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COMPANY INFORMATION

Board of Directors

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

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

Asghar Abbas
(Executive Director)

Jari Latvanen
(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

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
: (021) 34380105
: (021) 34384621-3

Fax : (021) 34380106

Email : info.shares@famco.com.pk

Bankers & Lenders

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

Head Office & Works

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

Offices:

Registered Office & Regional Sales office

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

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

Regional Sales Office

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

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

Zonal Sales Offices

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

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

Web Presence

www.packages.com.pk

DIRECTORS' REPORT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

The Directors of Packages Limited are pleased to submit to its shareholders, the nine months report along with the condensed interim un-audited financial statements of the Company for the period ended September 30, 2016.

Financial and Operational Performance

The comparison of the un-audited financial results for the nine months ended September 30, 2016 as against September 30, 2015 is as follows:

	For the third quarter		Cumulative	
	July - Sep 2016	July - Sep 2015	Jan - Sep 2016	Jan - Sep 2015
	(R u p e e s i n m i l l i o n)			
Net sales	4,128	3,710	12,719	12,094
EBITDA - operations	588	530	2,047	2,005
Depreciation and amortisation	(156)	(139)	(450)	(427)
EBIT - operations	432	391	1,597	1,578
Finance costs	(896)	(161)	(1,178)	(496)
Other (expenses) / income - net	(43)	(12)	(204)	(118)
Investment income	1,570	825	4,697	2,435
Earnings before tax	1,063	1,043	4,912	3,399
Taxation	(39)	(169)	(759)	(629)
Earnings after tax	1,024	874	4,153	2,770
Basic earnings per share - Rupees	11.49	9.94	46.59	31.49

During the first nine months of 2016, the Company has achieved net sales of Rs. 12,719 million against net sales of Rs. 12,094 million of corresponding period of last year, representing sales growth of 5%. However, the overall volume growth has been 11% which has been offset by price discounts passed onto the customers of the packaging division on the back of deflationary trends in the raw material and fuel and power costs.

The Operations have generated Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of Rs. 2,047 million during the first nine months of 2016 against Rs. 2,005 million of corresponding period of year 2015. The EBITDA is only marginally higher than for the corresponding period for last year due to deflationary prices trends, increased advertisement expense on consumer products and overall decrease in sales to tobacco industry.

Finance cost of the Company has increased from Rs. 496 million in the corresponding period to Rs. 1,178 million in the current period owing to redemption premium of Rs. 910 million arising from the redemption of 8.5 million preference shares of International Finance Corporation.

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

Business Unit Consumer Products

Business Unit Consumer Products has registered sales of Rs. 2,945 million during the first nine months of 2016 as compared to Rs. 2,386 million of corresponding period of 2015, representing sales growth of 23%. Operating results of the Division are higher by 15% during first nine months of 2016 over corresponding values of 2015 mainly due to increased sales and deflationary trends in fuel and power costs.

Packaging Operations

Packaging Operations have achieved net sales of Rs. 9,615 million during first nine months of 2016 as compared to Rs. 9,585 million in corresponding period of year 2015 however volume growth has been 7%. Decreased value growth is due to price discounts that have been passed onto customers on the back of deflationary trends in raw material and fuel and power costs and also lower sales to the tobacco industry. Correspondingly, operating results are lower by 4% over corresponding period of 2015.

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

	July - Sep 2016	July - Sep 2015	Jan - Sep 2016	Jan - Sep 2015
Consumer products produced - tons	2,686	2,876	10,464	8,935
Carton Board & Consumer Products converted - tons	9,391	8,532	28,978	27,710
Plastics all sorts converted - tons	4,828	4,053	13,498	12,298

Conversion of Preference Shares

During the period, IFC exercised its right to convert 1,000,000 (December 31, 2015: 1,000,000) preference shares / convertible stock of Rs. 190 into 1,000,000 (December 31, 2015: 1,000,000) ordinary shares of Rs. 10 each. Consequently, the Company converted 1,000,000 (December 31, 2015: 2,000,000) preference shares / convertible stock during the period. Accordingly, the liability portion pertaining to 1,000,000 preference shares / convertible stock (December 31, 2015: 1,000,000) converted into ordinary shares has been transferred to capital and reserves.

Redemption of Preference Shares

During the period, IFC redeemed 500,000 (December 31, 2015: Nil) preference shares / convertible stock of Rs. 190 into cash. The redemption price was mutually agreed between the Company and IFC at Rs. 595 per share aggregating to Rs. 297.5 million.

IFC further redeemed 8,000,000 (December 31, 2015: Nil) preference shares / convertible stock of Rs. 190 into cash. The redemption price was mutually agreed between the Company and IFC at Rs. 663 per share aggregating to Rs. 5,304 million.

Both redemptions were done in compliance with section 85 of the Companies' Ordinance, 1984. Accordingly the Company has transferred an amount of Rs. 1,615 million from retained earnings to 'capital redemption reserve'.

Investment in associated company - Tri-Pack Films Limited

The Company has subscribed to the right shares offered by its associated company, Tri-Pack Films Limited during the quarter ended March 31, 2016 investing Rs. 367 million. Tri-Pack Films Limited has endeavored to reduce its reliance on debt through the right issue, reducing both debt and creditors' financing, thus saving the interest expense. Your Company believes that this will yield positive returns for the Company in the long term.

Real estate development - Packages Mall

The Company's development of a high quality retail mall at its Lahore land through its subsidiary, Packages Construction (Private) Limited is underway. The mall opening is targeted for Q1-2017 to coincide with the beginning of the spring season.

Future Outlook

As part of its diversification strategy, the Company will continue to explore investment opportunities. Despite rising competition in packaging business, the Company will continue to focus on improving shareholders' value by increasing and diversifying revenue and customer base, investment in new technology and 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, October 20, 2016



(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, October 20, 2016

منسلکہ کمپنی - ٹرائی بیگ فلمز لمیٹڈ میں سرمایہ کاری

کمپنی نے اپنی منسلکہ کمپنی ٹرائی بیگ فلمز لمیٹڈ میں 31 مارچ 2016 کو ختم ہونے والی سہ ماہی کے دوران 367 ملین روپے کی سرمایہ کاری کرتے ہوئے رائٹ شیئرز حاصل کئے۔ ٹرائی بیگ فلمز لمیٹڈ نے رائٹ ایشو کے ذریعے قرضے پر اپنا انحصار کم کرنے، قرضوں اور کریڈیٹرز دونوں کی فنانسنگ کم کرنے کی کوششیں کیں تاکہ سود کے اخراجات میں کمی ہو سکے۔ آپ کی کمپنی اس امر پر یقین رکھتی ہے کہ اس سے کمپنی کے لئے طویل مدتی بنیادوں پر مثبت منافع جات حاصل ہو سکیں گے۔

ریٹیل اسٹیٹ ڈیولپمنٹ - پیکیجیز مال

کمپنی اپنے ذیلی ادارے پیکیجیز کنسٹرکشن (پرائیویٹ) لمیٹڈ کے ذریعے لاہور میں اپنی اراضی پر اعلیٰ معیار کا ریٹیل مال تیار کر رہی ہے جو زیر تعمیر ہے۔ مال کا افتتاح 2017 کی پہلی سہ ماہی میں موسم بہار کے آغاز کے ساتھ متوقع ہے۔

مستقبل پر ایک نظر

مختلف سمتوں پر توجہ مرکوز کرنے کی اپنی حکمت عملی کے تحت کمپنی سرمایہ کاری کے نئے مواقع تلاش کرنے کا سلسلہ جاری رکھے گی۔ پیکیجنگ کے کاروبار میں بڑھتے ہوئے مقابلے کے باوجود کمپنی ریونیو اور صارف کا دائرہ کار بڑھانے، نئی ٹیکنالوجی میں سرمایہ کاری اور باکفایت پیداواری صلاحیت کے ذریعے شیئرز ہولڈرز کا منافع بڑھانے پر توجہ دینے کا سلسلہ جاری رکھے گی۔

کمپنی کا اسٹاف اور صارفین

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



(سید حیدر علی)

چیف ایگزیکٹو اور ڈائریکٹر

لاہور، 20 اکتوبر، 2016



(توفیق حبیب چنائے)

چیرمین

لاہور، 20 اکتوبر، 2016

کمپنی کے بزنس ڈویژن کے آپریشنز کا ایک مختصر جائزہ درج ذیل کے مطابق ہے۔

اشیائے صارف ڈویژن

اشیائے صارف کے ڈویژن نے 2016 کے پہلے نو ماہ کے دوران 2,945 ملین روپے کی سیلز حاصل کی جو 2015 کی اسی مدت میں 2,386 ملین روپے تھی جس سے 23 فیصد سیلز گروتھ حاصل ہوئی۔ ڈویژن کے آپریشنز نتائج 2016 کے پہلے نو ماہ کے دوران 2015 کی اسی مالیت کے مقابلے 15 فیصد تک زائد رہے اور اس کی وجہ سیلز میں اضافہ اور ایندھن و توانائی کے اخراجات میں کمی کا رجحان تھا۔

پیکجنگ آپریشنز

پیکجنگ آپریشنز نے 2016 کے پہلے نو ماہ کے دوران 9,615 ملین روپے کی خالص سیلز حاصل کی جو سال 2015 کی اسی مدت کے دوران 9,585 ملین روپے رہی تھی جبکہ شرح نمو کا حجم 7 فیصد رہا۔ شرح نمو کی قدر میں کمی رعایتی نرخوں جو کہ خام مال اور ایندھن و انرجی کے اخراجات میں کمی کے رجحان کے پس منظر میں صارفین کو منتقل کئے گئے تھے اور تباہی کو کی صنعت کی کم سیلز کے باعث ہوئی۔ اسی طرح آپریشنز نتائج 2015 کی اسی مدت کے مقابلے میں 4 فیصد تک کم رہے۔

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

جولائی - ستمبر	جولائی - ستمبر	جولائی - ستمبر	جولائی - ستمبر	
2016	2015	2016	2015	
2,686	2,876	10,464	8,935	تیار کئے گئے اشیائے صارف - ٹن
9,391	8,532	28,978	27,710	کارٹن بورڈ اور اشیائے صارف منتقل شدہ - ٹن
4,828	4,053	13,498	12,298	پلاسٹک تمام اقسام منتقل شدہ - ٹن

ترجیحی شیئرز کی منتقلی

مدت کے دوران آئی ایف سی نے 1,000,000 (31 دسمبر 2015: 1,000,000) ترجیحی شیئرز/190 روپے کے قابل منتقلی اسٹاک کو 1,000,000 (31 دسمبر 2015: 1,000,000) ہر ایک /- 10 روپے مالیت کے عمومی شیئرز میں منتقلی کا حق استعمال کیا۔ اسی طرح کمپنی نے 1,000,000 (31 دسمبر 2015: 2,000,000) ترجیحی شیئرز/ قابل منتقلی اسٹاک کو اس مدت کے دوران منتقل کیا۔ اس کے مطابق 1,000,000 ترجیحی شیئرز/ قابل منتقلی اسٹاک سے متعلق مالی سہ داری کا حصہ (31 دسمبر 2015: 1,000,000) جو عمومی شیئرز میں تبدیل کیا گیا تھا، اسے سرمائے اور پس انداز میں منتقل کر دیا گیا۔

ترجیحی شیئرز کا انفکاک

اس مدت کے دوران آئی ایف سی نے 500,000 (31 دسمبر 2015: کچھ نہیں) ترجیحی شیئرز/190 روپے کا قابل منتقلی اسٹاک کیش میں انفکاک کیا۔ انفکاک کے نرخ کمپنی اور آئی ایف سی کے درمیان باہمی رضامندی کے ساتھ 595 روپے فی شیئر اور مجموعی طور پر 297.5 ملین روپے طے کئے گئے تھے۔

آئی ایف سی نے اضافی 8,000,000 (31 دسمبر 2015: کچھ نہیں) ترجیحی شیئرز/190 روپے کا قابل منتقلی اسٹاک کیش میں انفکاک کیا۔ انفکاک کے نرخ کمپنی اور آئی ایف سی کے درمیان باہمی رضامندی کے ساتھ 663 روپے فی شیئر اور مجموعی طور پر 5,304 ملین روپے طے کئے گئے تھے۔

