Contents

COMPANY INFORMATION

Board of Directors

Towfiq Habib Chinoy *(Non-Executive Director)*	- Chairman
Syed Hyder Ali *(Executive Director)*	- Chief Executive & Managing Director
Josef Mueller *(Non-Executive Director)*	
Khalid Yacob *(Executive Director)*	
Muhammad Aurangzeb *(Independent Director)*	
Shamim Ahmad Khan *(Non-Executive Director)*	
Syed Aslam Mehdi *(Executive Director)*	
Syed Shahid Ali *(Non-Executive Director)*	
Tariq Iqbal Khan *(Non-Executive Director)*	
Veli-Jussi Olavi Potka *(Non-Executive Director)*	

Advisor
Syed Babar Ali

Company Secretary
Adi J. Cawasji

Executive Committee

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

Audit Committee

Tariq Iqbal Khan *(Non-Executive Director)*	- Chairman
Muhammad Aurangzeb *(Independent Director)*	- Member
Shamim Ahmad Khan *(Non-Executive Director)*	- Member
Syed Aslam Mehdi *(Executive Director)*	- Member
Syed Shahid Ali *(Non-Executive Director)*	- Member
Adi J. Cawasji *(Company Secretary)*	- Secretary

Business Strategy Committee

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

System and Technology Committee

Syed Aslam Mehdi *(Executive Director)*	- Chairman
Khalid Yacob *(Executive Director)*	- Member
Suleman Javed	- Member

Human Resource and Remuneration (HR & R) Committee

Towfiq Habib Chinoy *(Non-Executive Director)*	- Chairman
Shamim Ahmad Khan *(Non-Executive Director)*	- Member
Syed Hyder Ali *(Executive Director)*	- Member
Syed Aslam Mehdi *(Executive Director)*	- Member
Tariq Iqbal Khan *(Non-Executive Director)*	- Member
Kaifee Siddiqui	- Secretary

Rating Agency: PACRA

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

Auditors
A.F. Ferguson & Co.
Chartered Accountants

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

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

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

Offices

Registered Office & Regional Sales Office
4th Floor, The Forum
Suite No. 416 - 422, G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi - 75600, Pakistan
PABX : (021) 35874047-49
: (021) 35378650-52
: (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) 2348307
: (051) 2348308
: (051) 2348309
Fax : (051) 2348310

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

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

Shares Registrar
FAMCO Associates (Pvt.) Limited
8-F, Next to Hotel Faran
Nursery, Block 6, P.E.C.H.S.,
Shahrah-e-Faisal,
Karachi - 75400
PABX : (021) 34380101
: (021) 34380102
Fax : (021) 34380106
Email : info.shares@famco.com.pk

Web Presence
www.packages.com.pk

DIRECTORS' REPORT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

بسم الله الرحمن الرحيم

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, 2014.

Financial and Operational Performance

The comparison of the un-audited results for the period ended September 30, 2014 as against September 30, 2013 is as follows:

	For the third quarter		Cumulative	
	July - Sep 2014	July - Sep 2013	**Jan - Sep 2014**	Jan - Sep 2013
	(Rupees in million)			
Continuing Operations				
Sales	3,587	3,479	11,479	11,563
Less: Imported raw materials transferred at cost to Discontinued Operations	-	(225)	-	(1,247)
Net sales from operations	**3,587**	**3,254**	**11,479**	**10,316**
EBITDA - Operations	**273**	**289**	**1,103**	**1,035**
Depreciation & amortisation	(138)	(116)	(397)	(333)
EBIT - Operations	**135**	**173**	**706**	**702**
Finance costs	(186)	(241)	(602)	(641)
Other operating income / (expenses) - net	(2)	20	19	56
Investment income	417	320	2,371	1,553
Earnings before tax	**364**	**272**	**2,494**	**1,670**
Taxation	(28)	(69)	(307)	(411)
Earnings after tax - Continuing Operations	**336**	**203**	**2,187**	**1,259**
Basic earnings per share - Rupees	**3.98**	**2.41**	**25.87**	**14.93**
Discontinued Operations				
Loss after tax	-	(38)	-	(190)
Basic loss per share - Rupees	-	(0.45)	-	(2.25)

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

During the first nine months of 2014, Continuing Operations have achieved net sales of Rs. 11,479 million against net sales of Rs. 10,316 million of corresponding period of last year, representing sales growth of 11%.

These Operations have generated Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of Rs. 1,103 million during first nine months of 2014 against Rs. 1,035 million of corresponding period of 2013, resulting in an increase of Rs. 68 million, mainly due to revenue growth, better product mix and production efficiencies.

The Company has taken up various initiatives during the year 2014 to further improve its working capital cycle; as a result, working capital ratio of the Company has improved to 16% as at September 30, 2014 as compared to 18% of December 31, 2013.

The Company has also embarked upon utilisation of solar energy in view of current energy situation across the country and has installed solar panels for its administrative offices. The Company is planning to extend this initiative to production operations in the near future to further control operating costs and improve productivity levels.

Consumer Products Division

Consumer Products Division has registered sales of Rs. 2,005 million during the first nine months of 2014 as compared to Rs. 1,986 million of corresponding period of 2013. With effect from July 2014, the Division changed its credit policy with respect to sales to distributors. Now all sales to distributors are being done against cash to improve its working capital management. This has led to stock and sales pattern re-adjustments in the short-term but is expected to streamline working capital cycle of the Division in the medium to long-term. The Company is continuing with its focused marketing and distribution efforts to further enhance its position in the market.

Packaging Operations

Packaging Operations have achieved net sales of Rs. 9,451 million during the first nine months of 2014 as compared to Rs. 8,125 million of corresponding period of 2013 representing sales growth of 16%. Operating results of the Packaging Operations have also improved by Rs. 69 million i.e. 10% over corresponding period of 2013 on comparable basis. Operating profit grew slower than the top line owing mainly to higher energy and raw material cost inflation. The Company continues to actively focus on tight cost controls, developing a better product mix, production efficiencies and higher capacity utilisation to further drive profitable growth.

During the current year, the Company has made an investment of Rs. 222 million in a new Offset Printing Line in continuation of its efforts to remain abreast of improved technological developments in the Packaging business. The new Offset Printing Line commenced its commercial operations during the first quarter of 2014 and has added additional capacity to meet growing customer demand in the folding cartons business.

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

	July - Sep 2014	July - Sep 2013	**Jan - Sep 2014**	Jan - Sep 2013
Consumer Products produced - tons	**2,032**	2,513	**7,202**	7,470
Carton Board and Consumer Products converted - tons	**7,390**	7,952	**25,791**	24,294
Plastics all sorts converted - tons	**4,016**	3,911	**12,327**	11,593

Investment Income

Investment income has increased by Rs. 819 million during the first nine months of 2014 over corresponding value of 2013 which is indicative of improved operational performance of the investee companies.

Conversion of Preference Shares

During the third quarter, pursuant to the request from International Finance Corporation ("IFC"), the Company converted one million preference shares into ordinary shares on the basis of one ordinary share for one preference share. On September 25, 2014, the Company received a further request from IFC for conversion of one million preference shares into ordinary shares. The conversion procedure for this request was under process as at September 30, 2014. The conversion is in accordance with the terms of the "Subscription Agreement" dated March 25, 2009 with IFC.

Future Outlook

Your Company will continue its focus on improving shareholders' value through tight cost control, product and process optimisation, price rationalisation and efficient working capital management.

As part of its asset and income diversification strategy, the Company has also initiated development of a high quality retail mall at its Lahore land. This development shall be undertaken through investment in a subsidiary company, which shall also raise debt in its own books for this project.

The Company is also looking at opportunities in its packaging and tissue business outside Pakistan.

Company's Staff and Customers

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

(Towfiq Habib Chinoy)
Chairman
Lahore, October 16, 2014

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, October 16, 2014

PACKAGES LIMITED
CONDENSED INTERIM BALANCE SHEET
as at September 30, 2014

	Note	September 30, 2014 Un-audited	December 31, 2013 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (December 31, 2013: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (December 31, 2013: 22,000,000) 10 % non-voting preference shares / convertible stock of Rs. 190 each		**4,180,000**	4,180,000
Issued, subscribed and paid up capital			
85,379,504 (December 31, 2013: 84,379,504) ordinary shares of Rs. 10 each		**853,795**	843,795
Reserves		**38,386,755**	38,054,142
Preference shares / convertible stock reserve		**1,531,026**	1,605,875
Accumulated profit		**2,405,675**	1,585,716
		43,177,251	42,089,528
NON-CURRENT LIABILITIES			
Long-term finances	6	**4,955,426**	5,170,577
Liabilities against assets subject to finance lease		**26,265**	24,182
Deferred income tax liabilities	7	**469,770**	513,563
Retirement benefits		**2,342**	578
Deferred liabilities		**163,542**	139,576
		5,617,345	5,848,476
CURRENT LIABILITIES			
Current portion of long-term liabilities - Secured		**203,696**	203,702
Finances under mark up arrangements - secured		**672,991**	1,517,638
Derivative financial instruments	8	**-**	27,272
Trade and other payables		**3,293,818**	3,052,362
Accrued finance costs		**389,914**	530,324
		4,560,419	5,331,298
CONTINGENCIES AND COMMITMENTS	9	**-**	-
		53,355,015	53,269,302

