

Contents

Company information	2
Directors' report	4
Condensed interim balance sheet	8
Condensed interim profit and loss account	10
Condensed interim statement of comprehensive income	11
Condensed interim statement of changes in equity	12
Condensed interim cash flow statement	13
Notes to and forming part of the condensed interim financial information	14
Packages Group condensed consolidated interim financial information	23
Directors' report on condensed consolidated interim financial information	26
Condensed consolidated interim balance sheet	30
Condensed consolidated interim profit and loss account	32
Condensed consolidated interim statement of comprehensive income	33
Condensed consolidated interim statement of changes in equity	34
Condensed consolidated interim cash flow statement	35
Notes to and forming part of the condensed consolidated interim financial information	36

COMPANY INFORMATION

Board of Directors

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

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

Asghar Abbas
(Executive Director)

Imran Khalid Niazi
(Non-Executive Director)

Josef Meinrad Mueller
(Non-Executive Director)

Muhammad Aurangzeb
(Independent Director)

Shamim Ahmad Khan
(Non-Executive Director)

Syed Aslam Mehdi
(Non-Executive Director)

Syed Shahid Ali
(Non-Executive Director)

Tariq Iqbal Khan
(Non-Executive Director)

Advisor

Syed Babar Ali

Chief Financial Officer

Khurram Raza Bakhtayari

Company Secretary

Adi J. Cawasji

Rating Agency

PACRA

Credit Rating

Long Term : AA
Short Term : A1+

Auditors

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

Legal Advisors

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

Shares Registrar

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

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

Fax : (021) 34380106

Email : info.shares@famco.com.pk

Bankers & Lenders

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

Head Office & Works

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

Offices

Registered Office & Regional Sales office

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

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

Regional Sales Office

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

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

Zonal Sales Offices

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

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

Web Presence

www.packages.com.pk

DIRECTORS' REPORT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

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, 2017.

Financial and Operational Performance

The comparison of the un-audited financial results for the nine months ended September 30, 2017 as against September 30, 2016 is as follows:

	For the third quarter		Cumulative	
	July - Sep 2017	July - Sep 2016	Jan - Sep 2017	Jan - Sep 2016
	(R u p e e s i n m i l l i o n)			
Net sales	4,543	4,128	13,370	12,719
EBITDA - operations	555	588	1,574	2,047
Depreciation and amortisation	(162)	(156)	(500)	(450)
EBIT - operations	393	432	1,074	1,597
Finance costs	(117)	(896)	(343)	(1,178)
Other (expenses) / income - net	6	(43)	(155)	(204)
Investment income	620	1,570	4,170	4,697
Earnings before tax	902	1,063	4,746	4,912
Taxation	(193)	(39)	(917)	(759)
Earnings after tax	709	1,024	3,829	4,153
Basic earnings per share - Rupees	7.94	11.49	42.34	46.59

During the first nine months of 2017, the Company has achieved net sales of Rs. 13,370 million against net sales of Rs. 12,719 million of corresponding period of last year, representing sales growth of 5%. However, the overall volume growth has been 7% which has been neutralised by price discounts passed on to the customers of the packaging division.

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

Consumer Products Division

Consumer Products Division has registered sales of Rs. 3,192 million during the first nine months of 2017 as compared to Rs. 2,945 million of corresponding period of 2016, representing sales growth of 8%. Operating results of the Division are higher by 3% during first nine months of 2017 over corresponding values of 2016 mainly on account of increased sales.

Packaging Division

Packaging Division has achieved net sales of Rs. 10,050 million during first nine months of 2017 as compared to Rs. 9,613 million in corresponding period of year 2016, representing sales growth of 5% only.

This marginal sales increase coupled with inflationary fixed cost and raw material price increases has adversely affected the operating results. The Company is focusing on revenue growth through investment in new equipment leading to higher volumes and stricter controls over fixed costs to improve the operating results.

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

	Jan - Sep 2017	Jan - Sep 2016
Consumer products produced - tons	10,074	10,464
Carton Board & Consumer Products converted - tons	33,309	28,978
Plastics all sorts converted - tons	14,974	13,498

Purchase of 35% shares held by Stora Enso in Bulleh Shah Packaging (Private) Limited

The Board of Directors, at their meeting held on July 26, 2017, resolved to purchase 35% shares held by Stora Enso in Bulleh Shah Packaging (Private) Limited ("BSPPL"). The transaction was approved by the shareholders through a special resolution at the Extraordinary General Meeting of the Company dated August 28, 2017. Accordingly, BSPPL became a fully owned subsidiary of the Company on September 18, 2017.

The Board of Directors of Packages strongly believes in the future growth prospects of the Company and that it shall bring considerable benefit to the shareholders.

Real estate development - Packages Mall

Packages Mall was inaugurated on April 20, 2017 and the customer response has been very encouraging. Moving forward the Board believes that this investment will bring considerable benefit to the shareholders in the form of dividend income and capital gains.

OmyaPack


The joint venture with OmyaPack for production of calcium carbonate has commenced its construction activity and commercial production is targeted for Q2-2018.

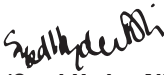
Future Outlook

As part of its diversification strategy, the Company will continue to explore investment opportunities. In the highly competitive environment in packaging business, the Company will continue to strive to improve shareholders' value by increasing and diversifying 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 25, 2017


(Syed Hyder Ali)
 Chief Executive & Managing Director
 Lahore, October 25, 2017

نتھی جو کہ شرح نمو کا حجم صرف 5 فیصد ظاہر کرتا ہے۔ اس مارجنل سیلز میں اضافے نے افراط زر کی طے شدہ مالیت اور خام مال کے نرخوں میں اضافہ کے ساتھ مل کر آپریٹنگ نتائج پر بے اثرات مرتب کیے۔ کمپنی بلند ترین حجم، نئے ساز و سامان میں سرمایہ کاری اور طے کردہ مالیات پر سخت کنٹرول کے ذریعے آپریٹنگ نتائج کو بہتر کرنے پر توجہ دے رہی ہے۔

زیر جائزہ مدت کے لئے پیداوار کے اعداد و شمار بشمول گزشتہ سال کی اس مدت کا تقابلی درج ذیل کے مطابق ہے:

جنوری - ستمبر 2016	جنوری - ستمبر 2017	
10,464	10,074	اشیائے صارف تیار شدہ - ٹن
28,978	33,309	کارٹن بورڈ اور اشیائے صارف منتقل کردہ - ٹن
13,498	14,974	پلاسٹک تمام اقسام منتقل شدہ - ٹن

اسٹور اینسو (Stora Enso) کا بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ میں 35 فیصد شیئر کی خریداری

بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 26 جولائی 2017 میں اسٹور اینسو کے پاس موجود 35 فیصد شیئر کی بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ ("بی ایس پی ایل") میں خریداری کی منظوری دی۔ اس منتقلی کی منظوری شیئر ہولڈرز کی جانب سے کمپنی کے غیر معمولی اجلاس عام مورخہ 28 اگست 2017 میں ایک خصوصی قرارداد کے ذریعے دی گئی۔ اس کے مطابق (بی ایس پی ایل) مورخہ 18 ستمبر 2017 کو کمپنی کا ایک مکمل ملکیتی ذیلی ادارہ بن گئی۔

پیکیجنگ لمیٹڈ کے بورڈ آف ڈائریکٹرز اس امر پر متحکم یقین رکھتے ہیں کہ مستقبل میں کمپنی کی ترقی کے روشن امکانات موجود ہیں اور اس سے حصہ داران کو بہتر فائدہ ہوگا۔

ریئل اسٹیٹ ڈیولپمنٹ - پیکیجنگ مال

پیکیجنگ مال کا افتتاح 20 اپریل 2017 کو کیا جا چکا ہے اور صارفین کا رد عمل انتہائی حوصلہ افزا رہا۔ آگے بڑھتے ہوئے بورڈ اس امر پر یقین رکھتا ہے کہ اس سرمایہ کاری سے شیئر ہولڈرز کو منافع منقسمہ اور کپٹل گین کی صورت میں قابل قدر منافع جات حاصل ہوں گے۔

اومیا پیک

کلیٹیم کاربونیٹ کی پیداوار کے لئے اومیا پیک کے ساتھ جوائنٹ وینچرز کا آغاز اس کی تعمیراتی سرگرمی کے ذریعے کیا جا چکا ہے اور تجارتی پیداوار کے لئے 2018 کی دوسری سہ ماہی کا ہدف مقرر کیا گیا ہے۔

مستقبل پر ایک نظر:

کمپنی اپنی مختلف سمتوں میں جاری حکمت عملی کے حصہ کے طور پر سرمایہ کاری کے لئے مواقع تلاش کرنے کا سلسلہ جاری رکھے گی۔ پیکیجنگ بزنس میں سخت مقابلے کی فضا کے باوجود، کمپنی صارف کا دائرہ کار بڑھانے، نئی ٹیکنالوجی میں سرمایہ کاری اور باکفایت پیداواری صلاحیت کے ذریعے شیئر ہولڈرز کا منافع بڑھانے کیلئے بہتری کی کوشش 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 پیکیجنگ ڈائریکٹر

لاہور، 25 اکتوبر، 2017



(نوفین حبیب چنائے)

چیرمین

لاہور، 25 اکتوبر، 2017

30 ستمبر 2017 کو ختم ہونے والے نو ماہ کے لئے ڈائریکٹرز کی رپورٹ

پیکج لمیٹڈ کے ڈائریکٹرز بہ مسرت اپنے حصہ داران کو نو ماہ کی رپورٹ بشمول کمپنی کے مجموعی عبوری غیر آڈٹ شدہ مالیاتی حسابات برائے مدت ختمہ 30 ستمبر 2017 پیش کر رہے ہیں۔

مالیاتی اور آپریشنل کارکردگی

30 ستمبر 2017 کو ختم ہونے والے نو ماہ کے لئے غیر آڈٹ شدہ مالیاتی نتائج کا تقابل بمقابلہ 30 ستمبر 2016 درج ذیل کے مطابق ہے:

مجموعی		برائے تیسری سہ ماہی		
جنوری - ستمبر	جنوری - ستمبر	جولائی - ستمبر	جولائی - ستمبر	
2016	2017	2016	2017	
(روپے ملین میں)		(روپے ملین میں)		
12,719	13,370	4,128	4,543	خالص سیلز
2,047	1,574	588	555	ای بی آئی ٹی ڈی اے (EBITDA) - آپریشنز
(450)	(500)	(156)	(162)	فرسودگی اور کساد بازاری
1,597	1,074	432	393	ای بی آئی ٹی (EBIT) - آپریشنز
(1,178)	(343)	(896)	(117)	فنانس کی لاگت
(204)	(155)	(43)	6	دیگر آمدنی / اخراجات - خالص
4,697	4,170	1,570	620	سرمایہ کاری کی آمدنی
4,912	4,746	1,063	902	آمدنی قبل از ٹیکس
(759)	(917)	(39)	(193)	ٹیکسیشن
4,153	3,829	1024	709	آمدنی بعد از ٹیکس
46.59	42.34	11.49	7.94	بنیادی آمدنی فی شیئر - روپے

