Contents

COMPANY INFORMATION

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

Advisor
Syed Babar Ali

Company Secretary
Adi J. Cawasji

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

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

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

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

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

Rating Agency: PACRA

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

Auditors
A.F. Ferguson & Co.
Chartered Accountants

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

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

Head Office & Works
Shahrah-e-Roomi,
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Lahore - 54760, Pakistan
PABX : (042) 35811541-46
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: (042) 35820147

Offices

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

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

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

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

Shares Registrar
FAMCO Associates (Pvt.) Limited
8-F, Next to Hotal Faran
Nursery, Block 6, P.E.C.H.S.,
Shahrah-e-Faisal,
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Web Presence
www.packages.com.pk

DIRECTORS' REPORT FOR THE THREE MONTHS ENDED MARCH 31, 2014

بسم الله الرحمن الرحيم

The Directors of Packages Limited take pleasure in presenting to its shareholders, the quarterly report together with the un-audited financial statements of the Company for the first quarter ended March 31, 2014.

Financial and Operational Performance

The comparison of the un-audited results for the first quarter ended March 31, 2014 as against March 31, 2013 is as follows:

	Jan - March 2014	Jan - March 2013
	(Rupees in million)	
Continuing Operations		
Net sales	**3,934**	3,664
EBITDA - operations	**529**	477
Depreciation & amortisation	**(125)**	(105)
EBIT - operations	**404**	372
Finance costs	**(215)**	(192)
Other income / (expenses) - net	**64**	(49)
Investment income	**992**	645
Earnings before tax	**1,245**	776
Taxation	**(205)**	(122)
Earnings after tax	**1,039**	654
Basic Earnings per share - Rupees	**12.33**	7.75
Discontinued Operations		
Earnings after tax	**-**	2
Basic Earnings per share -Rupees	**-**	0.02

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

During the first quarter of 2014, the Company has achieved net sales of Rs. 3,934 million against net sales of Rs. 3,664 million of corresponding period of last year representing sales growth of 7%. These Operations have generated Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of Rs. 529 million during the quarter under review against Rs. 477 million of corresponding period of 2013 resulting in an increase of Rs. 52 million i.e. 10% mainly due to revenue growth, better product mix, production efficiencies and timely price rationalisation.

Consumer Products Division has registered sales of Rs. 797 million during first quarter of 2014 as compared to Rs. 737 million of corresponding period of 2013 representing sales growth of 8%. Operating results of the Division have also improved by 10% during first quarter of 2014 over corresponding values of 2013 resulting from revenue growth, improved capacity utilisation and operating cost control initiatives. The Company has also substantially regained its market share after re-commencement of own conversion operations through its effective marketing strategies.

Packaging Operations have achieved net sales of Rs. 3,230 million during first quarter of 2014 as compared to Rs. 2,875 million of corresponding period of 2013 representing sales growth of 12% that has also improved the operating results of the Division by Rs. 41 million i.e. 11% over corresponding period of 2013 on comparable basis. The Company is also actively pursuing on better product mix, production efficiencies and higher capacity utilisation to further drive profitable growth.

During the current year, the Company has also invested in a new Offset Printing Line in continuation of its efforts to remain abreast of improved technological developments in the Packaging business; that has commenced its commercial operations during the first quarter of 2014 and has made available additional capacity to meet growing customer demands in the folding cartons business.

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

	Jan - March 2014	Jan - March 2013
Consumer Products produced - tons	**2,229**	2,555
Carton Board & Consumer Products converted - tons	**9,468**	8,708
Plastics all sorts converted - tons	**4,128**	4,146

The Company has also taken up various initiatives to further improve its working capital performance and reduce operating costs that are expected to further improve bottom line results of the Company.

Investment income has increased by Rs. 347 million during first quarter of 2014 over corresponding values of 2013 that is indicative of improved operational performance of the investee companies.

In respect of Joint Venture Agreement between the Company and Stora Enso (SE); SE has the option to further subscribe to the share capital of Bulleh Shah Packaging (Private) Limited (BSPL), this option has lapsed on March 31, 2014. Accordingly, your Company will continue to hold 65% of share capital of BSPL with Stora Enso being a 35% joint venture partner.

Future Outlook

Despite rising raw material prices, electricity and gas shortages, your Company will continue its focus on improving shareholder's value through tight cost control, product and process optimisation, price rationalisation and efficient working capital management. Moreover, the Company is also evaluating development options at its Lahore land for high quality retail space.

Company's Staff and Customers

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

(Towfiq Habib Chinoy)
Chairman
Karachi, April 24, 2014

(Syed Hyder Ali)
Chief Executive & Managing Director
Karachi, April 24, 2014

PACKAGES LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
as at March 31, 2014

	Note	March 31, 2014 Un-audited	December 31, 2013 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital 150,000,000 (December 31, 2013: 150,000,000) ordinary shares of Rs.10 each		**1,500,000**	1,500,000
22,000,000 (December 31, 2013: 22,000,000) 10 % non-voting cumulative preference shares / convertible stock of Rs.190 each		**4,180,000**	4,180,000
Issued, subscribed and paid up capital 84,379,504 (December 31, 2013: 84,379,504) ordinary shares of Rs.10 each		**843,795**	843,795
Reserves		**42,563,045**	38,054,142
Preference shares / convertible stock reserve		**1,605,875**	1,605,875
Accumulated profit		**1,925,698**	1,585,716
		46,938,413	42,089,528
NON-CURRENT LIABILITIES			
Long-term finances	6	**5,170,577**	5,170,577
Liabilities against assets subject to finance lease		**23,577**	24,182
Deferred income tax liabilities		**579,287**	513,563
Retirement benefits		**3,488**	578
Deferred liabilities		**149,806**	139,576
		5,926,735	5,848,476
CURRENT LIABILITIES			
Current portion of long-term finances - secured		**200,000**	200,000
Current portion of liabilities against assets subject to finance lease		**3,509**	3,702
Finances under mark up arrangements - secured		**846,530**	1,517,638
Derivative financial instruments	7	**-**	27,272
Trade and other payables		**3,055,183**	3,052,362
Accrued finance costs		**613,094**	530,324
		4,718,316	5,331,298
CONTINGENCIES AND COMMITMENTS	8	**-**	-
		57,583,464	53,269,302

	Note	March 31, 2014 Un-audited	December 31, 2013 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	**3,801,601**	3,665,286
Investment property		**89,935**	90,838
Intangible assets		**29,443**	32,185
Investments		**44,856,933**	41,048,030
Long-term loans and deposits		**67,844**	67,006
Retirement benefits		**3,438**	6,540
		48,849,194	44,909,885
CURRENT ASSETS			
Stores and spares		**552,103**	568,593
Stock-in-trade		**2,038,319**	2,064,901
Trade debts		**2,080,361**	1,622,809
Loans, advances, deposits, prepayments and other receivables		**1,624,528**	1,691,387
Income tax receivable	10	**2,200,482**	2,175,853
Cash and bank balances		**238,477**	235,874
		8,734,270	8,359,417
		57,583,464	53,269,302

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

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

PACKAGES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
for the three months ended March 31, 2014

