Contents

COMPANY INFORMATION

Board of Directors

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

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

Asghar Abbas
(Executive Director)

Atif Aslam Bajwa
(Independent Director)

Imran Khalid Niazi
(Non-Executive Director)

Josef Meinrad Mueller
(Non-Executive Director)

Shamim Ahmad Khan
(Non-Executive Director)

Syed Aslam Mehdi
(Non-Executive Director)

Syed Shahid Ali
(Non-Executive Director)

Tariq Iqbal Khan
(Non-Executive Director)

Advisor

Syed Babar Ali

Chief Financial Officer

Khurram Raza Bakhtayari

Company Secretary

Adi J. Cawasji

Rating Agency

PACRA

Company Credit Rating

Long Term : AA
Short Term : A1+

Auditors

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

Legal Advisors

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

Shares Registrar

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

Bankers & Lenders

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

Head Office & Works

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

Offices

Registered Office & Regional Sales office

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

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

Regional Sales Office

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

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

Zonal Sales Offices

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

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

Web Presence

www.packages.com.pk

DIRECTORS' REPORT ON CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2019

The Directors of Packages Limited are pleased to submit the quarterly report along with the condensed interim un-audited financial statements of the Company for the three months ended March 31, 2019.

Financial and Operational Performance

A comparison of the un-audited financial results for the first quarter ended March 31, 2019 as against March 31, 2018 is as follows:

	Jan - March 2019	Jan - March 2018
	(Rupees in million)	
Sales from operations	**5,857**	5,157
Trade discounts	**(85)**	(63)
Net sales from operations	**5,772**	5,094
EBITDA - operations	**752**	690
Depreciation and amortization	**(200)**	(179)
EBIT - operations	**552**	511
Finance costs	**(206)**	(89)
Other income / (expenses) - net	**(41)**	13
Investment income	**1,096**	190
Earnings before tax	**1,401**	625
Taxation	**(324)**	(92)
Earnings after tax	**1,077**	533
Basic earnings per share - Rupees	**12.04**	5.96

During the first quarter of 2019, the Company achieved net sales of Rs. 5,772 million against net sales of Rs. 5,094 million in corresponding period of last year, representing sales growth of 13%.

The operations have generated Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) of Rs. 752 million during first quarter of 2019 against Rs. 690 million of the corresponding period of 2018, showing an increase of Rs. 62 million (9%) mainly due to revenue growth and tighter controls over fixed costs.

The Company's investment income increased by Rs. 906 million in the current period as compared to the corresponding period of the last year due to receipt of dividend from Tetra Pak in current period. This has resulted in increase in earnings after tax and earning per share.

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

Consumer Products Division

Consumer Products Division has registered net sales of Rs. 1,243 million during first three months of 2019 as compared to Rs. 1,118 million in corresponding period of 2018, reflecting sales growth of 11%. The

Company has geared up promotional activities to boost its growth and is hopeful to achieve much better results during remaining part of the year.

Packaging Division

Packaging Division have achieved net sales of Rs 4,497 million during first three months of 2019 as compared to Rs 3,922 million in corresponding period of year 2018 representing sales growth of 15%. Resultantly, operating results improved by 23%.

Comparative statement of production in the period under review and the corresponding period is as follows:

	Jan - March 2019	Jan - March 2018
Consumer products produced - tons	**3,413**	4,225
Carton Board & Consumer Products converted - tons	**11,631**	11,199
Plastics all sorts converted - tons	**5,014**	5,359

Internal restructuring

The Board of Directors has evaluated and approved internal restructuring of Packages Limited with an objective to create a holding company. The arrangement will help in developing operating synergies across businesses, managing operations in a focused manner and streamlining the ownership structure. This is in line with international practices being followed in the corporate world. The proposed restructuring shall not affect the rights of the shareholders of Packages Limited.

In this regard, the Company will incorporate two wholly owned subsidiaries and transfer:

(a) its manufacturing businesses including folding cartons, flexible packaging, consumer products and mechanical fabrication and roll covers along with all relevant assets, operations and corresponding liabilities into a separate 100% wholly owned subsidiary; and

(b) its investment business comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary.

Packages Limited will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries will remain with Packages Limited.

Future Outlook

In the environment of rising compition in packaging and consumer product business, the Company would continue its efforts to improve shareholders' value by increasing and diversifying revenue and customer base, investing in new technology and improving production efficiencies.

Company's Staff and Customers

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

(Towfiq Habib Chinoy)
Chairman
Karachi, April 24, 2019

(Syed Hyder Ali)
Chief Executive & Managing Director
Karachi, April 24, 2019

کنزیومر پروڈکٹس ڈویژن

کنزیومر پروڈکٹس ڈویژن نے 2019 کے پہلے تین ماہ کے دوران 1,243 ملین روپے کی خالص سیلز حاصل کی جبکہ 2018 کی اسی مدت کے دوران یہ 1,118 ملین روپے تھی جو 11 فیصد کی سیلز گروتھ ظاہر کرتی ہے۔ کمپنی نے تشہیری سرگرمیوں کو تیز کردیا ہے جو مستقبل میں مثبت نتائج دیں گے۔

پیکیجنگ ڈویژن

پیکیجنگ ڈویژن نے 2019 کے پہلے تین ماہ کے دوران 4,497 ملین روپے کی خالص سیلز حاصل کی جبکہ 2018 کی اسی مدت کے دوران یہ 3,922 ملین روپے تھی جو کہ سیلز گروتھ میں 15 فیصد اضافہ کو ظاہر کرتی ہے۔ نتیجتاً، آپریٹنگ نتائج میں 23 فیصد تک بہتری آئی۔

زیرِ جائزہ مدت کے لئے پیداواری اعداد و شمار بشمول گزشتہ مدت کا تقابل درج ذیل کے مطابق ہے:

	جنوری-مارچ **2019**	جنوری-مارچ 2018
اشیائے صارف تیار کردہ - ٹنز	**3,413**	4,225
کارٹن بورڈ اور کنزیومر پروڈکٹس - کنورٹڈ - ٹنز	**11,631**	11,199
پلاسٹک تمام اقسام کنورٹڈ - ٹنز	**5,014**	5,359

اندرونی تنظیمِ نو

ہولڈنگ کمپنی بنانے کے مقصد کے حصول کے لئے پیکیجز لمیٹڈ کے بورڈ آف ڈائریکٹرز نے اندرونی تنظیمِ نو کا از سرِ نو جائزہ لیا اور اس کی منظوری دے دی ہے۔ یہ اقدام کاروباری ڈھانچہ میں آپریٹنگ ہم آہنگی، آپریشنز کو توجہ کے ساتھ چلانے اور ملکیتی ڈھانچے کو ہم آہنگ کرنے میں مدد دے گا۔ یہ اقدام کاروباری دنیا میں اپنائے جانے والے بین الاقوامی طریقوں کے عین مطابق ہے۔ یہ تجویز شدہ تنظیمِ نو پیکیجز لمیٹڈ کے حصہ داران پر کسی بھی طریقے سے کوئی اثر مرتب نہیں کرے گا۔
اسی حوالے سے، کمپنی دو مکمل ملکیتی سو فیصد ذیلی ادارے بنائے گی اور اس میں مندرجہ ذیل منتقل کرے گی

(ا) اپنے مینوفیکچرنگ کاروبار بشمول فولڈنگ کارٹن، فلیکسبل پیکیجنگ، اشیاء صارف، مکینیکل فیبریکشن اور رول کور اور اس کے ساتھ ساتھ متعلقہ اثاثہ جات آپریشنز اور متعلقہ Liabilities ایک مکمل سو فیصد ذیلی ادارہ میں

(ب) اپنے سرمایہ کاری کے کاروبار جس میں مختلف اداروں کے حصص، آپریشنز اور ان سے منسلک Liabilities (اگر کوئی ہے) کو اپنے مکمل ملکیتی ذیلی اداروں میں

پیکیجز لمیٹڈ ایک ہولڈنگ کمپنی رہے گی اور آپریشنز، اثاثہ جات، Liabilities جو کہ اوپر بیان کردہ مکمل ملکیتی ذیلی اداروں میں منتقل ہونے کے علاوہ تمام دوسرے اثاثہ جات، Liabilities اور جائیدادیں پیکیجز لمیٹڈ کی ملکیت رہیں گی۔

مستقبل پر ایک نظر

پیکیجنگ اور اشیائے صارف کے کاروبار میں بڑھتی ہوئی مسابقت کے ماحول میں کمپنی آمدنی اور صارفین کا دائرہ کار بڑھانے کے ساتھ ساتھ نئی ٹیکنالوجی میں سرمایہ کاری اور باکفایت پیداواری صلاحیت یقینی بنانے پر اپنی کوششوں کو جاری رکھے گی تاکہ شیئر ہولڈرز کا منافع بہتر بنایا جائے۔

کمپنی کا عملہ اور صارفین

ہم کمپنی کے لئے اپنے ملازمین کی بیش قدر خدمات اور اپنے صارفین کی مستقل سرپرستی پر انہیں خراجِ تحسین پیش کرتے ہیں۔

(توفیق حبیب چنائے)
چیئرمین
کراچی 24 اپریل 2019

(سید حیدر علی)
چیف ایگزیکٹو اور مینجنگ ڈائریکٹر
کراچی 24 اپریل 2019

31 مارچ 2019 کو ختم ہونے والی سہ ماہی کے لئے ڈائریکٹرز کی رپورٹ
بشمول عبوری غیر آڈٹ شدہ مالیاتی معلومات

پیکیجز لمیٹڈ کے ڈائریکٹرز بہ مسرت سہ ماہی رپورٹ بشمول کمپنی کے مجموعی عبوری غیر آڈٹ شدہ مالیاتی معلومات برائے مدت 31 مارچ 2019 پیش کر رہے ہیں۔

مالیاتی اور آپریشنل کارکردگی

31 مارچ 2019 کو ختم ہونے والی پہلی سہ ماہی کے لئے غیر آڈٹ شدہ مالیاتی نتائج کا ایک تقابل بمقابلہ 31 مارچ 2018 درج ذیل کے مطابق ہے:

	جنوری۔مارچ **2019**		جنوری۔مارچ 2018
		(روپے ملین میں)	
خالص سیلز	**5,857**		5,157
تجارتی ڈسکاؤنٹ	**(85)**		(63)
	5,772		5,094
ای بی آئی ٹی ڈی اے (EBITDA)-آپریشنز	**752**		690
فرسودگی اور کساد بازاری	**(200)**		(179)
ای بی آئی ٹی (EBIT)-آپریشنز	**552**		511
فنانس کی لاگت	**(206)**		(89)
دیگر (اخراجات)/آمدنی -خالص	**(41)**		13
سرمایہ کاری سے آمدنی	**1,096**		190
آمدنی قبل از ٹیکس	**1,401**		625
ٹیکسیشن	**(324)**		(92)
آمدنی بعد از ٹیکس	**1,077**		533
بنیادی آمدنی فی شیئر-روپے	**12.04**		5.96

2019 کی پہلی سہ ماہی کے دوران کمپنی نے 5,772 ملین روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کی اسی مدت میں خالص سیلز 5,094 ملین روپے رہی تھی۔ جو کہ 13% کی سیلز گروتھ کو ظاہر کرتی ہے۔

