# Contents

# COMPANY INFORMATION

## Board of Directors

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

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

Asghar Abbas
*(Executive Director)*

Imran Khalid Niazi
*(Non-Executive Director)*

Josef Meinrad Mueller
*(Non-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

## Company Credit Rating

Long Term : AA
Short Term : A1+

## Auditors

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

## Legal Advisors

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

## Shares Registrar

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

## Bankers & Lenders

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

## Head Office & Works

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

## Offices

### Registered Office & Regional Sales office

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

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

## Regional Sales Office

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

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

## Zonal Sales Offices

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

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

## Web Presence

www.packages.com.pk

# DIRECTORS' REPORT ON CONDENSED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED MARCH 31, 2018

The Directors of Packages Limited are pleased to submit the quarterly report along with the condensed interim un-audited financial information of the Company for the three months ended March 31, 2018.

**Financial and Operational Performance**

A comparison of the un-audited financial results for the first quarter ended March 31, 2018 as against March 31, 2017 is as follows:

| | **Jan - March 2018** | Jan - March 2017 |
|---|---|---|
| | **(Rupees in million)** | |
| Net sales | **5,157** | 4,496 |
| **EBITDA - operations** | **690** | 579 |
| Depreciation and amortisation | **(179)** | (171) |
| **EBIT - operations** | **511** | 408 |
| Finance costs | **(89)** | (114) |
| Other income / (expenses) - net | **13** | (102) |
| Investment income | **190** | 1,511 |
| **Earnings before tax** | **625** | 1,703 |
| Taxation | **(92)** | (198) |
| **Earnings after tax** | **533** | 1,505 |
| **Basic earnings per share - Rupees** | **5.96** | 16.84 |

During the first quarter of 2018, the Company achieved net sales of Rs. 5,157 million against net sales of Rs. 4,496 million in corresponding period of last year, representing sales and overall volume growth of 15% and 9% respectively.

The Operations have generated Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of Rs. 690 million during first quarter of 2018 against Rs. 579 million in the corresponding period of 2017, showing an increase of Rs. 111 million (19 %) mainly due to revenue growth, improved capacity utilisation and tighter controls over fixed costs.

The Company's investment income decreased by Rs. 1,321 million in the current period as compared to the corresponding period of the last year due to timing difference of dividend declaration. This has resulted in decline in earnings after tax and earnings per share.

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

**Consumer Products Division**

Consumer Products Division has registered net sales of Rs. 1,182 million during first three months of 2018 as compared to Rs. 1,158 million in corresponding period of 2017, reflecting marginal growth. The Company has geared up promotional activities to boost its growth and is hopeful to achieve much better result during remaining part of the year.

**Packaging Division**

Packaging Division has achieved net sales of Rs. 3,922 million during first three months of 2018 as compared to Rs. 3,282 million in corresponding period of year 2017 representing sales growth of 19% Resultanty, operating results improved by 41%.

Comparative statement of production in the period under review and the corresponding period is as follows:

| | **Jan - March 2018** | Jan - March 2017 |
|---|---|---|
| Consumer products produced - tons | **4,225** | 3,673 |
| Carton Board & Consumer Products converted - tons | **11,199** | 10,222 |
| Plastics all sorts converted - tons | **5,359** | 5,189 |

**OmyaPack (Private) Limited**

The JV Company, Omya Pack (Private) Limited is in final stages of setting up a state of the art production facility in Kasur, Punjab. It would supply a range of high quality ground calcium carbonate products suitabl for marketing in local and regional markets. The Company expects commercial production to comence in Q2-2018.

**Future Outlook**

Despite rising competition in packaging and consumer product business, the Company is committed to improve shareholders' value by increasing and diversifying revenue and customer base, investing in new technology and improving 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 25, 2018

**(Syed Hyder Ali)**
Chief Executive & Managing Director
Lahore, April 25, 2018

## پیکیجنگ ڈویژن

پیکیجنگ ڈویژن نے 2018 کے پہلے تین ماہ کے دوران 3,922 ملین روپے کی خالص سیلز حاصل کی جبکہ 2017 کی اسی مدت کے دوران یہ حجم 3,282 ملین روپے تھا جس سے سیلز گروتھ میں 19 فیصد شرح نمو ظاہر ہوتی ہے۔ نتیجتاً آپریٹنگ نتائج 41 فیصد تک بہتر ہوئے۔ کمپنی بلند ترین حجم، مصنوعات کے بہتر امتزاج اور طے کردہ مالیتوں پر سخت کنٹرول پر توجہ دینے کا سلسلہ جاری رکھے گی تا کہ آپریٹنگ نتائج مزید بہتر بنائے جا سکیں۔

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

| | جنوری-مارچ<br>**2018** | جنوری-مارچ<br>2017 |
|---|---|---|
| اشیائے صارف تیار کردہ-ٹنز | **4,225** | 3,673 |
| کارٹن بورڈ اور کنزیومر پروڈکٹس-کنورٹڈ-ٹنز | **11,199** | 10,222 |
| پلاسٹک تمام اقسام کنورٹڈ-ٹنز | **5,359** | 5,189 |

## اومیا پیک (پرائیویٹ) لمیٹڈ

جے وی کمپنی اومیا پیک (پرائیویٹ) لمیٹڈ قصور، پنجاب میں جدید ترین پیداواری سہولت کے قیام کے سلسلے میں آخری مراحل میں داخل ہو چکی ہے اور جلد ہی انتہائی اعلیٰ معیار کی گراؤنڈ کیلشیم کاربونیٹ پروڈکٹس کی ایک وسیع تر رینج فراہم کرنے کی پوزیشن میں ہوگی۔ جو خصوصی طور پر مقامی اور علاقائی مارکیٹوں کیلئے موزوں ہوگی۔ کمپنی 2018 کی دوسری سہ ماہی میں تجارتی پروڈکشن شروع کرنے کی توقع کرتی ہے۔

## مستقبل پر ایک نظر

کمپنی اپنی مختلف سمتوں میں جاری حکمت عملی کے حصہ کے طور پر مقامی نیز بین الاقوامی سطح پر سرمایہ کاری کے نئے مواقع تلاش کرنے کا سلسلہ جاری رکھے گی۔ پیکیجنگ اور اشیائے صارف کے کاروبار میں بڑھتی ہوئی مسابقت کے باوجود کمپنی آمدنی اور صارفین کا دائرہ کار بڑھانے، نئی ٹیکنالوجی میں سرمایہ کاری اور با کفایت پیداواری صلاحیت یقینی بنانے پر کاربند ہے تا کہ شیئر ہولڈرز کا منافع بہتر بنایا جائے۔

## کمپنی کا عملہ اور صارفین

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

| | |
|---|---|
| (توفیق حبیب چنائے) | (سید حیدر علی) |
| چیئرمین | چیف ایگزیکٹو اور منیجنگ ڈائریکٹر |
| لاہور، 25 اپریل، 2018 | لاہور، 25 اپریل، 2018 |

# 31 مارچ 2018 کو ختم ہونے والی سہ ماہی کے لئے ڈائریکٹرز کی رپورٹ
# بشمول عبوری غیر آڈٹ شدہ مالیاتی معلومات

پیکیجز لمیٹڈ کے ڈائریکٹرز بہ مسرت سہ ماہی رپورٹ بشمول کمپنی کے عبوری غیر آڈٹ شدہ مالیاتی معلومات برائے مدت 31 مارچ 2018 پیش کر رہے ہیں۔

## مالیاتی اور آپریشنل کارکردگی

31 مارچ 2018 کو ختم ہونے والی پہلی سہ ماہی کے لئے غیر آڈٹ شدہ مالیاتی نتائج کا ایک تقابل بمقابلہ 31 مارچ 2017 درج ذیل کے مطابق ہے:

| | جنوری۔مارچ 2018 | | جنوری۔مارچ 2017 |
|---|---|---|---|
| | | (روپے ملین میں) | |
| خالص سیلز | **5,157** | | 4,496 |
| ای بی آئی ٹی ڈی اے (EBITDA) - آپریشنز | **690** | | 579 |
| فرسودگی اور کساد بازاری | **(179)** | | (171) |
| ای بی آئی ٹی (EBIT) - آپریشنز | **511** | | 408 |
| فنانس کی لاگت | **(89)** | | (114) |
| دیگر آمدنی / (اخراجات) - خالص | **13** | | (102) |
| سرمایہ کاری سے آمدنی | **190** | | 1,511 |
| آمدنی قبل از ٹیکس | **625** | | 1,703 |
| ٹیکسیشن | **(92)** | | (198) |
| آمدنی بعد از ٹیکس | **533** | | 1,505 |
| بنیادی آمدنی فی شیئر - روپے | **5.96** | | 16.84 |

2018 کی پہلی سہ ماہی کے دوران کمپنی نے 5,157 ملین روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کی اسی مدت میں خالص سیلز 4,496 ملین روپے رہی تھی۔ جس سے سیلز اور مجموعی حجم میں بالترتیب 15 فیصد اور 9 فیصد کی شرح نمو ظاہر ہوتی ہے۔

آپریشنز سے 2018 کے دوران آمدنی قبل از منافع، ٹیکس، فرسودگی اور کساد بازاری (EBITDA) 690 ملین روپے رہی جو کہ 2017 میں 579 ملین روپے تھی۔ جو کہ 111 ملین روپے، 19 فیصد کا اضافہ ظاہر کرتی ہے، جو بنیادی طور پر ریونیو گروتھ بہتر کیپیسٹی یوٹیلائزیشن اور طے کردہ مالیات پر سخت کنٹرول کے باعث ممکن ہوا۔

کمپنی کی سرمایہ کاری سے آمدنی میں رواں مدت کے دوران گزشتہ سال کی اس مدت کے مقابلے میں 1,321 ملین روپے کی کمی دیکھنے میں آئی جس کی وجہ منافع منقسمہ کے اعلان کے مختلف اوقات تھے جس کے بتدریج نتائج آمدنی بعد از ٹیکس اور ای پی ایس (EPS) میں کمی کی صورت میں ظاہر ہوئے۔

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

## کنزیومر پروڈکٹس ڈویژن

کنزیومر پروڈکٹس ڈویژن نے 2018 کے پہلے تین ماہ کے دوران 1,182 ملین روپے کی خالص سیلز حاصل کی جبکہ 2017 کی اسی مدت کے دوران یہ 1,158 ملین روپے تھی جو مارجنل گروتھ ظاہر کرتی ہے۔ کمپنی نے گروتھ کی تشہیری سرگرمیوں کو تیز کیا ہے اور امید ہے کہ سال کے آخر تک گروتھ بڑھ جائے گی اور رواں سال کے دوران بہتر نتائج حاصل ہونگے۔