2017 کے پہلے نو ماہ کے دوران کمپنی نے 13,370 ملین روپے کی خالص سیلز حاصل کی، جبکہ گزشتہ سال کی اسی مدت کے دوران خالص سیلز 12,719 ملین روپے رہی تھی، جو کہ 5 فیصد سیلز گروتھ ظاہر کرتی ہے۔ تاہم شرح نمو کا مجموعی حجم 7 فیصد رہا جو کہ پیکیجنگ ڈویژن کے صارفین کو منتقل کردہ رعایتی نرخوں کے باعث متوازن ہو گیا۔

کمپنی کے کاروباری ڈویژنز کے آپریشنز کا ایک مختصر جائزہ درج ذیل کے مطابق ہے۔

ایشیائے صارف کا ڈویژن

ایشیائے صارف کے ڈویژن میں 2017 کے پہلے نو ماہ کے دوران 3,192 ملین روپے کی سیلز رجسٹرڈ کی گئی جو کہ 2016 کی اس مدت کے دوران 2,945 ملین روپے تھی جو کہ 8 فیصد سیلز گروتھ ظاہر کرتی ہے۔ ڈویژن کے آپریشنز کا نتائج 2017 کے پہلے نو ماہ کے دوران 2016 کی اسی مالیت کے مقابلے 3 فیصد تک زائد رہے اور جس کی بنیادی وجہ سیلز میں اضافہ تھا۔

پیکجنگ ڈویژن

پیکجنگ ڈویژن نے 2017 کے پہلے نو ماہ کے دوران 10,050 ملین روپے کی خالص سیلز حاصل کی جو کہ 2016 کی اسی مدت کے دوران 9,613 ملین روپے رہی

PACKAGES LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

as at September 30, 2017

		September 30, 2017	December 31, 2016
	Note	Un-audited	Audited
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (December 31, 2016: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (December 31, 2016: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each		4,180,000	4,180,000
Issued, subscribed and paid up capital			
89,379,504 (December 31, 2016: 89,379,504) ordinary shares of Rs. 10 each		893,795	893,795
Reserves		63,145,563	49,550,396
Preference shares / convertible stock reserve		606,222	606,222
Un-appropriated profits		4,284,192	1,734,057
		68,929,772	52,784,470
NON-CURRENT LIABILITIES			
Long term finances	6	2,539,810	3,575,520
Liabilities against assets subject to finance lease		19,981	26,057
Deferred taxation	7	314,764	344,085
Retirement benefits		99,332	87,304
Deferred liabilities		360,347	304,996
		3,334,234	4,337,962
CURRENT LIABILITIES			
Current portion of long term liabilities		1,328,022	578,732
Finances under mark up arrangements - secured		1,812,984	1,377,033
Trade and other payables		2,768,780	2,847,914
Accrued finance costs		157,532	221,730
		6,067,318	5,025,409
CONTINGENCIES AND COMMITMENTS			
	8	-	-
		78,331,324	62,147,841


	Note	September 30,	December 31,
		2017	2016
		Un-audited	Audited
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	4,545,189	4,198,410
Investment properties		128,757	133,179
Intangible assets	10	4,413	9,866
Investments	11	65,506,527	50,077,782
Long term loans and deposits		25,961	25,958
		70,210,847	54,445,195

CURRENT ASSETS

Stores and spares		533,249	463,875
Stock-in-trade		1,975,423	1,768,706
Trade debts		2,385,158	2,171,966
Loans, advances, deposits, prepayments and other receivables		835,503	1,081,622
Income tax receivable	12	2,216,475	2,125,865
Cash and bank balances		174,669	90,612
		8,120,477	7,702,646
		78,331,324	62,147,841

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director


Khurram Raza Bakhtayari
Chief Financial Officer


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

for the quarter and nine months ended September 30, 2017


	Note	Quarter ended		Nine months ended	
		September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
(Rupees in thousands)					
Local sales		5,348,520	4,872,877	15,764,509	14,911,627
Export sales		12,239	6,356	23,615	19,704
Gross Sales		5,360,759	4,879,233	15,788,124	14,931,331
Less: Sales tax		817,768	747,706	2,418,249	2,193,702
Commission		-	3,954	-	19,117
		817,768	751,660	2,418,249	2,212,819
Net sales		4,542,991	4,127,573	13,369,875	12,718,512
Cost of sales	13	(3,634,108)	(3,257,188)	(10,651,977)	(9,753,451)
Gross profit		908,883	870,385	2,717,898	2,965,061
Administrative expenses	14	(247,505)	(216,463)	(791,351)	(666,492)
Distribution and marketing costs		(268,219)	(222,384)	(852,318)	(701,692)
Other operating expenses		(53,218)	(84,856)	(319,697)	(383,739)
Other operating income		58,667	42,355	164,853	180,095
Profit from operations		398,608	389,037	919,385	1,393,233
Finance costs		(116,972)	(896,170)	(343,434)	(1,177,733)
Investment income		620,452	1,570,190	4,170,283	4,696,895
Profit before taxation		902,088	1,063,057	4,746,234	4,912,395
Taxation	15	(192,599)	(38,659)	(916,612)	(758,531)
Profit for the period		709,489	1,024,398	3,829,622	4,153,864
Basic earnings per share	Rupees	7.94	11.49	42.34	46.59
Diluted earnings per share	Rupees	7.60	10.04	40.23	40.41

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director


Khurram Raza Bakhtayari
Chief Financial Officer


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

for the quarter and nine months ended September 30, 2017

	Quarter ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	(R u p e e s i n t h o u s a n d)			
Profit for the period	709,489	1,024,398	3,892,622	4,153,864
Other comprehensive income / (loss):				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of retirement benefit obligations	-	-	-	(5,516)
Tax effect	-	-	-	1,655
	-	-	-	(3,861)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Changes in fair value of available for-sale financial assets	10,216,070	1,094,774	14,595,167	(729,850)
Other comprehensive income / (loss) for the period - net of tax	10,216,070	1,094,774	14,595,167	(733,711)
Total comprehensive income for the period	10,925,559	2,119,172	18,424,789	3,420,153

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director


Khurram Raza Bakhtayari
Chief Financial Officer

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

for the nine months ended September 30, 2017

	Issued, subscribed and paid up capital	Reserves					Capital and reserves	
		Capital reserves				Revenue reserves		
		Share premium	Fair value reserve	Preference shares / convertible stock reserve	Capital redemption reserve	General reserve		Un-appropriated profits
(R u p e e s i n t h o u s a n d)								
Balance as on January 01, 2016 (audited)	883,795	3,588,769	24,479,228	1,309,682	-	13,810,333	3,714,566	47,786,373
Appropriation of funds								
Transfer to general reserve	-	-	-	-	-	1,500,000	(1,500,000)	-
Transaction with preference shareholders								
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)
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
	10,000	177,969	-	(74,049)	-	-	(1,340,693)	(1,226,773)
Total comprehensive income for the period ended September 30, 2016								
Profit for the period	-	-	-	-	-	-	4,153,864	4,153,864
Other comprehensive income:								
Changes in fair value of available-for- sale financial assets	-	-	(729,850)	-	-	-	-	(729,850)
Remeasurement of retirement benefit obligations	-	-	-	-	-	-	(3,861)	(3,861)
Total comprehensive 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	606,222	1,615,000	15,310,333	314,695	46,256,161
Balance as on January 01, 2017 (audited)	893,795	3,766,738	28,858,325	606,222	1,615,000	15,310,333	1,734,057	52,784,470
Appropriation of funds								
Transfer from general reserve	-	-	-	-	-	(1,000,000)	1,000,000	-
Transaction with preference shareholders								
Participating dividend on preference shares - note 16	-	-	-	-	-	-	(45,000)	(45,000)
Total transactions with owners, recognised directly in equity								
Final dividend for the year ended December 31, 2016 Rs.25.00 per share	-	-	-	-	-	-	(2,234,487)	(2,234,487)
Total comprehensive income for the period ended September 30, 2017								
Profit for the period	-	-	-	-	-	-	3,829,622	3,829,622
Other comprehensive income:								
Changes in fair value of available-for-sale financial assets	-	-	14,595,167	-	-	-	-	14,595,167
Total comprehensive income for the period	-	-	14,595,167	-	-	-	3,829,622	18,424,789
Balance as on September 30, 2017 (un-audited)	893,795	3,766,738	43,453,492	606,222	1,615,000	14,310,333	4,284,192	68,929,772

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director


Khurram Raza Bakhtayari
Chief Financial Officer


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


for the nine months ended September 30, 2017


	Note	Nine months ended	
		September 30, 2017	September 30, 2016
		Un-audited	Un-audited
(Rupees in thousand)			
Cash flow from operating activities			
Cash generated from operations	18	1,189,236	1,805,343
Finance cost paid		(407,632)	(453,434)
Income tax paid		(1,036,543)	(1,027,196)
Payments for accumulating compensated absences		(21,076)	(14,092)
Retirement benefits paid		(15,936)	(8,439)
Net cash (outflow) / inflow from operating activities		(291,951)	302,182
Cash flow from investing activities			
Fixed capital expenditure		(873,446)	(867,276)
Investments made in equity securities		(833,578)	(366,667)
Investments made in Government securities		(1,449,997)	-
Proceeds from disposal of Government securities		1,452,831	-
Long term loans and deposits - net		(3)	(424)
Proceeds from disposal of property, plant and equipment		48,940	90,982
Dividends received		4,170,283	4,696,895
Net cash inflow from investing activities		2,515,030	3,553,510
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		(285,710)	(100,000)
Liabilities against assets subject to finance lease - net		(8,514)	(3,702)
Participating dividend on preference shares paid		(45,000)	-
Ordinary dividend paid		(2,235,749)	(1,341,023)
Net cash outflow from financing activities		(2,574,973)	(4,046,225)
Net decrease in cash and cash equivalents		(351,894)	(190,533)
Cash and cash equivalents at the beginning of the period		(1,286,421)	(782,741)
Cash and cash equivalents at the end of the period	19	(1,638,315)	(973,274)

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director


Khurram Raza Bakhtayari
Chief Financial Officer

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

for the nine months ended September 30, 2017

1. Legal status and nature of business

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

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

2. Basis of preparation

This condensed interim financial information is un-audited and has been prepared in accordance with the approved accounting standards as applicable in Pakistan. The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the Securities and Exchange Commission of Pakistan ('SECP') vide Circular No. CLD/CCD/PR(11)/2017 dated October 04, 2017, companies whose financial year, including quarterly and other interim period, closes on or before December 31, 2017, shall prepare financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of International Accounting Standard ('IAS') 34 - 'Interim Financial Reporting' issued by the International Accounting Standards Board, Islamic Financial Accounting Standards ('IFASs') issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984 and the directives issued by the SECP. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2016.

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended December 31, 2016.

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 condensed interim financial information covering annual periods, beginning on or after the following dates:

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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2017, but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed interim financial information.

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

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

- Amendments to IAS 40, 'Investment property' related to transfer of investment property are applicable on accounting periods beginning on or after January 01, 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use, there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

4. Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.
5. The preparation of this condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2016, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in note 4.