آپریشنز سے 2019 کی پہلی سہ ماہی کے دوران آمدنی قبل از انٹریسٹ، ٹیکس، فرسودگی اور کساد بازاری (EBITDA) 752 ملین روپے رہی جو کہ 2018 میں 690 ملین روپے تھی۔ جو کہ 62 ملین روپے، 9 فیصد کا اضافہ ظاہر کرتی ہے، جو بنیادی طور پر ریونیو گروتھ اور طے کردہ مالیات پر سخت کنٹرول کے باعث ممکن ہوا۔

کمپنی کی سرمایہ کاری سے آمدنی میں رواں مدت کے دوران گزشتہ سال کی اس مدت کے مقابلے میں 906 ملین روپے کا اضافہ دیکھنے میں آیا جس کی وجہ رواں مدت میں ٹیٹرا پیک (Tetra Pak) سے منافع منقسمہ کا حصول ہے۔ جس کے بتدریج نتائج آمدنی بعد از ٹیکس اور ای پی ایس (EPS) میں اضافہ کی صورت میں ظاہر ہوئے۔

کمپنی کے کاروباری ڈویژنوں کے آپریشنز کا ایک مختصر جائزہ درج ذیل کے مطابق ہے:

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
as at March 31, 2019

	Note	March 31, 2019 Un-audited	December 31, 2018 Audited
EQUITY AND LIABILITIES		(Rupees in thousand)	
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2018: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (2018: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each		**4,180,000**	4,180,000
Issued, subscribed and paid up capital			
89,379,504 (2018: 89,379,504) ordinary shares of Rs. 10 each		**893,795**	893,795
8,186,842 (2018: 8,186,842) 10% non-voting preference shares / convertible stock of Rs. 190 each		**606,222**	606,222
Reserves		**45,951,826**	51,550,397
Un-appropriated profit		**3,460,174**	3,383,827
		50,912,017	56,434,241
NON-CURRENT LIABILITIES			
Long term finances	6	**2,932,650**	932,650
Long term advances		**83,460**	87,283
Deferred taxation	7	**462,075**	361,603
Retirement benefits		**532,214**	511,602
Deferred liabilities		**368,038**	356,088
		4,378,437	2,249,226
CURRENT LIABILITIES			
Current portion of non-current liabilities		**952,207**	1,328,642
Finances under mark up arrangements - secured		**2,465,140**	4,414,019
Trade and other payables		**3,759,534**	3,438,345
Unclaimed dividend		**59,396**	62,030
Accrued finance cost		**322,091**	249,352
		7,558,368	9,492,388
CONTINGENCIES AND COMMITMENTS	8	**-**	-
		62,848,822	68,175,855

	Note	March 31, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	**6,420,170**	6,546,461
Investment properties		**118,195**	111,613
Intangible assets	10	**76,897**	67,435
Investments	11	**44,724,402**	51,322,973
Long term security deposits		**6,102**	8,534
Long term loans		**1,021**	2,419
		51,346,787	58,059,435
CURRENT ASSETS			
Stores and spares		**633,902**	498,158
Stock-in-trade		**3,244,074**	3,124,998
Current portion of long term investment		**-**	10,000
Trade debts		**3,163,013**	2,568,727
Loans, advances, deposits, prepayments and other receivables		**1,367,184**	834,800
Income tax receivable	13	**2,996,993**	3,017,221
Cash and bank balances		**96,869**	62,516
		11,502,035	10,116,420
		62,848,822	68,175,855

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

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

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
for the three months ended March 31, 2019

		Three months ended	
		March 31, 2019	March 31, 2018
	Note	**Un-audited**	Un-audited
		(Rupees in thousand)	
Local sales		**6,871,512**	6,090,116
Export sales		**69,484**	3,087
		6,940,996	6,093,203
Less: Sales tax		**1,083,866**	935,850
Trade discount		**85,345**	63,520
		1,169,211	999,370
Net sales		**5,771,785**	5,093,833
Cost of sales	14	**(4,627,165)**	(4,068,306)
Gross profit		**1,144,620**	1,025,527
Administrative expenses		**(248,178)**	(256,491)
Distribution and marketing costs		**(344,752)**	(257,766)
Other expenses		**(102,844)**	(55,502)
Other income		**61,881**	69,144
Profit from operations		**510,727**	524,912
Finance costs		**(206,419)**	(89,519)
Investment income		**1,096,038**	189,578
Profit before taxation		**1,400,346**	624,971
Taxation	15	**(324,000)**	(92,000)
Profit for the period		**1,076,346**	532,971
Earnings per share			
Basic - Rupees		**12.04**	5.96
Diluted - Rupees		**11.36**	5.78

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

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

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the three months ended March 31, 2019

	Three months ended	
	March 31, 2019	March 31, 2018
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for the period	**1,076,346**	532,971
Other comprehensive (loss)/ income:		
Items that may be reclassified to profit or loss		
Changes in fair value of available for sale investments	**(6,598,570)**	4,196,671
Total comprehensive (loss) / income for the period	**(5,522,224)**	4,729,642

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the three months ended March 31, 2019

	Issued, subscribed and paid up capital		Reserves					Capital and reserves
			Capital reserves			Revenue reserves		
	Ordinary share capital	Preference share / convertible stock	Share premium	Fair value reserve	Capital redemption reserve	General reserve	Un-appropriated profits	Total
	(Rupees in thousand)							
Balance as on January 01, 2018 (audited)	893,795	606,222	3,766,738	37,981,410	1,615,000	14,310,333	6,492,264	**65,665,762**
Appropriation of reserves								
Transfer to general reserve	-	-	-	-	-	3,000,000	(3,000,000)	-
Total comprehensive income for the period ended March 31, 2018								
Profit for the period	-	-	-	-	-	-	532,971	**532,971**
Other comprehensive income	-	-	-	4,196,671	-	-	-	**4,196,671**
Total comprehensive income for the period	-	-	-	4,196,671	-	-	532,971	**4,729,642**
Balance as on March 31, 2018 (un-audited)	893,795	606,222	3,766,738	42,178,081	1,615,000	17,310,333	4,025,235	**70,395,404**
Balance as on January 01, 2019 (audited)	893,795	606,222	3,766,738	28,858,326	1,615,000	17,310,333	3,383,824	**56,434,241**
Appropriation of reserves								
Transfer to general reserve	-	-	-	-	-	1,000,000	(1,000,000)	-
Total comprehensive income for the period ended March 31, 2019								
Profit for the period	-	-	-	-	-	-	1,076,346	**1,076,346**
Other comprehensive loss	-	-	-	(6,598,570)	-	-	-	**(6,598,570)**
Total comprehensive loss for the period	-	-	-	(6,598,570)	-	-	1,076,346	**(5,522,224)**
Balance as on March 31, 2019 (un-audited)	893,795	606,222	3,766,738	22,259,756	1,615,000	18,310,333	3,460,174	**50,912,017**

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

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

PACKAGES LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
for the three months ended March 31, 2019

	Note	March 31, 2019 Un-audited	March 31, 2018 Un-audited
		Three months ended (Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	17	**(300,534)**	263,216
Finance cost paid		**(133,680)**	(57,301)
Income tax paid		**(230,945)**	(98,444)
Income tax refunded		**27,645**	-
Long term security deposits received		**2,432**	-
Payments for accumulating compensated absences		**(9,050)**	(11,902)
Retirement benefits paid		**(5,368)**	(4,828)
Net cash (outflow) / inflow from operating activities		**(649,500)**	90,741
Cash flows from investing activities			
Fixed capital expenditure		**(109,496)**	(286,494)
Proceeds from maturity of investment		**10,000**	-
Long term loans and deposits - net		**1,398**	8,051
Proceeds from disposal of operating fixed assets		**17,683**	18,706
Dividends received		**1,096,038**	104,578
Long term advances paid		**(5,258)**	-
Net cash inflow / (outflow) from investing activities		**1,010,365**	(155,159)
Cash flows from financing activities			
Long term finances - net		**1,625,000**	(375,000)
Repayment of liablities against assets subject of finance lease - net		**-**	(26,084)
Dividend paid		**(2,633)**	(1,782)
Net cash inflow / (outflow) from financing activities		**1,622,367**	(402,866)
Net increase / (decrease) in cash and cash equivalents		**1,983,232**	(467,284)
Cash and cash equivalents at the beginning of the period		**(4,351,503)**	(117,389)
Cash and cash equivalents at the end of the period	18	**(2,368,271)**	(584,673)

The annexed notes 1 to 22 form an integral part of these condensed interim financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
for the three months ended March 31, 2019

1. Legal status and nature of business

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

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

These condensed interim financial statements are the separate condensed interim financial statement of the Company. Condensed consolidated interim financial statements are prepared separately.

2. Basis of preparation

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

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

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

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

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended December 31, 2018.

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

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

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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 1, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

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

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

IFRS 9, 'Financial instruments': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods ending on or after June 30, 2019. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Company is yet to assess the full impact of this standard.

4. Income tax expense comprises current and deferred tax. SECP vide its certificate dated December 14, 2017, has registered the Company and its wholly-owned subsidiary Bulleh Shah Packaging (Private) Limited ('BSPPL') (together the 'Group') as a Group and has also, vide its certificate dated January 1, 2018, designated the Group for the purpose of group taxation under Section 59AA of the Income tax Ordinance, 2001. Consequent to the filing of declaration for group taxation for the tax year 2020 by the Company and BSPPL, the Group will be taxed as one fiscal unit for the said tax year.

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

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

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2018, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in note 4.

6. Long term finances

	Note	March 31, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
Local currency loans - secured	6.1	**2,946,450**	1,321,450
Preference shares / convertible stock - unsecured		**932,650**	932,650
		3,879,100	2,254,100
Current portion shown under current liabilities		**(946,450)**	(1,321,450)
		2,932,650	932,650

6.1 Local currency loan - secured

Opening balance	**1,321,450**	2,642,870
Receipts during the period / year	**2,000,000**	-
	3,321,450	2,642,870
Repayments during the period / year	**(375,000)**	(1,321,420)
Closing balance	**2,946,450**	1,321,450

7. Deferred tax asset on tax losses representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 is recognised to the extent that the realisation of related tax benefits through future taxable profits of the Group is probable. The Company has not recognised deferred tax asset of Rs. 265.364 million (2018: Rs. 265.364 million), out of which Rs. 18.394 million is set to lapse in the accounting year 2022 and Rs. 246.969 million is set to lapse in the accounting year 2023, in respect of minimum tax available for carry forward arisen after the formation of the Group, as sufficient taxable profits would not be available to the Group to utilise these in the foreseeable future. Deferred tax asset has also not been recognised on minimum tax credit prior to the formation of the Group amounting to Rs. 96.690 million (2018: Rs. 96.690 million) as the same can not be realised against the taxable profits of the Group. Presently, the Company does not intend to opt out of the Group in forseeable future. However, in case the Company opts out of the Group, this minimum tax credit will become available for realisation against the taxable profits of the Company. The minimum tax credit prior to formation of the Group is set to lapse in the accounting year 2021.

8. Contingencies and commitments

8.1 Contingencies

(i) Claims against the Company by ex-employees not acknowledged as debts amounting to Rs.17.885 million (2018: Rs. 17.885 million).

(ii) Standby letter of credit issued by Habib Bank Limited - Pakistan ('HBL Pakistan') in favour of Habib Bank Limited - Bahrain ('HBL Bahrain') on behalf of the Company amounting to USD 7.111 million equivalent to Rs. 1,000.518 million (2018: USD 7.111 million equivalent to Rs. 989.176 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL'), (wholly-owned subsidiary of the Company). The standby letter of credit is secured against pledge of Nestle Pakistan Limited's shares owned by the Company as referred to in note 11.1.