دونوں انفکاک کمپنیز آرڈیننس 1984 کی دفعہ 85 کے تحت انجام دیئے گئے۔ اس کے مطابق کمپنی نے 1,615 ملین روپے کی ایک رقم ”سرمائے کے انفکاک کے پس انداز میں منتقل کر دی۔“

30 ستمبر 2016 کو ختم ہونے والے نو ماہ کے لئے ڈائریکٹرز کی رپورٹ

پیکیجیڈ لیٹڈ کے ڈائریکٹرز بہ مسرت اپنے شیئر ہولڈرز کو نو ماہ کی رپورٹ بشمول کمپنی کے مجموعی عبوری غیر آڈٹ شدہ مالیاتی گوشوارے برائے مدت ختم شدہ 30 ستمبر 2016 پیش کر رہے ہیں۔

مالیاتی اور آپریشنل کارکردگی

غیر آڈٹ شدہ مالیاتی نتائج برائے نو ماہ کی مدت ختم شدہ 30 ستمبر 2016 کا مقابلہ بمقابلہ 30 ستمبر 2015 درج ذیل کے مطابق ہے۔

مجموعی	برائے تیسری سہ ماہی		خالص سیلز
	جنوری-ستمبر 2016	جولائی-ستمبر 2015	
2015	2016	2015	2016
(روپے ملین میں)			
12,094	12,719	3,710	4,128
2,005	2,047	530	588
(427)	(450)	(139)	(156)
1,578	1,597	391	432
(496)	(1,178)	(161)	(896)
(118)	(204)	(12)	(43)
2,435	4,697	825	1,570
3,399	4,912	1,043	1,063
(629)	(759)	(169)	(39)
2,770	4,153	874	1,024
31.49	46.59	9.94	11.49

2016 کے پہلے نو ماہ کے دوران کمپنی نے 12,719 ملین روپے کی خالص سیلز حاصل کی، اس کے برخلاف گزشتہ سال کی اسی مدت کے دوران 12,094 ملین روپے کی خالص سیلز حاصل کی گئی تھی جس سے 5 فیصد سیلز گروتھ ظاہر ہوتی ہے۔ تاہم شرح نمو کا مجموعی حجم 11 فیصد رہا جو کہ خام مال اور ایندھن و انرجی کے اخراجات میں کمی کے رجحان کے پس منظر میں پیکیجنگ ڈویژن کے صارفین کو منتقل کردہ رعایتی نرخوں کے باعث ہوا۔

آپریشنل آمدنی قبل از مارک اپ، ٹیکس، فرسودگی اور کساد بازاری (EBITDA) سال 2016 کے پہلے نو ماہ کے دوران 2,047 ملین روپے حاصل کیا جو سال 2015 کی اس مدت کے دوران 2,005 ملین روپے تھا۔ EBITDA صرف گزشتہ سال کی اسی مدت کے مقابلے میں معمولی طور پر زائد رہا جو نرخوں میں گراؤ کے رجحان، اشیائے صارف پر بڑھتے ہوئے تشہیری اخراجات اور تباہی کو صنعت کے لئے فروخت میں مجموعی کمی کے رجحان کے باعث ہوا۔

کمپنی کے فنس اخراجات گزشتہ سال کی اس مدت کے 496 ملین روپے کے مقابلے میں سال رواں کی اس مدت میں 1,178 ملین روپے ہو گئے جو کہ انٹرنیشنل فنس کارپوریشن کے 8.5 ملین ترجیحی شیئرز کے انفکاک کے باعث 910 ملین روپے کے انفکاک پر بحیم کی وجہ سے ہوئے۔

PACKAGES LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

as at September 30, 2016

	Note	September 30,	December 31,
		2016	2015
EQUITY AND LIABILITIES		<u>Un-audited</u>	<u>Audited</u>
(Rupees in thousand)			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (December 31, 2015: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (December 31, 2015: 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, 2015: 88,379,504) ordinary shares of Rs. 10 each		893,795	883,795
Reserves		44,441,449	41,878,330
Preference shares / convertible stock reserve		606,222	1,309,682
Accumulated profit		314,695	3,714,566
		46,256,161	47,786,373
NON-CURRENT LIABILITIES			
Long term finances	6	5,361,223	3,729,181
Liabilities against assets subject to finance lease		24,184	27,653
Deferred income tax liabilities	7	150,569	246,120
Retirement benefits		41,054	40,425
Deferred liabilities		234,686	201,576
		5,811,716	4,244,955
CURRENT LIABILITIES			
Current portion of long term liabilities		577,766	392,285
Finances under mark up arrangements - secured		1,062,995	884,481
Trade and other payables		3,037,881	3,278,124
Accrued finance costs		164,000	349,282
		4,842,642	4,904,172
CONTINGENCIES AND COMMITMENTS	8	-	-
		56,910,519	56,935,500


	Note	September 30,	December 31,
		2016	2015
		Un-audited	Audited
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	4,248,249	3,804,477
Investment property		104,678	155,426
Intangible assets		8,042	20,729
Investments	10	44,634,335	44,997,518
Long term loans and deposits		39,671	39,247
		49,034,975	49,017,397

CURRENT ASSETS

Stores and spares		448,836	488,061
Stock-in-trade		1,676,710	1,780,177
Trade debts		2,249,944	1,781,022
Loans, advances, deposits, prepayments and other receivables		814,548	1,346,088
Income tax receivable	11	2,595,785	2,421,015
Cash and bank balances		89,721	101,740
		7,875,544	7,918,103
		56,910,519	56,935,500

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director


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

for the quarter and nine months ended September 30, 2016

	Note	Quarter ended		Nine months ended	
		September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
(Rupees in thousands)					
Local sales		4,872,877	4,334,438	14,911,627	14,099,963
Export sales		6,356	8,354	19,704	24,918
Gross sales		4,879,233	4,342,792	14,931,331	14,124,881
Less: Sales tax and excise duty		747,706	626,617	2,193,702	2,009,407
Commission		3,954	5,714	19,117	21,044
		751,660	632,331	2,212,819	2,030,451
Net sales		4,127,573	3,710,461	12,718,512	12,094,430
Cost of sales	12	(3,257,188)	(2,982,762)	(9,753,451)	(9,500,083)
Gross profit		870,385	727,699	2,965,061	2,594,347
Administrative expenses		(216,463)	(180,635)	(666,492)	(555,854)
Distribution and marketing costs		(222,384)	(156,039)	(701,692)	(460,043)
Other operating expenses		(84,856)	(91,814)	(383,739)	(290,432)
Other operating income		42,355	80,257	180,095	172,586
Profit from operations		389,037	379,468	1,393,233	1,460,604
Finance costs		(896,170)	(160,856)	(1,177,733)	(496,508)
Investment income		1,570,190	824,506	4,696,895	2,435,428
Profit before taxation		1,063,057	1,043,118	4,912,395	3,399,524
Taxation	13	(38,659)	(168,869)	(758,531)	(629,133)
Profit for the period		1,024,398	874,249	4,153,864	2,770,391
Basic earnings per share	Rupees 14	11.49	9.94	46.59	31.49
Diluted earnings per share	Rupees 14	10.04	8.89	40.41	28.03

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director


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

for the quarter and nine months ended September 30, 2016

	Quarter ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	(R u p e e s i n t h o u s a n d)			
Profit for the period	1,024,398	874,249	4,153,864	2,770,391
Other comprehensive income:				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of net defined benefit asset	-	-	(5,516)	5,160
Tax effect	-	-	1,655	(4,913)
	-	-	(3,861)	247
<i>Items that may be reclassified subsequently to profit or loss</i>				
Surplus / (deficit) on remeasurement of available for sale financial assets	1,094,774	1,634,864	(729,850)	4,010,524
Total comprehensive income for the period	2,119,172	2,509,113	3,420,153	6,781,162

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director


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

for the nine months ended September 30, 2016

	Share capital	Share premium	Fair value reserve	General reserve	Preference shares / convertible stock reserve	Capital redemption reserve	Accumulated profit / (loss)	Total
	(R u p e e s i n t h o u s a n d)							
Balance as on December 31, 2014 (audited)	863,795	3,232,831	29,223,250	12,310,333	1,571,699	-	2,800,819	50,002,727
Appropriation of funds								
Transferred to general reserve	-	-	-	1,500,000	-	-	(1,500,000)	-
Total transactions with owners, recognised directly in equity								
Final dividend for the year ended December 31, 2014 Rs. 9.00 per share	-	-	-	-	-	-	(786,416)	(786,416)
Conversion of preference shares / convertible stock into ordinary share (2,000,000 ordinary shares of Rs. 10 each)	20,000	355,938	-	-	(262,017)	-	-	113,921
	20,000	355,938	-	-	(262,017)	-	(786,416)	(672,495)
Total comprehensive income for the period ended September 30, 2015								
Profit for the period	-	-	-	-	-	-	2,770,391	2,770,391
Other comprehensive income								
Surplus on remeasurement of available for sale financial assets	-	-	4,010,524	-	-	-	-	4,010,524
Remeasurement of retirement benefits asset-net of tax	-	-	-	-	-	-	247	247
Total comprehensive income for the period	-	-	4,010,524	-	-	-	2,770,638	6,781,162
Balance as on September 30, 2015 (un-audited)	883,795	3,588,769	33,233,774	13,810,333	1,309,682	-	3,285,041	56,111,394
Total comprehensive income for the period ended December 31, 2015								
Profit for the period	-	-	-	-	-	-	525,025	525,025
Other comprehensive income:								
Deficit on remeasurement of available for sale financial assets	-	-	(8,754,546)	-	-	-	-	(8,754,546)
Remeasurement of retirement benefit asset - net of tax	-	-	-	-	-	-	(95,500)	(95,500)
Total comprehensive (loss) / income for the period	-	-	(8,754,546)	-	-	-	429,525	(8,325,021)
Balance as on December 31, 2015 (audited)	883,795	3,588,769	24,479,228	13,810,333	1,309,682	-	3,714,566	47,786,373
Appropriation of funds								
Transferred to general reserve	-	-	-	1,500,000	-	-	(1,500,000)	-
Total transactions with owners, recognised directly in equity								
Final dividend for the year ended December 31, 2015 Rs.15.00 per share	-	-	-	-	-	-	(1,340,693)	(1,340,693)
Conversion of preference shares / convertible stock into ordinary share capital (1,000,000 ordinary shares of Rs. 10 each)	10,000	177,969	-	-	(74,049)	-	-	113,920
Redemption of preference shares / convertible stock (8,500,000 preference shares of Rs. 190 each)	-	-	-	-	(629,411)	1,615,000	(4,709,181)	(3,723,592)
Total transactions with owners, during the period ended September 30, 2016	10,000	177,969	-	-	(703,460)	1,615,000	(6,049,874)	(4,950,365)
Total comprehensive income for the period ended September 30, 2016								
Profit for the period	-	-	-	-	-	-	4,153,864	4,153,864
Other comprehensive income								
Remeasurement of retirement benefit asset - net of tax	-	-	-	-	-	-	(3,861)	(3,861)
Deficit on remeasurement of available for sale financial assets	-	-	(729,850)	-	-	-	-	(729,850)
Total comprehensive (loss) / income for the period	-	-	(729,850)	-	-	-	4,150,003	3,420,153
Balance as on September 30, 2016 (un-audited)	893,795	3,766,738	23,749,378	15,310,333	606,222	1,615,000	314,695	46,256,161

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director

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

for the nine months ended September 30, 2016

	Note	Nine months ended	
		September 30, 2016	September 30, 2015
		Un-audited	Un-audited
(Rupees in thousand)			
Cash flow from operating activities			
Cash generated from operations	16	1,805,343	2,347,388
Finance cost paid		(453,434)	(709,158)
Taxes paid		(1,027,196)	(573,650)
Payments for accumulating compensated absences		(14,092)	(13,037)
Retirement benefits paid		(8,439)	(7,575)
Net cash generated from operating activities		302,182	1,043,968
Cash flow from investing activities			
Fixed capital expenditure		(867,276)	(446,689)
Investments		(366,667)	(2,410,134)
Long term loans and deposits		(424)	(1,363)
Proceeds from disposal of property, plant and equipment		90,982	92,945
Dividends received		4,696,895	2,226,922
Net cash generated from / (used in) investing activities		3,553,510	(538,319)
Cash flow from financing activities			
Redemption of preference shares		(5,601,500)	-
Proceeds from long term loans - secured		3,000,000	-
Repayment of long term finances - secured		(100,000)	(100,000)
Liabilities against assets subject to finance lease - net		(3,702)	3,080
Dividend paid		(1,341,023)	(786,923)
Net cash used in financing activities		(4,046,225)	(883,843)
Net decrease in cash and cash equivalents		(190,533)	(378,194)
Cash and cash equivalents at the beginning of the period		(782,741)	(1,010,104)
Cash and cash equivalents at the end of the period	17	(973,274)	(1,388,298)

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


Tawfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director

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

for the nine months ended September 30, 2016

1. Legal status and nature of business

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

The Company also holds investment in companies engaged in the manufacture and sale of inks, flexible packaging material, paper, paperboard and corrugated boxes, biaxially oriented polypropylene (BOPP) film and cast polypropylene (CPP) film, and companies engaged in insurance and real estate business. The Board of Directors in its meeting held on September 23, 2016 approved a proposal for exploring the development of a 3.1 MW hydropower project as advertised by Punjab Power Development Board (PPDB) for which a project specific company has been established.