		Note	**March 31, 2014 Un-audited**	March 31, 2013 Un-audited
			(Rupees in thousand)	
Continuing operations				
Local sales			**4,618,775**	4,225,960
Export sales			**13,510**	19,441
Gross sales			**4,632,285**	4,245,401
Less: Sales tax and excise duty			**691,928**	575,669
Commission			**6,803**	5,686
			698,731	581,355
Net sales			**3,933,554**	3,664,046
Cost of sales		11	**(3,263,369)**	(3,026,799)
Gross profit			**670,185**	637,247
Administrative expenses			**(164,903)**	(139,504)
Distribution and marketing costs			**(99,727)**	(125,733)
Other operating expenses			**(88,748)**	(61,991)
Other income			**152,423**	12,667
Profit from operations			**469,230**	322,686
Finance costs			**(215,121)**	(191,956)
Investment income			**991,545**	645,370
Profit before taxation			**1,245,654**	776,100
Taxation		12	**(205,672)**	(121,989)
Profit for the period from Continuing operations			**1,039,982**	654,111
Profit for the period from Discontinued operations		13	**-**	1,527
Profit for the period			**1,039,982**	655,638
Basic earnings per share				
From Continuing operations	Rupees	14	**12.33**	7.75
From Discontinued operations	Rupees	14	**-**	0.02
From Profit for the period	Rupees		**12.33**	7.77
Diluted earnings per share				
From Continuing operations	Rupees	14	**10.56**	7.07
From Discontinued operations	Rupees	14	**-**	0.02
From Profit for the period	Rupees		**10.56**	7.09

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

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

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the three months ended March 31, 2014

	Three months ended	
	March 31, 2014	March 31, 2013
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for the period	**1,039,982**	655,638
Other comprehensive income		
Items that may be re-classified subsequently to profit or loss		
Surplus on re-measurement of available for sale financial assets	**3,808,903**	3,797,480
Total comprehensive income for the period	**4,848,885**	4,453,118

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

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Syed Aslam Mehdi
Director

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the three months ended March 31, 2014

	Share capital	Share premium	Fair value reserve	General reserve	Preference shares / convertible stock reserve	Accumulated (loss) / profit	Total
	(Rupees in thousand)						
Balance as on December 31, 2012 (audited)	843,795	2,876,893	13,288,190	14,910,333	1,605,875	(2,902,364)	**30,622,722**
Appropriation of funds							
Transferred to profit and loss account	-	-	-	(3,100,000)	-	3,100,000	-
Profit for the period	-	-	-	-	-	655,638	**655,638**
Other comprehensive income							
Surplus on re-measurement of available for sale financial assets	-	-	3,797,480	-	-	-	**3,797,480**
Total comprehensive income for the period	-	-	3,797,480	-	-	655,638	**4,453,118**
Balance as on March 31, 2013 (un-audited)	843,795	2,876,893	17,085,670	11,810,333	1,605,875	853,274	**35,075,840**
Appropriation of funds							
Transferred to profit and loss account	-	-	-	(200,000)	-	200,000	-
Transactions with owners recognised directly in equity							
Final Dividend for the year ended December 31, 2012 Rs. 4.50 per share	-	-	-	-	-	(379,708)	**(379,708)**
Profit for the period	-	-	-	-	-	891,071	**891,071**
Other comprehensive income							
Surplus on re-measurement of available for sale financial assets	-	-	6,481,246	-	-	-	**6,481,246**
Re-measurement of retirement benefit plans	-	-	-	-	-	21,079	**21,079**
Total comprehensive income for the period	-	-	6,481,246	-	-	912,150	**7,393,396**
Balance as on December 31, 2013 (audited)	843,795	2,876,893	23,566,916	11,610,333	1,605,875	1,585,716	**42,089,528**
Appropriation of funds							
Transferred to general reserve	-	-	-	700,000	-	(700,000)	-
Profit for the period	-	-	-	-	-	1,039,982	**1,039,982**
Other comprehensive income							
Surplus on re-measurement of available for sale financial assets	-	-	3,808,903	-	-	-	**3,808,903**
Total comprehensive income for the period	-	-	3,808,903	-	-	1,039,982	**4,848,885**
Balance as on March 31, 2014 (un-audited)	843,795	2,876,893	27,375,819	12,310,333	1,605,875	1,925,698	**46,938,413**

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

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

PACKAGES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
for the three months ended March 31, 2014

	Note	Three months ended	
		March 31, 2014	March 31, 2013
		Un-audited	Un-audited
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	16	**171,140**	207,083
Finance cost paid		**(132,351)**	(246,007)
Taxes paid		**(164,577)**	(158,109)
Payments for accumulating compensated absences		**(1,996)**	(6,156)
Net cash used in operating activities		**(127,784)**	(203,189)
Cash flows from investing activities			
Fixed capital expenditure		**(266,902)**	(185,700)
Net increase in long-term loans and deposits		**(838)**	(969)
Proceeds from disposal of property, plant and equipment		**78,511**	1,305
Dividends received		**991,545**	616,000
Net cash generated from investing activities		**802,316**	430,636
Cash flows from financing activities			
Proceeds from long-term finances - secured		**-**	1,000,000
Repayment of long-term finances - secured		**-**	(1,000,000)
Repayment of liabilities against assets subject to finance lease		**(798)**	-
Dividend paid		**(23)**	-
Net cash used in financing activities		**(821)**	-
Net increase in cash and cash equivalents		**673,711**	227,447
Cash and cash equivalents at the beginning of the period		**(1,281,764)**	(446,562)
Cash and cash equivalents at the end of the period	17	**(608,053)**	(219,115)

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

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

PACKAGES LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
for the three months ended March 31, 2014

1. The Company and its activities

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

2. Basis of preparation

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2013.

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, 2013 except for the adoption of new accounting policies as referred to in note 3.2.1.

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

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

3.2.1 Amendments to published standards effective in current year

New and amended standards, and interpretations mandatory for the first time for the financial year beginning January 1, 2014 and their impact on these condensed interim financial information is given below:

IAS 32 (Amendments), ‘Financial instruments: Presentation’, on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 01, 2014. These amendments update the application guidance in IAS 32, ‘Financial instruments: Presentation’, to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. These amendments do not have a material impact on these financial statements.

IAS 36 (Amendment), ‘Impairment of assets’ on recoverable amount disclosures is applicable on accounting period beginning on or after January 01, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of this amendment does not have material impact on these financial statements.

IAS 39 (Amendment), ‘Financial Instruments: Recognition and Measurement’ on novation of derivatives is applicable on accounting periods & beginning on or after January 1, 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria. The application of this amendment does not have material impact on these financial statements.

'IFRIC 21, ‘Levies’, sets out the accounting for an obligation to pay a levy that is not income tax. It is applicable on accounting periods beginning on or after January 1, 2014. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Company is not currently subjected to significant levies so the impact on the Company is not material.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2015, but the Company has not early adopted them.

Annual improvements 2012 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards: IFRS 2, ‘Share-based payment’, IFRS 3, ‘Business combinations’, IFRS 8, ‘Operating segments’, IFRS 13, ‘Fair value measurement’, IAS 16, ‘Property, plant and equipment’ and IAS 38, ‘Intangible assets’, Consequential amendments to IFRS 9, ‘Financial instruments’, IAS 37, ‘Provisions, contingent liabilities and contingent assets’, and IAS 39, ‘Financial instruments – Recognition and measurement’.

IFRS 9 - ‘Financial instruments’ - classification and measurement. This is applicable on accounting periods beginning on or after January 01, 2015. This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, ‘Financial instruments: Recognition and measurement’. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity’s own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. The Company shall apply these amendments from January 01, 2015 and does not expect to have a material impact on its financial statements.

Annual improvements 2013 applicable for annual periods beginning on or after July 1, 2014. The amendments include changes from the 2011-13 cycle of the annual improvements project that affect 4 standards: IFRS 1, ‘First time adoption’, IFRS 3, ‘Business combinations’, IFRS 13, ‘Fair value measurement’ and IAS 40, ‘Investment property’.

IAS 19 (Amendments), ‘Employee benefits’ is applicable on accounting periods beginning on or after July 1, 2014.These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Company does not expect to have a material impact on its financial statements from this amendment.

