Contents

COMPANY INFORMATION

Board of Directors

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

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

Asghar Abbas
(Executive Director)

Atif Aslam Bajwa
(Independent Director)

Imran Khalid Niazi
(Non-Executive Director)

Josef Meinrad Mueller
(Non-Executive Director)

Shamim Ahmad Khan
(Non-Executive Director)

Syed Aslam Mehdi
(Non-Executive Director)

Syed Shahid Ali
(Non-Executive Director)

Tariq Iqbal Khan
(Non-Executive Director)

Advisor

Syed Babar Ali

Chief Financial Officer

Khurram Raza Bakhtayari

Company Secretary

Adi J. Cawasji

Rating Agency

PACRA

Company Credit Rating

Long Term : AA
Short Term : A1+

Auditors

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

Legal Advisors

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

Shares Registrar

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

Bankers & Lenders

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

Head Office & Works

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

Offices

Registered Office & Regional Sales Office

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

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

Regional Sales Office

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

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

Zonal Sales Offices

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

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

Web Presence

www.packages.com.pk

DIRECTORS' REPORT ON CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

The Directors of Packages Limited are pleased to present 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, 2018.

Financial and Operational Performance

Comparison of the un-audited financial results for the nine months ended September 30, 2018 as against September 30, 2017 is as follows:

	For the third quarter		Cumulative	
	July - Sep 2018	July - Sep 2017	**Jan - Sep 2018**	Jan - Sep 2017
	(Rupees in million)			
Net sales	**5,291**	4,543	**15,719**	13,370
EBITDA - operations	**487**	555	**1,698**	1,574
Depreciation and amortisation	**(182)**	(162)	**(543)**	(500)
EBIT - operations	**305**	393	**1,155**	1,074
Finance costs	**(149)**	(117)	**(350)**	(343)
Other (expenses) / income - net	**(3)**	6	**(49)**	(155)
Investment income	**710**	620	**2,715**	4,170
Earnings before tax	**863**	902	**3,471**	4,746
Taxation	**(141)**	(193)	**(669)**	(917)
Earnings after tax	**722**	709	**2,802**	3,829
Basic earnings per share - Rupees	**8.07**	7.94	**30.43**	42.34

During the first nine months of 2018, the Company has achieved net sales of Rs. 15,719 million against net sales of Rs. 13,370 million of corresponding period of last year, representing sales and volume growth of 18% and 6% respectively.

The operations have generated Earnings before Interest, Tax and Depreciation and Amortization (EBITDA) of Rs. 1,698 million during first nine months of the current period as compared to Rs. 1,574 million during the corresponding period last year showing an increase of Rs. 124 million (8%) mainly due to revenue growth.

The Company's investment income declined by Rs. 1,455 million in the current period as compared to the corresponding period of the last year due to timing difference of dividend declaration and margin pressures faced by investee companies.

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

Consumer Products Division

Consumer Products Division has registered net sales of Rs. 3,513 million during the first nine months of 2018 as compared to Rs. 3,192 million of corresponding period of 2017, representing sales growth of 10%. The impact of raw material price increased coupled with rupee devaluation has impacted the division adversely. The Company has undertaken marketing and cost saving initiatives across various platforms as part of its strategy to increase market share and reduce costs.

Packaging Division

Packaging Division has achieved net sales of Rs. 12,197 million during first nine months of 2018 as compared to Rs. 10,050 million in corresponding period of the last year representing sales growth of 21%. The Company has focused on volume growth and improvement of product mix through innovative approach. The sales growth along with controls over fixed cost have improved operating results by 20%. The production statistics for the period under review along with its comparison with the corresponding period are as follows:

	Jan - Sep 2018	Jan - Sep 2017
Consumer products produced - tons	**11,679**	10,074
Carton Board & Consumer Products converted - tons	**32,136**	33,309
Plastics all sorts converted - tons	**15,611**	14,974

Future Outlook

As part of its diversification strategy, the Company hopes to continue exploring investment opportunities. Despite rising competition in packaging business, the Company would continue its efforts to improve shareholders' value by increasing and diversifying revenue and expanding 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 24, 2018

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, October 24, 2018

کنزیومر پروڈکٹس ڈویژن

کنزیومر پروڈکٹس ڈویژن نے 2018 کے پہلے نو ماہ کے دوران 3,513 ملین روپے کی خالص سیلز حاصل کی جو 2017 کی اس مدت کے دوران 3,192 ملین روپے تھی جس سے 10 فیصد کی سیلز گروتھ ظاہر ہوتی ہے۔ خام مال کے نرخوں میں اضافے اور روپے کی قدر میں کمی نے ڈویژن پر منفی اثرات مرتب کئے۔ کمپنی نے مارکیٹ شیئر میں اضافے اور اخراجات بچانے کی اپنی حکمت عملی کے تحت مختلف پلیٹ فارمز پر اپنی تشہیری سرگرمیوں اور اخراجات میں کمی کے اقدامات کو بھی تیز کیا۔

پیکیجنگ ڈویژن

پیکیجنگ ڈویژن نے 2018 کے پہلے نو ماہ کی مدت کے دوران 12,197 ملین روپے کی خالص سیلز حاصل کی جو اس مقابلے میں گزشتہ سال کی اس مدت کے دوران 10,050 ملین روپے تھی جس سے 21 فیصد کی سیلز گروتھ ظاہر ہوتی ہے۔ کمپنی نے جدید طریقہ کار کے ذریعے پروڈکٹس مکس کی بہتری اور حجم میں اضافے پر بھرپور توجہ دی ہے۔ سیلز گروتھ بشمول طے شدہ لاگت پر کنٹرول سے آپریٹنگ نتائج 20 فیصد سے بہتر ہوئے۔

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

	جنوری-ستمبر 2018	جنوری-ستمبر 2017
تیار شدہ اشیائے صارف-ٹنز	**11,679**	10,074
کارٹن بورڈ اور اشیائے صارف کنورٹرڈ-ٹنز	**32,136**	33,309
پلاسٹک تمام اقسام کنورٹرڈ-ٹنز	**15,611**	14,974

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 بڑھتے ہوئے مقابلے کے باوجود کمپنی ریونیو اور صارف کا دائرہ کار بڑھانے، نئی ٹیکنالوجی میں سرمایہ کاری اور با کفایت پیداواری صلاحیت کے ذریعے شیئر ہولڈرز کا منافع بڑھانے پر توجہ دینے کا سلسلہ جاری رکھے گی۔

کمپنی کا اسٹاف اور صارفین

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

(توفیق حبیب چنائے)
چیئرمین
لاہور، 24 اکتوبر، 2018

(سید حیدر علی)
چیف ایگزیکٹو اور مینجنگ ڈائریکٹر
لاہور، 24 اکتوبر، 2018

30 ستمبر 2018 کوختم ہونے والی نو ماہ کے لئے ڈائریکٹرز کی رپورٹ

پیکیجز لمیٹڈ کے ڈائریکٹرز بمسرت اپنے حصہ داران کو نو ماہ کی رپورٹ بشمول کمپنی کے مجموعی عبوری غیر آڈٹ شدہ مالیاتی حسابات برائے مدت 30 ستمبر 2018 پیش کر رہے ہیں۔

مالیاتی اور آپریشنل کارکردگی

30 ستمبر 2018 کوختم ہونے والی نو ماہ کی مدت کے لئے غیر آڈٹ شدہ مالیاتی نتائج کا تقابل بمقابلہ 30 ستمبر 2017 درج ذیل کے مطابق ہے:

	برائے تیسری سہ ماہی		مجموعی	
	جولائی-ستمبر	جولائی-ستمبر	جنوری-ستمبر	جنوری-ستمبر
	2018	2017	**2018**	2017
	(روپے ملین میں)		(روپے ملین میں)	
خالص سیلز	**5,291**	4,543	**15,719**	13,370
ای بی آئی ٹی ڈی اے(EBITDA)-آپریشنز	**487**	555	**1,698**	1,574
فرسودگی اور کساد بازاری	**(182)**	(162)	**(543)**	(500)
ای بی آئی ٹی(EBIT)-آپریشنز	**305**	393	**1,155**	1,074
فنانس کی لاگت	**(149)**	(117)	**(350)**	(343)
دیگر (اخراجات)/آمدنی-خالص	**(3)**	6	**(49)**	(155)
سرمایہ کاری سے آمدنی	**710**	620	**2,715**	4,170
آمدنی قبل از ٹیکس	**863**	902	**3,471**	4,746
ٹیکسیشن	**(141)**	(193)	**669**	(917)
آمدنی بعد از ٹیکس	**722**	709	**2,802**	3,829
بنیادی آمدنی فی شیئر-روپے	**8.07**	7.94	**30.43**	42.34

2018 کے پہلے نو ماہ کے دوران کمپنی نے 15,719 ملین روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کی اسی مدت کے دوران 13,370 ملین روپے رہی تھی جو سیلز اور شرح نمو کے حجم میں بالترتیب 18 فیصد اور 6 فیصد اضافہ کو ظاہر کرتی ہے۔

آپریشنز سے رواں مدت کے پہلے نو ماہ کے دوران آمدنی قبل از انٹریسٹ، ٹیکس اور فرسودگی و کساد بازاری (EBITDA) 1,698 ملین روپے رہی جو گزشتہ سال کی اسی مدت کے دوران 1,574 ملین روپے تھی جو کہ 124 ملین روپے کا (8 فیصد) اضافہ کو ظاہر کرتی ہے جو بنیادی طور پر ریونیو گروتھ میں اضافہ کے باعث ممکن ہوا۔

کمپنی کی سرمایہ کاری سے آمدنی میں رواں مدت کے دوران گزشتہ سال کی اسی مدت کے مقابلہ میں 1,455 ملین روپے کمی دیکھنے میں آئی۔ جس کی وجہ منافع منقسمہ کے اعلان کے مختلف اوقات اور انویسٹی کمپنیز پر مارجنز کے دباؤ تھے۔

رواں مدت کے دوران کمپنی کے کاروباری شعبوں کے آپریشنز کا مختصر جائزہ درج ذیل کے مطابق ہے:

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
as at September 30, 2018

	Note	**September 30, 2018**	December 31, 2017
		Un-audited	Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (December 31, 2017: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (December 31, 2017: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each		**4,180,000**	4,180,000
Issued, subscribed and paid up capital			
89,379,504 (December 31, 2017: 89,379,504) ordinary shares of Rs. 10 each		**893,795**	893,795
8,186,842 (December 31, 2017: 8,186,842) 10% non-voting preference shares / convertible stock of Rs. 190 each		**606,222**	606,222
Reserves		**53,371,371**	57,673,481
Un-appropriated profit		**3,530,602**	6,492,264
		58,401,990	65,665,762
NON-CURRENT LIABILITIES			
Long term finances	6	**1,218,390**	2,254,100
Liabilities against assets subject to finance lease		**-**	13,195
Deferred taxation	7	**317,231**	343,673
Retirement benefits		**388,140**	358,264
Deferred liabilities		**341,843**	325,181
		2,265,604	3,294,413
CURRENT LIABILITIES			
Current portion of non-current liabilities		**1,321,420**	1,334,309
Finances under mark up arrangements - secured		**4,605,683**	299,596
Trade and other payables		**3,526,667**	3,104,993
Accrued finance costs		**191,958**	189,760
		9,645,728	4,928,658
CONTINGENCIES AND COMMITMENTS	8	**-**	-
		70,313,322	73,888,833

