Packages Limited
Annual Report 2019

Contents

COMPANY INFORMATION

Board of Directors

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

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

Asghar Abbas
(Executive Director)

Atif Aslam Bajwa
(Independent Director)

Imran Khalid Niazi
(Non-Executive Director)

Josef Meinrad Mueller
(Non-Executive Director)

Shamim Ahmad Khan
(Non-Executive Director)

Syed Aslam Mehdi
(Non-Executive Director)

Syed Shahid Ali
(Non-Executive Director)

Tariq Iqbal Khan
(Non-Executive Director)

Advisor
Syed Babar Ali

Chief Financial Officer
Khurram Raza Bakhtayari

Company Secretary
Adi J. Cawasji

Rating Agency
PACRA

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

Auditors
A.F. Ferguson & Co.
Chartered Accountants

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

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

Bankers & Lenders
Askari Bank Limited
Bank Al-Habib Limited
Deutsche Bank A.G.
Habib Bank Limited
International Finance Corporation (IFC)
JS Bank Limited
MCB Bank Limited
Standard Chartered Bank (Pakistan) Limited

Head Office & Works

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

Web Presence

www.packages.com.pk

Offices

Registered Office & Regional Sales office

4th Floor, The Forum
Suite No. 416 - 422, G-20, Block 9
Khayaban-e-Jami, Clifton
Karachi - 75600, Pakistan
PABX : (021) 35874047-49
: (021) 35378650-51
: (021) 35831618, 35833011, 35831664
Fax : (021) 35860251

Regional Sales Office

2nd Floor, G.D. Arcade
73-E, Fazal-ul-Haq Road, Blue Area
Islamabad - 44000, Pakistan
PABX : (051) 2348307-9
: (051) 2806267
Fax : (051) 2348310

Zonal Sales Offices

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

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

Core Values

Underlying everything we do and everything we believe in is a set of core values. Values are reasons which we regard as higher than our self-interest. These guide us to deal with every aspect of any issue we might encounter in our personal and professional lives. These values help us grow inside & outside, personally and as an organization.

Core values are:

Care

a) We provide care through empathy, fairness, trust and openness;
b) We care for the communities in which we exist; we are conscious of the impact of our activities on our environment;
c) We strive to improve our lives and the lives of others; we care for and grow people; and
d) We care for all our customers; we succeed when our customer succeeds.

Respect

a) We treat others the way we want to be treated ourselves;
b) We value legitimate relationships based on mutual trust and respect;
c) We are humble in all our dealings; and
d) We respect our organization.

Lead

a) We believe in possibilities; nothing is impossible;
b) We take leadership position in all our markets;
c) We aspire to build authentic leaders who say what they mean and mean what they say;
d) We live by our values and, appreciate and recognise the same in others; and
e) We add value daily and look for future opportunities. We are committed to making a great organization.

Honesty

a) Our actions are ethical and credible. We ensure transparency and fairness in all our dealings;
b) We are respectful in our interactions with others and maintain the highest moral standards even in the most difficult situations;
c) Our commitment to honesty is evident in our appreciation and welcoming attitude towards candid feedback; and
d) We remain thankful with ourselves, our people, our organization, our customers and our community in all of our dealings.

Courage

a) We are passionate and courageous in pursuing our dreams;
b) The other side of fear is freedom; we value freedom;
c) We have the audacity to look at new challenges and adjust our sails accordingly ; and
d) We stress upon suspending self-interest for the greater good.

Values to us:

They are:

1) Fundamental beliefs of our organization;
2) Not to be compromised by any individual at Packages Limited;
3) Principals that direct our relationship with our customers and stakeholders;
4) Basic elements of how we go on about our work;
5) Operating philosophies that guide our internal conduct; and
6) Helpful in distinguishing wrong behaviors from the right ones.

They are not:

1) Description of the work we do;
2) Strategies we employ;
3) Just to be hung on the walls; and
4) Cosmetic.

SIX YEARS AT A GLANCE

(Rupees in million)	2019	2018	2017	2016	2015	2014
Assets Employed:						
Fixed Assets at Cost	14,736	13,184	11,514	10,068	10,036	9,835
Accumulated Depreciation/Amortization	6,835	6,459	6,190	5,665	6,055	5,973
Net Fixed Assets	**7,902**	**6,726**	**5,324**	**4,403**	**3,981**	**3,861**
Other Non-Current Assets	47,722	51,334	60,185	50,104	45,037	47,445
Current Assets	11,203	10,116	8,380	7,641	7,918	8,548
Current Liabilities	9,811	9,492	4,863	5,025	4,904	5,130
Net Current and Other Non-Current Assets	**49,114**	**51,958**	**63,702**	**52,719**	**48,051**	**50,864**
Assets of disposal Group	-	-	-	-	-	-
Net Assets Employed	**57,015**	**58,683**	**69,026**	**57,122**	**52,031**	**54,725**
Financed By:						
Paid up Capital	894	894	894	894	884	864
Reserves	51,422	54,934	64,166	51,284	45,593	47,567
Preference Shares/Convertible stock reserve	606	606	606	606	1,310	1,572
Shareholder's Equity	**52,922**	**56,434**	**65,666**	**52,784**	**47,786**	**50,003**
Deferred Liabilities	1,261	1,229	1,027	736	488	467
Lease liabilities	41	-	-	-	-	-
Long Term Finances	2,733	933	2,267	3,602	3,757	4,255
Long term advances	59	87	66			
Total Non-Current Liabilities	**4,093**	**2,249**	**3,360**	**4,338**	**4,245**	**4,722**
Liabilities of disposal Group	-	-	-	-	-	-
Total Funds Invested	**57,015**	**58,683**	**69,026**	**57,122**	**52,031**	**54,725**
Invoiced Sales-Gross	27,548	24,822	21,389	19,794	18,711	17,627
Materials Consumed	13,899	12,913	10,226	9,313	9,005	9,131
Cost of Goods Sold	18,543	17,419	14,370	13,221	12,664	12,873
Gross Profit	4,373	3,280	3,524	3,618	3,361	2,215
Employees Remuneration	2,699	2,520	2,331	2,209	1,732	1,521
Profit/(loss) from Operations	1,287	941	1,328	1,797	1,828	947
Profit before Tax	2,166	3,445	7,156	6,961	3,803	2,750
Profit/(loss) After Tax	1,346	2,736	6,216	5,596	3,295	2,536
EBITDA (from operations)	2,720	1,769	2,277	2,427	2,497	1,383

Key Ratios:

(Rupees in million)	2019	2018	2017	2016	2015	2014
Profitability						
Gross Profit Ratio (%)	19.08	15.85	19.70	21.49	20.98	14.68
Profit before Tax (%)	9.45	16.64	39.99	41.34	23.73	18.22
EBITDA Margin to Sales (%)	11.87	8.55	12.72	14.41	15.58	9.16
Total Assets Turnover Ratio	0.34	0.30	0.24	0.27	0.28	0.25
Fixed Assets Turnover Ratio	3.33	3.67	4.07	3.92	4.27	4.18
Liquidity						
Current Ratio	1.14	1.07	1.71	1.52	1.61	1.67
Quick Ratio	0.72	0.67	1.20	1.07	1.15	1.13
Gearing						
Debt : Equity Ratio	5:95	4:96	5:95	7:93	8:92	8:92
Return on Equity (%)	2.54	4.85	9.47	10.60	6.90	5.07
Investment						
Basic EPS (Rs.)	15.06	29.69	69.05	62.61	37.42	29.89
Diluted EPS (Rs.)	14.93	29.18	65.02	58.45	33.62	26.59
Price - Earning Ratio	23.64	13.03	7.38	13.58	15.56	22.70
Interest Cover Ratio	3.08	7.87	17.96	6.43	7.08	4.67
Dividend Yield (%)	3.37	3.88	5.88	2.94	2.58	1.33
Dividend Cover Ratio	1.26	2.04	2.32	2.50	2.46	3.23
Cash dividend %	120.00	150.00	300.00	250.00	151.70	90.00
Break-up value per Ordinary share (Rs.)	585.32	624.62	727.90	583.78	519.99	554.26
Market Value per Ordinary Share - Year End (Rs.)	356.00	386.82	509.83	850.05	582.11	678.29
Cash Dividend per share	12.00	15.00	30.00	25.00	15.00	9.00

* Represents Continuing operation.

** Excluding effect of capital gain and reversal of impairment/(impairement loss) on available for sale financial assets, if any.

HORIZONTAL &
VERTICAL ANALYSIS
Balance Sheet

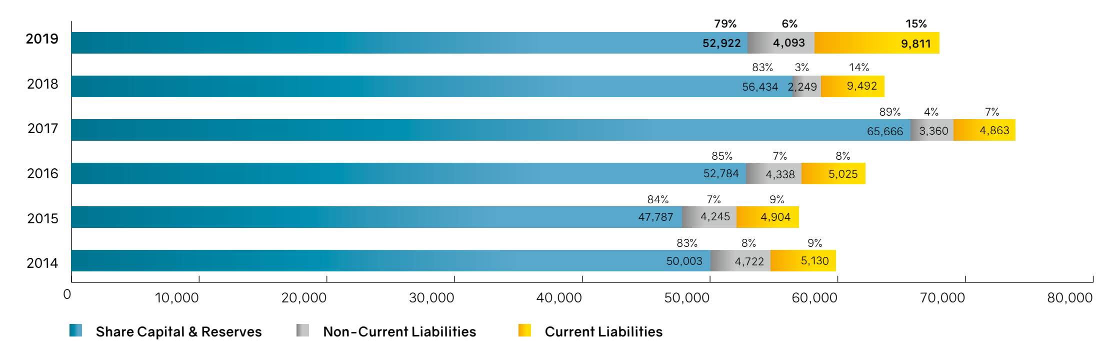
Horizontal Analysis
(Rupees in Million)

	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15	2015	15 vs 14	2014
Equity & Liabilities	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.
SHARE CAPITAL & RESERVES											
Issued, subscribed and paid up capital	894	-	894	-	894	-	894	1.11	884	2.34	864
Preference shares /convertible stock of Rs 190 each	606	-	606	-	606	-	606	(53.72)	1,310	(16.65)	1,572
Reserves	49,084	(4.79)	51,550	(10.62)	57,673	16.39	49,550	18.32	41,878	(6.45)	44,766
Un-appropriated profit / (loss)	2,338	(30.90)	3,384	(47.88)	6,492	274.40	1,734	(53.32)	3,715	32.64	2,801
NON-CURRENT LIABILITIES											
Long term finances	2,733	193.00	933	(58.62)	2,254	(36.96)	3,576	(4.12)	3,729	(11.81)	4,229
Liabilities against assets subject to finance lease	-	-	-	(100.00)	13	(49.36)	26	(5.77)	28	7.66	26
Lease liabilities	41	-	-	-	-	-	-	-	-	-	-
Long term advances	59	(32.51)	87	32.68	66	-	-	-	-	-	-
Deferred taxation	462	27.76	362	5.22	344	(0.12)	344	39.80	246	(15.95)	293
Retirement benefits	621	21.30	512	42.80	358	310.36	87	115.97	40	-	-
Deferred liabilities	178	(49.89)	356	9.50	325	6.62	305	51.31	202	15.46	175
CURRENT LIABILITIES											
Current portion of long-term finances	221	(83.34)	1,329	(1.02)	1,342	131.94	579	47.53	392	91.64	205
Finances under mark up arrangements - secured	5,713	29.43	4,414	1,373.32	300	(78.24)	1,377	55.69	884	(29.95)	1,263
Trade and other payables	3,486	1.39	3,438	14.92	2,992	5.06	2,848	(13.12)	3,278	4.24	3,145
Unclaimed dividend	55	(11.01)	62	57.81	39	-	-	-	-	-	-
Accrued Finance Cost	335	34.43	249	31.40	190	(14.42)	222	(36.52)	349	(32.52)	518
TOTAL	66,827	(1.98)	68,176	(7.73)	73,889	18.89	62,148	9.15	56,936	(4.88)	59,854

Vertical Analysis
(Rupees in Million)

	2019		2018		2017		2016		2015		2014	
Equity & Liabilities	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
SHARE CAPITAL & RESERVES												
Issued, subscribed and paid up capital	894	1.34	894	1.31	894	1.21	894	1.44	884	1.55	864	1.44
Preference shares /convertible stock of Rs 190 each	606	0.91	606	0.89	606	0.82	606	0.98	1,310	2.30	1,572	2.63
Reserves	49,084	73.45	51,550	75.61	57,673	78.05	49,550	79.73	41,878	73.55	44,766	74.79
Un-appropriated profit / (loss)	2,338	3.50	3,384	4.96	6,492	8.79	1,734	2.79	3,715	6.52	2,801	4.68
NON-CURRENT LIABILITIES												
Long term finances	2,733	4.09	933	1.37	2,254	3.05	3,576	5.75	3,729	6.55	4,229	7.07
Liabilities against assets subject to finance lease	-	-	-	-	13	0.02	26	0.04	28	0.05	26	0.04
Lease liabilities	41	0.06	-	-	-	-	-	-	-	-	-	-
Long term advances	59	0.09	87	0.13	66	0.09	-	-	-	-	-	-
Deferred taxation	462	0.69	362	0.53	344	0.47	344	0.55	246	0.43	293	0.49
Retirement benefits	621	0.93	512	0.75	358	0.48	87	0.14	40	0.07	-	-
Deferred liabilities	178	0.27	356	0.52	325	0.44	305	0.49	202	0.35	175	0.29
CURRENT LIABILITIES												
Current portion of long-term finances	221	0.33	1,329	1.95	1,342	1.82	579	0.93	392	0.69	205	0.34
Finances under mark up arrangements - secured	5,713	8.55	4,414	6.47	300	0.41	1,377	2.22	884	1.55	1,263	2.11
Trade and other payables	3,486	5.22	3,438	5.04	2,992	4.05	2,848	4.58	3,278	5.76	3,145	5.25
Unclaimed dividend	55	0.08	62	0.09	39	0.05	-	-	-	-	-	-
Accrued Finance Cost	335	0.50	249	0.37	190	0.26	222	0.36	349	0.61	518	0.86
TOTAL	66,827	100	68,176	100	73,889	100	62,148	100	56,936	100	59,854	100

Equity and Liabilities (Rupees In Million)



Horizontal Analysis

(Rupees in Million)

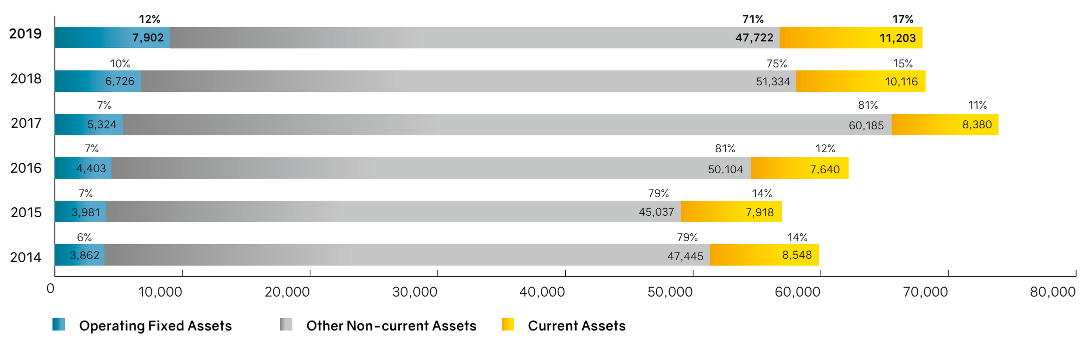
Assets	2019 Rs.	19 vs 18 %	2018 Rs.	18 vs 17 %	2017 Rs.	17 vs 16 %	2016 Rs.	16 vs 15 %	2015 Rs.	15 vs 14 %	2014 Rs.
NON-CURRENT ASSETS											
Property, plant and equipment	7,286	11.30	6,546	26.26	5,185	21.71	4,260	11.97	3,804	3.21	3,686
Right-of-use assets	63	-	-	-	-	-	-	-	-	-	-
Investment property	487	336.73	112	(17.14)	135	1.14	133	(14.31)	155	12.63	138
Intangible assets	65	(3.42)	67	1,338.46	5	(52.48)	10	(52.40)	21	(45.45)	38
Investments	47,714	(7.03)	51,323	(14.70)	60,166	20.15	50,078	11.29	44,998	(4.88)	47,304
Long term security deposits	8	(8.94)	9	(42.66)	15	(42.66)	26	(33.86)	39	(25.95)	53
Long term loans	0.3	(88.09)	2	(27.14)	3	-	-	-	-	-	-
Retirement benefits	-	-	-	-	-	-	-	-	-	(100.00)	88
CURRENT ASSETS											
Stores and spares	658	32.12	498	17.99	422	5.03	402	(17.63)	488	(1.00)	493
Stock-in-trade	3,439	10.04	3,125	59.87	1,955	10.51	1,769	(0.64)	1,780	(20.21)	2,231
Current portion of long term investment	-	-	10	-	-	-	-	-	-	-	-
Short term investments	80	-	-	-	-	-	-	-	-	-	-
Trade debts	3,045	18.54	2,569	7.38	2,392	10.14	2,172	21.95	1,781	16.64	1,527
Loans, advances, deposits, prepayments and other receivables	858	2.77	835	14.53	729	(32.57)	1,081	(19.69)	1,346	(25.09)	1,797
Income Tax Receivable	2,888	(4.28)	3,017	11.75	2,700	27.00	2,126	(12.19)	2,421	7.70	2,248
Cash and bank balances	235	276.11	63	(65.69)	182	101.08	91	(10.94)	102	(59.63)	252
TOTAL	66,827	(1.98)	68,176	(7.73)	73,889	18.89	62,148	9.16	56,936	(4.88)	59,855

Vertical Analysis

(Rupees in Million)