4. Taxation

The provision for taxation for the three months ended March 31, 2014 has been made using the tax rate that would be applicable to expected total annual earnings.

5. Estimates

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

In preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2013, with the exception of changes in estimates that are required in determining the provision for income tax as referred to in Note 4.

6. Long-term finances

	March 31, 2014	December 31, 2013
	Un-audited	Audited
	(Rupees in thousand)	
Opening balance		
Local currency loans - secured	**2,900,000**	3,000,000
Preference shares / convertible stock - unsecured	**2,470,577**	2,470,577
	5,370,577	5,470,577
Loans obtained during the period		
Local currency loans - secured	**-**	1,000,000
	5,370,577	6,470,577
Loans repaid during the period		
Local currency loans - secured	**-**	(1,100,000)
	5,370,577	5,370,577
Current portion shown under current liabilities	**(200,000)**	(200,000)
Closing balance	**5,170,577**	5,170,577

7. Derivative financial instruments - Liability in respect of arrangements under the JV Agreement

This represented amount in respect of arrangements under the JV Agreement between the Company and Stora Enso; which provided Stora Enso the right, in case certain conditions specified in the JV Agreement were not met, and obligated Stora Enso, in case certain conditions specified in the JV Agreement were met, to subscribe to the share capital of BSPL. The liability has been derecognised in the current period and included in other income as the outstanding option has lapsed during the current period.

8. Contingencies and commitments

8.1 Contingencies

(i) Claims against the Company not acknowledged as debts Rs. 20.183 million (December 31, 2013: Rs. 19.550 million).

(ii) Post dated cheques not provided in the condensed interim financial information have been furnished by the Company in favour of the Collector of Customs against custom levies aggregated to Rs. 258.196 million (December 31, 2013: Rs. 393.075 million) in respect of goods imported.

8.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 24.710 million (December 31, 2013: Rs. 174.284 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs. 244.921 million (December 31, 2013: Rs. 381.552 million).

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

	Note	March 31, 2014 Un-audited	December 31, 2013 Audited
		(Rupees in thousand)	
Not later than one year		**198,877**	255,256
Later than one year and not later than five years		**111,857**	228,369
		310,734	483,625

9. Property, plant and equipment

	Note	March 31, 2014	December 31, 2013
Operating assets at book value			
Owned assets		**3,417,319**	3,270,563
Assets subject to finance lease		**27,482**	28,349
	9.1	**3,444,801**	3,298,912
Capital work-in-progress	9.2	**356,800**	366,374
		3,801,601	3,665,286

9.1 Operating assets

	Note	March 31, 2014	December 31, 2013
Opening book value		**3,298,912**	3,068,122
Additions during the period	9.1.1	**276,478**	784,753
Transfer in at book value		**-**	1,417
Disposals during the period at book value		**(7,148)**	(24,701)
Classified as held for sale		**-**	(20,346)
Transferred to investment property		**-**	(69,624)
Depreciation charged during the period		**(123,441)**	(440,709)
		(130,589)	(555,380)
Closing book value		**3,444,801**	3,298,912

9.1.1 Following is the detail of additions during the period

	March 31, 2014	December 31, 2013
Buildings on freehold land	**-**	177,249
Buildings on leasehold land	**-**	35,735
Plant and machinery	**262,028**	268,813
Other equipment	**3,433**	211,268
Vehicles	**11,017**	91,688
	276,478	784,753

9.2 Capital work-in-progress

	March 31, 2014	December 31, 2013
Civil works	**189,057**	174,826
Plant and machinery	**166,783**	139,391
Others	**960**	224
Advances	**-**	51,933
	356,800	366,374

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

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

11. Cost of Sales

	Three months ended	
	March 31, 2014	March 31, 2013
	Un-audited	Un-audited
	(Rupees in thousand)	
Materials consumed	**2,293,822**	2,171,049
Salaries, wages and amenities	**236,475**	230,598
Travelling	**7,556**	7,073
Fuel and power	**246,587**	238,972
Production supplies	**63,005**	70,502
Excise duty and sales tax	**159**	814
Rent, rates and taxes	**60,989**	67,825
Insurance	**8,138**	8,612
Repairs and maintenance	**74,704**	72,354
Packing expenses	**69,729**	16,710
Depreciation on owned assets	**116,167**	95,575
Amortisation of intangible assets	**717**	-
Depreciation on assets subject to finance lease	**867**	-
Technical fee and royalty	**4,012**	2,719
Other expenses	**40,045**	19,349
	3,222,972	3,002,152
Opening work-in-process	**222,374**	245,126
Closing work-in-process	**(272,224)**	(265,590)
Cost of goods produced	**3,173,122**	2,981,688
Opening stock of finished goods	**526,196**	808,604
Closing stock of finished goods	**(435,949)**	(763,493)
	3,263,369	3,026,799

12. Taxation

	Three months ended	
	March 31, 2014	March 31, 2013
	Un-audited	Un-audited
	(Rupees in thousand)	
Current	**139,948**	46,618
Deferred	**65,724**	75,371
	205,672	121,989

13. Profit for the period from Discontinued operations

	Paper & Paperboard and Corrugated business operations at Kasur and Karachi		Paper & Paperboard operations at Lahore		Total	
	Three months ended		Three months ended		Three months ended	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013	**March 31, 2014**	March 31, 2013
	Un-audited	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited
	(R u p e e s i n t h o u s a n d)					
Local sales	-	2,862,347	-	-	-	2,862,347
Export sales	-	6,443	-	-	-	6,443
Gross Sales	-	2,868,790	-	-	-	2,868,790
Less: Sales tax and excise duty	-	369,144	-	-	-	369,144
Commission	-	-	-	-	-	-
	-	369,144	-	-	-	369,144
	-	2,499,646	-	-	-	2,499,646
Sales to continuing operations	-	439,657	-	-	-	439,657
Net Sales	-	2,939,303	-	-	-	2,939,303
Cost of sales	-	(2,668,418)	-	-	-	(2,668,418)
Gross profit	-	270,885	-	-	-	270,885
Administrative expenses	-	(62,631)	-	-	-	(62,631)
Distribution and marketing costs	-	(55,273)	-	-	-	(55,273)
Other operating expenses	-	(11,404)	-	-	-	(11,404)
Other operating income	-	3,018	-	-	-	3,018
Profit from operations	-	144,595	-	-	-	144,595
Finance cost	-	(142,246)	-	-	-	(142,246)
Profit before tax from Discontinued operations	-	2,349	-	-	-	2,349
Taxation	-	(822)	-	-	-	(822)
Profit for the period from Discontinued operations	-	1,527	-	-	-	1,527

13.1 Cash flows from Discontinued operations

Cash flows from operating activities	-	747,630	-	-	-	747,630
Cash flows from investing activities	-	(63,829)	-	-	-	(63,829)
Cash flows from financing activities	-	-	-	-	-	-
Total cash flows	-	683,801	-	-	-	683,801

14. Earnings per share

		Three months ended	
		March 31, 2014	March 31, 2013
		Un-audited	Un-audited
		(Rupees in thousand)	

14.1 Basic earnings per share - Continuing operations

Profit for the period	Rupees in thousand	**1,039,982**	654,111
Weighted average number of ordinary shares	Numbers	**84,379,504**	84,379,504
Earnings per share	Rupees	**12.33**	7.75

14.2 Basic earnings per share - Discontinued operations

Profit for the period	Rupees in thousand	**-**	1,527
Weighted average number of ordinary shares	Numbers	**84,379,504**	84,379,504
Profit per share	Rupees	**-**	0.02