6. Long term finances

	Note	September 30, 2017 Un-audited	December 31, 2016 Audited
(Rupees in thousand)			
Local currency loans - secured	6.1	2,928,580	3,214,290
Preference shares / convertible stock - unsecured	6.2	932,650	932,650
		3,861,230	4,146,940
Current portion shown under current liabilities		(1,321,420)	(571,420)
		2,539,810	3,575,520
6.1 Local currency loan - secured			
Opening balance		3,214,290	2,100,000
Receipts during the period / year		-	3,000,000
		3,214,290	5,100,000
Repayments during the period / year		(285,710)	(1,885,710)
Closing balance		2,928,580	3,214,290
6.2 Preference shares / convertible stock - unsecured			
Opening balance		932,650	2,014,895
Transfer to capital and reserve [(Nil shares (December 31, 2016: 1,000,000 shares) for conversion into ordinary shares		-	(113,921)
Extinguishment of liability upon redemption of preference shares [(Nil shares (December 31, 2016: 8,500,000 shares)]		-	(968,324)
Closing balance		932,650	932,650

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. 152.895 million (December 31, 2016: Rs. 270.768 million) available under section 113 of the Ordinance.

Tax credit under section 113 of the Ordinance amounting to Rs. 109.127 million is set to lapse by the year ending on December 31, 2017.

8. Contingencies and commitments

8.1 Contingencies

- (i) Claims against the Company not acknowledged as debts aggregating Rs. 15.678 million (December 31, 2016: Rs. 14.861 million).
- (ii) Post dated cheques not provided in this condensed interim financial information have been furnished by the Company in favor of the Collector of Customs against custom levies aggregating Nil (December 31, 2016: Rs. 18.981 million) in respect of goods imported.
- (iii) Standby letter of credit issued by Habib Bank Limited - Pakistan ('HBL Pakistan') in favor of Habib Bank Limited - Bahrain ('HBL Bahrain') on behalf of the Company amounting to USD 10.801 million (equivalent to PKR 1,138.965 million) [December 31, 2016: USD 11.072 million (equivalent to PKR 1,160.311 million)].
- (iv) Letters of guarantees issued to various parties aggregating Rs. 188.56 million (December 31, 2016: Rs. 246.146 million).

8.2 Commitments in respect of

- (i) Letters of credit and contracts for capital expenditure aggregating Rs. 410.387 million (December 31, 2016: Rs. 191.973 million).
- (ii) Letters of credit and contracts other than for capital expenditure aggregating Rs. 254.729 million (December 31, 2016: Rs. 488.757 million).

9. Property, plant and equipment

		September 30, 2017	December 31, 2016
	Note	Un-audited	Audited
(Rupees in thousand)			
Operating assets - at net book value			
Owned assets	9.1	3,945,475	4,060,129
Assets subject to finance lease		29,744	33,263
		3,975,219	4,093,392
Capital work-in-progress	9.3	569,970	105,018
		4,545,189	4,198,410

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

9.2 Operating assets	Note	September 30,	December 31,
		2017	2016
		Un-audited	Audited
(Rupees in thousand)			
Opening net book value		4,093,392	3,575,260
Additions during the period / year	9.2.1	408,937	1,133,266
Transfer from investment properties		-	47,296
		408,937	1,180,562
		4,502,329	4,755,822
Disposals during the period / year at book value		(37,140)	(42,006)
Transferred to investment properties		-	(14,005)
Depreciation charged during the period / year		(489,970)	(606,419)
		(527,110)	(662,430)
Closing net book value		3,975,219	4,093,392
9.2.1 Additions during the period / year			
Freehold land		-	22,950
Buildings on freehold land		12,097	39,533
Plant and machinery		282,225	864,046
Furniture and fixtures		-	743
Other equipment		57,574	108,944
Vehicles		57,041	97,050
		408,937	1,133,266
9.3 Capital work-in-progress			
Civil works		87,103	8,810
Plant and machinery		232,423	58,595
Others		11,863	1,923
Advances to suppliers		238,581	35,690
		569,970	105,018
10. Intangible assets			
Opening book value		9,866	20,729
Additions during the period / year		-	4,963
Amortisation charged during the period / year		(5,453)	(15,826)
Closing book value		4,413	9,866
11. Investments			
Opening balance		50,077,782	44,997,518
Investments made during the period / year	11.1	833,578	701,167
Changes in fair value of available-for-sale financial assets		14,595,167	4,379,097
Closing balance		65,506,527	50,077,782
11.1 Investments made in related parties during the period / year			
OmyaPack (Private) Limited		-	309,500
Packages Power (Private) Limited		-	25,000
Bulleh Shah Packaging (Private) Limited	11.1.1	833,578	-
Tri-Pack Films Limited		-	366,667
		833,578	701,167

11.1.1 The Board of Directors, at their meeting held on July 26, 2017, resolved to purchase 35% shares held by Stora Enso in Bulleh Shah Packaging (Private) Limited ("BSPPL"). The transaction was

approved by the shareholders through a special resolution at the Extraordinary General Meeting of the Company dated August 28, 2017. Accordingly, BSPPL became a fully owned subsidiary of the Company on September 18, 2017.

- 11.2** As of September 30, 2017, an aggregate of 775,000 shares (December 31, 2016: 775,000 shares) of Nestle Pakistan Limited having market value Rs. 10,075 million (December 31, 2016: Rs. 6,975 million) were pledged in favour of HBL Pakistan. Out of aggregate shares pledged, 410,000 shares (December 31, 2016: 410,000 shares) were pledged against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 8.1 and the remaining 365,000 shares (December 31, 2016: 365,000 shares) were pledged against the term finance loan obtained from HBL Pakistan.

12. Income tax receivable

- (i) In respect of tax year 2016, the department has, against taxable income of Rs. 1,157.926 million as per return filed by the Company, assessed a taxable income of Rs. 2,437.836 million and amended the deemed order for the year raising a tax demand of Rs. 464.187 million. In this order, the income tax department has disallowed various expenses and deductions amounting to Rs. 1,279.777 million including disallowances on account of allocation of various expenses towards dividend income amounting to Rs. 1,066.360 million, where as minimum tax credit has been disallowed amounting to Rs. 360.348 million.

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

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

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

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

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

The amount recoverable Rs. 36.013 million represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the assessments. The Company has not made any provision against the above order as the management is confident that the ultimate outcome of the writ petition would be in favor of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

13. Cost of sales

	Quarter ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	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	2,591,456	2,367,377	7,516,791	6,845,148
Salaries, wages and amenities	346,702	312,438	1,045,955	917,324
Travelling	5,452	7,385	17,482	19,685
Fuel and power	152,316	131,863	493,719	399,379
Production supplies	81,332	106,842	286,834	329,399
Rent, rates and taxes	7,821	7,682	23,896	24,130
Insurance	10,123	9,123	26,633	25,726
Repairs and maintenance	73,121	80,865	226,538	260,665
Packing expenses	75,778	71,720	229,909	232,042
Depreciation on property, plant and equipment	146,149	140,660	451,543	404,665
Amortisation of intangible assets	939	2,427	4,858	7,294
Technical fee and royalty	11,831	6,979	23,076	26,305
Other expenses	66,171	64,747	190,970	162,977
	3,569,191	3,310,108	10,538,204	9,654,739
Opening work-in-process	237,831	151,157	219,626	210,945
Closing work-in-process	(199,932)	(231,005)	(199,932)	(231,005)
Cost of goods produced	3,607,090	3,230,260	10,557,898	9,634,679
Opening stock of finished goods	497,513	446,747	564,573	538,591
Closing stock of finished goods	(470,494)	(419,819)	(470,494)	(419,819)
	3,634,108	3,257,188	10,651,977	9,753,451

14. In June 2017, Walton Cantonment Board concluded its assessment for property tax relating to June 2014 to June 2017 resulting in a one off adjustment of Rs. 42 million which has been charged in the current period.

15. Taxation

	Quarter ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	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				
For the period	231,396	238,920	740,321	737,076
Prior years	-	-	205,612	115,350
	231,396	238,920	945,933	852,426
Deferred	(38,797)	(200,261)	(29,321)	(93,895)
	192,599	38,659	916,612	758,531

- 15.1 Through the Finance Act, 2017, an amendment has been made to section 5A of the Ordinance whereby 'tax on undistributed reserves' has been substituted by 'tax on undistributed profits'. As per the amended provision, income tax at the rate of 7.5% of accounting profit before tax for tax year 2017 and onwards is applicable where the Company does not distribute at least 40% of its after tax profits, whether in the form of cash or bonus shares, within nine months of the end of tax year 2017,

i.e. September 30, 2017, and within six months of the end of tax year 2018 and onwards. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution expires. The Company has already distributed 40% of its after tax profits for the tax year 2017.

16. As per the terms of Subscription Agreement dated March 25, 2009 with International Finance Corporation ('IFC'), in addition to the preferred right of return at the rate of 10 percent per annum, either in cash or ordinary shares on a non-cumulative basis till the date of settlement of preference shares / convertible stock, the preference shareholders also have the right to share the excess amount with the ordinary shareholders on an as-converted basis in case the amount of dividend per share paid to an ordinary shareholder exceeds that paid to a preference shareholder. Since ordinary dividend of Rs. 25.00 per share was approved for the year ended December 31, 2016, which exceeded the preferred return for that year, the additional preference dividend to be paid to the preference shareholders has been distributed to the preference shareholders as participating dividend and charged directly to the equity.