Assets	2019 Rs.	2019 %	2018 Rs.	2018 %	2017 Rs.	2017 %	2016 Rs.	2016 %	2015 Rs.	2015 %	2014 Rs.	2014 %
NON-CURRENT ASSETS												
Property, plant and equipment	7,286	10.90	6,546	9.60	5,185	7.02	4,260	6.85	3,804	6.68	3,686	6.16
Right-of-use assets	63	0.09	-	-	-	-	-	-	-	-	-	-
Investment property	487	0.73	112	0.16	135	0.18	133	0.21	155	0.27	138	0.23
Intangible assets	65	0.10	67	0.10	5	0.01	10	0.02	21	0.04	38	0.06
Investments	47,714	71.40	51,323	75.28	60,166	81.43	50,078	80.58	44,998	79.03	47,304	79.03
Long term security deposits	8	0.01	9	0.01	15	0.02	26	0.04	39	0.07	53	0.09
Long term loans	0.3	0.00	2	0.00	3	0.00	-	-	-	-	-	-
Retirement benefits	-	-	-	-	-	-	-	-	-	-	88	0.15
CURRENT ASSETS												
Stores and spares	658	0.98	498	0.73	422	0.57	402	0.65	488	0.86	493	0.82
Stock-in-trade	3,439	5.15	3,125	4.58	1,955	2.65	1,769	2.85	1,780	3.13	2,231	3.73
Current portion of long term investment	-	-	10	0.01	-	-	-	-	-	-	-	-
Short term investments	80	0.12	-	-	-	-	-	-	-	-	-	-
Trade debts	3,045	4.56	2,569	3.77	2,392	3.24	2,172	3.49	1,781	3.13	1,527	2.55
Loans, advances, deposits, prepayments and other receivables	858	1.28	835	1.22	729	0.99	1,081	1.74	1,346	2.36	1,797	3.00
Income Tax Receivable	2,888	4.32	3,017	4.43	2,700	3.65	2,126	3.42	2,421	4.25	2,248	3.76
Cash and bank balances	235	0.35	63	0.09	182	0.25	91	0.15	102	0.18	252	0.42
TOTAL	66,827	100	68,176	100	73,889	100	62,148	100	56,936	100	59,855	100

Assets (Rupees In Million)



HORIZONTAL & VERTICAL ANALYSIS

Profit or Loss

Horizontal Analysis

(Rupees in Million)

	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15	2015	15 vs 14	2014
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.
Continuing operations											
Local sales	27,356	10.39	24,781	16.02	21,359	8.05	19,766	5.80	18,683	6.26	17,582
Export sales	192	369.67	41	34.49	30	12.41	27	(4.44)	28	(37.70)	45
Gross sales	27,548	10.98	24,822	16.05	21,389	8.06	19,794	5.78	18,711	6.15	17,627
Sales tax	(4,274)	12.05	(3,814)	16.15	(3,284)	11.92	(2,934)	10.41	(2,657)	5.63	(2,516)
Commission	-	-	-	-	-	(100.00)	(20)	(29.82)	(29)	18.91	(24)
Trade Discount	(358)	16.11	(308)	45.89	(211)	-	-	-	-	-	-
Net sales	22,916	10.71	20,699	15.68	17,894	6.26	16,839	5.08	16,025	6.21	15,087
Cost of sales	(18,543)	6.45	(17,419)	21.22	(14,370)	8.68	(13,221)	4.40	(12,664)	(1.63)	(12,873)
Gross profit	4,373	33.31	3,280	(6.92)	3,524	(2.59)	3,618	7.63	3,361	51.79	2,215
Administrative expenses	(1,159)	5.53	(1,098)	8.73	(1,010)	12.54	(897)	19.22	(753)	(4.38)	(787)
Distribution and marketing costs	(1,254)	7.41	(1,168)	27.22	(918)	(0.39)	(922)	35.93	(678)	16.87	(580)
Net impairment losses on financial assets	(70)	-	-	-	-	-	-	-	-	-	-
Other operating expenses	(930)	169.59	(345)	(30.44)	(496)	26.36	(392)	13.04	(347)	56.38	(222)
Other operating income	327	20.30	272	19.67	227	(41.81)	390	59.94	244	(24.25)	322
Profit / (Loss) from operations	1,287	36.75	941	(29.10)	1,328	(26.11)	1,797	(1.68)	1,828	92.91	947
Finance costs	(1,056)	101.19	(525)	17.81	(445)	(65.93)	(1,308)	103.33	(643)	(14.44)	(752)
Investment income	1,934	(36.14)	3,029	(51.72)	6,274	(3.06)	6,472	147.22	2,618	2.51	2,554
Profit / (Loss) before tax	2,166	(37.14)	3,445	(51.85)	7,156	2.80	6,961	83.08	3,803	38.30	2,750
Taxation	(819)	15.52	(709)	(24.54)	(940)	(31.18)	(1,366)	169.33	(507)	137.83	(213)
Profit / (loss) for the year	1,346	(50.79)	2,736	(55.98)	6,216	11.09	5,596	69.80	3,295	29.93	2,536
Basic earnings/ (loss) per share											
- From Continuing operations	15.06		29.69		69.05		62.61		37.42		29.89
- From Discontinued operations	-		-		-		-		-		-
- From profit / (loss) for the year	15.06		29.69		69.05		62.61		37.42		29.89
Diluted earnings/ (loss) per share											
- From Continuing operations	14.93		29.18		65.02		58.45		33.62		26.59
- From Discontinued operations	-		-		-		-		-		-
- From profit / (loss) for the year	14.93		29.18		65.02		58.45		33.62		26.59

The financial information is based upon audited financial results of the company of respective periods unless represented in accordance with applicable financial reporting framework.

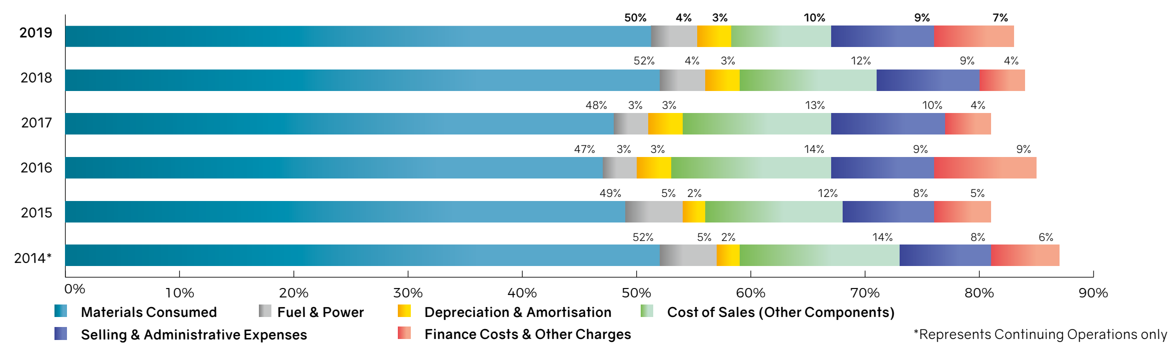
Vertical Analysis

(Rupees in Million)

	2019		2018		2017		2016		2015		2014	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Continuing operations												
Local sales	27,356	99.30	24,781	99.84	21,359	99.86	19,766	99.86	18,683	99.85	17,582	99.74
Export sales	192	0.70	41	0.16	30	0.14	27	0.14	28	0.15	45	0.26
Gross sales	27,548	100.00	24,822	100.00	21,389	100.00	19,794	100.00	18,711	100.00	17,627	100.00
Sales tax and excise duty	(4,274)	(15.51)	(3,814)	(15.37)	(3,284)	(15.35)	(2,934)	(14.82)	(2,657)	(14.20)	(2,516)	(14.27)
Commission	-	-	-	-	-	-	(20)	(0.10)	(29)	(0.16)	(24)	(0.14)
Trade Discount	(358)	(1.30)	(308)	(1.24)	(211)	(0.99)	-	-	-	-	-	-
Net sales	22,916	83.19	20,699	83.39	17,894	83.66	16,839	85.07	16,025	85.64	15,087	85.59
Cost of sales	(18,543)	(67.31)	(17,419)	(70.18)	(14,370)	(67.18)	(13,221)	(66.80)	(12,664)	(67.68)	(12,873)	(73.03)
Gross profit	4,373	15.87	3,280	13.22	3,524	16.48	3,618	18.28	3,361	17.96	2,215	12.56
Administrative expenses	(1,159)	(4.21)	(1,098)	(4.42)	(1,010)	(4.72)	(897)	(4.53)	(753)	(4.02)	(787)	(4.47)
Distribution and marketing costs	(1,254)	(4.55)	(1,168)	(4.70)	(918)	(4.29)	(922)	(4.66)	(678)	(3.62)	(580)	(3.29)
Net impairment losses on financial assets	(70)	(0.25)	-	-	-	-	-	-	-	-	-	-
Other operating expenses	(930)	(3.37)	(345)	(1.39)	(496)	(2.32)	(392)	(1.98)	(347)	(1.86)	(222)	(1.26)
Other operating income	327	1.19	272	1.09	227	1.06	390	1.97	244	1.30	322	1.83
Profit / (Loss) from operations	1,287	4.67	941	3.79	1,328	6.21	1,797	9.08	1,828	9.77	947	5.37
Finance costs	(1,056)	(3.83)	(525)	(2.11)	(445)	(2.08)	(1,308)	(6.61)	(643)	(3.44)	(752)	(4.26)
Investment income	1,934	7.02	3,029	12.20	6,274	29.33	6,472	32.70	2,618	13.99	2,554	14.49
Profit / (Loss) before tax	2,166	7.86	3,445	13.88	7,156	33.46	6,961	35.17	3,803	20.32	2,750	15.60
Taxation	(819)	(2.97)	(709)	(2.86)	(940)	(4.39)	(1,366)	(6.90)	(507)	(2.71)	(213)	(1.21)
Profit / (loss) for the year	1,346	4.89	2,736	11.02	6,216	29.06	5,596	28.27	3,295	17.61	2,536	14.39
Basic earnings/ (loss) per share												
- From Continuing operations	15.06		29.69		69.05		62.61		37.42		29.89	
- From Discontinued operations	-		-		-		-		-		-	
- From profit / (loss) for the year	15.06		29.69		69.05		62.61		37.42		29.89	
Diluted earnings/ (loss) per share												
- From Continuing operations	14.93		29.18		65.02		58.45		33.62		26.59	
- From Discontinued operations	-		-		-		-		-		-	
- From profit / (loss) for the year	14.93		29.18		65.02		58.45		33.62		26.59	

The financial information is based upon audited financial results of the company of respective periods unless represented in accordance with applicable financial reporting framework.

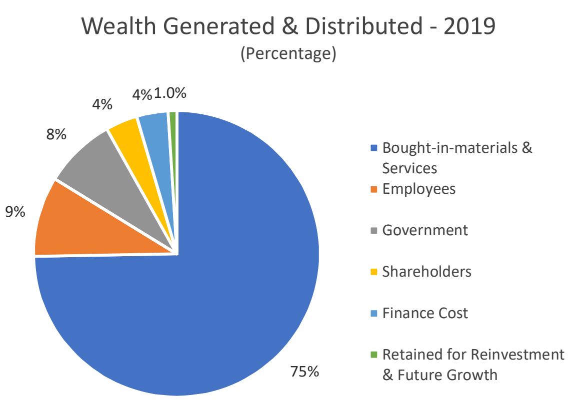
Profit or Loss – Breakup of Major Expenses As % of Sales

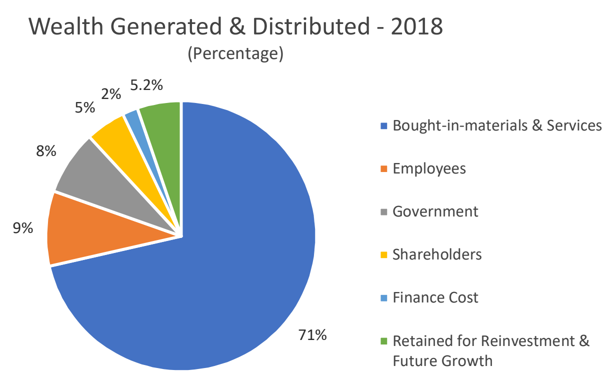


Value Added and its Distribution

The statement below shows value added by the operations of the Company and its distribution to the stakeholders

(Rupees in thousand)	2019		2018		2017	
WEALTH GENERATED						
Sales	27,547,722		24,821,998		21,388,949	
Dividend Income	1,934,288		3,028,883		6,273,905	
Other Income	326,972		271,793		227,127	
	29,808,982	**100%**	**28,122,674**	**100%**	**27,889,981**	**100%**
WEALTH DISTRIBUTED						
Bought-In-Materials & Services	22,272,152	75%	20,091,658	71%	16,238,514	58%
To Employees						
Remuneration, Benefits And Facilities	2,698,754	9%	2,519,992	9%	2,331,375	8%
To Government						
Income Tax, Sales Tax, Custom & Excise Duties, Workers' Funds, Eobi & Social Security Contribution, Professional & Local Taxes	2,417,011	8%	2,169,421	8%	2,479,695	9%
To Providers Of Capital						
Cash Dividend To The Ordinary Shareholders	1,072,554	4%	1,340,693	5%	2,681,385	10%
Finance Costs	1,055,940	4%	524,852	2%	445,495	2%
Retained For Reinvestment & Future Growth / (Utilized From Reserves)	292,571	1.0%	1,476,058	5.2%	3,713,517	13%
	29,808,982	**100%**	**28,122,674**	**100%**	**27,889,981**	**100%**

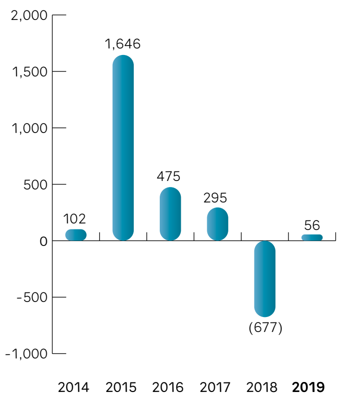




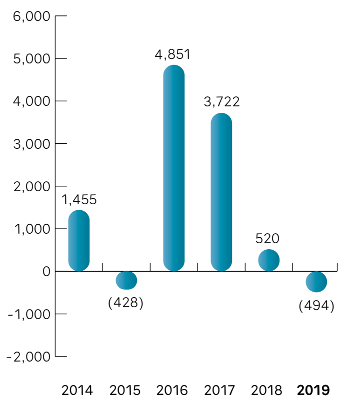
SOURCES &
APPLICATION OF FUNDS
Over the last six years

(Rupees in thousand)	2019	2018	2017	2016	2015	2014
Cash flow from operating activities						
Cash generated from operations	1,844,199	825,675	2,252,114	2,323,393	3,182,034	1,432,406
Finance cost paid	(963,463)	(465,034)	(477,465)	(525,475)	(811,384)	(764,241)
Taxes paid & refund - net	(575,521)	(975,744)	(1,437,792)	(1,278,772)	(686,226)	(535,873)
Long term loans - net	2,563	1,190	2,864			
Long term security deposits - net	763	(6,230)	(1,471)			
Payments for accumulating compensated absences	(226,947)	(33,490)	(21,595)	(26,046)	(23,533)	(17,079)
Retirement benefits paid	(25,679)	(23,739)	(21,339)	(17,917)	(15,329)	(13,450)
Net cash (outflow) / inflow from operating activities	55,915	(677,372)	295,316	475,183	1,645,562	101,763
Cash flow from investing activities						
Fixed capital expenditure	(1,995,235)	(2,215,130)	(1,663,202)	(1,026,871)	(713,480)	(629,738)
Investments made in equity securities	(614,538)	(289,614)	(958,526)	(701,167)	(2,437,175)	(600,000)
Long term advances - net	3,336	20,680	(2,476)	13,289	13,311	14,448
Investments made in government securities	-	-	(1,599,994)	-	-	-
Proceeds from disposal of government securities	-	-	1,603,171	-	-	-
Proceeds from disposal of property, plant and equipment	77,281	60,846	69,455	93,797	91,023	106,792
Proceeds from disposal of investments	10,000	-	-	-	-	-
Dividends received	2,025,215	2,942,799	6,273,905	6,472,005	2,617,891	2,553,678
Net cash (used in) / generated from investing activities	(493,941)	519,581	3,722,333	4,851,053	(428,430)	1,445,180
Cash flow from financing activities						
Repayment of long term finances	(1,321,450)	(1,321,420)	(571,420)	(1,885,710)	(200,000)	(600,000)
Proceeds from long-term finances	2,000,000	-	-	3,000,000	-	-
Repayment of liabilities against assets subject to finance lease - net	-	(13,730)	(10,617)	(7,438)	(7,038)	(3,599)
Redemption of preference shares	-	-	-	(5,601,500)	-	-
Repayment of lease liabilities	(19,519)	-	-	-	-	-
Participating dividend on preference shares paid	-	(82,499)	(45,000)	-	-	-
Dividend paid	(1,347,518)	(2,658,674)	(2,221,580)	(1,335,268)	(782,731)	(671,684)
Net cash (used in) / generated from financing activities	(688,487)	(4,076,323)	(2,848,617)	(5,829,916)	(989,769)	(1,275,283)
Net (decrease) / increase in cash and cash equivalents	(1,126,513)	(4,234,114)	1,169,032	(503,680)	227,363	271,660
Cash and cash equivalents at the beginning of the year	(4,351,503)	(117,389)	(1,286,421)	(782,741)	(1,010,104)	(1,281,764)
Cash and cash equivalents at the end of the year	(5,478,016)	(4,351,503)	(117,389)	(1,286,421)	(782,741)	(1,010,104)

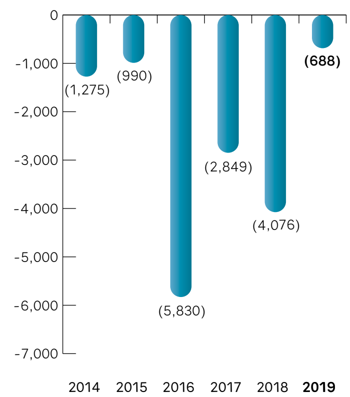
Operating Activities
(Rupees In Million)



Investing Activities
(Rupees In Million)



Financing Activities
(Rupees In Million)



CORPORATE SOCIAL **RESPONSIBILITY & SUSTAINABILITY**

With the growing business market and rapidly changing trends, Packages Limited realizes the modern-day challenges and fully believes in conducting its business in an ethical and responsible way. We believe that "sustainable way is the only way for business". To synchronize its operations with the global sustainability drives, Packages Limited has now become a signatory of United Nation's Sustainable Development Goals (SDGs) and is aligning its activities in accord with the SDGs.

Responsible Sourcing

Packages Limited is certified on FSC CoC which ensures the buying and consumption of pulp and paper board from responsible sources and sets us in line with the global efforts being done to prevent deforestation and maintaining ecological balance. Last year 2019 marked an achievement for Packages as we got our Karachi and Islamabad Site Offices certified on FSC CoC as well.

Not only this, Packages Limited has also maintained Halal Certification with its successful surveillance audit in 2019. Halal Certification has been a source of substantial support to our Food Manufacturing Customers who needed to claim their Packaging coming from 100% Halal sources.

Packages was also successful in Unilever Responsible Sourcing Audit (URSA) and SEDEX and Supplier Workplace Accountability (SWA) which are key customer audits conducted every year to gauge our performance on Responsible Sourcing and Social Compliance.