14.3 Diluted earnings per share - Continuing operations

Profit for the period	Rupees in thousand	**1,039,982**	654,111
Return on preference shares / convertible stock - net of tax	Rupees in thousand	**80,125**	95,465
		1,120,107	749,576
Weighted average number of ordinary shares	Numbers	**84,379,504**	84,379,504
Weighted average number of notionally converted preference shares / convertible stock	Numbers	**21,686,842**	21,686,842
		106,066,346	106,066,346
Earnings per share	Rupees	**10.56**	7.07

14.4 Diluted earnings per share - Discontinued operations

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

15. Transactions with related parties

Relationship with the Company	Nature of transactions	Three months ended March 31, 2014 Un-audited	Three months ended March 31, 2013 Un-audited
		(Rupees in thousand)	
i. Subsidiaries			
	Purchase of goods and services	**226,624**	204,085
	Sale of goods and services	**11,010**	8,786
	Transfer of property, plant and equipment	**-**	2,474,090
	Dividend income	**67,545**	29,370
	Rental and other income	**4,100**	3,692
	Management & technical fee	**5,151**	5,258
ii. Joint venture			
	Purchase of goods and services	**621,538**	-
	Sale of goods and services	**28,061**	-
	Rental and other income	**15,713**	-
iii. Associates			
	Purchase of goods and services	**281,145**	282,497
	Sale of goods and services	**7,030**	11,542
	Insurance premium	**27,075**	69,340
	Commission earned	**419**	1,156
	Insurance claims received	**69**	55,475
iv. Post employment benefit plans			
	Expense charged in respect of retirement benefit plans	**25,885**	29,707
v. Key management personnel			
	Salaries and other employee benefits	**20,814**	22,416

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

Period-end balances

	March 31, 2014 Un-audited	December 31, 2013 Audited
	(Rupees in thousand)	
Receivable from related parties		
Subsidiaries	**40,335**	34,794
Joint venture	**1,352,553**	1,478,976
Associates	**9,003**	21,582
Payable to related parties		
Subsidiaries	**84,918**	79,804
Joint venture	**292,519**	183,557
Associates	**46,600**	59,924
Post employment benefit plans	**11,504**	11,817

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

16. Cash generated from operations

	Three months ended	
	March 31, 2014	March 31, 2013
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax including Discontinued operations	**1,245,654**	778,449
Adjustments for:		
Depreciation on owned assets	**122,575**	102,600
Depreciation on investment property	**902**	364
Amortisation on intangible assets	**2,740**	2,821
Depreciation on assets subject to finance lease	**867**	-
Provision for accumulating compensated absences	**12,226**	19,163
Provision for retirement benefits	**6,012**	-
Net (profit) / loss on disposal of owned assets	**(71,363)**	7,270
Gain on de-recognition of derivative financial instruments	**(27,272)**	-
Finance costs	**215,121**	334,202
Dividend income	**(991,545)**	(645,370)
Profit before working capital changes	**515,917**	599,499
Effect on cash flow due to working capital changes		
Increase in trade debts	**(457,552)**	(544,464)
Decrease / (increase) in stores and spares	**16,490**	(88,449)
Decrease in stock-in-trade	**26,582**	463,573
Increase in loans, advances, deposits, prepayments and other receivables	**(36,287)**	(78,883)
Increase / (decrease) in trade and other payables	**105,990**	(144,193)
	(344,777)	(392,416)
	171,140	207,083

17. Cash and cash equivalents

Cash and bank balances	**238,477**	771,583
Finances under mark up arrangements - secured	**(846,530)**	(990,698)
	(608,053)	(219,115)

18. Financial risk management

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2013.

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

19. Date of authorisation for issue

This condensed interim financial information was authorised for issue on April 24, 2014 by the Board of Directors of the Company.

20. Events after the balance sheet date

The Board of Directors of the Company proposed a final cash dividend for the year ended December 31, 2013 of Rs. 8.00 per ordinary share (2012: Rs. 4.50 per ordinary share), amounting to Rs. 675.036 million (2012: Rs. 379.708 million) at its meeting held on February 19, 2014 which has been approved by the members at the Annual General Meeting held on April 3, 2014, accordingly, dividend appropriation has not been recognised in this condensed interim financial information as dividend has been approved by the members subsequent to the reporting date of this condensed interim financial information.

21. Corresponding figures

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

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison. However, no significant re-classifications have been made.

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

Packages Group
Condensed Consolidated Interim
Financial Information

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2014

بسم الله الرحمن الرحيم

The Directors of Packages Limited are pleased to present to its shareholders, the quarterly report together with the un-audited consolidated financial statements of the Group for the first quarter ended March 31, 2014.

Group results

The comparison of the un-audited results for the first quarter ended March 31, 2014 as against March 31, 2013 is as follows:

	Jan - March 2014	Jan - March 2013
	(Rupees in million)	
<u>Continuing Operations</u>		
Net sales	**4,834**	4,437
Profit from operations	**604**	419
Share of (loss) / profit in associates and joint venture - net of tax	**(192)**	35
Investment income	**924**	616
Profit after tax	**882**	720
<u>Discontinued Operations</u>		
Profit after tax	**-**	2

During the first quarter of 2014, Group has achieved net sales of Rs. 4,834 million against net sales of Rs. 4,437 million achieved during corresponding period of last year representing sales growth of 9% with an operating profit of Rs. 604 million compared to Rs. 419 million generated during first quarter of 2013. This increase in operating profit of Rs. 185 million is attributable to revenue growth, operational efficiencies and favourable exchange rate movement.

Investment income has increased by Rs. 308 million during first quarter of 2014 over corresponding values of 2013 that is indicative of improved operational performance of the investee companies.

During the current year, the Parent Company has invested into a new Offset Printing Line in continuation of its efforts to remain abreast of improved technological developments in the Packaging business; that has commenced its commercial operations during the first quarter of 2014.

In respect of Joint Venture Agreement between the Parent Company and Stora Enso (SE); SE has the option to further subscribe to the share capital of Bulleh Shah Packaging (Private) Limited (BSPL), this option has lapsed on March 31, 2014. Accordingly, the Parent Company will continue to hold 65% of share capital of BSPL with Stora Enso being a 35% joint venture partner.

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

DIC Pakistan Limited

DIC Pakistan Limited is a non-listed public limited subsidiary of Packages Limited. It is principally engaged in manufacturing, processing and selling of industrial inks. The Company has achieved net sales of Rs. 761 million during first quarter of the year 2014 as compared to Rs. 634 million of the corresponding period of last year representing sales growth of 20%. This sales growth has also improved operating results of the Company as the Company has generated profit before tax of Rs. 84 million during first quarter of the year 2014 as against Rs. 64 million generated during corresponding period of 2013. Moving forward, the Company will continue its focus on improving operating results through tighter operating cost control, product diversification, price rationalisation and better working capital management.

Packages Lanka (Private) Limited

Packages Lanka (Private) Limited is a Sri Lanka based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging solutions. During the first quarter of 2014, the Company has managed to achieve sales of SLR 430 million thus maintaining at the level achieved during corresponding period of last year. However, operating results of the Company have been improved as the Company has generated profit before tax of SLR 40 million during first quarter of 2014 as compared to SLR 18 million of corresponding period of 2013. Moving forward, the Company will focus on improving operating results through product diversification and price rationalisation.

