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### **COMPANY INFORMATION**

### **Board of Directors**

Towfig Habib Chinov (Non-Executive Director) Sved Hyder Ali (Executive Director) Khalid Yacob (Executive Director) Matti Ilmari Naákka (Independent Director) Muhammad Aurangzeb (Independent Director) Shahid Aziz Siddigui (Independent Director) Shamim Ahmad Khan (Non-Executive Director) Syed Aslam Mehdi (Executive Director) Syed Shahid Ali (Non-Executive Director) Wazir Ali Khoja (Independent Director) Ali Aslam (Alternate to Matti Ilmari Naakka)

### Advisor Sved Babar Ali

Company Secretary Adi J. Cawasji

### **Executive Committee**

Syed Hyder Ali (Executive Director) Syed Aslam Mehdi (Executive Director) Khalid Yacob (Executive Director)

### **Audit Committee**

Shahid Aziz Siddiqui (Independent Director) Shamim Ahmad Khan (Non-Executive Director) Matti Ilmari Naakka (Independent Director) Muhammad Aurangzeb (Independent Director) Syed Shahid Ali (Non-Executive Director) Syed Aslam Mehdi (Executive Director) Adi J. Cawasji (Company Secretary)

### **Business Strategy Committee**

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

- Chairman

Member

- Member

- Chairman

- Member

- Member

- Member

- Member

- Member

- Secretary

Chairman

- Member

Member

- Chief Executive & Managing Director

### System and Technology Committee Syed Aslam Mehdi (Executive Director)

Khalid Yacob (Executive Director) Suleman Javed

### Human Resource and Remuneration (HR & R) Committee

Towfiq Habib Chinoy (Non-Executive Director) Shahid Aziz Siddiqui (Independent Director) Shamim Ahmad Khan (Non-Executive Director) Syed Hyder Ali (Executive Director) Syed Aslam Mehdi (Executive Director) Asma Javed

### Rating Agency: PACRA

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

Auditors A.F. Ferguson & Co. Chartered Accountants

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

**Bankers & Lenders** Allied Bank Limited Askari Bank Limited Bank Alfalah Limited Bank Al-Habib Limited BankIslami Pakistan Limited Barclays Bank PLC, Pakistan Citibank N.A. Deutsche Bank AG Dubai Islamic Bank Pakistan Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited HSBC Bank Middle East Limited International Finance Corporation (IFC) JS Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan **NIB Bank Limited** Samba Bank Limited Silk Bank Limited Soneri Bank Limited Standard Chartered Bank (Pakistan) Limited The Bank of Punjab The Bank of Tokyo - Mitsubishi UFJ, Limited United Bank Limited

- Chairman
- Member
- Member
- Chairman
- Member
- Member
- Member
- Member
- Secretary

### Head Office & Works

Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore - 54760, Pakistan PABX : (042) 35811541-46 : (042) 35811191-94 Fax : (042) 35811195 : (042) 35820147

### **Factories**

### **Kasur Mills**

10-km Kasur Kot Radha Kishan Road, District Kasur, Pakistan Tel : (049) 2717335-43 Fax : (049) 2717220

### **Karachi Factory**

Plot No. 6 & 6/1, Sector 28, Korangi Industrial Area, Karachi-74900, Pakistan Tel : (021) 35045320, 35045310 Fax : (021) 35045330

### 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) 35878650-52 : (021) 35831618, 35833011 Fax : (021) 35860251

### **Regional Sales Office**

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

### **Zonal Sales Offices**

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

9th Floor State Life Building, 2 - Liaquat Road, Faisalabad, Pakistan Tel : (041) 2540842 Fax : (041) 2540815

### **Uzair Enterprises**

Teer Chowk Bhuta Road, Sukkur - 65200, Pakistan Cell : 03013970046 Tel & Fax: (071) 5616138

### M. Hamza Traders

15-D Gul Plaza, Opp: Charsadda Bus Stand, Peshawar-25000, Pakistan Cell : 03018650486 Tel : (091) 2043719

### S. Y. Traders

Mir Ahmed Khan Road, Piano Center Quetta - 87300 Tel : (081) 2834432 : (081) 2834431

### **Shares Registrar**

FAMCO Associates (Pvt) Limited 1st Floor, State Life Building No. 1-A I. I. Chundrigar Road, Karachi-74000, Pakistan PABX : (021) 32425604 : (021) 32427012 : (021) 32425467 Fax : (021) 32426752

### **Web Presence**

www.packages.com.pk

## DIRECTORS' REPORT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012



The Directors of Packages Limited are pleased to submit to its shareholders, the nine months report along with the condensed interim un-audited financial statements of the Company for the period ended September 30, 2012.

### Significant events impacting the Company

To enable continuous growth and technical development in the Paper & Paperboard segment, the Board of Directors of Packages Limited have signed an agreement on September 17, 2012 with "Stora Enso OYJ Group" (Stora Enso) of Finland entering into 50/50 Joint Venture in its 100% wholly owned subsidiary "Bulleh Shah Packaging (Private) Limited" [formerly "Bulleh Shah Paper Mill (Private) Limited"] ('BSPL'). This Joint Venture Agreement would enable greater focus on Paper & Paperboard and Corrugated businesses which are integrally linked and have different capital and technology requirements as well as market focus as compared to Packaging and Consumer Products businesses. It will also enable access to Stora Enso's technology as well as using its platform for exports.

The Joint Venture covers Paper & Paperboard and Corrugated businesses operational at Kasur Mills and Karachi and will involve initial equity participation of Stora Enso of 35% by way of subscription of right shares with a commitment to increase the shareholding to 50% at a later stage subject to certain conditions being met. The agreed value for 100% of the Joint Venture Company is USD 107.5 million on a cash and debt free basis with additional equity to be subscribed by Stora Enso through right shares in the Joint Venture Company of USD 17.5 million based on the financial results of H2-2012 and H1-2013. Packages Limited shall continue to hold minimum 50% ownership and would be entitled to future proportionate profits of the Joint Venture. Accordingly, the Company's operations have been divided into Continuing and Discontinued operations for financial reporting purposes. Paper & Paperboard and Corrugated businesses have been recognised as Discontinued operations with respect to Packages Limited because these will form part of the Joint Venture into BSPL.

The results of Continuing operations include Folding Cartons, Flexible Packaging and Consumer Products Divisions that will continue to be part of Packages Limited on a stand alone basis.

### **Financial and Operational Performance**

The comparison of the un-audited results for the period ended September 30, 2012 as against September 30, 2011 is as follows:

00, 2011 15 45 1010 \$3.	For the th	ird quarter	Cumu	lative
	July - Sep	July - Sep	Jan - Sep	Jan - Sep
	2012	2011	2012	2011
Financial - Rupees in million				
Continuing operations				
Net sales	2,886	2,885	8,482	8,699
EBITDA- operations	288	287	768	927
Depreciation & amortisation	(92)	(77)	<b>(257</b> )	(231)
EBIT - operations	196	210	511	696
Finance costs	(142)	(130)	(379)	(355)
Other operating income/(expenses) - net	41	31	211	216
Investment income	420	27	1,094	729
Reversal of impairment charged on investments	109		360	
Earnings before tax	624	138	1,797	1,286
Taxation	(52)	(133)	(373)	(733)_
Earnings after tax-Continuing operations	572	5	1,424	553
Basic earnings per share - Rupees	6.78	0.06	16.88	6.55
Discontinued operations				
Loss after tax	(2,633)	(391)	(3,213)	(1,148)
Basic earnings per share -Rupees	(31.20)	(4.64)	(38.07)	(13.61)

### **Continuing Operations**

During the first nine months of the year 2012, Continuing operations have achieved net sales of Rs. 8,482 million against net sales of Rs. 8,699 million of corresponding period of last year. Operations have generated EBITDA of Rs. 768 million during nine months of 2012 against Rs. 927 million generated during corresponding period of 2011.

The Company has also recognised reversal of impairment amounting to Rs. 360 million during the first nine months of 2012 on its investments held in IGI Insurance Limited and IGI Investment Bank Limited on the basis of recovery in recoverable amount.

Investment income has increased by Rs. 365 million during first nine months of 2012 over corresponding values of 2011 that is indicative of improved operational performance of the investee companies.

As part of its efforts to remain abreast of improved technological developments in the Packaging business, the Company has invested in a New Rotogravure Machine for its Flexible Packaging Business with total estimated project cost of Rs. 500 million. The machine is under installation and is expected to be operational by the current year-end. It would serve growing needs of the Company's customers. Packaging operations are fully geared up to meet enhanced customers' requirements and are also actively pursuing cost control initiatives to improve bottom line results.

Consumer Products Division has registered sales of Rs. 1,487 million during the first nine months of 2012 as compared to Rs. 1,670 million of the corresponding period of 2011. This decline in revenue is attributable to the unfortunate fire incident that occurred towards the end of 2011. Despite decrease in sales by 11%, the Division has managed to improve its operating earnings by 25% through effective cost control measures. The Company has actively pursued on re-commencement of operations and all the critical machines including Facial Tissue, Toilet Roll, Table Napkin, Paper Cup and N-Fold machines have been installed and have commenced commercial operations. Moreover, the Company is also regaining its market share through its rigorous marketing strategies and is expecting to offset the revenue loss in future months with improved operating results.

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

	July - Sep 2012	July - Sep 2011	Jan - Sep 2012	Jan - Sep 2011
Consumer Products produced-tons	2,393	2,628	6,279	7,412
Carton Board & Consumer Products converted-tons	7,565	7,792	21,408	25,335
Plastics all sorts converted-tons	3,272	3,035	10,096	9,598

### **Discontinued Operations**

Paper & Paperboard and Corrugated businesses have been recognised as Discontinued operations with respect to Packages Limited pursuant to the signing of Joint Venture Agreement with Stora Enso. Discontinued operations have achieved external sales of Rs. 6,776 million during the first nine months of 2012 as against Rs. 6,161 million achieved during corresponding period of the year 2011 representing 10% top line growth. Operating results have also indicated improvement as Discontinued operations have sustained an Operational Loss After Tax of Rs. 756 million during first nine months of 2012 as against Operational Loss After Tax of Rs. 1,148 million incurred during corresponding period of 2011. This improvement is primarily attributable to greater flexibility exercised after re-build of Paper Machine (PM-6) in terms of production of high value added products and energy management initiatives. The Company is still facing energy shortages as well as unfair competition in writing and printing paper segment from imported paper that is being sold at dumping prices in the local market.

Pursuant to recognition as Disposal Group, the management has recognised assets and liabilities of Paper & Paperboard and Corrugated businesses as 'Non-current assets held for sale and Discontinued operations' in terms of applicable financial reporting framework and re-measured the underlying assets and liabilities at the lower of carrying amount and fair value less costs to sell at the date of 'held for sale' classification and consequently has estimated a one-off non-cash charge of Rs. 2,457 million net of taxes at the interim

stage, which it has recognised in these interim financial statements for the period ended September 30, 2012 under International Financial Reporting Standards. This charge shall be re-assessed at the year-end and variations, if any, will be accordingly adjusted.

The management is fully confident that the operating results of Paper & Paperboard and Corrugated businesses will substantially improve through joint efforts of Stora Enso and local team.

The Joint Venture will provide Paperboard and Packaging Products to key local and international customers in the fast-growing Pakistani market. The Joint Venture will employ about 950 people and its sales are forecast to be USD 130 million in 2012.

As part of the Agreement, both parties are committed to a substantial USD 135 million investment program during 2013 and 2014 to further develop the business. To finance this investment program, Packages Limited shall contribute USD 18.5 million to the Joint Venture and these investments including a new alternate fuel based power plant will further improve the product quality, competitiveness and profitability of the operations. Annual production capacity of the Joint Venture is expected to be 360,000 tons of Paperboard upon completion of investments.

Meanwhile, the management is continuing its focus on Alternate Energy Project to reduce its energy costs and is expected to finalize the technical partners within next quarter. The Company is also actively pursuing its applications for fixation of anti-dumping duty and Import Trade Price (ITP) with National Tariff Commission (NTC) and the custom authorities to protect its products i.e. writing and printing paper against unfair competition offered by imported paper.