17. Transactions and balances with related parties

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

Relationship with the Company	Nature of transactions	Nine months ended	
		September 30, 2017	September 30, 2016
		Un-audited	Un-audited
(Rupees in thousand)			
i. Subsidiaries	Purchase of goods and services	914,444	717,028
	Sale of goods and services	115,583	90,409
	Dividend income	172,451	314,927
	Rental and other income	36,784	17,818
	Management and technical fee	42,544	28,725
ii. Joint venture	Purchase of goods and services	1,861,762	1,726,519
	Sale of goods and services	67,761	53,363
	Rental and other income	47,897	48,573
	Sales of property, plant & equipment	1,168	9,781
iii. Associates	Purchase of goods and services	790,341	707,360
	Sale of goods and services	16,282	1,437
	Insurance premium	92,938	105,569
	Commission earned	3,544	5,309
	Insurance claims received	1,699	224
	Rental and other income	8,567	3,222
	Dividend income	129,333	102,088
	Investments in equity	-	366,667
iv. Retirement benefit obligations	Expense charged in respect of retirement benefit plans	90,699	69,429
v. Key management personnel	Salaries and other employee benefits	94,550	82,939
vi. Other related party	Donations made	50,255	17,410

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

Period / year end balances

	September 30, 2017	December 31, 2016
	<u>Un-audited</u>	<u>Audited</u>
	(Rupees in thousand)	
Receivable from related parties		
Subsidiaries	136,877	60,935
Joint venture	4,520	492,311
Associates	39,343	19,645
Payable to related parties		
Subsidiaries	373,268	94,010
Joint venture	-	178,884
Associates	70,886	56,914
Retirement benefit obligations	18,485	15,948

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

18. Cash generated from operations

	Nine months ended	
	September 30, 2017	September 30, 2016
	<u>Un-audited</u>	<u>Un-audited</u>
	(Rupees in thousand)	
Profit before tax	4,746,234	4,912,395
Adjustments for non-cash items:		
Depreciation on property plant & equipment	489,992	434,587
Depreciation on investment property	4,421	3,450
Amortisation on intangible assets	5,452	12,687
Provision for accumulating compensated absences	76,427	47,202
Provision for retirement benefits	27,964	3,552
Capital gain on disposal of Government securities	(2,834)	-
Net profit on disposal of property, plant and equipment	(11,800)	(54,765)
Exchange loss	4,222	1,933
Finance costs	343,434	1,177,733
Provision for doubtful debts	7,942	21,170
Provision against pending claims	14,966	3,532
Capital work-in-progress charged to profit or loss	1,195	-
Provisions and unclaimed balances written back	(816)	(9,529)
Dividend income	(4,170,283)	(4,696,895)
Profit before working capital changes	1,536,516	1,857,052
Effect on cash flow due to working capital changes		
Increase in trade debts	(236,100)	(493,624)
(Increase) / decrease in stores and spares	(69,374)	39,225
(Increase) / decrease in stock-in-trade	(206,717)	103,467
Increase in loans, advances, deposits, prepayments and other receivables	(167,511)	(30,132)
Increase in trade and other payables	332,422	329,355
	(347,280)	(51,709)
	1,189,236	1,805,343

19. Cash and cash equivalents

	Nine months ended	
	September 30, 2017	September 30, 2016
	Un-audited	Un-audited
	(Rupees in thousand)	
Cash and bank balances	174,669	89,721
Finances under mark up arrangements - secured	(1,812,984)	(1,062,995)
	<u>(1,638,315)</u>	<u>(973,274)</u>

20. Financial risk management

20.1 Financial risk factors

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2016.

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

20.2 Fair value estimation

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

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

The following table presents the Company's material financial assets and liabilities that are measured at fair value at September 30, 2017.

Assets	Un-audited (Rupees in thousand)			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurements				
Available-for-sale investments	47,438,399	-	-	47,438,399
Liabilities	-	-	-	-

The following table presents the Company's material financial assets and liabilities that are measured at fair value at December 31, 2016.

Assets	Audited (Rupees in thousand)			Total
	Level 1	Level 2	Level 3	
Recurring fair value measurements				
Available-for-sale investments	32,843,232	-	-	32,843,232
Liabilities	-	-	-	-

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

21. Date of authorisation for issue

This condensed interim financial information was authorised for issue on October 25, 2017 by the Board of Directors of the Company.

22. Events after the balance sheet date


No material events have occurred subsequent to September 30, 2017.

23. Corresponding figures


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

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director


Khurram Raza Bakhtayari
Chief Financial Officer

**Packages Group
Condensed Consolidated Interim
Financial Information**

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

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, 2017.

Group results

The comparison of the un-audited results for the nine months ended September 30, 2017 as against September 30, 2016 is as follows:

	Jan - Sep 2017	Jan - Sep 2016
	(Rupees in million)	
Net sales from operations	21,295	18,412
EBIT - operations	2,116	2,299
Share of profit in associates and joint venture - net of tax	273	267
Investment income	3,868	4,280
Profit after tax	6,447	4,406

During the first nine months of 2017, Group has achieved net sales of Rs. 21,295 million against net sales of Rs. 18,412 million achieved during corresponding period of last year representing sales growth of 16% with an operating profit of Rs. 2,116 million compared to Rs. 2,299 million generated during the corresponding period of the year 2016 representing a decrease of 8%. This decrease in operating profit is primarily due to price adjustments for raw materials and inflationary fixed cost increases. The Group is focusing on revenue growth through higher volumes, better product mix and stricter controls over fixed costs to improve the operating results.

Investment income has decreased by Rs. 412 million during the nine months of 2017 over corresponding values of 2016 that is due to timing difference of declaration of dividend of investee companies.

The Board of Directors of the Parent Company, at their meeting held on July 26, 2017, resolved to purchase 35% shares held by Stora Enso in Bulleh Shah Packaging (Private) Limited ("BSPPL"). The transaction was approved by the shareholders through a special resolution at the Extraordinary General Meeting of the Company dated August 28, 2017. Accordingly, BSPPL became a fully owned subsidiary of the Company on September 18, 2017. The consolidated financial statements include a net positive impact of Rs. 2.493 billion on the profit and loss, owing to the deemed disposal and 100% acquisition of the subsidiary, net of acquisition related costs.

A brief review of the operational performance of the Group subsidiaries and joint ventures 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. 2,851 million during the nine months of the year 2017 as compared to Rs. 2,769 million of the corresponding period of last year representing sales growth of 3%. The Company has generated profit before tax of Rs. 344 million during the first nine months of the year 2017 as against Rs. 419 million generated during corresponding period of 2016 primarily on account of stagnation in sales coupled with increase in fixed costs. Moving forward, the Company will focus on improving operating results through increase in sale volumes, tighter operating cost control, product diversification, price rationalization and better working capital management.

Packages Lanka (Private) Limited

Packages Lanka (Private) Limited is a Sri Lanka based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging solutions. During the first nine months of 2017, the Company has achieved sales of SLR 1,662 million as compared to SLR 1,474 million of the corresponding period of last year representing sales growth of 13%. This increase in sales growth has been partially offset by increasing raw material prices. The Company has generated profit before tax of SLR 187 million during the first nine months of the year 2017 as against SLR 232 million generated during corresponding period of 2016. Moving forward, the Company's focus will remain on improving operating results through product diversification and price rationalization.

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 Company has achieved sales of Rs. 13,723 million during the first nine months of the year 2017 as compared to Rs. 12,434 million of the corresponding period of last year representing sales growth of 10%. The Company has incurred loss before tax of Rs. 168 million during the first nine months of the year 2017 as against loss of Rs. 109 million during corresponding period of 2016 primarily on account of depreciation and finance cost relating to biomass boiler which was capitalised in Q2 of 2016.

Flexible Packages Convertors (Pty) Limited

Flexible Packages Convertors (Pty) Limited is private limited company based in South Africa. It is principally engaged in the manufacture of flexible packaging material. During the first nine months of 2017, the company achieved net sales revenue of USD 26.4 million as compared to USD 24.1 million of the corresponding period of last year. Operating results of the Company are lower as compared to 2016 primarily on account of investment made in human resources to grow the business further. Moving forward, the Company will continue its focus on improving operating results through tighter operating cost control, increased sales volumes and product diversification.

Packages Construction (Private) Limited

Packages Mall was inaugurated on 20th April, 2017 and the customer response has been encouraging. Moving forward the Board believes that this investment will bring considerable benefit to the shareholders in the form of dividend income and capital gains.

Packages Power (Private) Limited

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

OmyaPack (Private) Limited

The joint venture with OmyaPack for production of calcium carbonate has commenced its construction activity and commercial production is targeted for Q2-2018.



(Towfiq Habib Chinoy)
Chairman
Lahore, October 25, 2017



(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, October 25, 2017

پر سخت انتظامی کنٹرول مصنوعات میں توسیع پرائس راشن لائزن اور بہتر ورکنگ کمپنیل کے انتظام کے ذریعے آپریٹنگ نتائج مزید بہتر بنانے پر توجہ مرکوز رکھے گی۔

پیکجیز لنکا (پرائیویٹ) لمیٹڈ

پیکجیز لنکا (پرائیویٹ) لمیٹڈ سری لنکا میں قائم پیکجیز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر فلیکس ایبل پیکجنگ سلوشنز کی تیاری میں مصروف عمل ہے۔ 2017 کے پہلے 9 ماہ کے دوران، کمپنی نے 1,662 ملین سری لنکن روپے کی بیلز حاصل کی جو گزشتہ سال کی اس مدت میں 1,474 ملین سری لنکن روپے تھی جو کہ 13 فیصد اضافہ ظاہر کر رہی ہے۔ بیلز گروتھ میں یہ اضافہ جزوی طور پر خام مال کے نرخوں میں اضافے کی وجہ سے متوازن ہو گیا۔ کمپنی نے 2017 کے پہلے نو ماہ کی مدت کے دوران 187 ملین سری لنکن روپے کا قبل از ٹیکس منافع حاصل کیا جو کہ 2016 کی اس مدت کے دوران 232 ملین روپے تھا۔ آگے بڑھتے ہوئے، کمپنی کی توجہ پروڈکٹ میں توسیع اور پرائس راشن لائزن کے ذریعے آپریٹنگ نتائج بہتر کرنے پر مرکوز رہے گی۔

بلیہ شاہ پیکجنگ (پرائیویٹ) لمیٹڈ

بلیہ شاہ پیکجنگ (پرائیویٹ) لمیٹڈ ایک نجی لمیٹڈ کمپنی ہے۔ یہ بنیادی طور پر بیپر اور بیپر بورڈ پروڈکٹس کی تیاری اور منتقلی میں سرگرم عمل ہے۔ کمپنی نے سال 2017 کے پہلے 9 ماہ کے دوران 13,723 ملین روپے کی بیلز حاصل کی اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران یہ رقم 12,434 ملین روپے تھی جو کہ 10 فیصد بیلز گروتھ کو ظاہر کرتی ہے۔ کمپنی کو سال 2017 کے پہلے 9 ماہ کے دوران 168 ملین روپے کا قبل از ٹیکس خسارہ ہوا جبکہ 2016 کی اس مدت کے دوران 109 ملین روپے کا خسارہ ہوا تھا۔ جس کی وجہ بائیو ماس بوائلر سے متعلق فرسودگی اور سرمایہ کاری کی مالیت تھی جسے 2016 کی دوسری سہ ماہی میں کھپلا کر لیا گیا تھا۔

فلیکس ایبل پیکجیز کنورٹرز (پروپرائٹری) لمیٹڈ

فلیکس ایبل پیکجیز کنورٹرز (پروپرائٹری) لمیٹڈ جنوبی افریقہ میں قائم ایک نجی لمیٹڈ کمپنی ہے۔ یہ بنیادی طور پر فلیکس ایبل پیکجنگ میٹریل کی تیاری میں مصروف عمل ہے۔ کمپنی نے 2017 کے پہلے 9 ماہ کی مدت کے دوران 26.4 ملین امریکی ڈالر کا خالص بیلز ریبو جو حاصل کیا جو گزشتہ سال کی اس مدت میں 24.1 ملین امریکی ڈالر تھا۔ کمپنی کے آپریٹنگ نتائج 2016 کے مقابلے میں کمتر سطح پر رہے جس کی وجہ کاروبار میں توسیع کے لئے انسانی وسائل کے ضمن میں کی جانے والی سرمایہ کاری تھی۔ آگے بڑھتے ہوئے، کمپنی آپریٹنگ اخراجات پر سخت کنٹرول، بیلز کے حجم میں اضافے اور مصنوعات کی توسیع کے ذریعے آپریٹنگ نتائج بہتر بنانے پر توجہ دیتے رہے گی۔