# PACKAGES LIMITED
## CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
as at March 31, 2018

| | Note | March 31, 2018 Un-audited | December 31, 2017 Audited |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | (Rupees in thousand) | |
| **CAPITAL AND RESERVES** | | | |
| Authorised capital | | | |
| 150,000,000 (December 31, 2017: 150,000,000) ordinary shares of Rs. 10 each | | **1,500,000** | 1,500,000 |
| 22,000,000 (December 31,2017: 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 31,2017: 89,379,504) ordinary shares of Rs. 10 each | | **893,795** | 893,795 |
| 8,186,842 (December 31,2017: 8,186,842) 10% non-voting preference shares / convertible stock of Rs. 190 each | | **606,222** | 606,222 |
| Reserves | | **64,870,152** | 57,673,481 |
| Un-appropriated profit | | **4,025,235** | 6,492,264 |
| | | **70,395,404** | 65,665,762 |
| **NON-CURRENT LIABILITIES** | | | |
| Long term finances | 6 | **1,879,100** | 2,254,100 |
| Liabilities against assets subject to finance lease | | **-** | 13,195 |
| Deferred taxation | 7 | **350,673** | 343,673 |
| Retirement benefits | | **368,312** | 358,264 |
| Deferred liabilities | | **325,279** | 325,181 |
| | | **2,923,364** | 3,294,413 |
| **CURRENT LIABILITIES** | | | |
| Current portion of non-current liabilities | | **1,321,420** | 1,334,309 |
| Finances under mark up arrangements - secured | | **719,288** | 299,596 |
| Trade and other payables | | **3,637,370** | 3,104,993 |
| Accrued finance costs | | **221,978** | 189,760 |
| | | **5,900,056** | 4,928,658 |
| **CONTINGENCIES AND COMMITMENTS** | 8 | **-** | - |
| | | **79,218,824** | 73,888,833 |

| | Note | March 31, 2018 Un-audited | December 31, 2017 Audited |
|---|---|---|---|
| **ASSETS** | | (Rupees in thousand) | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 9 | **5,276,479** | 5,184,739 |
| Investment properties | | **133,504** | 134,696 |
| Intangible assets | 10 | **4,418** | 4,688 |
| Investments | 11 | **64,363,114** | 60,166,443 |
| Long term loans and deposits | | **10,153** | 18,204 |
| | | **69,787,668** | 65,508,770 |
| **CURRENT ASSETS** | | | |
| Stores and spares | | **435,070** | 422,218 |
| Stock-in-trade | | **2,518,215** | 1,954,668 |
| Trade debts | | **2,810,096** | 2,392,215 |
| Loans, advances, deposits, prepayments and other receivables | | **819,843** | 728,868 |
| Income tax receivable | 12 | **2,713,331** | 2,699,887 |
| Cash and bank balances | | **134,601** | 182,207 |
| | | **9,431,156** | 8,380,063 |
| | | **79,218,824** | 73,888,833 |

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

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

**PACKAGES LIMITED**
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**
for the three months ended March 31, 2018

| | | Note | Three months ended | |
|---|---|---|---|---|
| | | | **March 31, 2018** | March 31, 2017 |
| | | | **Un-audited** | Un-audited |
| | | | **(Rupees in thousand)** | |
| Local sales | | | **6,090,116** | 5,302,821 |
| Export sales | | | **3,087** | 8,279 |
| Gross sales | | | **6,093,203** | 5,311,100 |
| Sales tax | | | **(935,850)** | (815,487) |
| Net sales | | | **5,157,353** | 4,495,613 |
| Cost of sales | | 13 | **(4,068,306)** | (3,555,751) |
| **Gross profit** | | | **1,089,047** | 939,862 |
| Administrative expenses | | | **(256,491)** | (242,835) |
| Distribution and marketing costs | | | **(321,286)** | (288,659) |
| Other operating expenses | | | **(55,502)** | (149,249) |
| Other income | | | **69,144** | 47,738 |
| **Profit from operations** | | | **524,912** | 306,857 |
| Finance costs | | | **(89,519)** | (114,399) |
| Investment income | | | **189,578** | 1,510,712 |
| **Profit before taxation** | | | **624,971** | 1,703,170 |
| Taxation | | 14 | **(92,000)** | (198,246) |
| **Profit for the period** | | | **532,971** | 1,504,924 |
| **Earnings per share** | | | | |
| **Basic** | Rupees | | **5.96** | 16.84 |
| **Diluted** | Rupees | | **5.78** | 15.75 |

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

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

**PACKAGES LIMITED**
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**
for the three months ended March 31, 2018

| | Three months ended | |
|---|---|---|
| | **March 31, 2018** | March 31, 2017 |
| | **Un-audited** | Un-audited |
| | **(Rupees in thousand)** | |
| Profit for the period | **532,971** | 1,504,924 |
| **Other comprehensive income** | | |
| *Items that may be reclassified subsequently to profit or loss* | | |
| Changes in fair value of available for sale financial assets | **4,196,671** | 346,678 |
| **Total comprehensive income for the period** | **4,729,642** | 1,851,602 |

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

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

**PACKAGES LIMITED**
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**
for the three months ended March 31, 2018

| | Issued, subscribed and paid up capital | | Reserves | | | | | Capital and reserves |
|---|---|---|---|---|---|---|---|---|
| | | | Capital reserves | | | Revenue reserves | | |
| | Ordinary share capital | Preference shares / convertible stock | Share premium | Fair value reserve | Capital redemption reserve | General reserve | Un-appropriated profit | Total |
| | ( Rupees in thousand ) | | | | | | | |
| **Balance as on January 01, 2017 (audited)** | 893,795 | 606,222 | 3,766,738 | 28,858,325 | 1,615,000 | 15,310,333 | 1,734,057 | **52,784,470** |
| **Appropriation of funds** | | | | | | | | |
| Transferr 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 | | | | | | | | |
| Changes in fair value 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 | 606,222 | 3,766,738 | 29,205,003 | 1,615,000 | 14,310,333 | 4,238,981 | **54,636,072** |
| **Balance as on January 01, 2018 (audited)** | 893,795 | 606,222 | 3,766,738 | 37,981,410 | 1,615,000 | 14,310,333 | 6,492,264 | **65,665,762** |
| **Appropriation of funds** | | | | | | | | |
| Transfer to general reserve | - | - | - | - | - | 3,000,000 | (3,000,000) | - |
| **Total comprehensive income for the period ended March 31, 2018** | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | 532,971 | **532,971** |
| Other comprehensive income | | | | | | | | |
| Changes in fair value of available for sale financial assets | - | - | - | 4,196,671 | - | - | - | **4,196,671** |
| **Total comprehensive income for the period** | - | - | - | 4,196,671 | - | - | 532,971 | **4,729,642** |
| **Balance as on March 31, 2018 (un-audited)** | 893,795 | 606,222 | 3,766,738 | 42,178,081 | 1,615,000 | 17,310,333 | 4,025,235 | **70,395,404** |

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

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

## PACKAGES LIMITED
## CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
for the three months ended March 31, 2018

| | Note | Three months ended March 31, 2018 Un-audited | March 31, 2017 Un-audited |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 16 | **263,216** | 207,732 |
| Finance cost paid | | **(57,301)** | (99,132) |
| Income tax paid | | **(98,444)** | (345,905) |
| Payments for accumulating compensated absences | | **(11,902)** | (8,579) |
| Retirement benefits paid | | **(4,828)** | - |
| **Net cash inflow / (outflow) from operating activities** | | **90,727** | (245,884) |
| **Cash flows from investing activities** | | | |
| Fixed capital expenditure | | **(286,494)** | (276,197) |
| Long term loans and deposits - net | | **8,051** | 3,230 |
| Proceeds from disposal of operating fixed assets | | **18,706** | 14,622 |
| Dividends received | | **104,578** | 1,510,712 |
| **Net cash (outflow) / inflow from investing activities** | | **(155,159)** | 1,252,367 |
| **Cash flows from financing activities** | | | |
| Repayment of long term finances - secured | | **(375,000)** | - |
| Liabilities against assets subject to finance lease - net | | **(26,084)** | (3,435) |
| Dividends paid | | **(1,782)** | (182) |
| **Net cash outflow from financing activities** | | **(402,866)** | (3,617) |
| **Net (decrease) / increase in cash and cash equivalents** | | **(467,298)** | 1,002,866 |
| Cash and cash equivalents at the beginning of the period | | **(117,389)** | (1,286,421) |
| **Cash and cash equivalents at the end of the period** | 17 | **(584,687)** | (283,555) |

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

| Syed Hyder Ali<br>Chief Executive & Managing Director | Asghar Abbas<br>Director | Khurram Raza Bakhtayari<br>Chief Financial Officer |
|---|---|---|

**1. Legal status and nature of business**

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

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

This condensed interim financial information is the separate condensed interim financial information of the Company. Condensed consolidated interim financial information is prepared separately.

**2. Basis of preparation**

This condensed interim financial information is un-audited and has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of the International Accounting Standard ('IAS') 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 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, 2017.

**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, 2017.

**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 statments covering annual periods, beginning on or after the following dates.

**3.2.1 Standards, amendments and interpretations to approved accounting standards that are effective in the current period**

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2018, but are considered not to be relevant or to have any significant effect on the Company’s operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed interim financial information.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after July 01, 2018 / January 1, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information, except for the following:

IFRS 9, 'Financial instruments': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Company is yet to assess the full impact of the standard.

IFRS 15, 'Revenue from contracts with customers': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts', and related interpretations. The Company is yet to assess the full impact of the standard.

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

IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation.

4. Income tax expense comprises current and deferred tax. SECP vide its certificate dated December 14, 2017, has registered the Company and its wholly-owned subsidiary Bulleh Shah Packaging (Private) Limited ('BSPPL') (together the 'Group') as a Group and has also, vide its certificate dated January 1, 2018, designated the Group for the purpose of group taxation under Section 59AA of the Income tax Ordinance, 2001. Consequent to the filing of declaration for group taxation for the tax year 2019 by the Company and BSPPL, the Group will be taxed as one fiscal unit for the tax year 2019.

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

Current and deferred taxes based on the consolidated results of the Group are allocated within the Group on the basis of separate return method, modified for determining realisability of tax credits and tax losses which are assessed at Group level. Any adjustments in the current and deferred taxes of the Company on account of group taxation are credited or charged to profit and loss account in the year in which they arise.

5. 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, 2017, 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 | **March 31, 2018 Un-audited** | December 31, 2017 Audited |
|---|---|---|---|
| | | **(Rupees in thousand)** | |
| Local currency loans - secured | 6.1 | **2,267,870** | 2,642,870 |
| Preference shares / convertible stock - unsecured | | **932,650** | 932,650 |
| | | **3,200,520** | 3,575,520 |
| Current portion shown under current liabilities | | **(1,321,420)** | (1,321,420) |
| | | **1,879,100** | 2,254,100 |

**6.1 Local currency loan - secured**

| | | |
|---|---|---|
| Opening balance | **2,642,870** | 3,214,290 |
| Repayments during the period / year | **(375,000)** | (571,420) |
| Closing balance | **2,267,870** | 2,642,870 |

7. Deferred tax asset on tax losses representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 is recognised to the extent that the realisation of related tax benefits through future taxable profits of the Group is probable. The Company has not recognised deferred tax asset of Rs. 11.657 million (2017: Rs. 11.657 million), set to lapse in the accounting year 2022, in respect of minimum tax available for carry forward arisen after the formation of the Group, as sufficient taxable profits would not be available to the Group to utilise these in the foreseeable future. Deferred tax asset has also not been recognised on aggregate minimum taxes prior to the formation of the Group amounting to Rs. 212.759 million (2017: Rs. 212.759 million) as the same can not be realised against the taxable profits of the Group. However, in case the Company opts out of the Group, these minimum tax credits will become available for realisation against the taxable profits of the Company. Out of these minimum tax credits, Rs. 159.834 million is set to lapse in the accounting year 2018 and Rs. 52.925 million is set to lapse in the accounting year 2021.

**8. Contingencies and commitments**

**8.1 Contingencies**

(i) Claims against the Company by ex-employees not acknowledged as debts aggregating Rs. 28.294 million (December 31, 2017: Rs. 28.294 million).

(ii) 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 amounting to Rs. 1,278.915 million (December 2017: PKR 1,223.503 million), to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL') (wholly-owned subsidiary of the company). The standby letter of credit is secured agains pledge of Nestle Pakistan Limited's shares owned by the company.

(iii) Letters of guarantees issued to various parties aggregating Rs. 188.234 million (December 31, 2017: Rs. 189.474 million).