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

	Note	September 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	**6,085,735**	5,184,739
Investment properties		**131,119**	134,696
Intangible assets	10	**68,407**	4,688
Investments	11	**52,987,950**	60,166,443
Long term loans and deposits		**8,032**	18,204
		59,281,243	65,508,770
CURRENT ASSETS			
Stores and spares		**558,065**	422,218
Stock-in-trade		**3,312,890**	1,954,668
Trade debts		**3,155,990**	2,392,215
Current portion of long term investments	11	**10,000**	-
Loans, advances, deposits, prepayments and other receivables		**1,000,057**	728,868
Income tax receivable	12	**2,805,716**	2,699,887
Cash and bank balances		**189,361**	182,207
		11,032,079	8,380,063
		70,313,322	73,888,833

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)
for the quarter and nine months period ended September 30, 2018

		Quarter ended		Nine months ended	
		September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
		Un-audited	Un-audited	**Un-audited**	Un-audited
	Note	(R u p e	e s i n	t h o u	s a n d)
Local sales		**6,237,486**	5,348,520	**18,542,170**	15,764,509
Export sales		**14,303**	12,239	**31,712**	23,615
Gross sales		**6,251,789**	5,360,759	**18,573,882**	15,788,124
Sales tax		**(960,939)**	(817,768)	**(2,854,685)**	(2,418,249)
Net sales		**5,290,850**	4,542,991	**15,719,197**	13,369,875
Cost of sales	13	**(4,415,448)**	(3,634,109)	**(12,763,428)**	(10,651,977)
Gross profit		**875,402**	908,882	**2,955,769**	2,717,898
Administrative expenses		**(226,413)**	(247,505)	**(752,486)**	(791,351)
Distribution and marketing costs		**(344,268)**	(268,219)	**(1,048,032)**	(852,318)
Other operating expenses		**(60,448)**	(53,218)	**(246,190)**	(319,697)
Other income		**57,868**	58,667	**197,113**	164,853
Profit from operations		**302,141**	398,607	**1,106,174**	919,385
Finance costs		**(148,704)**	(116,972)	**(349,875)**	(343,434)
Investment income		**709,503**	620,452	**2,714,934**	4,170,283
Profit before taxation		**862,940**	902,087	**3,471,233**	4,746,234
Taxation	14	**(141,413)**	(192,599)	**(668,999)**	(916,612)
Profit for the period		**721,527**	709,488	**2,802,234**	3,829,622
Earnings per share					
Basic	Rupees	**8.07**	7.94	**30.43**	42.34
Diluted	Rupees	**7.73**	7.60	**29.70**	40.22

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

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 period ended September 30, 2018

	Quarter ended		Nine months ended	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
	Un-audited	Un-audited	**Un-audited**	Un-audited
	(Rupees in thousand)			
Profit for the period	**721,540**	709,488	**2,802,234**	3,829,622
Other comprehensive (loss) / income:				
Items that may be reclassified subsequently to profit or loss				
Changes in fair value of available for sale financial assets	**(7,302,072)**	10,216,070	**(7,302,109)**	14,595,167
Total comprehensive (loss) / income for the period	**(6,580,532)**	10,925,558	**(4,499,875)**	18,424,789

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

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 period ended September 30, 2018

	Issued, subscribed and paid up capital		Reserves					Capital and reserves
			Capital reserves			Revenue reserves		
	Ordinary share capital	Preference shares / convertible stock	Share premium	Fair value reserve	Capital redemption reserve	General reserve	Un-appropriated profit	Total
	(Rupees in thousand)							
Balance as on January 01, 2017 (audited)	893,795	606,222	3,766,738	28,858,325	1,615,000	15,310,333	1,734,057	**52,784,470**
Appropriation of reserves								
Transferred from general reserve	-	-	-	-	-	(1,000,000)	1,000,000	**-**
Transaction with preference shareholders								
Participating dividend on preference shares / convertible stock	-	-	-	-	-	-	(45,000)	**(45,000)**
Transaction with owners, recognised directly in equity								
Final dividend for the year ended December 31, 2016 of 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 for the period	-	-	-	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	606,222	3,766,738	43,453,492	1,615,000	14,310,333	4,284,192	**68,929,772**
Balance as on January 01, 2018 (audited)	893,795	606,222	3,766,736	37,981,410	1,615,000	14,310,334	6,492,264	**65,665,761**
Appropriation of reserves								
Transfer to general reserve	-	-	-	-	-	3,000,000	(3,000,000)	**-**
Transaction with preference shareholders								
Participating dividend on preference shares / convertible stock - note 15	-	-	-	-	-	-	(82,499)	**(82,499)**
Transactions with owners, recognised directly in equity								
Final dividend for the year ended December 31, 2017 of Rs.30.00 per share	-	-	-	-	-	-	(2,681,397)	**(2,681,397)**
Total comprehensive (loss) for the period ended September 30, 2018								
Profit for the period	-	-	-	-	-	-	2,802,234	**2,802,234**
Other comprehensive income for the period	-	-	-	(7,302,109)	-	-	-	**(7,302,109)**
Total comprehensive (loss) for the period	-	-	-	(7,302,109)	-	-	2,802,234	**(4,499,875)**
Balance as on September 30, 2018 (un-audited)	893,795	606,222	3,766,736	30,679,301	1,615,000	17,310,334	3,530,602	**58,401,990**

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
for the nine months period ended September 30, 2018

	Note	Nine months ended September 30, 2018 Un-audited	Nine months ended September 30, 2017 Un-audited
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	17	**(284,455)**	1,189,236
Finance cost paid		**(347,677)**	(407,632)
Income tax paid		**(801,270)**	(1,036,543)
Payments for accumulating compensated absences		**(28,338)**	(21,076)
Retirement benefits paid		**(17,817)**	(15,936)
Net cash outflow from operating activities		**(1,479,557)**	(291,951)
Cash flows from investing activities			
Fixed capital expenditure		**(1,545,878)**	(873,446)
Investments made in equity securities		**(133,616)**	(833,578)
Investments made in Government securities		**-**	(1,449,997)
Proceeds from disposal of Government securities		**-**	1,452,831
Long term loans and deposits - net		**(2,408)**	(3)
Proceeds from disposal of proerty, plant and equipment		**49,465**	48,940
Dividends received		**2,629,934**	4,170,283
Net cash inflow from investing activities		**997,497**	2,515,030
Cash flows from financing activities			
Repayment of long term finances - secured		**(1,035,710)**	(285,710)
Repayment of liabilities against assets subject to finance lease - net		**(13,504)**	(8,514)
Participating dividend on preference shares paid		**(82,499)**	(45,000)
Ordinary dividend paid		**(2,685,159)**	(2,235,749)
Net cash outflow from financing activities		**(3,816,872)**	(2,574,973)
Net decrease in cash and cash equivalents		**(4,298,932)**	(351,894)
Cash and cash equivalents at the beginning of the period		**(117,390)**	(1,286,421)
Cash and cash equivalents at the end of the period	18	**(4,416,322)**	(1,638,315)

The annexed notes 1 to 21 form an integral part of these condensed interim financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

1. Legal status and nature of business

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

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

2. Basis of preparation

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

i) International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017 ; and

ii) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended December 31, 2017.

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

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

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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 1, 2018, but are considered not to be relevant or to have any significant effect on the Company’s operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements, except for the following:

Amendments to IAS 40, 'Investment property' relating to transfers of investment property (effective for periods beginning on or after January 1, 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. The Company's current accounting treatment is already in line with the requirements of this standard.

IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The Company's current accounting treatment is already in line with the requirements of this interpretation.

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

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

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

Amendment to IFRS 9, 'Financial instruments', on prepayment features with negative compensation': (effective for periods beginning on or after January 1, 2019). This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. The Company is yet to assess the full impact of the ammendment.

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

Amendments to IFRS 15, 'Revenue from contracts with customers' (effective for periods beginning on or after January 1, 2018). IFRS 15 has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. The Company is yet to assess the full impact of the ammendments.

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

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

Amendments to IAS 28 'Investments in associates', on long term interests in associates and joint ventures: (effective for periods beginning on or after January 1, 2019). These amendments clarify that companies account for long term interests in an associate or joint venture to which the equity method is not applied using IFRS 9. The Company is yet to assess the full impact of these amendements.

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

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. Current and deferred taxes based on the consolidated results of the Group are allocated within the Group on the basis of separate return method, modified for determining realisability of tax credits and tax losses which are assessed at Group level. Any adjustments in the current and deferred taxes of the Company on account of group taxation are credited or charged to profit or loss account in the period in which they arise.

5. The preparation of these condensed interim financial statements 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 these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2017, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in note 4.

6. Long term finances

	Note	September 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
Local currency loans - secured	6.1	**1,607,160**	2,642,870
Preference shares / convertible stock - unsecured		**932,650**	932,650
		2,539,810	3,575,520
Current portion shown under current liabilities		**(1,321,420)**	(1,321,420)
		1,218,390	2,254,100

6.1 Local currency loan - secured

Opening balance	**2,642,870**	3,214,290
Repayments during the period / year	**(1,035,710)**	(571,420)
Closing balance	**1,607,160**	2,642,870

7. Deferred tax asset on tax losses representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 is recognised to the extent that the realisation of related tax benefits through future taxable profits of the Group is probable. The Company has not recognised deferred tax asset of Rs. 11.657 million (December 31, 2017: Rs. 11.657 million), set to lapse in the accounting year 2022, in respect of minimum tax available for carry forward arisen after the formation of the Group, as sufficient taxable profits would not be available to the Group to utilise these in the foreseeable future. Deferred tax asset has also not been recognised on aggregate minimum taxes prior to the formation of the Group amounting to Rs. 212.759 million (December 31, 2017: Rs. 212.759 million) as the same can not be realised against the taxable profits of the Group. However, in case the Company opts out of the Group, these minimum tax credits will become available for realisation against the taxable profits of the Company. Out of these minimum tax credits, Rs. 159.834 million is set to lapse in the accounting year 2018 and Rs. 52.925 million is set to lapse in the accounting year 2021.

8. Contingencies and commitments

8.1 Contingencies

(i) Claims against the Company by ex-employees not acknowledged as debts amounting to Rs. 25.668 million (December 31, 2017: Rs. 28.294 million).

(ii) Standby letter of credit issued by Habib Bank Limited - Pakistan ('HBL Pakistan') in favor of Habib Bank Limited - Bahrain ('HBL Bahrain') on behalf of the Company amounting to USD 8.272 million equivalent to Rs. 1,028.210 million (December 31, 2017: USD 11.063 million equivalent to Rs. 1,223.503 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL'), wholly-owned subsidiary of the Company. The standby letter of credit is secured against pledge of Nestle Pakistan Limited's shares owned by the Company.