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

	July - Sep	July - Sep	Jan - Sep	Jan - Sep
	2012	2011	2012	2011
Paper and Paperboard produced-tons	37,711	44,264	105,262	107,719
Paper and Paperboard converted-tons	20,543	19,355	61,336	60,855

### **Future Outlook**

In respect of Continuing operations, Consumer Products Division is expected to re-gain its market share after re-commencement of production operations. With start-up of New Rotogravure Machine by the current year-end, the Company is likely to improve its market share in the Flexible Packaging business. Despite rising raw material prices, electricity and gas shortages, your Company is improving shareholder's value through tight cost control, product and process optimization, price rationalisation and efficient working capital management.

In respect of Paper & Paperboard and Corrugated Boxes businesses, we believe that the New Joint Venture shall bring considerable value to its shareholders and will meet Stora Enso's and Packages Limited joint return on investment targets.

We remain confident that the economy would improve in the future and the Company shall be able to maintain its market leadership.

### **Company's Staff and Customers**

As we continue with our mission, we would like to record our appreciation of continued patronage of our valuable customers and sustained efforts of our employees.

**(Towfiq Habib Chinoy)** Chairman Lahore, October 20, 2012

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**(Syed Hyder Ali)** Chief Executive & Managing Director Lahore, October 20, 2012

# PACKAGES LIMITED **CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)** as at September 30, 2012

	Note	Un-audited September 30, 2012 (Rupees in	Audited December 31, 2011
EQUITY AND LIABILITIES	NOLE	(nupees in	liiousaiiu)
CAPITAL AND RESERVES			
Authorised capital 150,000,000 (2011: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (2011: 22,000,000) 10% non-voting cumulative preference shares / convertible stock of Rs. 190 each		4,180,000	4,180,000
Issued, subscribed and paid up capital 84,379,504 (2011: 84,379,504) ordinary shares of Rs. 10 each Reserves Preference shares / convertible stock reserve Accumulated loss		843,795 29,129,162 1,605,875 (1,745,834)	843,795 28,179,067 1,605,875 (1,080,744)
NON-CURRENT LIABILITIES		29,832,998	29,547,993
Long-term finances Deferred income tax liabilities Retirement benefits Deferred liabilities	6 7	2,470,577 224,857 27,922 147,208	8,575,339 2,004,000 12,358 161,795
CURRENT LIABILITIES		2,870,564	10,753,492
Current portion of long-term finances - secured Finances under mark up arrangements - secured Trade and other payables Accrued finance costs		- 3,130,798 1,812,460 354,035 5,297,293	380,952 796,227 1,731,255 534,021 3,442,455
Lightliting of diagonal group classified		0,231,230	0,772,700
Liabilities of disposal group classified as held for sale	16	7,012,979	-
CONTINGENCIES AND COMMITMENTS	8	-	-
		45,013,834	43,743,940

		Un-audited September 30, 2012	Audited December 31, 2011
ASSETS	Note	(Rupees in	thousand)
NON-CURRENT ASSETS			
Property, plant and equipment Investment property Intangible assets Investments Long-term loans and deposits Retirement benefits	10	3,362,215 28,709 32,175 18,848,946 114,214 70,148 22,456,407	18,346,058 29,943 38,888 16,288,141 110,873 89,299 34,903,202
CURRENT ASSETS			
Stores and spares Stock-in-trade Trade debts Loans, advances, deposits, prepayments and other receivables Income tax receivable Cash and bank balances	11	331,805 1,852,153 1,478,664 547,676 1,495,404 191,678 5,897,380	978,741 4,525,757 1,764,577 454,548 941,439 175,676 8,840,738
Assets of disposal group classified as held for sale	16	16,660,047	-

45,013,834

43,743,940

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Towfiq Habib Chinoy Chairman

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Syed<sup>I</sup>Hyder Ali Chief Executive & Managing Director

S.a.mendi

Syed Aslam Mehdi Director

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

for the quarter and nine months ended September 30, 2012

		Quarter ended								Nir	ie i	nor	ths e	ende	d
		Se	September 30, S 2012		September 30, 2011		September 30 2012				Sep	er 30, 1			
	Note	,	_				Represented								ented
Continuing operations		(	Ru	I	p	e	es i	n	t	h	0	u	s a	n	a )
Local sales Export sales			3,352 24	· .	262 )07		3,444,602 6,092		10,		0,5 3,8		10		,049 ,618
Gross sales			3,376				3,450,694	-	10		-			-	,667
Less: Sales tax and excise duty Commission				<b>,</b> 4	150		561,104 4,235	)			0,8	11		13	,366 ,580
		_	490	<u> </u>			565,339			58	<u> </u>		-		,946
Net sales Cost of sales	12		2,885 2,510	),g	)73)	)	2,885,355 (2,505,897	)	(7,		7,2	83)	(7	,465	,721 ,584)
Gross profit			374				379,458			00				,	,137
Administrative expenses Distribution and marketing costs Projects expenditure	13		(96	, <b>9</b>	)79) )67) -		(64,878) (104,259) -	) ·			D,3	44) 02) -		298) (298)	,401) ,949) ,487)
Other operating expenses Other operating income			26	i,6	74 592		(125) 30,887	,′ 		21	1,6			228	,298) ,765
Profit from operations			237				241,083			72					,767
Finance costs Investment income Reversal of impairment charged			(142 419			)	(130,497 26,844			37 09		73) 53			,171) ,059
on investments	14		108	8,6	682			•		36	0,7	00			-
Profit before taxation Taxation	15		623 (52			)	137,430 (132,621			79 37		49 84)			,655 ,573)
Profit for the period from Continuing operations			571	7	750		4,809	)	1	42	4 1	65		553	,082
Discontinued operations		_		,-				-			.,.				,002
Loss for the period from															
Discontinued operations	16.2		2,632	-			(391,151					<u>86)</u>			,380)
Loss for the period Basic earnings / (loss)		()	2,060	) <u>,</u> 9	<b>16</b> 4)		(386,342	)	(1,	78	8,5	21)		(595	,298)
per share - Rupees	17			~	70		0.00				4.0	00			0 55
<ul> <li>From Continuing operations</li> <li>From Discontinued operations</li> </ul>	17 17		(3		.78 .20)	)	0.06 (4.64				16. 38.	88 07)		(1	6.55 3.61)
- From loss for the period					.42)		(4.58			_		19)			7.06)
Diluted earnings / (loss) per share - Rupees								-							
- From Continuing operations	17		10	_	.16		0.06				15.				6.55
<ul> <li>From Discontinued operations</li> <li>From loss for the period</li> </ul>	17				. <u>20)</u> .04)		(4.64)	-		•		<u>07)</u> 35)		``	<u>3.61)</u> 7.06)
		_	(2		.04		(4.50	2		(		00)		(	1.00)

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

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Towfiq Habib Chinoy Chairman

Syed<sup>I</sup>Hyder Ali Chief Executive & Managing Director

S.a.mendi

Syed Aslam Mehdi Director

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

for the quarter and nine months ended September 30, 2012

	Quar	er ended	Nine months ended										
	September 3 2012	<b>0,</b> September 30, 2011	September 30 2012	, September 30, 2011									
	(Rup	ees in	thou	sand)									
Loss after taxation	(2,060,964	) (386,342)	(1,788,521)	(595,298)									
Other comprehensive income Surplus / (deficit) on re-measurement of available for sale financial assets	675,657	(6,302,616)	2,200,095	5,010,892									
Total comprehensive (loss) / income for the period	(1,385,307	) (6,688,958)	411,574	4,415,594									

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Towfiq Habib Chinoy Chairman

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Syed<sup>I</sup>Hyder Ali Chief Executive & Managing Director

S.a.mendi Syed Aslam Mehdi Director

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

for the nine months ended September 30, 2012

	Share capital			nare miur			r value serve		Gener		S CO	efere share nvert ck res	s / ible		cumu profi (loss	t/		Total
	(	R	U	р	e	e	S	i	n	t	h	0	U	S	a	n	d	)
Balance as on December 31, 2010 (audited)	843,795		2,87	76,89	93	4,6	81,548	1	6,660,3	333	1,	,605,	875		261,	441	26	929,885
Appropriation of funds Transferred to profit and loss account	-				-		-		(500,0	000)			-		500,	000		
Loss for the period	-				-		-			-			-		(595,	298)	(!	595,298)
Other comprehensive income Surplus on re-measurement of available for sale financial assets	-				-	5,0 <sup>-</sup>	10,892			-			-			-	5	010,892
Total comprehensive income / (loss)	-				-	5,0	10,892			-			-		(595,	298)	4	415,594
Transactions with owners Final dividend for the year ended December 31, 2010 Rs. 3.25 per share	-				-		-			-			-		(274,	233)		274,233)
Balance as on September 30, 2011 (un-audited)	843,795		2,87	76,89	93	9,6	92,440	1	6,160,3	333	1	,605,	875		(108,	090)	31	071,246
Loss for the period	-				-`		-			-			-		(972,	654)	(	972,654)
Other comprehensive loss Deficit on re-measurement of available for sale financial assets	-				-	(5	50,599)			-			-			-		550,599)
Total comprehensive loss	-				-	(5	50,599)			-			-		(972,	654)	(1	523,253)
Balance as on December 31, 2011 (audited)	843,795		2,87	76,89	93	9,1	41,841	1	6,160,3	333	1	,605,	875	(1	,080,	744)	29	547,993
Appropriation of funds Transferred to profit and loss account	-				-		-	(	1,250,0	000)			-	1	,250,	000		-
Loss for the period	-				-		-			-			-	(1	,788,	521)	(1	788,521)
Other comprehensive income Surplus on re-measurement of available for sale financial assets	-				-	2,2	00,095			-			-			-	2	200,095
Total comprehensive income / (loss)	-				-	2,2	00,095	J [		-	L		-	(1	,788,	521)	L	411,574
<b>Transactions with owners</b> Final dividend for the year ended December 31, 2011 Rs. 1.50 per share	-				-		-			-			-		(126,	569)		(126,569)
Balance as on September 30, 2012 (un-audited)	843,795		2,87	76,89	93	11,3	41,936	1	4,910,3	333	1	,605,	875	(1	,745,	834)	29	832,998
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Towfiq Habib Chinoy Chairman

Syed<sup>1</sup>Hyder Ali Chief Executive & Managing Director

S.a.mendi

Syed Aslam Mehdi Director

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

for the nine months ended September 30, 2012

		Nine mor	iths ended
		September 30, 2012	September 30, 2011
	Note		Represented
		(Rupees i	n thousand)
Cash flow from operating activities			
Continuing operations: Cash generated from / (used in) operations Finance cost paid Taxes paid Payments for accumulating compensated absences Retirement benefits paid Discontinued operations	19 16.3	372,366 (455,850) (648,286) (18,167) (36,570) (1,441,909)	(8,312) (429,365) (340,676) (7,564) (31,298) (2,494,197)
	1010		
Net cash used in operating activities		(2,228,416)	(3,311,412)
Cash flow from investing activities			
Continuing operations: Fixed capital expenditure Investments - net Investment in subsidiary Net increase in long-term loans and deposits		(778,043) 13 (9) (3,341)	(274,751) 3,035 - (1,020)
Proceeds from disposal of property, plant and equipment Dividends received		29,648 1,070,777	154,882 709,475
Discontinued operations	16.3	(183,807)	(1,130,839)
Net cash generated from / (used in) investing activities		135,238	(539,218)
Cash flow from financing activities			
Continuing operations:			[]
Dividend paid		(126,581)	(274,554)
Discontinued operations	16.3	(98,810)	885,000
Net cash (used in) / generated from financing activities		(225,391)	610,446
Net decrease in cash and cash equivalents Cash and cash equivalents at the beginning of the period		(2,318,569) (620,551)	(3,240,184) 998,912
Cash and cash equivalents at the end of the period	20	(2,939,120)	(2,241,272)

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Towfiq Habib Chinoy Chairman

Syed<sup>I</sup>Hyder Ali Chief Executive & Managing Director

S.a.mendi

Syed Aslam Mehdi Director

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

for the quarter and nine months ended September 30, 2012

### 1. The Company and its activities

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

During the current year, the Company has entered into a 50/50 Joint Venture agreement on September 17, 2012 with 'Stora Enso OYJ Group' ('Stora Enso') of Finland in its 100% wholly owned subsidiary Bulleh Shah Packaging (Private) Limited [formerly Bulleh Shah Paper Mill (Private) Limited] ('BSPL'). The Joint Venture will include Paper & Paperboard and Corrugated businesses operational at Kasur and Karachi and will involve initial equity participation of Stora Enso of 35% by way of subscription of right shares with a commitment to increase the shareholding to 50% at a later stage subject to certain conditions being met. The agreed value for 100% of the Joint Venture Company is USD 107.5 million on a cash and debt free basis with additional equity to be subscribed by Stora Enso through right shares in the Joint Venture Company of USD 17.5 million, based on the financial results of H2-2012 and H1-2013. Packages Limited shall continue to hold minimum 50% ownership and future profits of the Joint Venture.