**8.2 Commitments in respect of**

(i) Letters of credit and contracts for capital expenditure aggregating Rs. 569.157 million (December 31, 2017: Rs. 353.626 million).

(ii) Letters of credit and contracts other than for capital expenditure aggregating Rs. 549.276 million (December 31, 2017: Rs. 458.930 million).

**9. Property, plant and equipment**

| | Note | **March 31, 2018** | December 31, 2017 |
|---|---|---|---|
| | | **Un-audited** | Audited |
| | | **(Rupees in thousand)** | |
| Operating assets - at net book value | | | |
| Owned assets | | **4,238,685** | 4,168,989 |
| Assets subject to finance lease | | **-** | 29,021 |
| | 9.2 | **4,238,685** | 4,198,010 |
| Capital work-in-progress | 9.3 | **976,225** | 925,160 |
| Major spare parts and stand-by equipment | | **61,569** | 61,569 |
| | | **5,276,479** | 5,184,739 |

**9.1** A portion of the land on which the Company's factory is situated has been on lease from the Government of Punjab for the past 60 years. The term of this lease has expired in December 2015 and the Company has filed an application with the relevant authorities for its renewal.

### 9.2 Operating assets

| | Note | March 31, 2018 Un-audited | December 31, 2017 Audited |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Opening net book value | | **4,198,010** | 4,093,392 |
| Additions during the period / year | 9.2.1 | **233,105** | 828,475 |
| Disposals during the period / year at book value | | **(14,511)** | (55,140) |
| Depreciation charged during the period | | **(177,919)** | (668,717) |
| | | **(192,430)** | (723,857) |
| Closing net book value | | **4,238,685** | 4,198,010 |

### 9.2.1 Additions during the period / year

| | | | |
|---|---|---|---|
| Freehold land | | **-** | 121,247 |
| Buildings on freehold land | | **11,035** | 47,490 |
| Plant and machinery | | **165,853** | 444,675 |
| Furniture and fixtures | | **-** | 4,719 |
| Other equipment | | **39,743** | 103,814 |
| Vehicles | | **16,474** | 106,530 |
| | | **233,105** | 828,475 |

### 9.3 Capital work-in-progress

| | | | |
|---|---|---|---|
| Civil works | | **122,052** | 107,797 |
| Plant and machinery | | **727,347** | 769,549 |
| Others | | **9,719** | - |
| Advances | | **117,107** | 47,814 |
| | | **976,225** | 925,160 |

### 10. Intangible assets

| | | | |
|---|---|---|---|
| Opening book value | | **4,688** | 9,866 |
| Additions during the period / year | | **115** | - |
| Amortisation charged during the period / year | | **(385)** | (6,204) |
| Intangible assets under development | | **-** | 1,026 |
| Closing book value | | **4,418** | 4,688 |

### 11 Investments

| | | | |
|---|---|---|---|
| Opening balance | | **60,166,443** | 50,077,782 |
| Investments made in related parties during the period / year | | **-** | 965,577 |
| Changes in fair value of available for sale financial assets | | **4,196,671** | 9,123,084 |
| Closing balance | | **64,363,114** | 60,166,443 |

**11.1** As of March 31, 2018, an aggregate of 775,000 (2017: 775,000) shares of Nestle Pakistan Limited having market value Rs. 9,803.750 million (2017: Rs. 8,912.492 million) have been pledged in favor of HBL Pakistan. Out of aggregate shares pledged, 410,000 (2017: 410,000) shares are pledged against issuance of standby letter of credit in favour of HBL Bahrain as referred to in note 8.1 and the remaining 365,000 shares (2017: 365,000) are pledged against the term finance loan from HBL Pakistan.

## 12. Income tax receivable

**12.1** 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 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 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 of Rs. 36.013 million represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the assessments. The Company has not made any provision against the above order as the management is confident that the ultimate outcome of the writ petition 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.

**12.2** 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. 2,614.710 million and amended the deemed order for the year raising a tax demand of Rs. 606.328 million. The Company being aggrieved of this order filed an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)']. CIR(A) through order dated March 2, 2018 has accepted all the contentions of the Company except non-taxation of the transfer of paper and 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 Company is in process of filing an appeal against the above order before Appellate Tribunal Inland Revenue ('ATIR') and has not made any provision against the above demand or disallowances as the management is confident that the ultimate outcome of the appeal 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.

**12.3** In respect of tax year 2016, the department has, against taxable income of Rs. 1,157.926 million as per return filed by the Company, assessed a taxable income of Rs. 2,437.836 million and amended the deemed order for the year raising a tax demand of Rs. 464.187 million. The Company being aggrieved of the said order filed the appeal before CIR(A). CIR(A), through order dated December 11, 2017, has accepted all the contentions of the Company except the allowability of provision for workers' profit participation fund on payment rather than accrual basis thereby reducing the tax refundable claimed by the Company from Rs. 331.817 million to Rs. 328.320 million. The Company has filed an appeal before ATIR against the issues maintained by CIR(A) and has not made any provision against the above disallowance as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

## 13. Cost of sales

| | **March 31, 2018** | March 31, 2017 |
|---|---|---|
| | **Un-audited** | Un-Audited |
| | **(Rupees in thousand)** | |
| Materials consumed | **3,057,193** | 2,431,385 |
| Salaries, wages and amenities | **349,849** | 344,388 |
| Travelling | **4,180** | 4,642 |
| Fuel and power | **224,240** | 178,364 |
| Production supplies | **98,486** | 113,131 |
| Rent, rates and taxes | **8,747** | 8,038 |
| Insurance | **8,208** | 7,201 |
| Repairs and maintenance | **78,111** | 75,940 |
| Packing expenses | **82,596** | 78,103 |
| Depreciation on property plant & equipment | **164,347** | 155,116 |
| Amortisation of intangible assets | **163** | 2,574 |
| Technical fee and royalty | **11,802** | 4,805 |
| Other expenses | **68,713** | 61,837 |
| | **4,156,635** | 3,465,524 |
| Opening work-in-process | **218,569** | 219,626 |
| Closing work-in-process | **(253,600)** | (249,825) |
| Cost of goods produced | **4,121,604** | 3,435,325 |
| Opening stock of finished goods | **538,888** | 564,573 |
| Closing stock of finished goods | **(592,186)** | (444,147) |
| | **4,068,306** | 3,555,751 |

## 14. Taxation

| | | |
|---|---|---|
| Current | **85,000** | 233,246 |
| Deferred | **7,000** | (35,000) |
| | **92,000** | 198,246 |

**14.1** Through the Finance Act, 2017, an amendment has been made to section 5A of the Income Tax Ordinance, 2001 whereby 'tax on undistributed reserves' has been substituted by 'tax on undistributed profits'. As per the amended provision, income tax at the rate of 7.5% of accounting profit before tax for tax year 2017 and onwards is applicable where the Company does not distribute at least 40% of its after tax profits, whether in the form of cash or bonus shares, within nine months of the end of tax year 2017, i.e. September 30, 2017, and within six months of the end of tax year 2018 and onwards. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution expires. The Company has already distributed 40% of its after tax profits for the tax year 2017.

## 15. Transactions with related parties

Significant transactions and balances with related parties other than those disclosed in respective notes are as follows:

| Relationship with the Company | | Nature of transactions | Three months ended March 31, 2018 Un-audited | Three months ended March 31, 2017 Un-audited |
|---|---|---|---|---|
| | | | (Rupees in thousand) | |
| i. | Subsidiaries | Purchase of goods and services | **1,197,782** | 253,747 |
| | | Sale of goods and services | **26,007** | 28,473 |
| | | Dividend income | **85,000** | 115,037 |
| | | Rental and other income | **32,329** | 5,864 |
| | | Management and technical fee | **20,769** | 14,590 |
| ii. | Joint ventures | Purchase of goods and services | **-** | 498,900 |
| | | Sale of goods and services | **15,870** | 24,466 |
| | | Rental and other income | **62** | 18,225 |
| | | Sales of property, plant & equipment | **-** | 1,168 |
| iii. | Associates | Purchase of goods and services | **331,505** | 234,410 |
| | | Sale of goods and services | **4,603** | 8,917 |
| | | Insurance premium | **49,206** | 44,377 |
| | | Commission earned | **3,449** | 1,007 |
| | | Insurance claims received | **54** | 62 |
| | | Rental and other income | **4,723** | 2,567 |
| | | Dividend income | **104,578** | - |
| iv. | Retirement benefit Obligations | Expense charged in respect of retirement benefit plans | **38,510** | 30,730 |
| v. | Key management personnel | Salaries and other employee benefits | **43,134** | 29,716 |
| vi. | Other related party | Donations made | **3,700** | 15,628 |

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

**Period / year end balances**

| | March 31, 2018 Un-audited | December 31, 2017 Audited |
|---|---|---|
| | (Rupees in thousand) | |
| Receivable from related parties | | |
| Subsidiaries | **236,191** | 132,636 |
| Joint venture | **22,683** | 3,714 |
| Associates | **18,593** | 14,127 |
| Payable to related parties | | |
| Subsidiaries | **464,295** | 370,147 |
| Associates | **71,790** | 67,209 |
| Retirement funds | **22,496** | 17,165 |

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

## 16. Cash generated from operations

| | Three months ended | |
|---|---|---|
| | **March 31, 2018** | March 31, 2017 |
| | **Un-audited** | Un-audited |
| | **(Rupees in thousand)** | |
| Profit before tax | **624,971** | 1,703,170 |
| Adjustments for: | | |
| Depreciation on operating assets | **177,920** | 166,542 |
| Depreciation on investment property | **1,192** | 1,743 |
| Amortisation on intangible assets | **385** | 2,772 |
| Provision for accumulating compensated absences | **12,000** | 20,166 |
| Provision for retirement benefits | **14,890** | 4,080 |
| Net profit on disposal of property, plant and equipment | **(4,195)** | (1,727) |
| Exchange loss | **10,063** | 7,391 |
| Finance costs | **89,519** | 114,399 |
| (Reversal of provision) / provision for doubtful debts | **(808)** | 903 |
| Provision against pending claims | **2,270** | - |
| Capital work-in-progress charged to profit and loss | **2,208** | - |
| Provisions and unclaimed balances written back | **(140)** | (384) |
| Dividend income | **(189,578)** | (1,510,712) |
| **Profit before working capital changes** | **740,697** | 508,343 |
| **Effect on cash flow due to working capital changes** | | |
| Increase in trade debts | **(419,343)** | (31,925) |
| Increase in stores and spares | **(12,852)** | (4,182) |
| Increase in stock-in-trade | **(563,547)** | (200,780) |
| Increase in loans, advances, deposits, prepayments and other receivables | **(5,975)** | (143,082) |
| Increase in trade and other payables | **524,236** | 79,358 |
| | **(477,481)** | (300,611) |
| | **263,216** | 207,732 |

## 17. Cash and cash equivalents

| | | |
|---|---|---|
| Cash and bank balances | **134,601** | 114,153 |
| Finances under mark up arrangements - secured | **(719,288)** | (397,708) |
| | **(584,687)** | (283,555) |

## 18. Financial risk management

### 18.1 Financial risk factors

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

The condensed interim 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, 2017.