(iii) Letters of guarantees issued to various parties aggregating Rs. 289.098 million (December 31, 2017: Rs. 189.474 million).

8.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure aggregating Rs. 329.061 million (December 31, 2017: Rs. 353.626 million).

(ii) Letters of credit and contracts other than for capital expenditure aggregating Rs. 255.772 million (December 31, 2017: Rs. 458.930 million).

9. Property, plant and equipment

	Note	**September 30, 2018**	December 31, 2017
		Un-audited	Audited
		(Rupees in thousand)	
Operating assets - at net book value			
Owned assets	9.1	**4,503,863**	4,168,989
Assets subject to finance lease		**-**	29,021
	9.2	**4,503,863**	4,198,010
Capital work-in-progress	9.3	**1,581,872**	925,160
Major spare parts and stand-by equipment		**-**	61,569
		6,085,735	5,184,739

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

9.2 Operating fixed assets

	Note	**September 30, 2018**	December 31, 2017
		Un-audited	Audited
		(Rupees in thousand)	
Opening net book value		**4,198,010**	4,093,392
Additions during the period / year	9.2.1	**877,544**	828,475
Disposals during the period / year at book value		**(38,906)**	(55,140)
Depreciation charged during the period / year		**(532,785)**	(668,717)
		(571,691)	(723,857)
Closing net book value		**4,503,863**	4,198,010

9.2.1 Additions during the period / year

Freehold land	**448**	121,247
Buildings on freehold land	**21,519**	47,490
Buildings on lease hold land	**600**	-
Plant and machinery	**684,122**	444,675
Furniture and fixtures	**1,381**	4,719
Other equipment	**90,720**	103,814
Vehicles	**78,754**	106,530
	877,544	828,475

9.3 Capital work-in-progress

Civil works	**81,039**	107,797
Plant and machinery	**878,810**	769,549
Advances to suppliers	**622,023**	47,814
	1,581,872	925,160

10. Intangible assets

	Note	September 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
Opening book value		**4,688**	9,866
Additions during the period / year		**70,167**	-
Deletions during the period / year		**(2,139)**	-
Amortisation charged during the period / year		**(4,309)**	(6,204)
Intangible assets under development		**-**	1,026
Closing book value		**68,407**	4,688

11 Investments

	Note	September 30, 2018	December 31, 2017
Opening balance		**60,166,443**	50,077,782
Investments made in related parties during the period / year	11.1	**133,616**	958,527
Gain on exchange of shares in associates		**-**	7,050
Changes in fair value of available for sale financial assets		**(7,302,109)**	9,123,084
Current portion shown under current assets		**(10,000)**	-
Closing balance		**52,987,950**	60,166,443

11.1 Investments made in related parties during the period / year

	September 30, 2018	December 31, 2017
Anemone Holdings Limited	**133,616**	124,948
Bulleh Shah Packaging (Pvt) Limited	**-**	833,579
	133,616	958,527

11.2 As of September 30, 2018, an aggregate of 775,000 shares (December 31, 2017: 775,000 shares) of Nestle Pakistan Limited having market value Rs. 7,362 million (December 31, 2017: Rs. 8,912 million) have been pledged in favor of HBL Pakistan. Out of aggregate shares pledged, 410,000 shares (December 31, 2017: 410,000 shares) are 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, 2017: 365,000 shares) are pledged against the term finance loan obtained from HBL Pakistan.

12. Income tax receivable

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

(ii) In respect of tax year 2014, the department, against taxable loss of Rs. 706.039 million as per return filed by the Company, assessed a taxable income of Rs. 2,614.710 million and amended the deemed order for the year raising a tax demand of Rs. 606.328 million. In this order, among other issues, the income tax department did not accept the Company's contention for non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL under section 97 of the Income Tax Ordinance, 2001. Such transfer has been taxed as capital gain on the value of assets transferred.

Further, certain other disallowances interalia including on account of allocation of various expenses towards dividend and other incomes, effectively reducing the available tax losses by approximately Rs. 1,200 million, were also made by the department in respect of previous tax years.

The Company being aggrieved of this order filed an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)']. CIR(A), through order dated March 2, 2018, has accepted all the contentions of the Company except non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL and taxation of provision for retirment benefits on accrual basis thereby reducing the tax refundable claimed by the Company from Rs. 352.953 million to Rs. 273.986 million. The Company has filed an appeal against the above order before Appellate Tribunal Inland Revenue ('ATIR') and has not made any provision against the above demand and disallowance as the management is confident that the ultimate outcome of the appeal would be in favor of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

(iii) In respect of tax year 2016, the department, against taxable income of Rs. 1,157.926 million as per return filed by the Company, assessed a taxable income of Rs. 2,437.836 million and amended the deemed order for the year raising a tax demand of Rs. 464.187 million. The Company being aggrieved of the said order filed the appeal before CIR(A). CIR(A), through order dated December 11, 2017, has accepted all the contentions of the Company except the allowability of provision for workers' profit participation fund on payment rather than accrual basis and remanded back credit for minimum tax thereby reducing the tax demand to Rs. 86.864 million. The Company has filed an appeal before ATIR against the issues maintained by CIR(A) and has not made any provision against the above disallowance as the management is confident that the ultimate outcome of the appeal would be in 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, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
	Un-audited	Un-audited	**Un-audited**	Un-audited
	(R u p e	e s i n	t h o u	s a n d)
Materials consumed	**3,381,359**	2,591,456	**9,626,922**	7,516,791
Salaries, wages and amenities	**364,048**	346,702	**1,109,333**	1,045,955
Travelling	**7,931**	5,452	**20,742**	17,482
Fuel and power	**257,230**	152,316	**716,895**	493,719
Production supplies	**134,656**	81,332	**348,703**	286,834
Rent, rates and taxes	**8,518**	7,821	**26,657**	23,896
Insurance	**10,384**	10,123	**27,228**	26,633
Repairs and maintenance	**66,070**	73,121	**207,932**	226,538
Packing expenses	**81,900**	75,778	**244,169**	229,909
Depreciation on property plant & equipment	**162,711**	146,149	**489,707**	451,543
Amortisation of intangible assets	**497**	939	**906**	4,858
Technical fee and royalty	**11,733**	11,831	**41,501**	23,076
Other expenses	**101,106**	66,171	**237,221**	190,970
	4,588,143	3,569,191	**13,097,916**	10,538,204
Opening work-in-process	**276,882**	237,831	**218,569**	219,626
Closing work-in-process	**(382,723)**	(199,932)	**(382,723)**	(199,932)
Cost of goods manufactured	**4,482,302**	3,607,090	**12,933,762**	10,557,898
Opening stock of finished goods	**642,461**	497,513	**538,980**	564,573
Closing stock of finished goods	**(709,314)**	(470,494)	**(709,314)**	(470,494)
	4,415,448	3,634,109	**12,763,428**	10,651,977

14. Taxation

Current				
For the period	**159,598**	231,396	**597,537**	740,321
Prior years	**-**	-	**97,904**	205,612
	159,598	231,396	**695,441**	945,933
Deferred	**(18,185)**	(38,797)	**(26,442)**	(29,321)
	141,413	192,599	**668,999**	916,612

14.1 Through the Finance Act, 2018, an amendment has been made to section 5A of the Income Tax Ordinance, 2001. As per the amended provision, income tax at the rate of 5% of accounting profit before tax for tax year 2019 and onwards is applicable where the Company does not distribute at least 20% of its after tax profits, in the form of cash, within six months of the end of tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution expires. The Company has already distributed requisite percentage of its after tax profits for the tax year 2018 to avoid incidence of this tax.

15. 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. 30.00 per share was approved for the year ended December 31, 2017, 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.

16. Transactions and balances with related parties

Relationship with the Company	Nature of transactions	Nine months ended September 30, 2018 Un-audited	Nine months ended September 30, 2017 Un-audited
		(Rupees in thousand)	
i. Subsidiaries	Purchase of goods and services	**3,925,029**	914,444
	Sale of goods and services	**84,191**	115,583
	Dividend income	**225,156**	172,451
	Rental income and others	**95,328**	36,784
	Management and technical fee	**52,627**	42,544
ii. Joint venture	Purchase of goods and services	**-**	1,861,762
	Sale of goods and services	**18,951**	67,761
	Rental income and others	**466**	47,897
	Sales of property, plant & equipment	**-**	1,168
iii. Associates	Purchase of goods and services	**1,534,873**	790,341
	Sale of goods and services	**8,222**	16,282
	Insurance premium paid	**148,502**	92,938
	Commission earned	**4,738**	3,544
	Insurance claims received	**2,059**	1,699
	Rental income and other income	**12,066**	8,567
	Dividend income	**286,200**	129,333
	Dividend paid	**739,613**	607,740
iv. Retirement benefit obligations	Expense charged in respect of retirement benefit plans	**116,506**	90,699
	Dividend paid	**84,973**	70,811
v. Key management personnel	Salaries and other employee benefits	**133,007**	94,550
	Dividend paid	**68,618**	57,182
vi. Other related party	Donations made	**31,632**	50,255

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, 2018**	December 31, 2017
	Un-audited	Audited
	(Rupees in thousand)	
Receivable from related parties		
Subsidiaries	**259,834**	132,636
Joint venture	**24,566**	3,714
Associates	**47,040**	29,515
Payable to related parties		
Subsidiaries	**412,914**	370,147
Associates	**214,418**	67,209
Retirement funds	**19,142**	17,165

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

17. Cash generated from operations

	Nine months ended	
	September 30, 2018	September 30, 2017
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax	**3,471,233**	4,746,234
Adjustments for non cash items:		
Depreciation on property, plant and equipment	**532,785**	489,992
Depreciation on investment properties	**3,569**	4,421
Amortisation on intangible assets	**4,309**	5,452
Provision for accumulating compensated absences	**45,000**	76,427
Provision for retirement benefits	**47,693**	27,964
Capital gain on disposal of Government securities	**-**	(2,834)
Profit on disposal of property, plant and equipment	**(10,559)**	(11,800)
Exchange loss - net	**26,081**	4,222
Finance costs	**349,875**	343,434
Provision for doubtful debts	**3,433**	7,942
Provision against pending claims	**53,354**	14,966
Capital work-in-progress charged to profit or loss account	**3,032**	1,195
Liabilities no longer payable written back	**(9,858)**	(816)
Dividend income	**(2,714,934)**	(4,170,283)
Profit before working capital changes	**1,805,013**	1,536,516
Effect on cash flow due to working capital changes		
Increase in trade debts	**(820,562)**	(236,100)
Increase in stores and spares	**(135,847)**	(69,374)
Increase in stock-in-trade	**(1,358,222)**	(206,717)
Increase in loans, advances, deposits, prepayments and other receivables	**(186,189)**	(167,511)
Increase in trade and other payables	**411,352**	332,422
	(2,089,468)	(347,280)
	(284,455)	1,189,236

18. Cash and cash equivalents

Cash and bank balances	**189,361**	174,669
Finances under mark up arrangements - secured	**(4,605,683)**	(1,812,984)
	(4,416,322)	(1,638,315)

19. Financial risk management

19.1 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 statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2017.