	Note	September 30, 2014 Un-audited	December 31, 2013 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	**3,698,961**	3,665,286
Investment property		**88,122**	90,838
Intangible assets		**39,725**	32,185
Investments		**40,500,643**	41,048,030
Long-term loans and deposits		**68,147**	67,006
Retirement benefits		**11,557**	6,540
		44,407,155	44,909,885
CURRENT ASSETS			
Stores and spares		**521,651**	568,593
Stock-in-trade		**2,063,042**	2,064,901
Trade debts		**1,851,927**	1,622,809
Loans, advances, deposits, prepayments and other receivables		**2,103,461**	1,691,387
Income tax receivable	12	**2,258,577**	2,175,853
Cash and bank balances		**149,202**	235,874
		8,947,860	8,359,417
		53,355,015	53,269,302

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

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

PACKAGES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
for the quarter and nine months ended September 30, 2014

		Quarter ended		Nine months ended	
		September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013
	Note	(Rupees in thousand)			
Local sales		**4,163,162**	4,055,578	**13,390,016**	13,396,609
Export sales		**21,150**	23,889	**38,550**	53,607
Gross sales		**4,184,312**	4,079,467	**13,428,566**	13,450,216
Less: Sales tax and excise duty		**592,450**	595,492	**1,930,994**	1,870,026
Commission		**5,059**	5,405	**18,130**	17,112
		597,509	600,897	**1,949,124**	1,887,138
Net sales		**3,586,803**	3,478,570	**11,479,442**	11,563,078
Cost of sales	13	**(3,083,745)**	(3,061,166)	**(9,802,565)**	(9,994,959)
Gross profit		**503,058**	417,404	**1,676,877**	1,568,119
Administrative expenses		**(206,246)**	(127,211)	**(559,865)**	(439,917)
Distribution and marketing costs		**(162,093)**	(116,051)	**(410,825)**	(425,387)
Other operating expenses		**(24,241)**	(17,684)	**(202,939)**	(112,586)
Other operating income		**22,165**	37,495	**221,882**	168,772
Profit from operations		**132,643**	193,953	**725,130**	759,001
Finance costs		**(185,773)**	(241,366)	**(602,064)**	(641,270)
Investment income		**417,477**	319,838	**2,371,215**	1,552,648
Profit before taxation		**364,347**	272,425	**2,494,281**	1,670,379
Taxation	14	**(28,253)**	(69,032)	**(307,149)**	(411,000)
Profit for the period from Continuing operations		**336,094**	203,393	**2,187,132**	1,259,379
Loss for the period from Discontinued operations	15	**-**	(38,373)	**-**	(190,212)
Profit for the period		**336,094**	165,020	**2,187,132**	1,069,167
Basic earnings / (loss) per share					
From Continuing operations	Rupees 16	**3.98**	2.41	**25.87**	14.93
From Discontinued operations	Rupees 16	**-**	(0.45)	**-**	(2.25)
From Profit for the period	Rupees	**3.98**	1.96	**25.87**	12.68
Diluted earnings / (loss) per share					
From Continuing Operations	Rupees 16	**3.85**	2.41	**22.84**	14.16
From Discontinued Operations	Rupees 16	**-**	(0.45)	**-**	(2.25)
From Profit for the period	Rupees	**3.85**	1.96	**22.84**	11.91

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

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

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the quarter and nine months ended September 30, 2014

	Quarter ended		Nine months ended	
	Septeber 30, 2014	September 30, 2013	**Septeber 30, 2014**	September 30, 2013
	(Rupees in thousand)			
Profit for the period	**336,094**	165,020	**2,187,132**	1,069,167
Other comprehensive income:				
Items that will not be re-classified to profit or loss				
Re-measurement of net defined benefit asset / liability	**-**	-	**11,738**	15,042
Tax Effect	**-**	-	**(3,875)**	(5,264)
	-	-	**7,863**	9,778
Items that may be re-classified subsequently to profit or loss				
(Deficit) / surplus on re-measurement of available for sale financial assets	**(2,773,429)**	(1,091,125)	**(547,387)**	5,352,243
Other comprehensive (loss) / income for the year - net of tax	**(2,773,429)**	(1,091,125)	**(539,524)**	5,362,021
Total comprehensive (loss) / income for the period	**(2,437,335)**	(926,105)	**1,647,608**	6,431,188

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

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

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the nine months ended September 30, 2014

	Share capital	Share premium	Fair value reserve	General reserve	Preference shares / convertible stock reserve	Accumulated (loss) / profit	Total
	(Rupees in thousand)						
Balance as on December 31, 2012 (audited)	843,795	2,876,893	13,288,190	14,910,333	1,605,875	(2,902,364)	**30,622,722**
Appropriation of funds							
Transferred to profit and loss account	-	-	-	(3,300,000)	-	3,300,000	**-**
Total transactions with owners, recognised directly in equity							
Final dividend for the year ended December 31, 2012 Rs. 4.50 per share	-	-	-	-	-	(379,708)	**(379,708)**
Total comprehensive income for the period ended September 30, 2013							
Profit for the period	-	-	-	-	-	1,069,167	**1,069,167**
Other comprehensive income:							
Surplus on re-measurement of available for sale financial assets	-	-	5,352,243	-	-	-	**5,352,243**
Re-measurement of retirement benefit asset / liability	-	-	-	-	-	9,778	**9,778**
Total comprehensive income for the period	-	-	5,352,243	-	-	1,078,945	**6,431,188**
Balance as on September 30, 2013 (Un-audited)	843,795	2,876,893	18,640,433	11,610,333	1,605,875	1,096,873	**36,674,202**
Total comprehensive income for the period ended December 31, 2013							
Profit for the period	-	-	-	-	-	477,542	**477,542**
Other comprehensive income:							
Surplus on re-measurement of available for sale financial assets	-	-	4,926,483	-	-	-	**4,926,483**
Re-measurement of retirement benefit asset / liability	-	-	-	-	-	11,301	**11,301**
Total comprehensive income for the period	-	-	4,926,483	-	-	488,843	**5,415,326**
Balance as on December 31, 2013 (audited)	843,795	2,876,893	23,566,916	11,610,333	1,605,875	1,585,716	**42,089,528**
Appropriation of funds							
Transferred to general reserve	-	-	-	700,000	-	(700,000)	-
Total transactions with owners, recognised directly in equity							
Final dividend for the year ended December 31, 2013 Rs. 8.00 per share	-	-	-	-	-	(675,036)	**(675,036)**
Preference shares converted to ordinary shares	10,000	180,000	-	-	(74,849)	-	**115,151**
	10,000	180,000	-	-	(74,849)	(675,036)	**(559,885)**
Total comprehensive income for the period ended June 30, 2014							
Profit for the period	-	-	-	-	-	2,187,132	**2,187,132**
Other comprehensive income:							
Deficit on re-measurement of available for sale financial assets	-	-	(547,387)	-	-	-	**(547,387)**
Re-measurement of retirement benefit asset / liability	-	-	-	-	-	7,863	**7,863**
Total comprehensive (loss) / income for the period	-	-	(547,387)	-	-	2,194,995	**1,647,608**
Balance as on September 30, 2014 (Un-audited)	853,795	3,056,893	23,019,529	12,310,333	1,531,026	2,405,675	**43,177,251**

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

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

PACKAGES LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
for the nine months ended September 30, 2014

	Note	Nine months ended Septeber 30, 2014	Nine months ended September 30, 2013
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from operations	18	**987,007**	1,929,090
Finance cost paid		**(742,475)**	(1,019,399)
Taxes paid		**(438,500)**	(452,040)
Payments for accumulating compensated absences		**(12,547)**	(74,778)
Retirement benefits paid		**(9,970)**	(314,727)
Net cash (used in) / generated from operating activities		**(216,485)**	68,146
Cash flow from investing activities			
Fixed capital expenditure		**(609,077)**	(538,919)
Investments - net		**-**	(2,274,951)
Long-term loans and deposits - net		**(1,141)**	(1,267)
Proceeds from disposal of property, plant and equipment		**95,938**	55,357
Dividends received		**2,261,737**	1,552,648
Net cash generated from / (used in) investing activities		**1,747,457**	(1,207,132)
Cash flow from financing activities			
Proceeds from long-term finances - secured		**-**	1,000,000
Repayment of long-term finances - secured		**(100,000)**	(1,000,000)
Liabilities against assets subject to finance lease - net		**2,077**	-
Dividend paid		**(675,074)**	(379,768)
Net cash used in financing activities		**(772,997)**	(379,768)
Net increase / (decrease) in cash and cash equivalents		**757,975**	(1,518,754)
Cash and cash equivalents at the beginning of the period		**(1,281,764)**	(5,546,562)
Cash and cash equivalents transferred		**-**	5,100,000
Cash and cash equivalents at the end of the period	19	**(523,789)**	(1,965,316)

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

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

PACKAGES LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
for the nine months ended September 30, 2014

1. The Company and its activities

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

2. Basis of preparation

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

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended December 31, 2013 except for the adoption of new accounting policies as referred to in note 3.2.1.