Furthermore, as a part of responsible sourcing efforts, Packages Limited regularly audits its suppliers to gauge their compliance on Safety, Food Safety, Environment and Quality. 2019 included major supplier audits of Bulleh Shah Packaging Pvt. Ltd, Dyna pack, DIC, Tri Pack, Novatex and Bin Rasheed etc.

Energy & Environment

Being a member of the global network of Green Offices Project of the World-Wide Fund for Nature, Packages Limited was audited by WWF and was awarded Green Office Diploma for two years on the basis of our excellent performance and initiatives.

In 2019, Lahore was hit by a severe smog season which required active and rigorous measures from our end. Considering the well being of its employees, Packages Limited conducted various awareness sessions on Smog issues internally as well as with the collaborations various institutes e.g. WWF, EPD Punjab IIPAC etc. High quality Preventive masks were also distributed among all employees on urgent basis.

Along with this, as a small step towards environmental conservation, Packages Limited took initiatives of Paper Reduction in which RFQ Prints attached with Procurement Authorization Sheets were eliminated, Printed Hard Copies of local PRs were eliminated and Fire Inspection Record Keeping was shifted from papers to an Online Portal. These initiatives led to an annual paper saving of 47,560 A4 Sheets.

As in previous years, Energy also remained an area of focus in 2019 as well. Regular Energy Audits were conducted throughout the factory in which findings related to Electricity, Compressed Air, Steam and Water were highlighted and successfully rectified. Energy Incident Reporting started in 2018 proved to be an effective tool in energy auditing which promoted an active reporting culture within the factory.

Celebration and Rewarding of Saving and Conservation Initiatives in the fields of Energy and Water through Energy Championship and Water Steward Championship continued to be a major source of motivation among employees as well as it proved to be a milestone in establishing a behavior and a conservation mindset. Approx. 304,895 kWh Energy Saving and 21,335 Tons of Water Saving was celebrated and rewarded through these championships in 2019

CORPORATE SOCIAL **RESPONSIBILITY & SUSTAINABILITY**

Health, Food Safety and Occupational Safety

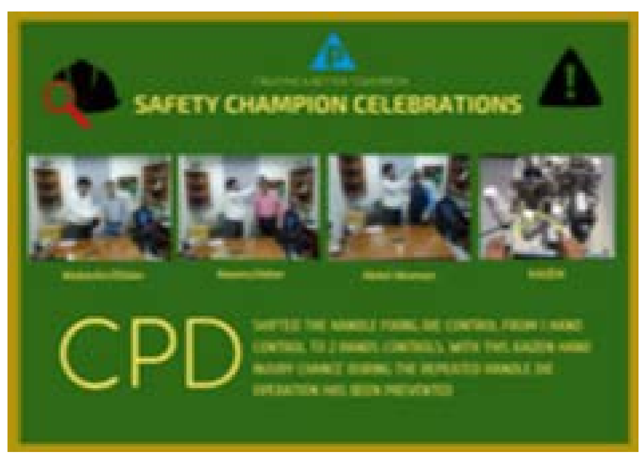
Health and Well Being of our employees has always remained one of our chief concerns. Packages believes that education and awareness play a vital role in changing the mindset and attitude of the employees and directing it towards a healthy lifestyle. Following upon it, Packages Limited organized both in-house and external awareness campaigns on health and wellbeing in 2019 which included Heart Disease Awareness, CPR, Hepatitis Awareness, Cancer Awareness, Dengue Awareness and Healthy Lifestyle and Physical Fitness.

Along with that, Packages Limited is certified on FSSC 22000 and Food Safety System has been fully implemented on all its production floors. Catering the needs of all our Food Manufacturing Customers and to synchronize our efforts with the global Food Safety and Hygiene Standards Packages Limited leaves no stone unturned to exercise the best hygiene practices on floor. This is the main reason that in 2019, Packages Limited made a landmark achievement of acquiring AA Grade in BRC Certification.

In Occupational Safety, our main procedures include Comprehensive Risk assessment and Controls, Permit to work, Near miss reporting, Incident reporting, Emergency response and compliance evaluation procedures. All newly hired employees go through safety orientation programs and sign an affidavit of their awareness. We routinely conduct trainings, both internal and external, regarding occupational health and safety, road safety, safe removal of waste, first aid and fire safety.

In 2019, Packages Limited made a successful transition from OHSAS 18001 to ISO 45001 which is the latest Occupational Health and Safety Standard. Packages Limited was one of the few companies to have acquired this transition in a short time span.

Fully equipped ambulance with paramedic staff available 24/7 at site, well maintained dedicated smoking areas, robust fire hydrant system as per NFPA Guidelines, Process Safety Management Model Implementation in LPG Area and Fire Extinguishers Inventory Management Portal are few of major initiatives that have contributed in improving our safety infrastructure through PDCA.



Road Safety Measures were also among the key 2019 highlights in which Factory wide Fork lifts Audit was conducted and new SOPs on Forklifts Operation were developed. Training Sessions with Forklifts and Other Vehicle Drivers were also done and along with that Vehicle Fitness Certificates of all transporters were checked.

Tradition of Celebrating and Rewarding the efforts towards establishing safety culture, Safety Championship continued to be celebrated in 2019 as well.

Stakeholder Engagement, Development & Capacity Building

Active Engagement of all stake holders for their development and capacity building is an imperative part of Business Growth. Annual International Days were celebrated with full enthusiasm within Packages which fulfilled the prime purpose of education, awareness and stake holder's engagement.

1- 22nd April, Earth Day

2- 28th April, World Safety Day

3- 4th May, World Fire Fighter's Day

4- 5th June, World Environment Day

5- 7th June, World Food Safety Day

6- 29th September, World Heart Day

7- 15th October, World Handwashing Day

Society

We firmly believe that for an organization to be successful and for it to create value for its shareholders, it must also create value for its society. We consider it our responsibility to make sustainable positive impact on the communities in which we operate. Whether it's through the grants we provide to various organizations that share our mission or through the inspiring volunteer efforts, we are passionate about helping people live better.

We strive to contribute to societal welfare through providing educational opportunities, employment, sponsoring various events, promoting culture, arts and awareness campaigns.

Community Welfare Schemes

As a corporate citizen, we have consistently and consciously tried to make a difference in the society by our corporate giving, assistance in community development and supporting groups; aiming for a progressive social change and the up-lift of the community at large.

CORPORATE SOCIAL **RESPONSIBILITY & SUSTAINABILITY**

Ladies & Children Area

To provide a liberating environment to our female employees and to improve the gender ratio, Packages Limited has established a state of the art "Ladies & Children Area" which includes Daycare, Ladies gym, Ladies common room, children playing area, ladies praying area & a self-service kitchen. This is the first of its kind facility in Pakistan Corporate sector and we hope that our female employees will benefit from it.

Gender Diversity and Equal Opportunities for Women

Packages Limited has a firm conviction that gender diversity is vital for any organization to grow. Our company has always been inclined towards creating a conducive and friendly work environment for both women and men which allows them to have equal opportunities to grow and enables them to participate in decision making at all levels, thus transcending all gender barriers and discrimination May it be Production, Marketing, HR, Sales, Supply Chain, EHS or any other field, women in Packages have always proved themselves to be capable and beneficial for the organization and their number are increasing significantly every year.

Rose Festival

Every spring more than three hundred types of roses welcome our esteemed guests to 'The Packages Rose Festival'. The vividly decorated gardens are graced by the presence of our customers, vendors, employees and guests from the local community. Another essential attraction in this famous event is the spectacular display of different types of peacocks.

Promoting Traditional 'Mela' Culture

We always look forward to arranging different events to promote traditional activities within the society. 'Mela' is one of such activities which we have been organizing for the last many years. The objective of this event is to provide traditional entertainment to the family members of our employees and the residents of our vicinity. More than 1,000 families participate in the event every year.

Sports Activities

Packages Sports Club has been established to foster the sports activities within the company. These sports include both indoor and outdoor games which include Cricket, Badminton, Volley Ball, Kabaddi, Football, Hockey etc. The concept is to organize "Sport a month". Sports activities at workplace has many benefits which includes healthy and fit workforce which help to release tension and combat stress; enhanced productivity and efficiency. Sport binds people together, despite differences in their culture, economic status, religious beliefs & background. Moreover, the employees who participate in sports in general have higher energy levels and this also leads to more rapid organizational growth.

Fair Price Shop

We have established a fair price shop for our employees to facilitate them in the purchase of their grocery items. We provide subsidy on purchase of pulses for the workers. Fair Price shop is also offering other general stores and clothing items on no profit no loss basis to employees.

Scholarships

We offer merit scholarships to the children of our employees to appreciate their talent and promote healthy competition in the form of monitory re-imbursements that vary with the level of education.

Hajj Facility

Every year, Packages has the privilege to send 10 of its employees for Hajj through ballot. This includes 7 employees from non-executive staff and 3 from executive and management staff. We bear all expenses of these employees pertaining to this religious offering.

Long Service Awards

Every year, as a token of appreciation for the continued association with us, we give awards to our employees who achieve a significant milestone of service years.

NOTICE OF
ANNUAL GENERAL MEETING

Notice is hereby given that the 65th Annual General Meeting of Packages Limited will be held on Friday, May 29, 2020 at 10.00 A.M. at the office of IGI, 7th Floor, The Forum, Suite # 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi to transact the following ordinary business:-

1. To confirm the Minutes of the Extraordinary General Meeting of the Company held on May 30, 2019.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2019 together with the Chairman's Review Report and Directors and Auditors Reports thereon.
3. To consider and approve the payment of cash dividend for the year ended December 31, 2019 as recommended by the Board of Directors:-
   a) to the preference share/convertible stock holder (International Finance Corporation) at the rate of Rs. 19.00 (10%) per preference share/convertible stock of Rs. 190 in terms of the Subscription Agreement between Packages Limited and International Finance Corporation; and
   b) to the ordinary shareholders at the rate of Rs. 12.00 (120%) per ordinary share of Rs. 10.
4. To appoint Auditors for the year 2020 and to fix their remuneration. The current Auditors, M/s A.F. Ferguson & Co., Chartered Accountants have consented to be appointed as Auditors for the Financial Year 2020 and the Board of Directors has recommended their appointment.
5. To elect ten (10) directors as fixed by the Board under Section 159 (1) of the Companies Act, 2017 in accordance with the provisions of the said Act for a period of three years. The names of the retiring directors are Mr. Towfiq Habib Chinoy, Mr. Shamim Ahmad Khan, Mr. Tariq Iqbal Khan, Mr. Imran Khalid Niazi, Mr. Josef Meinrad Mueller, Syed Shahid Ali, Syed Hyder Ali, Syed Aslam Mehdi and Mr. Asghar Abbas. The Company has received Notices as well as consent from Ms. Naz Khan, Mr. Hasan Askari and Mr. Irfan Mustafa of their intention to offer themselves for election as directors of the Company for a term of three years in accordance with the provisions of Section 159.

(A Statement of Material Facts required under Section 166 (3) of the Companies Act, 2017 for the purpose of electing independent directors is attached to the end of this Notice.)

By Order of the Board

Adi J. Cawasji

Karachi
April 7, 2020

Adi J. Cawasji
Company Secretary

NOTES TO NOTICE OF ANNUAL GENERAL MEETING:-

1. The Share Transfer Books of the Company will remain closed from May 15, 2020 to May 29, 2020 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, Messrs FAMCO ASSOCIATES (PVT.) LIMITED, 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400 by close of business on May 14, 2020 will be treated in time for determination of entitlement of shareholders to cash dividend and to attend and vote at the Meeting.

2. Any person who seeks to contest the election of directors shall, whether he is a retiring director or otherwise, file with the Company a notice of his/her intention to offer himself/herself for election as a director in terms of Section 159 (3) of the Companies Act, 2017 fourteen (14) days before the date of the Meeting along with the following documents:

   i. Consent to act as director on Form 28 under Section 167 of the Companies Act, 2017.

   ii. A detailed profile along with his/her office address as required under SRO 1196(1)/2019 dated October 3, 2019 issued by the Securities and Exchange Commission of Pakistan ("SECP") for placement on the Company's website.

   iii. Declarations confirming that:

      - He/she is aware of the duties of the directors under the Companies Act, 2017, the Memorandum and Articles of Association of the Company and Listing Regulations of the Pakistan Stock Exchange.

      - He/she is compliant with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the eligibility criteria as set out in the Companies Act, 2017.

      - He/she is not serving as director, including as an alternate director, in more than seven (7) listed companies simultaneously.

   If the number of persons who offer themselves to be elected is more than the number of directors fixed under Sub-Section (1) of Section 159 of the Companies Act, 2017, then the Company shall provide Members with the option of e-voting or voting by postal ballot in accordance with the provisions of Companies (Postal Ballot) Regulations, 2018.

3. A Member entitled to attend and vote at the Meeting may appoint another person as his/her proxy to attend, vote and speak at the Meeting instead of him/her. A proxy need not be a member of the Company. The instrument appointing a proxy and the power of attorney or other authority / board resolution under which it is signed or a notarially attested copy of power of attorney must be deposited at the Registered Office of the Company at 4th Floor, The Forum, Suite # 416-422, G-20, Block 9,

Khayaban-e-Jami, Clifton, Karachi-75600 at least forty-eight (48) hours before the time appointed for the Meeting.

Due to current COVID-19 situation, the Securities and Exchange Commission of Pakistan (SECP) in terms of its Circular No.5 of 2020 issued on March 17, 2020 has advised companies to modify their usual planning for general meetings for the safety and wellbeing of shareholders and the public at large.

Considering the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the Members to consolidate their attendance and voting at the AGM through proxies.

The Company, furthermore, has made arrangements to ensure that all participants, including shareholders, can now participate in the AGM proceeding via video-link. For this, Members are required to email their Name, Folio Number and Number of Shares held in their name with subject 'Registration for Packages' AGM at nisar.ahmed@packages.com.pk. Video-link and login credentials will be shared with only those Members whose emails, containing all the required particulars, are received at the given email address by or before 3:00 P.M. on May 22, 2020. The Shareholders can also provide their comments and questions for the agenda items of the AGM on WhatsApp Number +92300-0659881 and Email nisar.ahmed@packages.com.pk. Members are, therefore, encouraged to attend the AGM through video-link or by consolidating their attendance through proxies.

4. Any individual beneficial owner having an account or sub-account with the CDC, entitled to vote at this Meeting, must bring his/her Computerized National Identity Card ("CNIC") with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her CNIC. The representatives of corporate bodies should bring attested copies of board of directors' resolution/powers of attorney and/or all such documents as are required under Circular No.1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan ("SECP") for the purpose.

5. Members are requested to submit copies of their CNICs and promptly notify any change in address by writing to the office of the Shares Registrar (for shares held in physical form) and to the CDC (for shares held in electronic form).

6. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

   In order to receive dividend directly into their bank account, shareholders are requested to provide their IBAN by filling the Electronic Mode Dividend Form available at Company's website (www.packages.com.pk) containing prescribed details and send it duly signed along with a copy of CNIC to the Registrar of the Company, Messrs FAMCO ASSOCIATES (PVT.) LIMITED, 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400, in case of physical shares. In case of book-entry securities, respective shareholders must get their respective records, including IBAN, updated as per the Electronic Mode Dividend Form with their Broker / Participant / CDC account services.

In the absence of a member's valid bank account details and/or IBAN, the Company will be constrained to withhold the payment of dividend to such members till provision of prescribed details.

7. Shareholders, who for any reason, could not claim their dividend are advised to contact our Shares Registrar, Messrs FAMCO ASSOCIATES (PVT.) LIMITED, 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400, to collect/inquire about their unclaimed dividend, if any.

   Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited with the Federal Government.

8. The Government of Pakistan through Finance Act, 2019 has made certain amendments in the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by companies. These rates are as under:

   (a) For filers of income tax returns: 15%
   (b) For non-filers of income tax returns: 30%

   Shareholders are advised to make sure that their names (and/or the name of their joint holders) are appearing in latest Active Taxpayers List (ATL) provided on the website of FBR, otherwise they (and/or joint holders) shall be treated as non-filers and tax on their cash dividend income will be deducted at the rate of 30% instead of 15%.

9. In order to enable the Company to follow the directives of the regulators to determine shareholding proportion in case of Joint account, all shareholders who hold shares with Joint shareholders, are requested to provide shareholding proportions of Principal shareholder and Joint Holder(s) in respect of shares held by them to our Share Registrar, in writing, as follows:

<table>
<tr><th rowspan="2">Folio / CDS Account #</th><th rowspan="2">Total Shares</th><th colspan="2">Principal Shareholder</th><th colspan="2">Joint Shareholder</th></tr>
<tr><th>Name and CNIC #</th><th>Shareholding Proportion (%)</th><th>Name and CNIC #</th><th>Shareholding Proportion (%)</th></tr>
<tr><td rowspan="3"></td><td rowspan="3"></td><td rowspan="3"></td><td rowspan="3"></td><td></td><td></td></tr>
<tr><td></td><td></td></tr>
<tr><td></td><td></td></tr>
</table>

NOTE: In the event of non-receipt of the information by May 14, 2020, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

For any query/problem/information, the investors may contact the Company and/or the Share Registrar at the following phone numbers or email addresses:-

Contact persons:

Mr. Sifat Ahmad Khan	Mr. Ovais Khan
Tel. # 92 21 35831618 / 35831664 / 35833011	Tel. # 92 21 34380101-2
Email: sifat.ahmad@packages.com.pk	Email: ceo@famco.com.pk

10. The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Company / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, Messrs FAMCO ASSOCIATES (PVT.) LIMITED, 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779(I)/2011 dated August 18, 2011, SRO 831(I)/2012 dated July 5, 2012, SRO 19(I)/2014 dated January 10, 2014 and SRO 275(I)/2016 dated March 31, 2016 which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members.

    In case of non-receipt of the copy of a valid CNIC, the Company would be unable to comply with aforementioned directives of SECP and therefore will be constrained under Section 243(2)(a) of the Companies Act, 2017 to withhold dispatch of dividend warrants of such shareholders.

    Attention of corporate entities / legal persons is also invited towards SECP Circular Nos. 16 and 20 of 2018. Respective shareholders (corporate entities / legal persons) are advised to provide the information pertaining to ultimate beneficial owners and / or other information as prescribed in the subject SECP Circulars to the Share Registrar of the Company.

11. Section 473 of the Companies Act, 2017 requires that after a date notified by the Commission, the information, notices and accounts or any other document to be provided by the company to its members under this Act, shall only be provided electronically on the email address provided by the members. Members are therefore requested to update their respective records pertaining to email address with their Broker/Participant/CDC account services. Physical shareholders are required to provide their email addresses to the Share Registrar of the Company.