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

19.2 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 values as at September 30, 2018.

	Un-audited (Rupees in thousand)			
Assets	Level 1	Level 2	Level 3	**Total**
Recurring fair value measurements				
Available for sale investments	34,664,207	-	-	**34,664,207**
Liabilities	-	-	-	**-**

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

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

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

20. Date of authorisation for issue

These condensed interim financial statements were authorised for issue on October 24, 2018 by the Board of Directors of the Company.

21. Corresponding figures

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

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

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

Packages Group
Condensed Consolidated Interim
Financial Statements

DIRECTORS' REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

The Directors of Packages Limited are pleased to present the un-audited condensed consolidated interim financial statements of the Group for the nine months ended September 30, 2018.

Group results

The comparison of the un-audited results for the nine months ended September 30, 2018 as against September 30, 2017 is as follows:

	Jan - Sep 2018	Jan - Sep 2017
	(Rupees in million)	
Invoiced sales - net	**39,894**	21,295
Profit from operations	**1,524**	1,886
Share of profit in associates and joint venture - net of tax	**104**	273
Investment income	**2,204**	3,868
Profit after tax	**1,594**	6,447

During the first nine months of 2018, the Group has achieved net sales of Rs. 39,894 million against net sales of Rs. 21,295 million achieved during corresponding period of last year. In October 2017, Bulleh Shah Packaging Private Limited (“BSPPL”) changed status from being a Joint Venture (“JV”) to a fully owned subsidiary of the Group. For consolidation purposes, as a JV, equity accounting was applied in line with accounting principles and the JV's proportionate share of profit / loss was recognised. As a subsidiary, each individual line item of the Balance Sheet and Profit or Loss Account are being added. Consequently, at the Group level, net sales achieved by BSPPL amounting to Rs. 16.8 billion have been included in the results of the current period. Further, Packages Mall, a project of Packages Construction (Private) Limited was inaugurated in April of 2017 and sales for the current period amounting to Rs. 2,403 million have been included in the accounts.

The Group's distribution and marketing cost has increased by Rs. 797 million. It is mainly due to distribution expense of BSPPL which amounts to Rs. 309 million, which is not included in the comparative for the reason explained above. Also, the marketing expense of Packages Limited and Packages Mall has increased by Rs. 196 million and Rs. 152 million respectively in the current period.

The Group had an operating profit of Rs. 1,524 million compared to Rs. 1,886 million generated during the corresponding period of the last year. This decrease in operating profit is primarily due to price adjustments for raw materials, inflationary fixed costs increases and rupee devaluation. The Group is focusing on revenue growth through higher volumes, better product mix and stricter controls over fixed costs to improve the operating results.

The Group's finance cost has increased by Rs. 765 million which is primarily due to finance cost of BSPPL which has been included in the current period. In current period finance cost incurred by BSPPL amounts to Rs. 510 million. Further, the finance cost being incurred by the Mall prior to inauguration was being capitalised and not expensed out in line with accounting principles. Accordingly, finance cost of Mall has increased by Rs. 236 million in the current period.

The Group's investment income has declined by Rs. 1,665 million in the current period as compared to the corresponding period of the last year due to timing difference of dividend declaration and margin pressures faced by investee companies.

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

Bulleh Shah Packaging (Private) Limited

Bulleh Shah Packaging (Private) Limited is principally engaged in the manufacturing and conversion of paper, paper board and corrugated boxes products. The Company has achieved net sales of Rs. 16,780 million during the first nine months of 2018 as compared to Rs. 13,723 million during 2017 representing sales growth of 22%. The Company has earned an operating profit of Rs. 36 million during the current period as compared to the operating profit of Rs. 239 million in corresponding period last year. The main cause of decline is increase in raw material and fuel prices which were not fully passed on to the customers. Further, due to rupee devaluation, the exchange loss has also increased by Rs. 111 million, adversely affecting the profit of the company.

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. 3,209 million during the first nine months of the year 2018 as compared to Rs. 2,852 million of the corresponding period last year representing sales growth of 12%. The Company has generated profit after tax of Rs. 202 million during the first nine months of 2018 as against Rs. 221 million generated during corresponding period of 2017. The main cause of decline is increase in raw material and fuel prices which were not fully passed on to customers.

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 2018, the Company has achieved sales of SLR 2,245 million as compared to SLR 1,664 million of the corresponding period of last year. The Company has generated profit before tax of SLR 44 million during the first nine months of 2018 as against SLR 215 million generated during corresponding period of 2017. The decline is due to decreased profitability from its operations and the operating losses incurred by its Canadian subsidiary, which was acquired last year. Operational decrease in profitability is mainly due to growing competition as well as increase in raw material prices. Moving forward, the Company will focus on improving operating results through tighter operating cost control, product diversification and price rationalisation.

Flexible Packages Convertors (Pty) Limited

Flexible Packages Convertors (Pty) Limited is private limited company based in South Africa. It is principally engaged in the manufacture of flexible packaging material. During the first nine months of 2018, the company achieved net sales revenue of USD 30.2 million as compared to USD 26.4 million of the corresponding period of last year representing sales growth of 14%. Operating results of the Company have increased from USD 1.117 million in prior period to USD 1.638 million in the current period. This is primarily on account of higher sales and tighter operational cost control.

Packages Construction (Private) Limited

Packages Construction (Private) Limited is a subsidiary of Packages Limited. It is primarily engaged in the business of construction and development of real estate. It is currently operating Packages Mall which was inaugurated in April 2017. The Company has achieved net sale of Rs. 2,403 million during the first nine months of 2018 as compared to Rs. 1,444 million in the corresponding period of 2017. The company has generated profit from operations of Rs. 606 million in the current period as compared to Rs. 372 million in the prior period.

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

OmyaPack (Private) Limited

Omya Pack (Private) Limited has started its commercial production in June 2018 for its wet (slurry) plant and produced 1,035 dry metric tons of ground calcium carbonate till September. The production capacity of the plant is 45,000 tons / year. Dry plant is still at commissioning phase and will be operational in October 2018. The Board of Directors of Packages strongly believes in the future growth prospects of the Company leading to considerable benefit to the shareholders.

(Towfiq Habib Chinoy)
Chairman
Lahore, October 24, 2018

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, October 24, 2018

پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ

پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ پیکیجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر تعمیراتی سرگرمیوں اور رئیل اسٹیٹ کے فروغ کے کاروبار میں مصروفِ عمل ہے۔ اس وقت یہ ''پیکیجز مال'' کو آپریٹ کر رہا ہے۔ جس کا افتتاح اپریل 2017 میں کیا گیا تھا۔ کمپنی نے سال 2018 کے پہلے نو ماہ کی مدت کے دوران 2,403 ملین روپے کی سیلز حاصل کی جو 2017 کی اس مدت میں 1,444 ملین روپے تھی۔ کمپنی نے رواں مدت کے دوران آپریشنز سے 606 ملین روپے کا منافع حاصل کیا جو گزشتہ مدت میں 372 ملین روپے تھا۔

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

پیکیجز پاور (پرائیویٹ) لمیٹڈ

پیکیجز پاور (پرائیویٹ) لمیٹڈ 3.1 میگاواٹ ہائیڈرو پاور پروجیکٹ کے قیام کے مقصد کے لئے بنایا گیا پیکیجز لمیٹڈ کا ایک مکمل ملکیتی ذیلی ادارہ ہے جیسا کہ پروجیکٹ کی تشہیر پنجاب پاور ڈیولپمنٹ بورڈ (پی پی ڈی بی) کی جانب سے کی گئی تھی۔ کمپنی مطلوبہ جائزوں اور اجازت ناموں کے ساتھ پروجیکٹ کو آگے بڑھانے کے ضمن میں متعلقہ سرکاری حکام کے ساتھ رابطے میں ہے۔

اومیا پیک (پرائیویٹ) لمیٹڈ

جے وی کمپنی، اومیا پیک (پرائیویٹ) لمیٹڈ نے جون 2018 میں اپنے ویٹ (Slurry) پلانٹ کے لئے تجارتی پیداوار کا آغاز کر دیا ہے اور ستمبر تک 1,035 میٹرک ٹن ڈرائی گراؤنڈ کیلشیم کاربونیٹ تیار کی۔ پلانٹ کی پیداواری گنجائش 45,000 ٹن سالانہ ہے۔ ڈرائی پلانٹ بدستور کمیشننگ کے مرحلے میں ہے اور اکتوبر 2018 تک آپریشنل ہو جائے گا۔ پیکیجز کے بورڈ آف ڈائریکٹرز اس امر پر مستحکم یقین رکھتے ہیں کہ کمپنی کے مستقبل میں ترقی کے روشن امکانات موجود ہیں جو شیئر ہولڈرز کے لئے بہترین فوائد کا ذریعہ ثابت ہوں گے۔

(توفیق حبیب چنائے)
چیئرمین
لاہور، 24 اکتوبر 2018

(سید حیدر علی)
چیف ایگزیکٹو اور مینجنگ ڈائریکٹر
لاہور، 24 اکتوبر 2018

پر صرف ہونے والے فنانس اخراجات کو کیپٹلائز کر دیا گیا تھا اور اکاؤنٹنگ کے اصولوں کے مطابق صرف (Expensed-out) نہیں کیا گیا۔ لہٰذا امال کے فنانس اخراجات رواں مدت کے دوران 236 ملین روپے سے بڑھ گئے۔

رواں مدت میں گروپ کی سرمایہ کاری سے آمدنی منافع منقسمہ کے اعلان کے مختلف اوقات اور انویسٹی کمپنیز پر مارجنز کے دباؤ کے باعث 1,665 ملین روپے سے گری۔

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

بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ

بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ بنیادی طور پر پیپر، پیپر بورڈ اور کوروگیٹڈ باکسز پروڈکٹس کی تیاری اور منتقلی میں مصروف عمل ہے۔ کمپنی نے 2018 کے پہلے نو ماہ کے دوران 16,780 ملین روپے کی خالص سیلز حاصل کی جو اس کے مقابلے میں 2017 کے دوران 13,723 ملین روپے تھی۔ جس سے 22 فیصد کی سیلز گروتھ ظاہر ہوتی ہے۔ کمپنی نے رواں مدت کے دوران 36 ملین روپے کا آپریٹنگ منافع کمایا جو 2017 میں اسی مدت کے دوران 239 ملین روپے تھا۔ اس کمی کی بنیادی وجہ خام مال اور ایندھن کے نرخوں میں اضافہ تھا جو مکمل طور پر صارفین کو منتقل نہیں کیا گیا۔ مزید برآں روپے کی قدر میں کمی کے باعث زرمبادلہ کے خسارے میں 111 ملین روپے کا اضافہ ہوا جس سے کمپنی کے منافع جات پر برے اثرات مرتب ہوئے۔