پیکجیز کنسٹرکشن (پرائیویٹ) لمیٹڈ

پیکجیز مال کا افتتاح 20 اپریل 2017 کو کیا گیا اور صارفین کا ردعمل انتہائی حوصلہ افزا رہا۔ آگے بڑھتے ہوئے بورڈ اس امر پر یقین رکھتا ہے کہ یہ سرمایہ کاری منافع منقسمہ اور کھپٹل گین کی صورت میں شیئر ہولڈرز کے لئے قابل قدر منافع کی حامل ثابت ہوگی۔

پیکجیز پاور (پرائیویٹ) لمیٹڈ

پیکجیز پاور (پرائیویٹ) لمیٹڈ 3.1 میگا واٹ ہائیڈرو پاور پراجیکٹ کے قیام کے مقصد کے لئے بنایا گیا پیکجیز لمیٹڈ کا ایک مکمل ملکیتی ذیلی ادارہ ہے جیسا کہ پروجیکٹ کی تشہیر پنجاب پاور ڈیولپمنٹ بورڈ (پی ڈی بی) کی جانب سے کی گئی۔ اس کے مطابق دسمبر 2016 میں 25 ملین روپے کی ابتدائی سرمایہ کاری اس میں لگائی گئی۔ کمپنی نے (پی ڈی بی) کی جانب سے لیٹر آف انٹرسٹ کے اجراء کے بعد فزیشنل جائزہ رپورٹ پر کام شروع کر دیا ہے جو ممکنہ طور پر 2017 کی چوتھی سہ ماہی میں مکمل کر لیا جائے گا۔

اومیا پیک (پرائیویٹ) لمیٹڈ

کمپنیم کار بونٹ کی پیداوار کیلئے اومیا پیک کے ساتھ جوائنٹ وینچر کا آغاز اس کی تعمیراتی سرگرمی کے ذریعے کیا جا چکا ہے اور تجارتی پیداوار کے لئے 2018 کی دوسری سہ ماہی کا ہدف مقرر کیا گیا ہے۔


(سید حیدر علی)

چیف ایگزیکٹو اور ٹیکنالوجی ڈائریکٹر

لاہور، 25 اکتوبر، 2017



(توفیق حبیب چنائے)

چیزمین

لاہور، 25 اکتوبر، 2017

30 ستمبر 2017 کو ختم ہونے والی نو ماہ کی مدت کے لئے مجموعی مالیاتی حسابات پر ڈائریکٹرز کی رپورٹ

پیکیز لمیٹڈ کے ڈائریکٹرز 30 ستمبر 2017 کو ختم ہونے والے نو ماہ کیلئے گروپ کے غیر آڈٹ شدہ مجموعی مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

گروپ کے نتائج

30 ستمبر 2017 کو ختم ہونے والے نو ماہ کی مدت کے لئے غیر آڈٹ شدہ نتائج 30 ستمبر 2016 کے مقابلے میں درج ذیل رہے۔

جنوری - ستمبر 2016	جنوری - ستمبر 2017	
18,412	21,295	آپریٹرز سے خالص سیلز
2,299	2,116	ای بی آئی ٹی (EBIT) - آپریٹرز
267	273	منسلک اداروں اور جوائنٹ وینچرز میں منافع کا حصہ - بعد از ٹیکس
4,280	3,868	سرمایہ کاری سے آمدنی
4,406	6,447	منافع بعد از ٹیکس

2017 کے پہلے 9 ماہ کے دوران گروپ نے 21,295 ملین روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کی اسی مدت کے دوران خالص سیلز 18,412 ملین روپے رہی تھی جو کہ 16 فیصد کی سیلز گروتھ ظاہر کرتی ہے۔ اس کے ساتھ 2,116 ملین روپے کا آپریٹنگ منافع حاصل کیا گیا جبکہ سال 2016 کی اسی مدت کے دوران 2,229 ملین روپے کا منافع حاصل کیا گیا تھا یوں 8 فیصد کمی دیکھنے میں آئی۔ آپریٹنگ منافع میں کمی بنیادی طور پر خام مال کے نرخوں میں پراس ایڈجسٹمنٹ اور افراط زر کی طے شدہ مالیت میں اضافے کے باعث ہوئی۔ گروپ بلند تر حجم، مصنوعات کے بہتر امتزاج اور طے کردہ مالیات پر سخت کنٹرول کے ذریعے آپریٹنگ نتائج کو بہتر کرنے پر توجہ دے رہا ہے۔

سرمایہ کاری کی آمدنی 2017 کی پہلے نو ماہ کے دوران 2016 کی اسی مدت کے مقابلے میں 412 ملین سے کم ہوئی۔ جس کی وجہ سرمایہ کار کمپنیوں کے منافع منقسمہ کے اعلان کے اوقات میں فرق تھا۔

سرپرست کمپنی کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس مورخہ 26 جولائی 2017 میں اسٹور انٹنو کے پاس موجود 35 فیصد شیئرز بلے شاہ پیکیزنگ (پرائیویٹ) لمیٹڈ ("بی ایس پی پی ایل") میں خریداری کی منظوری دی۔ اس منتقلی کو کمپنی کے غیر معمولی اجلاس عام مورخہ 28 اگست 2017 میں ایک خصوصی قرارداد کے ذریعے شیئرز ہولڈرز کی جانب سے منظور کیا گیا۔ اس کے مطابق ("بی ایس پی پی ایل") 18 ستمبر 2017 کو کمپنی کا ایک مکمل ملکیتی ذیلی ادارہ بن گیا ہے۔ 2,493 ملین کے نفع و نقصان پر خالص مثبت اثرات مجموعی مالیاتی حسابات میں بعد از دستیابی لاگت شامل ہیں جو بے فروخت اور ذیلی ادارے کا 100 فیصد حصول ہے۔

گروپ کے ذیلی اداروں اور جوائنٹ وینچرز کی آپریٹنگ کارکردگی کا ایک مختصر جائزہ درج ذیل کے مطابق ہے۔

ڈی آئی سی پاکستان لمیٹڈ

ڈی آئی سی پاکستان لمیٹڈ پیکیز لمیٹڈ کا ایک نان لسٹڈ پبلک لمیٹڈ ذیلی ادارہ ہے۔ یہ بنیادی طور پر صنعتی انکس (inks) کی تیاری، پروسیسنگ اور فروخت میں سرگرم ہے۔ کمپنی نے سال 2017 کے پہلے نو ماہ کے دوران 2,851 ملین روپے کی خالص سیلز حاصل کی اس کے مقابلے میں گزشتہ سال کی اس مدت میں یہ حجم 2,769 ملین روپے تھا جو کہ 3 فیصد سیلز گروتھ ظاہر کرتی ہے۔ کمپنی نے سال 2017 کے پہلے نو ماہ کے دوران 344 ملین روپے منافع قبل از ٹیکس حاصل کیا جبکہ 2016 کی اسی مدت کے دوران 419 ملین روپے تھا جس کی وجہ جمود کا شکار سیلز نے طے شدہ اخراجات میں اضافے کے ساتھ مل کر کیا۔ آگے بڑھتے ہوئے، کمپنی آپریٹنگ اخراجات

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

as at September 30, 2017

	September 30, 2017	December 31, 2016
Note	Un-audited	Audited
	(Rupees in thousand)	
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Authorised capital		
150,000,000 (December 31, 2016: 150,000,000) ordinary shares of Rs.10 each	1,500,000	1,500,000
22,000,000 (December 31, 2016: 22,000,000) 10% non-voting preference shares / convertible stock of Rs.190 each	4,180,000	4,180,000
Issued, subscribed and paid up capital		
89,379,504 (December 31, 2016: 89,379,504) ordinary shares of Rs.10 each	893,795	893,795
Reserves	62,930,536	49,350,660
Preference shares / convertible stock reserve	606,222	606,222
Equity portion of short term loan from shareholder of the Parent Company	103,077	77,991
Un-appropriated profits	6,894,951	1,879,569
	71,428,581	52,808,237
	2,026,000	1,950,579
	73,454,581	54,758,816
NON CONTROLLING INTEREST		
NON-CURRENT LIABILITIES		
Long term finances	15,060,639	10,306,006
Liabilities against assets subject to finance lease	56,399	73,851
Deferred tax	1,144,845	802,529
Retirement benefits	235,026	102,825
Rental security deposits	377,876	-
Deferred liabilities	571,488	349,437
	17,446,273	11,634,648
CURRENT LIABILITIES		
Current portion of long term liabilities - secured	3,257,787	828,884
Short term loan from shareholder of the Parent Company - unsecured	475,212	462,930
Finances under mark up arrangements - secured	6,764,438	1,918,079
Trade and other payables	7,989,518	5,126,373
Accrued finance costs	270,532	313,512
Provision for tax	-	66,199
	18,757,487	8,715,977
CONTINGENCIES AND COMMITMENTS	-	-
	109,658,341	75,109,441


	Note	September 30,	December 31,
		2017	2016
		Un-audited	Audited
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	22,052,749	6,488,347
Intangible assets	12	170,816	164,294
Investment properties		12,783,054	10,922,713
Investments accounted for under equity method	13	4,897,189	13,867,035
Other long term investments	14	47,453,129	32,857,962
Long term loans and deposits		162,854	39,858
		87,519,791	64,340,209

CURRENT ASSETS

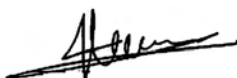
Stores and spares		1,861,868	515,209
Stock-in-trade		8,145,154	2,846,446
Trade debts		6,706,687	3,561,210
Loans, advances, deposits, prepayments and other receivables		1,348,178	1,131,050
Income tax receivable	15	3,243,779	2,303,516
Cash and bank balances		832,884	411,801
		22,138,550	10,769,232
		109,658,341	75,109,441

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director


Khurram Raza Bakhtayari
Chief Financial Officer

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

for the quarter and nine months ended September 30, 2017


	Note	Quarter ended		Nine months ended	
		September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
(R u p e e s i n t h o u s a n d)					
Local sales		8,737,239	6,896,449	23,424,529	20,763,881
Export sales		164,171	52,526	514,928	176,868
Gross sales		8,901,410	6,948,975	23,939,457	20,940,749
Less: Sales tax		818,676	812,432	2,626,420	2,487,985
Commission		2,530	10,254	17,799	41,209
		821,206	822,686	2,644,219	2,529,194
Net sales		8,080,204	6,126,289	21,295,238	18,411,555
Cost of sales	16	(6,387,772)	(4,792,947)	(16,705,457)	(14,137,791)
Gross profit		1,692,432	1,333,342	4,589,781	4,273,764
Administrative expenses		(444,784)	(360,477)	(1,281,485)	(1,047,196)
Distribution and marketing costs		(431,072)	(288,620)	(1,192,015)	(927,797)
Other operating expenses		(66,818)	(94,317)	(357,502)	(418,713)
Other operating income		37,896	33,623	127,538	216,240
Profit from operations		787,654	623,551	1,886,317	2,096,298
Finance costs		(318,263)	(949,417)	(737,011)	(1,310,006)
Investment income		620,453	1,487,449	3,868,499	4,279,881
Gains and losses relating to business combinations	17	2,492,710	-	2,492,710	-
Share of profit of investments accounted for using the equity method - net of tax		79,291	(3,594)	273,303	266,656
Profit before taxation		3,661,845	1,157,989	7,783,818	5,332,829
Taxation		(447,300)	(79,782)	(1,336,783)	(926,688)
Profit for the period		3,214,545	1,078,207	6,447,035	4,406,141
Attributable to:					
Equity holders of the Parent Company		3,154,274	1,010,020	6,294,869	4,202,076
Non-controlling interest		60,271	68,187	152,166	204,065
		3,214,545	1,078,207	6,447,035	4,406,141