(iii) Letters of guarantees issued to various parties aggregating Rs. 493.428 million (December 2018: Rs. 511.967 million).

8.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure aggregating Rs. 320.129 million (December 31, 2018: Rs. 89.872 million).

(ii) Letters of credit and contracts other than for capital expenditure aggregating Rs. 463.636 million (December 31, 2018: Rs. 284.192 million).

9. Property, plant and equipment

	Note	**March 31, 2019**	December 31, 2018
		Un-audited	Audited
		(Rupees in thousand)	
Operating assets - at net book value	9.2	**5,376,303**	5,405,501
Capital work-in-progress	9.3	**1,043,867**	1,081,755
Major spare parts and stand-by equipment		**-**	59,205
		6,420,170	6,546,461

9.1 A portion of the land on which the Company's factory is situated, measuring 231 kanals and 19 marlas, was leased out to the Company by GoPb from December 1955 till November 2015 after which the lease has not been renewed. During the year 2015, the Company approached the Board of Revenue ('BoR'), GoPb to renew the lease; however, no adequate response was received. On January 5, 2019, the Supreme Court of Pakistan ('Court'), summoned BoR, to which the BoR stated that the new policy of the GoPb is not to lease state land but to sell it through open auction. Consequently, the Company was directed to deposit Rs. 500 million with the BoR as security to the payment of outstanding amount of rent to be determined, with such amount being adjustable against final amount of rent. The Company has deposited such amount in compliance with the direction on January 10, 2019. The Supreme Court has further directed Additional Advocate General, Punjab on January 16, 2019 that subject to the Court's approval, two surveyors be appointed for determination of rent based on industrial usage of the land for the period from December 2015 till date. However, no surveyors have been appointed as of the date of the authorization for issue of condensed interim financial statements. Moreover, the Court has further decided that the land shall be sold through an open auction with the Company getting the first right of refusal.

The management has, on the basis of assessment of fair value of the said portion of land by an independent valuer and its understanding of the prevalent market terms relating to rent of such properties in the vicinity of the said portion of land, booked a provision of Rs. 378.879 million (2018: Rs. 357.590 million) in respect of rent for the period from December 2015 to March 2019. The management is confident that the final amount of rent will be in congruence with the provision made in these condensed interim financial statements, inter alia on the basis of the fair value determined by the independent valuer and the relevant facts and circumstances. Furthermore, the management also intends to acquire the title of the said portion of land when the open auction takes place and is confident that it will be able to meet the highest bid.

9.2 Operating assets

	Note	**March 31, 2019**	December 31, 2018
		Un-audited	Audited
		(Rupees in thousand)	
Opening net book value		**5,405,501**	4,168,989
Additions / transfers during the period / year	9.2.1	**181,409**	2,026,247
Disposals during the period / year at book value		**(14,221)**	(48,663)
Depreciation charged during the period / year		**(196,386)**	(741,072)
		(210,607)	(789,735)
Closing net book value		**5,376,303**	5,405,501

9.2.1 Additions / transfers during the period / year

	March 31, 2019	December 31, 2018
	Un-audited	Audited
	(Rupees in thousand)	
Freehold land	-	11,723
Buildings on freehold land	7,036	88,492
Plant and machinery	138,093	1,624,070
Furniture and fixtures	-	1,724
Other equipment	28,216	127,809
Vehicles	8,064	172,429
	181,409	2,026,247

9.3 Capital work-in-progress

Civil works	74,995	44,549
Plant and machinery	961,432	1,029,990
Others	1,386	-
Advances	6,054	7,216
	1,043,867	1,081,755

10. Intangible assets

Opening book value	67,435	4,688
Additions during the period / year	12,522	71,770
Deletions during the period / year	-	(2,139)
Amortization charged during the period / year	(3,060)	(6,884)
Closing book value	76,897	67,435

11 Investments

Opening balance	51,322,972	60,166,442
Investments made in related parties during the period / year	-	279,614
Changes in fair value of available for sale financial assets	(6,598,570)	(9,123,083)
Closing balance	44,724,402	51,322,973

11.1 As of March 31, 2019, an aggregate of 1,195,000 (2018: 775,000) shares of Nestle Pakistan Limited having market value of Rs. 8,594.201 million (2018: 6,975.000 million) have been pledged in favour of HBL Pakistan. Out of aggregate shares pledged, 410,000 (2018: 410,000) shares are pledged against issuance of standby letter of credit in favour of HBL Bahrain as referred to in note 8.1 and the remaining 785,000 shares (2018: 365,000) are pledged against the term finance loans from HBL Pakistan.

12. There is no change in status of tax contingencies as disclosed in notes 26.5 to 26.8 to financial statements for the year ended on December 31, 2018.

13 Income tax receivable

13.1 In 1987, the then Income Tax Officer ('ITO') re-opened the Company's assessments for the accounting years ended December 31, 1983 and 1984 disallowing primarily tax credit given to the Company under section 107 of the repealed 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 filed an appeal against the revised orders of the ITO before the then Commissioner of Income Tax (Appeals) ['CIT(A)'], Karachi. CIT(A) in his order issued in 1988, held the assessments reframed by the ITO for the years 1983 and 1984 presently to be void and of no legal effect. The ITO filed an appeal against the CIT(A)'s order with the then Income Tax Appellate Tribunal ('ITAT'). The ITAT has, in its order issued in 1996, maintained the order of CIT(A). The assessing officer, after the receipt of the appellate order passed by CIT(A), issued notices under section 65 of the repealed Income Tax Ordinance, 1979 for reopening of the assesments for said tax years. The Company filed a writ petition for setting aside the aforesaid notices with the High Court of Sindh in 2011, the outcome of which is still pending.

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

13.2 In respect of tax year 2007 the department rejected the Company's claim for interest / additional payment for delayed refunds for the tax years from 1983-84 to 2003 amounting to Rs. 64.616 million and adjusted the Company's tax liability for the said year accordingly. The Company being aggrieved of the said order filed an appeal with Commissioner Inland Revenue (Appeals) ['CIR(A)']. CIR(A) through his order dated January 26, 2009 maintained the rejection. An appeal against the said order was filed by the Company with ATIR. ATIR through its order dated February 23, 2010 maintained the rejection. The Company has now filed an appeal in the High Court of Sindh against ATIR's order on June 28, 2010, the outcome of which is still pending. However, the Company has not made any provision against the above recoverable as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advices of the tax consultant, legal counsel and the relevant law and facts.

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

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

The Company being aggrieved of this order filed an appeal before the CIR(A). CIR(A), through order dated March 2, 2018, has accepted all the contentions of the Company except non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL and taxation of provision for retirement benefits on accrual basis thereby reducing the tax refundable claimed by the Company from Rs. 352.953 million to Rs. 273.986 million. The Company has filed an appeal against the above order before ATIR on May 4, 2018, the outcome of which is still pending. The Company has not made any provision against the above demand and disallowance as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

13.4 In respect of tax year 2016, the department against taxable income of Rs. 1,157.926 million as per return filed by the Company, assessed a taxable income of Rs. 2,437.836 million and amended the deemed order for the year raising a tax demand of Rs. 464.187 million. The Company being aggrieved of the said order filed the appeal before CIR(A). CIR(A), through order dated December 11, 2017, has accepted all the contentions of the Company except the allowability of provision for worker's profit participation fund on payment rather than accrual basis and remanded back credit for minimum tax thereby reducing the tax demand to Rs. 86.864 million. The Company has filed an appeal against the above order before ATIR on January 9, 2018, the outcome of which is still pending. The Company has not made any provision against the above disallowance as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

14. Cost of sales

	Three months ended	
	March 31, 2019	March 31, 2018
	Un-audited	Un-audited
	(Rupees in thousand)	
Materials consumed	**3,515,822**	3,057,193
Salaries, wages and amenities	**388,457**	349,849
Travelling and conveyance	**5,669**	4,180
Fuel and power	**249,943**	224,240
Production supplies consumed	**127,258**	98,486
Rent, rates and taxes	**10,280**	8,747
Insurance	**9,165**	8,208
Repairs and maintenance	**50,650**	78,111
Packing expenses	**86,853**	82,596
Depreciation on owned assets	**180,762**	164,347
Amortization of intangible assets	**1,321**	163
Technical fees and royalty	**11,937**	11,802
Other expenses	**82,385**	68,713
	4,720,502	4,156,635
Opening work-in-process	**708,937**	218,569
Closing work-in-process	**(311,827)**	(253,600)
Cost of goods manufactured	**5,117,612**	4,121,604
Opening stock of finished goods	**340,247**	538,888
Closing stock of finished goods	**(830,694)**	(592,186)
	4,627,165	4,068,306

15. Taxation

Current	**223,528**	85,000
Deferred	**100,472**	7,000
	324,000	92,000

15.1 Through the Finance Act, 2018 and Finance Supplementary (Second Amendment) Bill, 2019, amendments have been made to section 5A of the Income Tax Ordinance, 2001. As per the amended provision, income tax at the rate of 5% of accounting profit before tax for tax year 2019 is applicable where the Company does not distribute at least 20% of its after tax profits in the form of cash within six months of the end of tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution expires. The Company has distributed more than 20% of after tax profits for the tax year 2018 to avoid incidence of this tax.

16. Transactions with related parties

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

Relationship with the Company	Nature of transactions	Three months ended March 31, 2019	March 31, 2018
		Un-audited	Un-audited
		(Rupees in thousand)	
i. Subsidiaries	Purchase of goods and services	**1,434,534**	1,197,782
	Sale of goods and services	**88,662**	26,007
	Dividend income	**-**	85,000
	Rental and other income	**32,539**	32,329
	Management and technical fee	**16,413**	20,769
ii. Joint venture	Sale of goods and services	**241**	15,870
	Rental and other income	**89**	62
iii. Associates	Purchase of goods and services	**240,528**	331,505
	Sale of goods and services	**7,699**	4,603
	Insurance premium	**50,635**	49,206
	Commission earned	**424**	3,449
	Insurance claims received	**825**	54
	Rental and other income	**2,635**	4,723
	Dividend income	**-**	104,578
iv. Retirement benefit obligations	Expense charged in respect of retirement benefit plans	**50,366**	38,510
v. Key management personnel	Salaries and other employee benefits	**34,571**	43,134
vi. Other related party	Donations made	**23,087**	3,700

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

Period / year end balances

	March 31, 2019	December 31, 2018
	Un-audited	Audited
	(Rupees in thousand)	
Receivable from related parties		
Subsidiaries	**325,465**	192,962
Joint venture	**6,741**	3,486
Associates	**69,041**	25,617
Payable to related parties		
Subsidiaries	**440,554**	469,168
Associates	**81,254**	39,218
Retirement benefit obligations	**21,084**	20,303

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

17. Cash generated from operations

	Three months ended	
	March 31, 2019	March 31, 2018
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax	**1,400,346**	624,971
Adjustments for:		
Depreciation on owned assets	**196,386**	177,920
Depreciation on investment properties	**826**	1,192
Amortisation on intangible assets	**3,060**	385
Provision for accumulating compensated absences	**21,000**	12,000
Provision for retirement benefits	**25,979**	14,890
Profit on disposal of owned assets	**(3,462)**	(4,195)
Exchange (gain) / loss-net	**(4,548)**	10,063
Finance costs	**206,419**	89,519
Reversal of provision for doubtful debts	**-**	(808)
Provision against pending claims	**5,594**	2,270
Capital work-in-progress charged to statement of profit or loss	**5,251**	2,208
Liabilities no longer payable written back	**453**	(140)
Dividend income	**(1,096,038)**	(189,578)
Profit before working capital changes	**761,266**	740,697
Effect on cash flow due to working capital changes		
Increase in stores and spares	**(135,744)**	(12,852)
Increase in stock-in-trade	**(119,076)**	(563,547)
Increase in trade debts	**(599,880)**	(419,343)
Increase in loans, advances, deposits, prepayments and other receivables	**(532,384)**	(5,975)
Increase in trade and other payables	**325,284**	524,236
	(1,061,800)	(477,481)
	(300,534)	263,216

18. Cash and cash equivalents

Cash and bank balances	**96,869**	134,601
Finances under mark up arrangements - secured	**(2,465,140)**	(719,288)
	(2,368,271)	(584,687)

19. Financial risk management

19.1 Financial risk factors

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

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2018.