ڈی آئی سی پاکستان لمیٹڈ

ڈی آئی سی پاکستان لمیٹڈ پیکیجز لمیٹڈ کا ایک نان لسٹڈ پبلک لمیٹڈ ذیلی ادارہ ہے۔ یہ بنیادی طور پر صنعتی انکس (inks) کی تیاری، پروسیسنگ اور سیلز میں مصروف عمل ہے۔ کمپنی نے سال 2018 کے پہلے نو ماہ کے دوران 3,209 ملین روپے کی خالص سیلز حاصل کی۔ اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران یہ 2,852 ملین روپے تھی جو 12 فیصد کی سیلز گروتھ کو ظاہر کرتی ہے۔ کمپنی نے 2018 کے پہلے نو ماہ کے دوران 202 ملین روپے کا منافع بعد از ٹیکس حاصل کیا جو 2017 کی اسی مدت میں 221 ملین روپے تھا۔ اس کمی کی بنیادی وجہ خام مال اور ایندھن کے نرخوں میں اضافہ تھا جو مکمل طور پر صارفین کو منتقل نہیں کیا گیا۔

پیکیجز لنکا (پرائیویٹ) لمیٹڈ

پیکیجز لنکا (پرائیویٹ) لمیٹڈ سری لنکا میں قائم پیکیجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر فلیکس ایبل پیکیجنگ سولوشنز کی تیاری میں مصروف عمل ہے۔ کمپنی نے سال 2018 کے پہلے نو ماہ کے دوران 2,245 ملین سری لنکن روپے کی سیلز حاصل کی جو گزشتہ سال کی اس مدت میں 1,664 ملین سری لنکن روپے تھی۔ کمپنی نے سال 2018 کے پہلے نو ماہ میں 44 ملین سری لنکن روپے کا منافع قبل از ٹیکس حاصل کیا جو کہ 2017 کی اسی مدت کے دوران 215 ملین سری لنکن روپے تھا۔ اس کمی کی وجہ یکجا طور پر آپریشنز سے منافع جات میں کمی اور اس کے کینیڈین حصول کا خسارہ بھی تھا، جو مجموعی طور پر اس کے نتائج میں گزشتہ سال شامل کیا گیا تھا۔ منافع جات میں آپریشنل کمی بنیادی طور پر بڑھتی ہوئی مسابقت اور خام مال کے نرخوں میں اضافے کی وجہ سے ہوئی۔ آگے بڑھتے ہوئے، کمپنی آپریٹنگ اخراجات پر سخت کنٹرول، پروڈکٹ میں توسیع اور پرائس راشنلائزیشن کے ذریعے آپریٹنگ نتائج بہتر بنانے پر توجہ دیتی رہے گی۔

فلیکس ایبل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ

فلیکس ایبل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ جنوبی افریقہ میں قائم پرائیویٹ لمیٹڈ کمپنی ہے۔ یہ بنیادی طور پر فلیکس ایبل پیکیجنگ میٹریل کی تیاری میں مصروف عمل ہے۔ کمپنی نے 2018 کے پہلے نو ماہ کے دوران 30.2 ملین امریکی ڈالر کا خالص سیلز ریونیو حاصل کیا جو گزشتہ سال کی اس مدت میں 26.4 ملین امریکی ڈالر تھا۔ جو 14 فیصد سیلز گروتھ کو ظاہر کرتا ہے۔ کمپنی کے آپریٹنگ نتائج گزشتہ سال کی اسی مدت میں 1.117 ملین امریکی ڈالر تھے جو رواں مدت میں 1.638 ملین ڈالر تک بڑھے ہیں، جس کی بنیادی وجہ سیلز میں اضافہ اور آپریٹنگ اخراجات پر سخت کنٹرول ہے۔

30 ستمبر 2018 کوختم ہونے والی نو ماہ کی مدت کے لئے
مجموعی عبوری مالیاتی حسابات پر ڈائریکٹرز کی رپورٹ

پیکیجز لمیٹڈ کے ڈائریکٹرز 30 ستمبر 2018 کوختم ہونے والی نو ماہ کی مدت کے لئے گروپ کے غیر آڈٹ شدہ مجموعی مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

گروپ کے نتائج

30 ستمبر 2018 کوختم ہونے والی نو ماہ کی مدت کے لئے غیر آڈٹ شدہ نتائج کا تقابل 30 ستمبر 2017 کے مقابلے میں درج ذیل کے مطابق ہے:

	جنوری-ستمبر 2018	جنوری-ستمبر 2017
	(روپے ملین میں)	
انوائسڈ سیلز- خالص	**39,894**	21,295
آپریشنز سے حاصل منافع جات	**1,524**	1,886
منسلکہ اداروں اور مشترکہ منصوبے میں منافع کا حصہ- بعد از ٹیکس	**104**	273
سرمایہ کاری سے آمدنی	**2,204**	3,868
منافع بعد از ٹیکس	**1,594**	6,447

2018 کے پہلے نو ماہ کی مدت کے دوران گروپ نے 39,894 ملین روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کی اسی مدت کے دوران 21,295 ملین روپے کی خالص سیلز حاصل کی گئی تھی۔ اکتوبر 2017 میں، بلھے شاہ پیکیجنگ پرائیویٹ لمیٹڈ ("BSPPL") کا درجہ جوائنٹ وینچر ("JV") سے تبدیل ہوکر گروپ کا ایک مکمل ملکیتی ذیلی ادارہ بنا۔ جے وی (JV) کے طور پر مجموعی حسابات اکٹھا کرنے کے مقاصد کے لئے اکاؤنٹنگ اصولوں کے مطابق ایکویٹی اکاؤنٹنگ کولاگو کیا گیا اور اس نئی اکاؤنٹنگ پالیسی کے تحت صرف نفع/نقصان کا حصہ بالتناسب (JV) تسلیم کیا جاتا ہے اور بیلنس شیٹ اور نفع ونقصان کے اکاؤنٹ کی، بحیثیت ذیلی ادارہ ہر ایک انفرادی لائن آئٹم کو شامل کیا جاتا ہے۔ نتیجتاً گروپ کی سطح پر، بی ایس پی پی ایل کی جانب سے حاصل کردہ سیلز 16.8 بلین روپے کو بھی رواں مدت کے نتائج میں شامل کیا گیا ہے۔ مزید برآں، پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ کے پروجیکٹ پیکیجز مال کا افتتاح اپریل 2017 میں کیا گیا تھا اور رواں مدت کی سیلز 2,403 ملین روپے کو بھی اکاؤنٹس میں شامل کیا گیا ہے۔

گروپ کے ڈسٹری بیوشن اور مارکیٹنگ کے اخراجات 797 ملین روپے سے بڑھ گئے۔ یہ بنیادی طور پر بی ایس پی پی ایل کے ڈسٹری بیوشن اخراجات کی وجہ سے ہوا جس کی مالیت 309 ملین روپے تھی جو مذکورہ بالا وضاحت کی وجہ سے مسابقتی طور پر شامل نہ کئے گئے۔ مزید برآں، پیکیجز لمیٹڈ اور پیکیجز مال کی مارکیٹنگ کے اخراجات رواں مدت کے دوران بالترتیب 196 ملین روپے اور 152 ملین روپے سے بڑھ گئے۔

گروپ نے 1,524 ملین روپے کا آپریٹنگ منافع حاصل کیا جو گزشتہ سال کی اس مدت کے دوران 1,886 ملین روپے تھا۔ آپریٹنگ منافع میں اس کمی کی بنیادی وجہ خام مال کے لئے نرخوں میں پرائس ایڈجسٹمنٹس، افراط زر کی طے شدہ مالیت میں اضافہ اور روپے کی قدر میں کمی تھی۔ 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۔

گروپ کے فنانس اخراجات میں 765 ملین سے بڑھے جس کی بڑی وجہ بی ایس پی پی ایل ("BSPPL") کے فنانس اخراجات کو رواں مدت میں شامل کرنا ہے۔ رواں مدت کے دوران بی ایس پی پی ایل ("BSPPL") کی جانب سے صرف کئے گئے فنانس اخراجات 510 ملین روپے رہے۔ مزید برآں، افتتاح سے قبل مال

PACKAGES GROUP
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
as at September 30, 2018

	Note	**September 30, 2018 Un-audited**	December 31, 2017 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (December 31, 2017: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (December 31, 2017: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each		**4,180,000**	4,180,000
Issued, subscribed and paid up capital			
89,379,504 (December 31, 2017: 89,379,504) ordinary shares of Rs. 10 each		**893,795**	893,795
8,186,842 (December 31, 2017: 8,186,842) 10% non-voting preference shares / convertible stock of Rs. 190 each		**606,222**	606,222
Reserves		**57,169,289**	62,382,915
Equity portion of loan from shareholder of the Parent Company	6	**171,187**	171,187
Un-appropriated profit		**6,784,253**	11,087,931
		65,624,746	75,142,050
NON-CONTROLLING INTEREST		**2,089,098**	2,117,100
		67,713,844	77,259,150
NON-CURRENT LIABILITIES			
Long term finances	7	**14,114,925**	14,626,258
Loan from shareholder of the Parent Company - unsecured		**442,122**	409,380
Liabilities against assets subject to finance lease		**37,906**	49,391
Deferred taxation	8	**2,184,697**	2,565,506
Retirement benefits		**579,356**	516,586
Deferred income		**96,377**	107,889
Rental security deposits		**300,688**	277,655
Deferred liabilities		**574,841**	525,282
		18,330,912	19,077,947
CURRENT LIABILITIES			
Current portion of non-current liabilities		**3,265,782**	3,427,251
Finances under mark up arrangements - secured		**11,729,415**	5,091,722
Trade and other payables		**8,898,843**	7,512,233
Accrued finance costs		**414,555**	495,278
Provision for taxation		**229**	22,176
		24,308,824	16,548,660
CONTINGENCIES AND COMMITMENTS	9	**-**	-
		110,353,580	112,885,757

	Note	September 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	**26,150,256**	25,992,806
Intangible assets	11	**366,147**	286,621
Investment properties		**11,728,065**	12,342,428
Investments accounted for under equity method	12	**8,791,443**	9,802,130
Other long term investments	13	**34,668,939**	41,981,048
Long term loans and deposits		**139,737**	157,208
		81,844,587	90,562,241
CURRENT ASSETS			
Stores and spares		**2,021,708**	1,707,667
Stock-in-trade		**12,362,240**	8,439,160
Trade debts		**7,610,125**	5,946,606
Current portion of long term investments	13	**10,000**	-
Loans, advances, deposits, prepayments and other receivables		**1,710,068**	1,138,978
Income tax receivable	14	**4,364,329**	4,002,315
Cash and bank balances		**430,523**	1,088,790
		28,508,993	22,323,516
		110,353,580	112,885,757

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

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED)
for the quarter and nine months period ended September 30, 2018

