

# Third Quarter Report

Condensed Interim Financial Statements for  
the Nine Months Period Ended September 30, 2021  
(Unaudited)



Together,  
without leaving anyone behind,  
we must fight this pandemic!

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# Company Information

## Board of Directors

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

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

Syed Aslam Mehdi  
(Executive Director)

Imran Khalid Niazi  
(Non-Executive Director)

Josef Meinrad Mueller  
(Non-Executive Director)

Syed Shahid Ali  
(Non-Executive Director)

Tariq Iqbal Khan  
(Non-Executive Director)

Hasan Askari  
(Independent Director)

Saba Kamal  
(Independent Director)

Irfan Mustafa  
(Independent Director)

## Advisor

Syed Babar Ali

## Chief Financial Officer

Khurram Raza Bakhtayari

## Company Secretary

Ms. Arjumand Ahmed Shah

## 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

Askari Bank Limited  
Bank Al-Habib Limited  
Habib Bank Limited  
International Finance Corporation (IFC)  
JS Bank Limited  
MCB Bank Limited  
Standard Chartered Bank (Pakistan) Limited

## Head Office

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

## Registered 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

## Web Presence

[www.packages.com.pk](http://www.packages.com.pk)

## **DIRECTORS' REPORT ON CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**

The Directors of Packages Limited are pleased to submit to its shareholders the report for the nine months period ended September 30, 2021 along with the condensed interim un-audited financial statements of the Company for the same period.

### **Financial and Operational Performance**

A comparison of the un-audited financial results for the nine months ended September 30, 2021 as against September 30, 2020 is as follows:

	July – Sep 2021	July – Sep 2020	Jan – Sep 2021	Jan – Sep 2020
	Rupees in million		Rupees in million	
<b>Revenue from goods</b>	-	30	-	12,807
<b>Dividend income</b>	<b>1,160</b>	303	<b>3,626</b>	642
<b>Net operating revenue</b>	<b>1,160</b>	333	<b>3,626</b>	13,450
<b>EBIT</b>	<b>1,066</b>	249	<b>3,273</b>	1,904
Finance costs	<b>(51)</b>	(73)	<b>(152)</b>	(648)
Other (expenses) / income – net	<b>148</b>	142	<b>416</b>	(70)
<b>Earnings before tax</b>	<b>1,162</b>	318	<b>3,537</b>	1,326
Taxation	<b>(94)</b>	(71)	<b>(425)</b>	(319)
<b>Earnings after tax</b>	<b>1,068</b>	247	<b>3,112</b>	1,007
<b>Basic earnings per share - PKR</b>	<b>11.96</b>	2.77	<b>34.52</b>	11.27

Packages Limited is operating as a Holding Company and derives value for its shareholders from its equity participation in Nestle Pakistan Limited and group companies, namely, Packages Convertors Limited, Tri-Pack Films Limited, Bulleh Shah Packaging (Private) Limited, DIC Pakistan Limited, Packages Real Estate (Private) Limited, Packages Lanka (Private) Limited, OmyaPack (Private) Limited and Anemone Holdings (Private) Limited. Dividend income constitutes the major source of income of the Company and as a result, its income pattern follows the dividend distribution pattern of the subsidiaries. It is expected that improved operating performance of the subsidiaries will result in a better dividend payout to the Company.

During the period, the operating results of the Company are not comparable with the corresponding period of 2020 since the manufacturing operations of the Company were transferred to wholly owned subsidiary i.e. Packages Convertors Limited on July 01, 2020. As a result, the related revenue streams became part of standalone financial statements of that individual subsidiary, which is now reported under the consolidated financial statements of the Company.

The Company has earned dividend income from its subsidiaries and associates amounting to Rs. 3,626 million during the nine month period ended September 30, 2021 compared to that of Rs. 642 million earned during the corresponding period of 2020. This resulted in achieving earnings after tax of Rs. 3,112 million compared to Rs. 1,007 million earned during the corresponding period of 2020 and resulted in an increase in earnings after tax, from PKR 11.27/share to PKR 34.52/share. This is mainly on account of better operating performance of Bulleh Shah Packaging (Private) Limited and Packages Convertors Limited.

#### **Public offer for Tri-Pack Films Limited**

During the current period, Mitsubishi Corporation (the “MC”) indicated its intention of selling its entire 7,500,000 ordinary shares i.e., 19.33% shareholding of Tri-Pack Films Limited ('TPFL'). As per the Joint Venture agreement between MC and the Company, the Company had the right of first refusal to purchase the entire shareholding of MC. Accordingly, the Company entered into a Share Purchase Agreement on June 08, 2021 with MC for the purchase of entire shareholding of MC in TPFL at a negotiated purchase price of Rs 154.62/share amounting to Rs 1,159.65 million (excluding transaction costs) subject to fulfilment of applicable corporate and regulatory approvals.

In addition, the Company may acquire such number of ordinary shares of TPFL from the public as may be offered and acquired in accordance with the provisions of Part IX of the Securities Act 2015 and of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 (the “Takeover Laws”).

Accordingly, the Company made its Public Announcement of offer on October 28, 2021 regarding this proposed acquisition in accordance with the Takeover Laws, upon completion of applicable corporate and regulatory approvals.

The proposed acquisition will be executed upon completion of all legal formalities in accordance with the Takeover Laws and share purchase agreement.

## **COMPANY'S STAFF AND CUSTOMERS**

The management is thankful to the Company's stakeholders, especially its customers, for their continuing confidence in its products and services.

The management also wishes to express its gratitude to all the Company's employees who have worked tirelessly throughout. We appreciate their hard work, loyalty and dedication.



**Towfiq Habib Chinoy**  
(Chairman)  
Lahore, October 28, 2021



**Syed Hyder Ali**  
(Chief Executive & Managing Director)  
Lahore, October 28, 2021

کمپنی نے 30 ستمبر 2021 کو ختم ہونے والے نو ماہ کے دوران اپنے ذیلی اداروں سے 3,626 ملین روپے کا منافع منقسمہ حاصل کیا جبکہ 2020 کی اسی مدت کے دوران 642 ملین روپے تھا۔ نتیجتاً 3,112 ملین روپے کا منافع بعد از ٹیکس حاصل ہوا جو کہ 2020 میں اسی مدت کے دوران 1007 ملین روپے تھا۔ جس سے آمدن فی شیئر 11.27 فی شیئر سے بڑھ کر 34.52 فی شیئر ہو گئی ہے۔ جسکی بنیادی وجہ بلے شاہ پیکجنگ (پرائیویٹ) لمیٹڈ اور پیکجز کنورٹر لمیٹڈ کے آپریٹنگ نتائج میں بہتری تھی۔

### ٹرائی پک فلز لمیٹڈ کے لئے پبلک آفر:

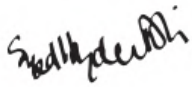
موجودہ مدت کے دوران مٹھو بشی کارپوریشن (ایم سی) نے ٹرائی پک فلز لمیٹڈ میں اپنے مکمل 7,500,000 عمومی شیئرز یعنی ٹرائی پک فلز لمیٹڈ (TPFL) میں 19.33 فیصد شراکت داری بیچنے کا ارادہ ظاہر کیا۔ ایم سی اور کمپنی کے درمیان جوائنٹ وینچر معاہدہ کے تحت کمپنی ایم سی کی مکمل شیئر ہولڈنگ خریدنے کا پہلا استحقاق رکھتی ہے۔ اس کے مطابق کمپنی نے ایم سی کے ساتھ 8 جون 2021 کو شیئرز کی خریداری کا معاہدہ کیا جس کے تحت کمپنی ایم سی کی مکمل شراکت داری 154.62 فی شیئر جس کی رقم 1,159.65 ملین روپے میں (ماسوائے ٹرانزیکشن کی لاگت) خرید رہی ہے۔ جو کہ مروجہ کارپوریٹ اور ریگولیٹری منظور یوں سے مشروط ہے۔

اس کے علاوہ کمپنی یہ عمومی شیئر عام پبلک سے بھی خرید سکتی ہے جو کہ سکیورٹیز ایکٹ 2015 پارٹ 1 اور لسٹڈ کمپنیز ریگولیشن 2017 (Substantial Acquisition of Voting Shares and Takeover) کے دفعات کے مطابق ہے۔

اس کے مطابق 28 اکتوبر 2021 کو کمپنی کے قابل اطلاع کارپوریٹ اور ریگولیٹری منظور یوں کی تکمیل کے بعد مجوزہ خریداری کیلئے (Public Announcement of Offer) کی ہے جو کہ Takeover کے قوانین کے مطابق ہے۔  
مجوزہ ٹرانزیکشن کو Takeover قوانین اور شیئر خریداری کے معاہدہ کے مطابق تمام قانونی رسمی کاروائیوں کی تکمیل کے بعد عمل میں لایا جائیگا۔

### کمپنی کا اسٹاف اور صارفین

انتظامیہ کمپنی کے اسٹیک ہولڈرز بالخصوص اپنے صارفین کی مصنوعات اور سروسز پر مکمل اعتماد کے لئے ان کی مشکور ہے۔  
انتظامیہ اس امر پر بھی اپنی خوشی کا اظہار کرتی ہے کہ کمپنی کے تمام ملازمین نے غیر معمولی کارکردگی اور انتھک محنت کا مظاہرہ کیا۔ ہم ان کی محنت، ایمانداری اور عزم کو خراج تحسین پیش کرتے ہیں۔



سید حیدر علی

(چیف ایگزیکٹو اور مینجنگ ڈائریکٹر)

لاہور، 28 اکتوبر، 2021



توفیق حبیب چنائے

(چیرمین)

لاہور، 28 اکتوبر، 2021



## 30 ستمبر 2021 کو ختم ہونے والی نو ماہ کے لئے ڈائریکٹرز کی رپورٹ بشمول عبوری غیر آڈٹ شدہ مالیاتی معلومات

پیکجز لمیٹڈ کے ڈائریکٹرز بہ مسرت نو ماہ کی رپورٹ بشمول کمپنی کے مجموعی عبوری غیر آڈٹ شدہ مالیاتی معلومات برائے مدت 30 ستمبر 2021 پیش کر رہے ہیں۔

مالیاتی اور آپریشنل کارکردگی

30 ستمبر 2021 کو ختم ہونے والی نو ماہ کی مدت کے لئے غیر آڈٹ شدہ مالیاتی نتائج کا تقابل بمقابلہ 30 ستمبر 2020 درج ذیل ہے۔

مجموعی سہ ماہی		تیسری سہ ماہی		
جنوری سے ستمبر		جولائی سے ستمبر		
2020	2021	2020	2021	
(روپے ملین میں)		(روپے ملین میں)		
12,807	-	30	-	ریونیو
642	3,626	303	1,160	منقسم آمدن
13,450	3,626	333	1,160	نیٹ آپریٹنگ ریونیو
1,904	3,273	249	1,066	(EBIT)
(648)	(152)	(73)	(51)	فنانس کی لاگت
(70)	416	142	148	دیگر (آمدنی)/ اخراجات - خالص
1,326	3,537	318	1,162	آمدنی قبل از ٹیکس
(319)	(425)	(71)	(94)	ٹیکسیشن
1,007	3,112	247	1,068	آمدنی بعد از ٹیکس
11.27	34.52	2.77	11.96	بنیادی آمدنی فی شیئر روپے

پیکجز لمیٹڈ ہولڈنگ کمپنی کے طور پر کام کر رہی ہے اور اپنے شیئرز ہولڈرز کے لئے عیسے پاکستان لمیٹڈ اور گروپ کمپنیز پیکجز کنورٹرز لمیٹڈ، پیکجز ریل اسٹیٹ (پرائیویٹ) لمیٹڈ، بے شاہ پیکجز (پرائیویٹ) لمیٹڈ، ڈی آئی سی پاکستان لمیٹڈ، ٹرائی پیک فلرز لمیٹڈ، پیکجز انکا (پرائیویٹ) لمیٹڈ، اومیا پیک (پرائیویٹ) لمیٹڈ اور ای بی مون ہولڈنگز (پرائیویٹ) لمیٹڈ میں ایکویٹی شراکت کے ذریعے ویلیو اخذ کرتی ہے۔ کمپنی کے آمدن بنیادی طور پر منافع منقسمہ پر مشتمل ہے نتیجتاً اسکی آمدن کا پیٹرن اسکے ذیلی اداروں کے منافع منقسمہ کے پیٹرن پر مبنی ہے۔ خیال کیا جا رہا ہے کہ ذیلی اداروں کی کارکردگی کمپنی کے منافع منقسمہ میں بہتری لائی گی۔

موجودہ مدت کے دوران کمپنی کے آپریٹنگ نتائج کا تقابل 2020 کی اسی مدت سے ممکن نہیں ہے چونکہ کمپنی کے مینوفیکچرنگ آپریشنز یکم جولائی 2020 سے مکمل ملکیتی ذیلی ادارے ”پیکجز کنورٹرز لمیٹڈ“ میں منتقل ہو چکے ہیں۔ نتیجتاً متعلقہ ذرائع آمدن ذیلی ادارے کے انفرادی مالی حسابات کا حصہ بن چکے ہیں جس کو کمپنی کے مجموعی مالیاتی حسابات کے تحت رپورٹ کیا جاتا ہے۔