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

19.2 Fair value estimation

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

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

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

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

The following table presents the Company's material financial assets and liabilities that are measured at fair value at March 31, 2019.

	Un-audited (Rupees in thousand)			
	Level 1	Level 2	Level 3	**Total**
Assets				
Recurring fair value measurement of available for sale investments	26,244,662	-	-	**26,244,662**
Liabilities	-	-	-	**-**

The following table presents the Company's material financial assets and liabilities that are measured at fair value at December 31, 2018.

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

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

20. Date of authorization for issue

These condensed interim financial statements were authorized for issue on April 24, 2019 by the Board of Directors of the Company.

21. Events after the balance sheet date

The Board of Directors (BOD) has proposed a final cash dividend for the year ended December 31, 2018 of Rs. 15.00 per share (2017: Rs. 30.00 per share), amounting to Rs. 1,340.693 million (2017: Rs. 2,681.385 million) at their meeting held on March 12, 2019 which has been approved by the members at the Annual General Meeting held on April 18, 2019.

Subsequent to the reporting date, the Board of Directors of the Company, in it's meeting held on April 24, 2019, has evaluated and approved internal restructuring of the Company with an objective to create a holding company, subject to procuring all applicable regulatory, corporate and third party approvals and execution of relevant documents / agreements between the Company and relevant subsidiaries. The arrangement will help in developing operating synergies across businesses, managing operations in a focused manner and streamlining the ownership structure. The proposed restructuring shall not affect the rights of the shareholders of the Company.

In this regard, the Company will incorporate two wholly owned subsidiaries and transfer:

(a) its manufacturing businesses including folding cartons, flexible packaging, consumer products and mechanical fabrication and roll covers along with all relevant assets, operations and corresponding liabilities into a separate 100% wholly owned subsidiary; and

(b) its investment business comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary.

The Company will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries will remain with the Company.

22. Corresponding figures

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

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

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

Packages Group
Condensed Consolidated Interim
Financial Statements

DIRECTORS' REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2019

The Directors of Packages Limited are pleased to present the un-audited condensed consolidated financial statements of the Group for the first quarter ended March 31, 2019.

Group results

Comparison of the un-audited results in the first quarter ended March 31, 2019 as against March 31, 2018 is as follows:

	Jan - March 2019	Jan - March 2018
	(Rupees in million)	
Invoiced sales - net	**14,657**	13,405
Profit from operations	**700**	737
Share of (loss) / profit in associates and joint ventures - net of tax	**(1)**	29
Investment income	**1,096**	-
Profit after tax	**702**	245

During the first quarter of 2019, the Group has achieved net sales of Rs. 14,657 million against net sales of Rs. 13,405 million achieved during corresponding period of last year representing sales growth of 9%. The Group generated an operating profit of Rs. 700 million compared to Rs. 737 million generated during the corresponding period of the last year. This decrease in operating profit is primarily due to price adjustments for raw materials and inflationary fixed cost increases. The Group is focusing on revenue growth through higher volumes, better product mix and stricter controls over fixed costs to improve the operating results.

The Group's investment income has increased by Rs. 1,096 million in the current period as compared to the corresponding period of the last year due to receipt of dividend from Tetra Pak in current period. This has resulted in increase in earnings after tax and earning per share.

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

Bulleh Shah Packaging (Private) Limited

Bulleh Shah Packaging (Private) Limited is principally engaged in the manufacturing and conversion of paper and paper board and corrugated boxes. The Company has achieved sales of Rs. 6,472 million during the first quarter of 2019 as compared to Rs. 5,745 million during 2018 representing sales growth of 13%. The Company has recorded operating loss of Rs. 23 million during the quarter as compared to the operating profit of Rs. 37 million in 2018. The loss is primarily due to increase in raw material and fuel prices, the impact of which has not been transferred to the customers. The Company is focusing on improving operating results through increased sales volumes, product diversification and tighter operating cost control.

DIC Pakistan Limited

DIC Pakistan Limited is a non-listed public limited subsidiary of Packages Limited. It is principally engaged in manufacturing, processing and selling of industrial inks. The Company has achieved net sales of Rs. 1,152 million during the first quarter of the year 2019 as compared to Rs. 1,000 million of the corresponding period of last year representing sales growth of 15%. The Company generated profit before tax of Rs. 119 million during the first quarter of the year 2019 as against Rs. 118 million generated during corresponding period of 2018. Moving forward, the Company will focus on improving operating results through increase in sales volumes, tighter operating cost control, product diversification and price rationalisation.

Packages Lanka (Private) Limited

Packages Lanka (Private) Limited is a Sri Lanka based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging solutions. During the first quarter of 2019, the Company has achieved sales of SLR 643 million as compared to SLR 633 million in the corresponding period of last year. The Company has generated profit before tax of SLR 26 million during the first quarter of the year 2019 as against SLR 67 million generated during corresponding period of 2018. The decline is mainly due to growing competition as well as increase in raw material costs. Moving forward, the Company will focus on improving operating results through tighter operating cost control, product diversification and price rationalisation.

Flexible Packages Convertors (Pty) Limited

Flexible Packages Convertors (Pty) Limited is private limited Company based in South Africa. It is principally engaged in the manufacture of flexible packaging material. During the first quarter of 2019, the Company achieved net sales revenue of USD 9.1 million as compared to USD 10.7 million of the corresponding period of last year. Operating results of the Company have declined from USD 1.032 million in the first quarter of 2018 to USD 0.135 million in the current quarter. This is primarily on account of lower sales and increased operating expense. The management is focusing on value and volume growth of sales as well as internal cost savings and tighter controls over fixed costs to improve the operating results of the Company.

Packages Real Estate (Private) Limited [Formerly Packages Construction (Private) Limited]

Packages Real Estate (Private) Limited is a subsidiary of Packages Limited. It is primarily engaged in the business of all types of construction activities and development of real estate. It is currently operating "Packages Mall". The Company has earned revenue of Rs. 879 million during the first quarter of 2019 as compared to revenue of Rs. 797 million achieved during the corresponding period of last year representing revenue growth of 10%. The Company has generated profit from operations of Rs. 201 million as against Rs. 205 million during first quarter of last year.

Moving forward, the Board believes that this investment will bring considerable benefit to the shareholders in the form of dividend income and capital gains.

OmyaPack (Private) Limited

OmyaPack (Private) Limited has set up a state of the art production facility in Kasur, Punjab. It has started it's commercial operations in June 2018. The Company has achieved net sales of Rs. 45 million in the current period.

The Board of Directors strongly believe in the growth prospects of the Company leading to considerable benefit to the shareholders.

Packages Power (Private) Limited

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

Internal restructuring

The Board of Directors of the Parent Company has evaluated and approved internal restructuring of the Parent Company with an objective to create a holding company. The arrangement will help in developing operating synergies across businesses, managing operations in a focused manner and streamlining the ownership structure. This is in line with international practices being followed in the corporate world. The proposed restructuring shall not affect the rights of the shareholders of the Parent Company.

In this regard, the Parent Company will incorporate two wholly owned subsidiaries and transfer:

(a) its manufacturing businesses including folding cartons, flexible packaging, consumer products and mechanical fabrication and roll covers along with all relevant assets, operations and corresponding liabilities into a separate 100% wholly owned subsidiary; and

(b) its investment business comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary.

The Parent Company will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries will remain with the Parent Company.

(Towfiq Habib Chinoy)
Chairman
Karachi, April 24, 2019

(Syed Hyder Ali)
Chief Executive & Managing Director
Karachi, April 24, 2019

پیکیجز پاور (پرائیویٹ) لمیٹڈ

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

اندرونی تنظیمِ نو

ہولڈنگ کمپنی بنانے کے مقصد کے حصول کے لئے Parent Company کے بورڈ آف ڈائریکٹرز نے اندرونی تنظیمِ نو کا ازسرِنو جائزہ لیا اور اس کی منظوری دے دی ہے۔ یہ اقدام کاروباری ڈھانچہ میں آپریٹنگ ہم آہنگی، آپریشنز کو توجہ کے ساتھ چلانے اور ملکیتی ڈھانچے کو ہم آہنگ کرنے میں مدد دے گا۔ یہ اقدام کاروباری دنیا میں اپنائے جانے والے بین الاقوامی طریقوں کے عین مطابق ہے۔ یہ تجویز شدہ تنظیمِ نو Parent Company کے حصہ داران پر کسی بھی طریقے سے کوئی اثر مرتب نہیں کرے گا۔ اسی حوالے سے، کمپنی دو مکمل ملکیتی سو فیصد ذیلی ادارے بنائے گی اور اس میں مندرجہ ذیل منتقل کرے گی۔

(ا) اپنے مینوفیکچرنگ کاروبار بشمول فولڈنگ کارٹن، فلیکسبل پیکیجنگ، اشیاء صارف، مکینیکل فیبریکیشن اور رول کور اور اس کے ساتھ ساتھ متعلقہ اثاثہ جات آپریشنز اور متعلقہ Liabilities ایک مکمل سو فیصد ذیلی ادارہ میں

(ب) اپنے سرمایہ کاری کے کاروبار جس میں مختلف اداروں کے حصص، آپریشنز اور ان سے منسلک Liabilities (اگر کوئی ہے) کو اپنے مکمل ملکیتی ذیلی اداروں میں

Parent Company ایک ہولڈنگ کمپنی رہے گی اور آپریشنز، اثاثہ جات، Liabilities جو کہ اوپر بیان کردہ مکمل ملکیتی ذیلی اداروں میں منتقل ہونے کے علاوہ تمام دوسرے اثاثہ جات، Liabilities اور جائیدادیں Parent Company کی ملکیت رہیں گی۔

(توفیق حبیب چنائے)
چیئرمین
کراچی 24 اپریل 2019

(سید حیدر علی)
چیف ایگزیکٹو اور مینجنگ ڈائریکٹر
کراچی 24 اپریل 2019

ڈی آئی سی پاکستان لمیٹڈ

ڈی آئی سی پاکستان لمیٹڈ پیکیجز لمیٹڈ کا ایک نان لسٹڈ پبلک لمیٹڈ ذیلی ادارہ ہے۔ یہ بنیادی طور پر صنعتی انکس (inks) کی تیاری، پروسیسنگ اور سیلز میں مصروفِ عمل ہے۔ کمپنی نے سال 2019 کی پہلی سہ ماہی کے دوران 1,152 ملین روپے کی خالص سیلز حاصل کی۔ اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران یہ 1,000 ملین روپے تھیں جو 15 فیصد کی سیلز گروتھ کو ظاہر کرتی ہے۔ کمپنی نے 2019 کی پہلی سہ ماہی کے دوران 119 ملین روپے کا منافع قبل از ٹیکس حاصل کیا جو 2018 کی اسی مدت میں 118 ملین روپے تھا۔ آگے بڑھتے ہوئے، کمپنی سیلز حجم کو بڑھانے، آپریٹنگ اخراجات پر سخت کنٹرول، پروڈکٹ میں توسیع اور پرائس راشنلائیزیشن کے ذریعے آپریٹنگ نتائج بہتر بنانے پر توجہ دے رہی ہے۔