Earnings per share attributable to equity holders of the Parent Company

Basic earnings per share	Rupees	35.29	11.33	69.93	47.13
Diluted earnings per share	Rupees	32.66	9.91	65.50	40.86

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director



Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the quarter and nine months ended September 30, 2017

	Quarter ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	(R u p e e s i n t h o u s a n d)			
Profit for the period	3,214,545	1,078,207	6,447,035	4,406,141
Other comprehensive income				
<i>Items that will not be reclassified to profit or loss</i>				
Remeasurement of retirement benefit obligations	-	-	-	(5,516)
Tax effect	-	-	-	1,655
	-	-	-	(3,861)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange difference on translation of foreign subsidiary	(43,125)	97,591	6,604	193,039
Share of other comprehensive income of investments accounted for under equity method - net of tax	(497)	-	(15,864)	(2,927)
Changes in fair value of available-for-sale financial assets	10,216,070	1,094,774	14,595,167	(729,850)
	10,172,448	1,192,365	14,585,907	(539,738)
Other comprehensive income / (loss) for the period	10,172,448	1,192,365	14,585,907	(543,599)
Total comprehensive income for the period	13,386,993	2,270,572	21,032,942	3,862,542
Attributable to:				
Equity holders of the Parent Company	13,342,978	2,157,872	20,874,745	3,572,691
Non-controlling interest	44,015	112,700	158,197	289,851
	13,386,993	2,270,572	21,032,942	3,862,542

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director



Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the nine months ended September 30, 2017

	Issued, subscribed and paid up capital	Reserves										Capital and reserves		
		Capital reserves								Revenue reserves				
		Share capital	Share premium	Exchange difference on translation of foreign subsidiary	Fair value reserve	Preference shares / convertible stock reserve	Other reserves relating to associates & joint ventures	Transaction with non-controlling interest	Equity portion of short term loan	Capital redemption reserve	General reserve		Un-appropriated profits	Total
(R u p e e s i n t h o u s a n d)														
Balance as on January 01, 2016 (audited)	883,795	3,588,769	(238,195)	24,479,228	1,309,682	(32,842)	-	46,596	-	13,810,333	4,316,773	48,163,139	929,138	49,092,277
Appropriation of funds														
Transferred to general reserve	-	-	-	-	-	-	-	-	-	1,500,000	(1,500,000)	-	-	-
Transaction with preference shareholders														
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)
Transactions with owners, recognised 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
Interest acquired in subsidiary Packages Construction (Private) Limited by Non Controlling Interest	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000	1,000,000
Equity portion of short term loan from shareholder of the parent company (note-6)	-	-	-	-	-	-	-	27,407	-	-	-	27,407	-	27,407
Final dividend for the year ended December 31, 2015 Rs. 15 per share	-	-	-	-	-	-	-	-	-	-	(1,340,693)	(1,340,693)	-	(1,340,693)
Dividend relating to 2015 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(231,376)	(231,376)
Total transactions with owners, recognised directly in equity	10,000	177,969	-	-	(703,460)	-	-	27,407	1,615,000	-	(5,049,874)	(4,922,958)	768,624	(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:														
Changes in fair value of available-for-sale financial assets	-	-	-	(729,850)	-	-	-	-	-	-	-	(729,850)	-	(729,850)
Other reserves of investments accounted for under equity method	-	-	-	-	-	(2,927)	-	-	-	-	-	(2,927)	-	(2,927)
Remeasurement of retirement benefit asset / liability-net of tax	-	-	-	-	-	-	-	-	-	-	(3,861)	(3,861)	-	(3,861)
Exchange difference on translation of foreign subsidiary	-	-	107,253	-	-	-	-	-	-	-	-	107,253	85,786	193,039
Total comprehensive income for the period	-	-	107,253	(729,850)	-	(2,927)	-	-	-	-	4,198,215	3,572,691	289,852	3,862,542
Balance as on September 30, 2016 (un-audited)	893,795	3,766,738	(131,942)	23,749,378	606,222	(35,769)	-	74,003	1,615,000	15,310,333	995,114	46,812,872	1,987,614	48,800,485
Balance as on January 1, 2017 (audited)	893,795	3,766,738	(156,663)	28,858,325	606,222	(66,054)	22,981	77,991	1,615,000	15,310,333	1,879,569	52,808,237	1,950,519	54,758,816
Appropriation of funds														
Transferred from general reserve	-	-	-	-	-	-	-	-	-	(1,000,000)	1,000,000	-	-	-
Transactions with preference shareholders														
Participating dividend on preference shares- note 18	-	-	-	-	-	-	-	-	-	-	(45,000)	(45,000)	-	(45,000)
Transactions with owners, recognised directly in equity														
Final dividend for the year ended December 31, 2016 Rs. 25 per share	-	-	-	-	-	-	-	-	-	-	(2,234,487)	(2,234,487)	-	(2,234,487)
Dividend relating to 2016 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(103,777)	(103,777)
Interest acquired in sub-subsidiary - Chantler Packages Inc.	-	-	-	-	-	-	-	-	-	-	-	-	12,710	12,710
Equity portion of short term loan from shareholder of the holding company	-	-	-	-	-	-	-	25,086	-	-	-	25,086	8,291	33,377
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	-	25,086	-	-	(2,234,487)	(2,209,401)	(82,776)	(2,292,177)
Total comprehensive income for the period ended September 30, 2017														
Profit for the period	-	-	-	-	-	-	-	-	-	-	6,294,869	6,279,005	192,166	6,447,035
Other comprehensive income:														
Changes in fair value of available-for-sale financial assets	-	-	-	14,595,167	-	-	-	-	-	-	-	14,595,167	-	14,595,167
Other reserves of investments accounted for under equity method	-	-	-	-	-	(15,894)	-	-	-	-	-	(15,894)	-	(15,894)
Exchange difference on translation of foreign subsidiaries	-	-	573	-	-	-	-	-	-	-	-	573	6,031	6,604
Total comprehensive income for the period	-	-	573	14,595,167	-	(15,894)	-	-	-	-	-	14,579,876	6,031	14,585,907
Balance as on September 30, 2017 (un-audited)	893,795	3,766,738	(156,090)	43,453,492	606,222	(81,918)	22,981	103,077	1,615,000	14,310,333	6,894,951	71,428,581	2,026,000	73,454,581

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director


Khurram Raza Bakhtayari
Chief Financial Officer

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

for the nine months ended September 30, 2017

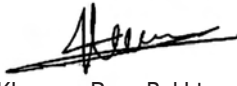
	Note	Nine months ended	
		September 30, 2017	September 30, 2016
		Un-audited	Un-audited
(Rupees in thousand)			
Cash flow from operating activities			
Cash generated from operations	21	1,831,841	2,443,379
Finance cost paid		(968,761)	(645,324)
Income tax paid		(1,373,565)	(1,215,932)
Acquisition-related costs paid		(57,323)	-
Payments for accumulating compensated absences and staff gratuity		(22,064)	(14,948)
Retirement benefits paid		(17,175)	(8,439)
Net cash (outflow) / inflow from operating activities		(607,047)	558,736
Cash flow from investing activities			
Fixed capital expenditure		(3,256,792)	(5,428,624)
Investments - net		-	(366,667)
Investments made in Government securities		(1,449,997)	-
Proceeds from disposal of Government securities		1,452,831	-
Acquisitions under business combinations, net of cash and cash equivalents		(4,830,258)	-
Rental security deposits - net		377,876	-
Long term loans and deposits - net		(34,310)	(4,828)
Proceeds from disposal of property, plant and equipment		80,273	102,757
Dividends received		4,003,726	4,279,881
Net cash outflow from investing activities		(3,656,651)	(1,417,481)
Cash flow from financing activities			
Proceeds from long term finances - secured		2,625,360	6,785,869
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		(385,823)	(100,000)
Liabilities against assets subject to finance lease - net		(16,589)	(208,193)
Participating dividend on preference shares paid		(45,000)	-
Dividend paid to equity holders of the Parent Company		(2,235,749)	(1,341,023)
Dividend paid to non-controlling interest		(103,777)	(231,376)
Net cash (outflow) / inflow from financing activities		(161,578)	303,777
Net decrease in cash and cash equivalents		(4,425,276)	(554,968)
Cash and cash equivalents at the beginning of the period		(1,506,278)	(742,005)
Cash and cash equivalents at the end of the period	22	(5,931,554)	(1,296,973)

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


Towfiq Habib Chinoy
Chairman


Syed Hyder Ali
Chief Executive & Managing Director


Asghar Abbas
Director


Khurram Raza Bakhtayari
Chief Financial Officer

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

for the nine months ended September 30, 2017

1. Legal status and nature of business

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

Packaging:	Representing manufacture and sale of packing materials 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
Paper and paperboard:	Representing manufacture and sale of paper and paperboard of all kinds
Power generation:	Representing the development and management of hydropower project

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

During the nine months ended September 30, 2017, Packages Lanka, a subsidiary of Packages Limited, incorporated a wholly owned subsidiary in Canada named Linnaea Holdings Inc. ("Linnaea"), which ultimately incorporated a wholly owned subsidiary, Chantler Packages Inc. ("CPI") in Canada, to acquire the flexible packaging business operations of Chantler Packaging Inc. The transaction was settled on July 01, 2017 for a total consideration of CAD 600,000 resulting in Linnaea becoming 80% shareholder of CPI.

Furthermore, the Board of Directors of the Parent Company, at its meeting held on July 26, 2017, resolved to purchase 35% shareholding held by Stora Enso in Bulleh Shah Packaging (Private) Limited ("BSPPL"). Approval of shareholders was sought through special resolution at the Extraordinary General Meeting of the Company which was held on August 28, 2017 and transaction was settled by September 18, 2017 resulting in BSPPL becoming subsidiary of the Parent Company for a total cash consideration of Rs. 776.255 million.

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 approved accounting standards as applicable in Pakistan. The Companies Ordinance, 1984 has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the Securities and Exchange Commission of Pakistan ('SECP') vide Circular No. CLD/CCD/PR(11)/2017 dated October 04, 2017, companies whose financial year, including quarterly and other interim period, closes on or before December 31, 2017, shall prepare financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, approved accounting standards comprise of International Accounting Standard ('IAS') 34 - 'Interim Financial Reporting' issued by the International Accounting Standards Board, Islamic Financial Accounting Standards ('IFASs') issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984 and the directives issued by the SECP. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed consolidated interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2016.