# PACKAGES LIMITED

## CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT SEPTEMBER 30, 2021

	Note	September 30, 2021 Un-audited (Rupees in thousand)	December 31, 2020 Audited
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorised share capital			
150,000,000 (December 31, 2020: 150,000,000) ordinary shares of Rs 10 each		<b>1,500,000</b>	1,500,000
22,000,000 (December 31, 2020: 22,000,000) 10% non-voting preference shares / convertible stock of Rs 190 each		<b>4,180,000</b>	4,180,000
Issued, subscribed and paid up share capital			
89,379,504 (December 31, 2020: 89,379,504) ordinary shares of Rs 10 each		<b>893,795</b>	893,795
8,186,842 (December 31, 2020: 8,186,842) 10% non-voting preference shares / convertible stock of Rs 190 each		<b>606,222</b>	606,222
Other reserves		<b>43,483,296</b>	45,029,439
Revenue reserve: Un-appropriated profits		<b>3,486,312</b>	3,161,751
		<b>48,469,625</b>	49,691,207
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	6	<b>932,650</b>	932,650
Long term advances		<b>11,038</b>	8,163
Employee retirement benefits obligations		<b>326,444</b>	302,697
Deferred tax liability		<b>14,525</b>	-
Deferred liabilities		<b>60,666</b>	39,381
		<b>1,345,323</b>	1,282,891
Current portion of non-current liabilities		<b>3,408</b>	2,173
Short term borrowings - secured		-	453,159
Trade and other payables		<b>1,384,441</b>	1,511,168
Unclaimed dividend		<b>62,906</b>	54,750
Accrued markup		<b>116,444</b>	172,603
		<b>1,567,199</b>	2,193,853
<b>CONTINGENCIES AND COMMITMENTS</b>			
	7	-	-
		<b>51,382,147</b>	53,167,951

### ASSETS

#### NON-CURRENT ASSETS

Property, plant and equipment	8	<b>245,483</b>	164,705
Investment properties		<b>1,384,246</b>	1,421,693
Intangible assets		<b>2,226</b>	2,611
Investments	9	<b>44,483,470</b>	46,186,402
Long term security deposits		<b>5,125</b>	5,344
Deferred tax asset		-	262,476
		<b>46,120,550</b>	48,043,231

#### CURRENT ASSETS

Short term investments	<b>1,215,000</b>	-
Trade receivables	<b>38,334</b>	74,418
Loans, advances, deposits, prepayments and other receivables	<b>799,591</b>	1,926,840
Income tax receivable	<b>3,060,679</b>	2,996,785
Cash and bank balances	<b>147,993</b>	126,677
	<b>5,261,597</b>	5,124,720

	Note	September 30, 2021 Un-audited (Rupees in thousand)	December 31, 2020 Audited
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	<b>245,483</b>	164,705
Investment properties		<b>1,384,246</b>	1,421,693
Intangible assets		<b>2,226</b>	2,611
Investments	9	<b>44,483,470</b>	46,186,402
Long term security deposits		<b>5,125</b>	5,344
Deferred tax asset		-	262,476
		<b>46,120,550</b>	48,043,231
<b>CURRENT ASSETS</b>			
Short term investments		<b>1,215,000</b>	-
Trade receivables		<b>38,334</b>	74,418
Loans, advances, deposits, prepayments and other receivables		<b>799,591</b>	1,926,840
Income tax receivable		<b>3,060,679</b>	2,996,785
Cash and bank balances		<b>147,993</b>	126,677
		<b>5,261,597</b>	5,124,720
		<b>51,382,147</b>	53,167,951

The annexed notes 1 to 19 form an integral part of this condensed unconsolidated unaudited interim financial statements.

Chief Executive & Managing Director

Director

Chief Financial Officer

## PACKAGES LIMITED

### CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

for the three month and nine month periods ended September 30, 2021

		Three-month period ended		Nine-month period ended	
		September 30,	September 30,	September 30,	September 30,
		2021	2020	2021	2020
		Un-audited	Un-audited	Un-audited	Un-audited
Note		(Rupees in thousand)			
Sale from goods and services	10	-	30,358	-	12,807,591
Dividend income		1,159,923	303,164	3,626,206	642,422
<b>Net operating revenue</b>		<b>1,159,923</b>		<b>3,626,206</b>	13,450,013
Cost of sales	11	-	(15,931)	-	(10,011,047)
<b>Gross profit</b>		<b>1,159,923</b>	317,591	<b>3,626,206</b>	3,438,966
Administrative expenses		(119,131)	(135,189)	(366,449)	(714,695)
Distribution and marketing costs		-	-	-	(747,740)
Net reversal / (impairment) on financial assets		25,203	66,886	12,993	(72,210)
Other expenses		(780)	(30,510)	(30,113)	(245,278)
Other income		147,839	172,625	446,573	315,759
		1,213,054	391,403	3,689,210	1,974,802
Finance cost		(50,765)	(72,873)	(152,360)	(648,132)
<b>Profit before taxation</b>		<b>1,162,289</b>	318,530	<b>3,536,850</b>	1,326,670
Taxation		(93,552)	(71,294)	(425,000)	(319,000)
<b>Profit for the period</b>		<b>1,068,737</b>	247,236	<b>3,111,850</b>	1,007,670
<b>Earnings per share</b>	12				
<b>Basic</b>	Rupees	<b>11.96</b>	2.77	<b>34.52</b>	11.27
<b>Diluted</b>	Rupees	<b>11.24</b>	2.77	<b>32.74</b>	11.18

The annexed notes 1 to 19 form an integral part of this condensed unconsolidated unaudited interim financial statements.

**Chief Executive & Managing Director**

**Director**

**Chief Financial Officer**

## PACKAGES LIMITED

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

for the three month and nine month periods ended September 30, 2021

	Three month period ended		Nine-month period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(Rupees in thousand)			
Profit for the period	1,068,737	247,236	3,111,850	1,007,670
<b>Other comprehensive income / (loss) :</b>				
<i>Items that will not be subsequently reclassified to profit or loss:</i>				
Remeasurements of retirement benefits	-	-	-	(22,361)
Tax effect of remeasurements of retirement benefits	-	-	-	7,181
Changes in the fair value of equity investments at fair value through other comprehensive income ('FVOCI')	860,493	(492,649)	(2,296,143)	(5,291,409)
	860,493	(492,649)	(2,296,143)	(5,306,589)
<i>Items that might be reclassified to profit or loss</i>	-	-	-	-
<b>Other comprehensive income / (loss) for the period</b>	860,493	(492,649)	(2,296,143)	(5,306,589)
<b>Total comprehensive income /(loss) for the period</b>	<b>1,929,230</b>	<b>(245,413)</b>	<b>815,707</b>	<b>(4,298,919)</b>

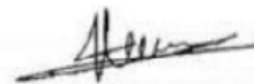
The annexed notes 1 to 19 form an integral part of this condensed unconsolidated unaudited interim financial statements.



**Chief Executive &  
Managing Director**



**Director**



**Chief  
Financial  
Officer**

## PACKAGES LIMITED

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

for the nine month period ended September 30, 2021

	Issued, subscribed and paid up share capital		Reserves				Capital and reserves	
			Capital reserves			Revenue reserves		
	Ordinary share capital	Preference shares / convertible stock	Share premium	FVOCI reserve	Capital redemption reserve	General reserve	Un-appropriated profits	Total
(Rupees in thousand)								
Balance as on January 01, 2020 (audited)	893,795	606,222	3,766,738	25,391,541	1,615,000	18,310,333	2,338,349	52,921,978
Appropriation of reserves								
Transfer to general reserve	-	-	-	-	-	1,000,000	(1,000,000)	-
Transaction with owners in their capacity as owners, recognised directly in equity								
Final dividend for the year ended December 31, 2019 of Rs 12.00 per share	-	-	-	-	-	-	(1,072,553)	(1,072,553)
Total comprehensive income / (loss) for the period ended September 30, 2020								
Profit for the period	-	-	-	-	-	-	1,007,670	1,007,670
Other comprehensive loss for the period	-	-	-	(5,291,409)	-	-	(15,180)	(5,306,589)
	-	-	-	(5,291,409)	-	-	992,490	(4,298,919)
Balance as on September 30, 2020 (un-audited)	893,795	606,222	3,766,738	20,100,130	1,615,000	19,310,333	1,258,286	47,550,504
Balance as at December 31, 2020 (audited)	893,795	606,222	3,766,738	20,337,368	1,615,000	19,310,333	3,161,751	49,691,207
Appropriation of reserves								
Transfer to general reserve	-	-	-	-	-	750,000	(750,000)	-
Transaction with preference shareholders								
Participating dividend on preference shares	-	-	-	-	-	-	(26,250)	(26,250)
Transaction with owners in their capacity as owners, recognised directly in equity								
Final dividend for the year ended December 31, 2020 of Rs.22.5 per share	-	-	-	-	-	-	(2,011,039)	(2,011,039)
Total comprehensive (loss) / income for the period ended September 30, 2021								
Profit for the period	-	-	-	-	-	-	3,111,850	3,111,850
Other comprehensive loss for the period	-	-	-	(2,296,143)	-	-	-	(2,296,143)
	-	-	-	(2,296,143)	-	-	3,111,850	815,707
Balance as on September 30, 2021 (un-audited)	893,795	606,222	3,766,738	18,041,225	1,615,000	20,060,333	3,486,312	48,469,625

The annexed notes 1 to 19 form an integral part of this condensed unconsolidated unaudited interim financial statements.

Chief Executive & Managing Director

Director

Chief Financial Officer

# PACKAGES LIMITED

## CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

for the nine month period ended September 30, 2021

Note	Nine-month period ended	
	September 30,	September 30,
	2021	2020
	Un-audited	Un-audited
	(Rupees in thousand)	
<b>Cash flows from operating activities</b>		
Cash generated from operations	15 67,465	1,167,654
Finance cost paid	(173,877)	(811,728)
Income tax paid	(211,893)	(399,805)
Long term loans - net	-	40
Long term security deposits - net	219	355
Net receipts from / (payments for) accumulated compensated absences	735	(1,402)
Employee retirement benefits paid	(4,520)	(11,107)
<b>Net cash outflow from operating activities</b>	<b>(321,871)</b>	<b>(55,993)</b>
<b>Cash flows from investing activities</b>		
Fixed capital expenditure	(105,610)	(676,506)
Investments made in equity securities	(593,211)	(216,665)
Investments made in debt securities	(1,215,000)	(90,000)
Long term advances - net	4,110	(22)
Proceeds from maturity of investments	-	80,000
Proceeds from disposal of operating fixed assets	17,223	42,698
Dividends received	4,717,967	642,422
<b>Net cash inflow / (outflow) from investing activities</b>	<b>2,825,479</b>	<b>(218,073)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long term finances	-	2,243,333
Repayment of lease liabilities	-	(11,587)
Dividend paid	(2,029,133)	(1,072,389)
<b>Net cash (outflow) / inflow from financing activities</b>	<b>(2,029,133)</b>	<b>1,159,357</b>
<b>Net increase in cash and cash equivalents</b>	<b>474,475</b>	<b>885,291</b>
Short term borrowings transferred	-	3,400,000
Cash and cash equivalents at the beginning of the period	(326,482)	(5,478,016)
<b>Cash and cash equivalents at the end of the period</b>	<b>147,993</b>	<b>(1,192,725)</b>

The annexed notes 1 to 19 form an integral part of this condensed unconsolidated unaudited interim financial statements.

Chief Executive & Managing Director

Director

Chief Financial Officer

## **PACKAGES LIMITED**

### **NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED) for the nine month period ended September 30, 2021**

#### **1. Legal status and nature of business**

Packages Limited (the 'Company') is a public company limited by shares incorporated in Pakistan. The Company's ordinary shares are listed on the Pakistan Stock Exchange Limited. 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 is located at Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore, Pakistan.

These condensed interim unconsolidated financial statements are the separate financial statements of the Company in which investment in subsidiaries, associates and joint venture have been accounted for at cost less accumulated impairment losses, if any. Condensed interim consolidated financial statements are prepared separately.

As detailed in note 2 of the annual audited financial statements for the year ended December 31, 2020, the Company was principally engaged in the manufacture and sale of packaging materials and tissue and consumer products till the date of transfer of its manufacturing business to its wholly-owned subsidiary - Packages Convertors Limited as at July 1, 2020 and recognised investment in subsidiary at the carrying value of the net assets transferred and no gain or loss was recognised by the Company on this transfer. On January 14, 2021, Securities Exchange Commission of Pakistan ('SECP') granted the approval for the proposed issuance of 30,829,021 ordinary shares (of Rs 100 each) at par value, for a consideration against transfer of net assets of the Company. These shares have been issued in the name of the Company on February 17, 2021.

The Company is now an investment holding company having investments in companies engaged in various businesses including packaging materials and tissue and consumer products, industrial inks, paper, paperboard products and corrugated boxes, biaxially oriented polypropylene ('BOPP') and cast polypropylene ('CPP') films, ground calcium carbonate products, insurance, power generation and real estate. Pursuant to this, the dividend income of the Company is now disclosed as a part of the net operating revenue.

#### **2. Basis of preparation**

##### **2.1 Statement of compliance**

These condensed interim unconsolidated 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.

**2.2** These condensed interim financial statements are un-audited. These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended December 31, 2020. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and performance since the last annual financial statements.

#### **3. Significant accounting policies**

**3.1** The accounting policies and methods of computation adopted in the preparation of this condensed interim unconsolidated financial statements are the same as those applied in the preparation of preceding annual audited financial statements of the Company for the year ended December 31, 2020, except for the adoption of new and amended standards as set out in note 3.2.1.

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

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

###### **3.2.1 Standards, amendments and interpretations to 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 01, 2021, 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 unconsolidated 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 accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2022, 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 unconsolidated financial statements.

## **4 Accounting estimates**

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

In preparing these condensed interim unconsolidated financial statements, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the annual financial statements of the Company for the year ended December 31 2020, with the exception of change in estimate that is required in determining the provision for income taxes as referred to in note 5.

## **5. Taxation**

Income tax expense comprises current and deferred tax. SECP vide its certificate dated November 06, 2019, has registered the Company and its wholly-owned subsidiaries, Bulleh Shah Packaging (Private) Limited ('BSPPL'), Packages Converters Limited ('PCL') and Packages Investments Limited ('PIL') (together 'the Group') for group taxation. Consequent to the filing of declaration for group taxation for the tax year 2022 by the Group, the Group will be taxed as one fiscal unit for the tax year 2022.