(Towfiq Habib Chinoy)
Chairman
Karachi, April 24, 2014

(Syed Hyder Ali)
Chief Executive & Managing Director
Karachi, April 24, 2014

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED)
as at March 31, 2014

	Note	March 31, 2014 Un-audited	December 31, 2013 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (December 31, 2013: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (December 31, 2013: 22,000,000) 10% non-voting cumulative preference shares / convertible stock of Rs. 190 each		**4,180,000**	4,180,000
Issued, subscribed and paid up capital			
84,379,504 (December 31, 2013: 84,379,504) ordinary shares of Rs 10 each		**843,795**	843,795
Reserves		**42,541,399**	38,067,817
Preference shares / convertible stock reserve		**1,605,875**	1,605,875
Accumulated profit		**2,460,629**	2,309,000
		47,451,698	42,826,487
NON-CONTROLLING INTEREST		**298,088**	332,355
		47,749,786	43,158,842
NON-CURRENT LIABILITIES			
Long-term finances	6	**5,430,233**	5,450,180
Liabilities against assets subject to finance lease		**23,577**	24,182
Deferred income tax liabilities		**723,694**	666,917
Retirement benefits		**3,488**	578
Deferred liabilities		**180,480**	166,125
		6,361,472	6,307,982
CURRENT LIABILITIES			
Current portion of long-term finances - secured		**219,947**	200,000
Current portion of liabilities against assets subject to finance lease		**3,509**	3,702
Finances under mark up arrangements - secured		**1,497,771**	2,028,303
Trade and other payables		**3,266,489**	3,277,678
Derivative financial instruments	7	**-**	27,272
Accrued finance cost		**618,942**	533,801
		5,606,658	6,070,757
CONTINGENCIES AND COMMITMENTS	8	**-**	-
		59,717,916	55,537,580

	Note	**March 31, 2014**	December 31, 2013
		Un-audited	Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	**4,301,094**	4,227,472
Investment property		**68,217**	68,790
Intangible assets		**35,905**	39,083
Investments accounted for using the equity method	10	**13,486,849**	13,678,892
Other long-term investments	11	**31,375,455**	27,566,553
Long-term loans and deposits		**68,613**	67,684
Retirement benefits		**3,438**	6,540
Deferred income tax asset		**9,308**	-
		49,348,879	45,655,014
CURRENT ASSETS			
Stores and spares		**606,401**	626,264
Stock-in-trade		**2,804,430**	2,821,293
Trade debts		**2,644,142**	2,099,989
Loans, advances, deposits, prepayments and other receivables		**1,671,639**	1,747,648
Income tax receivable	12	**2,266,885**	2,236,296
Cash and bank balances		**375,540**	351,076
		10,369,037	9,882,566
		59,717,916	55,537,580

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

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

PACKAGES LIMITED
CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
for the three months ended March 31, 2014

		Three months ended	
		March 31, 2014	March 31, 2013
		Un-audited	Un-audited
Continuing operations	**Note**	**(Rupees in thousand)**	
Local sales		**5,559,838**	4,957,632
Export sales		**64,370**	126,123
Gross Sales		**5,624,208**	5,083,755
Less: Sales tax and excise duty		**779,160**	641,060
Commission		**11,008**	6,100
		790,168	647,160
Net sales		**4,834,040**	4,436,595
Cost of sales	13	**(3,969,558)**	(3,646,629)
Gross profit		**864,482**	789,966
Administrative expenses		**(199,557)**	(172,790)
Distribution and marketing costs		**(122,356)**	(145,495)
Other operating expenses		**(95,062)**	(66,808)
Other income		**155,736**	14,303
Profit from operations		**603,243**	419,176
Finance costs		**(238,148)**	(213,730)
Investment income		**924,000**	616,000
Share of (loss) / profit of investments accounted for using the equity method - net of tax		**(192,043)**	35,440
Profit before taxation		**1,097,052**	856,886
Taxation		**(215,035)**	(136,553)
Profit for the period from Continuing operations		**882,017**	720,333
Profit for the period from Discontinued operations	14	**-**	1,527
Profit for the period		**882,017**	721,860
Attributable to:			
Equity holders of the Parent Company		**851,629**	700,485
Non-controlling interest		**30,388**	21,375
		882,017	721,860
Combined earnings per share from Continuing and Discontinued operations attributable to equity holders of the Parent Company			
Combined basic earnings per share - Rupees			
From Continuing operations	15	**10.09**	8.28
From Discontinued operations	15	**-**	0.02
From Profit for the period		**10.09**	8.30
Combined diluted earnings per share - Rupees			
From Continuing operations	15	**8.78**	7.49
From Discontinued operations	15	**-**	0.02
From Profit for the period		**8.78**	7.51

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

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

PACKAGES GROUP

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

for the three months ended March 31, 2014

	Three months ended	
	March 31, 2014	March 31, 2013
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for the period	**882,017**	721,860
Other comprehensive income		
Items that may be re-classified subsequently to profit or loss		
Exchange differences on translation of foreign subsidiary	**(44,671)**	808
Surplus on re-measurement of available for sale financial assets	**3,808,903**	3,797,480
	3,764,232	3,798,288
Total comprehensive income for the period	**4,646,249**	4,520,148
Attributable to:		
Equity holders of the Parent Company	**4,625,210**	4,498,604
Non-controlling interest	**21,039**	21,544
	4,646,249	4,520,148
Total comprehensive income attributable to equity holders of the Parent Company arising from:		
Continuing operations	**4,625,210**	4,497,077
Discontinued operations	**-**	1,527
	4,625,210	4,498,604

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

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

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the three months ended March 31, 2014

	Attributable to equity holders of the Parent Company									Non-controlling interest	Total Equity
	Share capital	Share premium	Exchange difference on translation of foreign subsidiary	Fair Value reserve	General reserve	Preference shares / convertible stock reserve	Other reservers relating to associates & Joint venture	Accumulated (loss) / profit	Total		
	(Rupees in thousand)										
Balance as on December 31, 2012 (audited)	843,795	2,876,893	16,441	13,288,190	14,910,333	1,605,875	(18,189)	(2,374,452)	31,148,886	252,201	**31,401,087**
Appropriation of funds											
Transferred to consolidated profit and loss account	-	-	-	-	(3,100,000)	-	-	3,100,000	-	-	-
Profit for the period	-	-	-	-	-	-	-	700,485	700,485	21,375	**721,860**
Other comprehensive income											
Surplus on re-measurement of available for sale financial assets	-	-	-	3,797,480	-	-	-	-	3,797,480	-	**3,797,480**
Exchange difference on translation of foreign subsidiary	-	-	639		-	-	-	-	639	169	**808**
Total comprehensive income for the period	-	-	639	3,797,480	-	-	-	700,485	4,498,604	21,544	**4,520,148**
Balance as on March 31, 2013 (un-audited)	843,795	2,876,893	17,080	17,085,670	11,810,333	1,605,875	(18,189)	1,426,033	35,647,490	273,745	**35,921,235**
Appropriation of funds											
Transferred to consolidated profit and loss account	-	-	-	-	(200,000)	-	-	200,000	-	-	-
Transactions with owners recognised directly in equity											
Final Dividend for the year ended December 31, 2012 Rs 4.5 per share	-	-	-	-	-	-	-	(379,708)	(379,708)	-	**(379,708)**
Dividend relating to 2012 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(7,908)	**(7,908)**
	-	-	-	-	-	-	-	(379,708)	(379,708)	(7,908)	**(387,616)**
Profit for the period	-	-	-	-	-	-	-	1,039,200	1,039,200	59,713	**1,098,913**
Other comprehensive income											
Exchange difference on translation of foreign subsidiary	-	-	25,704		-	-	-	-	25,704	6,804	**32,508**
Surplus on re-measurement of available for sale financial assets	-	-	-	6,481,246	-	-	-	-	6,481,246	-	**6,481,246**
Other reserves of investements accouted for under equity method	-	-	-	-	-	-	(10,920)	-	(10,920)	-	**(10,920)**
Re-measurement of retirement benefit plans - net of tax	-	-	-	-	-	-	-	23,475	23,475	-	**23,475**
Total comprehensive income for the period	-	-	25,704	6,481,246	-	-	(10,920)	1,062,675	7,558,705	66,517	**7,625,222**
Balance as on December 31, 2013 (audited)	843,795	2,876,893	42,784	23,566,916	11,610,333	1,605,875	(29,109)	2,309,000	42,826,487	332,354	**43,158,841**
Appropriation of funds											
Transferred to general reserve	-	-	-	-	700,000	-	-	(700,000)	-	-	-
Transactions with owners recognised directly in equity											
Dividend relating to 2013 paid to non-controlling interest	-	-	-	-	-	-	-	-	-	(55,305)	**(55,305)**
Profit for the period	-	-	-	-	-	-	-	851,629	851,629	30,388	**882,017**
Other comprehensive income											
Surplus on re-measurement of available for sale financial assets	-	-	-	3,808,903	-	-	-	-	3,808,903	-	**3,808,903**
Exchange difference on translation of foreign subsidiary	-	-	(35,321)	-	-	-	-	-	(35,321)	(9,350)	**(44,671)**
Total comprehensive income for the period	-	-	(35,321)	3,808,903	-	-	-	851,629	4,625,211	21,039	**4,646,249**
Balance as on March 31, 2014 (un-audited)	843,795	2,876,893	7,463	27,375,819	12,310,333	1,605,875	(29,109)	2,460,629	47,451,698	298,088	47,749,785