2. Basis of preparation

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2015.

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, 2015 except for the adoption of new accounting policies as referred to in note 3.2.1.

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

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

3.2.1 Amendments to published standards effective in current year

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). Interpretations which became effective during the period but are not considered to be relevant and are, therefore, not disclosed in this condensed interim financial information except for the amendments as explained below:

Annual improvements 2014 are applicable for annual periods beginning on or after January 01, 2016.

The amendments include changes from the 2012-14 cycle of the annual improvements project that affect 4 standards: IFRS 5, 'Non current assets held for sale and discontinued operations' regarding methods of disposal, IFRS 7, 'Financial instruments: Disclosures' with consequential amendments to IFRS 1 regarding servicing contracts, IAS 19, 'Employee benefits' regarding discount rates and IAS 34, 'Interim financial reporting' regarding disclosure of information. The application of these amendments do not have a material impact on this condensed interim financial information.

Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative. These amendments are part of the IASB initiative to improve presentation and disclosure in financial reports. Effective for annual periods beginning on or after 1 January 2016, subject to EU endorsement. The application of this amendment does not have a material impact on this condensed interim financial information.

Amendments to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' are applicable on accounting periods beginning on or after January 01, 2016. IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The application of these amendments do not have a material impact on this condensed interim financial information.

IAS 27 (Amendments), 'Separate financial statements' are applicable on accounting periods beginning on or after January 1, 2016. These allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Company has decided to continue with its existing accounting policy.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' are applicable on accounting periods beginning on or after January 01, 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The application of these amendments do not have a material impact on this condensed interim financial information.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' are applicable on accounting periods beginning on or after January 01, 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The application of these amendments do not have a material impact on this condensed interim financial information.

Amendments to IFRS 11 'Joint arrangements' on acquisition of an interest in a joint operation is applicable on accounting periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendment specify the appropriate accounting treatment for such acquisitions. The application of these amendments do not have a material impact on this condensed interim financial information.

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

Standards or Interpretations	Effective date (accounting periods beginning on or after)
Amendments to IAS 7, 'Statement of cash flows'	January 01, 2017
Amendments to IAS 12, 'Income taxes'	January 01, 2017
Amendments to IFRS 2, 'Share based payments'	January 01, 2018
Amendments to IFRS 15, 'Revenue from contracts with customers'	January 01, 2018
IFRS 9, 'Financial instruments'	January 01, 2018
IFRS 14 'Regulatory deferral accounts'	January 01, 2017
IFRS 15, 'Revenue from contracts with customers'	January 01, 2018
IFRS 16, 'Leases'	January 01, 2019

4. Taxation

The provision for taxation for the nine months ended September 30, 2016 has been made using the tax rate that would be applicable to expected total annual earnings.

5. Estimates

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

In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2015, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

6. Long term finances

	Note	September 30, 2016	December 31, 2015
		Un-audited	Audited
(Rupees in thousand)			
Local currency loan - secured		2,000,000	2,100,000
Preference shares / convertible stock - unsecured	6.1	932,651	2,014,895
		2,932,651	4,114,895
Loan obtained during the period			
Local currency loan - secured	6.2	3,000,000	-
Current portion shown under current liabilities		(571,428)	(385,714)
		5,361,223	3,729,181

6.1 Preference shares / convertible stock - unsecured

Opening balance		2,014,895	2,128,815
Transfer to capital and reserve [(1,000,000 shares (December 31, 2015: 1,000,000 shares)] for conversion into ordinary shares	6.1.1	(113,920)	(113,920)
Extinguishment of liability upon redemption of preference shares [8,500,000 shares (December 31, 2015: Nil)]	6.1.2	(968,324)	-
Closing balance		932,651	2,014,895

6.1.1 During the period, IFC exercised its right to convert 1,000,000 (December 31, 2015: 1,000,000) preference shares / convertible stock of Rs. 190 into 1,000,000 (December 31, 2015: 1,000,000) ordinary shares of Rs. 10 each. Consequently, the Company converted 1,000,000 (December 31, 2015: 2,000,000) preference shares / convertible stock during the period. Accordingly, the liability portion pertaining to 1,000,000 preference shares / convertible stock (December 31, 2015: 1,000,000) converted into ordinary shares has been transferred to capital and reserves.

6.1.2 During the period, IFC redeemed 8,500,000 (December 31, 2015: Nil) preference shares / convertible stock of Rs. 190 into cash. The redemption price was mutually agreed between the Company and IFC at Rs. 595 per share for 500,000 shares and Rs. 663 per share for 8,000,000 shares aggregating to Rs. 5,601.5 million. Consequently, the liability portion of Rs. 968.324 million was extinguished along with the equity portion of Rs. 629.411 million. The redemption consideration of Rs. 595 per share and Rs. 663 per share has been allocated to liability and equity portion in the same manner as was used for separation of these components at the time of initial recognition at the prevailing market rates.

The fair value of the liability component at redemption is calculated by discounting cash flows at a rate of approximately 8.6 percent till perpetuity which represents the rate of similar instrument with no associated equity component. The premium paid on redemption of liability component of Rs. 909.582 million has been recognised in the the profit and loss account and included in finance costs while that on equity component of Rs. 3,094.181 million has been directly charged to retained earnings. Further, in order to comply with section 85 of the Companies Ordinance, 1984, the Company has transferred an amount of Rs. 1,615 million from retained earnings to 'Capital redemption reserve.

6.2 During the period, the Company secured a loan amounting to Rs. 11 billion from Habib Bank Limited and drew Rs. 3 billion in the month of September 2016. It carries markup at the rate of six months KIBOR plus 0.25 bps per annum and is repayable in 8 equal semiannual installments starting on March, 2018 and ending on September 2021.

7. The Divisional Bench of Sindh High Court in an order dated May 7, 2013 in case of another company has interpreted section 113(2)(c) of the Income Tax Ordinance, 2001 ('Ordinance') in the manner that the benefit of carry forward of minimum tax paid is not available, if otherwise no tax was payable by the company due to taxable loss.

Taking a prudent view on the matter, the Company has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 314.854 million (December 31, 2015: Rs. 314.854 million) available under section 113 of the Ordinance. Tax credits under section 113 of the Ordinance amounting to Rs. 203.917 million and Rs. 110.934 million are set to lapse by the end of years ending on December 31, 2016 and 2017 respectively.

8. Contingencies and commitments

8.1 Contingencies

- (i) Claims against the Company not acknowledged as debts Rs. 20.834 million (December 31, 2015: Rs. 18.946 million).
- (ii) Post dated cheques not provided in the condensed interim financial information have been furnished by the Company in favor of the Collector of Customs against custom levies aggregated to Rs. 31.866 million (December 31, 2015: Rs. 69.148 million) in respect of goods imported.
- (iii) Standby letter of credit issued by Habib Bank Limited Pakistan ('HBL Pakistan') in favor of Habib Bank Limited Bahrain ('HBL Bahrain') on behalf of the Company USD 11.422 million (Equivalent to PKR 1,195.312 million) (December 2015: USD 11.770 million (Equivalent to PKR 1,232.781 million)).

8.2 Commitments in respect of

- (i) Letters of credit and contracts for capital expenditure Rs. 37.158 million (December 31, 2015: Rs. 295.519 million).
- (ii) Letters of credit and contracts other than for capital expenditure Rs. 280.610 million (December 31, 2015: Rs. 223.465 million).

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

		September 30, 2016	December 31, 2015
	Note	Un-audited	Audited
(Rupees in thousand)			
Not later than one year		10,730	10,597
Later than one year and not later than five years		38,326	37,259
		49,056	47,856

9. Property, plant and equipment

Operating assets - at net book value

Owned assets	9.1	3,663,304	3,540,012
Assets subject to finance lease		32,280	35,248
	9.2	3,695,584	3,575,260
Capital work-in-progress	9.3	552,665	229,217
		4,248,249	3,804,477

9.1 A portion of the land on which the Company's Lahore plant is situated is on lease from the Government of Punjab since 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

		September 30, 2016	December 31, 2015
	Note	Un-audited	Audited
(Rupees in thousand)			
Opening net book value		3,575,260	3,435,863
Additions during the period / year	9.2.1	543,832	721,273
Transfer in at book value - net		47,296	2,168
		591,128	723,441
Disposals during the period at book value		(36,217)	(28,241)
Transferred to investment property		-	(6,464)
Depreciation charged during the period / year		(434,587)	(549,339)
		470,804	584,044
Closing net book value		3,695,584	3,575,260

9.2.1 Additions during the period / year

Freehold land	11,028	26,641
Buildings on freehold land	18,201	2,376
Plant and machinery	406,260	577,515
Other equipment	49,982	38,187
Furniture and fixtures	375	1,651
Vehicles	57,986	74,903
	543,832	721,273

9.3 Capital work-in-progress

	September 30, 2016	December 31, 2015
Note	<u>Un-audited</u>	<u>Audited</u>
	(Rupees in thousand)	
Civil works	20,474	11,229
Plant and machinery	501,683	194,137
Others	11,514	-
Advances	18,994	23,851
	<u>552,665</u>	<u>229,217</u>

10. Investments

Opening balance		44,997,518	47,304,365
Investments made in related parties during the period / year	10.1	366,667	2,437,175
Deficit on remeasurement of available for sale financial assets		(729,850)	(4,744,022)
Closing balance		<u>44,634,335</u>	<u>44,997,518</u>

10.1 Investments made in related parties during the period / year

Anemone Holdings Limited		-	36,675
CalciPack (Private) Limited		-	500
Packages Construction (Private) Limited		-	2,400,000
Tri-Pack Films Limited	10.1.1	366,667	-
		<u>366,667</u>	<u>2,437,175</u>

10.1.1 This represents purchase of 2,933,333 ordinary shares of Rs. 10 each through right subscription.

10.2 As of September 30, 2016, an aggregate of 1,140,000 shares (December 31, 2015: 310,000) of Nestle Pakistan Limited having market value Rs. 8,664 million (December 31, 2015: Rs. 2,418 million) were pledged in favor of Habib Bank Limited Pakistan. Out of aggregate shares pledged, 410,000 shares (December 31, 2015: 310,000) were pledged against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 8.1 and the remaining 730,000 shares (December 31, 2015: NIL) were pledged against the loan mentioned in note 6.2.