As a result, the Company's operations have been divided into Continuing and Discontinued operations in accordance with the requirements of International Financial Reporting Standard (IFRS) 5, 'Noncurrent assets held for sale and Discontinued operations'. Paper and Paperboard and Corrugated businesses have been classified as Discontinued operations because these will form part of the Joint Venture. Continuing operations will include Folding Cartons, Flexible Packaging and Consumer Products businesses.

In accordance with the requirements of IFRS-5, the assets and liabilities of the Discontinued operations have been classified as 'held for sale' as reflected in note 16 of these financial statements. Upon subscription by Stora Enso in BSPL, Company shall derecognise its investment in BSPL owing to loss of control and recognise an investment in jointly controlled entity, with Stora Enso as the JV partner. In view of the above, assets and corresponding liabilities as are envisaged to be transferred to BSPL are classified as held for sale under IFRS-5. These assets and liabilities have been measured at lower of their respective carrying values and fair value less cost to sell and the resultant estimated charge has been recognised in the profit and loss account. The figures of the prior period have been represented in accordance with the requirements of IFRS-5, where relevant.

### 2. Basis of preparation

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under The Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under The Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2011.

### 3. Significant accounting policies

**3.1** The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended December 31, 2011 except for the adoption of new accounting policies as referred to in note 3.2.1.

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

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

### 3.2.1 Amendments to published standards effective in current year

New and amended standards, and interpretations mandatory for the first time for the financial year beginning January 1, 2012 and their impact on these condensed interim financial information is given below:

IFRS 1 (Amendment), 'First time adoption of IFRS' (effective July 1, 2011). These amendments include two changes to IFRS 1, 'First-time adoption of IFRS'. The first replaces references to a fixed date of January 1, 2004 with 'the date of transition to IFRSs', thus eliminating the need for entities adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The application of this amendment has no material impact on the Company's financial statements.

IFRS 7 (Amendments), 'Financial instruments: Disclosures'. These are applicable on accounting periods beginning on or after July 1, 2011. These amendments arise from the IASB's review of offbalance sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The application of these amendments has no material impact on the Company's condensed interim financial information.

IAS 12 (Amendment), 'Income taxes'. These are applicable on accounting periods beginning on or after January 1, 2012. IAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery shall be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes recovery of revalued non-depreciable assets', shall no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. The application of this amendment has no material impact on the Company's financial statements.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2013 or later periods, but the Company has not early adopted them:

Annual improvements to IFRSs 2011 (effective January 1, 2013). This set of amendments includes changes to five standards: IFRS 1, 'First time adoption of IFRS', IAS 1, 'Presentation of financial statements', IAS 16, 'Property plant and equipment', IAS 32, 'Financial instruments; Presentation' and IAS 34, 'Interim financial reporting'. The Company shall apply these amendments from January 1, 2013 and does not expect to have a material impact on its financial statements.

IFRS 1 (Amendment), 'First time adoption of IFRS', addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008. The Company shall apply this amendment from January 1, 2013 and does not expect to have a material impact on its financial statements.

IFRS 7 (Amendment), 'Financial Instruments: Disclosures', reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The Company shall apply this amendment from January 1, 2013 and does not expect to have a material impact on its financial statements.

IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The standard is not applicable until January 1, 2015 but is available for early adoption. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that shall replace IAS 39, 'Financial instruments: Recognition and measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change shall mainly affect financial institutions. There shall be no impact on the Company's accounting for financial liabilities that are designated at fair value through profit or loss, and the Company does not have any such liabilities.

IFRS 12, 'Disclosures of Interests in Other Entities'. This is applicable on accounting periods beginning on or after January 1, 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company shall apply this standard from January 1, 2013 and does not expect to have a material impact on its financial statements.

IFRS 13, 'Fair Value Measurement'. This is applicable on accounting periods beginning on or after January 1, 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company shall apply this standard from January 1, 2013 and does not expect to have a material impact on its financial statements.

IAS 1 (Amendment), 'Presentation of Financial Statements'. This is applicable on accounting periods beginning on or after July 1, 2012. The main change resulting from these amendment is a requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendment does not address which items are presented in OCI. The Company shall apply this amendment from January 1, 2013 and does not expect to have a material impact on its financial statements.

IAS 19 (Amendment), 'Employee Benefits' is applicable on accounting periods beginning on or after January 1, 2013. The amendment shall eliminate the corridor approach and calculate finance costs

on a net funding basis. The Company shall apply this amendment from January 1, 2013 and its impact on retained earnings will be Rs. 452.369 million due to recognition of current unrealised actuarial losses on its defined benefit plans.

IAS 27 (Revised 2011), 'Separate Financial Statements' includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The revised standard is applicable for accounting periods beginning on or after January 1, 2013. The Company shall apply this standard from January 1, 2013 and does not expect to have a material impact on its financial statements.

IAS 32 (Amendment), 'Financial Instruments: Presentation' is applicable on accounting periods beginning on or after January 1, 2014. This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Company shall apply this amendment from January 1, 2014 and does not expect to have a material impact on its financial statements.

- 4. The provision for taxation for the nine months ended September 30, 2012 has been made using the tax rate that would be applicable to expected total annual earnings.
- **5.** The preparation of interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgments made by management in applying the 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, 2011, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in note 4 and estimated loss on re-measurement of net assets of the Discontinued operations as referred to in note 16.1.

### 6. Long-term finances

		Un-audited	Audited
		September 30, 2012	December 31, 2011
	Note	(Rupees in	thousand)
Opening balance			
Local currency loans - secured		6,485,714	5,485,714
Preference shares / convertible stock - unsecured		2,470,577	2,470,577
		8,956,291	7,956,291
Loans obtained during the period			
Local currency loans - secured		-	1,000,000
		8,956,291	8,956,291
Loans repaid during the period			
Local currency loans - secured		(98,809)	-
		8,857,482	8,956,291
Less: Liabilities of disposal group classified		-,,	-,,
as held for sale	16.1	6,386,905	-
		2,470,577	8,956,291
Current portion shown under current liabilities		, -,-	-,, -
local currency loans - secured		-	(380,952)
Closing balance		2,470,577	8,575,339
0		, -,-	, -,

7. The Company has not adjusted the net deferred tax liability against tax credits available to the Company under section 113 of the Income Tax Ordinance, 2001 amounting to Rs. 116.748 million (2011:

Rs. 300.241 million) available till December 31, 2012 and unused tax losses of Rs. Nil (2011: Rs. 132.163 million).

### 8. **Contingencies and commitments**

### 8.1 **Contingencies**

- (i) Claims against the Company not acknowledged as debts Rs. 21.234 million (December 31, 2011: Rs. 18.612 million).
- (ii) Post dated cheques not provided in the condensed interim financial information have been furnished by the Company in favour of the Collector of Customs against custom levies aggregated to Rs. 220.495 million (December 31, 2011: Rs. 102.219 million) in respect of goods imported.

### 8.2 Commitments in respect of

- (i) Letters of credit and contracts for capital expenditure Rs. 29.783 million (December 31, 2011: Rs. 310.397 million).
- (ii) Letters of credit and contracts other than for capital expenditure Rs. 480.370 million (December 31, 2011: Rs. 433.814 million).
- (iii) The amount of future payments under operating leases and Ijarah financing and the period in which these payments will become due are as follows:

September 30, December 31 2012 2011 (Rupees in thousand)		Un-audited	Audited
(Rupees in thousand)			December 31, 2011
		(Rupees in	thousand)
Not later than one year         247,009         191,692	Not later than one year	247,009	191,692
Later than one year and not later than five years <b>504,028</b> 814,092	Later than one year and not later than five years	504,028	814,092
<b>751,037</b> 1,005,784		751,037	1,005,784

#### 9. Dividends

Ordinary dividend relating to the year ended December 31, 2011 amounting to Rs. 126.569 million (December 31, 2010: Rs. 274.233 million) was declared during the period. The Company also paid preference dividend / return relating to the year ended December 31, 2011 amounting to Rs. 412.050 million (December 31, 2010: Rs. 412.050 million) during the period.

#### 10. Property, plant and equipment

Property, plant and equipment		Un-audited September 30, 2012	Audited December 31, 2011
	Note	(Rupees in	i thousand)
Operating assets Capital work-in-progress	10.1 10.2	2,792,013 570,202	18,220,375 125,683
		3,362,215	18,346,058

### 10.1 Operating assets

10.1	Operating assets	Note	Un-audited September 30, 2012 (Rupees ir	Audited December 31, 2011 I thousand)
	Opening book value Additions during the period	10.1.1	18,220,375 406,404	17,861,486 2,113,213
	Assets disposed / written off during the period (at book value) Depreciation charged during the period		(18,793) (1,142,682)	(151,303) (1,603,021)
			(1,161,475)	(1,754,324)
			17,465,304	18,220,375
	Less: Assets of disposal group classified as held for sale	16.1	14,673,291	-
	Closing book value		2,792,013	18,220,375
10.1.1	Following is the detail of additions during the period	i		
	Operating assets			
	Freehold land Buildings on freehold land Buildings on leasehold land Plant and machinery Other equipment Vehicles		6,805 2,770 270,156 85,529 41,144	2,185 30,089 1,979,180 42,345 59,414
10.2	Capital work-in-progress		406,404	2,113,213
	Civil works Plant and machinery and others [including in transit Rs. 17.687 million (2011: Nil)]		138,734 523,966	15,784 105,806
	Advances		18,427	4,093
	Less: Assets of disposal group classified		681,127	125,683
	as held for sale	16.1	110,925	-
			570,202	125,683

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

the tax credits previously determined by the ITO and set off against the assessments framed for these years.