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

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

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
for the three months ended March 31, 2014

	Note	Three months ended March 31, 2014 Un-audited	Three months ended March 31, 2013 Un-audited
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	18	**231,127**	252,917
Finance cost paid		**(153,007)**	(272,344)
Taxes paid		**(198,155)**	(170,933)
Payments for accumulating compensated absences		**(1,996)**	(6,156)
Net cash used in operating activities		**(122,031)**	(196,516)
Cash flows from investing activities			
Fixed capital expenditure		**(269,337)**	(218,180)
Net increase in long-term loans and deposits		**(929)**	(1,442)
Proceeds from disposal of property, plant and equipment		**79,419**	1,881
Dividends received		**924,000**	616,000
Net cash generated from investing activities		**733,153**	398,259
Cash flows from financing activities			
Proceeds from long-term finances - secured		**-**	1,025,584
Repayment of long-term finances - secured		**-**	(1,000,000)
Repayment of liabilities against assets subject to finance lease		**(798)**	
Dividend paid		**(23)**	-
Dividend paid to non-controlling interest		**(55,305)**	-
Net cash (used in) / generated from financing activities		**(56,126)**	25,584
Net increase in cash and cash equivalents		**554,996**	227,327
Cash and cash equivalents at the beginning of the period		**(1,677,227)**	(834,886)
Cash and cash equivalents at the end of the period	19	**(1,122,231)**	(607,559)

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

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

PACKAGES GROUP
NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
for the three months ended March 31, 2014

1. Legal status and nature of business

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

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

2. Basis of preparation

This condensed consolidated interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2013.

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, 2013 except for the adoption of new accounting policies as referred to in note 3.2.1.

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

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

3.2.1 Amendments to published standards effective in current year

New and amended standards, and interpretations mandatory for the first time for the financial year beginning January 01, 2014 and their impact on this condensed consolidated interim financial information is given below:

IAS 32 (Amendments), 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 01, 2014. These amendments update the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. These amendments do not have a material impact on these financial statements.

IAS 36 (Amendment), 'Impairment of assets' on recoverable amount disclosures is applicable on accounting period beginning on or after January 01, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of this amendment does not have material impact on these financial statements.

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' on novation of derivatives is applicable on accounting periods beginning on or after January 01, 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria. The application of this amendment does not have material impact on these financial statements.

'IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. It is applicable on accounting periods beginning on or after Janury 1, 2014. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Company is not currently subjected to significant levies so the impact on the Company is not material.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after January 1, 2015 or later periods, but the Group has not early adopted them:

Annual improvements 2012 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards: IFRS 2, 'Share-based payment', IFRS 3, 'Business combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and IAS 39, Financial instruments – Recognition and measurement'.

IFRS 9 - 'Financial instruments' - classification and measurement. This is applicable on accounting periods beginning on or after January 01, 2015. This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, 'Financial instruments: Recognition and measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. The Company shall apply these amendments from January 01, 2015 and does not expect to have a material impact on its financial statements.

Annual improvements 2013 applicable for annual periods beginning on or after July 1, 2014. The amendments include changes from the 2011-13 cycle of the annual improvements project that affect 4 standards: IFRS 1, 'First time adoption', IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'.

IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after July 1, 2014.These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Company does not expect to have a material impact on its financial statements from this amendment.

4. Taxation

The provision for taxation for the three months ended March 31, 2014 has been made using the tax rate that would be applicable to expected total annual earnings.

5. Estimates

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

In preparing this condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2013, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

6. Long-term finances

	March 31, 2014	December 31, 2013
	Un-audited	Audited
	(Rupees in thousand)	
Opening balance		
Local currency loans - secured	**2,900,000**	3,216,643
Term loan	**279,603**	-
Preference shares / convertible stock - unsecured	**2,470,577**	2,470,577
	5,650,180	5,687,220
Loans obtained during the period		
Local currency loans - secured	**-**	1,000,000
	5,650,180	6,687,220
Loans repaid during the period		
Local currency loans - secured	**-**	(1,037,040)
	5,650,180	5,650,180
Current portion shown under current liabilities	**(219,947)**	(200,000)
Closing Balance	**5,430,233**	5,450,180

7. Derivative financial instruments

Liability in respect of arrangements under the JV Agreement

This represented amount in respect of arrangements under the JV Agreement between the Parent

Company and Stora Enso; which provided Stora Enso the right, in case certain conditions specified in the JV Agreement were not met, and obligated Stora Enso, in case certain conditions specified in the JV Agreement were met, to subscribe to the share capital of Bulleh Shah Packaging (Pvt) Limited. The liability has been derecognized in the current period and included in other income as the outstanding option has lapsed during the current period.

8. Contingencies and commitments

8.1 Contingencies

(i) Claims against the Group not acknowledged as debts Rs. 20.183 million (December 31, 2013: Rs 19.550 million).

(ii) Post dated cheques not provided in the condensed consolidated interim financial information have been furnished by the Parent Company in favour of the Collector of Customs against custom levies aggregated to Rs. 279.236 million (December 31, 2013 : Rs. 407.937 million) in respect of goods imported.

(iii) Guarantees issued in favor of Excise and Taxation officer amounting to Rs. 5.267 million (December 2013 : Rs. 0.825 million)

(iv) Guarantees to Director General of Customs amounting to Rs. 4.442 million (December 2013: Nil)

8.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 58.010 million (December 31, 2013: Rs. 174.284 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs. 244.921 million (December 31, 2013: Rs. 433.921 million).