11. The Income Tax department has amended the deemed order for the tax year 2014 raising tax demand of Rs. 606.325 million which is currently stayed by the Commissioner Inland Revenue upon partial payment of Rs. 50 million by the Company. In this Order, among other issues, the income tax department has not accepted the Company's contention for non-taxation of the transfer of paper & paperboard and corrugated business segments to Bulleh Shah Packaging (Private) Limited under section 97 of the Income Tax Ordinance, 2001. Such transfer has been taxed as capital gain on the value of assets transferred. The matter is currently being contested before the Commissioner (Appeals).

Further, certain other disallowances effectively reducing available tax losses by Rs. 793 million, have also been made by the department in respect of tax years 2009 to 2013, through orders framed during the period. These are currently being contested before the Commissioner (Appeals).

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

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

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

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

12. Cost of sales

	Quarter ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	Un-audited	Un-audited	Un-audited	Un-audited
	(R u p e e s i n t h o u s a n d)			
Materials consumed	2,367,377	2,292,400	6,845,148	6,815,174
Salaries, wages and amenities	312,438	251,001	917,324	749,133
Travelling	7,385	7,436	19,685	17,231
Fuel and power	131,863	172,615	399,379	527,904
Production supplies	106,842	78,734	329,399	254,252
Excise duty and sales tax	173	913	724	1,564
Rent, rates and taxes	7,682	2,560	24,130	4,219
Insurance	9,123	10,401	25,726	29,069
Repairs and maintenance	80,865	85,110	260,665	240,827
Packing expenses	71,720	66,596	232,042	216,909
Depreciation on property plant & equipment	140,660	124,974	404,665	386,612
Amortisation of intangible assets	2,427	2,433	7,294	7,300
Technical fee and royalty	6,979	4,629	26,305	11,735
Other expenses	64,575	44,593	162,253	128,823
	3,310,109	3,144,395	9,654,739	9,390,752
Opening work-in-process	151,157	181,470	210,945	211,699
Closing work-in-process	(231,005)	(184,993)	(231,005)	(184,993)
Cost of goods produced	3,230,261	3,140,872	9,634,679	9,417,458
Opening stock of finished goods	446,747	437,840	538,591	678,575
Closing stock of finished goods	(419,819)	(595,950)	(419,819)	(595,950)
	3,257,188	2,982,762	9,753,451	9,500,083

13. Taxation

	Quarter ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	Un-audited	Un-audited	Un-audited	Un-audited
	(R u p e e s i n t h o u s a n d)			
Current	238,920	139,953	852,426	442,084
Deferred	(200,261)	28,916	(93,895)	187,049
	<u>38,659</u>	<u>168,869</u>	<u>758,531</u>	<u>629,133</u>

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

	Quarter ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	Un-audited	Un-audited	Un-audited	Un-audited

14. Earnings per share

14.1 Basic earnings per share

Profit for the period	Rupees in thousand	1,024,398	874,249	4,153,864	2,770,391
Weighted average number of ordinary shares	Numbers	89,156,876	87,965,585	89,156,876	87,965,585
Earnings per share	Rupees	11.49	9.94	46.59	31.49

14.2 Diluted earnings per share

Profit for the period	Rupees in thousand	1,024,398	874,249	4,153,864	2,770,391
Return on preference shares / convertible stock - net of tax	Rupees in thousand	31,608	68,333	94,822	202,773
		<u>1,056,006</u>	<u>942,582</u>	<u>4,248,686</u>	<u>2,973,164</u>

Weighted average number of ordinary shares	Numbers	89,156,876	87,965,585	89,156,876	87,965,585
Weighted average number of notionally converted preference shares / convertible stock	Numbers	15,995,236	18,100,761	15,995,236	18,100,761
		<u>105,152,112</u>	<u>106,066,346</u>	<u>105,152,112</u>	<u>106,066,346</u>
Earnings per share	Rupees	10.04	8.89	40.41	28.03

15. Transactions with related parties

Relationship with the Company	Nature of transactions	Nine months ended	
		September 30, 2016	September 30, 2015
		Un-audited	Un-audited
(Rupees in thousand)			
i. Subsidiaries	Purchase of goods and services	717,028	685,321
	Sale of goods and services	90,409	25,182
	Dividend income	314,927	165,423
	Rental and other income	17,818	14,146
	Management and technical fee	28,725	15,604
	Investments	-	2,410,134
	Expenses incurred on behalf of subsidiaries	275,833	245,614
ii. Joint venture	Purchase of goods and services	1,726,519	1,948,788
	Sale of goods and services	53,363	314,376
	Rental and other income	48,573	43,521
	Purchase of property, plant & equipment	-	158
	Sales of property, plant & equipment	9,781	77
iii. Associates	Purchase of goods and services	707,360	627,752
	Sale of goods and services	1,437	6,986
	Investments	366,667	-
	Insurance premium	105,569	99,659
	Commission earned	5,309	2,722
	Insurance claims received	224	936
	Rental and other income	3,222	529
	Sales of property, plant & equipment	-	1,834
	Dividend income	102,088	65,110
iv. Post employment benefit plans	Expense charged in respect of retirement benefit plans	69,429	64,210
v. Key management personnel	Salaries and other employee benefits	82,939	67,292

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

	September 30, 2016	December 31, 2015
	Un-audited	Audited
(Rupees in thousand)		
Receivable from related parties		
Subsidiaries	88,302	80,294
Joint venture	523,758	1,059,344
Associates	15,409	10,656
Payable to related parties		
Subsidiaries	89,600	89,347
Joint venture	184,792	232,766
Associates	57,076	58,485
Retirement funds	16,100	14,590

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

16. Cash generated from operations

	Nine months ended	
	September 30, 2016	September 30, 2015
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax	4,912,395	3,399,524
Adjustments for:		
Depreciation on property plant & equipment	434,587	411,555
Depreciation on investment property	3,450	2,932
Amortisation on intangible assets	12,687	12,693
Provision for accumulating compensated absences	47,202	43,342
Provision for retirement benefits	3,552	7,141
Net profit on disposal of property, plant and equipment	(54,765)	(69,172)
Exchange loss	1,933	29,328
Finance costs	1,177,733	496,508
Provision for doubtful debts	21,170	30,347
Provision / (reversal) of provision against pending claims	3,532	(56,384)
Provisions and unclaimed balances written back	(9,529)	(20,155)
Dividend income	(4,696,895)	(2,435,428)
Profit before working capital changes	1,857,052	1,852,231
Effect on cash flow due to working capital changes		
Increase in trade debts	(493,624)	(345,908)
Decrease / (increase) in stores and spares	39,225	(21,194)
Decrease in stock-in-trade	103,467	301,739
(Increase) / decrease in loans, advances, deposits, prepayments and other receivables	(30,132)	226,735
Increase in trade and other payables	329,355	333,785
	(51,709)	495,157
	1,805,343	2,347,388

17. Cash and cash equivalents

Cash and bank balances	89,721	102,496
Finances under mark up arrangements - secured	(1,062,995)	(1,490,794)
	(973,274)	(1,388,298)

18. Financial risk management

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with

the Company's annual financial statements as at December 31, 2015.

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

19. Date of authorisation for issue

This condensed interim financial information was authorised for issue on October 20, 2016 by the Board of Directors of the Company.

20. Events after the balance sheet date

No material events have occurred subsequent to September 30, 2016.

21. Corresponding figures

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

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director

**Packages Group
Condensed Consolidated Interim
Financial Information**

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

The Directors of Packages Limited are pleased to submit the un-audited consolidated financial statements of the Group for the nine months ended September 30, 2016.

Group results

The comparison of the un-audited results for the nine months ended September 30, 2016 as against September 30, 2015 is as follows:

	Jan - Sep 2016	Jan - Sep 2015
	(Rupees in million)	
Net sales from operations	18,412	16,161
EBIT - operations	2,299	2,142
Share of profit in associates and joint venture - net of tax	267	142
Investment income	4,280	2,205
Profit after tax	4,406	3,029

During the first nine months of 2016, Group has achieved net sales of Rs. 18,412 million against net sales of Rs. 16,161 million achieved during corresponding period of last year representing sales growth of 14% with an operating profit of Rs. 2,299 million compared to Rs. 2,142 million generated during the corresponding period of the year 2015 representing an increase of 7%. This increase in operating profit is attributable to revenue growth, initiatives taken to further improve working capital cycle, lower fuel and energy costs and operational efficiencies.

Investment income has increased by Rs. 2,075 million during the nine months of 2016 over corresponding values of 2015 that is due to improved performance of group companies and timing difference of declaration of dividend of investee companies.

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

DIC Pakistan Limited

DIC Pakistan Limited is a non-listed public limited subsidiary of Packages Limited. It is principally engaged in manufacturing, processing and selling of industrial inks. The Company has achieved net sales of Rs. 2,769 million during the nine months of the year 2016 as compared to Rs. 2,553 million of the corresponding period of last year representing sales growth of 8%. This sales growth coupled with prudent management of raw material costs has helped in improved operating results of the Company as it has generated profit before tax of Rs. 419 million during the first nine months of the year 2016 as against Rs. 354 million generated during corresponding period of 2015 representing growth of 18%. Moving forward, the Company will continue its focus on improving operating results through tighter operating cost control, product diversification, price rationalisation and better working capital management.

Packages Lanka (Private) Limited

Packages Lanka (Private) Limited is a Sri Lanka based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging solutions. During the first nine months of 2016, the Company has achieved sales of SLR 1,474 million as compared to SLR 1,306 million of the corresponding period of last year representing sales growth of 13%. This increase in sales growth, waste reduction efforts and reduced fuel prices have helped in improving operating results of the Company as the Company has generated profit before tax of SLR 232 million during the first nine months of the year 2016 as against Rs. 171 million generated during corresponding period of 2015. Moving forward, the Company's focus will remain on improving operating results through operational cost control and price rationalisation.

Bulleh Shah Packaging (Private) Limited

Bulleh Shah Packaging (Private) Limited is private limited company. It is principally engaged in the manufacturing and conversion of paper and paperboard products. The entity started its commercial operations in April 2013 upon transfer of Paper and Paperboard and Corrugated businesses from Packages Limited. The Company has achieved sales of Rs. 12,434 million during the first nine months of the year 2016 as compared to Rs. 11,971 million of the corresponding period of last year representing sales growth of 4%. The Company has incurred loss before tax of Rs. 109 million during the first nine months of the year 2016 as against loss of Rs. 78 million generated during corresponding period of 2015. The biomass boiler has been successfully commissioned and is in advanced operational optimisation stage.

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. The Company completed its acquisition of the operations of the business in June 2015. The Company has achieved net sales revenue of ZAR 359 million with profit before tax of ZAR 15.1 million for the nine months ended September 30, 2016.


The Group's development of a high quality retail mall at its Lahore land is currently underway. The mall opening is targeted for Q1-2017 to coincide with the beginning of the spring season.