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

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

COST OF SAIRS		Quarter ended				Nine months ended					d							
		September 30, September 30, S 2012 2011		Se		emb 201		30,	S		emt 201	oer 30, 1						
	Note	(	R	u	D	e	Re e	•	ented i n	_	t	h	0	u	s		ores n	ented d)
Materials consumed Salaries, wages and amenities Travelling Fuel and power Production supplies Excise duty and sales tax Rent, rates and taxes Insurance Repairs and maintenance Depreciation on property, plant and equipment Technical fee and royalty Other expenses	12.1	· ·	1,8 2 2	13 05 7 63 47 78 63 59 83 1 23	,686 ,653 ,515 ,322 ,903 21 ,0041 ,429 ,432 ,432 ,432 ,432 ,432 ,432	5 5 5 7 8 1 1 9 2 7 8	1	,729 160 6 203 52 85 4 59 73 73 1 20	),459 ),392 3,596 3,347 2,824 2,824 1,488 9,945 3,150 1,495 0,809 3,499		5,3 6 1 2 2 2	353 511 23 566 155 242 18 203 237 18	3,55 ,88 3,69 5,70 5,62 4 2,00 3,32 3,8 7,03 3,40 5,29	34 88 53 06 29 79 60 22 75 31 01 97	-	5,	478 496 21 540 172 260 13 210 219 2 252	3,254 5,055 1,454 0,408 4,630 41 0,585 3,426 0,288 0,253 4,519 2,396
Opening work-in-process			2	54	,323	3		309	9,074		2	246	i,34	44			203	3,331
Closing work-in-process			(1	50	,632	2)		(232	2,961)		(1	150	, <b>6</b> ;	32)		(	232	2,961)
Cost of goods produced		1	2,6	94	,488	3	2	2,474	1,612		7,7	713	8,5	87	_	7,	441	1,679
Opening stock of finished good	S		4	65	,678	3		498	8,160		4	412	2,8	89			49(	),780
Closing stock of finished goods	5		(6	49	,193	3)		(466	6,875)		(6	649	,19	93)		(	466	6,875)
		-	2,5	10	,973	3	2	2,505	5,897		7,4	477	<b>,2</b>	83	-	7,	465	5,584

### 12. Cost of sales

- **12.1** Included in materials consumed is sales from Discontinued operations of Rs. 1,608 million (2011: Rs. 2,174 million).
- **13.** These represent expenses incurred on prospective projects which are not capitalised under International Financial Reporting Standards.
- 14. This represents reversal of impairment loss on the Company's investment in shares of IGI Investment Bank Limited and IGI Insurance Limited based on assessment of recoverable amount. The recoverable amount is equal to fair value which has been determined with reference to the active market value.

### 15. Taxation

Taxation	Quarte	r ended	Nine mor	ths ended
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
		Represented		Represented
	(Rupe	es in	thou	sand)
Current Current year	(14,581)	22,593	49,929	99,160
Prior years	-	-	10,412	214,214
	(14,581)	22,593	60,341	313,374
Deferred	66,760	110,028	312,543	419,199
	52,179	132,621	372,884	732,573

### 16. Non-current assets held for sale and Discontinued operations

### 16.1 Assets and liabilities of disposal group classified as held for sale

ι.	Assets and nabilities of disposal group classified as field for sale		
			September 30, 2012
	Assets classified as held for sale	Note	(Rupees in thousand)
	Operating assets	10.1	14,673,291
	Loss recognised on the re-measurement of assets of disposal group	16.2	(3,780,000)
			10,893,291
	Capital work-in-progress Retirement benefits - gratuity plan Stores and spares Stock-in-trade Trade debts	10.2	110,925 14,906 781,736 3,849,302 1,009,887
	Total assets of the disposal group		16,660,047
	Liabilities directly associated with assets classified as held for sale		
	Long-term finances Deferred income tax liabilities Accrued finance costs Retirement benefits - pension plan Deferred liabilities	6	6,386,905 327,798 264,342 2,655 31,279
	Total liabilities of the disposal group		7,012,979
	Total net assets of the disposal group		9,647,068

### 16.2 Profit and loss account - Discontinued operations

	Quarter ended Nine mont				ths ended									
	Se	September 30,         Septembe		Se	ptem 20		r 30	,		emb 201 <sup>-</sup>	,			
Note	(	R	u	р	e	Represented esin		t h	0	u		Rep sa		nted d)
Sales to third party Sales to Continuing operations	2			991 508		2,037,480 774,583		6,77 1,60			_			639 482
Other operating income			7	499 049	)	2,812,063 3,304			0,3	42	_		23,	121 409
Expenses		2,8	27,	548	}	2,815,367	-	8,40	3,7	75	_	8,3	358,	530
Cost of sales 16.2.1 Administrative expenses Distribution and marketing costs Finance cost Other operating expenses	(2	(	97, 51, 61,	978 579 638 788 106	)	(3,007,683) (84,282) (45,838) (279,284) (52)	()	8,37 (29 (15 (74)	3,6 1,1	48) 73)		) (2 (1	282,  36,	622) 840) 900) 808) (99)
	(3	3,0	97,	877	')	(3,417,139)	(	9,56	6,3	69)	)	(10,1	25,	269)
Loss before tax Taxation		•		329 615		(601,772) 210,621	(*	1,16 40		94) 08				739) 359
Loss after tax Loss before tax recognised on the re-measurement of		,		714		(391,151)		(75				(1,1	48,	380)
assets of disposal group 16.2.2 Taxation Loss after tax recognised	•			000		-	•	3,78 1,32			-			-
on the re-measurement of assets of disposal group	(2	2,4	57,	000	)	-	(2	2,45	7,0	00)	)			-
Loss for the period	(2	2,6	32,	714	)	(391,151)	(;	3,21	2,6	86)	)	(1,1	48,	380)
					_									

**16.2.1** Cost of sales includes Rs. 88.355 million (2011: Nil) paid to outgoing employees who opted for separation from Company's employment under Voluntary Separation Scheme.

**16.2.2** This refers to the estimated charge resulting from re-measurement of assets and liabilities of Discontinued operations at lower of their respective carrying values and fair values less costs to sell in accordance with the requirements of IFRS-5. Estimate will be reviewed at year-end and adjustment, if any, will be recorded accordingly.

### 16.3 Cash flow information - Discontinued operations

•	Nine mont	ths ended
	September 30, 2012	September 30, 2011
	(Rupees in	Represented thousand)
Operating cash flows Investing cash flows Financing cash flows	(1,441,909) (183,807) (98,810)	(2,494,197) (1,130,839) 885,000
Total cash flows	(1,724,526)	(2,740,036)

### 17. Earnings / (loss) per share

3-, () p		Quarte	r ended	Nine mon	ths ended
		September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
			Represented		Represented
17.1 Basic earnings per sha - Continuing operatio					
Profit for the period	- Rupees in thousan	d <b>571,750</b>	4,809	1,424,165	553,082
Weighted average number of ordinary shares	- Numbers	84,379,504	84,379,504	84,379,504	84,379,504
Earnings per share	- Rupees	6.78	0.06	16.88	6.55
17.2 Basic loss per share - Discontinued opera	itions				
Loss for the period	- Rupees in thousan	d ( <b>2,632,714</b> )	(391,151)	(3,212,686)	(1,148,380)
Weighted average number of ordinary shares	- Numbers	84,379,504	84,379,504	84,379,504	84,379,504
Loss per share	- Rupees	(31.20)	(4.64)	(38.07)	(13.61)
17.3 Diluted earnings per sl - Continuing operatio					
Profit for the period	- Rupees in thousan	d <b>571,750</b>	4,809	1,424,165	553,082
Return on preference shares / convertible stock - net of tax	- Rupees in thousand	d <b>81,683</b>	82,115	243,272	243,669
	·	653,433	86,924	1,667,437	796,751
Weighted average number of ordinary shares	- Numbers	84,379,504	84,379,504	84,379,504	84,379,504
Weighted average number of notionally converted preference shares /					
convertible stock	- Numbers	21,686,842	21,686,842	21,686,842	21,686,842
		106,066,346	106,066,346	106,066,346	106,066,346
Earnings per share	- Rupees	6.16	0.82	15.72	7.51

In respect of Continuing operations, diluted EPS is restricted to the basic EPS in cases where effect of the conversion of preference shares / convertible stock is anti-dilutive.

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

### 18. Transactions with related parties

b. Transactions with related parties		Nine months ended					
		-	September 30, 2012	September 30, 2011			
		-	(Rupees i	n thousand)			
	lationship with the Company	Nature of transactions					
i.	Subsidiaries						
		Purchase of goods and services Sale of goods and services Proceeds from sale of property,	573,365 18,806	636,802 14,064			
		plant and equipment Investment in subsidiary	- 9	1,218			
		Management and technical fee - inco Dividend income Rental income	ome 15,067 51,279 10,429	16,508 84,707 9,705			
ii A	Associates						
		Purchase of goods and services Sale of goods and services Insurance premium Commission earned Insurance claims received	587,134 70,539 149,239 4,949 231,433	524,364 28,857 117,087 3,723 25,984			
		Dividend income	259,191	135,839			
iii.	Post employment benefit plans	Expenses charged in respect of retirement benefit plans Mark up on temporary loans	99,652 -	64,526 46			
iv.	Key management personnel	Salaries and other employee benefits	s <b>60,650</b>	45,017			

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

### Period-end balances

Period-end balances	Un-audited September 30, 2012 (Rupees in	Audited December 31, 2011 thousand)
Receivable from related parties Subsidiaries Associates	24,155 65,227	16,587 179,287
Payable to related parties Subsidiaries Associates Post employment benefit plans	62,010 80,981 15,380	80,292 39,356 13,544

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

### 19. Cash generated from operations

19.	Cash generated from operations	Nine months ended		
		September 30, 2012	September 30, 2011	
		(Rupees i	Represented n thousand)	
	Profit before tax Adjustments for:	1,797,049	1,285,655	
	Depreciation on property, plant and equipment Depreciation on investment property Amortisation on intangible assets Provision for accumulating compensated absences Provision for retirement benefits Net profit on disposal of property, plant and equipment Gain on sale of short-term investments Finance costs Impairment charged on investments	249,168 1,234 6,713 34,859 59,034 (10,855) (13) 378,973	229,495 1,234 677 79,985 29,816 (136,425) (3,035) 355,171 11,945	
	Reversal of impairment charged on investments Dividend income	(360,700) (1,094,453)	(726,024)	
	Profit before working capital changes	1,061,009	1,128,494	
	Effect on cash flow due to working capital changes			
	Increase in stores and spares Increase in stock-in-trade Increase in trade debts Increase in loans, advances, deposits, prepayments and other receivables Increase / (decrease) in trade and other payables	(86,126) (164,382) (449,901) (69,451) 81,217	(56,060) (276,420) (427,690) (292,261) (84,375)	
		(688,643)	(1,136,806)	
		372,366	(8,312)	
20.	Cash and cash equivalents	372,300	(0,312)	
	Cash and bank balances Finances under mark up arrangements - secured	191,678 (3,130,798)	217,170 (2,458,442)	
		(2,939,120)	(2,241,272)	

### 21. Financial risk management

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

The condensed interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2011.

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

### 22. Date of authorisation for issue

This condensed interim financial information was authorised for issue on October 20, 2012 by the Board of Directors of the Company.

### 23. Events after the balance sheet date

No material events have occurred subsequent to September 30, 2012.

### 24. Corresponding figures

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

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison as a result of the material event impacting the Company as explained in note 1 to these financial statements.

Towfiq Habib Chinoy Chairman

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Syed<sup>1</sup>Hyder Ali Chief Executive & Managing Director

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Syed Aslam Mehdi Director

Packages Group Condensed Consolidated Interim Financial Information

# DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

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The Directors of Packages Limited are pleased to present the un-audited consolidated financial statements of the Group for the nine months ended September 30, 2012.

### **Group results**

The comparison of the un-audited results for the nine months ended September 30, 2012 as against September 30, 2011 is as follows: Jan - Sep

	2012	2011	
	(Rupees in million		
Net Sales	10,325	10,544	
Profit from operations - Continuing operations	917	1,231	
Share of profit of associates - net	143	202	
Reversal of impairment charged on investments	456	-	
Investment income	784	509	
Profit after tax - Continuing operations	1,501	240	
Loss on re-measurement of Disposal Group - net	(2,457)	-	
Operating loss after tax - Discontinued operations	(756)	(1,148)	

During the first nine months of the year 2012, Continuing operations of the Group have achieved net sales of Rs. 10,325 million against net sales of Rs. 10,544 million of corresponding period of last year. Continuing operations have generated operating profit of Rs 917 million during nine months of 2012 against Rs. 1,231 million generated during corresponding period of 2011.

The Parent Company has also recognised reversal of impairment amounting to Rs. 456 million during first nine months of 2012 on its investments held in IGI Insurance Limited and IGI Investment Bank Limited on the basis of recovery in recoverable amount of these investments.

Investment income has also increased by Rs. 275 million during first nine months of 2012 over corresponding values of 2011 that is indicative of improved operational performance of the investee companies.