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

### 18.2 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Company's material financial assets and liabilities that are measured at fair value as at March 31, 2018.

| | **Un-audited (Rupees in thousand)** | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | **Total** |
| **Assets** | | | | |
| **Recurring fair value measurements** | | | | |
| Available for sale investments | 46,162,987 | - | - | **46,162,987** |
| **Liabilities** | - | - | - | **-** |

The following table presents the Company's material financial assets and liabilities that are measured at fair value as at December 31, 2017.

| | Audited (Rupees in thousand) | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Assets** | | | | |
| **Recurring fair value measurements** | | | | |
| Available for sale investments | 41,966,316 | - | - | 41,966,316 |
| **Liabilities** | - | - | - | - |

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

### 19. Date of authorisation for issue

This condensed interim financial information was authorised for issue on April 25, 2018 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, 2017 of Rs. 30.00 per share (2016: Rs. 25.00 per share), amounting to Rs. 2,681.385 million (2016: Rs. 2,234.488 million) at their meeting held on February 28, 2018 which has been approved by the members at the Annual General Meeting held on April 19, 2018. 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 has 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, condensed interim statement of changes in equity 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.

| | | |
|---|---|---|
| Syed Hyder Ali<br>Chief Executive & Managing Director | Asghar Abbas<br>Director | Khurram Raza Bakhtayari<br>Chief Financial Officer |

# Packages Group
# Condensed Consolidated Interim
# Financial Information

# DIRECTORS' REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE THREE MONTHS ENDED MARCH 31, 2018

The Directors of Packages Limited are pleased to submit the un-audited condensed consolidated financial informations of the Group for the first quarter ended March 31, 2018.

**Group results**

The comparison of the un-audited results in the first quarter ended March 31, 2018 as against March 31, 2017 is as follows

| | **Jan - March 2018** | Jan - March 2017 |
|---|---|---|
| | **(Rupees in million)** | |
| Invoiced sales - net | **13,468** | 6,466 |
| Profit from operations | **737** | 513 |
| Share of profit in associates and joint ventures - net of tax | **29** | 37 |
| Investment income | **-** | 1,395 |
| Profit after tax | **245** | 1,541 |

During the first quarter of 2018, Group has achieved net sales of Rs. 13,468 million against net sales of Rs. 6,466 million achieved during corresponding period of last year. In October 2017, Bulleh Shah Packaging Private Limited ("BSPPL") status was changed from being a Joint Venture ("JV") to a fully owned subsidiary of the Parent Company. For consolidation purposes, as the JV, equity accounting was applied in line with accounting principles and only the JV's proportionate share of profit / loss was recognised. As the subsidiary, each individual line item of the Balance Sheet and Profit and Loss Account are being added. Consequently, at the Group level, sales achieved by BSPPL amounting to Rs. 5.7 billion have been included in the results of the current quarter. Further, Packages Mall, a project of Packages Construction (Private) Limited was inaugurated in April of 2017 and sales for first quarter of 2018 amounting to Rs. 797 million have been included in the accounts.

The Group had an operating profit of Rs. 737 million compared to Rs. 513 million generated during the corresponding period of the last year. This increase in profit is primarily attributable to the improved performance of the Parent Company on account of higher sales. The Group is exercising strict cost controls and is in the process of implementing various initiatives to bring down fixed costs and to increase sales volume.

The Group's finance cost has increased by Rs. 265 million which is primarily due to the fact that finance cost of BSPPL is not included in the comparative for the reason explained above. Further, the finance cost being incurred by the Mall prior to inauguration was being capitalised and not expensed out in line with accounting principles.

The Group's investment income in the current period is nil due to timing difference of dividend declaration which has correspondingly resulted in decrease in earnings after tax.

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

**Bulleh Shah Packaging (Private) Limited**

Bulleh Shah Packaging (Private) Limited is principally engaged in the manufacturing and conversion of paper, paperboard and corrugated boxes. The Company has achieved sales of Rs. 5,745 million during the first quarter of 2018 as compared to Rs. 4,509 million during 2017 representing sales growth of 27%. The Company has recorded operating profit of Rs. 36 million during the quarter as compared to Rs. 84 million in 2017. The decline is primarily due to increases in raw material and fuel prices. The Company has also filed an application against anti-dumping practices in the market.

**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 billion during the first quarter of the year 2018 as compared to Rs. 955 million of the corresponding period of last year representing sales growth of 5%. The Company generated profit before tax of Rs. 118 million during the first quarter of the year 2018 as against Rs. 109 million generated during corresponding period of 2017.

**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 2018, the Company has achieved sales of SLR 633 million as compared to SLR 576 million of the corresponding period of last year representing increase in sales of 10%. The Company has generated profit before tax of SLR 67 million during the first quarter of the year 2018 as against SLR 94 million generated during corresponding period of 2017. The decline is mainly due to growing competition as well as increase in raw material costs. Moving forward, the Company will focus on improving operating results through tighter operating cost control, product diversification and price rationalisation.

**Flexible Packages Convertors (Pty) Limited**

Flexible Packages Convertors (Pty) Limited is private limited company based in South Africa. It is principally engaged in the manufacture of flexible packaging material. During the first quarter of 2018, the Company achieved net sales revenue of USD 10.7 million as compared to USD 8.6 million of the corresponding period of last year. Operating results of the Company have increased from USD 0.538 million in quarter 1 of 2017 to USD 1.032 million in the current quarter. This is primarily on account of higher sales and tighter operating cost controls.

**Packages Construction (Private) Limited**

Packages construction (Private) Limited is a subsidiary of Packages Limited. It is primarily engaged in the business of construction, development and operation of real estate. It is currently operating “Packages Mall”. The Company has achieved sale of Rs. 797 million during the first quarter of 2018 and has generated profit from operations of Rs. 205 million.

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

**Packages Power (Private) Limited**

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

**Omyapack (Private) Limited**

As part of asset and income diversification strategy, the JV Company, Omya Pack (Private) Limited has set up a state of the art production facility in Kasur, Punjab. It would supply a range of high quality ground calcium carbonate products suitble for marketing in local and regional markets. Primary users being the paper, paints and pharmaceuticals industries. The construction of the plant is in its final phases and commercial production is expected to commence in Q2-2018.

**(Towfiq Habib Chinoy)**
Chairman
Lahore, April 25, 2018

**(Syed Hyder Ali)**
Chief Executive & Managing Director
Lahore, April 25, 2018

## پیکیجز پاور (پرائیویٹ) لمیٹڈ

پیکیجز پاور (پرائیویٹ) لمیٹڈ 3.1 میگاواٹ ہائیڈرو پاور پروجیکٹ کے قیام کے مقصد کے لئے بنایا گیا پیکیجز لمیٹڈ کا ایک **مکمل** ملکیتی ذیلی ادارہ ہے جیسا کہ پروجیکٹ کی تشہیر پنجاب پاور ڈیولپمنٹ بورڈ (پی پی ڈی بی) کی جانب سے کی گئی۔ اِس کے مطابق دسمبر 2016 میں 25 ملین کی ابتدائی سرمایہ کاری اِس میں لگائی گئی، بعدازاں کمپنی نے مطلوبہ جائزوں اوراجازت ناموں کے ساتھ اور متعلقہ سرکاری حکام کے ساتھ رابطہ کاری کے تحت پروجیکٹ کوآگے بڑھایا ہے۔

## اومیا پیک (پرائیویٹ) لمیٹڈ

اثاثہ جات اور آمدنی کو توسیع دینے کی حکمت عملی کے پیشِ نظر جے وی کمپنی اومیا پیک (پرائیویٹ) لمیٹڈ قصور، پنجاب میں ایک جدید ترین پروڈکشن سہولت قائم کی ہے، یہ انتہائی اعلیٰ معیار کی گراؤنڈ کیلشیم کاربونیٹ پروڈکٹس کی ایک وسیع تر رینج فراہم کرے گی۔ اِس کے بنیادی استعمال کنندگان میں پیپر، پینٹس اور فارماسیوٹیکل صنعتیں شامل ہیں۔ پلانٹ کی تعمیر حتمی مراحل میں ہے اور تجارتی پیداوار کا متوقع طور پر 2018 کی دوسری سہ ماہی سے آغاز ہوجائے گا۔

| | |
|---|---|
| (توفیق حبیب چنائے) | (سید حیدر علی) |
| چیئرمین | چیف ایگزیکٹو اور منیجنگ ڈائریکٹر |
| لاہور، 25 اپریل، 2018 | لاہور، 25 اپریل، 2018 |

ایس(EPS) میں کمی آئی۔

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

## بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ

بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ بنیادی طور پر پیپر اور پیپر بورڈ پروڈکٹس کی تیاری اور منتقلی میں مصروف عمل ہے۔ کمپنی نے 2018 کی پہلی سہ ماہی کے دوران 5,745 ملین روپے کی سیلز حاصل کی جو اس کے مقابلے میں 2017 کے دوران 4,509 ملین روپے تھی۔ جس سے 27 فیصد کی سیلز گروتھ ظاہر ہوتی ہے۔ کمپنی نے سہ ماہی کے دوران 36 ملین روپے کا آپریٹنگ منافع کمایا جو 2017 میں اسی دوران 84 ملین روپے تھا۔ کمی کی وجہ خام مال اور ایندھن کے نرخوں میں اضافہ تھا۔ کمپنی نے مارکیٹ میں اینٹی-ڈمپنگ طریقہ کار کے خلاف بھی ایک درخواست دائر کر رکھی ہے۔

## ڈی آئی سی پاکستان لمیٹڈ

ڈی آئی سی پاکستان لمیٹڈ پیکیجز لمیٹڈ کا ایک نان لسٹڈ پبلک لمیٹڈ ذیلی ادارہ ہے۔ یہ بنیادی طور پر صنعتی انکس (inks) کی تیاری، پروسیسنگ اور سیلز میں مصروفِ عمل ہے۔ کمپنی نے سال 2018 کی پہلی سہ ماہی کے دوران ایک ارب روپے کی خالص سیلز حاصل کی۔ اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران یہ 955 ملین روپے تھیں جو 5 فیصد کی سیلز گروتھ کو ظاہر کرتی ہے۔ کمپنی نے پہلی سہ ماہی کے دوران 118 ملین روپے کا منافع قبل از ٹیکس حاصل کیا جو 2017 کی اِسی مدت میں 109 ملین روپے تھا۔

## پیکیجز لنکا (پرائیویٹ) لمیٹڈ

پیکیجز لنکا (پرائیویٹ) لمیٹڈ سری لنکا میں قائم پیکیجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر فلیکس ایبل پیکیجنگ کی تیاری میں مصروف عمل ہے۔ کمپنی نے سال 2018 کے دوران 633 ملین سری لنکن روپے کی سیلز حاصل کی جو گزشتہ سال کی اس مدت میں 576 ملین سری لنکن روپے تھی جو سیلز میں 10 فیصد کی گروتھ ظاہر کرتی ہے۔ کمپنی نے سال 2018 کی پہلی سہ ماہی میں 67 ملین سری لنکن روپے کا منافع قبل از ٹیکس حاصل کیا جو کہ 2017 کی اسی مدت کے دوران 94 ملین سری لنکن روپے تھا۔ منافع میں یہ کمی بنیادی طور پر بڑھتی ہوئی مسابقت اور خام مال کے نرخوں میں اضافے کی وجہ سے ہوئی۔ آگے بڑھتے ہوئے، کمپنی آپریٹنگ اخراجات پر سخت کنٹرول، پروڈکٹ میں توسیع اور پرائس راشنلائزیشن کے ذریعے آپریٹنگ نتائج بہتر بنانے پر توجہ دیتی رہے گی۔

## فلیکس ایبل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ

فلیکس ایبل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ جنوبی افریقہ میں قائم پرائیویٹ لمیٹڈ کمپنی ہے۔ یہ بنیادی طور پر فلیکس ایبل پیکیجنگ میٹریل کی تیاری میں مصروف عمل ہے۔ کمپنی نے 2018 کی پہلی سہ ماہی کے دوران 10.7 ملین امریکی ڈالر کا خالص سیلز ریونیو حاصل کیا جو گزشتہ سال کی اس مدت میں 8.6 ملین امریکی ڈالر تھا۔ کمپنی کے آپریٹنگ نتائج 2017 کی پہلی سہ ماہی میں 0.538 ملین امریکی ڈالر تھے جو رواں سہ ماہی میں 1.032 ملین ڈالر سے بڑھے ہیں، جس کی بنیادی وجہ سیلز میں اضافہ اور آپریٹنگ اخراجات پر سخت کنٹرول ہے۔

## پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ

پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ پیکیجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر تعمیراتی سرگرمیوں اور رئیل اسٹیٹ کے فروغ کے کاروبار میں مصروفِ عمل ہے۔ اِس وقت یہ ''پیکیجز مال'' کو آپریٹ کر رہا ہے۔ کمپنی نے سال 2018 کی پہلی سہ ماہی کے دوران 797 ملین روپے کی سیلز حاصل کی اور آپریشنز سے 205 ملین روپے کا منافع حاصل کیا۔

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

# 31مارچ 2018 کوختم ہونے والی سہ ماہی کے لئے

# ڈائریکٹرز کی رپورٹ بشمول مجموعی عبوری غیر آڈٹ شدہ مالیاتی معلومات

پیکیجز لمیٹڈ کے ڈائریکٹرز 31مارچ2018 کوختم ہونے والی پہلی سہ ماہی کے لئے گروپ کے غیر آڈٹ شدہ مجموعی مالیاتی معلومات پیش کرنے پرخوشی محسوس کرتے ہیں۔

## گروپ کے نتائج

31مارچ 2018 کوختم ہونے والی پہلی سہ ماہی کے لئے غیر آڈٹ شدہ نتائج کا تقابل 31مارچ 2017 کے مقابلے میں درج ذیل کے مطابق ہے:

| | جنوری۔مارچ 2018 | | جنوری۔مارچ 2017 |
|---|---|---|---|
| | | (روپےملین میں) | |
| انوائسڈ سیلز۔خالص | **13,468** | | 6,466 |
| آپریشنز سے حاصل منافع جات | **737** | | 513 |
| منسلکہ اداروں اورمشترکہ منصوبے میں منافع کا حصہ-بعدازٹیکس | **29** | | 37 |
| سرمایہ کاری سے آمدنی | **-** | | 1,395 |
| منافع بعدازٹیکس | **245** | | 1,541 |

2018 کی پہلی سہ ماہی کے دوران گروپ نے 13,468روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کی اس مدت کے دوران 6,466ملین روپے کی خالص سیلز حاصل کی گئی تھی۔ اکتوبر 2017 میں، بلھےشاہ پیکیجنگ پرائیویٹ لمیٹڈ (''بی ایس پی پی ایل'') کا درجہ جے وی(JV) سے تبدیل ہوکرگروپ کا ایک مکمل ملکیتی ادارہ بنا ہے۔ جے وی(JV) کے طور پر مجموعی حسابات اکٹھا کرنے کے مقاصد کے لئے اکاؤنٹنگ اصولوں کے مطابق ایکویٹی اکاؤنٹنگ نافذ کی گئی اور اس نئی اکاؤنٹنگ پالیسی کے تحت صرف نفع و نقصان کا حصہ بالتناسب JV تسلیم کیا جاتا ہے اور بیلنس شیٹ اور نفع ونقصان کے اکاؤنٹ کی ہر ایک انفرادی لائن آئٹم کو شامل نہیں کیا جاتا۔ نتیجتاً، گروپلیول پر، بی ایس پی پی ایل کے ذریعے حاصل کردہ سیلز 5.7ارب روپے کو رواں سہ ماہی کے نتائج میں شامل کردیا گیا ہے۔ مزید برآں، پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ کے پروجیکٹ پیکیجز مال کا افتتاح اپریل 2017 میں کیا گیا اور 2018 کی پہلی سہ ماہی کی سیلز 797ملین روپے کو بھی اکاؤنٹ میں شامل کیا گیا ہے۔

گروپ نے 737ملین روپے کا آپریٹنگ منافع حاصل کیا جوگزشتہ سال کی اسی مدت میں 513ملین روپے تھا۔ منافع جات میں یہ اضافہ بنیادی طور پر سیلز میں اضافہ ہے جو سرپرست کمپنی کی بہترین کارکردگی سے منسوب ہے۔ گروپ اخراجات پر سخت کنٹرول کررہا ہے اور طے کردہ لاگت کو نیچے لانے اور سیلز کے حجم میں اضافے کے لئے کئی اقدامات بروئے کارلارہا ہے۔

گروپ کے فنانس اخراجات 265ملین روپے تک بڑھ گئے جس کی بنیادی وجہ بی ایس پی پی ایل کے فنانس اخراجات کو تقابل میں شامل نہ کرنا ہے، جس کی وجہ اوپر بیان کی جاچکی ہے۔ مزید براں، افتتاح سے قبل پیکیجز مال پر صرف ہونے والے فنانس اخراجات کو کیپٹلائز کردیا گیا تھا اور اکاؤنٹنگ کے اصولوں کے مطابق صرف (Expensed Out) نہیں کیا گیا۔

رواں مدت میں گروپ کی سرمایہ کاری سے آمدنی منافع منقسمہ کے اعلان کے مختلف اوقات کے باعث صفر(Nil) رہی جس کے نتیجے میں آمدنی بعدازٹیکس اور ای پی

# PACKAGES GROUP
## CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED)
as at March 31, 2018

| | Note | March 31, 2018 Un-audited | December 31, 2017 Audited |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **EQUITY AND LIABILITIES** | | | |
| **CAPITAL AND RESERVES** | | | |
| Authorised capital | | | |
| 150,000,000 (December 31, 2017: 150,000,000) ordinary shares of Rs. 10 each | | **1,500,000** | 1,500,000 |
| 22,000,000 (December 31, 2017: 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, 2017: 89,379,504) ordinary shares of Rs. 10 each | | **893,795** | 893,795 |
| 8,186,842 (December 31, 2017 : 8,186,842) 10% non-voting preference shares / convertible stock of Rs. 190 each | | **606,222** | 606,222 |
| Reserves | | **70,338,299** | 62,382,915 |
| Equity portion of loan from shareholder of the Parent Company | 6 | **171,187** | 171,187 |
| Un-appropriated profit | | **8,260,653** | 11,087,931 |
| Capital and reserves attributable to owners of the Parent Company | | **80,270,156** | 75,142,050 |
| **NON-CONTROLLING INTEREST** | | **2,234,827** | 2,117,100 |
| **TOTAL EQUITY** | | **82,504,983** | 77,259,150 |
| **NON-CURRENT LIABILITIES** | | | |
| Long term finances | 7 | **13,255,154** | 14,626,258 |
| Loan from shareholder of the Parent Company - unsecured | | **409,380** | 409,380 |
| Liabilities against assets subject to finance lease | | **40,992** | 49,391 |
| Deferred taxation | 8 | **2,517,908** | 2,565,506 |
| Retirement benefits | | **528,045** | 516,586 |
| Rental security deposits | | **436,990** | 277,655 |
| Deferred liabilities | | **544,441** | 633,171 |
| | | **17,732,910** | 19,077,947 |
| **CURRENT LIABILITIES** | | | |
| Current portion of non- current liabilities | | **3,403,054** | 3,427,251 |
| Finances under mark up arrangements - secured | | **7,025,846** | 5,091,722 |
| Trade and other payables | | **8,706,664** | 7,512,233 |
| Accrued finance costs | | **352,795** | 495,278 |
| Provision for taxation | | **121** | 22,176 |
| | | **19,488,480** | 16,548,660 |
| **CONTINGENCIES AND COMMITMENTS** | 9 | **-** | - |
| | | **119,726,373** | 112,885,757 |

| | Note | March 31, 2018 Un-audited | December 31, 2017 Audited |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 10 | **25,833,078** | 25,992,806 |
| Intangible assets | 11 | **296,884** | 286,621 |
| Investment property | | **12,140,320** | 12,342,428 |
| Investments accounted for under equity method | 12 | **10,431,323** | 9,802,130 |
| Other long term investments | 13 | **46,177,719** | 41,981,048 |
| Long term loans and deposits | | **146,343** | 157,208 |
| | | **95,025,667** | 90,562,241 |
| **CURRENT ASSETS** | | | |
| Stores and spares | | **1,680,009** | 1,707,667 |
| Stock-in-trade | | **9,561,558** | 8,439,160 |
| Trade debts | | **7,211,112** | 5,946,606 |
| Loans, advances, deposits, prepayments and other receivables | | **1,413,241** | 1,138,978 |
| Income tax receivable | 14 | **4,135,678** | 4,002,315 |
| Cash and bank balances | | **699,108** | 1,088,790 |
| | | **24,700,706** | 22,323,516 |
| | | **119,726,373** | 112,885,757 |

The annexed notes 1 to 24 form an integral part of this condensed consolidated interim financial information.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

## PACKAGES GROUP
## CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
for the three months ended March 31, 2018

| | | Three months ended | |
|---|---|---|---|
| | | **March 31, 2018** | March 31, 2017 |
| | **Note** | **Un-audited** | Un-audited |
| | | **(Rupees in thousand)** | |
| Local sales | | **15,205,361** | 7,205,296 |
| Export sales | | **148,154** | 185,795 |
| Gross sales | | **15,353,515** | 7,391,091 |
| Sales tax | | **(1,882,130)** | (918,404) |
| Commission | | **(3,258)** | (6,255) |
| | | **(1,885,388)** | (924,659) |
| Net sales | | **13,468,127** | 6,466,432 |
| Cost of sales | 15 | **(11,446,320)** | (5,075,456) |
| **Gross profit** | | **2,021,807** | 1,390,976 |
| Administrative expenses | | **(592,429)** | (395,760) |
| Distribution and marketing costs | | **(663,588)** | (372,324) |
| Other operating expenses | | **(75,172)** | (160,098) |
| Other income | | **46,769** | 50,371 |
| **Profit from operations** | | **737,387** | 513,165 |
| Finance costs | | **(428,171)** | (163,132) |
| Investment income | | **-** | 1,395,674 |
| Share of profit of investments accounted for using the equity method - net of tax | | **29,440** | 37,285 |
| **Profit before taxation** | | **338,656** | 1,782,992 |
| Taxation | | **(93,706)** | (242,260) |
| **Profit for the period** | | **244,950** | 1,540,732 |
| Attributable to: | | | |
| Equity holders of the Parent Company | | **172,722** | 1,485,614 |
| Non-controlling interest | | **72,228** | 55,118 |
| | | **244,950** | 1,540,732 |
| **Earnings per share attributable to equity holders of the Parent Company** | | | |
| **Basic** | Rupees | **1.93** | 16.62 |
| **Diluted** | Rupees | **1.93** | 15.55 |

The annexed notes 1 to 24 form an integral part of this condensed consolidated interim financial information.

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

## PACKAGES GROUP
## CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the three months ended March 31, 2018

| | Three months ended | |
|---|---|---|
| | **March 31, 2018** | March 31, 2017 |
| | **Un-audited** | Un-audited |
| | (Rupees in thousand) | |
| Profit for the period | **244,950** | 1,540,732 |
| **Other comprehensive income** | | |
| *Items that may be reclassified subsequently to profit or loss* | | |
| Exchange differences on translation of foreign subsidiaries | **109,550** | 22,920 |
| Share of other comprehensive income of investments accounted for under equity method - net of tax | **713,807** | 320 |
| Changes in fair value of available for sale financial assets | **4,196,671** | 346,678 |
| **Other comprehensive income for the period** | **5,020,028** | 369,918 |
| **Total comprehensive income for the period** | **5,264,978** | 1,910,650 |
| Attributable to: | | |
| Equity holders of the Parent Company | **5,128,106** | 1,845,611 |
| Non-controlling interest | **136,872** | 65,039 |
| | **5,264,978** | 1,910,650 |

The annexed notes 1 to 24 form an integral part of this condensed consolidated interim financial information.

