of property, plant and equipment	(2,241)	(41,807)
Finance costs	163,132	129,221
Dividend income from other investments	(1,395,674)	(1,232,000)
Share of profit of investments accounted for using the equity method	(37,285)	(237,188)
Profit before working capital changes	784,379	1,076,202
Effect on cash flow due to working capital changes		
(Increase) / decrease in stores and spares	(5,065)	87,165
Increase in stock in trade	(312,567)	(95,705)
Increase in trade debts	(84,252)	(568,665)
Increase in loans, advances, deposits, prepayments and other receivables	(146,165)	(36,086)
Decrease in trade and other payables	(212,266)	(227,814)
	(760,315)	(841,105)
	24,064	235,097

20. Cash and cash equivalents

	Three months ended	
	March 31, 2017	March 31, 2016
	Un-audited	Un-audited
	(Rupees in thousand)	
Cash and bank balances	553,306	988,943
Finances under markup arrangements - secured	(1,266,386)	(591,213)
	<u>(713,080)</u>	<u>397,730</u>

21. 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, 2016.

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

22. Detail of subsidiaries

Name of the subsidiaries

	Accounting year end	Percentage of holding	Country of incorporation
Anemone Holdings Limited	December 31	100.00%	Mauritius
DIC Pakistan Limited	December 31	54.98%	Pakistan
Flexible Packages Converters (Proprietary) Limited	February 28	55.00%	South Africa
Packages Construction (Private) Limited	December 31	75.16%	Pakistan
Packages Power (Private) Limited	December 31	100.00%	Pakistan
Packages Lanka (Private) Limited	December 31	79.07%	Sri Lanka

23. Date of authorisation for issue

This condensed consolidated interim financial information was authorised for issue on April 19, 2017 by the Board of Directors of the Parent Company.

24. Events after balance sheet date

The Board of Directors of the Parent Company has proposed a final cash dividend for the year ended December 31, 2016 of Rs. 25 per share (2015: Rs. 15 per share), amounting to Rs. 2,234.488 million (2015: Rs. 1,340.693 million) at their meeting held on February 28, 2017 for approval of the members at the Annual General Meeting to be held on April 25, 2017. Reference to the ordinary dividend proposed by the Board, the Board has further proposed such amount of additional preference dividend to be paid to IFC as per the terms of subscription agreement.

25. 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 rearranged and reclassified, wherever necessary, for the purposes of comparison. However, no significant reclassifications have been made.



Towfiq Habib Chinoy
Chairman



Syed Hyder Ali
Chief Executive & Managing Director



Asghar Abbas
Director