During the current year, the Parent Company has entered into a 50/50 Joint Venture agreement on September 17, 2012 with 'Stora Enso OYJ Group' (Stora Enso) of Finland in its 100% wholly owned subsidiary Bulleh Shah Packaging (Private) Limited [formerly Bulleh Shah Paper Mill (Private) Limited] ('BSPL'). The Joint Venture will include Paper & Paperboard and Corrugated businesses operational at Kasur and Karachi and will involve initial equity participation of Stora Enso of 35% by way of subscription of right shares with a commitment to increase the shareholding to 50% at a later stage subject to certain conditions being met. The Parent Company shall continue to hold minimum 50% ownership and future profits of the Joint Venture.

As a result, the Group results have been divided into Continuing and Discontinued operations in accordance with the requirements of applicable financial reporting framework. The assets and liabilities of the Discontinued operations have been classified as "Non-current assets Held for Sale and Discontinued operations". Upon subscription by Stora Enso in BSPL, the Parent Company shall derecognise its investment in BSPL owing

to loss of control and recognise an investment in jointly controlled entity, with Stora Enso as the JV partner. Therefore, assets and corresponding liabilities as are envisaged to be transferred to BSPL have been measured at lower of their respective carrying values and fair value less cost to sell and the resultant estimated one-off non-cash charge of Rs. 2,457 million net of taxes has been recognised in these interim consolidated financial statements for the period ended September 30, 2012. This charge shall be re-assessed at the year-end and variations, if any, will be accordingly adjusted.

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

### **DIC PAKISTAN LIMITED**

DIC Pakistan Limited is a non-listed public limited subsidiary of Packages Limited. It is principally engaged in manufacturing, processing and selling of industrial inks. The Company has achieved net sales of Rs. 1,583 million during the nine months of 2012 as compared to Rs. 1,426 million of the corresponding period of last year representing sales growth of 11%. The Company has generated profit before tax of Rs. 90 million during nine months of 2012 as against Rs. 128 million generated during corresponding period of 2011. The decrease in profitability is mainly due to increase in raw material prices that have not been fully passed on to the customers. The management is confident of maintaining margins through product diversification, price revisions and reduction in operating costs in the coming months.

### 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. The Company has achieved turnover of SLR 1,066 million during nine months of 2012 as compared to SLR 1,048 million for the corresponding period of 2011. The Company has generated profit before tax of SLR 81 million during the nine months of 2012 as against SLR 73 million for the corresponding period of 2011. With installation of new printing line in the coming months, the management is confident of consolidating its market share in the increasingly competitive local market.

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**(Towfiq Habib Chinoy)** Chairman Lahore, October 20, 2012

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(Syed Hyder Ali) Chief Executive & Managing Director Lahore, October 20, 2012

# PACKAGES GROUP **CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UN-AUDITED)** as at September 30, 2012

EQUITY AND LIABILITIES	Note	Un-auditedAuditedSeptember 30,December 3120122011(Rupees in thousand)		
CAPITAL AND RESERVES				
Authorised capital 150,000,000 (2011: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000	
22,000,000 (2011: 22,000,000) 10% non-voting cumulative preference shares / convertible stock of Rs. 190 each		4,180,000	4,180,000	
Issued, subscribed and paid up capital 84,379,504 (2011: 84,379,504) ordinary shares of Rs. 10 each Reserves Preference shares / convertible stock reserve Accumulated loss		843,795 29,132,259 1,605,875 (1,906,841)	843,795 28,184,472 1,605,875 (1,283,904)	
		29,675,088	29,350,238	
NON-CONTROLLING INTEREST		225,836	225,047	
		29,900,924	29,575,285	
NON-CURRENT LIABILITIES Long-term finances Deferred income tax liabilities Retirement benefits Deferred liabilities	6	2,507,941 804,856 27,922 165,067	8,575,339 2,632,844 12,358 179,971	
CURRENT LIABILITIES		3,505,786	11,400,512	
Current portion of long-term finances - secured Finances under mark up arrangements - secured Trade and other payables Accrued finance cost Provision for taxation	6	- 3,683,820 2,021,849 360,583 10,450 6,076,702	380,952 1,170,227 1,831,937 542,031 13,832 3,938,979	
Liabilities of disposal group classified		0,010,102	0,000,010	
as held for sale	15	7,012,979	-	
CONTINGENCIES AND COMMITMENTS	7	-	-	
		46,496,391	44,914,776	

ASSETS	Note	Un-audited September 30 2012 (Rupees in	Audited December 31, 2011 1 thousand)
NON-CURRENT ASSETS			
Property, plant and equipment Intangible assets Investment property Investments in associates Other long-term investments Long-term loans and deposits Retirement benefits	8 10 11	3,733,306 41,050 5,016 3,386,417 15,341,572 114,742 70,148 22,692,251	18,685,332 49,834 5,261 3,028,921 13,141,477 111,424 89,299 35,111,548
CURRENT ASSETS			
Stores and spares Stock-in-trade Trade debts Loans, advances, deposits, prepayments and other receivables Income tax receivable Cash and bank balances	9	369,699 2,494,587 1,931,174 555,977 1,553,611 239,045	1,013,766 5,029,241 2,109,537 466,564 983,800 200,320
		7,144,093	9,803,228
Assets of disposal group classified as held for sale	15	16,660,047	-

46,496,391

44,914,776

Towfiq Habib Chinoy Chairman

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Syed<sup>I</sup>Hyder Ali Chief Executive & Managing Director

S.a.mendi

Syed Aslam Mehdi Director

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

for the quarter and nine months ended September 30, 2012

		Quarter ended		Nine months ended			
			September 30,	September 30,			
		2012	2011	2012	2011		
	Note	(	Represented	+ h o u	Represented		
		(Rupe		thou	sand)		
Local sales		4,002,850	4,294,499	11,950,871	12,517,005		
Export sales		52,659	14,335	118,112	66,605		
Gross Sales		4,055,509	4,308,834	12,068,983	12,583,610		
Less: Sales tax and excise duty Commission		566,628 4,599	666,134 4,235	1,732,279 11,368	2,025,895 13,705		
Commedian		571,227	670,369	1,743,647	2,039,600		
Net sales		3,484,282	3,638,465	10,325,336	10,544,010		
Cost of sales	12	(3,000,317)	(3,051,566)	(8,967,758)	(8,859,897)		
Gross profit		483,965	586,899	1,357,578	1,684,113		
Administrative expenses		(108,205)	(88,746)	(317,346)	(260,969)		
Distribution and marketing costs Projects expenditure	13	(113,708)	(118,374)	(312,118)	(341,478) (49,487)		
Other operating expenses	15	12,268	(2,988)	(7,587)	(22,098)		
Other operating income		20,084	26,004	196,166	221,369		
Profit from operations		294,404	402,795	916,693	1,231,450		
Finance costs		(161,094)	(232,842)	(430,717)	(491,539)		
Investment income Reversal of impairment charged		396,001	-	783,983	508,512		
on investments	14	177,130	-	455,863	-		
Share of profit of associates		38,124	105,322	224,047	320,785		
Profit before taxation		744,565	275,275	1,949,869	1,569,208		
Taxation Group		(68,559)	(164,929)	(367,987)	(1,210,439)		
Associates		(16,353)	(41,424)	(80,734)	(118,580)		
		(84,912)	(206,353)	(448,721)	(1,329,019)		
Profit for the period from							
continuing operations		659,653	68,922	1,501,148	240,189		
Discontinued operations Loss for the period from							
Discontinued operations	15	(2,632,714)	(391,151)	(3,212,686)	(1,148,380)		
Loss for the period		(1,973,061)	(322,229)	(1,711,538)	(908,191)		
Attributable to:							
Equity holders of the Parent Company	/	(1,983,095)	(334,685)	(1,746,368)	(950,831)		
Non-controlling interest		10,034	12,456	34,830	42,640		
Combined basic earnings / (loss)		(1,973,061)	(322,229)	(1,711,538)	(908,191)		
per share - Rupees							
- From Continuing operations	16	7.70	0.67	17.38	2.34		
<ul> <li>From Discontinued operations</li> </ul>	16	(31.20)	(4.64)	(38.07)	(13.61)		
- From loss for the period		(23.50)	(3.97)	(20.70)	(11.27)		
Combined diluted earnings / (loss) per share - Rupees							
- From Continuing operations	16	6.89	0.67	16.12	2.34		
- From Discontinued operations	16	(31.20)	(4.64)	(38.07)	(13.61)		
- From loss for the period		(24.31)	(3.97)	(21.96)	(11.27)		
The approved notes 1 to 25 form an integr			/		/		

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

Towfiq Habib Chinoy Chairman Syed<sup>|</sup>Hyder Ali Chief Executive & Managing Director

S.a.mendi Syed Aslam Mehdi Director

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

for the quarter and nine months ended September 30, 2012

	Quarter	ended	Nine months ended					
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011				
	(Rupe	es in	thou	sand)				
Loss after taxation	(1,973,061)	(322,229)	(1,711,538)	(908,191)				
Other comprehensive income								
Exchange differences on translation of foreign subsidiary	21,961	12,389	(25,065)	10,709				
Other reserves relating to associates - net of tax	15,750	-	17,511	-				
Surplus / (deficit) on re-measurement of available for sale financial assets	675,657	(6,302,617)	2,200,095	5,010,892				
Other comprehensive income / (loss) for the period	713,368	(6,290,228)	2,192,541	5,021,601				
Total comprehensive (loss) / income for the period	(1,259,693)	(6,612,457)	481,003	4,113,410				
Attributable to: Equity holders of the Parent Company Non-controlling interest	(1,274,324) 14,630	(6,627,506) 15,049	451,419 29,584	4,068,529 44,881				
	(1,259,694)	(6,612,457)	481,003	4,113,410				
Total comprehensive income / (loss)								
Attributable to: Equity holders of the Parent Company arising from:	1 350 300	(6.026.255)	2 664 105	5 216 000				
Continuing operations Discontinued operations	1,358,390 (2,632,714)	(6,236,355) (391,151)		5,216,909 (1,148,380)				
	(1,274,324)	(6,627,506)	451,419	4,068,529				

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Towfiq Habib Chinoy Chairman

Syed<sup>1</sup>Hyder Ali Chief Executive & Managing Director

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Syed Aslam Mehdi Director

### PACKAGES GROUP CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

for the nine months ended September 30, 2012

			Attı	ributable to equ	uity holders of t	he Parent Com	pany			Non- controlling interest	Total Equity
	Share capital	Share premium	Exchange difference on translation of foreign subsidiary	Fair Value reserve	General reserve	Preference shares / convertible stock reserve	Other reservers relating to associates	Accumulated Profit / (loss)	Total		
	(	Ru	p e	e s	i	Π	t h	0 U	s a	n d	)
Balance as on December 31, 2010 (audited)	843,795	2,876,893	19,915	4,681,548	16,660,333	1,605,875	-	577,487	27,265,846	213,718	27,479,564
Appropriation of funds Transferred to profit & loss account		-	-	-	(500,000)			500,000	-	-	-
(Loss) / profit for the period		-	-	-	-	-	-	(950,831)	(950,831)	42,640	(908,191)
Other comprehensive income	-	-	8,468	5,010,892	-	-	-	-	5,019,360	2,241	5,021,601
Total comprehensive income / (loss)	-	-	8,468	5,010,892			-	(950,831)	4,068,529	44,881	4,113,410
Transactions with the owners Dividend relating to 2010 paid to non-controlling interest Final dividend for the year ended December 31, 2010 Rs. 3.25 per share								- (274.233)	- (274,233)	(48,400)	(48,400) (274,233)
Balance as on September 30, 2011 (un-audited)	843,795	2.876,893		9,692,440	16,160,333	1,605,875		(147,577)	31,060,142	210,199	31,270,341
(Loss) / profit for the period	- 040,700	-	- 20,000	- 3,032,440	-	-	-	(1,136,327)	(1,136,327)	18,341	(1,117,986)
Other comprehensive loss	-	-	(5,467)	(550,599)	-	-	(17,511)	-	(573,577)	(1,446)	(575,023)
Total comprehensive (loss) / income	-	-	(5,467)	(550,599)	-	-	(17,511)	(1,136,327)	(1,709,904)	16,895	(1,693,009)
Transactions with the owners Dividend relating to 2010 paid to non-controlling interest										(2,047)	(2,047)
Balance as on December 31, 2011 (audited)	843,795	2,876,893	22,916	9,141,841	16,160,333	1,605,875	(17,511)	(1,283,904)	29,350,238	225,047	29,575,285
Appropriation of funds Transferred to profit & loss account					(1,250,000)	-	-	1,250,000			
(Loss) / profit for the period	-	-	-	-	-	-	-	(1,746,368)	(1,746,368)	34,830	(1,711,538)
Other comprehensive (loss) / income	-	-	(19,819)	2,200,095	-		17,511	-	2,197,787	(5,246)	2,192,541
Total comprehensive (loss) / income		-	(19,819)	2,200,095	-	-	17,511	(1,746,368)	451,419	29,584	481,003
Transactions with the owners Dividend relating to 2011 paid to non-controlling interest Final dividend for the year ended	-								-	(28,795)	(28,795)
December 31, 2011 Rs. 1.50 per share	-	·	·		·			(126,569)	(126,569)		(126,569)
Balance as on September 30, 2012 (un-audited)	843,795	2,876,893	3,097	11,341,936	14,910,333	1,605,875		(1,906,841)	29,675,088	225,836	29,900,924