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

## PACKAGES GROUP
## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the three months ended March 31, 2018

| | Issued, subscribed and paid up capital | | Reserves | | | | | | | | | | Capital and reserves | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Capital reserves | | | | | | | Revenue reserves | | | | |
| | Share capital | Preference shares / convertible stock | Share premium | Exchange difference on transation of foreign subsidiary | Fair value resrve | Other reserves relating to associates & joint ventures | Transaction with non-controlling interest | Equity portion of long term loan from share holder of the Parent Company | Capital redemption reserve | General reserve | Un-appropriated profits | Total | Non-controlling interest | Total Equity |
| | ( Rupees in thousand ) | | | | | | | | | | | | | |
| **Balance as on January 1, 2017 (audited)** | 893,795 | 606,222 | 3,766,738 | (156,663) | 28,858,325 | (66,054) | 22,981 | 77,991 | 1,615,000 | 15,310,333 | 1,879,569 | 52,808,237 | 1,950,580 | **54,758,817** |
| **Appropriation of funds** | | | | | | | | | | | | | | |
| Transferred from general reserve | - | - | - | - | - | - | - | - | - | (1,000,000) | 1,000,000 | - | - | - |
| **Transactions with owners recognized 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:** | | | | | | | | | | | | | | |
| Changes in fair value of available for sale financial assets | - | - | - | - | 346,678 | - | - | - | - | - | - | 346,678 | - | **346,678** |
| Exchange differences 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 | 65,040 | **1,910,650** |
| **Balance as on March 31, 2017 (un-audited)** | 893,795 | 606,222 | 3,766,738 | (143,664) | 29,205,003 | (65,734) | 22,981 | 77,991 | 1,615,000 | 14,310,333 | 4,365,183 | 54,653,848 | 1,985,132 | **56,638,979** |
| **Balance as on January 1, 2018 (audited)** | 893,795 | 606,222 | 3,766,738 | (73,314) | 37,981,410 | 4,759,767 | 22,981 | 171,187 | 1,615,000 | 14,310,333 | 11,087,931 | 75,142,050 | 2,117,100 | **77,259,150** |
| **Appropriation of funds.** | | | | | | | | | | | | | | |
| Transferred to general reserve | - | - | - | - | - | - | - | - | - | 3,000,000 | (3,000,000) | - | - | - |
| **Transactions with owners recognized directly in equity** | | | | | | | | | | | | | | |
| Dividend relating to 2017 paid to non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | (23,865) | **(23,865)** |
| Interest acquired in sub-subsidiary - Chantler Packages Inc. | - | - | - | - | - | - | - | - | - | - | - | - | 4,720 | **4,720** |
| **Total transactions with owners, recognized directly in equity** | - | - | - | - | - | - | - | - | - | - | - | - | (19,145) | **(19,145)** |
| **Total comprehensive income for the period ended March 31, 2018** | | | | | | | | | | | | | | |
| Profit for the period | - | - | - | - | - | - | - | - | - | - | 172,722 | 172,722 | 72,228 | **244,950** |
| **Other comprehensive income:** | | | | | | | | | | | | | | |
| Changes in fair value of available for sale financial assets | - | - | - | - | 4,196,671 | - | - | - | - | - | - | 4,196,671 | - | **4,196,671** |
| Other comprehensive icome from investments accounted for under equity | - | - | - | - | - | 713,807 | - | - | - | - | - | 713,807 | - | **713,807** |
| Exchange difference on translation of foreign subsidiaries | - | - | - | 44,906 | - | - | - | - | - | - | - | 44,906 | 64,644 | **109,550** |
| **Total comprehensive income for the period** | - | - | - | 44,906 | 4,196,671 | 713,807 | - | - | - | - | 172,722 | 5,128,106 | 136,872 | **5,264,978** |
| **Balance as on March 31, 2018 (un-audited)** | 893,795 | 606,222 | 3,766,738 | (28,408) | 42,178,081 | 5,473,574 | 22,981 | 171,187 | 1,615,000 | 17,310,333 | 8,260,653 | 80,270,156 | 2,234,827 | **82,504,983** |

The annexed notes 1 to 24 form an integral part of this condensed consolidated interim financial information.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

**PACKAGES GROUP**
**CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**
for the three months ended March 31, 2018

| | Note | Three months ended | |
|---|---|---|---|
| | | **March 31, 2018** | March 31, 2017 |
| | | **Un-audited** | Un-audited |
| | | **(Rupees in thousand)** | |
| **Cash flows from operating activities** | | | |
| Cash generated from operations | 18 | **343,270** | 24,064 |
| Finance cost paid | | **(570,654)** | (290,031) |
| Income tax paid | | **(296,722)** | (430,479) |
| Payments for accumulating compensated absences and staff gratuity | | **(11,904)** | (8,579) |
| Retirement benefits paid | | **(4,844)** | - |
| **Net cash outflow from operating activities** | | **(540,854)** | (705,025) |
| **Cash flows from investing activities** | | | |
| Fixed capital expenditure | | **(623,470)** | (1,143,657) |
| Rental security deposits - net | | **159,335** | - |
| Long term loans and deposits - net | | **10,865** | (2,318) |
| Proceeds from disposal of operating fixed assets | | **36,370** | 34,546 |
| Dividends received | | **114,054** | 1,395,674 |
| **Net cash (outflow) / inflow from investing activities** | | **(302,846)** | 284,245 |
| **Cash flows from financing activities** | | | |
| Proceeds from long term finances | | **-** | 1,250,000 |
| Transactions with non - controlling intrest | | **4,720** | - |
| Repayment of long term finances | | **(1,432,955)** | - |
| Liabilities against assets subject to finance lease - net | | **(26,224)** | (5,353) |
| Dividend paid to equity holders of the Parent Company | | **(1,782)** | (182) |
| Dividend paid to non-controlling interest | | **(23,865)** | (30,487) |
| **Net cash (outflow) / inflow from financing activities** | | **(1,480,106)** | 1,213,978 |
| **Net (decrease) / increase in cash and cash equivalents** | | **(2,323,806)** | 793,198 |
| Cash and cash equivalents at the beginning of the period | | **(4,002,932)** | (1,506,278) |
| **Cash and cash equivalents at the end of the period** | 19 | **(6,326,738)** | (713,080) |

The annexed notes 1 to 24 form an integral part of this condensed consolidated interim financial information.

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

## PACKAGES GROUP
## NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
for the three months ended March 31, 2018

### 1. Legal status and nature of business

Packages Limited ('the Parent Company') and its subsidiaries, DIC Pakistan Limited, Bulleh Shah Packaging (Private) Limited, Packages Lanka (Private) Limited, Linnaea Holdings Inc., Chantler Packages Inc., Packages 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. |
| Consumer Products: | Representing manufacture and sale of tissue products. |
| Inks: | Representing manufacture and sale of finished and semi finished inks. |
| Construction: | Representing all type of construction activities, development and operation of real estate projects. |
| Paper and paperboard: | Representing manufacture and sale of paper and paperboard. |
| Power generation: | Representing the development and management of hydropower project. |

The Group also holds investment in companies engaged in the manufacture and sale of 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 accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of the International Accounting Standard ('IAS') 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This condensed consolidated 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, 2017.

### 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, 2017.

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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2018, but are considered not to be relevant or to have any significant effect on the Company’s operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed interim financial information.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the companies having accounting periods beginning on or after July 01, 2018 / January 01, 2019 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in this condensed consolidated interim financial information, except for the following:

IFRS 9, ‘Financial instruments': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Group has yet to assess the full impact of the standard.

IFRS 15, ‘Revenue from contracts with customers’: (effective for periods beginning on or after January 1, 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, ‘Revenue’, and IAS 11, ‘Construction contracts’, and related interpretations. The Group has yet to assess the full impact of the standard.

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

IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 ‘Income taxes’, are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group has yet to assess the full impact of the interpretation.

**4.** Income tax expense comprises current and deferred tax. SECP vide its certificate dated December 14, 2017, has registered the Parent Company and its wholly-owned subsidiary Bulleh Shah Packaging (Private) Limited ('BSPPL') (together the 'Tax Group') as a tax group and has also, vide its certificate dated January 1, 2018, designated the Tax Group for the purpose of group taxation under Section 59AA of the Income tax Ordinance, 2001. Consequent to the filing of declaration for group taxation for the tax year 2019 by the Parent company and BSPPL, the Tax Group will be taxed as one fiscal unit for the tax year 2019.

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

Current and deferred taxes based on the consolidated results of the Tax Group are allocated within the Tax Group on the basis of separate return method, modified for determining realisability of tax credits and tax losses which are assessed at Tax Group level. Any adjustments in the current and deferred taxes of the Parent Company on account of group taxation are credited or charged to profit and loss account in the year in which they arise.

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

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Groups' 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, 2017, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

**6.** This loan has been obtained by Packages Construction (Private) Limited from Syed Babar Ali, shareholder of the Parent Company and is interest free. It is being carried at amortised cost using a market interest rate of 10.50 percent for a similar instrument.

**7. Long term finances**

| | Note | **March 31, 2018** | December 31, 2017 |
|---|---|---|---|
| | | **Un-audited** | Audited |
| | | **(Rupees in thousand)** | |
| Local currency loans - secured | 7.1 | **14,167,242** | 15,564,742 |
| Foreign currency loans - secured | 7.2 | **1,543,539** | 1,490,808 |
| | | **15,710,781** | 17,055,550 |
| Preference shares / convertible stock - unsecured | | **932,650** | 932,650 |
| | | **16,643,431** | 17,988,200 |
| Current portion shown under current liabilities | | **(3,388,277)** | (3,361,942) |
| Closing balance | | **13,255,154** | 14,626,258 |

**7.1 Local currency loans - secured**

| | | |
|---|---|---|
| Opening balance | **15,564,742** | 8,689,840 |
| Loans acquired under business acquisition | **-** | 4,935,000 |
| Receipts during the period / year | **-** | 2,511,322 |
| | **15,564,742** | 16,136,162 |
| Repayments during the period / year | **(1,397,500)** | (571,420) |
| Closing balance | **14,167,242** | 15,564,742 |

**7.2 Foreign currency loans - secured**

| | | |
|---|---|---|
| Opening balance | **1,490,808** | 1,490,062 |
| Receipts during the period / year | **-** | 117,533 |
| | **1,490,808** | 1,607,595 |
| Repayments during the period / year | **(35,455)** | (92,785) |
| Exchange adjustment on opening balances | **88,186** | (24,002) |
| Closing balance | **1,543,539** | 1,490,808 |

**8.** Deferred tax asset on tax losses representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 is recognised to the extent of the realisation of related tax benefits through future taxable profits of the Tax Group which is probable. The Parent Company has not recognised deferred tax asset of Rs. 11.657 million (2017: Rs. 11.657 million), set to lapse in the accounting year 2022, in respect of minimum tax available for carry forward arisen after the formation of the Tax Group, as sufficient taxable profits would not be available to the Tax Group to utilise these in the foreseeable future. Deferred tax asset has also not been recognised on aggregate minimum taxes prior to the formation of the Tax Group amounting to Rs. 212.759 million (2017: Rs. 212.759 million) as the same can not be realised against the taxable profits of the Tax Group. However, in case the Parent Company opts out of the Tax Group, these minimum tax credits will become available for realisation against the taxable profits of the Parent Company. Out of these minimum tax credits, Rs. 159.834 million is set to lapse in the accounting year 2018 and Rs. 52.925 million is set to lapse in the accounting year 2021.