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

	Note	**March 31, 2014**	December 31, 2013
		Un-audited	Audited
		(Rupees in thousand)	
Not later than one year		**214,415**	255,524
Later than one year and not later than five years		**122,707**	228,450
		337,122	483,974

9. Property, plant and equipment

	Note	**March 31, 2014**	December 31, 2013
Operating assets at book value			
Owned assets		**3,916,812**	3,832,749
Assets subject to finance lease		**27,482**	28,349
	9.1	**3,944,294**	3,861,098
Capital work-in-progress	9.2	**356,800**	366,374
		4,301,094	4,227,472

9.1 Operating assets

	Note	March 31, 2014 Un-audited	December 31, 2013 Audited
		(Rupees in thousand)	
Opening book value		**3,861,098**	3,629,740
Additions during the period	9.1.1	**278,911**	843,498
Transfer in at book value		**-**	1,417
Exchange adjustment on opening cost		**(72,583)**	55,428
		206,328	900,343
Disposals during the period at book value		**(7,747)**	(26,084)
Classified as held for sale		**-**	(20,346)
Transferred to investment property		**-**	(69,624)
Depreciation charged during the period		**(147,016)**	(531,087)
Exchange adjustment on opening accumulated depreciation		**31,631**	(21,844)
		(123,132)	(668,985)
Closing book value		**3,944,294**	3,861,098

9.1.1 Following is the detail of additions during the period

Buildings on freehold land	**-**	177,998
Buildings on leasehold land	**-**	35,735
Plant and machinery	**262,163**	291,638
Other equipment	**6,207**	239,419
Furniture and fixtures	**172**	2,186
Vehicles	**10,369**	96,522
	278,911	843,498

9.2 Capital work-in-progress

Civil works	**189,057**	174,826
Plant and machinery and others	**166,783**	139,391
Others	**960**	224
Advances	**-**	51,933
	356,800	366,374

10. Investments accounted for using the equity method

	Note	March 31, 2014 Un-audited	December 31, 2013 Audited
		(Rupees in thousand)	
Investments in associates	10.1	**3,612,269**	3,662,998
Investment in joint venture	10.2	**9,874,580**	10,015,894
		13,486,849	13,678,892

10.1 Investments in associates

	Note	March 31, 2014 Un-audited	December 31, 2013 Audited
		(Rupees in thousand)	
Opening balance		**3,662,998**	3,610,048
Share of (loss) / profit from associates - net of tax		**(50,729)**	177,332
Share of other comprehensive income - net of tax		**-**	(11,760)
Dividends received during the period		**-**	(123,677)
Reversal of impairment		**-**	11,055
Closing balance	10.1.1	**3,612,269**	3,662,998

10.1.1 In equity instruments of associated companies

	March 31, 2014	December 31, 2013
Quoted		
IGI Insurance Limited 11,838,267 (December 31, 2013: 11,838,267) fully paid ordinary shares of Rs. 10 each Market value - Rs. 2,197.301 million (December 31, 2013: Rs. 1,945.974 million)	**1,170,612**	1,130,095
Tri-Pack Films Limited 10,000,000 (December 31, 2013: 10,000,000) fully paid ordinary shares of Rs. 10 each Market value - Rs. 1,981.300 million (December 31, 2013: Rs. 1,976.1 million)	**2,439,802**	2,530,745
IGI Investment Bank Limited 4,610,915 (December 31, 2013: 4,610,915) fully paid ordinary shares of Rs. 10 each Market value - Rs. 7.654 million (December 31, 2013: Rs. 7.700 million)	**1,855**	2,158
	3,612,269	3,662,998

10.2 Investment in Joint venture

	March 31, 2014	December 31, 2013
Opening balance	**10,015,894**	-
Interest in subsidiary transferred to interest in Joint venture		
Cost	**-**	9,973,651
Reserves	**-**	38,192
	-	10,011,843
(Loss) / profit for the period before taxation	**(102,964)**	3,211
Other comprehensive income	**-**	840
Provision for taxation	**(38,350)**	-
	(141,314)	4,051
Closing balance	**9,874,580**	10,015,894

11. Other long-term investments

	Note	March 31, 2014 Un-audited	December 31, 2013 Audited
		(Rupees in thousand)	
Quoted			
Nestle Pakistan Limited			
3,649,248 (December 31, 2013: 3,649,248) fully paid ordinary shares of Rs. 10 each			
Equity held 8.05% (December 31, 2013: 8.05%)		**31,360,724**	27,551,822
Market value - Rs. 31,360.724 million (December 31, 2013: Rs. 27,551.882 million)			
Unquoted			
Tetra Pak Pakistan Limited			
1,000,000 (December 31, 2013: 1,000,000) fully paid non-voting shares of Rs. 10 each		**10,000**	10,000
Pakistan Tourism Development Corporation Limited			
2,500 (December 31, 2013: 2,500) fully paid ordinary shares of Rs. 10 each		**25**	25
Orient Match Company Limited			
1,900 (December 31, 2013: 1,900) fully paid ordinary shares of Rs. 100 each		**-**	-
Coca-Cola Beverages Pakistan Limited			
500,000 (December 31, 2013: 500,000) fully paid ordinary shares of Rs. 10 each		**4,706**	4,706
		31,375,455	27,566,553

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

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

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

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

13. Cost of sales

	Three months ended	
	March 31, 2014	March 31, 2013
	Un-audited	Un-audited
	(Rupees in thousand)	
Materials consumed	**2,829,285**	2,660,558
Salaries, wages and amenities	**274,872**	265,373
Traveling and conveyance	**9,160**	7,512
Fuel and power	**266,416**	262,317
Production supplies	**72,820**	77,871
Excise duty and sales tax	**159**	814
Rent, rates and taxes	**59,485**	66,360
Insurance	**9,136**	9,033
Repairs and maintenance	**90,233**	82,906
Packing expenses	**85,466**	-
Depreciation on owned assets	**137,291**	114,787
Amortisation of intangible assets	**717**	-
Depreciation on assets subject to finance lease	**867**	-
Technical fee and royalty	**20,679**	16,376
Other expenses	**51,966**	62,165
	3,908,552	3,626,072
Opening work-in-process	**342,748**	338,842
Closing work-in-process	**(384,327)**	(358,513)
Cost of goods produced	**3,866,973**	3,606,401
Opening stock of finished goods	**601,462**	853,192
Closing stock of finished goods	**(498,877)**	(812,964)
	3,969,558	3,646,629

14. Profit and loss account - Discontinued operations

	Paper & Paperboard and Corrugated business operations at Kasur and Karachi		Paper & Paperboard operations at Lahore		Total	
	Three months ended		Three months ended		Three months ended	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013	**March 31, 2014**	March 31, 2013
	Un-audited	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited
	(Rupees in thousand)					
Local sales	-	2,862,347	-	-	-	2,862,347
Export sales	-	6,443	-	-	-	6,443
Gross Sales	-	2,868,790	-	-	-	2,868,790
Less: Sales tax and excise duty	-	369,144	-	-	-	369,144
Commission	-	-	-	-	-	-
	-	369,144	-	-	-	369,144
	-	2,499,646	-	-	-	2,499,646
Sales to Continuing operations	-	439,657	-	-	-	439,657
Net sales	-	2,939,303	-	-	-	2,939,303
Cost of sales	-	(2,668,418)	-	-	-	(2,668,418)
Gross profit	-	270,885	-	-	-	270,885
Administrative expenses	-	(62,631)	-	-	-	(62,631)
Distribution and marketing costs	-	(55,273)	-	-	-	(55,273)
Other operating expenses	-	(11,404)	-	-	-	(11,404)
Other operating income	-	3,018	-	-	-	3,018
Profit from operations	-	144,595	-	-	-	144,595
Finance cost	-	(142,246)	-	-	-	(142,246)
Profit before tax from Discontinued operations	-	2,349	-	-	-	2,349
Taxation	-	(822)	-	-	-	(822)
Profit for the period from Discontinued operations	-	1,527	-	-	-	1,527

14.1 Cash flows from Discontinued operations

	Paper & Paperboard and Corrugated business operations at Kasur and Karachi		Paper & Paperboard operations at Lahore		Total	
	Three months ended		Three months ended		Three months ended	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013	**March 31, 2014**	March 31, 2013
	Un-audited	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited
	(Rupees in thousand)					
Cash flows from operating activities	-	747,630	-	-	-	747,630
Cash flows from investing activities	-	(63,829)	-	-	-	(63,829)
Cash flows from financing activities	-	-	-	-	-	-
Total cash flows	-	683,801	-	-	-	683,801