12. Shareholders are advised to ensure that they have provided their Passport/NTN/CNIC/Tax Exemption Certificates (for tax exemption, where applicable) and valid Zakat Declaration under Zakat & Ushr Ordinance, 1980 (for

Zakat Exemption) to their respective Participant/CDC Investor Account Services/Company's Share Registrar.

13. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 - 145 of Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulations, 2018.

14. The audited financial statements of the Company for the year ended December 31, 2019 have been made available on the Company's website (www.packages.com.pk) in addition to annual and quarterly financial statements for the prior years.

    The SECP vide Circular No.10 of 2020 dated April 1, 2020 has given regulatory relief to dilute impact of Coronavirus (COVID-19) for corporate sector and the resultant lockdown imposed by the Government. Accordingly, the Annual Report for 2019 of the Company shall not be dispatched to the shareholders through CD or printed copies but shall only be electronically available on the PUCARS system of the Pakistan Stock Exchange Limited and the Company's website (www.packages.com.pk) under "Shareholders' Information." Shareholders are requested to provide the Company their email addresses at nisar.ahmed@packages.com.pk if they wish to obtain the Annual Report 2019 over the email.

15. The Form of Proxy in English and Urdu is attached in the Annual Report and should be witnessed by two persons whose names, addresses and CNIC Numbers should be mentioned on the Forms. The Form of Proxy is also available on the Company's website (www.packages.com.pk).

STATEMENT OF MATERIAL FACTS UNDER SECTION 166 (3) OF THE COMPANIES ACT, 2017

Pursuant to Section 166 (3) of the Companies Act, 2017, Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Companies Act, 2017. Independent Directors shall meet the criteria laid down under Section 166 (2) of the said Act.

The names of Ms. Naz Khan, Mr. Hasan Askari and Mr. Irfan Mustafa are proposed as Independent Directors, for the reason that all three meet the criteria of independence set out in Section 166 (2) of the Companies Act, 2017 and are listed on the databank of Independent Directors maintained by the Pakistan Institute of Corporate Governance duly authorized by the SECP under Section 166 (1) of the said Act. Further, their selection has been made due to their respective competencies, skill, knowledge and experience.

سالانہ اجلاس عام کی اطلاع

بذریعہ ہذا اطلاع دی جاتی ہے کہ پیکیجز لمیٹڈ کا 65واں سالانہ اجلاس عام بروز جمعہ 29 مئی 2020 کو صبح 10:00 بجے آئی جی آئی کے دفتر 7th فلور، دی فورم، سوئٹ نمبر 701-713، G-20 بلاک 9، خیابان جامی، کلفٹن کراچی میں درج ذیل امور کی انجام دہی کے لیے منعقد کیا جائے گا:۔

1۔ کمپنی کے غیر معمولی اجلاس عام منعقدہ 30 مئی 2019 کی کارروائی کی توثیق۔

2۔ کمپنی کے آڈٹ شدہ مالیاتی حسابات برائے سال مختتمہ 31 دسمبر 2019 مع ان پر چیئرمین کی جائزہ رپورٹ اور ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور ان کی منظوری۔

3۔ نقد منافع منقسمہ برائے سال مختتمہ 31 دسمبر 2019 پر غور و خوض اور اس کی ادائیگی کی منظوری، جیسا کہ بورڈ آف ڈائریکٹرز کی جانب سے سفارش کی گئی ہے۔

اے) برائے ترجیحی شیئرز/ تبادلہ پذیر شیئر ہولڈر (انٹرنیشنل فنانس کارپوریشن) بشرح 19.00 روپے (10 فیصد) پیکیجز لمیٹڈ اور انٹرنیشنل فنانس کارپوریشن کے درمیان سبسکرپشن ایگریمنٹ کی شرائط کی رو سے 190 روپے کے فی ترجیحی شیئرز/ تبادلہ پذیر اسٹاک ؛ اور

بی) برائے عمومی شیئر ہولڈرز بشرح 12 روپے (120 فیصد فی عمومی شیئر مالیتی 10 روپے پر)

4۔ سال 2020 کے لیے آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین، موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے مالیاتی سال 2020 کے لیے آڈیٹرز کی حیثیت سے تقرری کی رضامندی ظاہر کی ہے اور بورڈ آف ڈائریکٹرز نے ان کی تقرری کی سفارش کی ہے۔

5۔ دس (10) ڈائریکٹرز کا انتخاب جیسا کہ کمپنیز ایکٹ 2017 کے سیکشن (1)159 کے تحت بورڈ نے اس ایکٹ کی شقوں کے مطابق تین سال کی مدت کے لیے یہ تعداد مقرر کی ہے۔ سبکدوش ہونے والے ڈائریکٹرز کے نام یہ ہیں۔ جناب توفیق حبیب چنائے، جناب شمیم احمد خان، جناب طارق اقبال خان، جناب، جناب عمران خالد نیازی، جناب جوزف میئرڈ میولر، سید شاہد علی، سید حیدر علی، سید اسلم مہدی اور جناب اصغر عباس۔ کمپنی کو سیکشن 159 کی شقوں کے مطابق تین سال کی مدت کے لیے کمپنی کے ڈائریکٹرز کی حیثیت سے انتخاب کے لیے جناب ناز خان، جناب حسن عسکری اور جناب عرفان مصطفیٰ کی جانب سے خود کو ڈائریکٹرز کے طور پر پیش کرنے کے ارادے کے نوٹسز موصول ہوئے ہیں۔

(کمپنیز ایکٹ 2017 کی شق (3)166 کے تحت درکار حقیقی مواد پر مبنی ایک بیان انڈیپینڈنٹ ڈائریکٹرز کے انتخاب کے مقصد کے لئے نوٹس ہذا کے ساتھ منسلک ہے)

حسب الحکم بورڈ

عدی جے کاؤجی

کمپنی سیکریٹری

کراچی: 07 اپریل 2020

تصریحات:

1۔ کمپنی کی شیئر ٹرانسفر بکس 15 مئی 2020 تا 29 مئی 2020 (بشمول دونوں دن) بند رہیں گی۔ کمپنی کے شیئر رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8-F،

متصل ہوٹل فاران، نرسری، بلاک۔6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی۔75400 کے دفتر میں 14 مئی 2020 کو کاروباری اوقات کے اختتام تک موصولہ ٹرانسفرز حتمی منافع منقسمہ کی ٹرانسفریز کو ادائیگی اور ووٹ دینے کے لیے بروقت تصور کیے جائیں گے۔

2۔ ڈائریکٹرز کے انتخاب میں حصہ لینے کا خواہشمند کوئی بھی فرد، چاہے وہ سبکدوش ہونے والا کوئی ڈائریکٹر ہو یا کوئی دیگر فرد، اسے کمپنیز ایکٹ 2017 کے سیکشن (3)159 کی شرائط کے مطابق ڈائریکٹر کی حیثیت سے انتخاب کے لیے خود کو پیش کرنے کے ارادے کا نوٹس اجلاس کی تاریخ سے چودہ (14) دن قبل درج ذیل دستاویزات کے ساتھ جمع کرانا ہوگا۔

i۔ کمپنیز ایکٹ 2017 کے سیکشن 167 کے تحت فارم 28 پر ڈائریکٹر کے طور پر کام کرنے کی رضامندی۔

ii۔ ایک مفصل پروفائل بشمول ان کے دفتر کا پتہ جیسا کہ کمپنی کی ویب سائٹ پر آویزاں کرنے کے لیے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی جانب سے جاری کردہ ایس آر او 2019/(1)1196 مورخہ 3 اکتوبر 2019 کے تحت لازمی ہے۔

iii۔ ڈیکلریشنز جس میں تصدیق کی گئی ہو کہ:

۔ وہ کمپنیز ایکٹ 2017، اور کمپنی کے میمورنڈم آرٹیکلز آف ایسوسی ایشن اور پاکستان اسٹاک ایکسچینج کے لسٹنگ قواعد وضوابط کے تحت ڈائریکٹرز کے فرائض سے بخوبی واقف ہیں۔

۔ وہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورنینس) ریگولیشنز، 2019 کی شرائط اور اہلیت کے معیار کے مطابق ہیں جیسا کہ کمپنیز ایکٹ 2017 میں درج ہے۔

۔ وہ بطور ڈائریکٹر بشمول ایک متبادل ڈائریکٹر بیک وقت سات (7) سے زائد لسٹڈ کمپنیز میں خدمات انجام نہیں دے رہے۔

اگر ان افراد کی تعداد، جنہوں نے خود کو انتخاب کی غرض سے پیش کیا ہو کمپنیز ایکٹ 2017 کے سیکشن 159 کی ذیلی دفعہ (1) کے تحت مقرر کردہ ڈائریکٹرز کی تعداد سے زائد ہوئی تو کمپنی ممبران کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کی شقوں کے مطابق پوسٹل بیلٹ کے ذریعے ووٹنگ یا ای۔ ووٹنگ کا اختیار فراہم کرے گی۔

3۔ اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا استحقاق رکھنے والا کوئی بھی ممبر کسی دوسرے فرد کو اپنی جگہ اجلاس میں شرکت کرنے، ووٹ دینے اور بحث میں حصہ لینے کے لیے پراکسی مقرر کر سکتا ہے۔ پراکسی کے لیے کمپنی کا ممبر ہونا لازمی نہیں، پراکسی کے تقرر کی دستاویز اور پاور آف اٹارنی یا کوئی دیگر اتھارٹی/بورڈ کی قرارداد، جو باقاعدہ دستخط شدہ ہو یا نوٹری پبلک سے تصدیق شدہ پاور آف اٹارنی کی کاپی لازمی طور پر کمپنی کے رجسٹرڈ آفس واقع 4th فلور، دی فورم، سوئٹ نمبر: 422-416، جی۔20، بلاک۔9، خیابان جامی، کلفٹن، کراچی۔75600 میں اجلاس کے مقررہ وقت سے کم از کم اڑتالیس (48) گھنٹے قبل موصول ہو جانی چاہیئے۔

COVID-19 کی موجودہ صورتحال کی وجہ سے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) نے اپنے 2020 کے سرکلر نمبر 5 مورخہ 17 مارچ 2020 کے مطابق کمپنیوں کو شیئر ہولڈرز کی سلامتی اور وسیع عوامی مفاد کے لئے عام اجلاسوں کے لئے اپنی معمول کی منصوبہ بندی میں ترمیم کرنے کا مشورہ دیا ہے۔

ایس ای سی پی کی ہدایت کو ملحوظ رکھتے ہوئے کمپنی کورم کی ضروریات کی تعمیل کو یقینی بناتے ہوئے شیئر ہولڈرز کے کم سے کم میل جول کے ساتھ اے جی ایم کو طلب کرنے کا ارادہ رکھتی ہے اور ممبران سے درخواست کرتی ہے کہ وہ اپنی حاضری کو مستحکم کریں اور پراکسیوں کے ذریعے ای جی ایم میں ووٹنگ کریں۔

مزید یہ کہ کمپنی نے یہ یقینی بنانے کے انتظامات کئے ہیں کہ شیئر ہولڈرز سمیت تمام شرکاء وڈیو لنک کے ذریعے اے جی ایم کی کاروائی میں حصہ لے سکتے ہیں۔ اس کے لئے ممبران کو اپنا نام، فولیو نمبر اور اپنے نام حصص کی تعداد، بعنوان رجسٹریشن برائے پیکجز اے جی ایم nisar.ahmed@packages.com.pk پر ای میل کرنا ہوگا۔ وڈیو لنک اور لاگ ان کی تفصیلات صرف ان ممبران کے ساتھ شیئر کی جائیں گی جن کی ای میلز تمام مطلوبہ تفصیلات کے ساتھ 22 مئی 2020، دن تین بجے تک یا اس سے پہلے موصول ہوں گی۔ شیئر ہولڈرز اے جی ایم کے ایجنڈہ آئٹم کے لئے اپنے تبصرے اور سوالات واٹس ایپ نمبر 0659881-92300+ اور ای میل ایڈریس nisar.ahmed@packages.com.pk پر بھی فراہم کر سکتے ہیں لہذا اراکین کو وڈیو لنک کے ذریعے یا پراکسی کے ذریعے اپنی حاضری مستحکم کر کے اے جی ایم میں شرکت کرنے کی ترغیب دی جاتی ہے۔

4۔کوئی بھی انفرادی بینی فیشل اونر جو سی ڈی سی کے پاس اکاؤنٹ یا ضمنی اکاؤنٹ کا حامل ہو، اجلاس ہذا میں ووٹ دینے کا استحقاق رکھتا ہو وہ لازمی طور پر اپنی شناخت ثابت کرنے کے لیے اپنا کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) اپنے ہمراہ لائے اور پراکسی کی صورت میں لازماً اپنے سی این آئی سی کی مصدقہ کاپی منسلک کرے۔ کارپوریٹ اداروں کے نمائندے بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی اور/یا ایسے تمام دستاویزات کی مصدقہ نقول ہمراہ لائیں جو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کی جانب سے جاری کردہ سرکلر نمبر 1، مورخہ 26 جنوری 2000 کے تحت اس مقصد کے لیے درکار ہیں۔

5۔ممبران سے درخواست ہے کہ اپنے سی این آئی سی ز کی نقول جمع کراویں اور فوری طور پر اپنے پتوں میں کسی بھی تبدیلی کے بارے میں شیئر رجسٹرار (فزیکل صورت میں شیئرز ہونے پر) اور سی ڈی سی کو (الیکٹرونک شکل میں شیئرز ہونے کی صورت میں) مطلع کریں۔

6۔ کمپنیز ایکٹ 2017 کے سیکشن 242 کی شقوں کے تحت کسی بھی لسٹڈ کمپنی کے لیے یہ لازم ہے کہ وہ اپنے شیئر ہولڈرز کو نقد منافع منقسمہ صرف الیکٹرونک طریقہ کار استحقاق کے حامل شیئر ہولڈرز کی جانب سے نامزد کردہ بینک اکاؤنٹ میں براہ راست جمع کرائے۔
اپنے نامزد کردہ بینک اکاؤنٹ میں براہ راست منافع منقسمہ وصول کرنے کی غرض سے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ کمپنی کی ویب سائٹ (www.packages.com.pk) پر دستیاب الیکٹرونک موڈ منافع منقسمہ فارم کو پُر کر کے اپنا آئی بی اے این فراہم کریں جس میں تمام مقررہ تفصیل شامل ہو اور اس پر باقاعدہ دستخط کر کے سی این آئی سی کی کاپی کے ہمراہ کمپنی کے رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، F-8، متصل ہوٹل فاران، نرسری، بلاک ۔6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی۔75400 (فزیکل شیئرز ہونے کی صورت میں) پر ارسال کردیں۔ بک انٹری سیکورٹیز ہونے کی صورت میں متعلقہ شیئر ہولڈرز لازمی طور پر اپنا متعلقہ ریکارڈز بشمول آئی بی اے این الیکٹرونک موڈ ڈیویڈنڈ فارم کے مطابق اپنے بروکر/پارٹیسپنٹ/سی ڈی سی اکاؤنٹ سروسز کے پاس اپ ڈیٹ کرائیں۔
ممبر کی کارآمد بینک اکاؤنٹ تفصیلات اور/یا آئی بی اے این کی عدم موجودگی میں کمپنی ایسے ممبران کے منافع منقسمہ کی ادائیگی کو مقررہ تفصیلات کی فراہمی تک روکنے پر مجبور ہوگی۔

7۔ایسے شیئر ہولڈرز جو کسی بھی وجہ سے اپنے منافع منقسمہ کو کلیم نہیں کر سکے ہوں، انہیں ہدایت کی جاتی ہے کہ وہ ہمارے شیئر رجسٹرار، میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، F-8، متصل ہوٹل فاران، نرسری، بلاک ۔6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی۔75400 سے اپنے غیر کلیم شدہ منافع منقسمہ، اگر کوئی ہوں، کی وصولی/ان کے بارے میں معلومات کے لیے رابطہ کریں۔
برائے مہربانی نوٹ کرلیں کہ کمپنیز ایکٹ 2017 کے سیکشن 244 پر عمل درآمد کے تحت مقررہ طریقہ کار کو مکمل کرنے کے بعد ایسے تمام غیر کلیم شدہ منافع منقسمہ جو اپنی آخری تاریخ اور قابل ادائی ہونے سے تین سال کی مدت کے لیے غیر کلیم شدہ رہے ہوں گے ان کو وفاقی حکومت کے پاس جمع کرا دیا جائے گا۔

8۔حکومت پاکستان نے فنانس ایکٹ 2019 کے ذریعے انکم ٹیکس آرڈیننس 2001 میں چند ترامیم کی ہیں جن کے ذریعے کمپنیز کی جانب سے ادا کیے جانے والے منافع منقسمہ کی رقم پر ود ہولڈنگ ٹیکس کی کٹوتی کے لیے مختلف شرحیں مقرر کی گئی ہیں۔ یہ ریٹس درج ذیل کے مطابق ہیں:

(اے) انکم ٹیکس گوشواروں کے فائلرز کے لیے:	15%
(بی) انکم ٹیکس گوشواروں کے نان۔فائلرز کے لئے:	30%

شیئر ہولڈرز کو ہدایت کی جاتی ہے کہ وہ اپنے ناموں (اور/یا اپنے جوائنٹ ہولڈرز کے نام) کی ایف بی آر کی ویب سائٹ پر فراہم کردہ تازہ ترین ٹیکس ادا کرنے والے فعال افراد کی فہرست (اے ٹی ایل) پر موجودگی کو یقینی بنائیں، بصورت دیگر وہ (اور/یا ان کے مشترکہ ہولڈرز) کو نان فائلرز تصور کیا جائے گا اور ان کے نقد منافع کی آمدنی پر ٹیکس کی کٹوتی 15% کے بجائے 30% کی شرح سے کی جائے گی۔

9۔کمپنی کو ریگولیٹرز کی ہدایات پر عمل درآمد کرنے اور جوائنٹ اکاؤنٹ کی صورت میں شیئر ہولڈنگ تناسب کا تعین کرنے کے سلسلے میں ایسے تمام شیئر ہولڈرز جو مشترکہ شیئر ہولڈرز

کے ساتھ شیئرز رکھتے ہوں، ان سے درخواست ہے کہ وہ اپنے پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈر(ز) کی شیئر ہولڈنگ کا تناسب ان کے پاس موجود شیئرز کے سلسلے میں درج ذیل صورت میں تحریری طور پر ہمارے شیئر رجسٹرار کو فراہم کر دیں۔

		پرنسپل شیئر ہولڈر		جوائنٹ ہولڈرز	
فولیو/سی ڈی ایس اکاؤنٹ نمبر	مجموعی شیئرز	نام اور سی این آئی سی نمبر	شیئر ہولڈنگ کا تناسب (%)	نام اور سی این آئی سی نمبر	شیئر ہولڈنگ کا تناسب (%)