Income tax expense is recognized in each interim period based on best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year if the estimate of the annual income tax rate changes. 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 realizability 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 condensed interim unconsolidated statement of profit or loss in the period in which they arise.

## **6. Long term finances**

### **6.1 Preference shares / convertible stock - unsecured**

During the year 2009, the Company issued 10.00% local currency non-voting preference shares / convertible stock at the rate of Rs 190 per share amounting to USD 50 million equivalent to Rs 4,120.50 million under "Subscription Agreement" dated March 25, 2009 with International Finance Corporation (IFC).

#### **Terms of redemption / conversion**

Each holder of preference shares / convertible stock shall have a right to settle at any time, at the option of holder, either in the form of fixed number of ordinary shares, one ordinary share for one preference share / convertible stock, or cash. The Company may, on its discretion, refuse to purchase the preference shares / convertible stock offered to it for purchase in cash. In case of refusal by the Company, preference shareholders shall have the right to either retain the preference shares / convertible stock or to convert them into ordinary shares. The preference shares / convertible stock can be held till perpetuity if preference shareholders do not opt for the conversion or cash settlement.

#### **Rate of return**

The preference share / convertible stock holders have a preferred right of return at the rate of 10.00% per annum on a non-cumulative basis till the date of settlement of preference shares / convertible stock either in cash or ordinary shares. In case the amount of dividend paid to an ordinary shareholder exceeds that paid to a preference shareholder, the preference shareholders have the right to share the excess amount with the ordinary shareholders on an as-converted basis.

Preference shares / convertible stock are recognised in the condensed interim unconsolidated statement of financial position as follows:

	September 30, 2021	December 31, 2020
	Un-audited	Audited
	(Rupees in thousand)	
Face value of preference shares / convertible stock	1,555,500	1,555,500
[8,186,842 (December 31, 2020: 8,186,842) shares of Rs 190 each]	(16,628)	(16,628)
Transaction costs	1,538,872	1,538,872
Equity component - classified under capital and reserves	(606,222)	(606,222)
Liability component - classified under long term finances	932,650	932,650
Accrued return on preference shares / convertible stock		
- classified under accrued markup	116,444	155,550

The fair value of the liability component of the preference shares / convertible stock is calculated by discounting cash flows at a rate of approximately 16.50% till perpetuity which represents the rate of similar instrument with no associated equity component. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity as preference shares / convertible stock.

**6.2** The Company has also signed a loan agreement with IFC on June 12, 2020 for a five-year loan of USD 25 million for future funding needs. No disbursement has been made from the said facility till the date of authorization of these condensed interim unconsolidated financial statements.

Mark up will be charged at the rate of London Inter-bank Offer Rate ('Libor') plus 2% from the date of disbursement. However, finance cost amounting to Rs 34.6 million (September 30, 2020 : Nil) has been recognised during the period as commitment fee on the undisbursed amount of facility availed from IFC as referred above.

## 7. Contingencies and commitments

### 7.1 Contingencies

There is no significant change in contingencies from the preceding annual audited financial statements of the Company for the year ended December 31, 2020, except for the following:

- (i) 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 2.60 million equivalent to Rs 441.840 million (December 31, 2020: USD 4.0 million equivalent to Rs 639.338 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.
- (ii) The banks have issued the following guarantees on Company's behalf in favour of:
 

Sui Northern Gas Pipelines Limited against gas supply for Packages Limited amounting to Rs 7.50 million (December 31, 2020: Rs 7.50 million).

Shell Pakistan Limited against fuel cards amounting to Rs 2.0 million (December 31, 2020: Rs 2.0 million).

Director Excise and Taxation against customs clearing amounting to Rs 54.00 million (December 31, 2020: Rs 54.00 million).

Sindh High Court against stay order proceedings amounting to Rs 12.580 million (December 31, 2020: Rs 12.580 million).

Pakistan State Oil Limited against fuel cards amounting to Rs 15.00 million (December 31, 2020: Rs 15.00 million).
- (iii) In respect of tax year 2017, an order dated April 29, 2021 had been issued by the Deputy Commissioner Inland Revenue, ('DCIR') and a demand amounting to Rs 1,520 million has been raised under section 137(2) of the Income Tax Ordinance 2001. The tax authorities have raised the demand primarily by disallowing certain expenses and also including certain additions in the taxable income. The action taken by DCIR is, in an adhoc and arbitrary manner, despite all matters concluded in the audit for tax year 2014 on similar issues as well as the data provided during the monitoring proceedings for that year have been finalized without providing an adequate opportunity of being heard to the company and the above mentioned additions / disallowances are made on an 'exparte basis'.

Being aggrieved by the decision of DCIR, the Company has filed an appeal before Commissioner Inland Revenue Appeals(CIRA) dated May 28, 2021 against this impugned order, and at the same time the Company has also filed an application for stay against any coercive action taken by Federal Board of Revenue in Sindh High Court dated June 1, 2021. The stay is valid till the decision of CIR(A).

Based on the advice of the Company's tax advisor, the management believes that there are meritorious grounds to support the Company's stance in respect of this matter. Consequently, no provision for this amount has been made in these condensed interim unconsolidated financial statements.

## 7.2 Commitments in respect of

- (i) Letters of credit other than capital expenditure amounting to Rs 12.7 million (December 31, 2020: Nil).

## 8. Property, plant and equipment

		September 30, 2021 Un-audited (Rupees in thousand)	December 31, 2020 Audited
Operating fixed assets	- note 8.1 & 8.2	163,360	160,895
Capital work-in-progress	- note 8.3	82,123	3,810
		<b>245,483</b>	<b>164,705</b>

### 8.1 Operating fixed assets

		September 30, 2021 Un-audited (Rupees in thousand)	December 31, 2020 Audited
Opening net book value		160,895	6,205,128
Additions during the period / year	- note 8.2.1	28,981	704,422
Disposals during the period / year at net book value		15,841	32,660
Transfer during the period / year at net book value		-	5,333,185
Transfer out to investment property		-	948,105
Depreciation charged during the period / year		10,675	434,705
		<b>26,516</b>	<b>6,748,655</b>
Closing net book value		<b>163,360</b>	<b>160,895</b>

#### 8.1.1 Additions during the period / year

	September 30, 2021 Un-audited (Rupees in thousand)	December 31, 2020 Audited
Freehold land	-	37
Leasehold land	-	118
Buildings on freehold land	174	38,279
Plant and machinery	-	462,783
Other equipment (computers, lab equipment and other office equipment)	10,132	140,933
Furniture and fixtures	-	51
Vehicles	18,675	62,221
	<b>28,981</b>	<b>704,422</b>

**8.2** A portion of the land on which the Company's buildings are situated, measuring 231 kanals and 19 marlas, was leased out to the Company by Government of Punjab ('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 deposited such amount in compliance with the direction on January 10, 2019. The 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. The surveyors were appointed, who have submitted their independent valuation reports to BoR and the Court. The matter is pending for further action as of the date of the authorization for issue of these condensed interim unconsolidated financial statements. Moreover, the Court has further decided that the land shall be sold through an open auction with the Company getting the right of first refusal.

The management has, on the basis of assessment of fair value of the said portion of land by independent valuers, as appointed by the Court, and its understanding of the prevalent market terms relating to rent of such properties in the vicinity of the said portion of land, recognised an expense of Rs 78.187 million (2020: Rs 130.5 million) in respect of rent for the year from January 2021 to September 2021. The management is confident that the final amount of rent will be in congruence with the provision made in these condensed interim unconsolidated financial statements, inter alia based on the fair value determined by the independent valuers and the relevant facts and circumstances.

### 8.3 Capital work-in-progress

	September 30, 2021	December 31, 2020
	Un-audited	Audited
	(Rupees in thousand)	
Civil works	65,523	-
Plant and machinery	2,499	-
Advances to suppliers	9,231	3,810
Others	4,870	-
	<b>82,123</b>	<b>3,810</b>

### 9. Investments

Opening balance	46,186,402	47,713,862
Add: Investments made during the period / year - note 9.1	593,211	3,526,712
Changes in the fair value of equity investments at fair value through other comprehensive income	(2,296,143)	(5,054,172)
Closing balance	<b>44,483,470</b>	<b>46,186,402</b>

#### 9.1 Investments made in related parties during the period / year

Anemone Holdings Limited - wholly-owned subsidiary	192,211	443,810
Packages Convertors Limited - wholly-owned subsidiary	-	3,082,902
StarchPack (Private) Limited - wholly-owned subsidiary	401,000	-
	<b>593,211</b>	<b>3,526,712</b>

**9.2** As of September 30, 2021, an aggregate of 1,600,000 (December 31, 2020: 1,600,000) shares of Nestle Pakistan Limited having market value of Rs 9,657.28 million (December 31, 2020: Rs 10,664.016 million) have been pledged in favour of HBL Pakistan. Out of aggregate shares pledged, 182,000 (December 31, 2020: 182,000) shares are pledged against issuance of standby letter of credit in favour of HBL Bahrain as referred to in note 7.1 (i) and the remaining 1,418,000 shares (December 31, 2020: 1,418,000) are pledged against the long term loans of the wholly-owned subsidiary, Packages Convertors Limited.

**9.3** During the current period, Mitsubishi Corporation (the "MC") indicated its intention of selling its entire 7,500,000 ordinary shares i.e., 19.33% shareholding of Tri-Pack Films Limited ("TPFL"). As per the Joint Venture agreement between MC and the Company, the Company had the right of first refusal to purchase the entire shareholding of MC. Accordingly, the Company entered into a Share Purchase Agreement on June 08, 2021 with MC for the purchase of entire shareholding of MC in TPFL at a negotiated purchase price of Rs 154.62/share amounting to Rs 1,159.65 million (excluding transaction costs) subject to fulfilment of applicable corporate and regulatory approvals.

In addition, the Company may acquire such number of ordinary shares of TPFL from the public as may be offered and acquired in accordance with the provisions of Part IX of the Securities Act 2015 and of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 (the "Takeover Laws").

Accordingly, the Company made its Public Announcement of offer on October 28, 2021 regarding this proposed acquisition in accordance with the Takeover Laws, upon completion of applicable corporate and regulatory approvals.

The proposed acquisition will be executed upon completion of all legal formalities in accordance with the Takeover Laws and share purchase agreement.

### 10. Sales from goods and services

		Three-month period ended		Nine-month period ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
		Un-audited	Un-audited	Un-audited	Un-audited
		(Rupees in thousand)		(Rupees in thousand)	
Local sales	-	9,113	-	15,316,906	-
Export sales	-	22,591	-	113,701	-
	-	31,704	-	15,430,607	-
Less: Sales tax	-	1,346	-	2,365,394	-
Trade discounts	-	-	-	257,622	-
	-	1,346	-	2,623,016	-
	-	30,358	-	12,807,591	-

**11. Cost of sales**

	Three-month period ended		Nine-month period ended	
	September 30,	September 30,	September 30,	September 30,
	2021	2020	2021	2020
	Un-audited	Un-audited	Un-audited	Un-audited
	(Rupees in thousand)		(Rupees in thousand)	
Raw materials consumed	-	15,931	-	5,677,195
Salaries, wages and amenities	-	-	-	881,189
Travelling and conveyance	-	-	-	6,282
Fuel and power	-	-	-	508,224
Production supplies consumed	-	-	-	265,571
Rent and rates	-	-	-	41,475
Insurance	-	-	-	23,372
Repairs and maintenance	-	-	-	166,463
Packing expenses	-	-	-	200,334
Depreciation on operating fixed assets	-	-	-	398,752
Amortisation of intangible assets	-	-	-	2,739
Technical fees	-	-	-	37,506
Other expenses	-	-	-	175,657
	-	15,931	-	8,384,759
Opening work-in-process	-	-	-	361,617
Closing work-in-process	-	-	-	-
Cost of goods manufactured	-	15,931	-	8,746,376
Opening stock of finished goods	-	-	-	1,264,671
	-	15,931	-	10,011,047
Closing stock of finished goods	-	-	-	-
	-	15,931	-	10,011,047

**12. Earnings per share**

**Basic earnings per share**

Profit for the period	<b>Rupees in thousand</b>
Participating preference dividend	<b>Rupees in thousand</b>
Net profit attributable to ordinary shareholders	<b>Rupees in thousand</b>
Weighted average number of ordinary shares	<b>Number</b>
Basic earnings per share	<b>Rupees</b>

**Diluted earnings per share**

Profit for the period	<b>Rupees in thousand</b>
Return on preference shares / convertible stock - net of tax	<b>Rupees in thousand</b>
Weighted average number of ordinary shares	<b>Number</b>
Weighted average number of notionally converted preference shares / convertible stock	<b>Number</b>
Diluted earnings per share	<b>Rupees</b>

Three-month period ended		Nine-month period ended	
Sep 30, 2021 Un-audited	Sep 30, 2020 Un-audited	Sep 30, 2021 Un-audited	Sep 30, 2020 Un-audited
1,068,737	247,236	3,111,850	1,007,670
-	-	(26,250)	-
1,068,737	247,236	3,085,600	1,007,670
89,379,504	89,379,504	89,379,504	89,379,504
11.96	2.77	34.52	11.27
1,068,737	247,236	3,111,850	1,007,670
27,838	28,240	82,604	83,201
1,096,575	275,476	3,194,454	1,090,871
89,379,504	89,379,504	89,379,504	89,379,504
8,186,842	8,186,842	8,186,842	8,186,842
97,566,346	97,566,346	97,566,346	97,566,346
11.24	2.77	32.74	11.18



### 13. Transactions with preference shareholders

This represents the additional entitlement of the preference share holders as mentioned in note 6. In addition to the preferred right of return at the rate of 10 percent per annum, either in cash or ordinary shares on a non-cumulative basis till the date of settlement of preference shares / convertible stock, the preference shareholders also have the right to share the excess amount with the ordinary shareholders on an as-converted basis in case the amount of dividend per share paid to an ordinary shareholder exceeds that paid to a preference shareholder. Since ordinary dividend of Rs 22.50 per share was approved for the year ended December 31, 2020, which exceeded the preferred return for that year, the additional preference dividend to be paid to the preference shareholders has been distributed to the preference shareholders as participating dividend and charged directly to the equity.