15. Combined earnings per share

		Three months ended	
		March 31, 2014	March 31, 2013
		Un-audited	Un-audited
		(Rupees in thousand)	
15.1 Combined basic earnings per share - Continuing operations			
Profit for the period attributable to equity holders of the Parent Company	Rupees in thousand	**851,629**	698,958
Weighted average number of ordinary shares	Numbers	**84,379,504**	84,379,504
Earnings per share	Rupees	**10.09**	8.28
15.2 Combined basic earnings per share - Discontinued operations			
Profit for the period attributable to equity holders of the Parent Company	Rupees in thousand	**-**	1,527
Weighted average number of ordinary shares	Numbers	**84,379,504**	84,379,504
Earning per share	Rupees	**-**	0.02
15.3 Combined diluted earnings per share - Continuing operations			
Profit for the period attributable to equity holders of the Parent Company	Rupees in thousand	**851,629**	698,958
Return on preference shares / convertible stock - net of tax	Rupees in thousand	**80,125**	95,465
		931,754	794,423
Weighted average number of ordinary shares	Numbers	**84,379,504**	84,379,504
Weighted average number of notionally converted preference shares / convertible stock	Numbers	**21,686,842**	21,686,842
		106,066,346	106,066,346
Earnings per share	Rupees	**8.78**	7.49

15.4 Combined diluted earnings per share - Discontinued operations

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

16. Transactions with related parties

Relationship with the Group	Nature of transactions	Three months ended March 31, 2014 Un-audited	March 31, 2013 Un-audited
		(Rupees in thousand)	
i Associated Undertakings			
	Purchase of goods and services	**287,723**	282,497
	Sale of goods and services	**7,030**	11,542
	Insurance premium	**33,191**	73,183
	Insurance claims received	**69**	55,475
	Commission earned	**419**	1,156
ii Joint Venture			
	Purchase of goods and services	**623,372**	-
	Sale of goods and services	**46,557**	-
	Rental and other income	**15,713**	-
iii Other related parties			
	Purchase of goods and services	**68,711**	53,308
	Sale of goods and services	**-**	23,080
	Royalty and technical fee - expense	**15,047**	12,423
	Rebate received	**974**	-
iv Post employment benefit plans	Expenses charged in respect of retirement benefit plans	**28,530**	32,189
v Key management personnel	Salaries and other employee benefits	**27,078**	28,020

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

Period-end balances

	March 31, 2014 Un-audited	December 31, 2013 Audited
	(Rupees in thousand)	
Receivable from related parties		
Associates	**9,674**	21,696
Joint Venture	**1,357,915**	1,484,040
Other related parties	**1,906**	1,445
Payable to related parties		
Associates	**49,818**	60,861
Joint Venture	**293,467**	184,636
Other related parties	**41,652**	55,379
Post employment benefit plans	**11,092**	11,817

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

17. Segment Information

	Continuing operations								Sub Total		Discontinued operations	
	Packaging Division		Consumer Products Division		Ink Division		General & Others		Continuing Operations		Paper & Board & Corrugator	
	Three months ended		Three months ended		Three months ended		Three months ended		Three months ended		Three months ended	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013	**March 31, 2014**	March 31, 2013	**March 31, 2014**	March 31, 2013	**March 31, 2014**	March 31, 2013	**March 31, 2014**	March 31, 2013
	Un-audited	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited
	(Rupees in thousand)											
Revenue from external customers	**3,460,730**	3,066,450	**793,078**	733,302	**561,917**	447,952	**18,315**	188,891	**4,834,040**	4,436,595	**-**	2,499,646
Intersegment revenue	**93,582**	112,338	**4,328**	3,771	**199,363**	186,426	**22,930**	40,113	**320,203**	342,648	**-**	439,657
	3,554,312	3,178,788	**797,406**	737,073	**761,280**	634,378	**41,245**	229,004	**5,154,243**	4,779,243	**-**	2,939,303
Segment profit before tax	**369,606**	304,119	**63,806**	41,113	**83,939**	63,999	**839,486**	441,498	**1,356,837**	850,729	**-**	2,349
	March 31, 2014	December 31, 2013	**March 31, 2014**	December 31, 2013	**March 31, 2014**	December 31, 2013	**March 31, 2014**	December 31, 2013	**March 31, 2014**	December 31, 2013	**March 31, 2014**	December 31, 2013
	Un-audited	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited
Segment assets	**6,969,384**	6,391,653	**1,317,535**	1,271,713	**1,286,204**	1,210,064	**1,101,142**	1,255,183	**10,674,265**	10,128,613	**-**	-

Reconciliation of profit

	Three months ended	
	March 31, 2014	March 31, 2013
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for reportable segments	**1,356,837**	850,729
(Loss) / income from associates and joint venture - net of tax	**(192,043)**	35,440
Intercompany consolidation adjustments	**(67,742)**	(29,283)
Profit before tax	**1,097,052**	856,886

18. Cash generated from operations

	Three months ended	
	March 31, 2014	March 31, 2013
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax including Discontinued operations	**1,097,052**	859,235
Adjustments for:		
Depreciation on owned assets	**146,149**	124,467
Depreciation on investment property	**573**	33
Amortisation on intangible assets	**3,178**	3,256
Depreciation on assets subject to finance lease	**867**	-
Provision for accumulating compensated absences and staff gratuity	**16,351**	20,222
Exchange adjustments	**(3,719)**	331
Provision for retirement benefits	**6,012**	-
Net (profit) / loss on disposal of owned assets	**(71,672)**	7,252
Gain on de-recognition of derivative financial instruments	**(27,272)**	-
Finance costs	**238,148**	355,976
Dividend income from other investments	**(924,000)**	(616,000)
Share of loss / (profit) of investments accounted for using the equity method	**192,043**	(35,440)
Profit before working capital changes	**673,710**	719,332
Effect on cash flow due to working capital changes		
Decrease / (increase) in stores and spares	**19,863**	(86,416)
Decrease in stock in trade	**16,863**	446,944
Increase in trade debts	**(544,153)**	(598,064)
Increase in loans, advances, deposits, prepayments and other receivables	**(27,137)**	(91,799)
(Increase) / decrease in trade and other payables	**91,981**	(137,080)
	(442,583)	(466,415)
	231,127	252,917

19. Cash and cash equivalents

	Three months ended	
	March 31, 2014	March 31, 2013
	(Rupees in thousand)	
Cash and bank balances	**375,540**	805,758
Finances under markup arrangements - secured	**(1,497,771)**	(1,413,317)
	(1,122,231)	(607,559)

20. Financial risk management

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2013.

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

21. Detail of subsidiaries

Name of the subsidiaries

	Accounting year end	Percentage of holding	Country of incorporation
Packages Lanka (Private) Limited	December 31	79.07%	Sri Lanka
DIC Pakistan Limited	December 31	54.98%	Pakistan
Packages Construction (Private) Limited	December 31	99.99%	Pakistan

22. Date of authorisation for issue

This condensed consolidated interim financial information was authorised for issue on April 24, 2014 by the Board of Directors of the Parent Company.

23. Events after balance sheet date

The Board of Directors of the Parent Company proposed a final cash dividend for the year ended December 31, 2013 of Rs. 8.00 per ordinary share (2012: Rs. 4.50 per ordinary share), amounting to Rs. 675.036 million (2012: Rs. 379.708 million) at its meeting held on February 19, 2014 which has been approved by the members at the Annual General Meeting held on April 3, 2014, accordingly, dividend appropriation has not been recognised in this condensed consolidated interim financial information as dividend has been approved by the members subsequent to the reporting date of this condensed consolidated interim financial information.

24. Corresponding figures

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

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

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