**9 Contingencies and commitments**

**9.1 Contingencies**

(i) Claims against the Group by ex-empolyees not acknowledged as debts aggregating Rs. 28.294 million (December 31, 2017: Rs. 28.294 million).

(ii) Guarantees issued in favor of Excise and Taxation officer amounting to Nil (December 31, 2017: Rs. 1.624 million).

(iii) Guarantees to Director General Customs amounting to Rs. 16 million (December 31, 2017: Nil).

(iv) Letters of guarantees issued to various parties aggregating Rs. 188.56 million (December 31, 2017: Rs. 189.474 million).

(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 amounting to Rs. 1,278.915 million (December 2017: PKR 1,223.503 million), to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL') (wholly-owned subsidiary of the Parent Company). The standby letter of credit is secured against pledge of Nestle Pakistan Limited's shares owned by the Parent Company.

(vi) During the year, the Walton Cantonment Board ('WCB') issued a notice to PCPL requiring payment of commercialisation fee of Rs. 544 million. The PCPL challenged the demand of WCB before LHC through Writ Petition No. 8636/17. The LHC after hearing the point of view of the PCPL, by its order dated March 24, 2017, remitted the matter to WCB to decide the same within forty days and further directed that no coercive action to be taken against the PCPL in the meanwhile.

WCB conducted a hearing on May 9, 2017 and representative of WCB could not justify the charging of commercialisation fee and sought time to produce statutory documents permitting the reason for imposing such fee. The PCPL legal counsel continuously followed up with WCB for statutory instrument, however WCB did not respond to those requests. In view of the foregoing and lapse of the deadline of LHC, the management considers that there are strong grounds to support the PCPL stance and thus no provision has been made in this condensed consolidated interim financial informaion.

**9.2 Commitments in respect of**

(i) Letters of credit and contracts for capital expenditure Rs. 569.157 million (December 31, 2017: Rs. 558.812 million)

(ii) Letters of credit and contracts for other than capital expenditure Rs. 670.204 million (December 31, 2017: Rs. 2,587.985 million)

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

| | Note | March 31, 2018 Un-audited | December 31, 2017 Audited |
|---|---|---|---|
| | | (Rupees in thousand) | |
| Not later than one year | | **101,117** | 175,359 |
| Later than one year and not later than five years | | **434,116** | 480,532 |
| Later than five years | | **79,039** | 15,628 |
| | | **614,272** | 671,519 |

## 10. Property, plant and equipment

| | Note | March 31, 2018 | December 31, 2017 |
|---|---|---|---|
| Operating assets - at net book value | | | |
| Owned assets | | **23,476,354** | 23,787,270 |
| Assets subject to finance lease | | **57,177** | 84,248 |
| | 10.1 | **23,533,531** | 23,871,518 |
| Capital work-in-progress | 10.2 | **2,237,978** | 1,999,477 |
| Major spare parts and stand-by equipment | | **61,569** | 121,811 |
| | | **25,833,078** | 25,992,806 |

## 10.1 Operating assets

| | Note | March 31, 2018 | December 31, 2017 |
|---|---|---|---|
| Opening net book value | | **23,871,518** | 6,379,688 |
| Additions during the period / year | 10.1.1 | **424,211** | 1,283,105 |
| Assets acquired under business combination | | **-** | 17,579,451 |
| Transfer in at book value - net | | **-** | 79,033 |
| | | **424,211** | 18,941,589 |
| | | **24,295,729** | 25,321,277 |
| Disposals during the period / year at book value | | **(21,351)** | (84,141) |
| Transferred out at book value - net | | **-** | (992) |
| Depreciation charged during the period / year | | **(930,371)** | (1,672,727) |
| Exchange adjustment on opening book value - net | | **189,524** | 308,101 |
| | | **(762,198)** | (1,449,759) |
| Closing book value | | **23,533,531** | 23,871,518 |

### 10.1.1 Additions during the period / year

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| Freehold land | **-** | 121,247 |
| Buildings on freehold land | **11,035** | 49,168 |
| Buildings on leasehold land | **237** | 6,784 |
| Plant and machinery | **321,746** | 685,330 |
| Other equipment | **72,097** | 206,744 |
| Furniture and fixtures | **1,170** | 64,548 |
| Vehicles | **17,926** | 149,284 |
| | **424,211** | 1,283,105 |

**10.2 Capital work-in-progress**

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| | Un-audited | Audited |
| | (Rupees in thousand) | |
| Civil works | **128,254** | 123,112 |
| Plant and machinery | **1,233,391** | 1,754,533 |
| Others | **724,269** | - |
| Advances to suppliers | **152,064** | 121,832 |
| | **2,237,978** | 1,999,477 |

**10.3** A portion of the land on which the Parent Company's factory is situated has been on lease from the Government of Punjab for the past 60 years. The term of this lease has been expired in December, 2015 and the Parent Company has filed an application with the relevant authorities for its renewal.

**11. Intangible assets**

| | Note | March 31, 2018 | December 31, 2017 |
|---|---|---|---|
| | | Un-audited | Audited |
| | | (Rupees in thousand) | |
| Opening book value | | **286,621** | 164,294 |
| Additions during the period / year | | **16,784** | 22,684 |
| Assets acquired under business combination | | **-** | 87,207 |
| Amortisation charged during the period / year | | **(6,587)** | (14,521) |
| Exchange difference | | **66** | 26,957 |
| Closing book value | | **296,884** | 286,621 |

**12. Investments accounted for under equity method**

| | Note | March 31, 2018 | December 31, 2017 |
|---|---|---|---|
| Investments in associates | 12.1 | **10,104,331** | 9,470,360 |
| Investment in joint ventures | 12.2 | **326,992** | 331,770 |
| | | **10,431,323** | 9,802,130 |

**12.1 Investments in associates**

| | Note | March 31, 2018 | December 31, 2017 |
|---|---|---|---|
| Cost | | | |
| Opening balance | | **3,386,278** | 3,421,278 |
| Disposal of interest in associate on exchange of shares | | **-** | (35,000) |
| | | **3,386,278** | 3,386,278 |
| Post acquisition share of profits and reserves net of impairment losses | | | |
| Opening balance | | **6,084,082** | 969,399 |
| Share of profit from associates - net of tax | | **26,918** | 393,608 |
| Share of other comprehensive income - net of tax | | **711,631** | 4,797,476 |
| Gain on exchange of shares of associate | | **-** | 17,932 |
| Reversal of accumulated loss | | **-** | 35,000 |
| Dividends received during the period / year | | **(104,578)** | (129,333) |
| Closing balance | | **6,718,053** | 6,084,082 |
| Balance as on | 12.1.1 | **10,104,331** | 9,470,360 |

### 12.1.1 Investment in equity instruments of associated companies - quoted

| | Note | March 31, 2018 Un-audited | December 31, 2017 Audited |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **IGI Holdings Limited (formerly IGI Insurance Limited)** | | | |
| 13,072,211 (2017 : 13,072,211) fully paid ordinary shares of Rs. 10 each | | | |
| Equity held 10.46% (2017 : 10.46%) | | | |
| Market value - Rs. 3,816.693 million (2017 : Rs. 3,828.720 million) | 12.3 | **7,001,384** | 6,395,007 |
| **Tri-Pack Films Limited** | | | |
| 12,933,333 (2017 : 12,933,333) fully paid ordinary shares of Rs. 10 each | | | |
| Equity held 33.33% (2017 : 33.33%) | | | |
| Market value - Rs. 2,226.602 million (2017 : Rs. 1,808.985 million) | | **3,102,947** | 3,075,353 |
| | | **10,104,331** | 9,470,360 |

### 12.2 Investment in joint ventures

| | Note | March 31, 2018 | December 31, 2017 |
|---|---|---|---|
| Opening balance | | **331,770** | 9,476,358 |
| Share of profit / (loss) from joint ventures - net of tax | | **2,522** | (187,078) |
| Share of other comprehensive income / (loss) from joint ventures - net of tax | | **2,176** | (9,960) |
| Dividends received during the period / year | | **(9,476)** | (5,958) |
| Share of gains from joint ventures recognised directly in equity - net of tax | | **-** | 41,729 |
| Interest in joint ventures transferred to interest in subsidiary | | **-** | (8,983,321) |
| Closing balance | 12.2.1 | **326,992** | 331,770 |

### 12.2.1 Investment in equity instruments of joint ventures - unquoted

| | March 31, 2018 | December 31, 2017 |
|---|---|---|
| **Plastic Extrusions (Proprietary) Limited** | | |
| 500 (2017 : 500) Fully paid ordinary shares of ZAR 1 each | | |
| Equity held 50% (2017 : 50%) | **26,257** | 24,081 |
| **OmyaPack (Private) Limited** | | |
| 31,000,000 (2017 : 31,000,000) fully paid ordinary shares of Rs. 10 each | | |
| Equity held 50% (2017 : 50%) | **300,735** | 307,689 |
| | **326,992** | 331,770 |

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

## 13. Other long term investments

| | Note | March 31, 2018 Un-audited | December 31, 2017 Audited |
|---|---|---|---|
| | | (Rupees in thousand) | |
| **Quoted** | | | |
| **Nestle Pakistan Limited** | | | |
| 3,649,248 (2017 : 3,649,248) fully paid ordinary shares of Rs. 10 each Equity held 8.05% (2017 : 8.05%) Cost - Rs. 5,778.896 million (2017 : Rs. 5,778.896 million) | 13.1, 13.2 | **46,162,988** | 41,966,317 |
| **Unquoted** | | | |
| **Tetra Pak Pakistan Limited** | | | |
| 1,000,000 (2017 : 1,000,000) fully paid non-voting ordinary shares of Rs. 10 each | 13.1 | **10,000** | 10,000 |
| **Pakistan Tourism Development Corporation Limited** | | | |
| 2,500 (2017 : 2,500) fully paid ordinary shares of Rs. 10 each | | **25** | 25 |
| **Orient Match Company Limited** | | | |
| 1,900 (2017 : 1,900) fully paid ordinary shares of Rs. 100 each | | **-** | - |
| **Coca-Cola Beverages Pakistan Limited** | | | |
| 500,000 (2017 : 500,000) fully paid ordinary shares of Rs. 10 each | | **4,706** | 4,706 |
| | | **46,177,719** | 41,981,048 |

**13.1** Nestle Pakistan Limited and Tetra Pak Pakistan Limited are associated undertakings under the Companies Act 2017. 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, 2018, an aggregate of 775,000 shares (2017 : 775,000 shares) of Nestle Pakistan Limited having market value Rs. 9,803.750 million (2017 : Rs. 8,912.492 million) were pledged in favor of HBL Pakistan. Out of aggregate shares pledged, 410,000 shares (2017 : 410,000 shares) were pledged against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 9.1 and the remaining 365,000 shares (2017 : 365,000 shares) were pledged against the term finance loan obtained from HBL Pakistan.

## 14. Income tax receivable

(i) In 1987, the then 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 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 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. The Parent Company has not made any provision against the above order as the management is confident that the ultimate outcome of the writ petition 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.

(ii) 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. 2,614.710 million and amended the deemed order for the year raising a tax demand of Rs. 606.328 million. The Parent Company being aggrieved of this order filed an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)']. CIR(A) through order dated March 2, 2018 has accepted all the contentions of the Parent Company except non-taxation of the transfer of paper and 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 Parent Company is in process of filing an appeal against the above order before Appellate Tribunal Inland Revenue ('ATIR') and has not made any provision against the above demand or disallowances as the management is confident that the ultimate outcome of the appeal 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.