### 14. Transactions and balances with related parties

The related parties comprise of subsidiaries, joint ventures, associates, group companies, key management personnel including directors and post-employment staff retirement plans. The Company in the normal course of business carries out transactions with various 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	Nine-month period ended	
		September 30, 2021	September 30, 2020
		Un-audited	Un-audited
		(Rupees in thousand)	
i. Subsidiaries	Purchase of goods and services	766	2,980,470
	Sale of goods and services	1,536	128,425
	Transfer of goods on cost	-	561,299
	Dividend income	2,801,317	140,891
	Investment made	-	3,299,567
	Rental income and others	293,589	151,392
	Management and technical fee	72,800	54,187
	Purchase of property, plant and equipment	-	17,373
ii. Joint ventures	Sale of goods and services	-	2,595
	Dividend income	12,375	-
	Rental income and others	-	379
	Purchase of goods and services	-	1,042
iii. Associates	Purchase of goods and services	79	1,141,105
	Sale of goods and services	-	2,917
	Insurance premium paid	21,067	139,444
	Insurance claims received	-	2,288
	Rental income and other income	7,541	8,490
	Dividend income	169,898	45,099
	Dividend paid	600,912	320,486
iv. Retirement obligations	Expense charged in respect of defined benefit plans	46,100	101,562
	Expense charged in respect of contribution plans	10,349	27,194
	Dividend paid	63,730	33,989
v. Key management personnel	Salaries and other employee benefits	35,211	81,905
	Directors' meeting fee	7,775	4,461
	Dividend paid	66,111	30,774
vi. Other related party	Donations made	28,195	19,971

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

### Period / year end balances

	September 30, 2021	September 30, 2020
	Un-audited	Un-audited
	(Rupees in thousand)	
Receivable from related parties		
- Subsidiaries	365,247	322,812
- Joint ventures	1,072	351
- Group companies and other related party	47,194	32,442
Payable to related parties		
- Subsidiaries	779	10,130
- Group companies and other related party	7,208	10,161
- Retirement benefit obligations	5,484	4,398

**15. Cash flow information**

**15.1. Cash generated from operations**

**Profit before taxation**

Adjustments for non-cash items:

- Depreciation on owned assets
- Depreciation on right-of-use asset
- Depreciation on investment properties
- Amortisation on intangible assets
- Present value of long term liability
- Provision for accumulating compensated absences
- Provision for retirement benefits
- Profit on disposal of operating fixed asset
- Exchange loss
- Finance cost
- Net impairment (reversal) / losses on financial assets
- Stock-in-trade written off
- Stores and spares written off
- Liabilities no longer payable written back
- Reversal of provision against pending claims
- Capital work-in-progress charged to condensed interim unconsolidated statement of profit or loss
- Provision for obsolete / slow-moving stores and spares
- Provision for obsolete / slow-moving stock-in-trade
- Amortisation of deferred income
- Dividend income

**Profit before working capital changes**

**Effect on cash flow due to working capital changes**

- Decrease in trade debts
- Increase in stores and spares
- Increase in stock-in-trade
- Decrease / (increase) in loans, advances, deposits, prepayments and other receivables
- Decrease in trade and other payables

Nine-month period ended	
September 30, 2021	September 30, 2020
Un-audited	Un-audited
(Rupees in thousand)	
3,536,850	1,326,670
10,675	432,267
-	12,129
35,765	14,066
386	5,751
-	13,173
20,550	36,062
28,264	68,637
(1,382)	(10,077)
3	85,159
152,360	648,132
(12,993)	108,904
-	95,714
-	15,466
(22,039)	(6,580)
-	(11,534)
-	1,786
-	475
-	43,971
-	(6,446)
(3,626,206)	(642,422)
122,233	2,231,303
74,815	1,968,176
-	(126,196)
-	(1,592,003)
9,750	(247,099)
(139,333)	(1,066,527)
(54,768)	(1,063,649)
67,465	1,167,654

**16. Cash and cash equivalents**

Cash and bank balances

Finances under mark up arrangements - secured

September 30, 2021	September 30, 2020
Un-audited	Un-audited
(Rupees in thousand)	
147,993	128,123
-	(1,320,848)
147,993	(1,192,725)

**17. Financial risk management**

**17.1 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 unconsolidated 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 for the year ended December 31, 2020.

There have been no significant changes in the risk management policies since the year ended December 31, 2020.

**17.2 Fair value estimation**

**a) Fair value hierarchy**

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

- The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

- The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in Level 2.

- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity instruments.

To provide an indication about the reliability of the inputs used in determining fair value, the Company classifies its financial instruments into the three levels prescribed above. The following table presents the Company's significant financial assets measured and recognised at fair value at September 30, 2021 and December 31, 2020 on a recurring basis:

As at September 30, 2021	Un-audited			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
<b>Assets</b>				
<b><i>Recurring fair value measurements</i></b>				
Investments - FVOCI	22,026,131	-	5,000	22,031,131
<b>Liabilities</b>	-	-	-	-
As at December 31, 2020	Audited			
	Level 1	Level 2	Level 3	Total
	(Rupees in thousand)			
<b>Assets</b>				
<b><i>Recurring fair value measurements</i></b>				
Investments - FVOCI	24,322,274	-	5,000	24,327,274
<b>Liabilities</b>	-	-	-	-

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.

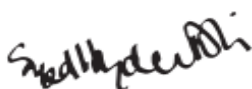
#### 18. Date of authorisation for issue

These condensed interim unconsolidated financial statements were authorised for issue on October 28, 2021 by the Board of Directors of the Company.

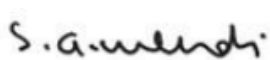
#### 19. Corresponding figures

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

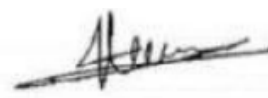
Corresponding figures have been re-arranged and reclassified wherever necessary, for the purpose of comparison and better presentation. The corresponding figures are not comparable as all the assets and related liabilities of manufacturing business were transferred to Packages Convertors Limited with effect from July 1, 2020 as detailed in note 1.



**Chief Executive**



**Director**



**Chief Financial Officer**

# Packages Limited and its subsidiaries

Condensed Interim Consolidated  
Unaudited Financial Statements

## **DIRECTORS' REPORT ON CONDENSED INTERIM UN-AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2021**

The Directors of the Parent Company take pleasure in presenting the un-audited consolidated financial statements of the Group for the nine months ended September 30, 2021. Comparison of the un-audited consolidated results of the nine months ended September 30, 2021 as against September 30, 2020 is as follows:

	<b>Jan - Sep 2021</b>	<b>Jan – Sep 2020</b>
	<b>(Rupees in million)</b>	
Invoiced sales – net	<b>60,083</b>	48,450
Profit from operations	<b>9,447</b>	6,124
Other operating expense-net	<b>(609)</b>	(322)
Finance costs	<b>(1,845)</b>	(2,917)
Share of profit / (loss) in associates and joint venture – net of tax	<b>110</b>	124
Profit before taxation	<b>7,104</b>	3,009
Taxation	<b>(2,351)</b>	(1,060)
Profit after tax	<b>4,753</b>	1,948

We are pleased to report that the core manufacturing operations have shown significantly improved performance in a challenging and competitive environment. During the current period of 2021, the Group has achieved net sales of Rs. 60,083 million against net sales of Rs. 48,450 million achieved during the corresponding period of last year representing sales growth of 24% with an operating profit of Rs 9,447 million as compared to Rs 6,124 million generated during the corresponding period last year, mainly on account of revenue growth and cost controls.

The Group's finance cost has decreased by Rs 1,072 million which is mainly attributable to decreased interest rates as compared to corresponding period of last year.

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

### **Packages Convertors Limited**

Packages Convertors Limited ('PCL') is an un-listed public limited subsidiary of Packages Limited. In 2019, the Board of Directors and Shareholders of Parent Company approved the internal restructuring of the Parent Company including transfer of its manufacturing business including folding cartons, flexible packaging, consumer products and mechanical fabrication & roll covers along with all relevant assets, operations and corresponding liabilities to PCL. In 2020, PCL received in-principle approval of Securities and Exchange Commission of Pakistan (SECP) subject to certain conditions being met against its application under regulation 7 of the Companies (Further Issue of Shares) Regulations, 2018 read with section 83(1) of the Companies Act, 2017. The Parent Company transferred its manufacturing operations at carrying value of Rs 3,083 million as of July 01, 2020 upon completion of formalities. On January 14, 2021, SECP granted the approval for the proposed issuance of 30,829,021 ordinary shares (of Rs 100 each) at par value, for a consideration other than cash i.e. against transfer of net assets of Packages Limited based on net carrying values as at July 1, 2020 and the shares have been issued in February 2021. As a result, the operations of manufacturing business have now become part of PCL effective July 1, 2020. The Company has achieved net sales of Rs. 22,330 million during the current period of the year 2021. The Company has generated profit before tax of Rs. 2,194 million during the current period of the year 2021. Moving forward, the Company will focus on improving operating results through volume growth and price rationalization.

### **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. 27,155 million during the current period of 2021 as compared to Rs 21,247 million during 2020 representing sales growth of 28%. The Company has recorded profit before tax of Rs 3,356 million during the current period as compared to the profit before tax of Rs 1,708 million in the corresponding period last year, primarily due to revenue growth, product mix and tighter control over fixed costs. The Company is focusing on further improving operating results through increased sales volumes, product diversification and better product mix.

### **DIC Pakistan Limited**

DIC Pakistan Limited is an un-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. 4,919 million during the current period of the year 2021 as compared to Rs. 4,098 million of the corresponding period of last year representing sales growth of 20%. The Company has generated profit before tax of Rs. 737 million during the current period of the year 2021 as against Rs. 413 million generated during the corresponding period of 2020. Moving forward, the Company will focus on improving operating results through volume growth, tighter cost control and price rationalization.



### **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. During the current period of 2021, the Company has achieved sales of SLR 1,840 million as compared to SLR 1,530 million in the corresponding period of last year. The Company has generated profit before tax of SLR 51 million during the current period of the year 2021 as against loss before tax of SLR 80 million generated during the corresponding period of 2020. Moving forward, the Company will focus on improving operating results through volume growth, tighter cost control and price rationalization.

### **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 current period of 2021, the company achieved net sales revenue of ZAR 512 million as compared to ZAR 422 million of the corresponding period of last year. The Company has recorded loss before tax of ZAR 8 million during current period of 2021 as compared to loss before tax of ZAR 15 million during the corresponding period of last year. This is primarily on account of almost lockdown conditions imposed in South Africa due to corona virus pandemic. Moving forward, the Company will focus on improving operating results through volume growth and price rationalization.

### **Packages Real Estate (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 a real estate project titled "Packages Mall". The Company has achieved net revenue of Rs 2,360 million during the current period of 2021 as compared to revenue of Rs 1,816 million achieved during the corresponding period of last year. The Company has recorded profit before tax of Rs. 351 million as against loss before tax of Rs. 307 million achieved during current period of last year.

### **StarchPack (Private) Limited**

StarchPack (Private) Limited is a private company limited by shares incorporated in Pakistan under the Companies Act, 2017. It is a wholly owned subsidiary. It will be principally engaged in the manufacture and sale of corn-based starch products, its derivatives and by-products. During the current period, the Parent Company made an investment of Rs. 401 million.

## Public offer for Tri-Pack Films Limited

During the current period, Mitsubishi Corporation (the "MC") indicated its intention of selling its entire 7,500,000 ordinary shares i.e., 19.33% shareholding of Tri-Pack Films Limited ('TPFL'). As per the Joint Venture agreement between MC and the Parent Company, the Parent Company had the right of first refusal to purchase the entire shareholding of MC. Accordingly, the Parent Company entered into a Share Purchase Agreement on June 08, 2021 with MC for the purchase of entire shareholding of MC in TPFL at a negotiated purchase price of Rs 154.62/share amounting to Rs 1,159.65 million (excluding transaction costs) subject to fulfilment of applicable corporate and regulatory approvals.

In addition, the Parent Company may acquire such number of ordinary shares of TPFL from the public as may be offered and acquired in accordance with the provisions of Part IX of the Securities Act 2015 and of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 and the "Takeover Laws".

Accordingly, the Parent Company made its 'Public Announcement of offer on October 28, 2021 regarding this proposed acquisition in accordance with the Takeover Laws upon completion of applicable corporate and regulatory approvals.


The proposed acquisition will be executed upon completion of all legal formalities in accordance with the Takeover Laws and share purchase agreement.