نوٹ: 14 مئی 2020 تک مطلوبہ معلومات کی عدم وصولی کی صورت میں ہر ایک شیئر ہولڈر کو شیئرز کے مساوی تناسب کا حامل تصور کر لیا جائے گا اور ٹیکس کی کٹوتی اسی کے مطابق کی جائے گی۔

کسی بھی استفسار/مسئلہ/معلومات کے لیے انویسٹرز کمپنی اور/یا شیئر رجسٹرار سے درج ذیل فون نمبروں یا ای میل ایڈریسز پر رابطہ کر سکتے ہیں۔

رابطہ کار افراد:-

جناب صفات احمد خان

ٹیلی فون نمبر: 92 21 35831618 / 35831664 / 35833011

ای میل: sifat.ahmad@packages.com.pk

جناب اویس خان

ٹیلی فون نمبر: 92 21 34380101-2

ای میل ایڈریس: ceo@famco.com.pk

10۔ ایسے انفرادی ممبران جنہوں نے ابھی تک اپنے کارآمد کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) کی فوٹو کاپی کمپنی/شیئر رجسٹرار کو جمع نہیں کرائی ہے، ان کو ایک بار یاددہانی کرائی جاتی ہے کہ وہ اسے فوری طور پر کمپنی کے شیئر رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، F-8، متصل ہوٹل فاران، نرسری، بلاک-6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی-75400 کو جمع کرا دیں۔ کارپوریٹ اداروں سے درخواست ہے کہ اپنے نیشنل ٹیکس نمبر (این ٹی این) فراہم کریں۔ برائے مہربانی اپنے فولیو نمبر مع سی این آئی سی کی کاپی/این ٹی این کی تفصیلات فراہم کریں۔ اس کے ساتھ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) کے نوٹیفکیشنز بحوالہ ایس آر او 779(I)/2011 مورخہ 18 اگست 2011 اور ایس آر او 831(I)/2012 مورخہ 5 جولائی 2012، ایس آر او 19(I)/2014 مورخہ 10 جنوری 2014 اور ایس آر او 275(I)/2016 مورخہ 31 مارچ 2016 جس کے تحت لازمی ہے کہ منافع منقسمہ کے وارنٹس پر رجسٹرڈ ممبر یا مجاز فرد، ماسوائے نابالغ افراد یا کارپوریٹ ممبران، کے سی این آئی سی نمبرز کا اندراج ضروری ہے۔

کارآمد سی این آئی سی کی نقول کی عدم وصولی کی صورت میں کمپنی ایس ای سی پی کی مذکورہ بالا ہدایات پر عمل درآمد کرنے سے قاصر ہوگی اور لہذا کمپنیز ایکٹ 2017 کے سیکشن 243(2)(a) کے تحت ایسے شیئر ہولڈرز کے منافع منقسمہ کے وارنٹس روک لیے جائیں گے۔

کارپوریٹ اداروں/قانونی افراد کی توجہ ایس ای سی پی کے سرکلر 16 اور 20 بابت 2018 کی جانب مبذول کرائی جاتی ہے۔ متعلقہ شیئر ہولڈرز (کارپوریٹ ادارے/قانونی افراد) کو آگاہ کیا جاتا ہے کہ حتمی بینی فیشل اونرز سے متعلق معلومات اور/یا کوئی بھی دیگر معلومات شیئر رجسٹرار کو لازمی فراہم کریں جیسا کہ ایس ای سی پی کے سرکلرز میں صراحت کیا گیا ہے۔

11۔ کمپنیز ایکٹ 2017 کے سیکشن 473 کے تحت یہ ضروری ہے کہ کمیشن کی جانب سے مطلع کردہ ایک تاریخ کے بعد کمپنی کی جانب سے کوئی بھی معلومات، نوٹسز، حسابات یا کوئی بھی دستاویز اس ایکٹ کے تحت اپنے ممبران کو صرف بذریعہ الیکٹرونک طریقہ کار ممبران کی جانب سے فراہم کردہ ای میل ایڈریس پر فراہم کی جائے۔ لہذا ممبران سے درخواست ہے کہ وہ ای میل ایڈریس سے متعلق اپنا متعلقہ ریکارڈ، بروکر/پارٹیسپنٹ/سی ڈی سی اکاؤنٹ سروسز کے پاس اپ ڈیٹ کرا دیں، طبعی شیئر ہولڈرز کے لئے یہ لازم ہے کہ وہ اپنے ای میل ایڈریسز کمپنی کے شیئر رجسٹرار کو فراہم کریں۔

12۔شیئر ہولڈرز کو ہدایت کی جاتی ہے کہ وہ اپنے پاسپورٹ /این ٹی این /سی این آئی سی /ٹیکس سے استثنٰی کے سرٹیفکیٹس (برائے ٹیکس استثنٰی، جہاں لاگو ہوتا ہو) اور زکوۃ و عشر آرڈیننس 1980 (برائے زکوۃ استثنٰی) کے تحت کار آمد زکوۃ ڈیکلریشن اپنے متعلقہ پارٹیسپنٹ /سی ڈی سی انویسٹر اکاؤنٹ سروسز/ کمپنی کے شیئر رجسٹرار کو فراہمی یقینی بنائیں۔

13۔ممبران کمپنیز ایکٹ 2017 کے سیکشن 145 - 143 کی اجلاس کی شرائط اور کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کی نافذ العمل شقوں کے تحت پول کی ڈیمانڈ کرنے کا حق استعمال کر سکتے ہیں۔

14۔کمپنی کے آڈٹ شدہ مالیاتی حسابات برائے سال مختتمہ 31 دسمبر 2019 کمپنی کی ویب سائٹ (www.packages.com.pk) پر دستیاب ہیں۔اس کے علاوہ گزشتہ برسوں کے لیے سالانہ اور سہ ماہی حسابات بھی ویب سائٹ پر موجود ہیں۔

ایس ای سی پی نے سرکلر نمبر 10 بابت 2020 مورخہ یکم اپریل 2020 میں کورونا وائرس (COVID-19) اور اس کے نتیجہ میں حکومت کی طرف سے بندش کے اثر کو زائل کرنے کے لئے قاعدے میں نرمی کی ہے۔اس کے مطابق کمپنی 2019 کی چھپی ہوئی سالانہ رپورٹ یا بذریعہ CD شیئر ہولڈرز کو ارسال نہیں کرے گی بلکہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے PUCAR سسٹم اور کمپنی کی ویب سائٹ (www.packages.com.pk) پر الیکٹرونکلی شیئر ہولڈرز انفارمیشن میں دستیاب ہوں گی۔شیئر ہولڈرز سے درخواست ہے کہ اپنے ای میل ایڈریس nisar.ahmed@packages.com.pk پر مہیا کریں اگر چہ وہ سالانہ رپورٹ 2019 ای میل پر حاصل کرنے کے خواہشمند ہوں۔

15۔پراکسی کا فارم انگریزی اور اردو زبان میں سالانہ رپورٹ کے ساتھ منسلک ہے اور اس پر دو افراد کی گواہی ہونی چاہیے جن کے نام، پتے اور سی این آئی سی نمبرز فارم پر درج ہوں، پراکسی کا فارم کمپنی کی ویب سائٹ (www.packages.com.pk) پر بھی دستیاب ہے۔

کمپنیز ایکٹ 2017 کے سیکشن (3)166 کے تحت بیان:

کمپنیز ایکٹ 2017 کے سیکشن (3)166 کے مطابق انڈیپینڈنٹ ڈائریکٹرز کا انتخاب کمپنیز ایکٹ 2017 کے سیکشن 159 کی شرائط کے مطابق ڈائریکٹرز کے انتخاب کے طریقہ کار کے ذریعے کیا جائے گا۔انڈیپنڈنٹ ڈائریکٹرز مذکورہ ایکٹ کے سیکشن (2)166 کے تحت درج اہلیت کے مقررہ معیار پر پورا اترتے ہوں۔

جنابہ ناز خان، جناب حسن عسکری اور جناب عرفان مصطفیٰ کے نام انڈیپینڈنٹ ڈائریکٹرز کے طور پر تجویز کیے گئے ہیں، جس کی وجہ یہ ہے کہ تینوں افراد کمپنیز ایکٹ 2017 کے سیکشن (2)166 میں درج انڈیپینڈنٹ ڈائریکٹرز کے معیار پر پورا اترتے ہیں اور مذکورہ ایکٹ کے سیکشن (1)166 کے تحت ایس ای سی پی کی جانب سے باقاعدہ مجاز پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس کی جانب سے مرتب کردہ انڈیپینڈنٹ ڈائریکٹرز کے ڈیٹا بینک میں لسٹڈ بھی ہیں۔۔مزید برآں ان کا انتخاب ان کی متعلقہ شعبے میں مہارت، صلاحیتوں، معلومات اور تجربے کو مد نظر رکھ کر کیا گیا ہے۔

CHAIRMAN'S REVIEW REPORT

ON BOARD PERFORMANCE

I am pleased by the performance of Packages Limited for the year ended December 31, 2019. The core manufacturing operations of the Company showed significant improved performance with revenue and operational growth of 11% and 54% respectively in current competitive environment owing to exchange devaluation and inflationary pressures.

The Board is responsible for overall management of the Company and carry out its fiduciary duties with a sense of objective judgement in the best interest of the Company and its stakeholders.

The Board has ten (10) directors including seven (7) non-executive and one (1) independent director. The Directors have rich and varied experience in the fields of business, finance, banking and regulations.

The Board evaluated its own performance and its committees in order to facilitate and enable the Board members to play an effective role as a coordinated team for the ongoing success of the Company.

During the year, six (6) board meetings were held in which the Board fulfilled all of their responsibilities including:

- Reviewing the operating results and approving the quarterly and annual financial statements of the Company;
- Approving related party transactions;
- Approving budgets including capital expenditure;
- Reviewing and approving revised terms of reference of Audit and Human Resource & Remuneration Committee which have been brought in line with Code of Corporate Governance, 2019;
- Approving investments in subsidiaries and joint ventures;
- Reviewing and approving bank borrowings; and
- Recommending appointment of external auditors.

The Board ensured that all the legal and regulatory requirements have been complied with by the management of the Company.

I pray to Allah that the Company continues to maintain its momentum of growth in the future.

Towfiq Habib Chinoy
(Chairman)
Karachi, March 13, 2020

DIRECTORS' REPORT

TO THE SHAREHOLDERS

The Directors of the Company take pleasure in presenting the Annual Report of your Company, together with the financial statements for the year ended December 31, 2019.

FINANCIAL PERFORMANCE

Summarized financial performance is as follows:

	2019	2018
	(Rupees in million)	
Sales from Operations	**23,274**	**21,008**
Trade discounts	(358)	(308)
Net Sales from Operations	**22,916**	**20,700**
EBITDA – Operations	**2,720**	**1,769**
Depreciation & amortization	(830)	(755)
EBIT – Operations	**1,890**	**1,014**
Finance costs	(1,056)	(525)
Other operating income / (expenses) – net	73	(73)
Investment income	1,934	3,029
Impairment charged on investment	(676)	-
Earnings before tax	**2,165**	**3,445**
Taxation	(819)	(709)
Earnings after tax	**1,346**	**2,736**
Basic Earnings per Share – Rupees	**15.06**	**29.69**

We are pleased to report that the core manufacturing operations of the Company have shown significantly improved performance in a challenging and competitive environment. The Company has achieved net sales of Rs. 22,916 million in 2019 against net sales of Rs. 20,700 million last year, representing sales growth of 11%.

The operations generated Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) of Rs. 2,720 million during 2019 against Rs. 1,769 million of 2018. The EBITDA is 54% higher in the current year as compared to that of last year mainly on account of revenue growth and tighter controls over fixed costs.

During the current year, the management carried out a detailed assessment for determining carrying amount of the Company’s investments. As a result of this assessment, the recoverable amount of the investment in our associate, Tri-Pack Films Limited, was determined to be lower than its carrying value. Accordingly, carrying value was reduced by Rs 676 million and recognized as an expense under 'Other expenses' in the financial statements. The Company’s investment income declined by Rs 1,095 million in the current year as compared to last year due to discontinuation of dividend income from an investee company and lower dividend declaration by subsidiaries and associates. This combined with an impairment loss of Rs 676 million as explained above has resulted in decline in earnings after tax and earnings per share.

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

PACKAGING DIVISION

Packaging Operations have achieved net sales of Rs 17,461 million during 2019 as compared to Rs. 16,000 million of 2018 representing sales growth of 9%. The Division has earned EBITDA of Rs 2,089 million as compared to Rs 1,400 million in prior year resulting in an increase of 49% which is mainly attributable to revenue growth and profit margin management.

CONSUMER PRODUCTS DIVISION

Consumer Products Division achieved net sales of Rs. 5,283 million during the year 2019 as compared to Rs. 4,562 million of 2018 representing sales growth of 16%.
The Division's EBITDA increased by Rs 208 million reflecting 31% improvement in operating results in 2019 as compared to 2018 mainly on account of revenue growth and tighter controls over costs. The Division will continue its momentum to improve the operating results by revenue growth and product rationalization.

PRODUCTION STATISTICS

Production statistics for the year under review along with its comparison with the corresponding year are as follows:

	2019	2018
Consumer Products produced - tons	**14,698**	14,996
Carton Board & Consumer Products converted - tons	**39,986**	43,360
Plastics all sorts converted - tons	**20,873**	20,509

FINANCE COSTS

Finance cost of the Company has increased by Rs 531 million during 2019 over 2018 mainly due to increase in KIBOR during the year.

INVESTMENTS IN GROUP COMPANIES

Your Company contributed Rs 347.539 million (equivalent to USD 2.154 million) as equity in Anemone Holdings Limited, Mauritius ("AHL"). AHL is a special purpose vehicle established in 2015 for the acquisition of operations of a flexible packaging company in South Africa.

During the year, your Company injected equity investment of Rs 185 million in OmyaPack (Private) Limited. OmyaPack (Private) Limited, which has established a state of art production facility in Kasur, Punjab, for manufacturing and selling of calcium carbonate. Commercial operations started in June 2018.

The Board believes that these investments will bring considerable benefit to the shareholders in the form of dividend income in the future.

INTERNAL RESTRUCTURING AND INVESTMENT IN 100% SUBSIDIARIES

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

The Company incorporated two wholly owned subsidiaries and will transfer:

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

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

Your Company has injected equity investment of Rs 1 million each in Packages Convertors Limited and Packages Investments Limited. Packages Limited will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries, will remain with the Company. The transaction was approved by shareholders of the Company in EOGM held on May 30, 2019.

Packages Convertors Limited and Packages Investments Limited filed an application with Securities and Exchange Commission of Pakistan (SECP) for approving the above-mentioned transfers of assets and corresponding liabilities which has been granted by SECP, subject to certain conditions. Packages Convertors Limited has informed that they intend to proceed with the transfer of the manufacturing business against the issuance of shares. Packages Investments Limited is currently evaluating different options for the transfer in light of the approval granted by SECP.

Accordingly, the Board has resolved to consummate the transfer of manufacturing business and to hold the transfer of investment business for the time being and will finalize the way forward in this regard in the best interest of the Company and its shareholders.

RENT OF LAND ON LEASE FROM GOVERNMENT OF PUNJAB (GOPB)

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

FINANCIAL MANAGEMENT

The Company continued its focus on managing optimal levels of inventory and trade receivables. Sound business strategies, operating efficiencies and cost savings across the organization, helped generate positive cash flows.

The Company has an effective cash flow management System in place whereby cash inflows and outflows are projected on regular basis and rigorously monitored.

Working capital requirements are planned to be financed through efficient management of trade receivables, payables and inventory levels. Business units are assigned working capital targets which are monitored on regular basis.

Capital expenditure is managed carefully through evaluation of profitability and risk. Large capital expenditure is further backed by long term contracts so as to minimize cash flow risk to the business. Capital expenditure during 2019 was at Rs 1,995 million.

The investment portfolio of the Company is fairly diversified, as reflected by equity participation in Nestle Pakistan Limited, Tri-Pack Films Limited, Bulleh Shah Packaging (Private) Limited, DIC Pakistan Limited, Packages Real Estate (Private) Limited, Packages Lanka (Private) Limited, Packages Power (Private) Limited and Anemone Holdings (Private) Limited.

The Board is satisfied that there are no short or long term financial constraints including access to credit and a strong balance sheet with net debt: equity ratio at 5:95 in Dec 2019.

RISK MITIGATION

The Board of Directors and the Audit Committee of the Board regularly review risk matrix in terms of impact and probability of occurrence. The senior management team, led by the Chief Executive Officer is responsible for risk mitigation measures. The Company's ability to continuously assess market conditions and its timely response enables the Company to manage risks effectively.

Credit Risk

All financial assets of the Company, except cash in hand, are subject to credit risk. The Company believes that it is not exposed to major concentration of credit risk and continues to evaluate the impact on financial assets through 'Expected Credit Losses' (ECL) approach.

Exposure is also managed through diversification of its investment portfolio, placed with 'A' ranked banks and financial institutions.

Liquidity Risk

Prudent liquidity risk management ensures availability of sufficient funds for meeting contractual commitments. The Company's fund management strategy aims at managing liquidity risk through internal cash generation and committed credit lines from financial institutions.

Interest Rate Risk

Variable rate long-term financing is hedged against interest rate risk by holding "prepayment option", which can be exercised upon any adverse movement in the underlying interest rates.

Foreign Exchange Risk

Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currencies. The Company is mainly exposed to short term USD/PKR and Euro/PKR parity on its import of raw materials and plant and machinery.

CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes in the Company's approach to capital management during the year.

CONTRIBUTION TO NATIONAL EXCHEQUER

Your Company is a significant contributor to the national economy and has paid Rs. 2,417 million during the year 2019 to the national exchequer on account of sales tax, income tax, import duties and statutory levies.

RETIREMENT FUNDS

There are three retirement funds currently being operated by the Company namely Provident Fund, Gratuity Fund and Pension Fund. The value of investment of these funds based on their audited accounts as on December 31, 2019 were as follows:

Provident Fund	Rs. 2,347.887 million
Gratuity Fund	Rs. 406.367 million
Pension Fund	Rs. 1,730.567 million

APPROPRIATION

In view of the financial results of the Company for the year 2019, the Board of Directors of the Company has recommended cash dividend of 120 percent (i.e. Rs. 12 per share). Accordingly, the following appropriations have been made:

	Rupees in thousand
Total Comprehensive Income for the year 2019 after appropriation of preference dividend / return	1,327,481
Un-appropriated profit brought forward	1,010,868
Available for appropriation	**2,338,349**
Transferred to General Reserve	(1,000,000)
Cash dividend	(1,072,554)
To be carried forward to 2020	265,795

AUDITORS

The present auditors M/s A.F Ferguson & Co., Chartered Accountants retire and have offered themselves for reappointment. They have confirmed having achieved satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as well as compliance with the Guidelines on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP.