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of this condensed consolidated interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended December 31, 2016 except for the adoption of new accounting policies as referred to in note 3.2.1.

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

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

3.2.1 Amendments to published standards effective in current year

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 01, 2017, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in this condensed consolidated interim financial information.

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

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

Amendments to IAS 40, 'Investment property' related to transfer of investment property are applicable on accounting periods beginning on or after January 01, 2018. These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use, there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

4. Taxation

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

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 consolidated interim financial information, the significant judgments made by management in applying the Groups' accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2016, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

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

This represents equity portion of interest free short term loan from shareholder of the Parent Company as referred in note 9. As per the original loan agreement, it was repayable on June 10, 2016. However, as per revised terms of the loan, the tenure has now been extended to December 31, 2017.

7. Long term finances

		September 30, 2017	December 31, 2016
	Note	Un-audited	Audited
(Rupees in thousand)			
These are composed of			
Local currency loans - secured	7.1	15,846,957	8,689,840
Foreign currency loans - secured	7.2	1,515,618	1,490,062
		17,362,575	10,179,902
Preference shares / convertible stock - unsecured	7.3	932,650	932,650
		18,295,225	11,112,552
Current portion shown under current liabilities		(3,234,586)	(806,546)
Closing balance		15,060,639	10,306,006
7.1 Local currency loans - secured			
Opening balance		8,689,840	3,085,950
Loans acquired under business acquisition		4,935,000	-
Receipts during the period / year		2,507,827	7,489,600
		16,132,667	10,575,550
Repayments during the period / year		(285,710)	(1,885,710)
Closing balance		15,846,957	8,689,840
7.2 Foreign currency loans - secured			
Opening balance		1,490,062	1,110,351
Receipts during the period / year		117,533	452,090
		1,607,595	1,562,441
Repayments during the period / year		(100,113)	(67,980)
Exchange adjustment on opening balances		8,136	(4,399)
Closing balance		1,515,618	1,490,062
7.3 Preference shares / convertible stock - unsecured			
Opening balance		932,650	2,014,895
Transfer to capital and reserves [Nil shares (December 31, 2016: 1,000,000 shares)] - for conversion into ordinary shares		-	(113,921)
Extinguishment of liability upon redemption of preference shares [Nil shares (December 31, 2016: 8,500,000 shares)]		-	(968,324)
Closing balance		932,650	932,650

- 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. 152.895 million (December 31, 2016: Rs. 270.768 million) available under section 113 of the Ordinance.

Tax credit available to the Parent Company under section 113 of the Ordinance amounting to Rs. 109.127 million is set to lapse by the year ending on December 31, 2017.

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

September 30, 2017	December 31, 2016
Un-audited	Audited

(Rupees in thousand)

Loan is recognised in the balance sheet as follows:

Opening balance	462,930	478,110
Equity portion of loan at renegotiation	(33,377)	(39,959)
	429,553	438,151
Interest during the period / year	45,659	24,779
Closing balance	475,212	462,930

9.1 This loan has been obtained from Syed Babar Ali, shareholder of the Parent Company and is interest free. The loan was originally repayable on June 10, 2016. The subsidiary, Packages Construction (Private) Limited, renegotiated the loan during the period and it is now payable on December 31, 2017.

10. Contingencies and commitments

10.1 Contingencies

- (i) Claims against the Group not acknowledged as debts amounts to Rs. 15.678 million (December 31, 2016: Rs. 14.861 million).
- (ii) Post dated cheques not provided in the condensed consolidated interim financial information have been furnished by the Group in favor of the Collector of Customs against custom levies aggregated to 0.475 million (December 31, 2016: Rs. 19.632 million) in respect of goods imported.
- (iii) Guarantees issued in favor of Excise and Taxation officer amounting to 1.624 million (December 31, 2016: Rs. 1.624 million).
- (iv) Guarantees to Director General Customs amounting to Rs. 16 million (December 31, 2016: Nil).
- (v) Letters of guarantees issued to various parties aggregating Rs. 188.560 million (December 31, 2016: Rs. 246.146 million).
- (vi) Standby letter of credit issued by Habib Bank Limited Pakistan ('HBL Pakistan') in favor of Habib Bank Limited Bahrain ('HBL Bahrain') on behalf of the Parent Company amounting to USD 10.801 million (Equivalent to PKR 1,138.965 million) [December 2016: USD 11.072 million (Equivalent to PKR 1,160.311 million)].

10.2 Commitments in respect of

- (i) Letters of credit and contracts issued for capital expenditure aggregates to Rs. 701.365 million (December 31, 2016: Rs. 870.599 million)
- (ii) Letters of credit and contracts issued other than for capital expenditure aggregates to Rs. 1,540.644 million (December 31, 2016: Rs. 511.677 million)

11. Property, plant and equipment

		September 30, 2017	December 31, 2016
	Note	Un-audited	Audited
(Rupees in thousand)			
Operating assets - at net book value			
Owned assets	11.1	20,420,808	6,288,589
Assets subject to finance lease		80,094	91,099
	11.2	20,500,902	6,379,688
Capital work-in-progress	11.3	1,551,847	108,659
		22,052,749	6,488,347

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 for 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, 2017	December 31, 2016
	Note	Un-audited	Audited
(Rupees in thousand)			
Opening net book value		6,379,688	5,301,065
Additions during the period / year	11.2.1	685,207	1,731,678
Assets acquired under business combination		14,203,163	-
Transfer from investment properties		19,203	47,296
		14,907,573	1,778,974
		21,287,261	7,080,039
Disposals during the period / year at book value		(60,215)	(58,913)
Transferred to investment properties		-	(14,005)
Depreciation charged during the period / year		(752,263)	(888,874)
Exchange adjustment on opening book value - net		26,119	261,441
		(786,359)	(700,351)
Closing book value		20,500,902	6,379,688

11.2.1 Following is the detail of additions during the period / year

Freehold land	-	22,951
Buildings on freehold land	13,332	52,132
Buildings on leasehold land	2,908	638
Plant and machinery	440,500	1,353,404
Other equipment	118,357	184,242
Furniture and fixtures	46,154	6,131
Vehicles	63,956	112,180
	685,207	1,731,678

11.3 Capital work-in-progress

Civil works	111,597	4,050
Plant and machinery	1,177,579	65,657
Others	12,948	38,952
Advances	249,723	-
	1,551,847	108,659

12. Intangible assets	Note	September 30, 2017	December 31, 2016
		Un-audited	Audited
		(Rupees in thousand)	
Opening book value		164,294	150,437
Additions during the period / year		2,912	5,188
Assets acquired under business combination		8,786	-
Amortisation charged during the period / year		(7,375)	(18,271)
Exchange difference		2,199	26,940
Closing book value		<u>170,816</u>	<u>164,294</u>
13. Investments accounted for using the equity method			
Investments in associates	13.1	4,569,667	4,390,677
Investment in joint ventures	13.2	327,522	9,476,358
		<u>4,897,189</u>	<u>13,867,035</u>
13.1 Investments in associates			
Cost		3,421,278	3,421,278
Post acquisition share of profits and reserves net of impairment losses			
Opening balance		969,399	719,363
Share of profit from associates - net of tax		308,323	357,945
Share of other comprehensive loss - net of tax		-	(1,524)
Share of other reserves of associates		-	(4,297)
Dividends received during the period / year		(129,333)	(102,088)
Closing balance		<u>1,148,389</u>	<u>969,399</u>
Balance as on	13.1.1	<u>4,569,667</u>	<u>4,390,677</u>
13.1.1 Investment in equity instruments of associated companies			
Quoted			
IGI Insurance Limited			
13,022,093 (December 31, 2016: 13,022,093) fully paid ordinary shares of Rs. 10 each Equity held 10.61% (2016: 10.61%) Market value - Rs. 3,751.404 million (December 31, 2016: Rs. 4,009.372 million)	13.3	1,522,735	1,366,894
Tri-Pack Films Limited			
12,933,333 (December 31, 2016: 12,933,333) fully paid ordinary shares of Rs. 10 each Equity held 33.33% (2016: 33.33%) Market value - Rs. 2,108.133 million (December 31, 2016: Rs. 3,797.743 million)		3,046,932	3,023,783
IGI Investment Bank Limited			
4,610,915 (December 31, 2016: 4,610,915) fully paid ordinary shares of Rs. 10 each Equity held 2.17% (2016: 2.17%) Market value - Rs. 13.924 million (December 31, 2016: Rs. 15.032 million)	13.3	-	-
		<u>4,569,667</u>	<u>4,390,677</u>

13.2 Investment in joint ventures

		September 30, 2017	December 31, 2016
	Note	Un-audited	Audited
(Rupees in thousand)			
Opening balance		9,476,358	10,153,991
Share of loss from joint venture - net of tax		(35,020)	(648,807)
Share of other comprehensive loss from joint venture - net of tax		(15,864)	(27,391)
Dividend received		(5,894)	(1,435)
Interest in joint venture transferred to interest in subsidiary		(9,092,058)	-
Closing balance	13.2.1	327,522	9,476,358

13.2.1 Investment in equity instruments of joint ventures - unquoted

Bulleh Shah Packaging (Private) Limited

Nill (2016: 709,718,013)

fully paid ordinary shares of Rs. 10 each

Equity held nill (2016: 65%) - 9,151,720

Plastic Extrusions (Proprietary) Limited

500 (2016: 500) Fully paid ordinary

shares of ZAR 1 each

Equity held 50% (2016: 50%) 17,457 17,571

OmyaPack (Private) Limited

31,000,000 (2016: 31,000,000)

fully paid ordinary shares of Rs. 10 each

Equity held 50% (2016: 50%) 310,065 307,067

327,522 9,476,358

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

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

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

14. Other long term investments	Note	September 30, 2017	December 31, 2016
		Un-audited	Audited
(Rupees in thousand)			
Quoted			
Nestle Pakistan Limited			
3,649,248 (December 31, 2016: 3,649,248) fully paid ordinary shares of Rs. 10 each Equity held 8.05% (December 31, 2016: 8.05%) Cost - Rs. 5,778.896 million (December 31, 2016: Rs. 5,778.896 million)	14.1 & 14.2	47,438,398	32,843,231
Unquoted			
Tetra Pak Pakistan Limited			
1,000,000 (December 31, 2016: 1,000,000) fully paid non-voting shares of Rs. 10 each	14.1	10,000	10,000
Pakistan Tourism Development Corporation Limited			
2,500 (December 31, 2016: 2,500) fully paid ordinary shares of Rs. 10 each		25	25
Orient Match Company Limited			
1,900 (December 31, 2016: 1,900) fully paid ordinary shares of Rs. 100 each		-	-
Coca-Cola Beverages Pakistan Limited			
500,000 (December 31, 2016: 500,000) fully paid ordinary shares of Rs. 10 each		4,706	4,706
		47,453,129	32,857,962

14.1 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.