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

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

3.2.1 Amendments to published standards effective in current year

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

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

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

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

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to pay a levy and when should a liability be recognised. The Company is not currently subjected to significant levies so the impact on these condensed interim financial information is not material.

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

Standards or Interpretations	Effective date (accounting periods beginning on or after)
Amendment to IAS 19 regarding defined benefit plans	July 1, 2014
Annual improvements 2012 which affect following standards: IFRS 2, 'Share-based payment' IFRS 3, 'Business Combinations' IFRS 8, 'Operating segments' IFRS 13, 'Fair value measurement' IAS 16, 'Property, plant and equipment' IAS 38, 'Intangible assets' Consequential amendments to IFRS 9, 'Financial instruments' IAS 37, 'Provisions, contingent liabilities and contingent assets' IAS 39, Financial instruments – Recognition and measurement'	July 1, 2014
Annual improvements 2013 which affect following standards: IFRS 1, 'First time adoption' IFRS 3, 'Business combinations' IFRS 13, 'Fair value measurement' IAS 40, 'Investment property'	July 1, 2014
Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation	January 1, 2016
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation	January 1, 2016
IFRS 14 'Regulatory deferral accounts'	January 1, 2016
Amendments to IFRS 9 'Financial instruments' - classification and measurement and general hedge accounting	January 1, 2018

4. Taxation

The provision for taxation for the nine months ended September 30, 2014 has been made using the tax rate that would be applicable to expected total annual earnings.

5. Estimates

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

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

6. Long-term finances

	September 30, 2014	December 31, 2013
	Un-audited	Audited
	(Rupees in thousand)	
Opening balance		
Local currency loans - secured	**2,900,000**	3,000,000
Preference shares / convertible stock - unsecured	**2,470,577**	2,470,577
	5,370,577	5,470,577
Loans obtained during the period		
Local currency loans - secured	**-**	1,000,000
	5,370,577	6,470,577
Preference shares converted to ordinary shares	**(115,151)**	-
Loans repaid / settled during the period		
Local currency loans - secured	**(100,000)**	(1,100,000)
	5,155,426	5,370,577
Current portion shown under current liabilities	**(200,000)**	(200,000)
Closing balance	**4,955,426**	5,170,577

7. The Company has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 730.271 million (December 31, 2013: Rs. 746.705 million) available to the Company under section 113 of the Income Tax Ordinance, 2001 ('Ordinance') and unused tax losses of Nil (December 31, 2013: Rs. 377.609 million) in view of business profits of future periods, before these expire / lapse. Tax credits under section 113 of the Ordinance amounting to Rs. 183.823 million, Rs. 203.917 million, Rs. 111.577 million, Rs. 178.574 million and Rs. 52.380 million are set to lapse by the end of years ending on December 31, 2015, 2016, 2017, 2018 and 2019 respectively.

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

This represents amount in respect of arrangements under the Joint Venture Agreement (the "JV Agreement") between the Company and 'Stora Enso OYJ Group' ('Stora Enso') of Finland; which provide Stora Enso the right, in case certain conditions specified in the JV Agreement are not met, and obligates Stora Enso, in case certain conditions specified in the JV Agreement are met, to subscribe to the share capital of Bulleh Shah Packaging (Private) Limited ('BSPL'). The liability has been derecognised in the current period and included in other income as the outstanding option has lapsed during the current period.

9. Contingencies and commitments

9.1 Contingencies

(i) Claims against the Company not acknowledged as debts Rs. 21.180 million (December 31, 2013: Rs. 19.550 million).

(ii) Post dated cheques not provided in the condensed interim financial information have been furnished by the Company in favour of the Collector of Customs against custom levies aggregated to Rs. 142.084 million (December 31, 2013: Rs. 393.075 million) in respect of goods imported.

9.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 39.474 million (December 31, 2013: Rs. 174.284 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs. 311.801 million (December 31, 2013: Rs. 381.552 million).

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

	September 30, 2014	December 31, 2013
	Un-audited	Audited
	(Rupees in thousand)	
Not later than one year	**376**	255,256
Later than one year and not later than five years	**-**	228,369
	376	483,625

10. Dividends

Ordinary dividend relating to the year ended December 31, 2013 amounting to Rs. 675.036 million (December 31, 2012: Rs. 379.708 million) was declared during the period. The Company also paid preference dividend / return relating to the year ended December 31, 2013 amounting to Rs. 412.050 million (December 31, 2012: Rs. 412.050 million) during the period.

11. Property, plant and equipment

	Note	September 30, 2014 Un-audited	December 31, 2013 Audited
		(Rupees in thousand)	
Operating assets - at net book value			
Owned assets		**3,466,275**	3,270,563
Assets subject to finance lease		**25,748**	28,349
	11.1	**3,492,023**	3,298,912
Capital work-in-progress	11.2	**206,938**	366,374
		3,698,961	3,665,286

11.1 Operating assets

	Note	September 30, 2014	December 31, 2013
Opening net book value		**3,298,912**	3,068,122
Add: Additions during the period	11.1.1	**594,047**	784,753
Transfer in at book value - net		**-**	1,417
		594,047	786,170
Less: Disposals during the period at book value		**17,798**	24,701
Classified as held for sale		**-**	20,346
Transferred to investment property		**-**	69,624
Depreciation charged during the period		**383,138**	440,709
		400,936	555,380
Closing net book value		**3,492,023**	3,298,912

11.1.1 Following is the detail of additions during the period

	September 30, 2014	December 31, 2013
Freehold Land	**11,321**	-
Buildings on freehold land	**20,485**	177,249
Buildings on leasehold land	**-**	35,735
Plant and machinery	**487,507**	268,813
Other equipment	**50,659**	211,268
Vehicles	**24,076**	91,688
	594,047	784,753

11.2 Capital work-in-progress

	September 30, 2014	December 31, 2013
Civil works	**24,805**	174,826
Plant and machinery	**180,319**	139,391
Others	**1,814**	224
Advances	**-**	51,933
	206,938	366,374

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

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

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

13. Cost of sales

		Quarter ended		Nine months ended	
		September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013
		Un-audited	Un-audited	**Un-audited**	Un-audited
	Note	(Rupees in thousand)			
Materials consumed		**2,223,644**	2,227,887	**6,937,516**	7,086,730
Salaries, wages and amenities	13.1	**240,330**	208,733	**725,911**	664,102
Travelling		**5,419**	5,440	**20,803**	17,982
Fuel and power		**300,948**	250,175	**831,636**	715,099
Production supplies		**85,352**	68,463	**259,581**	203,821
Excise duty and sales tax		**1,523**	741	**2,718**	3,531
Rent, rates and taxes		**16,744**	65,621	**139,217**	200,403
Insurance		**11,667**	9,997	**28,726**	26,633
Repairs and maintenance		**75,579**	71,762	**234,027**	220,504
Packing expenses		**58,127**	60,377	**196,896**	141,469
Depreciation on property, plant and equipment		**126,113**	104,439	**363,171**	295,608
Amortisation of intangible assets		**2,231**	647	**4,895**	1,881
Technical fee and royalty		**9,327**	2,472	**16,392**	6,236
Other expenses		**33,712**	28,460	**107,649**	80,101
		3,190,716	3,105,214	**9,869,138**	9,664,100
Opening work-in-process		**272,224**	195,720	**222,374**	245,126
Closing work-in-process		**(270,146)**	(199,968)	**(270,146)**	(199,968)
Cost of goods produced		**3,192,794**	3,100,966	**9,821,366**	9,709,258
Opening stock of finished goods		**435,949**	483,103	**526,196**	808,604
Closing stock of finished goods		**(544,997)**	(522,903)	**(544,997)**	(522,903)
		3,083,745	3,061,166	**9,802,565**	9,994,959

13.1. Salaries, wages and amenities include Rs. 0.438 million (2013: Rs. 9.934 million) paid to outgoing employees who opted for separation from Company's employment under Voluntary Separation Scheme.