**(Towfiq Habib Chinoy)**

Chairman

Lahore, October 28, 2021



**(Syed Hyder Ali)**

Chief Executive & Managing Director

Lahore, October 28, 2021

## پیکجز ریل اسٹیٹ (پرائیویٹ) لمیٹڈ

پیکجز ریل اسٹیٹ (پرائیویٹ) لمیٹڈ پیکجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر تمام اقسام کی تعمیراتی سرگرمیوں اور ریل اسٹیٹ کے فروغ کے کاروبار میں سرگرم عمل ہے۔ اس وقت یہ ریل اسٹیٹ ”پیکجز مال“ کے نام سے ایک پراجیکٹ آپریٹ کر رہا ہے۔ کمپنی نے پہلے نو ماہ 2021 کے دوران 2360 ملین روپے کی آمدن حاصل کی جو کہ 2020 کے اسی عرصہ کے دوران 1,815 ملین روپے تھی۔ اس نے موجودہ مدت 2021 کے دوران 783 ملین روپے کا آپریٹنگ منافع حاصل کیا جو کہ 2020 میں 348 ملین روپے تھا۔

اسٹارچ پیک پرائیویٹ لمیٹڈ: ایک نئی کمپنی ہے جو کمپنیز ایکٹ 2017 کے تحت پاکستان میں شامل حصص کے ذریعے محدود ہے یہ مکمل ملکیتی ذیلی ادارہ ہے یہ بنیادی طور پر مٹی پر مبنی نشاستے کی مصنوعات اس کے اخذ کردہ ضمنی مصنوعات تیاری اور فروخت میں مصروف ہوگا۔ موجودہ مدت کے دوران پیرنٹ کمپنی 401 ملین روپے کی سرمایہ کاری کرے گی۔

## ٹرائی پیک فلمز لمیٹڈ کے لئے پبلک آفر:

موجودہ مدت کے دوران مشوبہ کارپوریشن (ایم سی) نے ٹرائی پیک فلمز لمیٹڈ میں اپنے مکمل 7500,000 عمومی شیئرز یعنی ٹرائی پیک فلمز لمیٹڈ (TPFL) میں 19.33 فیصد شراکت داری بیچنے کا ارادہ ظاہر کیا۔ ایم سی اور کمپنی کے درمیان جوائنٹ وینچر معاہدہ کے تحت کمپنی ایم سی کی مکمل شیئر ہولڈنگ خریدنے کا پہلا استحقاق رکھتی ہے۔ اس کے مطابق کمپنی نے ایم سی کے ساتھ 8 جون 2021 کو شیئرز کی خریداری کا معاہدہ کیا جس کے تحت کمپنی ایم سی کی مکمل شراکت داری 154.62 فی شیئرز جس کی رقم 1,159.65 ملین روپے میں (ماسوائے ٹرانزیکشن کی لاگت) خرید رہی ہے۔ جو کہ مروجہ کارپوریٹ اور ریگولیٹری منظور یوں سے مشروط ہے۔

اس کے علاوہ کمپنی یہ عمومی شیئر عام پبلک سے بھی خرید سکتی ہے جو کہ سیکیورٹیز ایکٹ 2015 پارٹ 1 اور لسٹڈ کمپنیز ریگولیشن 2017 (Substantial Acquisition of Voting Shares and Takeover) کے دفعات کے مطابق ہے۔

اس کے مطابق 28 اکتوبر 2021 کو کمپنی کے قابل اطلاع کارپوریٹ اور ریگولیٹری منظور یوں کی تکمیل کے بعد مجوزہ خریداری کیلئے

(Public Announcement of Offer) کی ہے جو کہ Takeover کے قوانین کے مطابق ہے۔

مجوزہ ٹرانزیکشن کو Takeover قوانین اور شیئر خریداری کے معاہدہ کے مطابق تمام قانونی رسمی کارروائیوں کی تکمیل کے بعد عمل میں لایا جائیگا۔

*Syed Haseeb Ali*

(چیف ایگزیکٹو اور منیجنگ ڈائریکٹر)

لاہور، 28 اکتوبر 2021

*Muhammad*

توفیق حبیب چنائے

(چیئر مین)

لاہور، 28 اکتوبر 2021



کنورنگ کاروبار 1 جولائی 2020 کو 3,083 ملین روپے کی کیئرنگ ویلیو پہ مسلمہ تقاضوں کی تکمیل کے بعد منتقل کر دیا ہے۔ سال کے اختتام کے بعد مورخہ 14 جنوری 2021 کو SECP نے مجوزہ 30,829,021 عمومی حصص (100 روپے فی شیئر) برابر قیمت کے اجراء (ماسوائے کیش) جو کہ ٹیکز لمیٹڈ کے اثاثہ جات جو کہ کم جولائی 2020 کی کیئرنگ ویلیو پر تھے کے عوض تبادلے کی منظوری دی اور فروری 2021 میں حصص کا اجرا کیا جا چکا ہے نتیجتاً کنورنگ کاروبار کے آپریشنز 1 جولائی 2020 سے PCL کا حصہ بن چکے ہیں۔ 30 ستمبر 2021 کو ختم ہونے والی نو ماہ کے دوران کنورنگ کے کاروبار نے 22,330 ملین روپے کی سیلز جو کہ 2020 میں 6,026 ملین روپے تھی اور 2194 ملین روپے کا منافع قبل از ٹیکس حاصل کیا جو کہ 2020 میں 421 ملین روپے تھا۔ آگے بڑھتے ہوئے کمپنی بلند تر حجم، پراڈکٹ میں توسیع اور سیز پراڈکٹ کس کے ذریعے آپریننگ نتائج مزید بہتر بنانے پر توجہ دے رہی ہے۔

### بلیہ شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ

بلیہ شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ بنیادی طور پر پیپر اور پیپر بورڈ پروڈکٹس کی تیاری اور منتقلی میں مصروف عمل ہے۔ کمپنی نے 2021 کے پہلے نو ماہ کے دوران 27155 ملین روپے کی سیلز حاصل کی جو اس کے مقابلے میں 2020 کے دوران 21,247 ملین روپے تھی۔ جس سے 28 فیصد کی سیلز گروتھ ظاہر ہوتی ہے۔ کمپنی نے موجودہ مدت کے دوران 3,356 ملین روپے کا آپریننگ منافع دیکھا۔ جو کہ گزشتہ مدت کے دوران 1,708 ملین روپے تھا۔ جو بنیادی طور پر ریونیو گروتھ اور طے کردہ مالیات پر سخت کنٹرول کے باعث ممکن ہوا۔ کمپنی بلند تر حجم، پروڈکٹ میں توسیع اور پروڈکٹ کس کے ذریعے آپریننگ نتائج مزید بہتر بنانے پر توجہ دے رہی ہے۔

### ڈی آئی سی پاکستان لمیٹڈ

ڈی آئی سی پاکستان لمیٹڈ پیکیجنگ لمیٹڈ کا ایک نان لسٹڈ پبلک لمیٹڈ ذیلی ادارہ ہے۔ یہ بنیادی طور پر صنعتی انکس (inks) کی تیاری، پروسیڈنگ اور سیلز میں مصروف عمل ہے۔ کمپنی نے سال 2021 کے پہلے نو ماہ کے دوران 4,919 ملین روپے کی خالص سیلز حاصل کی۔ اس کے مقابلے میں گزشتہ سال کی اسی مدت کے دوران یہ 4,098 ملین روپے تھیں جو 20 فیصد کی سیلز گروتھ کو ظاہر کرتی ہے۔ کمپنی نے 2021 کی موجودہ مدت کے دوران 737 ملین روپے کا منافع قبل از ٹیکس حاصل کیا جو 2020 کی اسی مدت میں 413 ملین روپے تھا۔ آگے بڑھتے ہوئے کمپنی بلند تر حجم مالیات پر سخت کنٹرول اور قیمتوں میں استعداد کے ذریعے آپریننگ 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 2021 کے پہلے نو ماہ کے دوران 1,840 ملین سری لنکن روپے کی سیلز حاصل کی جو گزشتہ سال کی اسی مدت میں 1,530 ملین سری لنکن روپے تھی۔ کمپنی نے سال 2021 کے پہلے نو ماہ میں 51 ملین سری لنکن روپے کا منافع قبل از ٹیکس حاصل کیا جو کہ 2020 کی اسی مدت کے دوران 80 ملین سری لنکن روپے خسارہ قبل از ٹیکس تھا۔ آگے بڑھتے ہوئے کمپنی بلند تر حجم مالیات پر سخت کنٹرول اور قیمتوں میں استعداد کے ذریعے آپریننگ نتائج بہتر بنانے پر توجہ دے رہی ہے۔

### 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 2021 کے پہلے نو ماہ کے دوران 512 ملین زار (ZAR) کا خالص سیلز ریونیو حاصل کیا جو گزشتہ سال کی اسی مدت میں 422 ملین زار (ZAR) تھا۔ کمپنی کا خسارہ قبل از ٹیکس 2021 کے پہلے نو ماہ میں 08 ملین زار (ZAR) تھا جو گزشتہ سال کی اسی مدت میں 15 ملین زار (ZAR) تھا، جس کی بنیادی وجہ کورونا وائرس کی عالمی وباء کا میں جنوبی افریقہ میں پھیلاؤ کے سبب لاک ڈاؤن کا نفاذ تھا۔

آگے بڑھتے ہوئے کمپنی بلند تر حجم مالیات پر سخت کنٹرول اور قیمتوں میں استعداد کے ذریعے آپریننگ نتائج بہتر بنانے پر توجہ دے رہی ہے۔



## 30 ستمبر 2021 کو ختم ہونے والی نو ماہ کے لئے

### ڈائریکٹرز کی رپورٹ بشمول عبوری غیر آڈٹ شدہ مالیاتی معلومات

پیکجیز لمیٹڈ کے ڈائریکٹرز یہ مسرت 30 ستمبر 2021 کو ختم ہونے والی نو ماہ کی مدت کے لئے گروپ کے غیر آڈٹ شدہ مجموعی مالیاتی معلومات پیش کرنے پر خوشی محسوس کرتے ہیں۔

گروپ کے نتائج

30 ستمبر 2021 کو ختم ہونے والی نو ماہ کی مدت کے لئے غیر آڈٹ شدہ نتائج کا مقابلہ 30 ستمبر 2020 کے مقابلے میں درج ذیل کے مطابق ہے:

جنوری-ستمبر 2020	جنوری-ستمبر 2021	
(روپے ملین میں)		
48,450	60,083	انوائسڈ سیلز - خالص
6,124	9,447	آپریٹنگ سے حاصل منافع جات
(322)	(609)	دیگر آپریٹنگ اخراجات
(2,917)	(1,845)	فنانس کی لاگت
		منسلک اداروں اور مشترکہ منصوبے میں (اخراجات) / منافع کا حصہ -
124	110	بعد از ٹیکس
3,009	7,104	منافع قبل از ٹیکس
(1,060)	(2,351)	ٹیکسیشن
1,948	4,753	منافع بعد از ٹیکس

ہم با مسرت اطلاع دے رہے ہیں کہ گروپ کے کلیدی مینوفیکچرنگ آپریٹنگز نے مشکل اور مسابقتی ماحول میں نمایاں طور پر بہتر کارکردگی کا مظاہرہ کیا۔ 2021 کی پہلی نو ماہ کے دوران گروپ نے 60083 ملین روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کی اسی مدت کے دوران 48,450 ملین روپے کی خالص سیلز حاصل کی گئی تھی جو کہ 24 فیصد سیلز گروتھ کو ظاہر کرتا ہے۔ گروپ نے 9447 ملین روپے کا آپریٹنگ منافع حاصل کیا جو گزشتہ سال کی اسی مدت میں 6,124 ملین روپے تھا جو کہ بنیادی طور پر ریونیو گروتھ اور مالیات پر کنٹرول کے باعث ممکن ہوا۔

گروپ کی فنانس لاگت میں 1,072 ملین روپے کی کمی ہوئی جسکی وجہ شرح سود کا موجودہ سال کے دوران کم ہونا ہے۔

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

#### پیکجیز کنورٹرز لمیٹڈ

پیکجیز کنورٹرز لمیٹڈ پیکجیز لمیٹڈ کا ایک نان لسڈ پبلک لمیٹڈ ادارہ ہے 2019 میں پیرنٹ کمپنی کے بورڈ آف ڈائریکٹرز اور شیئر ہولڈرز نے اندرونی تنظیم نو بشمول اپنے مینوفیکچرنگ کاروبار بشمول فولڈنگ کارڈز، فلیکسیبل پیکجنگ، کاروبار صارف اور مکینیکل فیبریکیشن رول کور کو تمام متعلقہ اثاثہ جات، آپریٹنگز اور ان سے منسلک واجبات پیکجیز کنورٹرز لمیٹڈ (PCL) میں تبادلہ کی منظوری دی۔ 2020 میں PCL کو سیوریٹی اینڈ ایجنج کمیشن آف پاکستان سے اس کی درخواست جو کہ پیکجیز ریگولیشنز 2018 کے (شیئر ز کا مزید اجراء) ریگولیشن 7 جس کو کمپنیز ایکٹ 2017 کے سیکشن (1) 83 کے ساتھ پڑھا جائے کی منظوری حاصل ہوئی۔ پیرنٹ کمپنی نے اپنا

**PACKAGES GROUP**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT SEPTEMBER 30, 2021**

		September 30, 2021	December 31, 2020
		Un-audited	Audited
Note		(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorised capital			
150,000,000 (2020: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (2020: 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 (2020: 89,379,504) ordinary shares of Rs 10 each		893,795	893,795
8,186,842 (2020: 8,186,842) 10% non-voting preference shares / convertible stock of Rs 190 each		606,222	606,222
Other reserves		45,987,047	47,604,899
Equity portion of loan from shareholder of the Parent Company	6	277,219	277,219
Revenue reserve: Un-appropriated profits		8,562,157	6,529,599
Attributable to owners of the Parent Company		56,326,440	55,911,734
Non-controlling interest		1,998,471	1,864,946
<b>TOTAL EQUITY</b>		<b>58,324,911</b>	<b>57,776,680</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term finances	7	15,677,669	16,187,100
Loan from shareholder of the Parent Company - unsecured		208,107	260,107
Lease liabilities		376,838	435,510
Deferred government grant		-	19,459
Deferred taxation		2,316,433	1,612,241
Long term advances		100,038	84,071
Employee retirement benefits		906,606	807,523
Deferred revenue		254,386	284,229
Security deposits		429,264	371,797
Deferred liabilities		402,944	341,975
		20,672,285	20,404,012
<b>CURRENT LIABILITIES</b>			
Current portion of non-current liabilities		3,762,953	3,516,939
Short term borrowings - secured		13,842,296	9,959,308
Trade and other payables		13,262,765	9,488,819
Unclaimed dividend		62,906	54,955
Accrued finance cost		626,542	659,194
		31,557,462	23,679,215
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8	-	-
		110,554,658	101,859,907