14.2 As of September 30, 2017, an aggregate of 775,000 shares (December 31, 2016: 775,000 shares) of Nestle Pakistan Limited having market value Rs. 10,075 million (December 31, 2016: Rs. 6,975 million) were pledged in favor of HBL Pakistan. Out of aggregate shares pledged, 410,000 shares (December 31, 2016: 410,000 shares) were pledged against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 10.1 and the remaining 365,000 shares (December 31, 2016: 365,000 shares) were pledged against the term finance loan obtained from HBL Pakistan.

15. Income tax receivable

- (i) In respect of tax year 2016, the department has, against taxable income of Rs. 1,157.926 million as per return filed by the Parent Company, assessed a taxable income of Rs. 2,437.836 million and amended the deemed order for the year raising a tax demand of Rs. 464.187 million. In this order, the income tax department has disallowed various expenses and deductions amounting to Rs. 1,279.777 million including disallowances on account of allocation of various expenses towards dividend income amounting to Rs. 1,066.360 million, where as minimum tax credit has been disallowed amounting to Rs. 360.348 million.

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

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

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

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

The amount recoverable Rs. 36.013 million represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the assessments. The Parent Company has not made any provision against the above order as the management is confident that the ultimate outcome of the writ petition would be in favor of the Parent Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

16. Cost of sales

	Quarter ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	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	4,053,397	3,542,014	11,243,759	10,191,898
Salaries, wages and amenities	568,731	418,895	1,529,306	1,220,507
Traveling and conveyance	11,228	9,771	30,808	26,374
Fuel and power	448,921	175,806	970,820	508,372
Production supplies	116,401	125,983	355,132	383,750
Rent, rates and taxes	85,567	8,920	131,895	27,642
Insurance	30,797	13,771	60,572	36,489
Repairs and maintenance	129,586	114,718	338,089	346,060
Packing expenses	118,380	99,374	338,081	317,839
Depreciation on property, plant and equipment	507,526	207,053	1,110,931	584,822
Amortisation of intangible assets	938	2,427	4,857	7,294
Technical fee and royalty	42,269	19,418	90,756	94,905
Other expenses	184,487	89,926	409,113	239,974
	6,298,228	4,828,076	16,614,119	13,985,926
Opening work-in-process	365,646	269,250	335,892	324,838
Closing work-in-process	(319,156)	(352,582)	(319,156)	(352,582)
Cost of goods produced	6,344,718	4,744,744	16,630,855	13,958,182
Opening stock of finished goods	630,113	565,386	661,661	696,792
Closing stock of finished goods	(587,059)	(517,183)	(587,059)	(517,183)
	6,387,772	4,792,947	16,705,457	14,137,791

17. As described in note 1, the acquisition of remaining 35% shareholding of BSPPL was concluded on September 18, 2017. The business combination has been accounted for as per the acquisition method of accounting. The cost of acquisition has been measured at the cash payment made by the Parent Company against the purchase of shares as well as the book value of the pre-existing equity interest in the joint venture (at the date of transaction). Identified assets acquired, liabilities assumed or incurred have been carried at book value at the acquisition date and the investment in joint venture has been deemed as a disposal. This has resulted in a net gain under business combination amounting to PKR 2,550,033 million recognised in the financial statements of the Group. This amount is provisional as management is in the process of determining the fair value of assets and liabilities.

The Parent Company has also incurred acquisition-related costs of Rs. 57.323 million.

18. As per the terms of Subscription Agreement dated March 25, 2009 with International Finance Corporation ('IFC'), in addition to the preferred right of return at the rate of 10 percent per annum, either in cash or ordinary shares on a non-cumulative basis till the date of settlement of preference shares / convertible stock, the preference shareholders also have the right to share the excess amount with the ordinary shareholders on an as-converted basis in case the amount of dividend per share paid to an ordinary shareholder exceeds that paid to a preference shareholder. Since ordinary dividend of Rs. 25.00 per share was approved for the year ended December 31, 2016, which exceeded the preferred return for that year, the additional preference dividend to be paid to the preference shareholders has been distributed to the preference shareholders as participating dividend and charged directly to the equity.

19. Transactions and balances with related parties

Relationship with the Group	Nature of transactions	Nine months ended	
		September 30, 2017	September 30, 2016
		Un-audited	Un-audited
(Rupees in thousand)			
i Associated undertakings	Purchase of goods and services	792,781	723,148
	Sale of goods and services	16,282	1,437
	Dividend income	129,333	102,088
	Insurance premium	146,830	121,686
	Rental and other income	9,167	3,222
	Insurance claim	1,699	224
	Commission earned	4,407	5,705
	Investment in equity	-	366,667
Share capital issued	-	1,000,000	
ii Joint venture	Purchase of goods and services	1,881,245	1,747,524
	Sale of goods and services	300,247	272,384
	Rental and other income	47,898	48,573
	Sale of property plant & equipment	1,168	9,781
	Divident income	5,894	-
iii Other related parties	Purchase of goods and services	190,481	86,547
	Royalty and technical fee - expense	58,128	58,681
	Commission expense	11,293	-
	Rebate received	418	137
	Donation	50,255	17,410
iv Post employment benefit plans	Expenses charged in respect of retirement benefit plans	110,954	87,896
v Key management personnel	Salaries and other employee benefits	160,405	141,396

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

Period / year end balances

	September 30, 2017	December 31, 2016
	Un-audited	Audited
	(Rupees in thousand)	
Receivable from related parties		
Associates	49,757	19,645
Joint ventures	49,804	524,416
Other related parties	2,314	1,040
Payable to related parties		
Associates	74,503	57,522
Joint ventures	-	179,727
Other related parties	59,634	87,256
Retirement benefit obligations	18,485	15,948

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

20. Segment Information

	Packaging Division		Consumer Products Division		Ink Division		Paper & Paperboard & Corrugated box		Real estate		General Others		Total
	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016	September 30, 2017	
(Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Un-audited)
Revenue from external customers	13,182,365	3,191,892	2,944,048	2,081,118	2,124,821	499,027	-	1,372,623	-	127,764	160,321	21,295,238	18,411,555
Intersegment revenue	321,708	-	-	770,149	644,288	140,080	-	71,568	-	100,191	38,522	1,413,639	1,004,518
	13,504,073	3,191,892	2,944,048	2,851,267	2,769,109	639,107	-	1,444,191	-	227,955	198,843	22,708,877	19,416,073
Segment profit before tax	1,406,720	450,983	452,676	343,745	418,808	(34,775)	-	167,196	(65,909)	3,477,805	3,274,103	5,327,516	5,486,398
	9,790,948	1,708,581	1,603,568	1,538,351	1,485,012	23,100,618	-	13,679,391	11,030,560	1,576,129	1,178,368	51,459,557	25,088,456
Segment assets	9,856,487	9,790,948	1,708,581	1,603,568	1,538,351	23,100,618	-	13,679,391	11,030,560	1,576,129	1,178,368	51,459,557	25,088,456

Reconciliation of profit

	September 30, 2017	September 30, 2016
	Un-audited	Un-audited
(Rupees in thousand)		
Profit for reportable segments	5,327,516	5,486,398
Profit from associates and joint ventures - net of dividends	138,076	164,568
Intercompany consolidation adjustments	2,318,226	(318,137)
Profit before tax	7,783,818	5,332,829

21. Cash generated from operations

	Nine months ended	
	September 30, 2017	September 30, 2016
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax	7,783,818	5,332,829
Adjustments for non-cash items:		
Depreciation on property, plant and equipment	752,263	637,647
Depreciation on investment property	372,644	2,461
Amortisation on intangible assets	7,375	14,617
Capital gain on disposal of government securities	(2,834)	-
Provision for accumulating compensated absences	85,999	62,681
Provision for retirement benefits	28,462	3,552
Profit on disposal of property, plant and equipment	(20,060)	(55,831)
Exchange loss	18,058	800
Finance costs	737,011	1,310,006
Provision against pending claims	14,966	3,532
Provision for doubtful debts	7,683	21,170
Provisions and unclaimed balances written back	(1,109)	(9,736)
Gain arising due to business combination	(2,550,033)	-
Acquisition-related costs from business combination	57,323	-
Exchange difference on translation of foreign subsidiaries	13,578	75,241
Share of profit of investments accounted for using the equity method	(273,303)	(266,656)
Dividend income	(3,868,499)	(4,279,881)
Profit before working capital changes	3,163,342	2,852,432
Effect on cash flow due to working capital changes		
Increase in trade debts	(1,256,124)	(720,529)
(Increase) / decrease in stores and spares	(151,746)	42,221
Increase in stock-in-trade	(357,659)	(89,266)
Increase in loans, advances, deposits, prepayments and other receivables	(237,144)	(107,285)
Increase in trade and other payables	671,172	465,806
	(1,331,501)	(409,053)
	1,831,841	2,443,379

22. Cash and cash equivalents

	Nine months ended	
	September 30, 2017	September 30, 2016
	Un-audited	Un-audited
	(Rupees in thousand)	
Cash and bank balances	832,884	523,073
Finances under markup arrangements - secured	(6,764,438)	(1,820,046)
	<u>(5,931,554)</u>	<u>(1,296,973)</u>

23. Financial risk management

23.1 Financial risk factors

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2016.

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

23.2 Fair value estimation

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

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

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

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

The following table presents the Groups' material financial assets and liabilities that are measured at fair value at September 30, 2017.

	Un-audited (Rupees in thousand)			Total
	Level 1	Level 2	Level 3	
Assets				
Recurring fair value measurements				
Available-for-sale investments	47,438,399	-	-	<u>47,438,399</u>
Liabilities	-	-	-	-

The following table presents the Group's material financial assets and liabilities that are measured at fair value at December 31, 2016.

	Audited (Rupees in thousand)			Total
	Level 1	Level 2	Level 3	
Assets				
Recurring fair value measurements				
Available-for-sale investments	32,843,232	-	-	<u>32,843,232</u>
Liabilities	-	-	-	-

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

24. Detail of subsidiaries

Name of the subsidiaries

	<u>Accounting year end</u>	<u>Percentage of holding</u>	<u>Country of incorporation</u>
Anemone Holdings Limited	December 31	100.00%	Mauritius
Bulleh Shah Packaging (Private) Limited	December 31	100.00%	Pakistan
Chantler Packages Inc. [formely 2582101 Ontario Inc.]	December 31	63.26%	Canada
DIC Pakistan Limited	December 31	54.98%	Pakistan
Flexible Packages Converters (Proprietary) Limited	February 28	55.00%	South Africa
Linnaea Holdings Inc.	December 31	100.00%	Canada
Packages Construction (Private) Limited	December 31	75.16%	Pakistan
Packages Lanka (Private) Limited	December 31	79.07%	Sri Lanka
Packages Power (Private) Limited	December 31	100.00%	Pakistan

25. Date of authorisation for issue

This condensed consolidated interim financial information was authorized for issue on October 25, 2017 by the Board of Directors of the Parent Company.

26. Events after the balance sheet date

No material events have occurred subsequent to September 30, 2017.

27. Corresponding figures

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

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



Towfiq Habib Chinoy
Chairman



Syed Hyder Ali
Chief Executive & Managing Director



Asghar Abbas
Director



Khurram Raza Bakhtayari
Chief Financial Officer