14. Taxation

	Quarter ended		Nine months ended	
	September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013
	Un-audited	Un-audited	**Un-audited**	Un-audited
	(Rupees in thousand)			
Current	**106,834**	35,000	**354,816**	129,000
Deferred	**(78,581)**	34,032	**(47,667)**	282,000
	28,253	69,032	**307,149**	411,000

15. Profit and loss account - Discontinued operations

	Paper & Paperboard and Corrugated business operations at Kasur and Karachi		Paper & Paperboard operations at Lahore		Total	
	September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013	**September 30, 2014**	September 30, 2013
	Un-audited	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited
	(Rupees in thousand)					
Local sales	-	2,944,540	-	-	-	2,944,540
Export sales	-	7,213	-	-	-	7,213
Gross Sales	-	2,951,753	-	-	-	2,951,753
Less: Sales tax and excise duty	-	381,329	-	-	-	381,329
	-	2,570,424	-	-	-	2,570,424
Net sales to Continuing Operations	-	448,623	-	-	-	448,623
	-	3,019,047	-	-	-	3,019,047
Cost of sales	-	(2,809,367)	-	-	-	(2,809,367)
Gross profit	-	209,680	-	-	-	209,680
Administrative expenses	-	(106,766)	-	-	-	(106,766)
Distribution and marketing costs	-	(62,355)	-	-	-	(62,355)
Other operating income	-	2,377	-	42,133	-	44,510
Profit from operations	-	42,936	-	42,133	-	85,069
Finance cost	-	(248,281)	-	-	-	(248,281)
(Loss)/profit before tax from Discontinued operations	-	(205,345)	-	42,133	-	(163,212)
Taxation	-	(26,195)	-	(805)	-	(27,000)
(Loss)/profit for the period from Discontinued operations	-	(231,540)	-	41,328	-	(190,212)

15.1 Cash flows from Discontinued operations

Cash flows from operating activities	-	303,180	-	174,180	-	477,360
Cash flows from investing activities	-	(20,371)	-	11,971	-	(8,400)
Total cash flows	-	282,809	-	186,151	-	468,960

16. Earnings/(loss) per share

		Quarter ended		Nine months ended	
		September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013
		Un-audited	Un-audited	**Un-audited**	Un-audited
16.1 Basic earnings per share - Continuing operations					
Profit for the period	Rupees in thousand	**336,094**	203,393	**2,187,132**	1,259,379
Weighted average number of ordinary shares	Numbers	**84,530,796**	84,379,504	**84,530,796**	84,379,504
Earnings per share	Rupees	**3.98**	2.41	**25.87**	14.93
16.2 Basic loss per share - Discontinued operations					
Loss for the period	Rupees in thousand	**-**	(38,373)	**-**	(190,212)
Weighted average number of ordinary shares	Numbers	**84,530,796**	84,379,504	**84,530,796**	84,379,504
Loss per share	Rupees	**-**	(0.45)	**-**	(2.25)
16.3 Diluted earnings per share - Continuing operations					
Profit for the period	Rupees in thousand	**336,094**	203,393	**2,187,132**	1,259,379
Return on preference shares / convertible stock - net of tax	Rupees in thousand	**71,782**	81,850	**235,392**	242,991
		407,876	285,243	**2,422,524**	1,502,370
Weighted average number of ordinary shares	Numbers	**84,530,796**	84,379,504	**84,530,796**	84,379,504
Weighted average number of notionally converted preference shares / convertible stock	Numbers	**21,535,550**	21,686,842	**21,535,550**	21,686,842
		106,066,346	106,066,346	**106,066,346**	106,066,346
Earnings per share	Rupees	**3.85**	2.69	**22.84**	14.16

The effect of the conversion of the convertible prefrence shares into ordinary shares is anti-dilutive for the third quarter 2013, accordingly the diluted EPS is restricted to the basic EPS.

16.4 Diluted loss per share - Discontinued operations

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

17. Transactions with related parties

Relationship with the Company	Nature of transactions	Nine months ended **September 30, 2014** **Un-audited**	Nine months ended September 30, 2013 Un-audited
		(Rupees in thousand)	
i. Subsidiaries	Purchase of goods and services	**715,544**	991,232
	Sale of goods and services	**30,167**	710,695
	Assets and liabilities transferred	**-**	9,973,642
	Dividend income	**91,487**	29,524
	Rental and other income	**12,851**	20,239
	Management and technical fee	**22,287**	14,000
	Expenses incurred on behalf of wholly owned subsidiary	**118,798**	-
ii. Joint venture	Purchase of goods and services	**2,048,885**	709,186
	Sale of goods and services	**120,777**	836,468
	Rental and other income	**33,202**	18,209
iii. Associates	Purchase of goods and services	**826,366**	737,541
	Sale of goods and services	**11,083**	33,038
	Insurance premium	**72,808**	107,495
	Commission earned	**1,163**	5,398
	Insurance claims received	**544**	63,875
	Rental and other income	**379**	-
	Dividend income	**17,757**	123,677
iv. Post employment benefit plans	Expense charged in respect of retirement benefit plans	**71,838**	82,311
v. Key management personnel	Salaries and other employee benefits	**80,287**	63,602

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

Period-end balances

	September 30, 2014 **Un-audited**	December 31, 2013 Audited
	(Rupees in thousand)	
Receivable from related parties		
Subsidiaries	**400,110**	34,794
Joint venture	**1,309,336**	1,478,976
Associates	**3,482**	21,582
Payable to related parties		
Subsidiaries	**98,160**	79,804
Joint venture	**266,806**	183,557
Associates	**68,168**	59,924
Post employment benefit plans	**12,972**	11,817

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

18. Cash generated from operations

	Nine months ended	
	September 30, 2014	September 30, 2013
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax	**2,494,281**	1,507,167
Adjustments for:		
Depreciation on property, plant and equipment	**383,138**	322,621
Depreciation on investment property	**2,716**	1,885
Amortisation on intangible assets	**10,965**	8,595
Provision for accumulating compensated absences	**36,513**	59,313
Provision for retirement benefits	**18,455**	16,927
Net profit on disposal of property, plant and equipment	**(78,140)**	(39,322)
Exchange gain	**(778)**	-
Finance costs	**602,064**	889,551
Provision for doubtful debts	**2,525**	-
Provision for pending claims	**7,763**	-
Gain on re-measurement of derivative financial instruments	**(27,272)**	(76,787)
Provisions and unclaimed balances written back	**(2,863)**	-
Dividend income	**(2,371,215)**	(1,552,648)
Profit before working capital changes	**1,078,152**	1,137,302
Effect on cash flow due to working capital changes		
(Increase) / decrease in trade debts	**(238,446)**	465,735
Decrease / (increase) in stores and spares	**46,942**	(186,415)
Decrease in stock-in-trade	**1,859**	626,051
Increase in loans, advances, deposits, prepayments and other receivables	**(289,153)**	(74,796)
Increase / (decrease) in trade and other payables	**387,653**	(38,787)
	(91,145)	791,788
	987,007	1,929,090

19. Cash and cash equivalents

Cash and bank balances	**149,202**	108,367
Finances under mark up arrangements - secured	**(672,991)**	(2,073,683)
	(523,789)	(1,965,316)

20. Financial risk management

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

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

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

21. Date of authorisation for issue

This condensed interim financial information was authorised for issue on October 16, 2014 by the Board of Directors of the Company.

22. Events after the balance sheet date

No material events have occurred subsequent to September 30, 2014.

23. Corresponding figures

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

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

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Syed Aslam Mehdi
Director

Packages Group
Condensed Consolidated Interim Financial Information

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

بسم الله الرحمن الرحيم

The Directors of Packages Limited are pleased to submit to its shareholders, the nine months report along with the un-audited condensed consolidated interim financial statements of the Group for the period ended September 30, 2014.

Financial and Operational Performance

The comparison of the un-audited results for the period ended September 30, 2014 as against September 30, 2013 is as follows

	Jan - Sep 2014	Jan - Sep 2013
	(Rupees in million)	
Continuing Operations		
Sales	**14,217**	13,306
Less: Imported raw materials transferred at cost to Joint Venture	**-**	(460)
Net Sales from Operations	**14,217**	**12,846**
Profit from Operations	**1,137**	**1,038**
Finance costs	**(672)**	(718)
Share of (loss) / profit of associates and Joint Venture - net of tax	**(6)**	180
Investment income	**2,280**	1,399
Profit before tax	**2,739**	**1,899**
Taxation	**(377)**	(480)
Earnings after tax - Continuing Operations	**2,362**	**1,419**
Basic Earnings per share - Rupees	**26.80**	**16.09**
Discontinued Operations		
Loss after tax	**-**	(144)
Basic loss per share - Rupees	**-**	**(1.70)**

During the first nine months of 2014, Group has achieved net sales of Rs. 14,217 million against net sales of Rs. 12,846 million achieved during corresponding period of last year representing sales growth of 11% with an operating profit of Rs. 1,137 million compared to Rs. 1,038 million generated during the corresponding period of the year 2013 representing an increase of Rs. 99 million, i.e. 9.5%. This increase in operating profit is attributable to revenue growth, initiatives taken to further improve working capital cycle, better product mix and favorable exchange rate movement.

Investment income has increased by Rs. 881 million, i.e. 63%, during first nine months of 2014 over corresponding values of 2013 that is indicative of improved operational performance of the investee companies.

During the current year, the Parent Company has made an investment of Rs. 222 million in a new Offset Printing Line in continuation of its efforts to remain abreast of improved technological developments in the Packaging business. The new Offset Printing Line commenced its commercial operations during the first quarter of 2014 and has added additional capacity to meet growing customer demand in the folding cartons business.

Expiry of option under the Joint Venture Agreement

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

Conversion of Preference Shares

During the third quarter, pursuant to the request from International Finance Corporation ("IFC"), the Parent Company converted one million preference shares into ordinary shares (of the Parent Company) on the basis of one ordinary share for one preference share.

On September 25, 2014, the Parent Company received a further request from IFC for conversion of one million preference shares into ordinary shares. The conversion procedure for this request was under process as at September 30, 2014. The conversion is in accordance with the terms of the "Subscription Agreement" dated March 25, 2009 entered by the Parent Company with IFC.

Future Outlook

As part of its asset and income diversification strategy, the Parent Company has also initiated development of a high quality retail mall at its Lahore land. This development shall be undertaken through investment by the Parent Company in a subsidiary company, which shall also raise debt in its own books for this project.