**ASSETS**

**NON-CURRENT ASSETS**

Property, plant and equipment	9	30,089,929	27,396,134
Right-of-use assets		489,955	614,541
Investment properties		9,974,280	10,601,452
Intangible assets	10	379,448	372,521
Investments accounted for using the equity method	11	6,469,958	6,627,424
Other long term investments	12	22,031,155	24,327,298
Long term security deposits		134,905	138,822
Long term loans		2,122	657
		69,571,752	70,078,849

**CURRENT ASSETS**

Stores and spares		2,971,316	2,654,272
Stock-in-trade		17,334,298	13,416,931
Short term investments		2,471,000	1,450,000
Trade debts		11,063,462	7,586,305
Loans, advances, deposits, prepayments			
and other receivables		1,871,220	1,288,232
Income tax receivable		4,549,177	4,746,975
Cash and bank balances		722,433	638,343
		40,982,906	31,781,058
		110,554,658	101,859,907

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

*S. K. Singh*

Chief Executive

*S. G. Mehta*

Director

*A. K. Singh*

Chief Financial Officer



**PACKAGES GROUP**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021**

		Three month period ended		Nine month period ended	
		September 30,	September 30,	September 30,	September 30,
		2021	2020	2021	2020
Note		(Rupees in thousand)			
Net operating revenue	13	20,736,263	16,984,222	60,082,951	48,449,520
Cost of sales and services	14	(15,913,225)	(13,291,825)	(46,483,030)	(38,468,694)
Gross profit		4,823,038	3,692,397	13,599,921	9,980,826
Administrative expenses		(700,228)	(607,469)	(2,014,796)	(1,808,462)
Distribution and marketing costs		(774,139)	(640,602)	(2,181,107)	(1,963,943)
Reversal of impairment losses / (net impairment losses) on financial assets		26,549	54,209	43,447	(84,660)
Other expenses		(417,487)	(138,772)	(862,670)	(703,220)
Other income		16,288	100,298	253,883	224,201
Profit from operations		2,974,021	2,460,061	8,838,678	5,644,742
Finance costs		(653,821)	(789,357)	(1,844,966)	(2,759,375)
Share of net profit of associates and joint ventures accounted for using equity method		65,470	76,397	110,431	124,160
Profit before taxation		2,385,670	1,747,101	7,104,143	3,009,527
Taxation		(587,749)	(440,673)	(2,351,277)	(1,060,803)
Profit for the period		1,797,921	1,306,428	4,752,866	1,948,724
Profit / (loss) attributable to:					
Equity holders of the Parent Company		1,694,546	1,295,549	4,487,120	1,965,072
Non-controlling interests		103,375	10,879	265,746	(16,348)
		1,797,921	1,306,428	4,752,866	1,948,724
Earnings per share attributable to equity holders of the Parent Company during the period					
Basic	Rupees	15	18.96	14.49	21.99
Diluted	Rupees		17.65	14.13	20.47

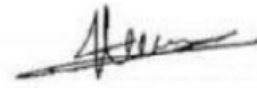
The annexed notes 1 to 24 form an integral part of these condensed interim unaudited consolidated financial statements.



**Chief Executive**



**Director**




**Chief Financial Officer**

**PACKAGES GROUP**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2021**

	Three month period ended		Nine month period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(Rupees in thousand)			
<b>Profit for the period</b>	<b>1,797,921</b>	1,306,428	<b>4,752,866</b>	1,948,724
<b>Other comprehensive (loss) / profit for the period</b>				
<i>Items that will not be subsequently reclassified to profit or loss:</i>				
Remeasurements of retirement benefits	-	-	-	(27,361)
Tax effect of remeasurements of retirement benefits	-	-	-	8,631
Change in fair value of equity investments at fair value through other comprehensive income (FVOCI)	<b>860,493</b>	(492,649)	<b>(2,296,143)</b>	(5,291,409)
	<b>860,493</b>	(492,649)	<b>(2,296,143)</b>	(5,310,139)
<i>Items that might be reclassified subsequently to profit or loss:</i>				
Net exchange differences on translation of foreign operations	<b>52,937</b>	9,337	<b>12,337</b>	(215,134)
Share of other comprehensive profit / (loss) of associates and joint ventures accounted for using equity method - net of tax	<b>163,642</b>	21,229	<b>(86,291)</b>	(560,583)
	<b>216,579</b>	30,566	<b>(73,954)</b>	(775,717)
<b>Other comprehensive profit / (loss) for the period</b>	<b>1,077,072</b>	(462,083)	<b>(2,370,097)</b>	(6,085,856)
<b>Total comprehensive profit / (loss) for the period</b>	<b>2,874,993</b>	844,345	<b>2,382,769</b>	(4,137,132)
<b>Total comprehensive (loss) / profit attributable to:</b>				
Owners of the Parent Company	<b>2,766,023</b>	829,714	<b>2,119,268</b>	(4,037,898)
Non-controlling interests	<b>108,970</b>	14,631	<b>263,501</b>	(99,234)
	<b>2,874,993</b>	844,345	<b>2,382,769</b>	(4,137,132)

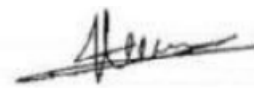
The annexed notes 1 to 24 form an integral part of these condensed interim unaudited consolidated financial statements.



**Chief Executive**



**Director**



**Chief Financial Officer**

PACKAGES GROUP

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

FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021

	Attributable to owners of the Parent Company											Non-controlling interests	Total equity	
	Issued, subscribed and paid up capital	Reserves								Capital and reserves				
		Capital reserves							Revenue reserves					
		Ordinary share capital	Preference shares / convertible stock	Share premium	Exchange differences on translation of foreign operations	FVOCI reserve	Other reserves relating to associates and joint ventures	Transactions with non-controlling interests	Equity portion of loan from shareholder of the Parent Company		Capital redemption reserve			General reserve
(Rupees in thousand)														
Balance as on January 1, 2020 (audited)	893,795	606,222	3,766,738	(143,768)	25,391,540	3,125,196	80,976	277,219	1,615,000	18,310,333	4,009,577	57,932,828	1,967,880	59,900,708
Appropriation of reserves	-	-	-	-	-	-	-	-	-	1,000,000	(1,000,000)	-	-	-
Transferred to general reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners recognized directly in equity	-	-	-	-	-	-	-	-	-	-	(1,072,554)	(1,072,554)	-	(1,072,554)
Final dividend for the year ended December 31, 2019	-	-	-	-	-	-	-	-	-	-	(12,536)	(12,536)	-	(12,536)
Rs. 12 per share	-	-	-	-	-	-	-	-	-	-	(16,005)	(16,005)	-	(16,005)
Adjustment on account of Group taxation	-	-	-	-	-	-	-	-	-	-	-	-	(104,283)	(104,283)
Share issuance costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend relating to 2019 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(104,283)	(104,283)
Total comprehensive income / (loss) for the period ended September 30, 2020	-	-	-	-	-	-	-	-	-	-	(1,101,095)	(1,101,095)	(104,283)	(1,205,378)
Profit / (loss) for the period	-	-	-	-	-	-	-	-	-	-	1,965,072	1,965,072	(16,348)	1,948,724
Remeasurement of retirement benefits asset - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive loss for the period	-	-	-	(132,248)	(5,291,409)	(560,583)	-	-	-	-	(18,730)	(6,002,970)	(82,886)	(6,085,856)
	-	-	-	(132,248)	(5,291,409)	(560,583)	-	-	-	-	1,946,342	(4,037,898)	(99,234)	(4,137,132)
Balance as on September 30, 2020 (un-audited)	893,795	606,222	3,766,738	(276,016)	20,100,131	2,564,613	80,976	277,219	1,615,000	19,310,333	3,854,824	52,793,835	1,764,363	54,558,198
Balance as on January 1, 2021 (audited)	893,795	606,222	3,766,738	(154,125)	20,337,367	2,648,933	80,653	277,219	1,615,000	19,310,333	6,529,599	55,911,734	1,864,946	57,776,680
Appropriation of reserves	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to general reserve	-	-	-	-	-	-	-	-	-	750,000	(750,000)	-	-	-
Transactions with preference shareholders	-	-	-	-	-	-	-	-	-	-	(26,250)	(26,250)	-	(26,250)
Participating dividend on preference shares / convertible stock - note 16	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transactions with owners recognized directly in equity	-	-	-	-	-	-	-	-	-	-	(2,011,039)	(2,011,039)	-	(2,011,039)
Final dividend for the year ended December 31, 2020 Rs. 22.5 per share	-	-	-	-	-	-	-	-	-	-	332,727	332,727	-	332,727
Adjustment on account of Group taxation	-	-	-	-	-	-	-	-	-	-	-	-	(129,976)	(129,976)
Dividend relating to 2020 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,678,312)	(1,678,312)	(129,976)	(1,808,288)
Total comprehensive income / (loss) for the period ended September 30, 2021	-	-	-	-	-	-	-	-	-	-	4,487,120	4,487,120	265,746	4,752,866
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income / (loss) for the period	-	-	-	14,582	(2,296,143)	(86,291)	-	-	-	-	-	(2,367,852)	(2,245)	(2,370,097)
	-	-	-	14,582	(2,296,143)	(86,291)	-	-	-	-	4,487,120	2,119,268	263,501	2,382,769
Balance as on September 30, 2021 (un-audited)	893,795	606,222	3,766,738	(139,543)	18,041,224	2,562,642	80,653	277,219	1,615,000	20,060,333	8,562,157	56,326,440	1,998,471	58,324,911

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

*S. G. S. S. S.*

Chief Executive

*S. G. S. S. S.*

Director

*A. S. S. S.*

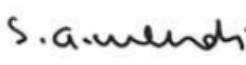
Chief Financial Officer

**PACKAGES GROUP**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021**

Note	Nine month period ended	
	September 30, 2021	September 30, 2020
	(Rupees in thousand)	
<b>Cash flows from operating activities</b>		
Cash generated from operations	19 6,880,193	5,158,100
Finance cost paid	(1,929,618)	(3,324,946)
Income tax paid	(1,116,560)	(919,753)
Settlement of derivative financial instruments	-	(3,505)
Long term security deposits - net	57,467	18,139
Payments for accumulating compensated absences	(20,955)	(113,633)
Retirement benefits paid	(17,537)	(19,655)
<b>Net cash inflow from operating activities</b>	<b>3,852,990</b>	<b>794,747</b>
<b>Cash flows from investing activities</b>		
Fixed capital expenditure	(5,133,893)	(1,610,327)
(Investment made) / proceeds from maturity of investments	(1,021,000)	80,000
Investments made in debt securities	-	(140,000)
Long term loans and deposits - net	1,785	2,280
Proceeds from disposal of property, plant and equipment	101,861	79,229
Dividends received	824,776	501,530
Long term advances - net	13,187	18,860
<b>Net cash outflow from investing activities</b>	<b>(5,213,284)</b>	<b>(1,068,428)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long term finances - secured	2,174,965	2,844,827
Repayment of long term finances - secured	(2,359,346)	(2,548,396)
Share capital charges	-	(16,005)
Repayment of lease liabilities	(94,909)	(150,202)
Participating dividend on preference shares	(26,250)	-
Dividend paid to equity holders of the Parent Company	(2,003,088)	(1,085,791)
Dividend paid to non-controlling interest	(129,976)	(104,283)
<b>Net cash outflow from financing activities</b>	<b>(2,438,604)</b>	<b>(1,059,850)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,798,898)</b>	<b>(1,333,531)</b>
Cash and cash equivalents at the beginning of the period	(9,320,965)	(10,968,891)
<b>Cash and cash equivalents at the end of the period</b>	<b>(13,119,863)</b>	<b>(12,302,422)</b>

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

  
**Chief Executive**

  
**Director**

  
**Chief Financial Officer**

**PACKAGES GROUP**  
**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2021**

**1. Legal status and nature of business**

Packages Limited (the 'Parent Company') and its subsidiaries, Packages Convertors Limited ('PCL'), Packages Investments Limited ('PIL'), DIC Pakistan Limited ('DIC'), Bulleh Shah Packaging (Private) Limited ('BSPPL'), Packages Lanka (Private) Limited ('PLL'), Linnaea Holdings Inc. ('LHI'), Chantler Packages Inc. ('CPI'), Packages Real Estate (Private) Limited ('PREPL'), Packages Power (Private) Limited ('PPPL'), Anemone Holdings Limited ('AHL'), StarchPack (Private) Limited ('SPAC') and Flexible Packages Convertors (Proprietary) Limited ('FPCL') (together, the 'Group') are engaged in the following businesses:

Packaging:	Representing manufacture and sale of packaging materials and tissue products
Consumer products:	Representing manufacture and sale of 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
Investments:	Representing and managing investments
Power generation:	Representing the development and management of hydropower project
Starch production:	Representing manufacture and sale of corn based starch products

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

- 1.1 As detailed in note 2 of the annual audited financial statements for the year ended December 31, 2020, the Parent Company was principally engaged in the manufacture and sale of packaging materials and tissue and consumer products till the date of transfer of its manufacturing business to its wholly-owned subsidiary - Packages Convertors Limited as at July 1, 2020 and recognised investment in subsidiary at the carrying value of the net assets transferred and no gain or loss has been recognised by the Parent Company on this transfer. On January 14, 2021, Securities Exchange Commission of Pakistan (SECP) granted the approval for the proposed issuance of 30,829,021 ordinary shares (of Rs 100 each) at par value, for a consideration against transfer of net assets of the Parent Company. These shares have been issued in the name of the Company on February 17, 2021.