پیکیجز لنکا (پرائیویٹ) لمیٹڈ

پیکیجز لنکا (پرائیویٹ) لمیٹڈ سری لنکا میں قائم پیکیجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر فلیکس ایبل پیکیجنگ کی تیاری میں مصروف عمل ہے۔ کمپنی نے 2019 کی پہلی سہ ماہی کے دوران 643 ملین سری لنکن روپے کی سیلز حاصل کی جو گزشتہ سال کی اس مدت میں 633 ملین سری لنکن روپے تھی۔ کمپنی نے سال 2019 کی پہلی سہ ماہی میں 26 ملین سری لنکن روپے کا منافع قبل از ٹیکس حاصل کیا جو کہ 2018 کی اسی مدت کے دوران 67 ملین سری لنکن روپے تھا۔ کمی بنیادی طور پر بڑھتی ہوئی مسابقت اور خام مال کے نرخوں میں اضافے کی وجہ سے ہوئی۔ آگے بڑھتے ہوئے، کمپنی آپریٹنگ اخراجات پر سخت کنٹرول، پروڈکٹ میں توسیع اور پرائس راشنلائزیشن کے ذریعے آپریٹنگ نتائج بہتر بنانے پر توجہ دیتی رہے گی۔

فلیکس ایبل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ

فلیکس ایبل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ جنوبی افریقہ میں قائم پرائیویٹ لمیٹڈ کمپنی ہے۔ یہ بنیادی طور پر فلیکس ایبل پیکیجنگ میٹریل کی تیاری میں مصروف عمل ہے۔ کمپنی نے 2019 کی پہلی سہ ماہی کے دوران 9.1 ملین امریکی ڈالر کا خالص سیلز ریونیو حاصل کیا جو گزشتہ سال کی اس مدت میں 10.7 ملین امریکی ڈالر تھا۔ کمپنی کے آپریٹنگ نتائج 2018 کی پہلی سہ ماہی میں 1.032 ملین امریکی ڈالر تھے جو رواں سہ ماہی میں 0.135 ملین ڈالر سے کم ہوئے ہیں، جس کی بنیادی وجہ سیلز میں کمی اور آپریٹنگ اخراجات میں اضافہ تھا۔ مینجمنٹ سیلز کے حجم اور قدر کو بڑھانے کے ساتھ ساتھ اندرونی اخراجات میں بچت اور طے کردہ مالیات پر سخت کنٹرول کے ذریعے کمپنی کے آپریٹنگ نتائج کو بہتر بنانے پر توجہ دے رہی ہے۔

پیکیجز ریئل اسٹیٹ (پرائیویٹ) لمیٹڈ [سابقہ پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ]

پیکیجز ریئل اسٹیٹ (پرائیویٹ) لمیٹڈ [سابقہ پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ] پیکیجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر تمام اقسام کی تعمیراتی سرگرمیوں اور ریئل اسٹیٹ کے فروغ کے کاروبار میں سرگرم عمل ہے۔ اس وقت یہ ریئل اسٹیٹ ''پیکیجز مال'' کے نام سے ایک پراجیکٹ آپریٹ کر رہا ہے۔ کمپنی نے پہلی سہ ماہی 2019 کے دوران 879 ملین روپے کی سیلز حاصل کی جو کہ 2018 کے اسی عرصہ کے دوران 797 ملین روپے تھی جو کہ 10 فیصد سیلز گروتھ کو ظاہر کرتا ہے۔ کمپنی نے پہلی سہ ماہی 2019 کے دوران 201 ملین روپے کا آپریٹنگ منافع حاصل کیا جو کہ 2018 میں 205 ملین روپے تھا۔

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

اومیا پیک (پرائیویٹ) لمیٹڈ

اومیا پیک (پرائیویٹ) لمیٹڈ نے قصور، پنجاب میں ایک جدید ترین پروڈکشن سہولت قائم کی ہے۔ اس نے اپنی تجارتی پیداوار کا آغاز جون 2018 سے شروع کر دیا ہے۔ کمپنی نے رواں مدت کے دوران 45 ملین روپے کی خالص سیلز حاصل کیں۔

بورڈ آف ڈائریکٹرز کمپنی کے مستقبل میں ترقی کے روشن امکانات پر مستحکم یقین رکھتے ہیں، جو شیئر ہولڈر کے لئے بہترین فوائد کا ذریعہ ثابت ہوں گے۔

31 مارچ 2019 کو ختم ہونے والی سہ ماہی کے لئے

ڈائریکٹرز کی رپورٹ بشمول مجموعی عبوری غیر آڈٹ شدہ مالیاتی معلومات

پیکیجز لمیٹڈ کے ڈائریکٹرز بہ مسرت 31 مارچ 2019 کو ختم ہونے والی پہلی سہ ماہی کے لئے گروپ کے غیر آڈٹ شدہ مجموعی مالیاتی معلومات پیش کرنے پر خوشی محسوس کرتے ہیں۔

گروپ کے نتائج

31 مارچ 2019 کو ختم ہونے والی پہلی سہ ماہی کے لئے غیر آڈٹ شدہ نتائج کا تقابل 31 مارچ 2018 کے مقابلے میں درج ذیل کے مطابق ہے:

	جنوری۔ مارچ 2019		جنوری۔ مارچ 2018
		(روپے ملین میں)	
انوائسڈ سیلز۔ خالص	**14,657**		13,405
آپریشنز سے حاصل منافع جات	**700**		737
مسلکہ اداروں اور مشترکہ منصوبے میں (اخراجات)/منافع کا حصہ۔	**(1)**		29
سرمایہ کاری سے آمدنی	**1,096**		-
منافع بعداز ٹیکس	**702**		245

2019 کی پہلی سہ ماہی کے دوران گروپ نے 14,657 روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کی اس مدت کے دوران 13,405 ملین روپے کی خالص سیلز حاصل کی گئی تھی جو کہ 9 فیصد سیلز گروتھ کو ظاہر کرتا ہے۔ گروپ نے 700 ملین روپے کا آپریٹنگ منافع حاصل کیا جو گزشتہ سال کی اسی مدت میں 737 ملین روپے تھا۔ آپریشنز سے حاصل منافع جات میں اس کمی کی بنیادی وجہ خام مال کے نرخوں میں پرائس ایڈجسمنٹ اور افراطِ زر کی طے شدہ مالیت میں اضافہ ہے۔ گروپ بلند تر حجم، مصنوعات کے بہتر امتزاج اور طے کردہ مالیات پر سخت کنٹرول کے ذریعے اپریٹنگ نتائج کو بہتر کرنے پر توجہ دے رہا ہے۔

رواں مدت کے دوران، سرمایہ کاری سے آمدنی میں گزشتہ سال کی اسی مدت کے مقابلے میں 1,096 ملین روپے کا اضافہ ہوا جس کی وجہ رواں مدت میں ٹیٹرا پیک (TetraPak) سے منافع منقسمہ کا حصول ہے۔

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

بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ

بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ بنیادی طور پر پیپر اور پیپر بورڈ پروڈکٹس کی تیاری اور منتقلی میں مصروف عمل ہے۔ کمپنی نے 2019 کی پہلی سہ ماہی کے دوران 6,472 ملین روپے کی سیلز حاصل کی جو اس کے مقابلے میں 2018 کے دوران 5,745 ملین روپے تھی۔ جس سے 13 فیصد کی سیلز گروتھ ظاہر ہوتی ہے۔ کمپنی نے سہ ماہی کے دوران 23 ملین روپے کی آپریٹنگ کمی دیکھی جو 2018 میں اسی مدت کے دوران 37 ملین روپے تھی۔ کمی کی بنیادی وجہ خام مال اور ایندھن کے نرخوں میں اضافہ تھا جو کہ مکمل طور پر صارفین کو منتقل نہیں کیا گیا۔ کمپنی بلند تر حجم، پروڈکٹ میں توسیع اور آپریٹنگ اخراجات پر سخت کنٹرول کے ذریعے آپریٹنگ نتائج بہتر بنانے پر توجہ دے رہی ہے۔

PACKAGES GROUP

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED)

as at March 31, 2019

	Note	March 31, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2018: 150,000,000) ordinary shares of Rs. 10 each		**1,500,000**	1,500,000
22,000,000 (2018: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each		**4,180,000**	4,180,000
89,379,504 (2018: 89,379,504) ordinary shares of Rs. 10 each		**893,795**	893,795
8,186,842 (2018: 8,186,842) 10% non-voting preference shares / convertible stock of Rs. 190 each		**606,222**	606,222
Reserves		**48,504,815**	54,905,687
Equity portion of loan from shareholder of the Parent Company	6	**277,219**	277,219
Un-appropriated profit		**5,920,042**	6,249,793
		56,202,093	62,932,716
NON-CONTROLLING INTEREST		**2,157,401**	2,124,244
		58,359,494	65,056,960
NON-CURRENT LIABILITIES			
Long term finances	7	**16,818,652**	13,566,292
Loan from shareholder of the Parent Company - unsecured		**237,416**	220,916
Liabilities against assets subject to finance lease		**118,743**	20,994
Deferred taxation	8	**2,174,697**	2,030,711
Long term advances		**93,612**	96,592
Retirement benefits		**715,798**	692,767
Deferred income		**84,229**	84,229
Security deposits		**346,305**	315,902
Deferred liabilities		**602,480**	579,478
		21,191,932	17,607,881
CURRENT LIABILITIES			
Current portion of non-current liabilities		**3,188,494**	3,584,794
Finances under mark up arrangements - secured		**9,268,036**	11,618,495
Trade and other payables		**8,479,397**	8,986,971
Unclaimed dividend		**59,396**	62,030
Accrued finance costs		**797,741**	739,105
Provision for tax		**288**	10,748
		21,793,352	25,002,143
CONTINGENCIES AND COMMITMENTS	9	**-**	-
		101,344,778	107,666,984

	Note	March 31, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	**27,120,160**	27,084,557
Intangible assets	11	**393,023**	385,100
Investment properties		**11,588,534**	11,822,054
Investments accounted for using the equity method	12	**7,501,939**	8,312,837
Other long term investments	13	**26,249,393**	32,847,963
Long term security deposits		**139,122**	142,291
Long term loans		**1,021**	3,101
		72,993,192	80,597,903
CURRENT ASSETS			
Stores and spares		**2,276,103**	1,953,160
Stock-in-trade		**10,985,235**	11,836,992
Trade debts		**8,037,347**	6,660,220
Current portion of long term investments		**-**	10,000
Loans, advances, deposits, prepayments and other receivables		**1,785,113**	1,319,304
Income tax receivable	14	**4,937,190**	4,828,059
Cash and bank balances		**330,598**	461,346
		28,351,586	27,069,081
		101,344,778	107,666,984