The Group is also looking at opportunities in its packaging and tissue business outside Pakistan.

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. 2,379 million during first nine months of 2014 as compared to Rs. 1,960 million of the corresponding period of last year representing sales growth of 21%. This sales growth has also improved operating results of the Company as the Company has generated profit before tax of Rs. 249 million during first nine months of 2014 as against Rs. 195 million generated during corresponding period of 2013 representing sales growth of 28%. Moving forward, the Company will continue its focus on improving operating results through tighter operating cost control, better product-mix, price rationalisation and better working capital management.

Packages Lanka (Private) Limited

Packages Lanka (Private) Limited is a Sri Lanka based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging solutions. The Company has achieved turnover of SLR 1,267 million during first nine months of 2014 as compared to SLR 1,134 million of the corresponding period of last year representing sales growth of 12%. The Company has generated profit before tax of SLR 117 million during first nine months of 2014 as compared to SLR 26 million of corresponding period of 2013 representing growth of 3.5 times. This increase in profit is mainly attributable to operational efficiencies that includes waste reduction efforts, using cheaper source for fuel and the efficiency improvements brought by the installation of new printing line towards the end of year 2012 that has become fully operational and helped the management is consolidating its market share. Moving forward, the Company will focus on improving operating results through tighter operating cost control, product diversification and price rationalisation.

(Towfiq Habib Chinoy)	**(Syed Hyder Ali)**
Chairman	Chief Executive & Managing Director
Lahore, October 16, 2014	Lahore, October 16, 2014

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
as at September 30, 2014

	Note	September 30, 2014 Un-audited	December 31, 2013 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (December 31, 2013: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (December 31, 2013: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each		**4,180,000**	4,180,000
Issued, subscribed and paid up capital			
85,379,504 (December 31, 2013: 84,379,504) ordinary shares of Rs. 10 each		**853,795**	843,795
Reserves		**38,401,006**	38,067,817
Preference shares / convertible stock reserve		**1,531,026**	1,605,875
Accumulated profit		**3,207,300**	2,309,000
		43,993,127	42,826,487
NON CONTROLLING INTEREST		**363,475**	332,354
		44,356,602	43,158,841
NON-CURRENT LIABILITIES			
Long-term finances	6	**5,193,823**	5,450,180
Liabilities against assets subject to finance lease		**26,265**	24,182
Deferred income tax liabilities		**628,496**	666,917
Retirement benefits		**2,342**	578
Deferred liabilities		**196,532**	166,125
		6,047,458	6,307,982
CURRENT LIABILITIES			
Current portion of long-term liabilities - secured		**211,550**	203,702
Finances under mark up arrangements - secured		**1,290,750**	2,028,303
Trade and other payables		**3,510,797**	3,277,679
Derivative financial instruments	7	**-**	27,272
Accrued finance cost		**396,937**	533,801
		5,410,034	6,070,757
CONTINGENCIES AND COMMITMENTS	8	**-**	-
		55,814,094	55,537,580

	Note	September 30, 2014	December 31, 2013
		Un-audited	Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	**4,536,059**	4,227,472
Intangible assets		**45,314**	39,083
Investment property		**67,063**	68,790
Investments accounted for using the equity method	11	**13,684,448**	13,678,892
Other long-term investments	12	**27,019,165**	27,566,553
Long-term loans and deposits		**69,006**	67,684
Retirement benefits		**11,557**	6,540
Deferred income tax asset		**11,044**	-
		45,443,656	45,655,014
CURRENT ASSETS			
Stores and spares		**578,731**	626,264
Stock-in-trade		**2,860,149**	2,821,293
Trade debts		**2,413,903**	2,099,989
Loans, advances, deposits, prepayments and other receivables		**1,781,397**	1,747,648
Income tax receivable	13	**2,364,284**	2,236,296
Cash and bank balances		**371,974**	351,076
		10,370,438	9,882,566
		55,814,094	55,537,580

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

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Syed Aslam Mehdi
Director

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
for the quarter and nine months ended September 30, 2014

	Note	Quarter ended		Nine months ended	
		September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013
		(Rupees in thousand)			
Continuing operations					
Local sales		**5,081,735**	4,550,141	**16,045,108**	14,920,705
Export sales		**182,868**	130,065	**407,789**	343,011
Gross sales		**5,264,603**	4,680,206	**16,452,897**	15,263,717
Less: Sales tax and excise duty		**686,032**	588,686	**2,205,211**	1,938,276
Commission		**10,616**	6,443	**31,001**	19,015
		696,648	595,129	**2,236,212**	1,957,291
Net sales		**4,567,955**	4,085,077	**14,216,685**	13,306,426
Cost of sales	14	**(3,901,883)**	(3,508,847)	**(11,928,985)**	(11,265,638)
Gross profit		**666,072**	576,230	**2,287,700**	2,040,788
Administrative expenses		**(240,919)**	(159,077)	**(666,318)**	(536,315)
Distribution and marketing costs		**(186,649)**	(137,277)	**(480,069)**	(487,825)
Other operating expenses		**(31,634)**	(22,852)	**(222,011)**	(126,931)
Other operating income		**11,457**	30,654	**217,699**	148,752
Profit from operations		**218,327**	287,678	**1,137,001**	1,038,469
Finance costs		**(208,479)**	(269,825)	**(671,902)**	(717,766)
Investment income		**417,477**	307,999	**2,279,728**	1,399,447
Share of profit / (loss) of investments accounted for using the equity method - net of tax		**93,899**	73,221	**(6,234)**	179,629
Profit before taxation		**521,224**	399,073	**2,738,593**	1,899,779
Taxation		**(62,303)**	(98,760)	**(376,825)**	(480,927)
Profit for the period from Continuing operations		**458,921**	300,313	**2,361,768**	1,418,852
Loss for the period from Discontinued operations	15	**-**	(38,373)	**-**	(143,820)
Profit for the period		**458,921**	261,940	**2,361,768**	1,275,032
Attributable to:					
Equity holders of the Parent Company		**422,301**	242,439	**2,265,473**	1,213,754
Non-controlling interest		**36,620**	19,501	**96,295**	61,278
		458,921	261,940	**2,361,768**	1,275,032
Earnings per share from Continuing and Discontinued operations attributable to equity holders of the Parent Company for the period					
Basic earnings / (loss) per share					
From Continuing operations Rupees	16	**5.00**	3.33	**26.80**	16.09
From Discontinued operations Rupees	16	**-**	(0.45)	**-**	(1.70)
From profit for the period Rupees		**5.00**	2.87	**26.80**	14.38
Diluted earnings / (loss) per share					
From Continuing operations Rupees	16	**4.66**	3.33	**23.58**	15.09
From Discontinued operations Rupees	16	**-**	(0.45)	**-**	(1.70)
From profit for the period Rupees		**4.66**	2.87	**23.58**	13.39

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

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

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the quarter and nine months ended September 30, 2014

	Quarter ended		Nine months ended	
	Septeber 30, 2014	September 30, 2013	**Septeber 30, 2014**	September 30, 2013
	(Rupees	in	thousand)	
Profit for the period	**458,921**	261,940	**2,361,768**	1,275,032
Other comprehensive income				
Items that will not be re-classified to profit or loss				
Re-measurement of retirement benefits liability / (asset)	**-**	-	**11,738**	17,438
Tax effect	**-**	-	**(3,875)**	(5,264)
	-	-	**7,863**	12,174
Items that may be re-classified subsequently to profit or loss				
Exchange differences on translation of foreign subsidiary	**23,999**	15,404	**(14,182)**	15,578
Other reserves relating to associates - net of tax	**-**	-	**11,790**	-
(Deficit) / surplus on re-measurement of available for sale financial assets	**(2,773,429)**	(1,091,125)	**(547,387)**	5,352,243
	(2,749,430)	(1,075,721)	**(549,779)**	5,367,821
Other comprehensive (loss) / income for the period	**(2,749,430)**	(1,075,721)	**(541,916)**	5,379,995
Total comprehensive (loss) / income for the period	**(2,290,509)**	(813,781)	**1,819,852**	6,655,027
Attributable to:				
Equity holders of the Parent Company	**(2,332,151)**	(836,506)	**1,726,525**	6,590,489
Non-controlling interest	**41,642**	22,725	**93,326**	64,538
	(2,290,509)	(813,781)	**1,819,852**	6,655,027
Total comprehensive (loss) / income attributable to equity holders of the Parent Company arising from:				
Continuing operations	**(2,332,151)**	(798,133)	**1,726,525**	6,734,309
Discontinued operations	**-**	(38,373)	**-**	(143,820)
	(2,332,151)	(836,506)	**1,726,525**	6,590,489

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

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

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the nine months ended September 30, 2014