The Parent Company is now an investment holding company having investments in companies engaged in various businesses including packaging materials and tissue and consumer products, industrial inks, paper, paperboard products and corrugated boxes, biaxially oriented polypropylene ('BOPP') and cast polypropylene ('CPP') films, ground calcium carbonate products, insurance, power generation, corn based starch products and real estate. Pursuant to this the dividend income of the Parent Company is now disclosed as a part of the net operating revenue.

**2. Basis of preparation**

**2.1 Statement of compliance**

These condensed interim unaudited consolidated 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:

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

- 2.2 These condensed interim consolidated financial statements are un-audited. These condensed interim consolidated financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended December 31, 2020. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Company's financial position and performance since the last annual financial statements.

**3. Significant accounting policies**

The accounting policies adopted for the preparation of these condensed interim unaudited consolidated 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, 2020.

**3.1 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 interim unaudited consolidated financial statements covering annual periods, beginning on or after the following dates:

**3.1.1 Standards, amendments and interpretations to 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, 2021, 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 interim financial statements.

**3.1.2 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 accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these condensed interim unaudited consolidated financial statements.

**4. Accounting estimates**

The preparation of these condensed interim unaudited consolidated 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 unaudited consolidated 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, 2020, with the exception of change in estimate that is required in determining the provision for income taxes as referred to in note 5.

## 5. Taxation

Income tax expense comprises current and deferred tax. SECP vide its certificate dated November 06, 2019, has registered the Parent Company and its wholly-owned subsidiaries, BSPPL, PCL and PIL (together 'the Tax Group') for group taxation. Consequent to the filing of declaration for group taxation for the tax year 2022 by the Tax Group, the Tax Group will be taxed as one fiscal unit for the tax year 2022.

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 realizability of tax credits and tax losses which are assessed at Tax Group level. Any adjustments in the current and deferred taxes of the Tax Group on account of group taxation are credited or charged to condensed interim unaudited consolidated statement of profit or loss in the period in which they arise.

6. This represents loan repayable to Babar Ali Foundation (BAF) and is interest free.

## 7. Long term finances

	Note	September 30, 2021 Un-audited (Rupees in thousand)	December 31, 2020 Audited
Local currency loans - secured	7.1	17,560,078	17,304,992
Foreign currency loans - secured	7.2	729,214	1,161,021
		18,289,292	18,466,013
Preference shares / convertible stock - unsecured		932,650	932,650
		19,221,942	19,398,663
Current portion shown under current liabilities		(3,544,273)	(3,211,563)
		15,677,669	16,187,100
<b>7.1 Local currency loans - secured</b>			
Opening balance		17,304,992	16,359,325
Disbursements during the period / year		2,174,965	3,259,547
Repayments during the period / year		19,479,957	19,618,872
Closing balance		(1,919,879)	(2,313,880)
		17,560,078	17,304,992
<b>7.2 Foreign currency loans - secured</b>			
Opening balance		1,161,021	1,803,106
Disbursements during the period / year		-	64,127
Repayments during the period / year		1,161,021	1,867,233
Exchange adjustment on opening balances		(439,467)	(718,875)
Closing balance		7,660	12,663
		729,214	1,161,021

## 7.3 Temporary Economic Refinance Facilities

During the period, the two wholly owned subsidiaries of the Group obtained long term demand financing facilities from various financial institutions under the State Bank of Pakistan's ('SBP') Refinance Scheme for Temporary Economic Refinance Facility ('TERF') and Islamic Temporary Economic Facility ('ITERF'). The total amount available under the above mentioned facilities amounts to Rs 4,450 million, out of which disbursements worth Rs 932.250 million were made in the period ended September 30, 2021. These facilities will be repayable either in sixteen equal semi-annual instalments or thirty two equal quarterly instalments after a grace period of two years from the date of each disbursement. The facilities will be secured against charges either general or specific over plant and machinery of the Group with margins ranging from 5% to 25%. The cumulative collateral for these loans is Rs 5,877 million. The markup on these facilities is payable either semi-annually or quarterly basis, at either three-month Karachi Inter-Bank Offered Rate ('KIBOR') or six-month KIBOR with spreads ranging from 0.3% to 3% per annum before SBP's approval. After SBP approval for disbursements, markup on the facilities will range from SBP rate plus 0.47% to 4% per annum.

## 8. Contingencies and commitments

### 8.1 Contingencies

- 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 2.600 million equivalent to Rs 441.480 million (2020: USD 4.000 million equivalent to Rs 639.338 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 as referred to in note 12.2.
- Letters of guarantees issued to various parties aggregating to Rs 396.418 million (2020: Rs 1,084.560 million).

### 8.2 Commitments in respect of

- Letters of credit and contracts for capital expenditure Rs 8,743.292 million (2020: Rs 953.026 million)
- Letters of credit and contracts for other than capital expenditure Rs 7,051.737 million (2020: Rs 2,836.527 million)

## 9. Property, plant and equipment

		September 30, 2021 Un-audited (Rupees in thousand)	December 31, 2020 Audited
Note			
Operating fixed assets - at net book value	9.2	23,207,001	24,346,801
Capital work-in-progress	9.3	6,722,242	2,914,827
Major spare parts and stand-by equipment		160,686	134,506
		<b>30,089,929</b>	<b>27,396,134</b>

- 9.1** A portion of the land on which the Parent Company's buildings are 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 deposited such amount in compliance with the direction on January 10, 2019. The 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. The surveyors were appointed, who have submitted their independent valuation reports to BoR and the Court. The matter is pending for further action as of the date of the authorization for issue of consolidated financial statements. Moreover, the Court has further decided that the land shall be sold through an open auction with the Parent Company getting the right of first refusal.

The management of the Parent Company has, on the basis of assessment of fair value of the said portion of land by independent valuers, as appointed by the Court, and its understanding of the prevalent market terms relating to rent of such properties in the vicinity of the said portion of land, recognised an expense of Rs 78.197 million (September 30, 2020: Rs 130.500 million) in respect of rent for the period from January 2021 to September 2021. The management is confident that the final amount of rent will be in congruence with the provision made in these condensed interim unaudited consolidated financial statements, inter alia based on the fair value determined by the independent valuers and the relevant facts and circumstances.

		September 30, 2021 Un-audited (Rupees in thousand)	December 31, 2020 Audited
Note			
<b>9.2 Operating fixed assets</b>			
Opening net book value		24,346,801	25,183,824
Additions during the period / year	9.2.1	1,406,438	2,212,733
Transfer in at book value - net		-	3,406
		<b>1,406,438</b>	<b>2,216,139</b>
		<b>25,753,239</b>	<b>27,399,963</b>
Disposals during the period / year at book value		(82,782)	(76,531)
Transfer to investment property		(237,466)	-
Depreciation charged during the period / year		(2,267,894)	(2,961,978)
Exchange adjustment on opening book value - net		41,904	(14,653)
		<b>(2,546,238)</b>	<b>(3,053,162)</b>
Closing net book value		<b>23,207,001</b>	<b>24,346,801</b>
<b>9.2.1 Additions during the period / year</b>			
Freehold land		-	118
Buildings on freehold land		85,202	111,315
Plant and machinery		846,580	1,515,787
Other equipment (computers, lab equipment and other office equipment)		340,848	327,233
Furniture and fixtures		5,295	18,091
Vehicles		128,513	240,189
		<b>1,406,438</b>	<b>2,212,733</b>
<b>9.3 Capital work-in-progress</b>			
Civil works		1,082,809	157,092
Plant and machinery		5,227,300	2,502,462
Advances to suppliers		55,040	254,348
Others		357,093	925
		<b>6,722,242</b>	<b>2,914,827</b>

		September 30, 2021 Un-audited (Rupees in thousand)	December 31, 2020 Audited
Note			
<b>10. Intangible assets</b>			
Opening book value		372,521	405,617
Additions during the period / year		22,380	99
Amortization charged during the period / year		(23,422)	(33,142)
Exchange difference		7,969	(53)
Closing book value		<b>379,448</b>	<b>372,521</b>

**11. Investments accounted for using the equity method**

		September 30, 2021 Un-audited (Rupees in thousand)	December 31, 2020 Audited
	Note		
Investments in associates	11.1	5,945,002	6,133,933
Investments in joint ventures	11.2	524,956	493,491
		<b>6,469,958</b>	<b>6,627,424</b>
<b>11.1 Investments in associates</b>			
Cost		3,386,278	3,386,278
Post acquisition share of profits and reserval of net impairment losses			
Opening balance		2,747,655	3,149,669
Share of profit from associates - net of tax		310,500	303,973
Share of other comprehensive loss - net of tax		(86,291)	(476,594)
Impairment loss		(243,242)	(184,294)
Dividends received during the period / year		(169,898)	(45,099)
Closing balance		2,558,724	2,747,655
	11.1.1	<b>5,945,002</b>	<b>6,133,933</b>
<b>11.1.1 Investment in equity instruments of associates - Quoted</b>			
<b>IGI Holdings Limited, Pakistan</b>			
15,033,041 (2020: 15,033,041) fully paid ordinary shares of Rs 10 each			
Equity held 10.54% (2020: 10.54%)			
Market value - Rs. 2,479.399 million (2020: Rs. 3,058.322 million)	11.3	4,178,633	4,302,897
<b>Tri-Pack Films Limited, Pakistan</b>			
12,933,333 (2020: 12,933,333) fully paid ordinary shares of Rs 10 each			
Equity held 33.33% (2020: 33.33%)			
Market value - Rs. 2,560.799 million (2020: Rs. 2,105.029 million)	11.4	1,766,369	1,831,036
		<b>5,945,002</b>	<b>6,133,933</b>
<b>11.2 Investments in joint ventures</b>			
Opening balance		493,491	455,760
Share of profit from joint ventures - net of tax		43,173	37,400
Share of other comprehensive income from joint ventures - net of tax		667	331
Dividends received during the period / year		(12,375)	-
Closing balance	11.2.1	<b>524,956</b>	<b>493,491</b>
<b>11.2.1 Investment in equity instruments of joint ventures - Unquoted</b>			
<b>Plastic Extrusions (Proprietary) Limited, South Africa</b>			
500 (2020: 500) fully paid ordinary shares of ZAR 1 each			
Equity held 50% (2019: 50%)		30,022	24,437
<b>OmyaPack (Private) Limited, Pakistan</b>			
49,500,000 (2020: 49,500,000) fully paid ordinary shares of Rs 10 each			
Equity held 50% (2019: 50%)		494,934	469,054
		<b>524,956</b>	<b>493,491</b>

**11.3** 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 IGI Holdings Limited.

**11.4** During the current period, Mitsubishi Corporation (the 'MC') indicated its intention of selling its entire 7,500,000 ordinary shares i.e., 19.33% shareholding of Tri-Pack Films Limited ('TPFL'). As per the Joint Venture agreement between MC and the Parent Company, the Parent Company had the right of first refusal to purchase the entire shareholding of MC. Accordingly, the Parent Company entered into a Share Purchase Agreement on June 08, 2021 with MC for the purchase of entire shareholding of MC in TPFL at a negotiated purchase price of Rs 154.62/share amounting to Rs 1,159.65 million (excluding transaction costs) subject to fulfilment of applicable corporate and regulatory approvals.

In addition, the Parent Company may acquire such number of ordinary shares of TPFL from the public as may be offered and acquired in accordance with the provisions of Part IX of the Securities Act 2015 and of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 (the "Takeover Laws").

Accordingly, the Parent Company made its Public Announcement of offer on October 28, 2021 regarding this proposed acquisition in accordance with the Takeover Laws, upon completion of applicable corporate and regulatory approvals.

The proposed acquisition will be executed upon completion of all legal formalities in accordance with the Takeover Laws and share purchase agreement.



12. Other long-term investments	Note	September 30, 2021 Un-audited (Rupees in thousand)	December 31, 2020 Audited (Rupees in thousand)
<b>Quoted</b>			
<b>Nestle Pakistan Limited</b> 3,649,248 (2020: 3,649,248) fully paid ordinary shares of Rs 10 each Equity held 8.05% (2020: 8.05%) Market value - Rs. 22,026.131 million (2020: 24,322.274 million)	12.1 & 12.2	22,026,130	24,322,273
<b>Unquoted</b>			
<b>Pakistan Tourism Development Corporation Limited</b> 2,500 (2020: 2,500) fully paid ordinary shares of Rs 10 each		25	25
<b>Orient Match Company Limited</b> 1,900 (2020: 1,900) fully paid ordinary shares of Rs 100 each		-	-
<b>Coca-Cola Beverages Pakistan Limited</b> 500,000 (2020: 500,000) fully paid ordinary shares of Rs 10 each Equity held 0.0185% (2020: 0.0185%)		5,000	5,000
		<b>22,031,155</b>	<b>24,327,298</b>

**12.1** Nestle Pakistan Limited is an associated undertaking under the Companies Act, 2017. However, for the purpose of measurement, this has been classified as available for sale investment as the Group does not have a significant influence over its operations.

**12.2** As of September 30, 2021, an aggregate of 1,600,000 (2020: 1,600,000) shares of Nestle Pakistan Limited having market value of Rs 9,657.280 million (2020: 10,664.016 million) have been pledged in favour of HBL Pakistan against financing facilities obtained from HBL Pakistan. Out of aggregate shares pledged, 182,000 (2020: 182,000) shares are pledged against issuance of standby letter of credit in favour of HBL Bahrain as referred to in note 8.1 (i) and the remaining 1,418,000 shares (2020: 1,418,000) are pledged against the short term borrowings of the Parent Company and long term loans of the wholly-owned subsidiary, Packages Convertors Limited.