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

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

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
for the three months ended March 31, 2019

	Note	Three months ended March 31, 2019 Un-audited	Three months ended March 31, 2018 Un-audited
		(Rupees in thousand)	
Local sales and services		**16,643,059**	15,205,361
Export sales		**221,829**	148,154
Gross sales		**16,864,888**	15,353,515
Sales tax		**(2,120,957)**	(1,882,130)
Commission		**(1,190)**	(3,258)
Trade discount		**(85,345)**	(63,520)
		(2,207,492)	(1,948,908)
Revenue		**14,657,396**	13,404,607
Cost of sales and services	15	**(12,550,729)**	(11,446,320)
Gross profit		**2,106,667**	1,958,287
Administrative expenses		**(578,679)**	(592,429)
Distribution and marketing costs		**(756,757)**	(600,068)
Other expenses		**(119,355)**	(75,172)
Other income		**48,190**	46,769
Profit from operations		**700,066**	737,387
Finance costs		**(771,660)**	(428,171)
Investment income		**1,096,038**	-
Share of profit of investments accounted for using the equity method - net of tax		**(1,497)**	29,440
Profit before taxation		**1,022,947**	338,656
Taxation		**(320,902)**	(93,706)
Profit for the period		**702,045**	244,950
Attributable to:			
Equity holders of the Parent Company		**670,249**	172,722
Non-controlling interest		**31,796**	72,228
		702,045	244,950
Earnings per share attributable to equity holders of the Parent Company during the period			
Basic	Rupees	**7.50**	1.93
Diluted	Rupees	**7.20**	1.93

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

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

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
for the three months ended March 31, 2019

	Three months ended	
	March 31, 2019	March 31, 2018
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for the period	**702,045**	244,950
Other comprehensive (loss) / income		
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of foreign subsidiaries	**8,460**	109,550
Share of other comprehensive (loss) / income of investments accounted for using the equity method - net of tax	**(809,401)**	713,807
Changes in fair value of available for sale investments	**(6,598,570)**	4,196,671
Other comprehensive (loss) / income for the period	**(7,399,511)**	5,020,028
Total comprehensive (loss) / income for the period	**(6,697,466)**	5,264,978
Attributable to:		
Equity holders of the Parent Company	**(6,730,623)**	5,128,106
Non-controlling interest	**33,157**	136,872
	(6,697,466)	5,264,978

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

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the three months ended March 31, 2019

	Issued, subscribed and paid up capital		Reserves									Capital and reserves		
			Capital reserves							Revenue reserves				
	Ordinary share	Preference shares / convertible stock reserve	Share premium	Exchange difference on transation of foreign subsidiaries	Fair value reserve	Other reserves relating to associates & joint ventures	Transaction with non-controlling interest	Equity portion of long term loan from shareholder of the Parent Company	Capital redemption reserve	General reserve	Un-appropriated profits	Total	Non-controlling interest	Total
	(Rupees in thousand)													
Balance as on January 1, 2018 (audited)	893,795	606,222	3,766,738	(73,314)	37,981,410	4,759,767	22,981	171,187	1,615,000	14,310,333	11,087,931	75,142,050	2,117,100	**77,259,150**
Appropriation of reserves														
Transfer to general reserve	-	-	-	-	-	-	-	-	-	3,000,000	(3,000,000)	-	-	-
Transactions with owners recognized directly in equity														
Dividend relating to 2017 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(23,865)	**(23,865)**
Interest acquired in sub-subsidiary - Chantler Packages Inc.	-	-	-	-	-	-	-	-	-	-	-	-	4,720	**4,720**
Total transactions with owners, recognized directly in equity	-	-	-	-	-	-	-	-	-	-	-	-	(19,145)	**(19,145)**
Total comprehensive income for the period ended March 31, 2018														
Profit for the period	-	-	-	-	-	-	-	-	-	-	172,722	172,722	72,228	**244,950**
Other comprehensive income:														
Changes in fair value of available for sale financial investments	-	-	-	-	4,196,671	-	-	-	-	-	-	4,196,671	-	**4,196,671**
Other reserves of investment accounted for under equity method	-	-	-	-	-	713,807	-	-	-	-	-	713,807	-	**713,807**
Exchange differences on translation of foreign subsidiaries	-	-	-	44,906	-	-	-	-	-	-	-	44,906	64,644	**109,550**
Total comprehensive income for the period	-	-	-	44,906	4,196,671	713,807	-	-	-	-	172,722	5,128,106	136,873	**5,264,978**
Balance as on March 31, 2018 (un-audited)	893,795	606,222	3,766,738	(28,408)	42,178,081	5,473,574	22,981	171,187	1,615,000	17,310,333	8,260,653	80,270,156	2,234,828	**82,504,983**
Balance as on January 1, 2019 (audited)	893,795	606,222	3,766,738	(194,715)	28,858,325	3,527,025	22,981	277,219	1,615,000	17,310,333	6,249,793	62,932,716	2,124,244	**65,056,960**
Appropriation of reserves														
Transfer to general reserve	-	-	-	-	-	-	-	-	-	1,000,000	(1,000,000)	-	-	-
Total comprehensive income for the period ended March 31, 2019														
Profit for the period	-	-	-	-	-	-	-	-	-	-	670,249	670,249	31,796	**702,045**
Other comprehensive income:														
Changes in fair value of available for sale financial investments	-	-	-	-	(6,598,570)	-	-	-	-	-	-	(6,598,570)	-	**(6,598,570)**
Other comprehensive income from investments accounted for under equity	-	-	-	-	-	(809,401)	-	-	-	-	-	(809,401)	-	**(809,401)**
Exchange difference on translation of foreign subsidiaries	-	-	-	7,099	-	-	-	-	-	-	-	7,099	1,361	**8,460**
Total comprehensive income / (loss) for the period	-	-	-	7,099	(6,598,570)	(809,401)	-	-	-	-	670,249	(6,730,623)	33,157	**(6,697,466)**
Balance as on March 31, 2019 (un-audited)	893,795	606,222	3,766,738	(187,616)	22,259,755	2,717,624	22,981	277,219	1,615,000	18,310,333	5,920,042	56,202,093	2,157,401	**58,359,494**

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

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PACKAGES GROUP
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
for the three months ended March 31, 2019

	Note	Three months ended March 31, 2019 Un-audited	Three months ended March 31, 2018 Un-audited
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	18	**300,937**	343,270
Finance cost paid		**(696,524)**	(570,654)
Income tax paid		**(296,507)**	(296,722)
Payments for accumulating compensated absences		**(166,652)**	(11,904)
Retirement benefits paid		**(162,567)**	(4,844)
Net cash outflow from operating activities		**(1,021,313)**	(540,854)
Cash flows from investing activities			
Fixed capital expenditure		**(917,067)**	(623,470)
Proceeds from maturity of investment		**10,000**	-
Rental security deposits - net		**30,403**	159,335
Long term loans and deposits - net		**5,249**	10,865
Proceeds from disposal of owned assets		**45,680**	36,370
Dividends received		**1,096,038**	114,054
Long term advances paid		**(5,621)**	-
Net cash inflow / (outflow) from investing activities		**264,682**	(302,846)
Cash flows from financing activities			
Proceeds from long term finances - secured		**4,082,296**	-
Proceeds received from non-controlling interest on interest acquisition in subsidiary		**-**	4,720
Repayment of long term finances		**(1,242,656)**	(1,432,955)
Liabilities against assets subject to finance lease		**139,336**	(26,224)
Dividend paid to equity holders of the Parent Company		**(2,634)**	(1,782)
Dividend paid to non-controlling interest		**-**	(23,865)
Net cash inflow / (outflow) from financing activities		**2,976,342**	(1,480,106)
Net increase / (decrease) in cash and cash equivalents		**2,219,711**	(2,323,806)
Cash and cash equivalents at the beginning of the period		**(11,157,149)**	(4,002,932)
Cash and cash equivalents at the end of the period	19	**(8,937,438)**	(6,326,738)

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

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

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

For the three months ended March 31, 2019

1. Legal status and nature of business

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

Packaging:	Representing manufacture and sale of packaging materials and tissue products
Inks:	Representing manufacture and sale of finished and semi finished inks
Construction:	Representing all types of construction activities and development of real estate
Paper and paperboard:	Representing manufacture and sale of paper and paperboard of all kinds
Power generation:	Representing the development and management of hydropower project

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

The registered office of the Group is situated at 4th Floor, the Forum, Suite No. 416 - 422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan. Head office and the factory is located at Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore, Pakistan.

2. Basis of preparation

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

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

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

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

3. Significant accounting policies

3.1 The accounting policies adopted for the preparation of this condensed consolidated interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Group for the year ended December 31, 2018.

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

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

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

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on January 1, 2019, but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed consolidated interim financial statements.

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

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

IFRS 9, 'Financial instruments': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods ending on or after June 30, 2019. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Group is yet to assess the full impact of this standard.

4. Income tax expense comprises current and deferred tax. SECP vide its certificate dated December 14, 2017, has registered the Parent Company and its wholly-owned subsidiary Bulleh Shah Packaging (Private) Limited ('BSPPL') (together the 'Tax Group') as a Group and has also, vide its certificate dated January 1, 2018, designated the Tax Group for the purpose of group taxation under Section 59AA of the Income tax Ordinance, 2001. Consequent to the filing of declaration for group taxation for the tax year 2020 by the Parent Company and BSPPL, the Tax Group will be taxed as one fiscal unit for the said tax year.

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

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

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

In preparing these condensed consolidated interim financial statements, 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, 2018, with the exception of changes in estimates that are required in determining the provision for income taxes as referred to in note 4.

6. This loan has been obtained by Packages Real Estate (Private) Limited [Formerly Packages Construction (Private) Limited] ('PREPL') from Syed Babar Ali ('SBA'), shareholder of the Parent Company and is interest free. The loan is payable on December 31, 2019. It is being carried at amortised cost using a market interest rate of 16% for a similar instrument.

7. Long term finances

	Note	March 31, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
Local currency loans - secured	7.1	**17,469,758**	14,667,258
Foreign currency loans - secured	7.2	**1,535,732**	1,486,270
		19,005,490	16,153,528
Preference shares / convertible stock - unsecured		**932,650**	932,650
		19,938,140	17,086,178
Current portion shown under current liabilities		**(3,119,488)**	(3,519,886)
Closing balance		**16,818,652**	13,566,292

7.1 Local currency loans - secured

	March 31, 2019	December 31, 2018
Opening balance	**14,667,258**	15,564,742
Receipts during the period / year	**4,000,000**	3,000,000
	18,667,258	18,564,742
Repayments during the period / year	**(1,197,500)**	(3,897,484)
Closing balance	**17,469,758**	14,667,258

7.2 Foreign currency loans - secured

	March 31, 2019	December 31, 2018
Opening balance	**1,486,270**	1,490,808
Receipts during the period / year	**82,296**	411,079
	1,568,566	1,901,887
Repayments during the period / year	**(45,156)**	(346,681)
Exchange adjustment on opening balances	**12,322**	(68,936)
Closing balance	**1,535,732**	1,486,270

8. Deferred tax asset on tax losses representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 is recognised to the extent that the realisation of related tax benefits through future taxable profits of the Group is probable. The Group has not recognised deferred tax asset of Rs. 265.364 million (2018: Rs. 265.364 million), out of which Rs. 18.394 million is set to lapse in the accounting year 2022 and Rs. 246.969 million is set to lapse in the accounting year 2023, in respect of minimum tax available for carry forward arisen after the formation of the Tax Group, as sufficient taxable profits would not be available to the Tax Group to utilise these in the foreseeable future. Deferred tax asset has also not been recognised on minimum tax credit prior to the formation of the Tax Group amounting to Rs. 96.690 million (2018: Rs. 96.690 million) as the same can not be realised against the taxable profits of the Tax Group. Presently, the Parent Company does not intend to opt out of the Tax Group in forseeable future. However, in case the Parent Company opts out of the Tax Group, this minimum tax credit will become available for realisation against the taxable profits of the Parent Company. The minimum tax credit prior to formation of the Tax Group is set to lapse in the accounting year 2021.