As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as Auditors of the Company for the year ending December 31, 2020, at a fee to be mutually agreed.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Listed Companies (Code of Corporate Governance) Regulations, 2019 have been adopted by the Company and have been duly complied with. A Statement to this effect is annexed to the Report, please refer page 63.

IMPACT OF COMPANY'S BUSINESS ON ENVIRONMENT AND CORPORATE SOCIAL RESPONSIBILITY

Steps taken by your company with respect to company's business impact on environment and towards corporate social responsibility are mentioned on page 12 in the annual report.

MATERIAL CHANGES

There have been no material changes since December 31, 2019 and the Company has not entered into any commitment, which would affect its financial position at the date except for those mentioned in the audited financial statements of the Company for the year ended December 31, 2019.

COMPOSITION OF THE BOARD

	Percentage
Independent Directors	**10%**
Non-Executive Directors	**70%**
Executive Directors	**20%**

CHANGES IN THE COMPOSITION OF THE BOARD

There was no change in composition of Board during the year 2019.

MEETINGS OF BOARD OF DIRECTORS

During the year 2019, six (6) Board meetings were held and the number of meetings attended by each Director is given hereunder:-

	Name of Director	No. of meetings attended
1.	Mr. Towfiq Habib Chinoy (Chairman)	6
2.	Syed Hyder Ali (Chief Executive & Managing Director)	6
3.	Mr. Josef Meinrad Mueller	2
4.	Mr. Asghar Abbas	6
5.	Mr. Atif Aslam Bajwa	6
6.	Mr. Shamim Ahmad Khan	4
7.	Syed Aslam Mehdi	6
8.	Syed Shahid Ali	2
9.	Mr. Tariq Iqbal Khan	5
10.	Mr. Imran Khalid Niazi	6

Leave of absence was granted to the Directors who could not attend the Board meetings.

AUDIT COMMITTEE

An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance. It comprises of five (6) Non-Executive Directors, including the Chairman who is an independent Director.

Four (4) meetings of the Audit Committee were held during the year. Attendance of each Member is given hereunder:–

Name of member	No. of meetings attended
Mr. Atif Aslam Bajwa (Chairman-Independent Director)	4
Mr. Imran Khalid Niazi (Non-Executive Director)	4
Mr. Shamim Ahmad Khan (Non-Executive Director)	3
Syed Aslam Mehdi (Non-Executive Director)	4
Syed Shahid Ali (Non-Executive Director)	2
Mr. Tariq Iqbal Khan (Non-Executive Director)	4

Leave of absence was granted to the Members who could not attend the meetings of the Audit Committee.

The Audit Committee has adopted its terms of reference as provided in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Human Resource and Remuneration Committee comprises of six (6) members, which includes four (4) Non-Executive Directors, Chairman who is an Independent Director and one (1) Executive Director.

Three (3) meetings of the Human Resource and Remuneration Committee were held during the year. Attendance of each Member is given hereunder –

Name of member	No. of meetings attended
Mr. Atif Aslam Bajwa (Chairman-Independent Director)	3
Syed Hyder Ali (Managing Director & Executive Director)	3
Mr. Towfiq Habib Chinoy (Non-Executive Director)	3
Mr. Josef Meinrad Mueller (Non-Executive Director)	-
Mr. Tariq Iqbal Khan (Non-Executive Director)	3
Mr. Imran Khalid Niazi (Non-Executive Director)	3

Leave of absence was granted to the Members who could not attend the meetings of the Human Resource and Remuneration Committee.

The Human Resource and Remuneration Committee has adopted its terms of reference as provided in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

RELATED PARTY TRANSACTIONS

In accordance with provisions of section 208 of the Companies Act, 2017 and the Companies (Related Party Transactions and Maintenance of Related Records) Regulations 2018, your Company has:

1) established a policy of related party transactions which has been duly approved by the Board;
2) set up conditions for the transactions with related parties to be categorized as "arm's length transactions"; and
3) circulated and disclosed to the Directors, through the Board folders, minimum information required for approval of related party transactions.

DIRECTORS' REMUNERATION

The Company has approved Directors' remuneration policy. The purpose of this policy is to have a transparent procedure for fixing the remuneration packages of individual directors for attending meetings of the board and its committees.

The remuneration of the Directors for attending meetings of the Board or Committees of Directors shall from time to time be determined by the Board based on market trend.

Nominee directors of Packages from other group companies shall not be entitled to receive board/committee meeting fees. If a director is resident out of the place at which any board meeting is held, and who shall come to that place for the purpose of attending board/committee meetings, the director shall be entitled to be reimbursed at actual.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors of your Company state that:

(a) The financial statements, prepared by the management of the company fairly presents the state of affairs, the result of its operations, cash flows and changes in equity;

(b) Proper books of accounts of the company have been maintained;

(c) Appropriate accounting policies have been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

(d) The financial statements have been prepared in conformity with the Companies Act, 2017 and International Financial Reporting Standards, as applicable in Pakistan. Any departures therefrom have been adequately disclosed and explained;

(e) Internal control system including financial and operational controls, accounting system for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure is sound in design and has been effectively implemented and monitored;

(f) There are no doubts about the company's ability to continue as a going concern;

(g) There has been no material departure from the best practices of the Corporate Governance as detailed in the Listing regulations;

(h) Significant deviations from last year's operating results of the Company has been highlighted and reasons have been explained in the Directors report;

(i) Key operating and financial data of last six years is annexed on page 5;

(j) Where any statutory payment on account of taxes, duties, levies and charges is outstanding, the amount together with a brief description and reasons for the same is disclosed in the financial statements;

(k) Significant plans and decisions, such as corporate restructuring, business expansion and discontinuance of operations, has been outlined along with future prospects, risks and uncertainties, if any;

(l) The number of board and committees' meetings held during the year and attendance by each director is annexed;

(m) The details of training programs attended by directors is annexed on page 63;

(n) The pattern of shareholding is annexed on page No. 57; and

(o) All trades in the shares of the company, carried out by its directors, executives and their spouses and minor children is annexed.

Details of trading of shares by Chief Executive, Directors, Chief Financial Officer, Company Secretary, Head of Internal Audit, their spouses and minor children are given below:

Purchase of shares by	# of shares
Chief Executive Officer	148,500
Directors	60,245
Chief Financial Officer	NIL
Company Secretary	NIL
Head of Internal Audit	NIL
Other Executives	2,265,300
Spouses	248,000
Minor Children	NIL

Sale / donation of shares	# of shares
Donation of shares by Executive	2,874,350

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding of certain class of shareholders as at December 31, 2019, whose disclosure is required under the reporting framework, is annexed in the Report, please refer page No. 57.

The Directors, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses or minor children did not carry out any trade in the shares of the Company during the year, except as noted above.

FUTURE OUTLOOK

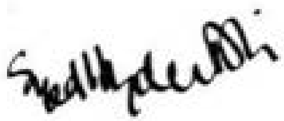
The management is optimistic about improvement in economic conditions at the macro level and has made investments in equipment in the current year to enhance capacity and also to further improve the quality of its products and services. The Company is committed to increase sales by focusing on volumetric growth, cost efficiencies and product mix management which may lead to improved profitability.

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. We appreciate their hard work, loyalty and dedication.

Towfiq Habib Chinoy
(Chairman)
Karachi, March 13, 2020



Syed Hyder Ali
(Chief Executive & Managing Director)
Karachi, March 13, 2020

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

ہمیں یہ مطلع کرتے ہوئے بیحد خوشی محسوس ہو رہی ہے کہ کمپنی کے بنیادی مینوفیکچرنگ اُمور میں سخت اور مقابلہ جاتی ماحول کے باوجود نمایاں بہتری دیکھنے میں آئی۔ کمپنی 2019 کے دوران 22,916 ملین روپے کی خالص سیلز حاصل کرنے میں کامیاب رہی جو کہ گزشتہ سال 20,700 ملین روپے تھی، سیلز گروتھ کے حجم میں 11 فیصد اضافہ ہوا۔

آپریشنز سے 2019 کے دوران آمدنی قبل از منافع، ٹیکس، فرسودگی اور کساد بازاری (EBITA) 2,720 ملین روپے رہی جو کہ 2018 میں 1,769 ملین روپے تھی۔ رواں سال EBITDA گزشتہ سال کے مقابلہ میں 54 فیصد زیادہ رہا جس کی بنیادی وجہ ریونیو گروتھ اور مقررہ لاگتوں پر سخت کنٹرول تھا۔

رواں سال کے دوران انتظامیہ نے کمپنی کی سرمایہ کاری کے اثاثہ جات (Carrying Amount) کی تفصیلی تشخیص کی۔ اس تشخیص کے نتیجہ میں یہ ظاہر ہوا کہ ہمارے شراکت کار ٹرائی۔ پیک فلمز لمیٹڈ میں سرمایہ کاری کی قابل وصولی رقم اس کے مجموعی اثاثہ جات (Carrying Amount) سے کم ہے۔ اس طرح Carrying value میں 676 ملین روپے کمی کی گئی اور یہ امر مالی حسابات میں "دیگر اخراجات" کے نیچے خرچہ کی صورت میں واضح کیا گیا ہے۔ کمپنی کی سرمایہ کاری آمدن میں گزشتہ سال کی نسبت رواں سال 1,095 ملین روپے کمی ہوئی جس کی وجہ ایک سرمایہ دار کمپنی کی جانب سے منقسمہ آمدن منقطع کرنا اور ذیلی اداروں اور شراکت داروں کی کم منقسمہ ڈیکلریشن تھی۔ ان سب عوامل کی وجہ سے 676 ملین روپے نقصان ہوا جیسا کہ مذکورہ بالا ہے آمدن بعد از ٹیکس اور فی شیئر آمدن میں کمی ہوئی۔

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

پیکیجنگ ڈویژن

پیکجنگ آپریشنز نے 2019 کے دوران 17,461 ملین روپے کی خالص سیلز حاصل کیں جبکہ 2018 میں یہ 16,000 ملین روپے تھی جو کہ 09 فیصد کی سیلز گروتھ کو ظاہر کرتا ہے۔ ڈویژن نے گزشتہ سال کے 1,400 ملین روپے کے مقابلہ میں 2,089 ملین روپے EBITDA کمایا اور اس میں 49 فیصد اضافہ دیکھنے میں آیا۔ جو کہ بنیادی طور پر ریونیو گروتھ اور پرافٹ مارجن مینجمنٹ سے منسوب کیا جاسکتا ہے۔

کنزیومر پراڈکٹس ڈویژن

کنزیومر پراڈکٹس ڈویژن نے سال 2019 کے دوران 5,283 ملین روپے کی خالص سیلز حاصل کیں۔ جبکہ 2018 میں یہ 4,562 ملین روپے تھیں جو کہ 16 فیصد سیلز گروتھ کو ظاہر کرتا ہے۔

ڈویژن کے EBITDA میں 208 ملین روپے اضافہ ہوا جو کہ آپریٹنگ نتائج کے لحاظ سے 2019 میں سال 2018 کے مقابلے میں 31 فیصد بہتری ظاہر کرتا ہے۔ جس کی بنیادی وجہ ریونیو گروتھ اور مقررہ لاگتوں پر سخت کنٹرول تھا۔ ڈویژن ریونیو گروتھ اور پراڈکٹ ریشنلائزیشن کے ذریعے آپریٹنگ نتائج کی بہتری کیلئے اپنی رفتار برقرار رکھے گا۔

پیداواری اعداد و شمار:

زیر جائزہ سال کے دوران پیداواری اعداد و شمار اور گزشتہ سال سے ان کا تقابلی جائزہ حسب ذیل ہے:

	2019	2018
اشیائے صارف - ٹن	14,698	14,996

کارٹن بورڈ اور اشیائے صارف کنورٹڈ۔ٹن	39,986	43,360
پلاسٹک تمام اقسام کنورٹڈ۔ٹن	20,873	20,509

فنانس کی لاگت:
کمپنی کے فنانس اخراجات سال 2019 کے دوران 2018 کے مقابلے میں 531 ملین روپے تک بڑھ گئے جس کی وجہ سال کے دوران KIBOR میں اضافہ تھا۔

گروپ کمپنیز میں سرمایہ کاری:
آپ کی کمپنی نے بطور ایکویٹی انیمون ہولڈنگز لمیٹڈ، ماریشیس ("AHL") میں 347.539 ملین روپے (2.154 ملین امریکی ڈالر) کی شراکت داری کی۔ ("AHL") ایک خصوصی مقصد کا کاروبار ہے جو 2015 میں جنوبی افریقہ میں ایک فلیکس ایبل پیکیجنگ کمپنی کے آپریشنز کے حصول کے لئے قائم کیا گیا تھا۔
سال کے دوران آپ کی کمپنی نے اومیا پیک (پرائیویٹ) لمیٹڈ میں 185 ملین روپے ایکویٹی انویسٹمنٹ کی۔ او، یا پیک (پرائیویٹ) لمیٹڈ نے کیلشیم کاربونیٹ کی تیاری اور فروخت کیلئے قصور، پنجاب میں ایک سٹیٹ آف دی آرٹ پلانٹ لگایا ہے جہاں جون 2018 میں کمرشل سرگرم کا آغاز ہوا۔
بورڈ کو مکمل یقین ہے کہ یہ سرمایہ کاری مستقبل میں شیئر ہولڈرز کیلئے منقسمہ آمدن کی صورت میں نمایاں فوائد کا پیش خیمہ ثابت ہوں گی۔

اندرونی تنظیم نو اور 100 فیصد ذیلی اداروں میں سرمایہ کاری:
بورڈ آف ڈائریکٹرز نے ہولڈنگ کمپنی کی تیاری کے مقصد کیلئے پیکجز لمیٹڈ کی اندرونی تنظیم نو کی منظوری دی۔ یہ امر کاروباروں میں عملی مطابقت پیدا کرنے، بھرپور توجہ کے ساتھ اُمور کی انجام دہی اور ملکیتی سٹرکچر کی بہتری میں ممد و معاون ثابت ہوگا۔ یہ اقدام کارپوریٹ شعبہ میں نافذ العمل بین الاقوامی معیارات کے عین مطابق ہے۔ تنظیم نو کا یہ عمل پیکجز لمیٹڈ کے شیئر ہولڈرز کے حقوق پر کسی بھی طرح اثر انداز نہیں ہوگا۔
کمپنی نے دو مکمل ملکیتی دو ذیلی ادارے تشکیل دیئے ہیں جن کو درج ذیل ذمہ داریاں سونپی جائیں گی:
اے۔ 100 فیصد مکمل ملکیتی ذیلی ادارے "پیکجز کنورٹرز لمیٹڈ" کو مینوفیکچرنگ کاروبار بشمول فولڈنگ کارٹنز، فلیکس ایبل پیکجنگ، اشیائے صارف، مکینیکل فیبریکیشن اور رول کوررز مع تمام متعلقہ اثاثہ جات، اُمور اور ذمہ داریاں؛ اور
بی۔ ایک اور 100 فیصد مکمل ملکیتی ذیلی ادارے "پیکجز انویسٹمنٹس لمیٹڈ" کو سرمایہ کاری کاروبار بشمول مختلف کمپنیوں کے شیئرز متعلقہ ذمہ داریوں کے ساتھ تمام اُمور، اگر ہوں،۔

آپکی کمپنی نے پیکجز کنورٹرز لمیٹڈ اور پیکجز انویسٹمنٹس لمیٹڈ دونوں کمپنیوں میں الگ الگ ایک ملین روپے ایکویٹی انویسٹمنٹ کی۔ پیکجز لمیٹڈ ہولڈنگ کمپنی ہوگی اور تمام اثاثہ جات، پراپرٹیز اور متعلقہ ذمہ داریاں جو مذکورہ بالا دونوں ذیلی اداروں کو منتقل کی جارہی ہیں، کمپنی کے زیر سایہ رہیں گی۔ مورخہ 30 مئی 2019 کو منعقدہ EOGM میں شیئر ہولڈرز کی جانب سے اس منتقلی کی توثیق کی گئی ہے۔

پیکجز کنورٹرز لمیٹڈ اور پیکجز انویسٹمنٹس لمیٹڈ نے مذکورہ بالا اثاثہ جات اور متعلقہ ذمہ داریوں کی منتقلی کی منظوری کیلئے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) میں ایک درخواست جمع کروائی۔ ایس ای سی پی کی جانب سے چند شرائط کے ساتھ اس کی منظوری دے دی گئی۔ پیکجز کنورٹرز لمیٹڈ نے مطلع کیا ہے کہ وہ شیئرز اجراء کے عوض کنورٹنگ بزنس کی منتقلی پر عملدرآمد کے خواہشمند ہیں۔

پیکجز انویسٹمنٹ لمیٹڈ تاحال ایس ای سی پی کی طرف سے دی گئی منظوری کی روشنی میں مختلف آپشنز زیر غور لا رہا ہے۔
لہٰذا بورڈ نے کنورٹنگ کاروبار کی منتقلی کی تکمیل اور انویسٹمنٹ کاروبار کی منتقلی کو وقتی طور پر روکنے کا فیصلہ کیا ہے اور اس کی منتقلی کا لائحہ عمل کمپنی اور شیئر ہولڈرز کے مفاد کو مدنظر رکھتے ہوئے تشکیل دیا جائے گا۔

حکومت پنجاب سے حاصل کردہ لیز لینڈ کا کرایہ (GoPb)