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Towfiq Habib Chinoy Chairman

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Syed<sup>1</sup>Hyder Ali Chief Executive & Managing Director

S.a.mendi

Syed Aslam Mehdi Director

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

for the nine months ended September 30, 2012

		Nine months ended		
		September 30, 2012	September 30, 2011	
	Note		Represented	
		(Rupees i	n thousand)	
Cash flow from operating activities				
Continuing operations: Cash generated from operations Finance cost paid Taxes paid Payments for accumulating compensated absences Retirement benefits paid	18	430,669 (509,056) (711,462) (18,440) (36,570)	320,395 (565,279) (434,854) (7,564) (31,298)	
Discontinued operations	15.3	(1,441,909)	(2,494,197)	
Net cash used in operating activities		(2,286,768)	(3,212,797)	
Cash flow from investing activities				
Continuing operations: Fixed capital expenditure Investments - net Net (increase) / decrease in long-term loans and deposits Proceeds from disposal of property, plant and equipment Dividends received Discontinued operations	15.3	(861,931) 13 (3,318) 34,591 1,043,174 (183,807)	(327,024) 3,035 10,012 156,206 627,802 (1,130,839)	
·	15.5		, ,	
Net cash generated from / (used) in investing activities		28,722	(660,808)	
Cash flow from financing activities				
Continuing operations: Proceeds from long-term finances - secured Dividend paid Dividend paid to non-controlling interest		37,364 (126,581) (28,795)	- (274,554) (48,400)	
Discontinued operations	15.3	(98,810)	885,000	
Net cash (used in) / generated from financing activities		(216,822)	562,046	
Net decrease in cash and cash equivalents Cash and cash equivalents at the beginning of the period		(2,474,868) (969,907)	(3,311,559) 655,010	
Cash and cash equivalents at the end of the period	19	(3,444,775)	(2,656,549)	

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Towfiq Habib Chinoy Chairman

Syed<sup>I</sup>Hyder Ali Chief Executive & Managing Director

S.a.mendi

Syed Aslam Mehdi Director

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

for the guarter and nine months ended September 30, 2012

### 1. Legal status and nature of business

Packages Limited (the Parent Company) and its subsidiaries, DIC Pakistan Limited, Packages Lanka (Private) Limited, Packages Construction (Private) Limited and Bulleh Shah Packaging (Private) Limited [formerly Bulleh Shah Paper Mill (Private) Limited] (together, 'the Group') are engaged in the following businesses:

Packaging: Representing manufacture and sale of Paper, Paperboard, Packing materials and Tissue products

Inks: Representing manufacture and sale of finished and semi finished inks. Construction: Representing all type of construction activities and development of real estate.

During the current year, the Parent Company has entered into a 50/50 Joint Venture agreement on September 17, 2012 with 'Stora Enso OYJ Group' ('Stora Enso') of Finland in its 100% wholly owned subsidiary Bulleh Shah Packaging (Private) Limited [formerly Bulleh Shah Paper Mill (Private) Limited] ('BSPL'). The Joint Venture will include Paper & Paperboard and Corrugated businesses operational at Kasur and Karachi and will involve initial equity participation of Stora Enso of 35% by way of subscription of right shares with a commitment to increase the shareholding to 50% at a later stage subject to certain conditions being met. The agreed value for 100% of the Joint Venture company is USD 107.5 million on a cash and debt free basis with additional equity to be subscribed by Stora Enso through right shares in the Joint Venture company of USD 17.5 million, based on the financial results of H2-2012 and H1-2013. The Parent Company shall continue to hold minimum 50% ownership and future profits of the Joint Venture.

As a result, the operations have been divided into Continuing and Discontinued operations in accordance with the requirements of International Financial Reporting Standard (IFRS) 5, 'Non-current assets held for sale and Discontinued operations'. Paper and Paperboard and Corrugated businesses have been classified as Discontinued operations while Continuing operations will include Packaging, Consumer Products and Ink Division.

In accordance with the requirements of IFRS-5, the assets and liabilities of the Discontinued operations have been classified as 'held for sale' as reflected in note 16 of these financial statements. Upon subscription by Stora Enso in BSPL, Parent Company shall derecognise its investment in BSPL owing to loss of control and recognise an investment in jointly controlled entity, with Stora Enso as the JV partner. In view of the above, assets and corresponding liabilities as are envisaged to be transferred to BSPL are classified as 'held for sale' under IFRS-5. These assets and liabilities have been measured at lower of their respective carrying values and fair value less cost to sell and the resultant estimated charge has been recognised in the profit and loss account. The figures of the prior period have been represented in accordance with the requirements of IFRS-5, where relevant.

### 2. Basis of preparation

This condensed consolidated interim financial information is un-audited and has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - 'Interim Financial Reporting' and provisions of and directives issued under The Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under The Companies Ordinance, 1984 have been followed. This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended December 31, 2011.

#### 3. Significant accounting policies

**3.1** The accounting policies adopted for the preparation of this condensed consolidated interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended December 31, 2011 except for the adoption of new accounting policies as referred to in note 3.2.1.

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

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

### 3.2.1 Amendments to published standards effective in current year

New and amended standards, and interpretations mandatory for the first time for the financial year beginning January 1, 2012 and their impact on this condensed consolidated interim financial information is given below:

IFRS 1 (Amendment), 'First time adoption of IFRS' (effective July 1, 2011). These amendments include two changes to IFRS 1, 'First-time adoption of IFRS'. The first replaces references to a fixed date of January 1, 2004 with 'the date of transition to IFRSs', thus eliminating the need for entities adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The application of this amendment has no material impact on the Group's financial statements.

IFRS 7 (Amendments), 'Financial instruments: Disclosures'. These are applicable on accounting periods beginning on or after July 1, 2011. These amendments arise from the IASB's review of offbalance sheet activities. The amendments will promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The application of these amendments has no material impact on the Group's condensed interim financial information.

IAS 12 (Amendments), 'Income taxes'. These are applicable on accounting periods beginning on or after January 1, 2012. IAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery shall be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes - recovery of revalued non-depreciable assets', shall no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. The application of this amendment has no material impact on the Group's financial statements.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after January 1, 2013 or later periods, but the Group has not early adopted them:

Annual improvements to IFRSs 2011 (effective January 1, 2013). This set of amendments includes

changes to five standards: IFRS 1, 'First time adoption of IFRS', IAS 1, 'Presentation of financial statements', IAS 16, 'Property plant and equipment', IAS 32, 'Financial instruments; Presentation' and IAS 34, 'Interim financial reporting'. The Group shall apply these amendments from January 1, 2013 and does not expect to have a material impact on its financial statements.

IFRS 1 (Amendment), 'First time adoption of IFRS', addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first-time adopters granted to existing preparers of IFRS financial statements when the requirement was incorporated into IAS 20 in 2008. The Group shall apply this amendment from January 1, 2013 and does not expect to have a material impact on its financial statements.

IFRS 7 (Amendment), 'Financial instruments: Disclousures', reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The Group shall apply this amendment from January 1, 2013 and does not expect to have a material impact on its financial statements.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The standard is not applicable until January 1, 2015 but is available for early adoption. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that shall replace IAS 39, 'Financial instruments: Recognition and measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change shall mainly affect financial institutions. There shall be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Group does not have any such liabilities.

IFRS 10 - 'Consolidated financial statements'. The objective of IFRS 10 is to establish principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries. The Group shall apply this standard from January 1, 2013 and does not expect to have a material impact on its financial statements.

IFRS 11 - 'Joint arrangements'. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and Joint Ventures. Joint operations arise where a joint operator has a right to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenues and expenses. Joint Ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of Joint Ventures is no longer allowed. The application of this standard has no material impact on the Group's financial statements.

IFRS 12 - 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 1, 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group shall apply this standard from January 1, 2013 and does

not expect to have a material impact on its financial statements.

IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 1, 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group shall apply this standard from January 1, 2013 and does not expect to have a material impact on its financial statements.

IAS 1 (Amendments), 'Presentation of Financial Statement'. This is applicable on accounting periods beginning on or after July 1, 2012. The main change resulting from this amendment is a requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially recycled to consolidated profit and loss account (reclassification adjustments). The amendment does not address which items are presented in OCI. The Group shall apply this amendment from January 1, 2013 and does not expect to have a material impact on its financial statements.

IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after January 1, 2013. The amendment shall eliminate the corridor approach and calculate finance costs on a net funding basis. The Group shall apply this amendment from January 1, 2013 and its impact on retained earnings shall be Rs. 452.369 million due to recognition of current unrealised actuarial losses on its defined benefit plans.

IAS 27 (Revised 2011), 'Separate financial statements' includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The revised standard is applicable for accounting periods beginning on or after January 1, 2013. The Group shall apply this standard from January 1, 2013 and does not expect to have a material impact on its financial statements.

IAS 28 (Revised 2011), 'Associates and Joint Ventures' includes the requirements for Joint Ventures, as well as associates, to be equity accounted following issue of IFRS 11. The Group shall apply this standard from January 1, 2013 and does not expect to have a material impact on its financial statements.

IAS 32 (Amendment), 'Financial Instruments: Presentation' is applicable on accounting periods beginning on or after January 1, 2014. This amendment updates the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Group shall apply this amendment from January 1, 2014 and does not expect to have a material impact on its financial statements.

- 4. The provision for taxation for the nine months ended September 30, 2012 has been made using the tax rate that would be applicable to expected total annual earnings.
- 5. The preparation of interim consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2011, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in note 4 and estimated loss on re-measurement of net assets of the Discontinued operations as referred to in note 15.1.

#### 6. Long-term finances

Long-term finances		Un-audited September 30, 2012	Audited December 31, 2011
Opening balance	Note	(Rupees in	thousand)
Local currency loans - secured Preference shares / convertible stock - unsecured		6,485,714 2,470,577	5,485,714 2,470,577
Loons obtained during the period		8,956,291	7,956,291
Loans obtained during the period Local currency loans - secured		37,364	1,000,000
		8,993,655	8,956,291
Loans repaid during the period Local currency loans - secured		(98,809)	-
		8,894,846	8,956,291
Less: Liabilities of disposal group classified as held for sale	15.1	(6,386,905)	-
		2,507,941	8,956,291
Current portion shown under current liabilities Local currency loans - secured		-	(380,952)
Closing Balance		2,507,941	8,575,339

#### 7. **Contingencies and commitments**

#### 7.1 Contingencies

- (i) Claims against the group not acknowledged as debts Rs. 21.234 million (December 31, 2011: Rs. 18.612 million).
- (ii) Post dated cheques not provided in the condensed consolidated interim financial information have been furnished by the Parent Company in favor of the Collector of Customs against custom levies aggregated to Rs. 220.495 million (December 31, 2011 : Rs. 102.219 million) in respect of goods imported.