		Quarter ended		Nine months ended	
		September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
		Un-audited	Un-audited	**Un-audited**	Un-audited
	Note	(Rupees in thousand)			
Local sales		**14,795,639**	8,737,239	**44,982,436**	23,424,529
Export sales		**247,103**	164,171	**557,750**	514,928
Gross sales		**15,042,742**	8,901,410	**45,540,186**	23,939,457
Sales tax		**(1,859,585)**	(818,676)	**(5,636,188)**	(2,626,420)
Commission		**(3,932)**	(2,530)	**(9,934)**	(17,799)
		(1,863,517)	(821,206)	**(5,646,122)**	(2,644,219)
Net sales		**13,179,225**	8,080,204	**39,894,064**	21,295,238
Cost of sales	15	**(11,422,862)**	(6,387,772)	**(34,306,804)**	(16,705,457)
Gross profit		**1,756,363**	1,692,432	**5,587,260**	4,589,781
Administrative expenses		**(541,897)**	(444,784)	**(1,714,987)**	(1,281,485)
Distribution and marketing costs		**(650,442)**	(431,072)	**(1,988,873)**	(1,192,015)
Other operating expenses		**(101,592)**	(66,818)	**(475,215)**	(357,502)
Other income		**25,353**	37,896	**115,609**	127,538
Profit from operations		**487,785**	787,654	**1,523,794**	1,886,317
Finance costs		**(571,294)**	(318,263)	**(1,502,355)**	(737,011)
Investment income		**709,504**	620,453	**2,203,580**	3,868,499
Gains relating to business combinations		**-**	2,492,710	**-**	2,492,710
Share of profit on investments accounted for using the equity method - net of tax		**52,370**	79,291	**104,490**	273,303
Profit before taxation		**678,365**	3,661,845	**2,329,509**	7,783,818
Taxation		**(153,679)**	(447,300)	**(735,478)**	(1,336,783)
Profit for the period		**524,686**	3,214,545	**1,594,031**	6,447,035
Attributable to:					
Equity holders of the Parent Company		**488,271**	3,154,274	**1,475,457**	6,294,869
Non-controlling interest		**36,415**	60,271	**118,574**	152,166
		524,686	3,214,545	**1,594,031**	6,447,035
Earnings per share attributable to equity holders of the Parent Company					
Basic	Rupees	**4.54**	35.29	**15.58**	69.93
Diluted	Rupees	**4.54**	32.66	**15.58**	65.50

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

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

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the quarter and nine months period ended September 30, 2018

	Quarter ended		Nine months ended	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
	Un-audited	Un-audited	**Un-audited**	Un-audited
	(Rupees in thousand)			
Profit for the period	**524,686**	3,214,545	**1,594,031**	6,447,035
Other comprehensive (loss) / income				
Items that will not be reclassified to profit or loss				
Remeasurement of retirement benefit obligations	**-**	-	**(21,161)**	-
Tax effect	**-**	-	**5,910**	-
	-	-	**(15,251)**	-
Items that may be reclassified subsequently to profit or loss				
Exchange difference on translation of foreign subsidiaries	**(49,598)**	(43,125)	**(108,061)**	6,604
Share of other comprehensive loss of investments accounted for under equity method - net of tax	**(929,671)**	(497)	**(816,128)**	(15,864)
Changes in fair value of available for sale financial assets	**(7,302,146)**	10,216,070	**(7,302,109)**	14,595,167
	(8,281,415)	10,172,448	**(8,226,298)**	14,585,907
Other comprehensive (loss) / income for the period	**(8,281,415)**	10,172,448	**(8,241,549)**	14,585,907
Total comprehensive (loss) / income for the period	**(7,756,729)**	13,386,993	**(6,647,518)**	21,032,942
Attributable to:				
Equity holders of the Parent Company	**(7,780,683)**	13,342,978	**(6,753,420)**	20,874,745
Non-controlling interest	**23,954**	44,015	**105,902**	158,197
	(7,756,729)	13,386,993	**(6,647,518)**	21,032,942

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

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

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
For the nine months period ended September 30, 2018

	Issued, subscribed and paid up capital		Reserves										Capital and reserves		
			Capital reserves							Revenue reserves				
	Share capital	Preference shares / convertible stock	Share premium	Exchange difference on translation of foreign subsidiaries	Fair value resrve	Other reserves relating to associates & joint ventures	Transaction with non-controlling interest	Equity portion of long term loan from share holder of the Parent Company	Capital redemption reserve	General reserve	Un-appropriated profits	Total	Non-controlling interest	Total Equity
	(Rupees in thousand)													
Balance as on January 1, 2017 (audited)	893,795	606,222	3,766,738	(156,663)	28,858,325	(66,054)	22,981	77,991	1,615,000	15,310,333	1,879,569	52,808,237	1,950,580	**54,758,817**
Appropriation of reserves														
Transferred from general reserve	-	-	-	-	-	-	-	-	-	(1,000,000)	1,000,000	-	-	-
Transactions with preference shareholders														
Participating dividend on preference shares / convertible stock	-	-	-	-	-	-	-	-	-	-	(45,000)	(45,000)	-	(45,000)
Transactions with owners recognized 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 Parent Company	-	-	-	-	-	-	-	25,086	-	-	-	25,086	8,291	**33,377**
Total transactions with owners, recognized 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	6,294,869	152,166	**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 investment accounted for under equity method	-	-	-	-	-	(15,864)	-	-	-	-	-	(15,864)	-	**(15,864)**
Exchange differences on translation of foreign subsidiaries	-	-	-	573	-	-	-	-	-	-	-	573	6,031	**6,604**
Total comprehensive income for the period	-	-	-	573	14,595,167	(15,864)	-	-	-	-	6,294,869	20,874,745	158,198	**21,032,942**
Balance as on September 30, 2017 (un-audited)	893,795	606,222	3,766,738	(156,090)	43,453,492	(81,918)	22,981	103,077	1,615,000	14,310,333	6,894,951	71,428,581	2,026,002	**73,454,582**
Balance as on January 1, 2018 (audited)	893,795	606,222	3,766,738	(73,314)	37,981,410	4,759,767	22,981	171,187	1,615,000	14,310,333	11,087,931	75,142,050	2,117,100	**77,259,150**
Appropriation of reserves														
Transferred to general reserve	-	-	-	-	-	-	-	-	-	3,000,000	(3,000,000)	-	-	-
Transactions with preference shareholders														
Participating dividend on preference shares / convertible stock - note 16	-	-	-	-	-	-	-	-	-	-	(82,499)	(82,499)	-	**(82,499)**
Transactions with owners recognized directly in equity														
Final dividend for the year ended December 31, 2017 Rs. 30 per share	-	-	-	-	-	-	-	-	-	-	(2,681,385)	(2,681,385)	-	**(2,681,385)**
Dividend relating to 2017 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(138,624)	**(138,624)**
Interest acquired in sub-subsidiary - Chantler Packages Inc.	-	-	-	-	-	-	-	-	-	-	-	-	4,720	**4,720**
Total transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-	-	(2,681,385)	(2,681,385)	(133,904)	**(2,815,289)**
Total comprehensive income for the period ended September 30, 2018														
Profit for the period	-	-	-	-	-	-	-	-	-	-	1,475,457	1,475,457	118,574	**1,594,031**
Other comprehensive income:														
Remeasurement of retirement benefit asset - net of tax	-	-	-	-	-	-	-	-	-	-	(15,251)	(15,251)	-	**(15,251)**
Changes in fair value of available for sale financial assets	-	-	-	-	(7,302,109)	-	-	-	-	-	-	(7,302,109)	-	**(7,302,109)**
Other comprehensive income from investments accounted for under equity method	-	-	-	-	-	(816,128)	-	-	-	-	-	(816,128)	-	(816,128)
Exchange difference on translation of foreign subsidiaries	-	-	-	(95,389)	-	-	-	-	-	-	-	(95,389)	(12,672)	**(108,061)**
Total comprehensive income for the period	-	-	-	(95,389)	(7,302,109)	(816,128)	-	-	-	-	1,460,206	(6,753,420)	105,902	**(6,647,518)**
Balance as on September 30, 2018 (un-audited)	893,795	606,222	3,766,738	(168,703)	30,679,301	3,943,639	22,981	171,187	1,615,000	17,310,333	6,784,253	65,624,746	2,089,098	**67,713,844**

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

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

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
for the nine months period ended September 30, 2018

	Note	Nine months ended September 30, 2018 Un-audited	September 30, 2017 Un-audited
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from operations	19	**(2,892)**	1,831,841
Finance cost paid		**(1,550,336)**	(968,761)
Income tax paid		**(1,494,338)**	(1,373,565)
Acquisition-related costs paid		**-**	(57,323)
Payments for accumulating compensated absences and staff gratuity		**(38,713)**	(22,064)
Retirement benefit contributions paid		**(26,093)**	(17,175)
Net cash outflow from operating activities		**(3,112,372)**	(607,047)
Cash flow from investing activities			
Fixed capital expenditure		**(3,156,941)**	(3,256,792)
Rental security deposits - net		**23,033**	377,876
Investments made in Government securities		**-**	(1,449,997)
Proceeds from disposal of Government securities		**-**	1,452,831
Acquisitions under business combination, net of cash and cash equivalents		**-**	(4,830,258)
Long term loans and deposits - net		**4,891**	(34,310)
Proceeds from disposal of property, plant and equipment		**74,149**	80,273
Dividends received		**2,502,629**	4,003,726
Net cash outflow from investing activities		**(552,239)**	(3,656,651)
Cash flow from financing activities			
Proceeds from long term finances - secured		**3,000,000**	2,625,360
Proceeds received from non controlling interest on interest acquisition in subsidiary		**4,720**	-
Repayment of long term finances - secured		**(3,711,510)**	(385,823)
Repayment of liabilities against assets subject to finance lease		**(18,288)**	(16,589)
Participating dividend on preference shares paid		**(82,499)**	(45,000)
Dividend paid to equity holders of the Parent Company		**(2,685,148)**	(2,235,749)
Dividend paid to non controlling interest		**(138,624)**	(103,777)
Net cash outflow from financing activities		**(3,631,349)**	(161,578)
Net decrease in cash and cash equivalents		**(7,295,960)**	(4,425,276)
Cash and cash equivalents at the beginning of the period		**(4,002,932)**	(1,506,278)
Cash and cash equivalents at the end of the period	20	**(11,298,892)**	(5,931,554)

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

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

1. Legal status and nature of business

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

Packaging:	Representing manufacture and sale of packing materials
Consumer products:	Representing manufacture and sale of tissue products
Inks:	Representing manufacture and sale of finished and semi finished inks
Construction:	Representing all type of construction activities, development and operation of real estate projects
Paper and paperboard:	Representing manufacture and sale of paper and paperboard and corrugated boxes 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.

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

These condensed consolidated interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

i) International Accounting Standard ('IAS') 34, 'Interim Financial Reporting', issued by International Accounting Standards Board ('IASB') as notified under the Companies Act, 2017 ; and

ii) Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of these condensed consolidated interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended December 31, 2017.

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

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

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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 1, 2018, 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 these condensed consolidated interim financial statements, except for the following:

Amendments to IAS 40, ‘Investment property’ relating to transfers of investment property (effective for periods beginning on or after January 1, 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. The Group's current accounting treatment is already in line with the requirements of this standard.