### 13. Net operating revenue

	Three month period ended		Nine month period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	(Rupees in thousand)			
Local sale of goods and services	23,406,296	19,039,165	68,309,053	54,963,693
Export sales	397,838	409,299	1,328,794	1,105,035
	<b>23,804,134</b>	<b>19,448,464</b>	<b>69,637,847</b>	<b>56,068,728</b>
Less: Sales tax	3,104,952	2,582,427	9,473,897	7,628,425
Trade discounts	173,876	181,197	508,205	438,819
Commission	208,955	3,782	215,410	8,395
	<b>3,487,783</b>	<b>2,767,406</b>	<b>10,197,512</b>	<b>8,075,639</b>
Revenue from goods and services	20,316,351	16,681,058	59,440,335	47,993,089
Dividend income	419,912	303,164	642,616	456,431
Net operating revenue	<b>20,736,263</b>	<b>16,984,222</b>	<b>60,082,951</b>	<b>48,449,520</b>

### 14. Cost of sales and services

	Three month period ended		Nine month period ended	
	September 30, 2021 Un-audited	September 30, 2020 Un-audited	September 30, 2021 Un-audited	September 30, 2020 Un-audited
	(Rupees in thousand)			
Raw materials consumed	10,879,566	8,828,613	30,013,197	24,491,942
Salaries, wages and amenities	1,215,505	1,135,802	3,618,563	3,414,179
Travelling and conveyance	(16,849)	60,434	20,493	100,584
Fuel and power	1,850,706	1,307,137	4,923,516	3,949,192
Production supplies consumed	409,977	369,156	1,239,521	1,059,333
Rent, rates and taxes	85,037	82,678	186,687	182,521
Insurance	65,127	54,420	184,774	161,596
Repairs and maintenance	322,398	318,934	985,795	820,373
Packing expenses	452,784	135,501	822,780	600,238
Depreciation on operating fixed assets	961,907	917,823	2,842,997	2,818,650
Amortization of intangible assets	4,261	3,868	13,006	11,596
Technical fee and royalty	49,260	23,728	122,013	99,961
Other expenses	324,189	211,090	1,002,572	823,502
	<b>16,603,868</b>	<b>13,449,184</b>	<b>45,975,914</b>	<b>38,533,667</b>
Opening work-in-process	989,370	760,194	1,208,809	1,197,511
Closing work-in-process	(940,560)	(725,812)	(940,560)	(725,812)
	<b>16,652,678</b>	<b>13,483,566</b>	<b>46,244,163</b>	<b>39,005,366</b>
Opening stock of finished goods	3,699,917	4,891,041	4,678,237	4,546,110
Closing stock of finished goods	(4,439,370)	(5,082,782)	(4,439,370)	(5,082,782)
	<b>15,913,225</b>	<b>13,291,825</b>	<b>46,483,030</b>	<b>38,468,694</b>

15. Earnings per share

		Three month period ended		Nine month period ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
		Un-audited	Un-audited	Un-audited	Un-audited
<b>Basic earnings per share</b>					
Profit for the period	<b>Rupees in thousand</b>	<b>1,694,546</b>	1,295,549	<b>4,487,120</b>	1,965,072
Participating preference dividend			-	<b>(26,250)</b>	-
Weighted average number of ordinary shares	<b>Number</b>	<b>89,379,504</b>	89,379,504	<b>89,379,504</b>	89,379,504
Basic earnings per share	<b>Rupees</b>	<b>18.96</b>	14.49	<b>49.91</b>	21.99
<b>Diluted earnings per share</b>					
Profit for the period	<b>Rupees in thousand</b>	<b>1,694,546</b>	1,295,549	<b>4,487,120</b>	1,965,072
Return on preference shares / convertible stock - net of tax	<b>Rupees in thousand</b>	<b>27,838</b>	83,201	<b>82,604</b>	31,638
		<b>1,722,384</b>	1,378,750	<b>4,569,724</b>	1,996,710
Weighted average number of ordinary shares	<b>Number</b>	<b>89,379,504</b>	89,379,504	<b>89,379,504</b>	89,379,504
Weighted average number of notionally converted preference shares / convertible stock	<b>Number</b>	<b>8,186,842</b>	8,186,842	<b>8,186,842</b>	8,186,842
		<b>97,566,346</b>	97,566,346	<b>97,566,346</b>	97,566,346
Diluted earnings per share	<b>Rupees</b>	<b>17.65</b>	14.13	<b>46.84</b>	20.47

16. Transactions with preference shareholders

This represents the additional entitlement of the preference share holders. In addition to the preferred right of return at the rate of 10 percent per annum, either in cash or ordinary shares on a non-cumulative basis till the date of settlement of preference shares / convertible stock, the preference shareholders also have the right to share the excess amount with the ordinary shareholders on an as-converted basis in case the amount of dividend per share paid to an ordinary shareholder exceeds that paid to a preference shareholder. Since ordinary dividend of Rs 22.50 per share was approved for the year ended December 31, 2020, which exceeded the preferred return for that year, the additional preference dividend to be paid to the preference shareholders has been distributed to the preference shareholders as participating dividend and charged directly to the equity.

17. Transactions and balances with related parties

		Nine month period ended	
		September 30, 2021	September 30, 2020
		Un-audited	Un-audited
		(Rupees in thousand)	
<b>Relationship with the Group</b>	<b>Nature of transactions</b>		
<b>(i) Associates</b>	Purchase of goods and services	<b>1,759,191</b>	1,571,573
	Sale of goods and services	<b>31,747</b>	12,909
	Dividend income	<b>169,898</b>	45,099
	Insurance premium paid	<b>460,542</b>	405,864
	Rental and other income	<b>23,740</b>	18,979
	Insurance claims received	<b>8,707</b>	115,616
	Management and technical fee - income	<b>15,469</b>	-
	Dividend paid	<b>600,912</b>	327,986
<b>(ii) Joint ventures</b>	Purchase of goods and services	<b>275,569</b>	263,652
	Sale of goods and services	<b>6,321</b>	205,581
	Rental and other income	<b>2,495</b>	3,100
	Dividend income	<b>12,375</b>	-
<b>(iii) Other related parties</b>	Purchase of goods and services	<b>997,962</b>	740,499
	Sale of goods and services	<b>165,277</b>	113,265
	Rental and other income	<b>27,881</b>	2,000
	Royalty and technical fee - expense	<b>51,880</b>	43,921
	Commission earned	<b>729</b>	359
	Commission expense	<b>218</b>	273
	Donations	<b>67,940</b>	19,971
	Repayment of loan	<b>100,000</b>	-
	Dividend paid	<b>129,808</b>	96,784
<b>(iv) Retirement benefit obligations</b>	Expenses charged in respect of retirement plans	<b>90,247</b>	162,553
	Dividend paid	<b>63,730</b>	33,989
<b>(v) Key management personnel</b>	Salaries and other employee benefits	<b>35,211</b>	81,905
	Dividend paid	<b>66,111</b>	30,774

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.

		September 30, 2021	December 31, 2020
		Un-audited	Audited
		(Rupees in thousand)	
<b>Period-end balances</b>			
<b>Receivable from related parties</b>			
Associates		<b>145,803</b>	99,070
Joint ventures		<b>20,640</b>	31,244
Other related parties		<b>13,961</b>	11,924
<b>Payable to related parties</b>			
Associates		<b>274,437</b>	223,902
Joint venture		<b>36,002</b>	47,946
Other related parties		<b>390,697</b>	621,088
Retirement benefit obligations		<b>24,839</b>	38,768

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

18. Segment Information

	Packaging Division		Consumer Products Division		Ink Division		Paper and Paperboard		Real estate		Unallocated		Total	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	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	32,707,986	27,235,165	5,163,982	4,132,328	4,005,957	3,226,932	14,829,708	11,542,377	2,354,492	1,804,834	1,020,826	507,884	60,082,951	48,449,520
Intersegment revenue	849,023	620,299	-	-	913,158	871,423	3,802,308	2,940,562	5,449	10,158	-	6,411	5,569,938	4,448,853
	33,557,009	27,855,464	5,163,982	4,132,328	4,919,115	4,098,355	18,632,016	14,482,939	2,359,941	1,814,992	1,020,826	514,295	65,652,889	52,898,373
Segment profit / (loss) before tax	2,648,397	1,807,080	843,532	554,633	736,563	412,677	2,354,082	1,007,730	351,293	(306,841)	3,189,459	(140,699)	10,123,326	3,334,580
	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020	September 30, 2021	December 31, 2020
	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited	Un-audited	Audited
Segment assets	23,511,988	20,387,100	3,407,321	2,756,080	3,492,271	2,988,716	30,612,515	25,772,238	12,533,130	12,773,266	36,997,433	37,182,507	110,554,658	101,859,907

Reconciliation of profit

	September 30, 2021	September 30, 2020
	Un-audited	Un-audited
	(Rupees in thousand)	
Profit for reportable segments	10,123,326	3,334,580
Profit from associates and joint ventures - net of dividends and impairment losses	110,431	79,061
Intercompany consolidation adjustments	(3,129,614)	(404,114)
Profit before tax	7,104,143	3,009,527

**19. Cash flow information**

**19.1 Cash generated from operations**

Profit before tax	7,104,143	3,009,527
Adjustments for non-cash items:		
Depreciation on owned assets	2,267,894	2,209,966
Depreciation on right-of-use assets	223,609	126,460
Depreciation on investment properties	637,095	634,066
Amortization on intangible assets	23,422	26,037
Provision for accumulating compensated absences	81,924	80,450
Provision for retirement benefits	116,620	113,539
Provision for obsolete / slow-moving stores and spares	28,907	43,971
Provision for obsolete / slow-moving stock-in-trade	-	475
Stock-in-trade written off	67,704	95,714
Provision for NRV write-down of stock-in-trade	146,824	-
Stores and spares written off	-	15,466
Amortization of deferred income	(33,930)	(10,313)
Profit on disposal of operating fixed assets	(19,079)	(12,631)
Finance costs	1,844,966	2,916,591
Amortization of deferred government grant	(63,051)	-
Net impairment losses on financial assets	58,192	145,951
Liabilities no longer payable written back	(23,385)	(784)
Exchange adjustments - net	(14,822)	507,362
Share of profits of associates and joint ventures accounted for using the equity method	(110,431)	(124,160)
Dividend income	(642,616)	(456,431)

**Profit before working capital changes**

**Effect on cash flow due to working capital changes**

Increase in trade debts	(3,535,236)	(1,532,030)
Increase in stores and spares	(317,044)	(211,043)
Increase in stock-in-trade	(4,160,802)	(3,592,366)
Increase in loans, advances, deposits, prepayments and other receivables	(582,988)	(175,109)
Increase in trade and other payables	3,782,277	1,347,392

	(4,813,793)	(4,163,156)
	<b>6,880,193</b>	<b>5,158,100</b>

**20. Cash and cash equivalents**

Cash and bank balances	722,433	451,802
Finances under markup arrangements - secured	(13,842,296)	(12,754,224)

	<b>(13,119,863)</b>	<b>(12,302,422)</b>
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**21. Financial risk management**

**21.1 Financial risk factors**

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

The condensed interim unaudited consolidated 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 Group's annual financial statements as at December 31, 2020.

There have been no changes in the risk management department or in any risk management policies since the year ended December 31, 2020.

**21.2 Fair value estimation**

**a) Fair value hierarchy**

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

- The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

- The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to determine fair value of an instrument are observable, the instrument is included in Level 2.

- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity instruments.

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed above. The following table presents the Group's significant financial assets measured and recognised at fair value at September 30, 2021 and December 31, 2020 on a recurring basis:

As at September 30, 2021

**Assets**

***Recurring fair value measurement***

Investments - FVOCI

**Liabilities**

Un-audited			
Level 1	Level 2	Level 3	Total
(Rupees in thousand)			
22,026,130	-	5,025	22,031,155
-	-	-	-

As at December 31, 2020

**Rupees in thousand**

**Assets**

***Recurring fair value measurement***

Investments - FVOCI

**Liabilities**

Audited			
Level 1	Level 2	Level 3	Total
24,322,273	-	5,025	24,327,298
-	-	-	-

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

**22. Detail of subsidiaries**

**Name of the subsidiaries**

Anemone Holdings Limited  
 Bulleh Shah Packaging (Private) Limited  
 Chantler Packages Inc.  
 DIC Pakistan Limited  
 Flexible Packages Converters (Proprietary) Limited  
 Linnaea Holdings Inc.  
 Packages Convertors Limited  
 Packages Investments Limited  
 Packages Lanka (Private) Limited  
 Packages Power (Private) Limited  
 Packages Real Estate (Private) Limited  
 StarchPack (Private) Limited

Accounting year end	Percentage of holding	Country of incorporation
December 31	100.00%	Mauritius
December 31	100.00%	Pakistan
December 31	72.07%	Canada
December 31	54.98%	Pakistan
December 31	63.50%	South Africa
December 31	79.07%	Canada
December 31	100.00%	Pakistan
December 31	100.00%	Pakistan
December 31	79.07%	Sri Lanka
December 31	100.00%	Pakistan
December 31	75.16%	Pakistan
December 31	100.00%	Pakistan

**23. Date of authorization for issue**

These condensed interim unaudited consolidated financial statements were authorized for issue on October 28, 2021 by the Board of Directors of the Parent Company.

**24. Corresponding figures**

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim unaudited consolidated statement of financial position has been compared with the balances of annual consolidated audited financial statements of preceding financial year, whereas, the condensed interim unaudited consolidated profit or loss account, condensed consolidated interim unaudited statement of comprehensive income, condensed interim unaudited consolidated statement of changes in equity and condensed interim unaudited consolidated 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 purpose of comparison and better presentation. The corresponding figures are not comparable as the assets and related liabilities of the Parent Company's manufacturing business were transferred to Packages Convertors Limited with effect from July 1, 2020 as detailed in note 1.1.

**Chief Executive**

**Director**

**Chief Financial Officer**

# Third Quarter Report

Condensed Interim Financial Statements for  
the Nine Months Period Ended September 30, 2021  
(Unaudited)



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