زمین کا وہ ٹکڑا جس میں کمپنی کی فیکٹری واقع ہے حکومت پنجاب نے کمپنی کو لیز پر دسمبر 1955 سے نومبر 2015 تک دی تھی۔ جس کے بعد سے لیز کی تجدید نہیں ہوئی۔ سال 2015 کے دوران، کمپنی نے لیز کی تجدید کیلئے بورڈ آف ریونیو (BOR) حکومت پنجاب کو درخواست کی تھی۔ تاہم، کوئی خاطر خواہ جواب موصول نہ ہوا۔ 5 جنوری 2019 کو سپریم کورٹ آف پاکستان کی جانب سے بورڈ آف ریونیو اور پیکجز لمیٹڈ کو اس معاملہ میں طلب کیا گیا، جس پر بورڈ آف ریونیو نے جواب میں کہا کہ حکومت پنجاب کی نئی پالیسی کے مطابق حکومتی زمین کو لیز پر نہیں دیا جائے گا بلکہ نیلام عام کے ذریعے فروخت کیا جائے گا۔ نتیجتاً، کمپنی کو ہدایت کی گئی کہ وہ غیر تعین کرایہ کی مد میں اپنے بقایا واجبات 500 ملین روپے بطور ضمانت بورڈ آف ریونیو کو جمع کرائیں اور یہ رقم فائنل کرایا کے تعین کے وقت ایڈجسٹ کر لی جائے گی۔ کمپنی نے قابل احترام سپریم کورٹ آف پاکستان کی ہدایات پر تعمیل کرتے ہوئے یہ رقم جمع کروادی ہے۔ سپریم کورٹ نے ایڈیشنل ایڈووکیٹ جنرل پنجاب کو مزید ہدایت کی ہے کہ وہ عدالت کی منظوری سے 2 سرویئرز (Survayors) کو نامزد کرے جو کہ دسمبر 2015 سے آج تک کے زمین پر صنعتی استعمال کے کرایہ کا تعین کرے۔ تاہم، غیر تصرف مالی حسابات کے اجراء کی منظوری تک کوئی سرویئر مقرر نہیں کیا گیا۔ کمپنی نے کرایہ کے تعین کیلئے سپریم کورٹ میں درخواست جمع کروائی ہے۔ مزید برآں، عدالت عالیہ میں یہ بھی فیصلہ کیا ہے کہ زمین نیلام عام کے ذریعے فروخت کی جائے گی اور کمپنی کا اس پر پہلا حق ہوگا۔

فنانشل مینجمنٹ

کمپنی انوینٹری کے زیادہ سے زیادہ حجم اور تجارتی وصولیابی کے انتظام پر مستقل توجہ دیے ہوئے ہے۔ مستحکم کاروباری حکمت عملی، آپریٹنگ صلاحیتوں اور پورے ادارے میں اخراجات میں کمی نے نقد رقومات کی فراوانی پر مثبت اثرات مرتب کیے۔
کمپنی ایک موءثر کیش فلو مینجمنٹ سسٹم کی حامل ہے جس کے ذریعے کیش ان فلوز اور آؤٹ فلوز کو ریگولر بنیاد پر واضح اور سختی کے ساتھ مانیٹر کیا جاتا ہے۔
ورکنگ کیپٹل کی ضروریات کو تجارتی وصولیابیوں، قابل ادائیگی واجبات اور انوینٹری حجم کے مستعد انتظام کے ذریعے فنانس کرنے کی منصوبہ بندی کی گئی۔ بزنس یونٹس کو ورکنگ کیپٹل اہداف تفویض کئے گئے ہیں جن کو باقاعدگی سے مانیٹر کیا جاتا ہے۔
کیپٹل اخراجات کو منافع جات اور خطرات کی کڑی جانچ پڑتال کے ذریعے انتہائی احتیاط سے طے کیا جاتا ہے۔ وسیع تر کیپٹل اخراجات مزید طویل مدتی کنٹریکٹس کے ذریعے ممکن ہوتے ہیں تاکہ کاروبار میں کیش فلو کے خطرے کو کم کیا جائے۔ 2019 میں کیپٹل اخراجات 1,995 ملین روپے تھے۔
کمپنی کا انویسٹمنٹ پورٹ فولیو شفاف انداز میں کثیر سمتی ہے جیسا کہ ٹیسلے پاکستان لمیٹڈ، ٹرائی پیک فلمز لمیٹڈ، بلھے شاہ پیکیجنگ (پرائیویٹ)

لمیٹڈ، ڈی آئی سی پاکستان لمیٹڈ، پیکیجز رئیل اسٹیٹ (پرائیویٹ) لمیٹڈ، پیکیجز لنکا (پرائیویٹ) لمیٹڈ، پیکیجز پاور (پرائیویٹ) لمیٹڈ اور اینی مون ہولڈنگز (پرائیویٹ) لمیٹڈ میں ایکویٹی شراکت سے واضح ہوتا ہے۔

بورڈ اس امر پر مطمئن ہے کہ کوئی مختصر یا طویل مدتی مالیاتی پابندی بشمول کریڈٹ تک رسائی موجود نہیں ہے اور دسمبر 2019 کے ساتھ ایک مضبوط بیلنس شیٹ مع خالص قرضہ ایکویٹی تناسب 5:95 پر ہے۔

خطرات میں کمی

بورڈ آف ڈائریکٹرز اور بورڈ کی آڈٹ کمیٹی وقوعہ کے اثرات اور ممکنات کے ضمن میں خطرات کے میٹرکس کا باقاعدگی سے جائزہ لیتی ہے۔ چیف ایگزیکٹو آفیسر کی زیر قیادت سینئر انتظامی ٹیم خطرات میں کمی کے اقدامات کے لئے ذمے دار ہے۔ مارکیٹ کی صورتحال کا مستقل جائزہ لینے کے لئے کمپنی کی صلاحیت اور اس کا بروقت موثر رد عمل کمپنی کو خطرات سے موثر طور پر نمٹنے کی صلاحیت فراہم کرتا ہے۔

کریڈٹ کے خطرات

کمپنی کے تمام تر مالیاتی اثاثہ جات ماسوائے زیر گردش نقد رقم کریڈٹ رسک سے مشروط ہیں۔ کمپنی اس امر پر یقین رکھتی ہے کہ کریڈٹ رسک کے اہم ماخذ کو ایکسپوز نہیں کیا گیا اور مالی اثاثہ جات پر اثرات کی تشخیص "Expected Credit Losses" (ای سی ایل) طریقہ کے ذریعے کی جاتی رہی۔

ایکسپوژر ہائے ریٹنگ کے حامل بینکس اور مالیاتی اداروں کے ساتھ اس کے انویسٹمنٹس پورٹ فولیو کی ڈائیورسیفکیشن کے ذریعے سنبھالا گیا ہے۔

لیکویڈیٹی کے خطرات

محتاط لیکویڈیٹی رسک مینجمنٹ معاہدے پورے کرنے کے لئے مناسب فنڈز کی دستیابی کو یقینی بناتا ہے۔ کمپنی کے فنڈ کے انتظام کی حکمت عملی کے مقاصد اندرونی طور پر کیش جنریشن اور مالیاتی اداروں کے ساتھ طے کردہ کریڈٹ لائنز کے ذریعے لیکویڈیٹی رسک کا انتظام کرنا ہے۔

شرح سود کے خطرات

متغیر ریٹ کی طویل مدتی فنانسنگ "پری پےمنٹ آپشن" کے انعقاد کے ذریعے شرح سود کے خطرات کے برخلاف محفوظ کی جاتی ہے جو بنیادی شرح سود میں کسی بھی منفی اقدام کے تحت استعمال کیا جا سکتا ہے۔

غیر ملکی زر مبادلہ کے خطرات

غیر ملکی کرنسی کے خطرات عمومی طور پر وہاں ہوتے ہیں جہاں وصولیابیاں اور ادائیگیاں غیر ملکی کرنسیوں کے تبادلوں پر کی جاتی ہیں۔ کمپنی بنیادی طور پر اپنے خام مال اور پلانٹ و مشینری کی درآمد کے لئے شارٹ ٹرم پر امریکی ڈالر/ پاک روپے اور یورو/ پاک روپے کنورژن کو ایکسپوز کرتی ہے۔

کیپٹل مینجمنٹ

کمپنی کی پالیسی ایک مستحکم کیپٹل بنیاد برقرار رکھنا ہے تاکہ انویسٹر، کریڈیٹر اور مارکیٹ کا اعتماد برقرار رہے اور کاروبار کے بہتر مستقبل کا عمل بھی جاری رہے۔ اس سال بھی کیپٹل مینجمنٹ کے لئے کمپنی کی اپروچ میں کوئی تبدیلی نہیں آئی۔

قومی خزانے میں شراکت

آپ کی کمپنی قومی خزانے کے لئے ایک بڑی شراکت دار ہے اور سال 2019 کے دوران کمپنی نے سیلز ٹیکس، انکم ٹیکس، درآمدی ڈیوٹیوں اور اسٹیچوٹری لیویز کے ضمن میں قومی خزانے میں 2,417 ملین روپے جمع کرائے۔

ریٹائرمنٹ فنڈز

کمپنی کی جانب سے موجودہ تین ریٹائرمنٹ فنڈز؛ پراویڈنٹ فنڈ، گریجویٹی فنڈ اور پنشن فنڈ کو آپریٹ کیا جارہا ہے۔
ان فنڈز کی سرمایہ کاریوں کی مالیت 31 دسمبر 2019 کو آڈٹ شدہ اکاؤنٹس کے مطابق درج ذیل تھی۔

پراویڈنٹ فنڈ	2,347.887 ملین روپے
گریجویٹی فنڈ	406.367 ملین روپے
پنشن فنڈ	1,730.567 ملین روپے

تصرف (Appropriation)

سال 2019 کے لئے کمپنی کے مالیاتی نتائج کے پیش نظر کمپنی کے بورڈ آف ڈائریکٹرز نے 120 فیصد نقد منافع منقسمہ (یعنی 12 روپے فی شیئر) کی سفارش کی ہے لہٰذا درج ذیل تصرف حاصل کئے گئے۔

	روپے ہزاروں میں
سال 2019 کے لئے کل جامع آمدنی بعد از ترجیحی منقسمہ *اریٹرن* شدہ تصرف	1,327,481
غیر تصرف شدہ منافع جو آئندہ کے لئے شامل کیا گیا	1,010,868
تصرف کے لئے دستیاب	**2,338,349**
جنرل ریزرو میں منتقلی	(1,000,000)
نقد منافع منقسمہ	(1,072,554)
2019 کے لئے منتقل کردہ	**265,795**

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس سبکدوش ہورہے ہیں اور انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔انہوں نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کی جانب سے اطمینان بخش ریٹنگ حاصل کرنے کی تصدیق کی ہے اور انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کے ضابطہ اخلاق پر مشتمل گائیڈ لائنز کی مکمل پاسداری کی ہے جو کہ ICAP کی جانب سے رائج کی گئی تھیں۔
جیسا کہ آڈٹ کمیٹی کی جانب سے تجویز کیا گیا، اس کے مطابق بورڈ آف ڈائریکٹرز نے 31 دسمبر 2020 کو ختم ہونے والے سال کے لئے باہمی طور پر طے کردہ معاوضے پر کمپنی کے آڈیٹرز کی حیثیت سے ان کی دوبارہ تقرری کی سفارش کی ہے۔

کارپوریٹ گورننس کے ضابطہ پر عملدرآمد

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں درج کردہ کارپوریٹ گورننس کے ضوابط کی شرائط کو کمپنی کی جانب سے رائج کیا جاچکا ہے اور ان پر باقاعدہ عملدرآمد کیا جارہا ہے۔اس سلسلے میں ایک اسٹیٹمنٹ رپورٹ کے ساتھ منسلک ہے۔دیکھئے صفحہ نمبر 63

کمپنی کے کاروبار کے ماحول پر اثرات اور فلاح عامہ کی ذمہ داری (CSR)

آپ کی کمپنی کی جانب سے کمپنی کے کاروبار کے ماحولیاتی اثرات اور فلاح عامہ کی ذمہ داری (کارپوریٹ سوشل رسپانسیبلیٹی) کے حوالے

سے اٹھائے گئے اقدامات سالانہ رپورٹ کے صفحہ نمبر 12 میں درج ہیں۔

ضروری واقعات

31 دسمبر 2019 سے اب تک کوئی ضروری واقعہ رونما نہیں ہوا اور نہ کمپنی نے کوئی نیا معاہدہ کیا ہے جو کہ سال مختتمہ 31 دسمبر 2019 کے لئے کمپنی کے آڈٹ شدہ مالیاتی حسابات میں درج مالیاتی پوزیشن کے علاوہ اس تاریخ تک کسی بھی مالیاتی پوزیشن پر اثر انداز ہو۔

بورڈ کی تشکیل:

بورڈ کی تشکیل سالانہ رپورٹ میں صفحہ نمبر 37 میں درج کی گئی ہے۔

بورڈ کی تشکیل میں تبدیلیاں

سال 2019 کے دوران بورڈ کی ساخت میں کسی قسم کی تبدیلی نہیں ہوئی۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال 2019 کے دوران بورڈ کے چھ (6) اجلاس منعقد کئے گئے اور ہر ایک ڈائریکٹر کی جانب سے اجلاس میں شرکت کی تفصیل درج ذیل کے مطابق ہے۔

نمبر شمار	ڈائریکٹر کا نام	شرکت کنندہ اجلاسوں کی تعداد
1	جناب توفیق حبیب چنائے (چیئرمین)	6
2	سید حیدر علی (چیف ایگزیکٹو اور مینجنگ ڈائریکٹر)	6
3	جناب جوزف میز یڈمیولر	2
4	جناب اصغر عباس	6
5	جناب عاطف اسلم باجوہ	6
6	جناب شمیم احمد خان	4
7	سید اسلم مہدی	6
8	سید شاہد علی	2
9	جناب طارق اقبال خان	5
10	جناب عمران خالد نیازی	6

بورڈ کے اجلاسوں میں شرکت نہ کر پانے والے ڈائریکٹرز کی غیر حاضری کیلئے چھٹی منظور کر لی گئی تھی۔

آڈٹ کمیٹی

بورڈ کی ایک آڈٹ کمیٹی کارپوریٹ گورننس کے ضابطہ کے نفاذ سے موجود ہے۔ جو چھ نان-ایگزیکٹو ڈائریکٹرز بشمول چیئرمین جو کہ انڈیپینڈنٹ ڈائریکٹر ہیں، پر مشتمل ہے۔

سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے اور ان میں ہر ایک ممبر کی حاضری درج ذیل کے مطابق رہی:۔

ممبر کا نام	شرکت کردہ اجلاس کی تعداد
جناب عاطف اسلم باجوہ (چیئرمین-انڈیپینڈنٹ ڈائریکٹر)	4
جناب عمران خالد نیازی (نان ایگزیکٹو ڈائریکٹر)	4
جناب شمیم احمد خان (نان ایگزیکٹو ڈائریکٹر)	3
سید اسلم مہدی (نان ایگزیکٹو ڈائریکٹر)	4
سید شاہد علی (نان ایگزیکٹو ڈائریکٹر)	2
جناب طارق اقبال خان (نان ایگزیکٹو ڈائریکٹر)	4

آڈٹ کمیٹی کے اجلاسوں میں شرکت نہ کرنے والے ممبران کی غیر حاضری کے لئے چھٹی منظور کر دی گئی تھی۔

آڈٹ کمیٹی اپنے ٹرمز آف ریفرنس کی حامل ہے جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 میں فراہم کیا گیا ہے۔

ہیومن ریسورس اینڈ ریمونیریشن کمیٹی

ہیومن ریسورس اینڈ ریمونیریشن کمیٹی چھ ممبران پر مشتمل ہے جس میں چار نان ایگزیکٹو ڈائریکٹرز اور چیئرمین جو کہ انڈیپینڈنٹ ڈائریکٹر ہیں اور ایک ایگزیکٹو ڈائریکٹر شامل ہے۔

سال کے دوران ہیومن ریسورس اینڈ ریمونیریشن کمیٹی کے تین (3) اجلاس منعقد ہوئے اور ان میں ہر ایک ممبر کی حاضری درج ذیل کے مطابق رہی:۔

ممبر کا نام	شرکت کردہ اجلاس کی تعداد
جناب عاطف اسلم باجوہ (چیئرمین-انڈیپینڈنٹ ڈائریکٹر)	3
سید حیدر علی (مینجنگ ڈائریکٹر اور ایگزیکٹو ڈائریکٹر)	3
جناب توفیق حبیب چنائے (نان ایگزیکٹو ڈائریکٹر)	3
جناب جوزف میز یڈمیولر (نان ایگزیکٹو ڈائریکٹر)	-
جناب طارق اقبال خان (نان ایگزیکٹو ڈائریکٹر)	3
جناب عمران خالد نیازی (نان ایگزیکٹو ڈائریکٹر)	3

ہیومن ریسورس اینڈ ریمونیریشن کمیٹی کے اجلاسوں میں شرکت نہ کرنے والے ممبران کی غیر حاضری کے لئے چھٹی منظور کر دی گئی تھی۔

آڈٹ کمیٹی اپنے ٹرمز آف ریفرنس کی حامل ہے جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 میں فراہم کیا گیا ہے۔

متعلقہ پارٹی کے ساتھ لین دین (ری لیٹڈ پارٹی ٹرانزیکشنز)

کمپنیز ایکٹ 2017 کے سیکشن 208 اور کمپنیز (ری لیٹڈ پارٹی ٹرانزیکشنز اینڈ مینٹی ننس آف ریلیٹڈ ریکارڈز) ریگولیشنز 2018 کے مطابق آپ کی کمپنی نے:

1 متعلقہ پارٹی لین دین (ری لیٹڈ پارٹی ٹرانزیکشنز) کی پالیسی قائم کی جس کی بورڈ نے مکمل طور پر منظوری دے دی ہے؛

2 "خودمختار لین دین" (آمرز لینتھ ٹرانزیکشنز) بطور درجہ بندی کیلئے متعلقہ پارٹیوں کے ساتھ لین دین کیلئے شرائط مرتب کی ہیں؛ اور

3 متعلقہ پارٹی لین دین (ری لیٹڈ پارٹی ٹرانزیکشنز) کی منظوری کیلئے کم از کم درکار معلومات بورڈ کی میٹنگز میں ڈائریکٹر کے سامنے پیش اور واضح کی ہیں

ڈائریکٹرز کا معاوضہ

کمپنی نے ڈائریکٹرز معاوضہ پالیسی (ڈائریکٹرز ریمونیریشن پالیسی) کی منظوری دے دی ہے۔ اس پالیسی کا مقصد بورڈ اور اسکی کمیٹیوں کی میٹنگز کیلئے انفرادی ڈائریکٹرز کا معاوضہ طے کرنے کیلئے شفاف طریقہ کار اختیار کرنا ہے۔ بورڈ اور ڈائریکٹرز کمیٹیوں کی میٹنگز میں شرکت کیلئے ڈائریکٹرز کے معاوضہ پیکیجز پر بورڈ کی جانب سے مارکیٹ رجحانات کے مطابق وقتاً فوقتاً نظر ثانی کی جائے گی۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

آپ کی کمپنی کے ڈائریکٹرز بیان کرتے ہیں کہ:

(اے) کمپنی انتظامیہ کی جانب سے تیار کردہ مالیاتی حسابات شفاف انداز میں کاروباری امور و معاملات، اس کے آپریشن کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کو ظاہر کرتے ہیں۔

(بی) کمپنی کے کھاتوں کی باقاعدہ کتب مرتب کی گئی ہیں۔

(سی) مالیاتی حسابات کی تیاری میں درست اکاؤنٹنگ پالیسیاں لاگو کی گئی ہیں اور اکاؤنٹنگ کے تخمینہ جات موزوں اور محتاط فیصلے پر منحصر ہیں۔