IFRIC 22, ‘Foreign currency transactions and advance consideration’ (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The Group's current accounting treatment is already in line with the requirements of this interpretation.

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

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

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

Amendment to IFRS 9, 'Financial instruments’, on prepayment features with negative compensation': (effective for periods beginning on or after January 1, 2019). This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from IAS 39. The Group has yet to assess the full impact of the amendment.

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

Amendments to IFRS 15, ‘Revenue from contracts with customers’ (effective for periods beginning on or after January 1, 2018). IFRS 15 has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licenses of intellectual property and the principal versus agent assessment (gross versus net revenue presentation). New and amended illustrative examples have been added for each of those areas of guidance. The IASB has also included additional practical expedients related to transition to the new revenue standard. The Group has yet to assess the full impact of the amendments.

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

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

Amendments to IAS 28 'Investments in associates', on long term interests in associates and joint ventures: (effective for periods beginning on or after January 1, 2019). These amendments clarify that companies account for long-term interests in an associate or joint venture to which the equity method is not applied using IFRS 9. The Group has yet to assess the full impact of these amendments.

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

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

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

5. The preparation of these condensed consolidated 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 expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Groups' accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2017, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in Note 4.

6. This loan has been obtained by Packages Construction (Private) Limited ('PCPL') from Syed Babar Ali ('SBA'), shareholder of the Parent Company and is interest free. The loan is payable on December 31, 2019. It is being carried at amortised cost using a market interest rate of 10.50% for a similar instrument.

7. Long term finances

	Note	September 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
Local currency loans - secured	7.1	**15,094,184**	15,564,742
Foreign currency loans - secured	7.2	**1,340,654**	1,490,808
		16,434,838	17,055,550
Preference shares / convertible stock - unsecured		**932,650**	932,650
		17,367,488	17,988,200
Current portion shown under current liabilities		**(3,252,563)**	(3,361,942)
Closing balance		**14,114,925**	14,626,258

7.1 Local currency loans - secured

Opening balance	**15,564,742**	8,689,840
Loans acquired under business acquisition	**-**	4,935,000
Receipts during the period / year	**3,000,000**	2,511,322
	18,564,742	16,136,162
Repayments during the period / year	**(3,470,558)**	(571,420)
Closing balance	**15,094,184**	15,564,742

7.2 Foreign currency loans - secured

Opening balance	**1,490,808**	1,490,062
Receipts during the period / year	**-**	117,533
	1,490,808	1,607,595
Repayments during the period / year	**(240,952)**	(92,785)
Exchange adjustment on opening balances	**90,798**	(24,002)
Closing balance	**1,340,654**	1,490,808

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

9 Contingencies and commitments

9.1 Contingencies

(i) Claims against the Group by ex-employees not acknowledged as debts Rs. 25.668 million (December 31, 2017: Rs. 28.294 million).

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

(iii) Letters of guarantees issued to various parties aggregating Rs. 289.098 million (December 31, 2017: Rs. 189.474 million).

(iv) 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 8.272 million equivalent to Rs. 1,005.828 million (December 31, 2017: USD 11.063 million equivalent to Rs. 1,223.503 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL'), wholly owned subsidiary of The Parent Company. The standby letter of credit is secured against pledge of Nestle Pakistan Limited's shares owned by the Parent Company.

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

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

(vi) During June 2017, WCB issued a demand challan dated June 30, 2017 to PCPL requiring immediate payment of property tax of Rs. 30.361 million relating to the period April 20, 2017 to June 30, 2017. The PCPL made an on account payment of Rs. 30.361 million on without prejudice basis since closure of premises had been threatened by WCB.

During July 2017 WCB issued another demand challan to PCPL requiring payment of property tax of Rs. 256.372 million relating to the period July 2017 to June 2018 followed by an assessment notice. The demand was challenged by the PCPL legal counsel and the same was rejected by WCB. Aggrieved by the decision of the WCB, the PCPL challenged the demand of WCB before the LHC through Writ Petition No. 208653/18. The LHC after hearing the point of view of the PCPL, by its order dated May 04, 2018, restrained WCB from taking any coercive action against the PCPL and directed WCB to submit a reply thereto.

In view of the foregoing, in spite of the fact that management considers that there are strong grounds to support the PCPL stance, a provision of Rs. 230.747 million has been made in these condensed consolidated interim financial statements based on maximum exposure at the date of grant of stay by LHC.

9.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 874.973 million (December 31, 2017: Rs. 558.812 million)

(ii) Letters of credit and contracts for other than capital expenditure Rs. 2,123.188 million (December 31, 2017: Rs. 2,587.985 million)

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

	Note	September 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
Not later than one year		**80,097**	175,359
Later than one year and not later than five years		**297,025**	480,532
Later than five years		**172,889**	15,628
		550,011	671,519

10. Property, plant and equipment

	Note	September 30, 2018 Un-audited	December 31, 2017 Audited
Operating fixed assets - at net book value			
Owned assets	10.1	**22,550,370**	23,787,270
Assets subject to finance lease		**46,481**	84,248
	10.2	**22,596,851**	23,871,518
Capital work-in-progress	10.3	**3,553,405**	1,999,477
		26,150,256	25,992,806

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

10.2 Operating fixed assets

	Note	September 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
Opening book value		**23,871,518**	6,379,688
Additions during the period / year	10.2.1	**1,614,304**	1,283,105
Assets acquired under business combination		**-**	17,579,451
Transfer in at book value		**-**	79,033
		1,614,304	18,941,589
		25,485,822	25,321,277
Disposals during the period / year at book value		**(52,967)**	(84,141)
Transferred out at book value		**-**	(992)
Depreciation charged during the period / year		**(2,775,330)**	(1,672,727)
Exchange adjustment on opening book value		**(60,674)**	308,101
		(2,888,971)	(1,449,759)
Closing book value		**22,596,851**	23,871,518

10.2.1 Additions during the period / year

Freehold land		**448**	121,247
Buildings on freehold land		**34,944**	49,168
Buildings on leasehold land		**317**	6,784
Plant and machinery		**1,261,201**	685,330
Other equipments		**185,671**	206,744
Furniture and fixtures		**11,496**	64,548
Vehicles		**120,227**	149,284
		1,614,304	1,283,105

10.3 Capital work-in-progress

	Note	September 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
Civil works		**86,999**	123,112
Plant and machinery		**1,247,793**	1,754,533
Advances to suppliers		**677,487**	121,832
		3,553,405	1,999,477

11. Intangible assets

Opening book value		**286,621**	164,294
Additions during the period / year		**107,236**	22,684
Deletions during the period / year		**(2,139)**	-
Assets acquired under business combination		**-**	87,207
Amortisation charged during the period / year		**(21,201)**	(14,521)
Exchange difference		**(4,370)**	26,957
Closing book value		**366,147**	286,621

12. Investments accounted for using the equity method

Investments in associates	12.1	**8,486,548**	9,470,360
Investment in joint ventures	12.2	**304,895**	331,770
		8,791,443	9,802,130

12.1 Investments in associates

Cost			
Opening balance		**3,386,278**	3,421,278
Disposal of interest in associate on exchange of shares		**-**	(35,000)
		3,386,278	3,386,278
Post acquisition share of profits and reserves net of impairment losses			
Opening balance		**6,084,082**	969,399
Share of profit from associates - net of tax		**109,385**	393,608
Share of other comprehensive (loss) / income - net of tax		**(806,998)**	4,797,476
Gain on exchange of shares of associate		**-**	17,932
Reversal of accumulated loss		**-**	35,000
Dividends received during the period / year		**(286,199)**	(129,333)
Closing balance		**5,100,270**	6,084,082
Balance as on	12.1.1	**8,486,548**	9,470,360

12.1.1 Investment in equity instruments of associated companies - quoted

IGI Holdings Limited (formerly IGI Insurance Limited) 13,072,211 (December 31, 2017: 13,072,211) fully paid ordinary shares of Rs. 10 each Equity held 10.46% (2017: 10.46%) Market value - Rs. 3,668.062 million (December 31, 2017: Rs. 3,828.720 million)	12.3	**5,488,713**	6,395,007
Tri-Pack Films Limited 12,933,333 (December 31, 2017: 12,933,333) fully paid ordinary shares of Rs. 10 each Equity held 33.33% (2017: 33.33%) Market value - Rs. 1,653.009 million (December 31, 2017: Rs. 1,808.985 million)		**2,997,835**	3,075,353
		8,486,548	9,470,360

12.2 Investment in joint ventures

	Note	September 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
Opening balance		**331,770**	9,476,358
Share of loss from joint ventures - net of tax		**(4,895)**	(187,078)
Share of other comprehensive loss from joint ventures - net of tax		**(9,130)**	(9,960)
Dividends received during the period / year		**(12,850)**	(5,958)
Share of gains recognised directly in equity from joint ventures - net of tax		**-**	41,729
Interest in joint venture transferred to interest in subsidiary		**-**	(8,983,321)
Closing balance	12.2.1	**304,895**	331,770

12.2.1 Investment in equity instruments of joint ventures - unquoted

Plastic Extrusions (Proprietary) Limited		
500 (December 31, 2017: 500) fully paid ordinary shares of ZAR 1 each		
Equity held 50% (2017: 50%)	**14,951**	24,081
OmyaPack (Private) Limited		
31,000,000 (December 31, 2017: 31,000,000) fully paid ordinary shares of Rs. 10 each		
Equity held 50% (2017: 50%)	**289,944**	307,689
	304,895	331,770

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

13. Other long term investments

	Note	September 30, 2018 Un-audited	December 31, 2017 Audited
		(Rupees in thousand)	
Quoted			
Nestle Pakistan Limited			
3,649,248 (December 31, 2017: 3,649,248) fully paid ordinary shares of Rs. 10 each			
Equity held 8.05% (December 31, 2017: 8.05%)			
Cost - Rs. 5,778.896 million (December 31, 2017: Rs. 5,778.896 million)	13.1 & 13.2	**34,664,208**	41,966,317
Unquoted			
Tetra Pak Pakistan Limited			
1,000,000 (December 31, 2017: 1,000,000) fully paid non-voting ordinary shares of Rs.10 each	13.1 & 13.3	**-**	10,000
Pakistan Tourism Development Corporation Limited			
2,500 (December 31, 2017: 2,500) fully paid ordinary shares of Rs. 10 each		**25**	25
Orient Match Company Limited			
1,900 (December 31, 2017: 1,900) fully paid ordinary shares of Rs. 100 each		**-**	-
Coca-Cola Beverages Pakistan Limited			
500,000 (December 31, 2017: 500,000) fully paid ordinary shares of Rs. 10 each		**4,706**	4,706
		34,668,939	41,981,048

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

13.2 As of September 30, 2018, an aggregate of 775,000 shares (December 31, 2017: 775,000 shares) of Nestle Pakistan Limited having market value Rs. 7,362 million (December 31, 2017: Rs. 8,912 million) have been pledged in favor of HBL Pakistan. Out of aggregate shares pledged, 410,000 shares (December 31, 2017: 410,000 shares) are pledged against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 9.1 and the remaining 365,000 shares (December 31, 2017: 365,000 shares) are pledged against the term finance loan obtained from HBL Pakistan.