(Towfiq Habib Chinoy)

Chairman

Lahore, October 20, 2016



(Syed Hyder Ali)

Chief Executive & Managing Director

Lahore, October 20, 2016

پیکیز لکا (پرائیویٹ) لمیٹڈ

پیکیز لکا (پرائیویٹ) لمیٹڈ پیکیز لمیٹڈ کا سری لکا میں قائم ایک ذیلی ادارہ ہے۔ یہ ابتدائی طور پر فلیکس ایبل پیکیجنگ مصنوعات کی تیاری میں مصروف عمل ہے۔ 2016 کے پہلے نو ماہ کے دوران کمپنی نے 1,474 ملین ایس ایل آر کی فروخت حاصل کی جو گزشتہ سال کی اس مدت کے دوران 1,306 ملین ایس ایل آر تھی اور اس طرح فروخت میں 13 فیصد اضافہ ہوا ظاہر ہوا۔ سبز کی شرح میں اس اضافے، خام مال کے ضیاع میں کمی کی کوششوں اور ایندھن کے نرخوں میں کمی سے کمپنی کے آپریٹنگ نتائج کو مزید بہتر بنایا جاسکا جیسا کہ کمپنی نے 2016 کے پہلے نو ماہ کی مدت کے دوران 232 ملین ایس ایل آر کا قبل از ٹیکس منافع حاصل کیا جو کہ 2015 کی اس مدت کے دوران 171 ملین روپے تھا۔ آگے بڑھتے ہوئے کمپنی کی توجہ آپریشن کے اخراجات پر کنٹرول اور نرخوں میں معقولیت کے ذریعے مثبت آپریٹنگ نتائج پر مرکوز رہے گی۔

بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ

بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ ایک نئی لمیٹڈ کمپنی ہے۔ یہ بنیادی طور پر پیپر اور پیپر بورڈ پروڈکٹس کی تیاری اور منتقلی میں سرگرم عمل ہے۔ ادارے نے اپنے تجارتی کاموں کا آغاز اپریل 2013 میں پیکیز لمیٹڈ سے پیپر اور پیپر بورڈ اور کورو گینڈ کاروبار کی منتقلی سے کیا تھا۔ کمپنی نے سال 2016 کے پہلے 9 ماہ کے دوران 12,434 ملین روپے کی سبز حاصل کی جبکہ یہ حجم 2015 کی اسی مدت کے دوران 11,971 ملین روپے تھا جس سے 4 فیصد سبز گروتھ واضح ہوتی ہے۔ کمپنی کو سال 2016 کے پہلے 9 ماہ کے دوران 109 ملین روپے کا قبل از ٹیکس خسارہ ہوا جبکہ 2015 کی اس مدت کے دوران 78 ملین روپے کا خسارہ ہوا تھا۔ بائیو ماس بوائلر کا میا پی کے ساتھ نصب کیا گیا اور اس کے آپریشن میں بہتری ہو رہی ہے۔

فلیکس ایبل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ

فلیکس ایبل کنورٹرز (پروپرائٹری) لمیٹڈ جنوبی افریقہ میں قائم ایک نئی لمیٹڈ کمپنی ہے۔ یہ بنیادی طور پر فلیکس ایبل پیکیجنگ میٹیریل کی تیاری میں سرگرم عمل ہے۔ کمپنی نے جون 2015 میں کاروبار کے آپریشنز کا حصول مکمل کیا۔ کمپنی نے 30 ستمبر 2016 کو ختم ہونے والی 9 ماہ کی مدت کے دوران 359 ملین ریڈ اے آر کا خالص سبز ریویو مع 15.1 ملین ریڈ اے آر کا منافع قبل از ٹیکس حاصل کیا۔

گروپ لاہور میں اپنی اراضی پر ایک اعلیٰ معیار کا ریٹیل مال تعمیر کر رہا ہے جو موجودہ طور پر زیر تکمیل ہے۔ مال کا آغاز ممکنہ طور پر 2017 کی پہلی سہ ماہی میں موسم بہار کے آغاز کے ساتھ ہی متوقع ہے۔

Syed Haseebullah

(سید حیدر علی)

چیف ایگزیکٹو اور پیکیجنگ ڈائریکٹر

لاہور، 20 اکتوبر، 2016

Muhammad

(توفیق حبیب چنائے)

چیرمین

لاہور، 20 اکتوبر، 2016

30 ستمبر 2016 کو ختم ہونے والی نو ماہ کی مدت

کے لئے مجموعی مالیاتی گوشواروں پر ڈائریکٹرز کی رپورٹ

پیکیز لمیٹڈ کے ڈائریکٹرز بہ مسرت گروپ کے غیر آڈٹ شدہ مجموعی مالیاتی گوشوارے برائے نو ماہ کی مدت مختتمہ 30 ستمبر 2016 پیش کر رہے ہیں۔

گروپ کے نتائج

30 ستمبر 2016 کو ختم ہونے والی نو ماہ کی مدت کے لئے غیر آڈٹ شدہ نتائج 30 ستمبر 2015 کے مقابلے میں درج ذیل رہے۔

جنوری-ستمبر 2015	جنوری-ستمبر 2016	
16,161	18,412	آپریٹنز سے خالص سیلز
2,142	2,299	ای بی آئی ٹی (EBIT) - آپریٹنز
142	267	منسلکہ اداروں اور جوائنٹ وینچرز میں منافع کا حصہ - ٹیکس کا خالص
2,205	4,280	سرمایہ کاری کی آمدنی
3,029	4,406	منافع بعد از ٹیکس

2016 کے پہلے نو ماہ کے دوران گروپ نے 18,412 ملین روپے کی خالص سیلز حاصل کی جو کہ گزشتہ سال کی اس مدت کے دوران 16,161 ملین روپے تھے جس سے سیلز میں 14 فیصد کی بہتری ظاہر ہوتی ہے اور آپریٹنگ منافع 2,299 ملین روپے رہا جبکہ 2015 کی اس مدت میں 2,142 ملین روپے کا منافع حاصل کیا گیا تھا یوں 7 فیصد کا اضافہ دیکھنے میں آیا۔ آپریٹنگ منافع جات میں یہ اضافہ ریونیو میں بہتری ورکنگ کیپٹل کے سائیکل میں مزید بہتری لانے کے لئے کئے جانے والے اقدامات، ایندھن اور توانائی کے نرخوں میں کمی اور باکفایت آپریشنل کارکردگی سے منسوب ہے۔

2016 کی پہلی ششماہی کے دوران سرمایہ کاری کی آمدنی میں 2,075 ملین روپے کا اضافہ 2015 کی اسی مدت کے مقابلے میں دیکھنے میں آیا جو کہ گروپ کمپنیز کی بہتر کارکردگی اور سرمایہ کاری کمپنیوں کے منافع منقسمہ کے اعلان کے مختلف دورانیوں کے باعث ہوا۔

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

ڈی آئی سی پاکستان لمیٹڈ

ڈی آئی سی پاکستان لمیٹڈ پیکیز لمیٹڈ کا ذیلی ادارہ ایک نان لسٹڈ پبلک کمپنی ہے۔ یہ بنیادی طور پر صنعتی انکس (inks) کی تیاری، پروسیسنگ اور فروخت میں مصروف عمل ہے۔ کمپنی نے سال 2016 کے پہلے نو ماہ کے دوران 2,769 ملین روپے کی خالص سیلز حاصل کی اس کے مقابلے میں گزشتہ سال کی اس مدت کے دوران 2,553 ملین روپے کا حجم رہا تھا جس سے سیلز میں 8 فیصد بہتری ظاہر ہوتی ہے۔ یہ سیلز گروتھ اور خام مال کی لاگت کے محتاط انتظام سے کمپنی کے آپریٹنگ نتائج بہتر بنانے میں مدد ملی جیسا کہ سال 2016 کے پہلے نو ماہ کے دوران منافع قبل از ٹیکس 419 ملین روپے حاصل کیا گیا جبکہ 2015 کی اسی مدت کے دوران یہ حجم 354 ملین روپے رہا تھا اور یوں 18 فیصد شرح نمو حاصل کی گئی۔ آگے بڑھتے ہوئے کمپنی محتاط آپریٹنگ لاگت کنٹرول، پروڈکٹ میں توسیع، نرخوں میں معقولیت اور بہترین ورکنگ کیپٹل انتظامات کے ذریعے مزید مثبت آپریٹنگ نتائج پر توجہ دینے کا سلسلہ جاری رکھے گی۔


PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED)
as at September 30, 2016

	September 30, 2016	December 31, 2015
Note	Un-audited	Audited
(Rupees in thousand)		
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital		
150,000,000 (December 31, 2015: 150,000,000) ordinary shares of Rs. 10 each	1,500,000	1,500,000
22,000,000 (December 31, 2015: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each	<u>4,180,000</u>	<u>4,180,000</u>
Issued, subscribed and paid up capital		
89,379,504 (December 31, 2015: 88,379,504) ordinary shares of Rs. 10 each	893,795	883,795
Reserves	44,273,739	41,606,293
Preference shares / convertible stock reserve	606,222	1,309,682
Equity portion of short term loan from shareholder of the Parent Company	6 74,003	46,596
Accumulated profit	<u>965,114</u>	<u>4,316,773</u>
	46,812,873	48,163,139
	1,987,613	929,138
	<u>48,800,485</u>	<u>49,092,277</u>
NON CONTROLLING INTEREST		
NON-CURRENT LIABILITIES		
Long term finances	7 11,193,001	5,762,485
Liabilities against assets subject to finance lease	65,484	192,374
Deferred tax	8 671,269	693,332
Retirement benefits	41,054	40,425
Deferred liabilities	295,989	248,256
	<u>12,266,797</u>	<u>6,936,872</u>
CURRENT LIABILITIES		
Current portion of long term liabilities - secured	743,446	551,640
Short term loan from shareholder of the Parent Company - unsecured	9 475,212	478,110
Finances under mark up arrangements - secured	1,820,046	1,183,699
Trade and other payables	4,601,991	4,784,041
Accrued finance cost	281,150	367,612
Provision for tax	1,917	27,323
	<u>7,923,762</u>	<u>7,392,425</u>
CONTINGENCIES AND COMMITMENTS	10 -	-
	<u>68,991,044</u>	<u>63,421,574</u>

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

	Note	September 30, 2016 <u>Un-audited</u>	December 31, 2015 <u>Audited</u>
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	6,405,923	5,538,426
Intangible assets		159,157	150,437
Investment property		9,386,921	5,110,248
Investments accounted for under equity method	12	14,148,924	13,620,616
Other long term investments	13	27,749,015	28,478,865
Long term loans and deposits		45,212	40,384
		<u>57,895,152</u>	<u>52,938,976</u>
CURRENT ASSETS			
Stores and spares		497,329	539,550
Stock-in-trade		2,804,612	2,715,346
Trade debts		3,569,849	2,874,022
Loans, advances, deposits, prepayments and other receivables		915,476	1,369,863
Income tax receivable	14	2,785,553	2,542,123
Cash and bank balances		523,073	441,694
		<u>11,095,892</u>	<u>10,482,598</u>
		<u>68,991,044</u>	<u>63,421,574</u>


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director

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

for the quarter and nine months ended September 30, 2016

	Quarter ended		Nine months ended		
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	
Note	(R u p e e s i n t h o u s a n d)				
Local sales	6,896,449	6,233,458	20,763,881	18,321,743	
Export sales	52,526	49,088	176,868	183,259	
Gross Sales	6,948,975	6,282,546	20,940,749	18,505,002	
Less: Sales tax and excise duty	812,432	725,914	2,487,985	2,304,844	
Commission	10,254	10,503	41,209	38,894	
	822,686	736,417	2,529,194	2,343,738	
Net sales	6,126,289	5,546,129	18,411,555	16,161,264	
Cost of sales	(4,792,947)	(4,407,053)	(14,137,791)	(12,617,942)	
Gross profit	1,333,342	1,139,076	4,273,764	3,543,322	
Administrative expenses	(360,477)	(255,210)	(1,047,196)	(781,670)	
Distribution and marketing costs	(288,620)	(251,088)	(927,797)	(619,746)	
Other operating expenses	(94,317)	(99,174)	(418,713)	(316,807)	
Other operating income	33,623	85,085	216,240	190,146	
Profit from operations	623,551	618,689	2,096,298	2,015,245	
Finance costs	(949,417)	(203,927)	(1,310,006)	(578,609)	
Investment income	1,487,449	798,462	4,279,881	2,204,894	
Share of profit of investments accounted for using the equity method - net of tax	(3,594)	(27,440)	266,656	141,982	
Profit before taxation	1,157,989	1,185,784	5,332,829	3,783,512	
Taxation	(79,782)	(203,205)	(926,688)	(754,040)	
Profit for the period	1,078,207	982,579	4,406,141	3,029,472	
Attributable to:					
Equity holders of the Parent Company	1,010,020	897,487	4,202,076	2,852,098	
Non-controlling interest	68,187	85,092	204,065	177,374	
	1,078,207	982,579	4,406,141	3,029,472	
Earnings per share attributable to equity holders of the Parent Company for the period					
Basic earnings per share	Rupees 16	11.33	10.20	47.13	32.42
Diluted earnings per share	Rupees 16	9.91	9.11	40.86	28.80

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the quarter and nine months ended September 30, 2016