(iii) In respect of tax year 2016, the department has, against taxable income of Rs. 1,157.926 million as per return filed by the Parent Company, assessed a taxable income of Rs. 2,437.836 million and amended the deemed order for the year raising a tax demand of Rs. 464.187 million. The Parent Company being aggrieved of the said order filed the appeal before CIR(A). CIR(A), through order dated December 11, 2017, has accepted all the contentions of the Parent Company except the allowability of provision for workers' profit participation fund on payment rather than accrual basis thereby reducing the tax refundable claimed by the Parent Company from Rs. 331.817 million to Rs. 328.320 million. The Parent Company has filed an appeal before ATIR against the issues maintained by CIR(A) and has not made any provision against the above disallowance as the management is confident that the ultimate outcome of the appeal 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.

## 15. Cost of sales

| | Three months ended | |
|---|---|---|
| | **March 31, 2018** | March 31, 2017 |
| | **Un-audited** | Un-audited |
| | **(Rupees in thousand)** | |
| Materials consumed | **7,084,228** | 3,603,975 |
| Salaries, wages and amenities | **937,300** | 467,358 |
| Travelling and conveyance | **12,262** | 7,034 |
| Fuel and power | **1,299,991** | 217,666 |
| Production supplies | **267,756** | 127,510 |
| Rent, rates and taxes | **70,527** | 8,132 |
| Insurance | **49,595** | 9,258 |
| Repairs and maintenance | **232,601** | 97,429 |
| Packing expenses | **196,314** | 111,862 |
| Depreciation on property, plant and equipment | **1,096,455** | 225,828 |
| Amortisation of intangible assets | **2,330** | 2,574 |
| Technical fee and royalty | **21,622** | 23,006 |
| Other expenses | **290,986** | 90,177 |
| | **11,561,967** | 4,991,809 |
| Opening work-in-process | **356,687** | 335,892 |
| Closing work-in-process | **(399,994)** | (366,036) |
| Cost of goods produced | **11,518,660** | 4,961,665 |
| Opening stock of finished goods | **679,700** | 661,661 |
| Closing stock of finished goods | **(752,040)** | (547,870) |
| | **11,446,320** | 5,075,456 |

## 16. Transactions with related parties

| Relationship with the Group | Nature of transactions | Three months ended March 31, 2018 Un-audited | March 31, 2017 Un-audited |
|---|---|---|---|
| | | (Rupees in thousand) | |
| i Joint ventures | Purchase of goods and services | **3,276** | 503,248 |
| | Sale of goods and services | **40,381** | 59,807 |
| | Rental and other income | **851** | 18,225 |
| | Sale of property, plant & equipment | **-** | 2,820 |
| ii Associates | Purchase of goods and services | **338,479** | 234,410 |
| | Sale of goods and services | **6,813** | 9,704 |
| | Dividend income | **104,578** | - |
| | Insurance premium | **182,146** | 57,396 |
| | Rental and other income | **5,655** | 2,567 |
| | Insurance claim | **1,940** | 62 |
| | Commission earned | **3,461** | 1,310 |
| iii Other related parties | Purchase of goods and services | **188,326** | 39,074 |
| | Sale of goods and services | **147,612** | 767 |
| | Royalty and technical fee - expense | **-** | 19,514 |
| | Commission income | **177** | - |
| | Commission expense | **2,953** | - |
| | Rent expense | **2,170** | - |
| | Donations made | **3,700** | 15,628 |
| iv Retirement obligations | Expenses charged in respect of retirement benefit plans | **41,089** | 36,961 |
| v Key management personnel | Salaries and other employee benefits | **44,243** | 52,435 |

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, 2018 Un-audited | December 31, 2017 Audited |
|---|---|---|
| | (Rupees in thousand) | |
| Receivable from related parties | | |
| Joint ventures | **52,976** | 18,770 |
| Associates | **23,264** | 33,862 |
| Other related parties | **40,929** | 63,479 |
| Payable to related parties | | |
| Joint venture | **1,762** | - |
| Associates | **106,497** | 70,615 |
| Other related parties | **164,296** | 103,674 |
| Retirement funds | **22,496** | 17,165 |

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

## 17. Segment Information

| | Packaging Division | | Consumer Products Division | | Ink Division | | Paper & Paperboard | | Real estate | | Power Generation and others | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **March 31, 2018** | March 31, 2017 | **March 31, 2018** | March 31, 2017 | **March 31, 2018** | March 31, 2017 | **March 31, 2018** | March 31, 2017 | **March 31, 2018** | March 31, 2017 | **March 31, 2018** | March 31, 2017 | **March 31, 2018** | March 31, 2017 |
| | **Un-audited** | Un-audited | **Un-audited** | Un-audited | **Un-audited** | Un-audited | **Un-audited** | Un-audited | **Un-audited** | Un-audited | **Un-audited** | Un-audited | **Un-audited** | Un-audited |
| | (Rupees in thousand) | | | | | | | | | | | | | |
| Revenue from external customers | **5,822,070** | 4,540,253 | **1,181,108** | 1,152,608 | **742,689** | 678,232 | **4,870,565** | - | **794,785** | - | **56,910** | 95,339 | **13,468,127** | 6,466,432 |
| Intersegment revenue | **112,413** | 103,852 | **-** | 3,720 | **257,302** | 274,746 | **874,592** | - | **2,223** | - | **135,682** | 36,158 | **1,382,212** | 418,476 |
| | **5,934,483** | 4,644,105 | **1,181,108** | 1,156,328 | **999,991** | 952,978 | **5,745,157** | - | **797,008** | - | **192,592** | 131,497 | **14,850,339** | 6,884,908 |
| Segment profit / (loss) before tax | **530,629** | 361,252 | **176,142** | 204,393 | **117,920** | 109,339 | **(360,921)** | - | **79,765** | (23,620) | **15,911** | 1,211,902 | **559,446** | 1,863,266 |
| | **March 31, 2018** | December 31, 2017 | **March 31, 2018** | December 31, 2017 | **March 31, 2018** | December 31, 2017 | **March 31, 2018** | December 31, 2017 | **March 31, 2018** | December 31, 2017 | **March 31, 2018** | December 31, 2017 | **March 31, 2018** | December 31, 2017 |
| | **Un-audited** | Audited | **Un-audited** | Audited | **Un-audited** | Audited | **Un-audited** | Audited | **Un-audited** | Audited | **Un-audited** | Audited | **Un-audited** | Audited |
| Segment assets | **18,075,604** | 21,923,522 | **2,128,264** | 1,849,118 | **1,986,870** | 1,781,752 | **21,396,283** | 15,900,473 | **12,997,293** | 13,518,943 | **6,682,391** | 6,722,694 | **63,266,705** | 61,696,502 |

**Reconciliation of profit**

| | **March 31, 2018** | March 31, 2017 |
|---|---|---|
| | **Un-audited** | Un-audited |
| | (Rupees in thousand) | |
| Profit for reportable segments | **559,446** | 1,863,266 |
| Profit from associates and joint ventures - net of dividends | **(84,614)** | 35,134 |
| Intercompany consolidation adjustments | **(136,176)** | (115,408) |
| **Profit before tax** | **338,656** | 1,782,992 |

## 18. Cash generated from operations

| | Three months ended | |
|---|---|---|
| | **March 31, 2018** | March 31, 2017 |
| | **Un-audited** | Un-audited |
| | **(Rupees in thousand)** | |
| Profit before taxation | **338,656** | 1,782,992 |
| Adjustments for non-cash items: | | |
| Depreciation on property, plant and equipment | **930,371** | 246,480 |
| Depreciation on investment property | **206,324** | 1,413 |
| Amortisation on intangible assets | **6,587** | 3,251 |
| Provision for accumulating compensated absences | **31,063** | 30,280 |
| Provision for retirement benefits | **16,303** | 4,080 |
| Profit on disposal of property, plant and equipment | **(15,019)** | (2,241) |
| Exchange loss / (gain) | **28,158** | (12,568) |
| Finance costs | **428,171** | 163,132 |
| Provision against pending claims | **2,270** | - |
| Provision for doubtful debts | **19,150** | 903 |
| Provisions and unclaimed balances written back | **(373)** | (384) |
| Exchange difference on translation of foreign subsidiaries | **8,146** | - |
| Share of profit of investments accounted for using the equity method | **(29,440)** | (37,285) |
| Dividend income | **-** | (1,395,674) |
| **Profit before working capital changes** | **1,970,367** | 784,379 |
| **Effect on cash flow due to working capital changes** | | |
| Increase in trade debts | **(1,285,926)** | (84,252) |
| Decrease / (increase) in stores and spares | **27,658** | (5,065) |
| Increase in stock-in-trade | **(1,122,398)** | (312,567) |
| Increase in loans, advances, deposits, prepayments and other receivables | **(274,263)** | (146,165) |
| Increase / (decrease) in trade and other payables | **1,027,832** | (212,266) |
| | **(1,627,097)** | (760,315) |
| | **343,270** | 24,064 |

## 19. Cash and cash equivalents

| | | |
|---|---|---|
| Cash and bank balances | **699,108** | 553,306 |
| Finances under mark up arrangements - secured | **(7,025,846)** | (1,266,386) |
| | **(6,326,738)** | (713,080) |

## 20. Financial risk management

### 20.1 Financial risk factors

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

The condensed consolidated 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, 2017.

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

### 20.2 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Groups' material financial assets and liabilities that are measured at fair value as at March 31, 2018.

| | **Un-audited (Rupees in thousand)** | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | **Total** |
| **Assets** | | | | |
| **Recurring fair value measurements** | | | | |
| Available for sale investments | 46,162,988 | - | - | **46,162,988** |
| **Liabilities** | - | - | - | - |

The following table presents the Group's material financial assets and liabilities that are measured at fair value as at December 31, 2017.

| | Audited (Rupees in thousand) | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | **Total** |
| **Assets** | | | | |
| **Recurring fair value measurements** | | | | |
| Available for sale investments | 41,966,316 | - | - | 41,966,316 |
| **Liabilities** | - | - | - | - |

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

## 21. Detail of subsidiaries

**Name of the subsidiaries**

| | Accounting year end | Percentage of holding | Country of incorporation |
|---|---|---|---|
| Anemone Holdings Limited | December 31 | 100.00% | Mauritius |
| Bulleh Shah Packaging (Private) Limited | December 31 | 100.00% | Pakistan |
| Chantler Packages Inc. | December 31 | 63.26% | Canada |
| DIC Pakistan Limited | December 31 | 54.98% | Pakistan |
| Flexible Packages Converters (Proprietary) Limited | February 28 | 55.00% | South Africa |
| Linnaea Holdings Inc. | December 31 | 79.07% | Canada |
| Packages Construction (Private) Limited | December 31 | 75.16% | Pakistan |
| Packages Lanka (Private) Limited | December 31 | 79.07% | Sri Lank |
| Packages Power (Private) Limited | December 31 | 100.00% | Pakistan |

## 22. Date of authorisation for issue

This condensed consolidated interim financial information was authorised for issue on April 25, 2018 by the Board of Directors of the Parent Company.

## 23. Events after the balance sheet date

The Board of Directors of the Parent Company has proposed a final cash dividend for the year ended December 31, 2017 of Rs. 30.00 per share (2016: Rs. 25.00 per share), amounting to Rs. 2,681.385 million (2016: Rs. 2,234.488 million) at their meeting held on February 28, 2018 which has been approved by the members at the Annual General Meeting held on April 19, 2018. Reference to the ordinary dividend proposed by the Board of the Parent Company, the Board of the Parent Company has further proposed such amount of additional preference dividend to be paid to IFC as per the terms of subscription agreement.

## 24. Corresponding figures

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

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

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