	Attributable to equity holders of the Parent Company									Non-controlling interest	Total equity
	Share capital	Share premium	Exchange difference on translation of foreign subsidiary	Fair value reserve	General reserve	Preference shares / convertible stock reserve	Other reserves relating to associates & joint venture	Accumulated (loss) / profit	Total		
	(Rupees in thousand)										
Balance as on December 31, 2012 (audited)	843,795	2,876,893	16,441	13,288,190	14,910,333	1,605,875	(18,189)	(2,374,452)	31,148,886	252,201	**31,401,087**
Appropriation of funds											
Transferred to consolidated profit and loss account	-	-	-	-	(3,300,000)	-	-	3,300,000	-	-	**-**
Transactions with owners recognised directly in equity											
Final dividend for the year ended December 31, 2012 Rs. 4.5 per share	-	-	-	-	-	-	-	(379,708)	(379,708)	-	**(379,708)**
Dividend relating to 2012 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(7,908)	**(7,908)**
Total contributions by and distributions to equity holders of the Parent Company	-	-	-	-	-	-	-	(379,708)	(379,708)	(7,908)	**(387,616)**
Total comprehensive income for the period ended September 30, 2013											
Profit for the period	-	-	-	-	-	-	-	1,213,754	1,213,754	61,278	**1,275,032**
Other comprehensive income:											
Surplus on re-measurement of available for sale financial assets	-	-	-	5,352,243	-	-	-	-	5,352,243	-	**5,352,243**
Re-measurement of net defined benefit asset / liability - net of tax	-	-	-	-	-	-	-	12,174	12,174	-	**12,174**
Exchange difference on translation of foreign subsidiary	-	-	12,318	-	-	-	-	-	12,318	3,260	**15,578**
Total comprehensive income for the period	-	-	12,318	5,352,243	-	-	-	1,225,928	6,590,489	64,539	**6,655,027**
Balance as on September 30, 2013 (un-audited)	843,795	2,876,893	28,759	18,640,433	11,610,333	1,605,875	(18,189)	1,771,768	37,359,667	308,832	**37,668,498**
Total comprehensive income for the period ended December 31, 2013											
Profit for the period	-	-	-	-	-	-	-	525,931	525,931	19,810	**545,741**
Other comprehensive income:											
Exchange difference on translation of foreign subsidiary	-	-	14,025	-	-	-	-	-	14,025	3,713	**17,738**
Surplus on re-measurement of available for sale financial assets	-	-	-	4,926,483	-	-	-	-	4,926,483	-	**4,926,483**
Other reserves of investments accounted for under equity method	-	-	-	-	-	-	(10,920)	-	(10,920)	-	**(10,920)**
Re-measurement of net defined benefit asset / liability - net of tax	-	-	-	-	-	-	-	11,301	11,301	-	**11,301**
Total comprehensive income / (loss) for the period	-	-	14,025	4,926,483	-	-	(10,920)	537,232	5,466,820	23,523	**5,490,343**
Balance as on December 31, 2013 (audited)	843,795	2,876,893	42,784	23,566,916	11,610,333	1,605,875	(29,109)	2,309,000	42,826,487	332,355	**43,158,841**
Appropriation of funds											
Transferred to general reserve	-	-	-	-	700,000	-	-	(700,000)	-	-	**-**
Transactions with owners recognised directly in equity											
Final dividend for the year ended December 31, 2013 Rs. 8 per share	-	-	-	-	-	-	-	(675,036)	(675,036)	-	**(675,036)**
Dividend relating to 2013 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(62,205)	**(62,205)**
Preference shares converted to ordinary shares	10,000	180,000	-	-	-	(74,849)	-	-	115,151	-	**115,151**
Total contributions by and distributions to equity holders of the Parent Company	10,000	180,000	-	-	-	(74,849)	-	(675,036)	(559,885)	(62,205)	**(622,090)**
Total comprehensive income for the period ended September 30, 2014											
Profit for the period	-	-	-	-	-	-	-	2,265,473	2,265,473	96,295	**2,361,768**
Other comprehensive income:											
Re-measurement of net defined benefit asset / liability - net of tax	-	-	-	-	-	-	-	7,863	7,863	-	**7,863**
Deficit on re-measurement of available for sale financial assets	-	-	-	(547,387)	-	-	-	-	(547,387)	-	**(547,387)**
Other reserves of investments accounted for under equity method	-	-	-	-	-	-	11,790	-	11,790	-	**11,790**
Exchange difference on translation of foreign subsidiary	-	-	(11,214)	-	-	-	-	-	(11,214)	(2,968)	**(14,182)**
Total comprehensive (loss) / income for the period	-	-	(11,214)	(547,387)	-	-	11,790	2,273,336	1,726,525	93,325	**1,819,852**
Balance as on September 30, 2014 (un-audited)	853,795	3,056,893	31,570	23,019,529	12,310,333	1,531,026	(17,319)	3,207,300	43,993,127	363,475	**44,356,602**

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

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

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
for the nine months ended September 30, 2014

	Note	Nine months ended Septeber 30, 2014	Nine months ended September 30, 2013
		(Rupees in thousand)	
Cash flow from operating activities			
Cash generated from operations	19	**1,554,014**	2,106,386
Finance cost paid		**(808,766)**	(1,110,895)
Taxes paid		**(558,153)**	(536,539)
Payments for accumulating compensated absences		**(13,141)**	(75,032)
Retirement benefits paid		**(9,970)**	(311,039)
Net cash generated from operating activities		**163,984**	72,881
Cash flow from investing activities			
Fixed capital expenditure		**(804,045)**	(592,668)
Investment - net		**-**	(2,274,951)
Net increase in long-term loans and deposits		**(1,322)**	(1,443)
Proceeds from sale of property, plant and equipment		**98,142**	57,142
Dividends received		**2,170,250**	1,523,124
Net cash generated from / (used in) investing activities		**1,463,025**	(1,288,796)
Cash flow from financing activities			
Proceeds from long-term finances - secured		**-**	1,116,322
Repayment of long-term finances - secured		**(133,352)**	(1,000,000)
Liabilities against assets subject to finance lease - net		**2,077**	-
Dividend paid		**(675,077)**	(379,768)
Dividend paid to non-controlling interest		**(62,205)**	(7,770)
Net cash used in financing activities		**(868,557)**	(271,216)
Net increase / (decrease) in cash and cash equivalents		**758,451**	(1,487,131)
Cash and cash equivalents at the beginning of the period		**(1,677,227)**	(5,934,886)
Cash and cash equivalents transferred		**-**	5,100,000
Cash and cash equivalents at the end of the period	20	**(918,776)**	(2,322,017)

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

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

PACKAGES GROUP
NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
for the quarter and nine months ended September 30, 2014

1. Legal status and nature of business

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

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

The Board of Directors of the Parent Company resolved, in its meeting held on May 3, 2014, the development of a real estate project in Lahore, through its wholly owned subsidiary.

2. Basis of preparation

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

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of this condensed consolidated interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended December 31, 2013 except for the adoption of new accounting policies as referred to in note 3.2.1.

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

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

3.2.1 Amendments to published standards effective in current year

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

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

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

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

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

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

Standards or Interpretations	**Effective date (accounting periods beginning on or after)**
Amendment to IAS 19 regarding defined benefit plans	July 1, 2014
Annual improvements 2012 which affect following standards: IFRS 2, 'Share-based payment' IFRS 3, 'Business Combinations' IFRS 8, 'Operating segments' IFRS 13, 'Fair value measurement' IAS 16, 'Property, plant and equipment' IAS 38, 'Intangible assets' Consequential amendments to IFRS 9, 'Financial instruments' IAS 37, 'Provisions, contingent liabilities and contingent assets' IAS 39, Financial instruments – Recognition and measurement'	July 1, 2014
Annual improvements 2013 which affect following standards: IFRS 1, 'First time adoption' IFRS 3, 'Business combinations' IFRS 13, 'Fair value measurement' IAS 40, 'Investment property'	July 1, 2014
Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation	January 1, 2016
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation	January 1, 2016
IFRS 14 'Regulatory deferral accounts'	January 1, 2016
Amendments to IFRS 9 'Financial instruments' - classification and measurement and general hedge accounting	January 1, 2018

4. Taxation

The provision for taxation for the nine months ended September 30, 2014 has been made using the tax rate that would be applicable to expected total annual earnings.

5. Estimates

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

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

6. Long-term finances

	September 30, 2014	December 31, 2013
	Un-audited	Audited
	(Rupees in thousand)	
Opening balance		
Local currency loans - secured	**2,900,000**	3,216,643
Term loan - secured	**279,603**	-
Preference shares / convertible stock - unsecured	**2,470,577**	2,470,577
	5,650,180	5,687,220
Loans obtained during the period		
Local currency loans - secured	**-**	1,000,000
	5,650,180	6,687,220
Preference shares converted to ordinary shares	**(115,151)**	-
Loans repaid during the period		
Local currency loans - secured	**(133,352)**	(1,037,040)
	5,401,677	5,650,180
Current portion shown under current liabilities		
Local currency loans - secured	**(207,854)**	(200,000)
Closing balance	**5,193,823**	5,450,180

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

This represents amount in respect of arrangements under the Joint Venture Agreement (the 'JV Agreement') between the Parent Company and 'Stora Enso OYJ Group' ('Stora Enso') of Finland; which provide Stora Enso the right, in case certain conditions specified in the JV Agreement were not met, and obligated Stora Enso, in case certain conditions specified in the JV Agreement were met, to subscribe to the share capital of Bulleh Shah Packaging (Private) Limited ('BSPL'). The liability has been derecognized in the current period and included in other income as the outstanding option has lapsed during the current period.