	Quarter ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	(R u p e e s i n t h o u s a n d)			
Profit for the period	1,078,207	982,579	4,406,141	3,029,472
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of retirement benefits liability / (asset)	-	-	(5,516)	5,160
Tax effect	-	-	1,655	(4,913)
	-	-	(3,861)	247
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange difference on translation of foreign subsidiary	97,591	(228,919)	193,039	(245,764)
Share of other comprehensive loss of investments accounted for under equity method - net of tax	-	-	(2,927)	-
Surplus / (deficit) on remeasurement of available for sale financial assets	1,094,774	1,634,864	(729,850)	4,010,524
	1,192,365	1,405,945	(539,738)	3,764,760
Other comprehensive income / (loss) for the period	1,192,365	1,405,945	(543,599)	3,765,007
Total comprehensive income for the period	2,270,572	2,388,524	3,862,542	6,794,479
Attributable to:				
Equity holders of the Parent Company	2,157,872	2,337,267	3,572,691	6,708,303
Non-controlling interest	112,700	51,257	289,851	86,176
	2,270,572	2,388,524	3,862,542	6,794,479

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the nine months ended September 30, 2016

	Attributable to equity holders of the Parent Company										Non-controlling interest	Total Equity	
	Share capital	Share premium	Exchange difference on translation of foreign subsidiary	Fair Value reserve	General reserve	Preference shares / convertible stock reserve	Capital Redemption Reserve	Other reserves relating to associates & Joint venture	Equity portion of short term loan	Accumulated profit / (loss)			Total
Balance as on December 31, 2014 (audited)	863,795	3,232,831	19,617	29,223,250	12,310,333	1,571,699	-	(26,708)	-	3,397,572	50,592,389	392,866	50,985,255
Appropriation of funds													
Transferred to general reserve	-	-	-	-	1,500,000	-	-	-	-	(1,500,000)	-	-	-
Transactions with owners, recognized directly in equity													
Conversion of preference shares/convertible stock into ordinary shares capital (2,000,000 ordinary shares of Rs.10 each)	20,000	355,938	-	-	-	(262,017)	-	-	-	-	113,921	-	113,921
Final dividend for the year ended December 31, 2014 Rs. 9 per share	-	-	-	-	-	-	-	-	-	(786,416)	(786,416)	-	(786,416)
Non controlling interests on acquisition of subsidiary Flexible Packages Convertors (Proprietary) Limited	-	-	-	-	-	-	-	-	-	-	-	711,793	711,793
Equity portion of short term loan from shareholder of the parent company (note-6)	-	-	-	-	-	-	-	-	22,465	-	22,465	-	22,465
Interest during the period	-	-	-	-	-	-	-	-	(12,765)	-	(12,765)	-	(12,765)
Dividend relating to 2014 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(97,719)	(97,719)
Total transactions with owners, recognized directly in equity	20,000	355,938	-	-	-	(262,017)	-	-	9,700	(786,416)	(662,735)	614,074	(48,721)
Total comprehensive income for the period ended September 30, 2015													
Profit for the period	-	-	-	-	-	-	-	-	-	2,852,098	2,852,098	177,374	3,029,472
Other comprehensive income:													
Surplus on re-measurement of available for sale financial assets	-	-	-	4,010,524	-	-	-	-	-	-	4,010,524	-	4,010,524
Remeasurement of net defined benefit asset / liability - net of tax	-	-	-	-	-	-	-	-	-	247	247	-	247
Exchange difference on translation of foreign subsidiary	-	-	(154,566)	-	-	-	-	-	-	(154,566)	(154,566)	(91,198)	(245,764)
Total comprehensive income for the period	-	-	(154,566)	4,010,524	-	-	-	-	-	2,852,245	6,708,303	86,177	6,794,479
Balance as on September 30, 2015 (un-audited)	883,795	3,588,769	(134,949)	33,233,774	13,810,333	1,309,682	-	(26,708)	9,700	3,963,501	56,637,897	1,093,117	57,731,013
Share of other reserves of investments accounted for under equity method	-	-	-	-	-	-	-	8,997	-	-	8,997	-	8,997
Transactions with owners, recognized directly in equity													
Dividend relating to 2014 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,899	1,899
Equity portion of short term loan from shareholder of the parent company (note-6)	-	-	-	-	-	-	-	-	36,896	-	36,896	-	36,896
Total transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	36,896	-	36,896	1,899	38,795
Total comprehensive income for the period ended December 31, 2015													
Profit for the period	-	-	-	-	-	-	-	-	-	448,846	448,846	(81,660)	367,186
Other comprehensive income:													
Remeasurement of retirement benefit asset / liability net of tax	-	-	-	-	-	-	-	-	-	(95,574)	(95,574)	(244)	(95,818)
Exchange difference on translation of foreign subsidiary	-	-	(104,246)	-	-	-	-	-	-	(104,246)	(104,246)	(83,973)	(188,219)
Deficit on re-measurement of available for sale financial assets	-	-	-	(8,754,546)	-	-	-	-	-	(8,754,546)	(8,754,546)	-	(8,754,546)
Other comprehensive income of investments accounted for under equity method	-	-	-	-	-	-	-	(15,131)	-	-	(15,131)	-	(15,131)
Total comprehensive income for the period	-	-	(104,246)	(8,754,546)	-	-	-	(15,131)	-	353,272	(8,520,651)	(165,877)	(8,686,528)
Balance as on December 31, 2015 (audited)	883,795	3,588,769	(238,195)	24,479,228	13,810,333	1,309,682	-	(32,842)	46,596	4,316,773	48,163,139	929,139	49,082,277
Appropriation of funds													
Transferred to general reserve	-	-	-	-	1,500,000	-	-	-	-	(1,500,000)	-	-	-
Transactions with owners, recognized directly in equity													
Conversion of preference shares/convertible stock into ordinary shares capital (1,000,000 ordinary shares of Rs.10 each)	10,000	177,969	-	-	-	(74,049)	-	-	-	-	113,920	-	113,920
Dividend relating to 2015 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(231,376)	(231,376)
Final dividend for the year ended December 31, 2015 - Rs. 15.00 per share	-	-	-	-	-	-	-	-	-	(1,340,693)	(1,340,693)	-	(1,340,693)
Redemption of preference shares / convertible stock (8,500,000 preference shares of Rs. 190 each)	-	-	-	-	-	(629,411)	1,615,000	-	-	(4,709,181)	(3,723,592)	-	(3,723,592)
Equity portion of short term loan from shareholder of the holding company at renegotiation	-	-	-	-	-	-	-	-	27,407	-	27,407	-	27,407
Interest acquired in subsidiary Packages Construction (Pvt) Limited by Non Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	1,000,000	1,000,000
Total transactions with owners, recognized directly in equity	10,000	177,969	-	-	-	(703,460)	1,615,000	-	27,407	(6,049,874)	(4,922,958)	766,624	(4,154,334)
Total comprehensive income for the period ended September 30, 2016													
Profit for the period	-	-	-	-	-	-	-	-	-	4,202,076	4,202,076	204,065	4,406,141
Other comprehensive income:													
Remeasurement of retirement benefit asset - net of tax	-	-	-	-	-	-	-	-	-	(3,861)	(3,861)	-	(3,861)
Deficit on re-measurement of available for sale financial assets	-	-	-	(729,850)	-	-	-	-	-	(729,850)	(729,850)	-	(729,850)
Other reserves of investments accounted for under equity method	-	-	-	-	-	-	-	(2,927)	-	-	(2,927)	-	(2,927)
Exchange difference on translation of foreign subsidiary	-	-	107,253	-	-	-	-	-	-	107,253	85,786	-	193,039
Total comprehensive (loss) / income for the period	-	-	107,253	(729,850)	-	-	-	(2,927)	-	4,198,215	3,572,691	289,851	3,862,542
Balance as on September 30, 2016 (un-audited)	893,795	3,766,738	(131,942)	23,749,378	15,310,333	606,222	1,615,000	(35,769)	74,003	965,114	46,812,872	1,987,613	48,800,485

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director

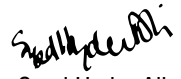
PACKAGES LIMITED
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

for the nine months ended September 30, 2016

	Note	Nine months ended	
		September 30, 2016	September 30, 2015
		Un-audited	Un-audited
(Rupees in thousand)			
Cash flow from operating activities			
Cash generated from operations	19	2,443,379	2,620,905
Finance cost paid		(645,324)	(778,848)
Taxes paid		(1,215,932)	(713,232)
Payments for accumulating compensated absences and staff gratuity		(14,948)	(50,132)
Retirement benefits paid		(8,439)	(10,577)
Net cash generated from operating activities		558,736	1,068,116
Cash flow from investing activities			
Acquisition of subsidiary, net of cash acquired		-	(968,700)
Fixed capital expenditure		(5,428,624)	(3,290,319)
Investments - net		(366,667)	-
Net (increase) / decrease in long term loans and deposits		(4,828)	9,775
Proceeds from sale of property, plant and equipment		102,757	98,011
Dividends received		4,279,881	2,061,498
Net cash used in investing activities		(1,417,481)	(2,089,735)
Cash flow from financing activities			
Proceeds from long term finances - secured		6,785,869	1,417,840
Proceeds received by non-controlling interest on interest acquisition in subsidiary		1,000,000	-
Redemption of preference share capital		(5,601,500)	-
Repayment of long term finances - secured		(100,000)	(148,557)
Short term loan from Shareholder of the Parent Company		-	500,000
Liabilities against assets subject to finance lease - net		(208,193)	(58,522)
Dividend paid to equity holders of the Parent Company		(1,341,023)	(786,923)
Dividend paid to non-controlling interest		(231,376)	(97,719)
Net cash generated from financing activities		303,777	826,119
Net decrease in cash and cash equivalents		(554,968)	(195,499)
Cash and cash equivalents at the beginning of the period		(742,005)	(1,147,286)
Cash and cash equivalents at the end of the period	20	(1,296,973)	(1,342,785)

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director

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

for the nine months ended September 30, 2016

1. Legal status and nature of business

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

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

The Group also holds investment in companies engaged in the manufacture and sale of paper, paperboard and corrugated boxes, biaxially oriented polypropylene (BOPP) film and cast polypropylene (CPP) film, plastic and companies engaged in insurance business. The Board of Directors of the Parent Company in its meeting held on September 23, 2016 approved a proposal for exploring the development of a 3.1 MW hydropower project as advertised by Punjab Power Development Board (PPDB) for which a project specific company has been established.

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

2. Basis of preparation

This condensed consolidated interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2015.

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, 2015 except for the adoption of new accounting policies as referred to in note 3.2.1.

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

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

3.2.1 Amendments to published standards effective in current year

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). Interpretations which became effective during the period but are not considered to be relevant and are, therefore, not disclosed in this condensed interim financial information except for the amendments as explained below:

Annual improvements 2014 applicable for annual periods beginning on or after January 01, 2016. The amendments include changes from the 2012-14 cycle of the annual improvements project that affect 4 standards: IFRS 5, 'Non current assets held for sale and discontinued operations' regarding methods of disposal, IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts, IAS 19, 'Employee benefits' regarding discount rates and IAS 34, 'Interim financial reporting' regarding disclosure of information. The application of these amendments do not have a material impact on the condensed interim financial information.

Amendment to IAS 1, 'Presentation of financial statements' on the disclosure initiative. These amendments are part of the IASB initiative to improve presentation and disclosure in financial reports. Effective for annual periods beginning on or after 1 January 2016, subject to EU endorsement. The application of this amendment does not have a material impact on the condensed interim financial information.

Amendments to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' are applicable on accounting periods beginning on or after January 01, 2016. IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The application of these amendments do not have a material impact on the condensed interim financial information.

IAS 27 (Amendments), 'Separate financial statements' are applicable on accounting periods beginning on or after January 1, 2016. These allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Group has decided to continue with its existing accounting policy.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' are applicable on accounting periods beginning on or after January 01, 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The application of these amendments do not have a material impact on the condensed interim financial information.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' are applicable on accounting periods beginning on or after January 01, 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The application of these amendments do not have a material impact on the condensed interim financial information.