9. Contingencies and commitments

9.1 Contingencies

(i) Claims against the Group by ex-employees not acknowledged as debts Rs. 17.885 million (December 31, 2018: Rs. 17.885 million).

(ii) Guarantees issued in favour of Office of Excise and Taxation, Lahore; Director Taxes, Excise and Taxation Department, Sindh aggregating to Rs. 30 million (December 31, 2018: Rs. 4.624 million).

(iii) Letters of guarantees issued to various parties aggregating Rs. 493.428 million (2018: Rs. 1,057.720 million).

(iv) Standby letter of credit issued by Habib Bank Limited - Pakistan ('HBL Pakistan') in favour of Habib Bank Limited - Bahrain ('HBL Bahrain') on behalf of the Parent Company amounting to USD 7.111 million equivalent to Rs. 1,000.518 million (2018: USD 7.111 million equivalent to Rs. 989.176 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL') wholly-owned subsidiary of the Parent Company. The standby letter of credit is secured against pledge of Nestle Pakistan Limited's shares owned by the Parent Company.

(v) The Supreme Court of Pakistan ('SCP') vide its order dated January 16, 2019 directed Walton Cantonment Board to decide the metter of optional parking space within one month. The Group has submitted an application dated January 25, 2019 with Walton Cantonment Board requesting commercialisation at a reduced rate of the additional area representing additional optional parking space, roads network, green area, security pods and loading docks. The total commercialisation fee calculated on the full charge basis is estimated to be Rs. 268.400 million. As final charge leviable in the matter is not ascertainable at this stage, therefore no provision has been recorded in these condensed consolidated interim financial statements.

9.2 Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 320.129 million (2018: Rs. 1,252.734 million)

(ii) Letters of credit and contracts for other than capital expenditure Rs. 610.750 million (2018: Rs. 1,568.659 million)

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

	Note	March 31, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
Not later than one year		**114,791**	126,279
Later than one year and not later than five years		**584,199**	588,202
Later than five years		**49,730**	49,792
		748,720	764,273

10. Property, plant and equipment

	Note	March 31, 2019	December 31, 2018
Operating fixed assets - at net book value			
Owned assets	10.1	**24,348,181**	24,829,244
Assets subject to finance lease		**263,527**	75,517
	10.2	**24,611,708**	24,904,761
Capital work-in-progress	10.3	**2,508,452**	2,054,719
Major spare parts and stand-by equipment		**-**	125,077
		27,120,160	27,084,557

10.1 A portion of the land on which the Parent Company's factory is situated, measuring 231 kanals and 19 marlas, was leased out to the Parent Company by GoPb from December 1955 till November 2015 after which the lease has not been renewed. During the year 2015, the Parent Company approached the Board of Revenue ('BoR'), GoPb to renew the lease; however, no adequate response was received. On January 5, 2019, the Supreme Court of Pakistan ('Court'), summoned BoR, to which the BoR stated that the new policy of the GoPb is not to lease state land but to sell it through open auction. Consequently, the Parent Company was directed to deposit Rs. 500 million with the BoR as security to the payment of outstanding amount of rent to be determined, with such amount being adjustable against final amount of rent. The Parent Company has deposited such amount in compliance with the direction on January 10, 2019. The Supreme Court has further directed Additional Advocate General, Punjab on January 16, 2019 that subject to the Court's approval, two surveyors be appointed for determination of rent based on industrial usage of the land for the period from December 2015 till date. However, no surveyors have been appointed as of the date of the authorization for issue of condensed consolidated interim financial statements. Moreover, the Court has further decided that the land shall be sold through an open auction with the Parent Company getting the first right of refusal.

The management of Parent Company has, on the basis of assessment of fair value of the said portion of land by an independent valuer and its understanding of the prevalent market terms relating to rent of such properties in the vicinity of the said portion of land, booked a provision of Rs. 378.879 million (2018: Rs. 357.590 million) in respect of rent for the period from December 2015 to March 2019. The management of Parent Company is confident that the final amount of rent will be in congruence with the provision made in these condensed consolidated interim financial statements, inter alia on the basis of the fair value determined by the independent valuer and relevant facts and circumstances. Furthermore, the management of Parent Company also intends to acquire the tile of the said portion of land when the open auction takes place and is confident that it will be able to meet the highest bid.

10.2 Operating fixed assets	Notes	March 31, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
Opening net book value		**24,904,761**	23,871,518
Additions during the period / year	10.2.1	**600,058**	4,374,544
Transfer in at book value - net		**-**	144,433
		600,058	4,518,977
		25,504,819	28,390,495
Disposals during the period / year at book value		**(23,880)**	(114,394)
Transferred out at book value - net		**-**	(118,099)
Depreciation charged during the period / year		**(930,422)**	(3,453,242)
Exchange adjustment on opening book value - net		**61,191**	200,001
		(893,111)	(3,485,734)
Closing net book value		**24,611,708**	24,904,761
10.2.1 Additions during the period / year			
Freehold land		**-**	16,615
Leasehold land		**-**	52,997
Buildings on freehold land		**7,036**	76,684
Buildings on leasehold land		**-**	1,705
Plant and machinery		**495,427**	3,772,704
Other equipments		**67,065**	203,629
Furniture and fixtures		**5,624**	26,696
Vehicles		**24,906**	223,514
		600,058	4,374,544
10.3 Capital work-in-progress			
Civil works		**75,929**	60,224
Plant and machinery		**2,173,095**	1,893,158
Others		**75,796**	925
Advances		**183,632**	100,412
		2,508,452	2,054,719
11. Intangible assets			
Opening book value		**385,100**	285,595
Additions during the period / year		**17,107**	130,924
Amortization charged during the period / year		**(8,945)**	(31,396)
Exchange difference		**(239)**	(23)
Closing book value		**393,023**	385,100
12. Investments accounted for using the equity method			
Investments in associates	12.1	**7,211,226**	8,009,152
Investments in joint ventures	12.2	**290,713**	303,685
		7,501,939	8,312,837

12.1 Investments in associates

	Notes	March 31, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
Cost			
Opening balance		**3,386,278**	3,386,278
Post acquisition share of profits and reserves net of impairment losses			
Opening balance		**4,622,874**	6,084,082
Share of profit from associates - net of tax		**7,602**	96,950
Share of other comprehensive loss - net of tax		**(805,528)**	(1,232,742)
Dividends received during the period / year		**-**	(325,416)
Closing balance		**3,824,948**	4,622,874
Balance as on	12.1.1	**7,211,226**	8,009,152

12.1.1 Investment in equity instruments of associated companies - quoted

	Notes	March 31, 2019	December 31, 2018
IGI Holdings Limited 15,033,433 (2018: 15,033,433) fully paid ordinary shares of Rs. 10 each Equity held 10.54% (2018: 10.54%) Market value - Rs. 2,826.586 million (2018: Rs. 3,024.248 million)	12.3	**4,228,671**	5,028,603
Tri-Pack Films Limited 12,933,333 (2018: 12,933,333) fully paid ordinary shares of Rs. 10 each Equity held 33.33% (2018: 33.33%) Market value - Rs. 1,406.888 million (2018: Rs. 1,184.901 million)		**2,982,555**	2,980,549
		7,211,226	8,009,152

12.2 Investments in joint ventures

	Notes	March 31, 2019	December 31, 2018
Opening balance		**303,685**	331,770
Share of loss from joint ventures - net of tax		**(9,099)**	(20,948)
Share of other comprehensive (loss) / income from joint ventures - net of tax		**(3,873)**	5,689
Dividends received during the period / year		**-**	(12,826)
Closing balance	12.2.1	**290,713**	303,685

12.2.1 Investment in equity instruments of joint ventures - unquoted

	Notes	March 31, 2019	December 31, 2018
Plastic Extrusions (Proprietary) Limited, South Africa 500 (2018: 500) fully paid ordinary shares of ZAR 1 each Equity held 50% (2018: 50%)		**23,568**	27,441
OmyaPack (Private) Limited, Pakistan 31,000,000 (2018: 31,000,000) fully paid ordinary shares of Rs. 10 each Equity held 50% (2018: 50%)		**267,145**	276,244
		290,713	303,685

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

13. Other long term investments

	Note	March 31, 2019 Un-audited	December 31, 2018 Audited
		(Rupees in thousand)	
Quoted			
Nestle Pakistan Limited 3,649,248 (2018: 3,649,248) fully paid ordinary shares of Rs. 10 each Equity held 8.05% (2018: 8.05%) Cost - Rs. 5,778.896 million (2018: Rs. 5,778.896 million)	13.1&13.2	**26,244,662**	32,843,232
Unquoted			
Tetra Pak Pakistan Limited 1,000,000 (2018: 1,000,000) fully paid non-voting shares of Rs. 10 each	13.1	**-**	10,000
Pakistan Tourism Development Corporation Limited 2,500 (2018: 2,500) fully paid ordinary shares of Rs. 10 each		**25**	25
Orient Match Company Limited 1,900 (2018: 1,900) fully paid ordinary shares of Rs. 100 each		**-**	-
Coca-Cola Beverages Pakistan Limited 500,000 (2018: 500,000) fully paid ordinary shares of Rs. 10 each Equity held 0.14% (2018: 0.14%)		**4,706**	4,706
		26,249,393	32,857,963

13.1 Nestle Pakistan Limited and Tetra pak Pakistan Limited are associated undertakings under the Companies Act, 2017. However, for the purpose of measurement, these have been classified as available for sale investments as the Group does not have a significant influence over their operations.

13.2 As of March 31, 2019, an aggregate of 1,195,000 shares (2018: 775,000 shares) of Nestle Pakistan Limited having market value Rs. 8,594.201 million (2018: Rs. 6,975.000 million) have been pledged in favor of HBL Pakistan. Out of aggregate shares pledged, 410,000 shares (2018: 410,000 shares) are pledged against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 9.1 and the remaining 785,000 shares (2018: 365,000 shares) are pledged against the term finance loans obtained from HBL Pakistan.

14. Income tax receivable

(i) In 1987, the then Income Tax Officer ('ITO') re-opened the Parent Company’s assessments for the accounting years ended December 31, 1983 and 1984 disallowing primarily tax credit given to the Parent Company under section 107 of the repealed 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 filed an appeal against the revised orders of the ITO before the then Commissioner of Income Tax (Appeals) ['CIT(A)'], Karachi. CIT(A) in his order issued in 1988, held the assessments reframed by the ITO for the years 1983 and 1984 presently to be void and of no legal effect. The ITO filed an appeal against the CIT(A)'s order with the then Income Tax Appellate Tribunal ('ITAT'). The ITAT has, in its order issued in 1996, maintained the order of CIT(A). The assessing officer, after the receipt of the appellate order passed by CIT(A), issued notices under section 65 of the repealed Income Tax Ordinance, 1979 for reopening of the assesments for said tax years. The Parent Company filed a writ petition for setting aside the aforesaid notices with the High Court of Sindh in 2011, the outcome of which is still pending.