#### 7.2 Commitments in respect of

- (i) Letters of credit and contracts for capital expenditure Rs. 197.235 million (December 31, 2011: Rs. 310.397 million).
- (ii) Letters of credit and contracts other than for capital expenditure Rs. 515.134 million (December 31, 2011: Rs. 463.874 million).
- (iii) The amount of future payments under operating leases and Ijarah financing and the period in which these payments will become due are as follows: ... ... . . ... .

	Un-audited	Audited		
	September 30, 2012	December 31, 2011		
	(Rupees in thousand)			
Not later than one year Later than one year and not later than five years	259,379 518,066	202,295 818,844		
	777,445	1,021,139		

8.	Property,	plant and	equipment
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8.	Property, plant and equipment		Un-audited September 30, 2012	Audited December 31, 2011
		Note		thousand)
	Operating assets Capital work-in-progress	8.1 8.2	3,102,202 631,104	18,559,649 125,683
8.1	Operating assets		3,733,306	18,685,332
	Opening book value		18,559,649	18,209,643
	Additions during the period Exchange adjustment on opening cost	8.1.1	429,392 (32,573)	2,157,307 5,322
			396,819	2,162,629
	Assets disposed / written off during the		18,956,468	20,372,272
	period (at book value) Depreciation charged during the period Exchange adjustment on opening accumulated		(23,567) (1,181,681)	(151,769) (1,657,404)
	depreciation		24,273	(3,450)
			(1,180,975)	(1,812,623)
	Lass: Assate of disposal group plassified		17,775,493	18,559,649
	Less: Assets of disposal group classified as held for sale	15.1	14,673,291	
	Closing book value		3,102,202	18,559,649
8.1.1	Following is the detail of additions during the period			
	Freehold land Buildings on freehold land Buildings on leasehold land Plant and machinery Other equipment Furniture and fixtures Vehicles		- 2,770 275,340 89,665 5,002 49,024	2,185 55,548 1,986,687 48,744 2,047 62,096
			429,392	2,157,307
8.2	Capital work-in-progress Civil works Plant and machinery and others [including in transit Rs. 17.687 million (December 31, 2011: Nil)] Advances		138,734 523,966 79,329	15,784 105,806 <u>4,093</u>
	Less: Assets of disposal group classified		742,029	125,683
	as held for sale	15.1	110,925	-
			631,104	125,683

9. Income tax receivable includes Rs. 36.013 million which represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the assessments.

In 1987, the Income Tax Officer (ITO) re-opened the Parent Company's assessments for the accounting years ended December 31, 1983 and 1984 disallowing primarily tax credit given to the Group under section 107 of the Income Tax Ordinance, 1979. The tax credit amounting to Rs. 36.013 million on its capital expenditure for these years was refused on the grounds that such expenditure represented an extension of the Parent Company's undertaking which did not gualify for tax credit

under this section in view of the Parent Company's location. The assessments for these years were revised by the ITO on these grounds and taxes reassessed were adjusted against certain sales tax refunds and the tax credits previously determined by the ITO and set off against the assessments framed for these years.

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

Un-audited

Audited

#### 10. Investments in associates

		Ull-auuileu	Auditeu
		September 30, 2012	December 31, 2011
	Note	(Rupees ir	n thousand)
Cost Post acquisition loss brought forward		3,758,386 (729,465)	3,758,386 (228,100)
		3,028,921	3,530,286
Profit for the period before taxation Provision for taxation		224,047 (80,734)	439,243 (144,355)
		143,313	294,888
		3,172,234	3,825,174
Other comprehensive income / (loss) Dividends received during the period Reversal of impairment charged on investments		17,511 (259,191) 455,863	(17,511) (135,839)
Impairment loss		455,005	(642,903)
		214,183	(796,253)
Closing balance	10.1	3,386,417	3,028,921
10.1 In equity instruments of associated companies			
Quoted IGI Insurance Limited 11,838,267 (2011: 11,838,267) fully paid ordinary shares of Rs. 10 each Market value - Rs. 911.546 million (2011: Rs. 523.488 million)		911,546	523,488
<b>Tri-Pack Films Limited</b> 10,000,000 (2011: 10,000,000) fully paid ordinary shares of Rs. 10 each Market value - Rs. 1,845 million (2011: Rs. 1,603 million)		2,464,451	2,500,822
IGI Investment Bank Limited 4,610,915 (2011: 4,610,915) fully paid ordinary shares of Rs. 10 each Market value - Rs. 10.421 million			
(2011: Rs. 4.150 million)		10,421	4,611
		3,386,417	3,028,921

# 11. Other long-term investments

. Other long-term investments	Un-audited	Audited
	September 30, 2012	December 31, 2011
Our last	(Rupees in	thousand)
Quoted Nestle Pakistan Limited 3,649,248 (2011: 3,649,248) fully paid ordinary shares of Rs. 10 each Market value - Rs. 15,326.841 million	15,326,841	13,126,746
(2011: Rs. 13,126.746 million) Unquoted Tetra Pak Pakistan Limited 1,000,000 (2011: 1,000,000) fully paid		
non-voting shares of Rs. 10 each Pakistan Tourism Development Corporation Limited	10,000	10,000
2,500 (2011: 2,500) fully paid ordinary shares of Rs. 10 each Orient Match Company Limited	25	25
1,900 (2011: 1,900) fully paid ordinary shares of Rs. 100 each	-	-
<b>Coca-Cola Beverages Pakistan Limited</b> 500,000 (2011: 500,000) fully paid ordinary		
shares of Rs. 10 each	4,706	4,706
	15,341,572	13,141,477

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

	-		
12.	Cost	of	sales

. Cost of sales		Quarte	r ended	Nine months ended						
		September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011					
	Note	(Rup	Represented e e s i n	thou	Represented s a n d )					
Materials consumed	12.1	2,188,793	2,196,276	6,523,522	6,621,265					
Salaries, wages and amenities		236,936	187,169	702,571	573,334					
Fuel and power		283,581	221,985	723,437	592,642					
Production supplies		52,963	60,254	173,869	196,007					
Excise duty and sales tax		21	-	479	41					
Rent, rates and taxes		76,599	85,094	238,786	258,245					
Insurance		6,764	4,799	19,286	14,356					
Repairs and maintenance Depreciation on property, plant		71,461	72,257	244,005	242,818					
and equipment		94,567	84,432	270,263	252,683					
Technical fee and royalty		11,006	10,867	47,749	36,028					
Traveling and conveyance		8,140	7,645	25,968	24,284					
Other expenses		55,212 3,086,043	25,821	161,294 9,131,229	78,415 8,890,118					
Opening work-in-process		338,120	384,082	326,022	262,636					
Closing work-in-process		(241,674)	(302,839)	(241,674)	(302,839)					
Cost of goods produced		3,182,489	3,037,843	9,215,577	8,849,915					
Opening stock of finished goods		518,214	534,781	452,567	531,040					
Closing stock of finished goods		(700,386)	(521,058)	(700,386)	(521,058)					
		3,000,317	3,051,566	8,967,758	8,859,897					

- **12.1** Included in materials consumed is sales from Discontinued operations of Rs. 1,608 million (2011: Rs. 2,174 million).
- **13.** These represent expenses incurred on prospective projects which are not capitalised under International Financial Reporting Standards.
- **14.** This represents reversal of impairment loss on investment in shares of IGI Investment Bank Limited and IGI Insurance Limited based on assessment of recoverable amount. The recoverable amount is equal to fair value which has been determined with reference to the active market value.

# 15. Non-current assets held for sale and Discontinued operations

# 15.1. Assets and liabilities of disposal group classified as held for sale

NoteRupees in thousand)Assets classified as held for sale Operating assets Loss recognised on the re-measurement of assets of disposal group8.1 15.214,673,291 (3,780,000)Capital work-in-progress Retirement benefits - gratuity plan Stores and spares Stock-in-trade Trade debts8.2110,925 14,906 781,736Total assets of the disposal group16,660,047Liabilities directly associated with assets classified as held for sale6 327,798 264,342 2,655 31,279Total liabilities Deferred liabilities6 327,798 31,279Total net assets of the disposal group7,012,979 9,647,068			September 30, 2012
Operating assets8.114,673,291Loss recognised on the re-measurement of assets of disposal group15.2(3,780,000)Capital work-in-progress8.2110,925Retirement benefits - gratuity plan8.2110,925Stores and spares14,906781,736Stock-in-trade3,849,3021,009,887Total assets of the disposal group16,660,047Liabilities directly associated with assets classified as held for sale6Long-term finances66,386,905Deferred income tax liabilities327,798Accrued finance costs264,342Retirement benefits - pension plan2,655Deferred liabilities31,279Total liabilities of the disposal group7,012,979		Note	
Loss recognised on the re-measurement of assets of disposal group15.2(3,780,000)Capital work-in-progress Retirement benefits - gratuity plan8.2110,893,291Stock-in-trade Trade debts14,906781,736Total assets of the disposal group16,660,04710,660,047Liabilities directly associated with assets classified as held for sale66,386,905Deferred income tax liabilities Accrued finance costs 	Assets classified as held for sale		
Capital work-in-progress Retirement benefits - gratuity plan8.210,893,291 110,925 14,906 781,736 3,849,302 1,009,887Total assets of the disposal group16,660,047Liabilities directly associated with assets classified as held for sale6Long-term finances Deferred income tax liabilities Accrued finance costs Retirement benefits - pension plan Deferred liabilities666,386,905 327,798 264,342 2,655 31,2797.012,9797,012,979			
Capital work-in-progress8.2110,925Retirement benefits - gratuity plan14,906Stores and spares781,736Stock-in-trade3,849,302Trade debts1,009,887Total assets of the disposal group16,660,047Liabilities directly associated with assets classified as held for sale6Long-term finances6Deferred income tax liabilities327,798Accrued finance costs264,342Retirement benefits - pension plan2,655Deferred liabilities31,279Total liabilities of the disposal group7,012,979	Loss recognised on the re-measurement of assets of disposal group	15.2	(3,780,000)
Retirement benefits - gratuity plan14,906Stores and spares781,736Stock-in-trade3,849,302Trade debts1,009,887Total assets of the disposal group16,660,047Liabilities directly associated with assets classified as held for sale6Long-term finances6Deferred income tax liabilities327,798Accrued finance costs264,342Retirement benefits - pension plan2,655Deferred liabilities31,279Total liabilities of the disposal group7,012,979			10,893,291
Stores and spares781,736Stock-in-trade3,849,302Trade debts1,009,887Total assets of the disposal group16,660,047Liabilities directly associated with assets classified as held for sale6Long-term finances6Deferred income tax liabilities327,798Accrued finance costs264,342Retirement benefits - pension plan2,655Deferred liabilities31,279Total liabilities of the disposal group7,012,979	Capital work-in-progress	8.2	110,925
Stock-in-trade Trade debts3,849,302 1,009,887Total assets of the disposal group16,660,047Liabilities directly associated with assets classified as held for sale6Long-term finances Deferred income tax liabilities Accrued finance costs Retirement benefits - pension plan Deferred liabilities666,386,905 327,798 264,342 31,27977,012,979	Retirement benefits - gratuity plan		,
Trade debts1,009,887Total assets of the disposal group16,660,047Liabilities directly associated with assets classified as held for sale6Long-term finances Deferred income tax liabilities Accrued finance costs Retirement benefits - pension plan Deferred liabilities666,386,905 327,798 264,342 2,655 31,2797otal liabilities of the disposal group7,012,979			
Total assets of the disposal group16,660,047Liabilities directly associated with assets classified as held for sale6Long-term finances Deferred income tax liabilities Accrued finance costs Retirement benefits - pension plan Deferred liabilities666,386,905 327,798 264,342 2,655 31,2797otal liabilities of the disposal group7,012,979			
Liabilities directly associated with assets classified as held for saleLong-term finances6Deferred income tax liabilities327,798Accrued finance costs264,342Retirement benefits - pension plan2,655Deferred liabilities31,279Total liabilities of the disposal group7,012,979	Trade debts		1,009,887
Long-term finances66,386,905Deferred income tax liabilities327,798Accrued finance costs264,342Retirement benefits - pension plan2,655Deferred liabilities31,279Total liabilities of the disposal group7,012,979	Total assets of the disposal group		16,660,047
Deferred income tax liabilities327,798Accrued finance costs264,342Retirement benefits - pension plan2,655Deferred liabilities31,279Total liabilities of the disposal group7,012,979	Liabilities directly associated with assets classified as held for sale		
Accrued finance costs264,342Retirement benefits - pension plan2,655Deferred liabilities31,279Total liabilities of the disposal group7,012,979	Long-term finances	6	6,386,905
Retirement benefits - pension plan2,655Deferred liabilities31,279Total liabilities of the disposal group7,012,979	Deferred income tax liabilities		327,798
Deferred liabilities     31,279       Total liabilities of the disposal group     7,012,979	Accrued finance costs		264,342
Total liabilities of the disposal group       7,012,979			,
	Deferred liabilities		31,279
Total net assets of the disposal group     9,647,068	Total liabilities of the disposal group		7,012,979
	Total net assets of the disposal group		9,647,068