8. Contingencies and commitments

8.1 Contingencies

(i) Claims against the Group not acknowledged as debts Rs. 21.180 million (December 31, 2013: Rs. 19.550 million).

(ii) Post dated cheques not provided in the condensed consolidated interim financial information have been furnished by the Parent Company in favor of the Collector of Customs against custom levies aggregated to Rs. 154.781 million (December 31, 2013 : Rs. 407.937 million) in respect of goods imported.

(iii) Guarantees issued in favor of Excise and Taxation officer amounting to Rs. 0.660 million (December 31, 2013 : Rs. 0.825 million)

(iv) Guarantees issued in favor of Director General of Customs amounting to Rs. 9.00 million (December 31, 2013: Nil)

8.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 92.464 million (December 31, 2013: Rs. 174.284 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs. 311.801 million (December 31, 2013: Rs. 433.921 million).

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

	September 30, 2014	December 31, 2013
	Un-audited	Audited
	(Rupees in thousand)	
Not later than one year	**14,612**	255,524
Later than one year and not later than five years	**6,154**	228,450
	20,766	483,974

9. Dividends

Ordinary dividend relating to the year ended December 31, 2013 amounting to Rs. 675.036 million (December 31, 2012: Rs. 379.708 million) was declared during the period by the Parent Company. The Parent Company also paid preference dividend / return relating to the year ended December 31, 2013 amounting to Rs. 412.050 million (December 31, 2012: Rs. 412.050 million) during the period.

10. Property, plant and equipment

	Note	**September 30, 2014**	December 31, 2013
		Un-audited	Audited
		(Rupees in thousand)	
Operating assets - at net book value			
Owned assets		**3,973,287**	3,832,749
Assets subject to finance lease		**25,748**	28,349
	10.1	**3,999,035**	3,861,098
Capital work-in-progress	10.2	**537,024**	366,374
		4,536,059	4,227,472

10.1 Operating assets

	Note	September 30, 2014 Un-audited	December 31, 2013 Audited
		(Rupees in thousand)	
Opening net book value		**3,861,098**	3,629,740
Additions during the period	10.1.1	**619,581**	843,498
Transfer in at book value - net		**-**	1,417
		619,581	844,915
		4,480,679	4,474,655
Disposals during the period at book value		**(18,924)**	(26,084)
Classified as held for sale		**-**	(20,346)
Transferred to investment property		**-**	(69,624)
Depreciation charged during the period		**(446,988)**	(531,087)
Exchange adjustment on opening book value - net		**(15,732)**	33,584
		(481,644)	(613,557)
Closing book value		**3,999,035**	3,861,098

10.1.1 Following is the detail of additions during the period

Buildings on freehold land	**20,485**	177,998
Buildings on leasehold land	**11,321**	35,735
Plant and machinery	**492,756**	291,638
Other equipment	**61,186**	239,419
Furniture and fixtures	**1,095**	2,186
Vehicles	**32,738**	96,522
	619,581	843,498

10.2 Capital work-in-progress

Civil works	**354,891**	174,826
Plant and machinery	**180,319**	139,391
Others	**1,814**	224
Advances	**-**	51,933
	537,024	366,374

11. Investments accounted for using the equity method

Investments in associates	11.1	**3,684,435**	3,662,998
Investment in joint venture	11.2	**10,000,013**	10,015,894
		13,684,448	13,678,892

11.1 Investments in Associates

Opening balance		**3,662,998**	3,610,048
Share of profit from associates - net of tax		**11,594**	177,332
Share of other comprehensive income / (loss) - net of tax		**9,843**	(11,760)
Less: Dividends received during the period		**-**	(123,677)
Reversal of impairment on investments in associates		**-**	11,055
Closing balance	11.1.1	**3,684,435**	3,662,998

11.1.1 In equity instruments of associated companies

	Un-audited September 30, 2014	Audited December 31, 2013
	(Rupees in thousand)	
Quoted		
IGI Insurance Limited		
13,022,093 (December 31, 2013: 11,838,267) fully paid ordinary shares of Rs. 10 each		
Market value - Rs. 2,919.032 million (December 31, 2013: Rs. 1,945.974 million)	**1,216,007**	1,130,095
Tri-Pack Films Limited		
10,000,000 (December 31, 2013: 10,000,000) fully paid ordinary shares of Rs. 10 each		
Market value - Rs. 1,792.600 million (December 31, 2013: Rs. 1,967.1 million)	**2,466,188**	2,530,745
IGI Investment Bank Limited		
4,610,915 (December 31, 2013: 4,610,915) fully paid ordinary shares of Rs. 10 each		
Market value - Rs. 6.916 million (December 31, 2013: Rs. 7.700 million)	**2,240**	2,158
	3,684,435	3,662,998

11.2 Investment in Joint Venture

Opening balance	**10,015,894**	-
Interest in subsidiary transferred to interest in Joint Venture		
Cost	**-**	9,973,651
Reserves	**-**	38,192
	-	10,011,843
Share of (loss) / profit from joint venture - net of tax	**(17,828)**	3,211
Share of other comprehensive income from joint venture - net of tax	**1,947**	840
Closing balance	**10,000,013**	10,015,894

12. Other long-term investments

Quoted		
Nestle Pakistan Limited		
3,649,248 (December 31, 2013: 3,649,248) fully paid ordinary shares of Rs. 10 each		
Equity held 8.05% (December 31, 2013: 8.05%)	**27,004,434**	27,551,822
Market value - Rs. 27,004.434 million (December 31, 2013: Rs. 27,551.882 million)		
Unquoted		
Tetra Pak Pakistan Limited		
1,000,000 (December 31, 2013: 1,000,000) fully paid non-voting shares of Rs. 10 each	**10,000**	10,000
Pakistan Tourism Development Corporation Limited		
2,500 (December 31, 2013: 2,500) fully paid ordinary shares of Rs. 10 each	**25**	25
Orient Match Company Limited		
1,900 (December 31, 2013: 1,900) fully paid ordinary shares of Rs. 100 each	**-**	-
Coca-Cola Beverages Pakistan Limited		
500,000 (December 31, 2013: 500,000) fully paid ordinary shares of Rs. 10 each	**4,706**	4,706
	27,019,165	27,566,553

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

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

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

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

14. Cost of sales

		Quarter ended		Nine months ended	
		September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013
		Un-audited	Un-audited	**Un-audited**	Un-audited
	Note	(Rupees in thousand)			
Materials consumed		**2,800,341**	2,541,324	**8,626,002**	7,974,181
Salaries, wages and amenities	14.1	**283,097**	241,763	**846,568**	766,578
Traveling and conveyance		**8,145**	5,581	**28,239**	19,644
Fuel and power		**322,753**	274,430	**893,648**	791,690
Production supplies		**97,712**	76,556	**289,588**	226,609
Excise duty and sales tax		**1,523**	741	**2,718**	3,531
Rent, rates and taxes		**15,200**	64,034	**134,633**	195,805
Insurance		**12,409**	10,124	**30,933**	27,914
Repairs and maintenance		**91,944**	84,388	**277,920**	256,744
Packing expenses		**110,213**	74,471	**248,982**	183,312
Depreciation on property, plant and equipment		**143,260**	123,616	**419,542**	353,647
Amortisation of intangible assets		**2,231**	647	**4,895**	1,881
Technical fee and royalty		**22,400**	13,414	**60,398**	44,461
Other expenses		**50,941**	43,297	**150,028**	120,665
		3,962,169	3,554,386	**12,014,094**	10,966,662
Opening work-in-process		**425,933**	306,891	**342,749**	338,842
Closing work-in-process		**(375,861)**	(310,409)	**(375,861)**	(310,409)
Cost of goods produced		**4,012,241**	3,550,868	**11,980,982**	10,995,095
Opening stock of finished goods		**543,102**	540,628	**601,462**	853,192
Closing stock of finished goods		**(653,459)**	(582,649)	**(653,459)**	(582,649)
		3,901,884	3,508,847	**11,928,985**	11,265,638

13.1. Salaries, wages and amenities include Rs. 0.438 million (2013: Rs. 9.934 million) paid to outgoing employees who opted for separation from Parent Company's employment under Voluntary Separation Scheme.