13.3 Investment has been classified as current asset during the period.

14. Income tax receivable

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

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

The amount recoverable of Rs. 36.013 million represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the assessments. The 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 favour of the Parent Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

(ii) In respect of tax year 2014, the department has, against taxable loss of Rs. 706.039 million as per return filed by the Company, assessed a taxable income of Rs. 2,614.710 million and amended the deemed order for the year raising a tax demand of Rs. 606.328 million. In this order, among other issues, the income tax department did not accept the Parent Company's contention for non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL under section 97 of the Income Tax Ordinance, 2001. Such transfer has been taxed as capital gain on the value of assets transferred.

Further, certain other disallowances interalia including on account of allocation of various expenses towards dividend and other incomes, effectively reducing the available tax losses by approximately Rs. 1,200 million, were also made by the department in respect of previous tax years.

The Parent Company being aggrieved of this order filed an appeal before the Commissioner Inland Revenue (Appeals) ['CIR(A)']. CIR(A), through order dated March 2, 2018, has accepted all the contentions of the Parent Company except non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL and taxation of provision for retirement benefits on accrual basis thereby reducing the tax refundable claimed by the Parent Company from Rs. 352.953 million to Rs. 273.986 million. The Parent Company has filed an appeal against the above order before Appellate Tribunal Inland Revenue ('ATIR') and has not made any provision against the above demand and disallowance as the management is confident that the ultimate outcome of the appeal would be in favour of the Parent Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

(iii) In respect of tax year 2016, the department has, against taxable income of Rs. 1,157.926 million as per return filed by the Parent Company, assessed a taxable income of Rs. 2,437.836 million and amended the deemed order for the year raising a tax demand of Rs. 464.187 million. The Parent Company being aggrieved of the said order filed the appeal before CIR(A). CIR(A), through order dated December 11, 2017, has accepted all the contentions of the Parent Company except the allowability of provision for workers' profit participation fund on payment rather than accrual basis and remanded back credit for minimum tax thereby reducing the tax demand to Rs. 86.864 million. The Parent Company has filed an appeal before ATIR against the issues maintained by CIR(A) and has not made any provision against the above disallowance as the management is confident that the ultimate outcome of the appeal would be in favour of the Parent Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

15. Cost of sales

	Quarter ended		**Nine months ended**	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
	Un-audited	Un-audited	**Un-audited**	Un-audited
	(Rupees in thousand)			
Materials consumed	**7,891,582**	4,053,397	**22,043,700**	11,243,759
Salaries, wages and amenities	**989,458**	568,731	**2,957,850**	1,529,306
Travelling and conveyance	**(15,262)**	11,228	**48,372**	30,808
Fuel and power	**1,423,696**	448,921	**3,844,833**	970,820
Production supplies	**288,854**	116,401	**823,071**	355,132
Rent, rates and taxes	**69,104**	85,567	**207,291**	131,895
Insurance	**57,473**	30,797	**157,879**	60,572
Repairs and maintenance	**233,615**	129,586	**704,145**	338,089
Packing expenses	**190,540**	118,380	**565,493**	338,081
Depreciation on property, plant and equipment	**1,086,885**	507,526	**3,274,515**	1,110,931
Amortisation of intangible assets	**2,664**	938	**7,406**	4,857
Technical fee and royalty	**30,991**	42,269	**89,574**	90,756
Other expenses	**355,529**	184,487	**928,190**	409,113
	12,605,129	6,298,228	**35,652,319**	16,614,119
Opening work-in-process	**433,273**	365,646	**405,698**	335,892
Closing work-in-process	**(528,194)**	(319,156)	**(528,194)**	(319,156)
Cost of goods manufactured	**12,510,208**	6,344,718	**35,529,823**	16,630,855
Opening stock of finished goods	**3,971,253**	630,113	**3,835,580**	661,661
Closing stock of finished goods	**(5,058,599)**	(587,059)	**(5,058,599)**	(587,059)
	11,422,862	6,387,772	**34,306,804**	16,705,457

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. 30.00 per share was approved for the year ended December 31, 2017, 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. Segment Information

	Packaging Division		Consumer Products Division		Ink Division		Paper & Paperboard		Real estate		Power Generation and others		Total	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017	**September 30, 2018**	September 30, 2017	**September 30, 2018**	September 30, 2017	**September 30, 2018**	September 30, 2017	**September 30, 2018**	September 30, 2017	**September 30, 2018**	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	**Un-audited**	Un-audited
	(Rupees in thousand)													
Revenue from external customers	**24,429,408**	14,022,814	**3,512,837**	3,191,892	**2,506,561**	2,081,118	**7,039,769**	499,027	**2,396,304**	1,372,623	**9,185**	127,764	**39,894,064**	21,295,238
Intersegment revenue	**340,494**	331,651	**9,050**	-	**702,112**	770,149	**2,869,185**	140,080	**7,107**	71,568	**141,746**	100,191	**4,069,694**	1,413,639
	24,769,902	14,354,465	**3,521,887**	3,191,892	3,208,673	2,851,267	**9,908,954**	639,107	**2,403,411**	1,444,191	**150,931**	227,955	**43,963,758**	22,708,877
Segment profit / (loss) before tax	1,402,862	922,562	340,766	450,983	**293,355**	343,745	**(742,299)**	(34,775)	**165,027**	167,196	**2,096,911**	3,477,805	**3,556,622**	5,327,516
	September 30, 2018	December 31, 2017	**September 30, 2018**	December 31, 2017	**September 30, 2018**	December 31, 2017	**September 30, 2018**	December 31, 2017	**September 30, 2018**	December 31, 2017	**September 30, 2018**	December 31, 2017	**September 30, 2018**	December 31, 2017
	Un-audited	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited
Segment assets	**16,868,724**	21,923,522	**2,400,910**	1,849,118	**2,396,279**	1,781,752	**25,020,782**	15,900,473	**12,450,798**	13,518,943	**7,940,333**	6,722,694	**67,077,826**	61,696,502

Reconciliation of profit

	September 30, 2018	September 30, 2017
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for reportable segments	**3,556,622**	5,327,516
Profit from associates and joint ventures - net of dividends	**(194,559)**	138,076
Gains relating to business combinations	**-**	2,492,710
Intercompany consolidation adjustments	**(1,032,554)**	(174,484)
Profit before tax	**2,329,509**	7,783,818

18. Transactions with related parties

Relationship with the Group	Nature of transactions	Nine months ended **September 30, 2018** **Un-audited**	Nine months ended September 30, 2017 Un-audited
		(Rupees in thousand)	
i Associated Undertakings	Purchase of goods and services	**1,593,642**	792,781
	Sale of goods and services	**13,916**	16,282
	Dividend income	**286,200**	129,333
	Insurance premium paid	**343,312**	146,830
	Rental and other income	**16,158**	9,167
	Insurance claims received	**8,761**	1,699
	Commission earned	**10,626**	4,407
	Dividend paid	**739,613**	607,740
ii Joint venture	Purchase of goods and services	**45,454**	1,881,245
	Sale of goods and services	**181,555**	300,247
	Rental and other income	**2,830**	47,898
	Sale of property plant & equipment	**-**	1,168
	Dividend income	**-**	5,894
iii Other related parties	Purchase of goods and services	**576,834**	190,481
	Sale of goods and services	**410,896**	-
	Dividend income	**114,758**	-
	Royalty and technical fee - expense	**34,994**	58,128
	Commission Income	**41**	-
	Commission expense	**8,802**	11,293
	Rebate received	**1,977**	418
	Rent expense	**6,680**	-
iv Post employment benefit plans	Expenses charged in respect of retirement benefit plans	**133,378**	110,954
	Dividend paid	**84,973**	70,811
v Key management personnel	Salaries and other employee benefits	**136,994**	160,405
	Dividend paid	**68,618**	57,182
Vi Other related parties	Donation paid	**31,632**	50,255

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, 2018** **Un-audited**	December 31, 2017 Audited
	(Rupees in thousand)	
Receivable from related parties		
Associates	**95,975**	33,862
Joint ventures	**91,614**	18,770
Other related parties	**63,956**	63,479
Payable to related parties		
Associates	**217,152**	70,615
Joint venture	**16,375**	-
Other related parties	**53,695**	103,674
Post employment benefit plans	**19,142**	17,165

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

19. Cash generated from operations

	Nine months ended	
	September 30, 2018	September 30, 2017
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax	**2,329,509**	7,783,818
Adjustments for non-cash items:		
Depreciation on property, plant and equipment	**2,775,330**	752,263
Depreciation on investment property	**619,786**	372,644
Amortisation on intangible assets	**21,201**	7,375
Capital gain on disposal of Government securities	**-**	(2,834)
Provision for accumulating compensated absences	**88,272**	85,999
Provision for retirement benefits	**67,702**	28,462
Amortisation of deferred income	**(11,512)**	-
Profit on disposal of property, plant and equipment	**(21,182)**	(20,060)
Exchange loss - net	**226,910**	18,058
Finance costs	**1,502,355**	737,011
Provision against pending claims	**53,354**	14,966
Provision for doubtful debts	**53,820**	7,683
Liabilities no longer payable written back	**(10,442)**	(1,109)
Gain arising due to business combination	**-**	(2,550,033)
Acquisition related costs from business combination	**-**	57,323
Exchange difference on translation of foreign subsidiaries	**47,781**	13,578
Share of profits on investments accounted for using the equity method	**(104,490)**	(273,303)
Dividend income	**(2,203,580)**	(3,868,499)
Profit before working capital changes	**5,434,814**	3,163,342
Effect on cash flow due to working capital changes		
Increase in trade debts	**(1,770,693)**	(1,256,124)
Increase in stores and spares	**(314,041)**	(151,746)
Increase in stock-in-trade	**(3,923,080)**	(357,659)
Increase in loans, advances, deposits, prepayments and other receivables	**(571,090)**	(237,144)
Increase in trade and other payables	**1,141,198**	671,172
	(5,437,706)	(1,331,501)
	(2,892)	1,831,841

20. Cash and cash equivalents

Cash and bank balances	**430,523**	832,884
Finances under markup arrangements - secured	**(11,729,415)**	(6,764,438)
	(11,298,892)	(5,931,554)

21. Financial risk management

21.1 Financial risk factors

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

The condensed consolidated interim financial statements does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2017.

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

21.2 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, unobservabl inputs) (level 3).

The following table presents the Groups' material financial assets and liabilities that are measured at fair value as at September 30, 2018:

	Un-audited (Rupees in thousand)			
	Level 1	Level 2	Level 3	**Total**
Assets				
Recurring fair value measurements				
Available for sale investments	34,664,207	-	-	**34,664,207**
Liabilities	-	-	-	**-**

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

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

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

22. Detail of subsidiaries

Name of the subsidiaries

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

23. Date of authorization for issue

These condensed consolidated interim financial statements were authorised for issue on October 24, 2018 by the Board of Directors of the Parent Company.

24. Corresponding figures

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

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

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