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

(ii) In respect of tax year 2007, the department rejected the Parent Company's claim for interest / additional payment for delayed refunds for the tax years from 1983-84 to 2003 amounting to Rs. 64.616 million and adjusted the Parent Company's tax liability for the said year accordingly. The Parent Company being aggrieved of the said order filed an appeal with Commissioner Inland Revenue (Appeals) ['CIR(A)']. CIR(A) through his order dated January 26, 2009 maintained the rejection. An appeal against the said order was filed by the Parent Company with ATIR. ATIR through its order dated February 23, 2010 maintained the rejection. The Parent Company has now filed an appeal in the High Court of Sindh against ATIR's order on June 28, 2010, the outcome of which is still pending. However, the Parent Company has not made any provision against the above recoverable as the management is confident that the ultimate outcome of the appeal would be in favour of the Parent Company, inter alia on the basis of the advices of the tax consultant, legal counsel and the relevant law and facts.

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

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

The Parent Company being aggrieved of this order filed an appeal before the CIR(A). CIR(A), through order dated March 2, 2018, has accepted all the contentions of the Parent Company except non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL and taxation of provision for retirement benefits on accrual basis thereby reducing the tax refundable claimed by the Parent Company from Rs. 352.953 million to Rs. 273.986 million. The Parent Company has filed an appeal against the above order before ATIR on May 4, 2018, the outcome of which is still pending. The Parent Company has not made any provision against the above demand and disallowance as the management is confident that the ultimate outcome of the appeal would be in favour of the Parent Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

(iv) In respect of tax year 2016, the department, against taxable income of Rs. 1,157.926 million as per return filed by the Parent Company, assessed a taxable income of Rs. 2,437.836 million and amended the deemed order for the year raising a tax demand of Rs. 464.187 million. The Parent Company being aggrieved of the said order filed the appeal before CIR(A). CIR(A), through order dated December 11, 2017, has accepted all the contentions of the Parent Company except the allowability of provision for worker's profit participation fund on payment rather than accrual basis and remanded back credit for minimum tax thereby reducing the tax demand to Rs. 86.864 million. The Parent Company has filed an appeal against the above order before ATIR on January 9, 2018, the outcome of which is still pending. The Parent Company has not made any provision against the above disallowance as the management is confident that the ultimate outcome of the appeal would be in favour of the Parent Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

15. Cost of sales

	Three months ended	
	March 31, 2019	March 31, 2018
	Un-audited	Un-audited
	(Rupees in thousand)	
Materials consumed	**7,831,927**	7,084,228
Salaries, wages and amenities	**1,034,629**	937,300
Travelling and conveyance	**9,736**	12,262
Fuel and power	**1,440,347**	1,299,991
Production supplies consumed	**285,810**	267,756
Rent, rates and taxes	**82,548**	70,527
Insurance	**49,778**	49,595
Repairs and maintenance	**229,028**	232,601
Packing expenses	**203,345**	196,314
Depreciation on owned assets	**1,096,015**	1,096,455
Amortization of intangible assets	**3,488**	2,330
Technical fee and royalty	**36,625**	21,622
Other expenses	**296,255**	290,986
	12,599,531	11,561,967
Opening work-in-process	**973,939**	356,687
Closing work-in-process	**(471,862)**	(399,994)
Cost of goods manufactured	**13,101,608**	11,518,660
Opening stock of finished goods	**3,839,768**	679,700
Closing stock of finished goods	**(4,390,647)**	(752,040)
	12,550,729	11,446,320

16. Segment Information

	Packaging Division		Consumer Products Division		Ink Division		Paper & Paperboard		Real estate		Power Generation and others		Total	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	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	**8,251,581**	5,822,070	**1,243,015**	1,118,000	**942,338**	742,689	**3,265,672**	4,870,565	**876,631**	794,785	**78,159**	56,498	**14,657,396**	13,404,607
Intersegment revenue	**196,684**	112,413	**-**	-	**209,596**	257,302	**1,240,204**	874,592	**2,107**	2,223	**1,788**	135,682	**1,650,379**	1,382,212
	8,448,265	5,934,483	**1,243,015**	1,118,000	**1,151,934**	999,991	**4,505,876**	5,745,157	**878,738**	797,008	**79,947**	192,180	**16,307,775**	14,786,819
Segment profit / (loss) before tax	**558,280**	530,629	**100,738**	176,142	**118,840**	117,920	**(451,701)**	(360,921)	**27,516**	79,765	**848,971**	15,911	**1,202,644**	559,446
	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
Segment assets	**23,677,526**	24,105,218	**2,420,979**	2,349,911	**2,587,540**	2,498,477	**19,134,198**	18,614,594	**12,462,242**	12,618,377	**41,062,293**	44,147,745	**101,344,778**	104,334,322

Reconciliation of profit

	March 31, 2019	March 31, 2018
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for reportable segments	**1,202,644**	559,446
Profit from associates and joint ventures - net of dividends	**(1,497)**	(84,614)
Gains relating to business comination	**-**	-
Intercompany consolidation adjustments	**(178,200)**	(136,176)
Profit before tax	**1,022,947**	338,656

17. Transactions with related parties

Relationship with the Group	Nature of transactions	Three months ended March 31, 2019 Un-audited (Rupees in thousand)	March 31, 2018 Un-audited
i. Associated undertakings	Purchase of goods and services	**240,528**	338,479
	Sale of goods and services	**8,202**	6,813
	Dividend income	**-**	104,578
	Insurance premium paid	**127,399**	182,146
	Rental and other income	**6,896**	5,655
	Insurance claims received	**2,811**	1,940
	Commission earned	**769**	3,461
ii. Joint ventures	Purchase of goods and services	**35,421**	3,276
	Sale of goods and services	**40,987**	40,381
	Rental and other income	**878**	851
iii. Other related parties	Purchase of goods and services	**196,025**	188,326
	Sale of goods and services	**159,822**	147,612
	Royalty and technical fee - expense	**12,853**	-
	Commission earned	**26**	177
	Commission expense	**895**	2,953
	Rent expense	**2,185**	2,170
	Donations	**23,087**	3,700
iv. Post employment benefit plans	Expenses charged in respect of retirement benefit plans	**56,244**	41,089
v. Key management personnel	Salaries and other employee benefits	**34,571**	44,243

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

Period / year end balances

	March 31, 2019 Un-audited (Rupees in thousand)	December 31, 2018 Audited
Receivable from related parties		
Associates	**123,384**	59,992
Joint ventures	**32,490**	24,632
Other related parties	**47,063**	5,450
Payable to related parties		
Associates	**85,058**	46,899
Joint ventures	**24,301**	11,118
Other related parties	**88,448**	78,436
Post employment benefit plans	**21,084**	33,189

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

18. Cash generated from operations

	Three months ended	
	March 31, 2019	March 31, 2018
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit before tax	**1,022,947**	338,656
Adjustments for:		
Depreciation on owned assets	**930,422**	930,371
Depreciation on investment properties	**204,766**	206,324
Amortization on intangible assets	**8,945**	6,587
Provision for accumulating compensated absences	**189,654**	31,063
Provision for retirement benefits	**185,598**	16,303
Profit on disposal of owned assets	**(21,800)**	(15,019)
Exchange loss - net	**55,511**	28,158
Finance costs	**771,660**	428,171
Provision against pending claims	**5,594**	2,270
Provision for doubtful debts	**109,679**	19,150
Liabilities no longer payable written back	**(450)**	(373)
Exchange difference on translation of foreign subsidiaries	**(40,170)**	8,146
Share of profits on investments accounted for using the equity method	**1,497**	(29,440)
Dividend income	**(1,096,038)**	-
Profit before working capital changes	**2,327,815**	1,970,367
Effect on cash flow due to working capital changes		
Increase in trade debts	**(1,492,400)**	(1,285,926)
(Increase) / decrease in stores and spares	**(322,943)**	27,658
Decrease / (increase) in stock-in-trade	**851,757**	(1,122,398)
Increase in loans, advances, deposits, prepayments and other receivables	**(465,809)**	(274,263)
(Decrease) / increase in trade and other payables	**(597,483)**	1,027,832
	(2,026,878)	(1,627,097)
	300,937	343,270

19. Cash and cash equivalents

Cash and bank balances	**330,598**	699,108
Finances under markup arrangements - secured	**(9,268,036)**	(7,025,846)
	(8,937,438)	(6,326,738)

20. Financial risk management

20.1 Financial risk factors

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

The condensed consolidated interim financial statements does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at December 31, 2018.

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

20.2 Fair value estimation

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

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

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

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

The following table presents the Group's material financial assets and liabilities that are measured at fair value at March 31, 2019:

	Un-audited (Rupees in thousand)			
	Level 1	Level 2	Level 3	**Total**
Assets				
Recurring fair value measurement of available for sale investments	26,244,661	-	-	**26,244,661**
Liabilities	-	-	-	-

The following table presents the Group's material financial assets and liabilities that are measured at fair value at December 31, 2018:

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

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

21. Detail of subsidiaries

Name of the subsidiaries

	Accounting year end	**Percentage of holding**	**Country of incorporation**
Anemone Holdings Limited	December 31	100.00%	Mauritius
Bulleh Shah Packaging (Private) Limited	December 31	100.00%	Pakistan
Chantler Packages Inc.	December 31	71.10%	Canada
DIC Pakistan Limited	December 31	54.98%	Pakistan
Flexible Packages Converters (Proprietary) Limited	February 28	55.00%	South Africa
Linnaea Holdings Inc.	December 31	79.07%	Canada
Packages Real Estate (Private) Limited formaly Packages Construction (Private) Limited	December 31	75.16%	Pakistan
Packages Lanka (Private) Limited	December 31	79.07%	SriLanka
Packages Power (Private) Limited	December 31	100.00%	Pakistan

22. Date of authorization for issue

These condensed consolidated interim financial statements were authorized for issue on April 24, 2019 by the Board of Directors of the Parent Company.

23. Events after the balance sheet date

The Board of Directors (BOD) of the Parent Company has proposed a final cash dividend for the year ended December 31, 2018 of Rs. 15.00 per share (2017: Rs. 30.00 per share), amounting to Rs. 1,340.693 million (2017: Rs. 2,681.385 million) at their meeting held on March 12, 2019 which has been approved by the members at the Annual General Meeting held on April 18, 2019.

Subsequent to the reporting date, the Board of Directors of the Parent Company in it's meeting held on April 24, 2019, has evaluated and approved internal restructuring of the Parent Company with an objective to create a holding company subject to procuring all applicable regulatory, corporate and third party approvals and execution of relevant documents / agreements between the Parent Company and relevant subsidiaries. The arrangement will help in developing operating synergies across businesses, managing operations in a focused manner and streamlining the ownership structure. The proposed restructuring shall not affect the rights of the shareholders of the Parent Company.

In this regard, the Parent Company will incorporate two wholly owned subsidiaries and transfer:

(a) its manufacturing businesses including folding cartons, flexible packaging, consumer products and mechanical fabrication and roll covers along with all relevant assets, operations and corresponding liabilities into a separate 100% wholly owned subsidiary; and

(b) its investment business comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary.

The Parent Company will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries will remain with the Parent Company.

24. Corresponding figures

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

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

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