15. Profit and loss account - Discontinued operations

	Paper & Paperboard and Corrugated business operations at Kasur and Karachi		Paper & Paperboard operations at Lahore		Total	
	September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013	**September 30, 2014**	September 30, 2013
	Un-audited	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited
Local sales	-	5,052,753	-	-	-	5,052,753
Export sales	-	8,926	-	-	-	8,926
Gross sales	-	5,061,679	-	-	-	5,061,679
Less: Sales tax and excise duty	-	666,773	-	-	-	666,773
Commission	-	-	-	-	-	-
	-	666,773	-	-	-	666,773
Net sales	-	4,394,905	-	-	-	4,394,905
Sales to continuing operations	-	448,623	-	-	-	448,623
	-	4,843,528	-	-	-	4,843,528
Cost of sales	-	(4,394,424)	-	-	-	(4,394,424)
Gross profit	-	449,104	-	-	-	449,104
Administrative expenses	-	(236,067)	-	-	-	(236,067)
Distribution and marketing costs	-	(97,539)	-	-	-	(97,539)
Other operating expenses	-	(4,089)	-	-	-	(4,089)
Other operating income	-	3,287	-	42,133	-	45,420
Profit from operations	-	114,696	-	42,133	-	156,829
Finance cost	-	(254,042)	-	-	-	(254,042)
(Loss) / profit before tax from Discontinued operations	-	(139,346)	-	42,133	-	(97,213)
Taxation	-	(45,802)	-	(805)	-	(46,607)
(Loss) / profit for the period from Discontinued operations	-	(185,148)	-	41,328	-	(143,820)

15.1 Cash flows from Discontinued operations

Cash flows from operating activities	-	206,051	-	174,180	-	380,231
Cash flows from investing activities	-	(143,883)	-	11,971	-	(131,912)
Total cash flows	-	62,168	-	186,151	-	248,319

16. Earnings / (loss) per share

		Quarter ended		Nine months ended	
		September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013
		Un-audited	Un-audited	**Un-audited**	Un-audited
16.1 Basic earnings per share - Continuing Operations					
Profit for the period from Continuing Operations attributable to equity holders of the Parent Company	- Rupees in thousand	422,301	280,812	2,265,473	1,357,574
Weighted average number of ordinary shares	- Numbers	84,530,796	84,379,504	84,530,796	84,379,504
Earnings per share	- Rupees	5.00	3.33	26.80	16.09
16.2 Basic loss per share - Discontinued Operations					
Loss for the period from Discontinued Operations attributable to equity holders of the Parent Company	- Rupees in thousand	-	(38,373)	-	(143,820)
Weighted average number of ordinary shares	- Numbers	84,530,796	84,379,504	84,530,796	84,379,504
Loss per share	- Rupees	-	(0.45)	-	(1.70)
16.3 Diluted earnings per share - Continuing Operations					
Profit for the period from Continuing Operations attributable to equity holders of the Parent Company	- Rupees in thousand	422,301	280,812	2,265,473	1,357,574
Return on preference shares / convertible stock	- Rupees in thousand	71,782	81,850	235,392	242,991
		494,083	362,662	2,500,865	1,600,565
Weighted average number of ordinary shares	- Numbers	84,530,796	84,379,504	84,530,796	84,379,504
Weighted average number of notionally converted preference shares / convertible stock	- Numbers	21,535,550	21,686,842	21,535,550	21,686,842
		106,066,346	106,066,346	106,066,346	106,066,346
Diluted earnings per share	- Rupees	4.66	3.42	23.58	15.09

The effect of the conversion of the convertible prefrence shares into ordinary shares is anti-dilutive for the third quarter 2013, accordingly the diluted EPS is restricted to the basic EPS.

16.4 Diluted loss per share - Discontinued Operations

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

17. Transactions with related parties

Relationship with the Group	Nature of transactions	Nine months ended September 30, 2014 Un-audited	September 30, 2013 Un-audited
		(Rupees in thousand)	
i Associates	Purchase of goods and services	**841,348**	741,236
	Sale of goods and services	**11,083**	40,944
	Dividend income	**17,757**	123,677
	Insurance premium	**84,188**	175,253
	Rental and other income	**379**	-
	Insurance claims received	**544**	96,406
	Commission earned	**1,382**	6,058
ii Joint venture	Purchase of goods and services	**2,054,092**	710,191
	Sale of goods and services	**175,958**	868,206
	Rental and other income	**33,202**	18,209
iii Other related parties	Purchase of goods and services	**198,855**	153,927
	Sale of goods and services	**703**	22,269
	Royalty and technical fee - expense	**46,707**	38,225
	Rebate received	**974**	-
iv Post employment benefit plans	Expenses charged in respect of retirement benefit plans	**80,031**	100,503
v Key management personnel	Salaries and other employee benefits	**102,331**	111,691

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

Period-end balances

	September 30, 2014 Un-audited	December 31, 2013 Audited
	(Rupees in thousand)	
Receivable from related parties		
Associates	**4,145**	21,696
Joint venture	**1,315,363**	1,484,040
Other related parties	**-**	1,445
Payable to related parties		
Associates	**69,314**	60,861
Joint venture	**267,407**	184,636
Other related parties	**64,821**	55,379
Post employment benefit plans	**12,972**	11,817

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

18. Segment Information

	Continuing operations								Sub total		Discontinued operations		Total	
	Packaging Division		Consumer Products Division		Ink Division		General & Others		Continuing operations		Paper & Board & Corrugator			
	September 30, 2014	September 30, 2013	**September 30, 2014**	September 30, 2013	**September 30, 2014**	September 30, 2013	**September 30, 2014**	September 30, 2013	**September 30, 2014**	September 30, 2013	**September 30, 2014**	September 30, 2013	**September 30, 2014**	September 30, 2013
	Un-audited	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited	**Un-audited**	Un-audited
	(Rupees in thousand)													
Revenue from external customers	**10,373,662**	8,944,877	**2,005,065**	1,986,459	**1,757,939**	1,288,793	**79,814**	1,086,297	**14,216,480**	13,306,426	**-**	4,394,905	**14,216,480**	17,701,331
Intersegment revenue	**300,371**	351,668	**8,178**	24,299	**621,125**	670,842	**87,424**	592,613	**1,017,098**	1,639,422	**-**	448,623	**1,017,098**	2,088,045
	10,674,033	9,296,545	**2,013,243**	2,010,758	**2,379,064**	1,959,635	**167,238**	1,678,910	**15,233,578**	14,945,848	**-**	4,843,528	**15,233,578**	19,789,376
Segment profit before tax	**808,958**	671,477	**4,504**	17,455	**249,158**	194,603	**1,772,853**	999,159	**2,835,473**	1,882,694	**-**	(97,213)	**2,835,473**	1,785,481
	September 30, 2014	December 31, 2013	**September 30, 2014**	December 31, 2013	**September 30, 2014**	December 31, 2013	**September 30, 2014**	December 31, 2013	**September 30, 2014**	December 31, 2013	**September 30, 2014**	December 31, 2013	**September 30, 2014**	December 31, 2013
	Un-audited	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited	**Un-audited**	Audited
Segment assets	**6,813,646**	6,391,653	**1,388,069**	1,271,713	**1,365,029**	1,210,064	**998,582**	1,255,183	**10,565,327**	10,128,613	**-**	-	**10,565,327**	10,128,613

Reconciliation of profit

	September 30, 2014	September 30, 2013
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for reportable segments - Continuing operations	**2,835,473**	1,882,694
Loss for reportable segments - Discontinued operations	**-**	(97,213)
(Loss) / profit from associates and joint venture - net of tax	**(6,234)**	55,952
Intercompany consolidation adjustments	**(90,645)**	(38,867)
Profit before tax	**2,738,594**	1,802,566

19. Cash generated from operations

	Nine months ended	
	September 30, 2014	September 30, 2013
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before taxation including Discontinued Operations	**2,738,593**	1,802,566
Adjustments for:		
Depreciation on property, plant and equipment	**446,988**	388,602
Depreciation on investment property	**1,727**	925
Amortisation on intangible assets	**7,584**	9,902
Provision for accumulating compensated absences	**43,548**	62,091
Exchange adjustments	**1,550**	3,333
Provision for doubtful debts	**2,963**	-
Provision for pending claims	**7,763**	-
Provision for retirement benefits	**18,455**	17,618
Provisions and unclaimed balances written back	**(5,601)**	-
Net profit on disposal of property, plant and equipment	**(79,218)**	(39,611)
Gain on de-recognition of derivative financial instruments	**(27,272)**	(76,787)
Exchange gain	**(778)**	-
Finance costs	**671,902**	971,808
Dividend income from other investments	**(2,279,728)**	(1,399,447)
Share of loss / (profit) of investments accounted for using the equity method	**6,234**	(218,286)
Profit before working capital changes	**1,554,710**	1,522,714
Effect on cash flow due to working capital changes		
Decrease / (increase) in stores and spares	**47,533**	(196,391)
(Increase) / decrease in stock in trade	**(38,856)**	520,511
(Increase) / decrease in trade debts	**(324,640)**	391,118
Increase in loans, advances, deposits, prepayments and other receivables	**(66,991)**	(93,569)
Increase / (decrease) in trade and other payables	**382,258**	(37,997)
	(696)	583,672
	1,554,014	2,106,386

20. Cash and cash equivalents

	Nine months ended	
	September 30, 2014	September 30, 2013
	Un-audited	Un-audited
	(Rupees in thousand)	
Cash and bank balances	**371,974**	152,128
Finances under mark up arrangements - secured	**(1,290,750)**	(2,474,145)
	(918,776)	(2,322,017)

21. Financial risk management

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

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

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	December 31	79.07%	Sri Lanka
DIC Pakistan Limited	December 31	54.98%	Pakistan
Packages Construction (Private) Limited	December 31	99.99%	Pakistan

23. Date of authorisation for issue

This condensed consolidated interim financial information was authorised for issue on October 16, 2014 by the Board of Directors of the Parent Company.

24. Events after balance sheet date

No material events have occurred subsequent to September 30, 2014.

25. Corresponding figures

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

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

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