Amendments to IFRS 11 'Joint arrangements' on acquisition of an interest in a joint operation is applicable on accounting periods beginning on or after 1 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendment specify the appropriate accounting treatment for such acquisitions. The application of these amendments do not have a material impact on the condensed interim financial information.

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

Standards or Interpretations	Effective date (accounting periods beginning on or after)
Amendments to IAS 7, 'Statement of cash flows'	January 01, 2017
Amendments to IAS 12, 'Income taxes'	January 01, 2017
Amendments to IFRS 2, 'Share based payments'	January 01, 2018
Amendments to IFRS 15, 'Revenue from contracts with customers'	January 01, 2018
IFRS 9, 'Financial instruments'	January 01, 2018
IFRS 14 'Regulatory deferral accounts'	January 01, 2017
IFRS 15, 'Revenue from contracts with customers'	January 01, 2018
IFRS 16, 'Leases'	January 01, 2019

4. Taxation

The provision for taxation for the nine months ended September 30, 2016 has been made using the tax rates that would be applicable to expected total annual earnings.

5. Estimates

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

In preparing this condensed interim financial information, the significant judgments made by management in applying the Groups's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2015, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

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

This represents equity portion of interest free short term loan from shareholder of the holding company as referred in note 9. As per the original loan agreement, it was repayable on June 10, 2016. On June 11, 2016, the terms of the loan were modified and tenure of the loan was extended. According to the revised terms, the loan is now repayable on December 31, 2016. The gain of Rs 27.407 million from renegotiation is classified directly in equity as a capital contribution of the shareholder of the holding company.

		September 30, 2016	December 31, 2015
	Note	Un-audited	Audited
(Rupees in thousand)			
Opening balance		46,596	-
Equity portion of loan at initial recognition	9	-	71,302
Equity portion of loan at renegotiation		27,407	
Interest during the period	9	-	(24,706)
Closing balance		74,003	46,596

7. Long term finances

These are composed of

Local currency loans - secured			
Term finance loan		-	100,000
Long term finance facility	7.1	5,000,000	2,000,000
Term loan		620,508	188,991
Term finance facility		4,450,000	985,950
Foreign currency loan - secured		911,662	921,360
		10,982,170	4,196,301
Preference shares / convertible stock unsecured	7.2	932,651	2,014,895
		11,914,821	6,211,196
Current portion shown under current liabilities			
Term finance loan		-	(100,000)
Long term finance facility		(571,428)	(285,714)
Term loan		(150,392)	(62,997)
		(721,820)	(448,711)
Closing balance		11,193,001	5,762,485

7.1 During the period, the Parent Company secured a loan amounting to Rs. 11 billion from Habib Bank Limited and drew Rs. 3 billion in the month of September 2016. It carries markup at the rate of six months KIBOR plus 0.25 bps per annum and is repayable in 8 equal semiannual installments starting on March, 2018 and ending on September 2021.

7.2 Preference shares / convertible stock - unsecured

		September 30, 2016	December 31, 2015
	Note	Un-audited	<u>Audited</u>
(Rupees in thousand)			
Opening balance		2,014,895	2,128,815
Transfer to capital and reserves [1,000,000 shares (December 31, 2015: 1,000,000 shares)] - for conversion into ordinary shares	7.2.1	(113,920)	(113,920)
Extinguishment of liability upon redemption of preference shares [8,500,000 shares (December 31, 2015: Nil)]	7.2.2	(968,324)	-
Closing balance		932,651	<u>2,014,895</u>

7.2.1 During the period, IFC exercised its right to convert 1,000,000 (December 31, 2015: 1,000,000) preference shares / convertible stock of Rs. 190 into 1,000,000 (December 31, 2015: 1,000,000) ordinary shares of Rs. 10 each. Consequently, the Parent Company converted 1,000,000 (December 31, 2015: 2,000,000) preference shares / convertible stock during the period. Accordingly, the liability portion pertaining to 1,000,000 preference shares / convertible stock (December 31, 2015: 1,000,000) converted into ordinary shares has been transferred to capital and reserves.

7.2.2 During the period, IFC redeemed 8,500,000 (December 31, 2015: Nil) preference shares / convertible stock of Rs. 190 into cash. The redemption price was mutually agreed between the Parent Company and IFC at Rs. 595 per share for 500,000 shares and Rs. 663 per share for 8,000,000 shares aggregating to Rs. 5,601.5 million. Consequently, the liability portion of Rs. 968.324 million was extinguished along with the equity portion of Rs. 629.411 million. The redemption consideration of Rs. 595 per share and Rs. 663 per share has been allocated to liability and equity portion in the same manner as was used for separation of these components at the time of initial recognition at the prevailing market rates.

The fair value of the liability component at redemption is calculated by discounting cash flows at a rate of approximately 8.6 percent till perpetuity which represents the rate of similar instrument with no associated equity component. The premium paid on redemption of liability component of Rs. 909.582 million has been recognised in the the profit and loss account and included in finance costs while that on equity component of Rs. 3,094.181 million has been directly charged to retained earnings. Further, in order to comply with section 85 of the Companies Ordinance, 1984, the Company has transferred an amount of Rs. 1,615 million from retained earnings to 'Capital redemption reserve'.

8. The Divisional Bench of Sindh High Court in an order dated May 7, 2013 in case of another company has interpreted section 113(2)(c) of the Income Tax Ordinance, 2001 ('Ordinance') in the manner that the benefit of carry forward of minimum tax paid is not available, if otherwise no tax was payable by the company due to taxable loss.

Taking a prudent view on the matter, the Parent Company has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 314.854 million (December 31, 2015: Rs. 314.854 million) available under section 113 of the Ordinance. Tax credits under section 113 of the Ordinance amounting to Rs. 203.917 million and Rs. 110.934 million are set to lapse by the end of years ending on December 31, 2016 and 2017 respectively.

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

	September 30, 2016	December 31, 2015
	Note	Audited
	<u>Un-audited</u>	<u>Audited</u>
	(Rupees in thousand)	
Loan is recognised in the balance sheet as follows:		
Opening balance	478,110	-
Gross proceeds of loan	-	600,000
Equity portion of loan at initial recognition	-	(46,596)
Equity portion of loan at renegotiation	(27,407)	
	<u>450,703</u>	<u>553,404</u>
Repayment during the period / year	-	(100,000)
Interest during the period / year	24,509	24,706
	<u>475,212</u>	<u>478,110</u>

9.1 This loan has been obtained from Syed Babar Ali, shareholder of the Parent Company and is interest free. The loan was originally repayable on June 10, 2016. The subsidiary, Packages Construction (Private) Limited, renegotiated the loan during the period and it is now payable on December 31, 2016.

10. Contingencies and commitments

10.1 Contingencies

- (i) Claims against the Group not acknowledged as debts Rs. 20.834 million (December 31, 2015: Rs. 20.077 million)
- (ii) Post dated cheques not provided in the condensed consolidated interim financial information have been furnished by the Group in favor of the Collector of Customs against custom levies aggregated to Rs. 34.522 million (December 31, 2015: Rs. 72.248million) in respect of goods imported
- (iii) Guarantees issued in favor of Excise and Taxation officer & Total Parco amounting to Rs. 1.624 million (December 31, 2015: Rs. 0.660 million)
- (iv) Guarantees to Director General Customs amounting to Rs. 15 million (December 31, 2015: Nil)
- (v) Standby letter of credit issued by Habib Bank Limited Pakistan ('HBL Pakistan') in favor of Habib Bank Limited Bahrain ('HBL Bahrain') on behalf of the Parent Company USD 11.422 million (Equivalent to PKR 1,195.312 million) [(December 31, 2015: USD 11.770 million (Equivalent to PKR 1,232.781 million)]

10.2 Commitments in respect of

- (i) Letters of credit and contracts for capital expenditure Rs. 1,366.355 million (December 31, 2015: Rs. 2,875.358 million)
- (ii) Letters of credit and contracts other than for capital expenditure Rs. 458.58 million (December 31, 2015: Rs. 237.869 million)
- (iii) The amount of future payments under operating leases and the period in which these payments will become due are as follows:

		September 30, 2016	December 31, 2015
	Note	Un-audited	Audited
(Rupees in thousand)			
Not later than one year		63,906	75,987
Later than one year and not later than five years		260,618	288,672
Later than five years		122,982	212,751
		447,506	577,410
11. Property, plant and equipment			
Operating assets - at net book value			
Owned assets		5,741,980	4,643,490
Assets subject to finance lease		95,052	657,575
	11.2	5,837,032	5,301,065
Capital work-in-progress	11.3	568,891	237,361
		6,405,923	5,538,426
11.1 A portion of the land on which the Parent Company's Lahore plant is situated is on lease from the Government of Punjab since the past 60 years. The term of this lease has expired in December, 2015 and the Parent Company has filed an application with the relevant authorities for its renewal			
11.2 Operating assets			
		September 30, 2016	December 31, 2015
	Note	Un-audited	Audited
(Rupees in thousand)			
Opening net book value		5,301,065	3,932,187
Additions during the period / year	11.2.1	919,512	2,152,601
Transfer in at book value - net		47,296	-
		966,808	2,152,601
		6,267,873	6,084,788
Disposals during the period / year at book value		(46,926)	(30,945)
Transferred out		-	(6,074)
Depreciation charged during the period / year		(637,647)	(719,606)
Exchange adjustment on opening book value - net		253,732	(27,098)
		(430,841)	(783,723)
Closing book value		5,837,032	5,301,065
11.2.1 Following is the detail of additions during the period			
Freehold land		11,028	26,641
Buildings on freehold land		20,548	3,216
Buildings on leasehold land		-	23,439
Plant and machinery		711,953	1,844,702
Other equipment		101,309	112,903
Furniture and fixtures		4,401	21,657
Vehicles		70,273	120,043
		919,512	2,152,601

11.3 Capital work-in-progress

		September 30, 2016	December 31, 2015
	Note	Un-audited	Audited
(Rupees in thousand)			
Civil works		20,474	11,229
Plant and machinery		517,909	202,281
Advances		18,994	6,258
Others		11,514	17,593
		568,891	237,361

12. Investments accounted for using the equity method

Investments in associates	12.1	4,345,811	3,773,974
Investment in joint venture	12.2	9,803,113	9,846,642
		14,148,924	13,620,616

12.1 Investments in associates

Opening balance		3,773,974	3,531,225
Interest acquired in associate - Tri-Pack Films Limited		366,667	-
Share of profit from associates - net of tax		307,258	304,931
Share of other comprehensive loss - net of tax		-	(6,069)
Share of other reserves of associates		-	8,997
Dividends received during the period		(102,088)	(65,110)
Closing balance	12.1.1	4,345,811	3,773,974

12.1.1 In equity instruments of associated companies

Quoted

IGI Insurance Limited

13,022,093 (December 31, 2015: 13,022,093)
fully paid ordinary shares of Rs. 10 each
Equity held 10.61% (2015: 10.61%)
Market value - Rs. 2,643.484 million
(December 31, 2015: Rs. 3,080.636 million)

1,333,536	1,313,389
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Tri-Pack Films Limited

12,933,333 (December 31, 2015: 10,000,000)
fully paid ordinary shares of Rs. 10 each
Equity held 33.33% (2015: 33.33%)
Market value - Rs. 3,646.811 million
(December 31, 2015: Rs. 2,466.8 million)

3,012,275	2,460,585
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IGI Investment Bank Limited

4,610,915 (December 31, 2015: 4,610,915)
fully paid ordinary shares of Rs. 10 each
Equity held 2.17% (2015: 2.17%)
Market value - Rs. 12.680 million
(December 31, 2015: Rs 7.239 million)