# 15.2 Profit and loss account - Discontinued operations

2	i ionit anu ioss account - Discontinue	u u												
		Quarter ended			Nine months ended									
		Sep		iber ( 12	30,	September 30, 2011		September 30 2012		),	September 30, 2011		30,	
	Note		_				sented		_		_		resen	
		(	R	u p	e	e s	in	t	h	0 U	i	s a	n d	)
	Sales to third party	2	,23	9,99	1	2,03	7,480	6	,775	,708	5	6,	160,6	39
	Sales to continuing operations		58	0,50	8	77	4,583	_1	,607	,725		2,	174,4	82
		2		0,49		,	2,063	8		,433		8,3	335,1	
	Other operating income			7,04	9		3,304		20	,342	•		23,4	-09
	_	2	, <b>82</b>	7,54	8	2,81	5,367	8	,403	,775	Í	8,3	358,5	30
	Expenses				_			<b></b>			٦			
	Cost of sales 15.2.1	(2	,68	6,97	8)	(3,00	7,683)	(8	,378	,684	)	(8,9	955,6	22)
	Administrative expenses		•	7,57			4,282)			,648			282,8	
	Distribution and marketing costs			1,63		· · ·	5,838)		•	,173			136,9	
	Finance cost		(26	1,78	-	(27	9,284)	(	(742	,864	)	(	749,8	
	Other operating expenses			10			(52)							(99)
		(3	,09	7,87	7)	(3,41	7,139)	(9	,566	,369	)	(10,	125,2	.69)
	Loss before tax	(		0,32		(60	1,772)	(1	, <b>162</b>	,594	)	(1,	766,7	39)
	Taxation		9	4,61	5	21	0,621		406	, <b>90</b> 8	í	(	618,3	59
	Loss after tax		(17	5,71	4)	(39	1,151)		(755	,686	)	(1,	148,3	80)
	Loss before tax recognised		•			,	. ,		•					,
	on the re-measurement of	(0			•			(0						
	assets of disposal group 15.2.2 Taxation			0,00 3,00			-			,000, ,000,				-
	Loss after tax recognised		,52	3,00					,525	,000	_			
	on the re-measurement of													
	assets of disposal group	(2	,45	7,00	0)		-	(2	,457	,000,	)			-
	Loss for the period	(2	.63	2,71	4)	(39	1,151)	(3	.212	,686	)	(1.1	148,3	80)
			,	, -	,	(34	/ = /	(**	, _	,	÷.	· ,	- , -	- /

**15.2.1** Cost of sales includes Rs. 88.355 million (2011: Nil) paid to outgoing employees who opted for separation from Parent Company's employment under Voluntary Separation Scheme.

**15.2.2** This refers to the estimated charge resulting from re-measurement of assets and liabilities of Discontinued operations of the Parent Company at lower of their respective carrying values and fair values less costs to sell in accordance with the requirements of IFRS-5. Estimate will be reviewed at year-end and adjustment, if any, will be recorded accordingly.

# 15.3 Cash flow information - Discontinued operations

-		 Nine mon	ths ended
		September 30, 2012	September 30, 2011
			Represented
		(Rupees in	thousand)
	Operating cash flows	(1,441,909)	(2,494,197)
	Investing cash flows	(183,807)	(1,130,839)
	Financing cash flows	(98,810)	885,000
	Total cash flows	(1,724,526)	(2,740,036)

# 16. Combined earnings / (loss) per share

16. L	Combined earnings /	(loss) per snare	Quarter ended		Nine months ended			
			September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011		
				Represented		Represented		
	Combined basic earn · Continuing operatio		share					
F	Profit for the period attributable to equity holders of the Parent Company	- Rupees in thousand	649,619	56,466	1,466,318	197,549		
V	Neighted average number of ordinary shares	- Numbers	84,379,504	84,379,504	84,379,504	84,379,504		
E	Earnings per share	- Rupees	7.70	0.67	17.38	2.34		
	Combined basic loss Discontinued opera							
L	loss for the period attributable to equity holders of the Parent Company	- Rupees in thousand	(2,632,714)	(391,151)	(3,212,686)	(1,148,380)		
V	Neighted average number of ordinary shares	- Numbers	84,379,504	84,379,504	84,379,504	84,379,504		
L	loss per share	- Rupees	(31.20)	(4.64)	(38.07)	(13.61)		
	Combined diluted eau · Continuing operatio							
F	Profit for the period attributable to equity holders of the Parent Company	- Rupees in thousand	649,619	56,466	1,466,318	197,549		
F	Return on preference share / convertible stock	s - Rupees in thousand	81,683	82,115	243,272	243,669		
			731,302	138,581	1,709,590	441,218		
V	Neighted average number of ordinary shares	- Numbers	84,379,504	84,379,504	84,379,504	84,379,504		
V	Neighted average number of notionally converted preference shares / convertible stoc	k- Numbers	21,686,842	21,686,842	21,686,842	21,686,842		
			106,066,346	106,066,346	106,066,346	106,066,346		
E	Earnings per share	- Rupees	6.89	1.31	16.12	4.16		
-	5 1							

In respect of continuing operations, diluted EPS is restricted to the basic EPS in cases where effect of the conversion of preference shares / convertible stock is anti-dilutive.

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

# 17. Transactions with related parties

			Nine months ended			
		-	<b>September 30</b> , Se 2012	2011		
			(Rupees in t	nousand)		
Re	lationship with the Group	Nature of transactions				
i	Associates					
		Purchase of goods & services Sale of goods & services Dividend income Insurance premium Insurance claim received Commission earned	587,134 70,539 259,191 155,960 231,433 5,322	534,086 28,857 135,839 120,757 25,984 3,752		
ii	Other related parties	Purchase of goods & services Sale of goods & services Royalty and technical fee - expens Rebate received	171,349 48,455 e 29,039 -	94,958 172 31,770 414		
iii	Post employment benefit plans	Expenses charged in respect of retirement benefit plans Mark up on temporary loans	106,006 -	69,893 46		
iv	Key management personnel	Salaries and other employee bene	fits <b>75,374</b>	56,969		

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

Period-end balances	Un-audited September 30, 2012 (Rupees in	Audited December 31, 2011 thousand)
Receivable from related parties Associates Other related parties	65,227 8,649	- ) -
Payable to related parties Associates Other related parties Post employment benefit plans These are in the normal course of business and are interest free.	80,981 41,109 15,380	44,548

# 18. Cash generated from operations

19.

Septe 2	ember 30, 2012	September 30,
	-012	2011
	(Rupees i	Represented n thousand)
	49,869	1,569,208
Adjustments for:		
	288,168	270,359
Amortisation on intangible assets	8,784	2,747
Depreciation on investment property	245	245
Provision for accumulating compensated absences		
• •	34,815	87,875
	(16,765)	21,707
	59,034	29,816
	(11,024)	(136,872)
Gain on sale of short-term investment	(13)	(3,035)
	30,717	491,539
Impairment charged on investments	-	11,945
	55,863)	-
Dividend income from other investments (7	'83,970)	(508,512)
Share of profit from associated companies (2	24,047)	(320,785)
Profit before working capital changes 1,2	279,950	1,516,237
Effect on cash flow due to working capital changes		
Increase in stores and spares	(88,995)	(54,663)
	03,332)	(349,784)
	57,453)	(468,455)
Increase in loans, advances, deposits,	,,	(,,
	(89,413)	(286,927)
	89,912	(36,013)
(8	849,281)	(1,195,842)
4	30,669	320,395
Cash and cash equivalents		
Cash and bank balances 2	239,045	233,791
	83,820)	(2,890,340)
(3,4	44,775)	(2,656,549)

# 20. Segment information

Continuing operations					Sub 1	Total	Discontinued operations					
	Packaging Division Consumer Products Division		lnk Di	Ink Division General & Others		& Others	Continuing Operations		Paper & Board & Corrugator			
	September 3 2012	), September 3 2011	0, September 30 2012	, September 30, 2011	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
	,	Represente		Represented		Represented		Represented		Represented		Represented
	l	Ru	p e	e	8	i n	t	h	0 U	s a	n	d )
Revenue from external customers	7,753,883	7,823,05	4 1,487,421	1,669,583	1,074,274	947,307	9,758	104,066	10,325,336	10,544,010	6,775,708	6,160,639
Intersegment revenue	259,758	307,11	4 9,028	8,479	508,675	478,823	145,132	105,613	922,593	900,029	1,607,725	2,174,482
	8,013,641	8,130,16	8 1,496,449	1,678,062	1,582,949	1,426,130	154,890	209,679	11,247,929	11,444,039	8,383,433	8,335,121
Segment profit / (loss) before tax	565,782	882,03	0 77,375	(158,441)	89,592	128,480	1,303,050	617,759	2,035,799	1,469,828	(4,942,594)	(1,766,739)
	September 3 2012	), December 3 2011	, September 30 2012	, December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Segment assets	5,661,323	6,693,35	0 1,294,835	804,336	981,404	799,767	717,749	583,674	8,655,311	8,881,127	16,645,141	18,123,870
Reconciliation of profit			September 30 2012	, September 30, 2011								
			(Runees in	Represented thousand)								
Continuing operations:			( <b>FF</b>	,								
Profit for reportable segments			2,035,799	1,469,828								
Income from associates - net			(35,144)	184,946								
Intercompany consolidation adjustments			(50,786)	(85,566)								
Profit before tax			1,949,869	1,569,208								

### 21. Financial risk management

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

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2011.

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

# 22. Detail of subsidiaries

Name of the subsidiaries	Accounting year end	Percentage of holding	Country of incorporation
Packages Lanka (Private) Limited DIC Pakistan Limited	December 31 December 31	79.07% 54.98%	Sri Lanka Pakistan
Packages Construction (Private) Limited Bulleh Shah Packaging (Private) Limited [formerly Bulleh Shah Paper Mill (Private) Limited]	December 31 June 30	99.99% 100.00%	Pakistan Pakistan

# 23. Date of authorisation for issue

This condensed consolidated interim financial information was authorised for issue on October 20, 2012 by the Board of Directors of the Parent Company.

## 24. Events after balance sheet date

No material events have occurred subsequent to September 30, 2012.

### 25. Corresponding figures

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

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purposes of comparison as a result of the material event impacting the Group as explained in note 1 to these financial statements.

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Towfiq Habib Chinoy Chairman

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Syed<sup>I</sup>Hyder Ali Chief Executive & Managing Director

S.a.mendy Sved Aslam Mehdi

Director