-	-
4,345,811	3,773,974

12.2 Investment in joint ventures

	September 30, 2016	December 31, 2015
Note	Un-audited	Audited
	(Rupees in thousand)	
Opening balance	9,846,642	9,917,652
Cost of investment	-	10,799
Share of loss from joint ventures - net of tax	(40,602)	(72,008)
Share of other comprehensive loss from joint ventures - net of tax	(2,927)	(9,062)
Dividend received	-	(739)
Closing balance	<u>9,803,113</u>	<u>9,846,642</u>
12.2.1 Investment in equity instruments of joint ventures - unquoted		
Bulleh Shah Packaging (Private) Limited		
709,718,013 (2015: 709,718,013) fully paid ordinary shares of Rs. 10 each Equity held 65 % (2015: 65%)	9,791,265	9,836,339
Plastic Extrusions (Proprietary) Limited		
500 (2015: 500) Fully paid ordinary shares of ZAR 1 each Equity held 50 % (2015: 50%)	11,848	10,303
	<u>9,803,113</u>	<u>9,846,642</u>

13. Other long term investments

Quoted

Nestle Pakistan Limited

3,649,248 (December 31, 2015: 3,649,248)
fully paid ordinary shares of Rs. 10 each
Equity held 8.05% (December 31, 2015: 8.05%)
Cost - Rs. 5,778.896 million
(December 31, 2015: Rs. 5,778.896 million) 13.1 & 13.2

27,734,284

28,464,134

Unquoted

Tetra Pak Pakistan Limited

1,000,000 (December 31, 2015: 1,000,000)
fully paid non-voting shares of Rs. 10 each 13.1

10,000

10,000

Pakistan Tourism Development Corporation Limited

2,500 (December 31, 2015: 2,500)
fully paid ordinary shares of Rs. 10 each

25

25

Orient Match Company Limited

1,900 (December 31, 2015: 1,900)
fully paid ordinary shares of Rs. 100 each

-

-

Coca-Cola Beverages Pakistan Limited

500,000 (December 31, 2015: 500,000)
fully paid ordinary shares of Rs. 10 each

4,706

4,706

27,749,015

28,478,865

- 13.1** Nestle Pakistan Limited and Tetrapak Pakistan Limited are associated undertakings under the Companies Ordinance 1984. However, for the purpose of measurement, these have been classified as available for sale investments as the group does not have a significant influence over their operations.
- 13.2** As of September 30, 2016, an aggregate of 1,140,000 shares (December 31, 2015: 310,000) of Nestle Pakistan Limited having market value Rs. 8,664 million (December 31, 2015: Rs. 2,418 million) were pledged in favor of Habib Bank Limited Pakistan. Out of aggregate shares pledged, 410,000 shares (December 31, 2015: 310,000) were pledged against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 10.1 and the remaining 730,000 shares (December 31, 2015: NIL) were pledged against the loan mentioned in note 7.1.
- 14.** The Income Tax department has amended the deemed order for the tax year 2014 raising tax demand of Rs. 606.325 million which is currently stayed by the Commissioner Inland Revenue upon partial payment of Rs. 50 million by the Parent Company. In this Order, among other issues, the income tax department has not accepted the Parent Company's contention for non-taxation of the transfer of paper & paperboard and corrugated business segments to joint venture, Bulleh Shah Packaging (Private) Limited, under section 97 of the Income Tax Ordinance, 2001. Such transfer has been taxed as capital gain on the value of assets transferred. The matter is currently being contested before the Commissioner (Appeals).

Further, certain other disallowances effectively reducing available tax losses by Rs. 793 million, have also been made by the department in respect of tax years 2009 to 2013, through orders framed during the period. These are currently being contested before the Commissioner (Appeals).

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

In 1987, the Income Tax Officer (ITO) re-opened the Parent Company's assessments for the accounting years ended December 31, 1983 and 1984 disallowing primarily tax credit given to the Parent Company under section 107 of the Income Tax Ordinance, 1979. The tax credit amounting to Rs. 36.013 million on its capital expenditure for these years was refused on the grounds that such expenditure represented an extension of the 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 Commissioner of Income Tax (Appeals) [CIT (A)], Karachi. The Commissioner has, in his order issued in 1988, held the assessments reframed by the ITO for the years 1983 and 1984 presently to be void and of no legal effect. The ITO has filed an appeal against the Commissioner's order with the Income Tax Appellate Tribunal (ITAT). The ITAT has in its order issued in 1996 maintained the order of CIT (A). The assessing officer after the receipt of the appellate order passed by CIT (A), has issued notices under section 65 of the Income Tax Ordinance, 1979 and the Parent Company has filed a writ petition against the aforesaid notices with the High Court of Sindh, the outcome of which is still pending.

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

15. Cost of sales

	Quarter ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	Un-audited	Un-audited	Un-audited	Un-audited
	(R u p e e s i n t h o u s a n d)			
Materials consumed	3,542,014	3,447,197	10,191,898	9,278,344
Salaries, wages and amenities	418,895	343,908	1,220,507	944,255
Traveling and conveyance	9,771	10,246	26,374	25,474
Fuel and power	175,806	212,779	508,372	610,205
Production supplies	125,983	94,999	383,750	293,495
Excise duty and sales tax	173	913	724	1,564
Rent, rates and taxes	8,920	2,560	27,642	4,219
Insurance	13,771	14,149	36,489	35,629
Repairs and maintenance	114,718	111,277	346,060	303,104
Packing expenses	99,374	90,099	317,839	279,685
Depreciation on property, plant and equipment	207,053	176,244	584,822	482,142
Amortisation of intangible assets	2,427	2,433	7,294	7,300
Technical fee and royalty	19,418	24,007	94,905	68,830
Other expenses	89,753	68,733	239,250	187,997
	4,828,076	4,599,544	13,985,926	12,522,243
Opening work-in-process	269,250	284,581	324,838	327,674
Closing work-in-process	(352,582)	(295,831)	(352,582)	(295,831)
	4,744,744	4,588,294	13,958,182	12,554,086
Cost of goods produced	4,744,744	4,588,294	13,958,182	12,554,086
Opening stock of finished goods	565,386	524,313	696,792	769,410
Closing stock of finished goods	(517,183)	(705,554)	(517,183)	(705,554)
	4,792,947	4,407,053	14,137,791	12,617,942

16. Earnings per share

16.1 Basic earnings per share

Profit for the period attributable to equity holders of the Parent Company	Rupees in thousand	1,010,020	897,487	4,202,076	2,852,098
Weighted average number of ordinary shares	Numbers	89,156,876	87,965,585	89,156,876	87,965,585
Earnings per share	Rupees	11.33	10.20	47.13	32.42

16.2 Diluted earnings per share

Profit for the period attributable to equity holders of the Parent Company	Rupees in thousand	1,010,020	897,487	4,202,076	2,852,098
Return on preference shares / convertible stock - net of tax	Rupees in thousand	31,608	68,334	94,822	202,773
		1,041,628	965,821	4,296,898	3,054,871
Weighted average number of ordinary shares	Numbers	89,156,876	87,965,585	89,156,876	87,965,585
Weighted average number of notionally converted preference shares / convertible stock	Numbers	15,995,236	18,100,761	15,995,236	18,100,761
		105,152,112	106,066,346	105,152,112	106,066,346
Diluted earnings per share	Rupees	9.91	9.11	40.86	28.80

17. Transactions with related parties

Relationship with the Group	Nature of transactions	Nine months ended	
		September 30, 2016	September 30, 2015
		Un-audited	Un-audited
(Rupees in thousand)			
i	Associated Undertakings		
	Purchase of goods and services	723,148	648,454
	Sale of goods and services	1,437	6,986
	Dividend income	102,088	65,110
	Sale of property plant & equipment	-	1,834
	Insurance premium	121,686	112,798
	Rental and other income	3,222	529
	Insurance claim	224	936
	Commission earned	5,705	3,205
	Investment	366,667	-
	Share capital issued	1,000,000	-
ii	Joint Venture		
	Purchase of goods and services	1,747,524	1,954,678
	Sale of goods and services	272,384	370,472
	Rental and other income	48,573	43,521
	Sale of property plant & equipment	9,781	77
	Purchase of property plant & equipment	-	158
iii	Other related parties		
	Purchase of goods and services	86,547	241,905
	Royalty and technical fee - expense	58,681	52,983
	Rebate received	137	-
	Proceeds against loan from shareholder of the Parent Company	-	500,000
iv	Post employment benefit plans		
	Expenses charged in respect of retirement benefit plans	87,896	79,699
v	Key management personnel		
	Salaries and other employee benefits	141,396	108,278

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

	September 30, 2016	December 31, 2015
	Un-audited	Audited
	(Rupees in thousand)	
Receivable from related parties		
Associates	16,966	19,531
Joint venture	565,739	1,092,315
Other related parties	1,115	677
Payable to related parties		
Associates	57,768	60,806
Joint venture	186,892	233,529
Other related parties	23,522	65,360
Post employment benefit plans	16,100	14,590

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

18. Segment Information

	Packaging Division		Consumer Products Division		Ink Division		Real estate		General & Others		Total	
	Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended		Nine months ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	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	13,182,365	11,735,731	2,944,048	2,385,992	2,124,821	1,915,805	-	-	160,321	123,736	18,411,555	16,161,264
Intersegment revenue	321,708	332,912	-	6,331	644,288	637,497	-	-	38,522	86,173	1,004,518	1,062,913
	13,504,073	12,068,643	2,944,048	2,392,323	2,769,109	2,553,302	-	-	198,843	209,909	19,416,073	17,224,177
Segment profit before tax	1,406,720	1,300,935	452,676	378,095	418,808	354,062	(65,909)	(54,253)	3,274,103	1,890,380	5,486,398	3,869,219
	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015	September 30, 2016	December 31, 2015
Segment assets	9,279,821	8,449,722	1,560,835	1,427,980	1,641,711	1,310,250	3,091,839	5,107,501	1,605,376	1,145,445	17,179,582	17,440,898

Reconciliation of profit

	Nine months ended	
	September 30, 2016	September 30, 2015
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for reportable segments	5,486,398	3,869,219
Profit from associates and joint venture - net of dividend	164,568	76,872
Intercompany consolidation adjustments	(318,137)	(162,579)
Profit before tax	5,332,829	3,783,512

19. Cash generated from operations

	Nine months ended	
	September 30, 2016	September 30, 2015
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before taxation	5,332,829	3,783,512
Adjustments for:		
Depreciation on property, plant and equipment	637,647	516,726
Depreciation on investment property	2,461	2,128
Amortisation on intangible assets	14,617	14,071
Provision for accumulating compensated absences and staff gratuity	62,681	50,046
Exchange adjustments	75,241	(213,570)
Provision for doubtful debts	21,170	31,132
Provision / (reversal) for pending claims	3,532	(57,504)
Provision for retirement benefits	3,552	10,143
Provisions and unclaimed balances written back	(9,736)	(20,155)
Net profit on disposal of property, plant and equipment	(55,831)	(70,267)
Exchange loss	800	-
Finance costs	1,310,006	578,609
Dividend income from other investments	(4,279,881)	(2,204,894)
Share of profit of investments accounted for using the equity method	(266,656)	(141,982)
Profit before working capital changes	2,852,432	2,277,995
Effect on cash flow due to working capital changes		
Decrease / (increase) in stores and spares	42,221	(16,647)
(Increase) / decrease in stock in trade	(89,266)	213,534
Increase in trade debts	(720,529)	(485,196)
Increase in loans, advances, deposits, prepayments and other receivables	(107,285)	(82,213)
Increase in trade and other payables	465,806	713,432
	(409,053)	342,910
	2,443,379	2,620,905

20. Cash and cash equivalents

	Nine months ended	
	September 30, 2016	September 30, 2015
	Un-audited	Un-audited
	(Rupees in thousand)	
Cash and bank balances	523,073	735,479
Finances under markup arrangements - secured	(1,820,046)	(2,078,264)
	<u>(1,296,973)</u>	<u>(1,342,785)</u>

21. Financial risk management

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2015.

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

22. Detail of subsidiaries

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

23. Date of authorization for issue

This condensed consolidated interim financial information was authorised for issue on October 20, 2016 by the Board of Directors of the Parent Company.

24. Events after balance sheet date


No material events have occurred subsequent to September 30, 2016.


25. Corresponding figures

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

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


Tawfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director