(ڈی) مالیاتی حسابات کمپنیز ایکٹ 2017 اور انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز جیسا کہ پاکستان میں نافذ العمل ہیں، کے مطابق تیار کئے گئے ہیں اور ان سے کسی بھی روگردانی کو مناسب انداز میں واضح اور بیان کیا گیا ہے۔

(ای) اندرونی کنٹرول کا نظام بشمول مالی اور آپریشنل کنٹرولز، خرید و فروخت کے بروقت اور مناسب اندراج کیلئے اکاؤنٹنگ سسٹم، رسیدیں اور ادائیگیاں، اثاثہ جات اور واجبات اور رپورٹنگ ڈھانچہ مستحکم طور پر ڈیزائن کیا گیا ہے اور یہ موثر انداز میں نافذ العمل اور زیر نگرانی رہتا ہے۔

(ایف) کاروبار کو آگے بڑھانے کے بارے میں کمپنی کی صلاحیت پر کسی قسم کے شکوک و شبہات نہیں ہیں۔

(جی) کوڈ آف کارپوریٹ گورنینس کے بہترین طریقہ کار سے کوئی ظاہری روگردانی نہیں کی جاتی جیسا کہ لسٹنگ ریگولیشنز میں تفصیلی درج ہے۔

(ایچ) کمپنی کے آپریٹنگ نتائج میں گزشتہ سال سے نمایاں تبدیلیاں ڈائریکٹرز کی رپورٹ میں واضح کر دی گئی ہیں اور ان اسباب کی وضاحت بھی کر دی گئی ہے۔

(آئی) گزشتہ چھ سال کی کلیدی آپریٹنگ اور مالیاتی تفصیلات صفحہ نمبر 5 پر منسلک ہیں۔

(جے) جہاں کہیں بھی ٹیکسز، ڈیوٹیز، لیویز اور چارجز کے ضمن میں قانونی ادائیگی واجب الادا ہے اس بارے میں رقم مع ایک مختصر وضاحت اور وجوہات کو مالیاتی حسابات میں واضح کر دیا گیا ہے۔

(کے) کلیدی منصوبے اور فیصلے مثلاً کارپوریٹ ری اسٹرکچرنگ، کاروبار میں توسیع اور آپریشنز کو منقطع کرنا بشمول مستقبل کے امکانات، خطرات، غیر یقینی صورتحال، اگر کوئی ہو، واضح کیے گئے ہیں۔

(ایل) سال کے دوران منعقدہ بورڈ اور کمیٹیوں کے اجلاس کی تعداد اور ہر ایک ڈائریکٹر کی شرکت رپورٹ کے ساتھ منسلک ہے۔

(ایم) ڈائریکٹرز کی جانب سے تربیتی پروگراموں میں شرکت کی تفصیل صفحہ نمبر 63 پر منسلک ہے۔

(این) شیئر ہولڈنگ کا پیٹرن بھی صفحہ نمبر 57 پر منسلک ہے اور

(او) کمپنی کے شیئرز میں اس کے ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات و نابالغ بچوں کی جانب سے کی جانے والی خرید و فروخت کی تفصیل منسلک ہے۔

چیف ایگزیکٹو، ڈائریکٹرز، چیف فنانشل آفیسر، کمپنی سیکریٹری، انٹرنل آڈٹ کے سربراہ، ان کی شریک حیات اور نابالغ بچوں کی جانب سے شیئرز کی ٹریڈنگ درج ذیل ہے:

شیئرز کی خریداری	شیئرز کی تعداد
چیف ایگزیکٹو آفیسر	148,500
ڈائریکٹرز	60,245
چیف فنانشل آفیسر	کوئی نہیں
کمپنی سیکریٹری	کوئی نہیں
انٹرنل آڈٹ کے سربراہ	کوئی نہیں
دیگر ایگزیکٹوز	2,265,300
شریک حیات	248,000
نابالغ بچے	کوئی نہیں

شیئرز کی فروخت/عطیہ

ایگزیکٹو کی جانب سے شیئرز کا عطیہ	2,874,350

شیئر ہولڈنگ کا پیٹرن

شیئر ہولڈرز کی مختلف کلاس کی شیئر ہولڈنگ کے پیٹرن کا ایک اسٹیٹمنٹ بمطابق 31 دسمبر 2018، جس کا اظہار رپورٹنگ فریم ورک کے

تحت ضروری ہے، شیئر ہولڈرز کی معلومات کے منسلکہ ضمیمہ صفحہ نمبر 57 میں شامل کر دیا گیا ہے۔

- ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، انٹرنل آڈٹ کے سربراہ اور ان کے شریک حیات و نابالغ بچے سال کے دوران کمپنی کے شیئرز میں کسی قسم کی تجارت میں ملوث نہیں رہے ماسوائے جن کا تذکرہ اوپر کیا گیا ہے۔

مستقبل پر نظر

انتظامیہ میکرو سطح پر معاشی صورتحال کی بہتری کے بارے میں پرامید ہے اور اس نے پیداواری گنجائش بڑھانے، اپنی مصنوعات اور سروس کا معیار بہتر بنانے کے ضمن میں رواں سال کے دوران ایکویپمنٹ میں نمایاں سرمایہ کاری کی ہے۔ کمپنی لاگت پر کفایت اور پروڈکٹ مکس مینجمنٹ کے ذریعے والیم گروتھ اور بہتر آمدنی پر توجہ دے رہی ہے اور پُرعزم ہے کہ اس عمل سے کمپنی کی سیلز میں اضافہ ہوگا اور منافع میں بھی بہتری آئے گی۔

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۔

توفیق حبیب چنائے
چیئرمین
کراچی، مارچ 13، 2020

سید حیدر علی
چیف ایگزیکٹو اینڈ مینجنگ ڈائریکٹر
کراچی، 13 مارچ 2020

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Khayaban-e-Jami
Clifton
Karachi-75600
Tel. # 92 21 35831618/ 35831664/ 35833011
35874047 - 49
Fax # 92 21 35860251

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
Tel. # 92 21 34380101-2

Fax # 92 21 34380106

LISTING ON STOCK EXCHANGE

Packages Limited equity shares are listed on the Pakistan Stock Exchange.

LISTING FEES

The annual listing fee for the financial year 2019-20 has been paid to the stock exchange within the prescribed time limit.

STOCK CODE

The stock code for dealing in equity shares of Packages Limited at the Stock Exchange is PKGS.

SHARES REGISTRAR

Packages Limited' shares department is operated by FAMCO Associates (Pvt.) Ltd and serves around 4,686 shareholders. It is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function.

The Shares Registrar has online connectivity with Central Depository Company of Pakistan Limited. It undertakes activities pertaining to dematerialization of shares, share transfers, transmissions, issue of duplicate/re-validated dividend warrants, issue of duplicate / replaced share certificates, change of address and other related matters.

For assistance, shareholders may contact either the Registered Office or the Shares Registrar.

Contact persons:

Mr. Sifat Ahmed Khan
Tel. # 92 21 35831618/ 35831664/ 35833011
Fax # 92 21 35860251
Email: sifat.ahmad@packages.com.pk

Mr. Ovais Khan
Tel. # 92 21 34380101-2
Fax # 92 21 34380106
Email: ceo@famco.com.pk

SERVICE STANDARDS

Packages has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution:

	For requests received through post	Over the counter
Transfer of shares	15 days after receipt	15 days after receipt
Transmission of shares	15 days after receipt	15 days after receipt
Issue of duplicate share certificates	30 days after receipt	30 days after receipt
Issue of duplicate dividend warrants	5 days after receipt	5 days after receipt
Issue of revalidated dividend warrants	5 days after receipt	5 days after receipt
Change of address	2 days after receipt	2 days after receipt

Well qualified personnel of the Shares Registrar have been entrusted with the responsibility of ensuring that services are rendered within the set time limits.

STATUTORY COMPLIANCE

During the year, the Company has complied with all applicable provisions, filed all returns/ forms and furnished all the relevant particulars as required under the Companies Act, 2017 and allied rules, Notifications/Circulars issued by the Securities and Exchange Commission of Pakistan (SECP) from time to time and the Listing requirements.

DEMATERIALIZATION OF SHARES

The equity shares of the Company are under the dematerialization category. As of date 70.73% of the equity shares of the company have been dematerialized by the shareholders.

DIVIDEND ANNOUNCEMENT

The Board of Directors of the Company has recommended for the financial year ended December 31, 2019 payment of cash dividend as follows:-

a) to the preference share/convertible stock holder (International Finance Corporation) at the rate of Rs. 19.00 (10%) per preference share/convertible stock of Rs. 190.00 in terms of the Subscription Agreement between Packages Limited and International Finance Corporation (2018: 10% or Rs. 19.00 per preference share/convertible stock of Rs. 190.00); &

b) to the ordinary shareholders at the rate of 120% (Rs. 12.00 per ordinary share of Rs. 10.00) subject to approval by the ordinary shareholders of the company at the Annual General Meeting (2018: cash dividend at the rate of 150% or Rs.15.00 per ordinary share).

BOOK CLOSURE DATES

The Register of Members and Share Transfer Books of the company will remain closed from May 15, 2020 to May 29, 2020 both days inclusive.

DIVIDEND REMITTANCE

Preference dividend/return will be paid to the preference/convertible stockholder prior to payment of ordinary dividend to the ordinary shareholders.

Ordinary dividend declared and approved at the Annual General Meeting shall be paid in terms of Section 242 of the Companies Act, 2017/Companies (Distribution of Dividends) Regulations, 2017:

(i) **For shares held in physical form**: to shareholders whose names appear in the Register of Members of the company after entertaining all requests for transfer of shares lodged with the company on or before the book closure date.

(ii) **For shares held in electronic form**: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on book closure date.

WITHHOLDING OF TAX & ZAKAT ON ORDINARY DIVIDEND

As per the provisions of Section 150 of the Income Tax Ordinance, 2001, Income Tax is deductible at source on dividend payable by the company at the rate of 15.0% for filers of income tax returns, wherever applicable, and at the rate of 30.0% for non-filers of income tax returns.

Zakat is also deductible at source from the ordinary dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for non-deduction.

INVESTORS' GRIEVANCES

To date none of the investors or shareholders has filed any letter of complaint against any service provided by the company to its shareholders.

LEGAL PROCEEDINGS

No case has ever been filed by shareholders against the company for non-receipt of shares/refund.

GENERAL MEETINGS & VOTING RIGHTS

Pursuant to Section 132 of the Companies Act, 2017, Packages Limited holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore and Islamabad.

Shareholders having holding of at least 10% of voting rights may also apply to the board of directors to call for meeting of shareholders, and if board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

All ordinary shares issued by the company carry equal voting rights. Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member-One Vote". If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded.

Since the fundamental voting principle in a company is "One Share-One Vote", voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

PROXIES

Pursuant to Section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the company who is entitled to attend and vote at a general meeting of the company can appoint another person as his/her proxy to attend and vote instead of him/her. Every notice calling a general meeting of the company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy. A proxy may not be a member of the company.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the office of the company not less than forty-eight hours before the meeting.

WEB PRESENCE

Updated information regarding the company can be accessed at Packages website, www.packages.com.pk. The website contains the latest financial results of the company together with company’s profile, the corporate philosophy and major products.

SHARE PRICE/VOLUME

The monthly high and low prices and the volume of shares traded on the Pakistan Stock Exchange during the financial year 2019 are as under:

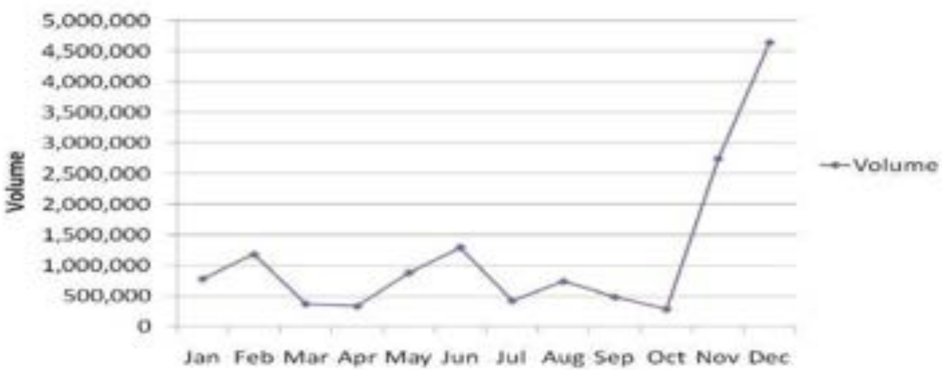
Month	Share price on the KSE (Rs.)		Volume of shares traded
	Highest	Lowest	
January	391.85	352.01	781,500
February	406.75	346.05	1,182,700
March	383.00	329.00	371,000
April	379.95	285.00	333,900
May	302.78	215.00	882,900
June	317.91	269.00	1,295,000
July	323.00	263.51	432,300
August	311.89	255.55	737,700
September	301.98	265.51	484,500
October	304.00	280.00	286,200
November	372.99	287.00	2,744,400
December	458.00	367.00	4,641,400

SHARE PRICE MOVEMENT

[Share Price on PSX (Rupees/Share)]

SHARES TRADING VOLUME

[Volume of shares traded on PSX (in thousands)]



PATTERN OF SHAREHOLDING INFORMATION

The shareholding pattern of the equity share capital of the company as at December 31, 2019 is as follows:

Shareholding		Number of shareholders	Total shares held
From	To		
1	100	2,065	58,973
101	500	1,017	306,198
501	1,000	471	382,375
1,001	5,000	670	1,619,883
5,001	10,000	164	1,216,293
10,001	15,000	47	602,118
15,001	20,000	39	676,186
20,001	25,000	28	629,264
25,001	30,000	27	751,025
30,001	35,000	20	661,545
35,001	40,000	11	414,311
40,001	45,000	8	339,024
45,001	50,000	11	530,299
50,001	55,000	11	569,722
55,001	60,000	8	452,455
60,001	65,000	5	312,628
65,001	70,000	3	198,186
70,001	75,000	1	73,636
75,001	80,000	3	233,363
80,001	85,000	2	166,088
90,001	95,000	3	275,267
95,001	100,000	1	100,000
100,001	105,000	2	206,394
105,001	110,000	2	216,250
110,001	115,000	1	114,568
115,001	120,000	1	120,000
120,001	125,000	2	244,150
125,001	130,000	1	125,700
135,001	140,000	1	136,999
140,001	145,000	1	144,382
145,001	150,000	1	150,000
150,001	155,000	2	302,950
155,001	160,000	2	313,881
165,001	170,000	1	166,806
170,001	175,000	2	347,973
175,001	180,000	2	355,100
185,001	190,000	1	186,240
190,001	195,000	1	193,484

Shareholding		Number of shareholders	Total shares held
From	To		
195,001	200,000	2	394,344
205,001	210,000	1	207,500
210,001	215,000	1	214,013
220,001	225,000	1	221,210
230,001	235,000	1	233,050
245,001	250,000	1	249,830
265,001	270,000	1	268,800
270,001	275,000	1	273,390
280,001	285,000	1	284,920
285,001	290,000	1	287,290
290,001	295,000	1	294,928
300,001	305,000	1	304,718
305,001	310,000	1	307,820
310,001	315,000	1	312,150
315,001	320,000	1	318,098
345,001	350,000	1	350,000
360,001	365,000	1	362,202
365,001	370,000	1	367,166
375,001	380,000	1	378,600
395,001	400,000	1	400,000
400,001	405,000	1	403,055
425,001	430,000	1	428,900
465,001	470,000	1	467,000
530,001	535,000	1	533,479
535,001	540,000	1	536,250
585,001	590,000	1	587,900
595,001	600,000	1	600,000
610,001	615,000	1	611,400
660,001	665,000	1	660,036
755,001	760,000	1	757,482
820,001	825,000	1	821,714
845,001	850,000	1	849,107
975,001	980,000	1	975,237
990,001	995,000	1	990,641
1,195,001	1,200,000	1	1,198,668
1,520,001	1,525,000	1	1,523,200
1,840,001	1,845,000	1	1,844,053
2,065,001	2,070,000	1	2,067,893
2,200,001	2,205,000	1	2,203,429
2,285,001	2,290,000	1	2,287,175
2,845,001	2,850,000	1	2,849,591
2,870,001	2,875,000	1	2,874,350

Shareholding		Number of shareholders	Total shares held
From	To		
3,500,001	3,505,000	1	3,504,115
3,855,001	3,860,000	1	3,859,728
3,915,001	3,920,000	1	3,917,505
5,395,001	5,400,000	1	5,396,650
26,705,001	26,710,000	1	26,707,201
		4,686	**89,379,504**

INFORMATION AS REQUIRED UNDER THE CODE OF CORPORATE GOVERNANCE

Shareholders' category	Number of shareholders	Number of shares held
i. Associated Companies, Undertakings and Related Parties (name wise details)		
M/S. BABAR ALI FOUNDATION	3	6,696,563
IGI INVESTMENTS (PVT.) LIMITED	1	26,707,201
M/S. GURMANI FOUNDATION	1	1,198,668
TRUSTEES PACKAGES LIMITED EMPLOYEES PROVIDENT FUND	1	2,067,893
TRUSTEES PACKAGES LIMITED EMPLOYEES GRATUITY FUND	1	104,494
TRUSTEES PACKAGES LIMITED MANAGEMENT STAFF PEN.FUND	1	660,036
Total:	**8**	**37,434,855**

Shareholders' category	Number of shareholders	Number of shares held
ii. Mutual Funds (name wise details)		
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1	2,000
CDC - TRUSTEE ABL STOCK FUND	1	101,900
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	5,489
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	55,787
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	294,928
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	34,300
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	214,013
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	1,332
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	22,168
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	5,000
CDC - TRUSTEE ATLAS ISLAMIC DEDICATED STOCK FUND	1	5,300
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	19,200
CDC - TRUSTEE AWT ASSET ALLOCATION FUND	1	2,300
CDC - TRUSTEE AWT ISLAMIC STOCK FUND	1	12,200
CDC - TRUSTEE AWT STOCK FUND	1	3,500
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	6,000
CDC - TRUSTEE JS ISLAMIC FUND	1	15,500
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	51,350
CDC - TRUSTEE MEEZAN BALANCED FUND	1	173,923
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	1,844,053
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND-EQUITY SUB FUND	1	197,601
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	3,859,728
CDC - TRUSTEE NBP BALANCED FUND	1	13,500
CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	27,500
CDC - TRUSTEE NBP ISLAMIC STOCK FUND	1	125,700
CDC - TRUSTEE NBP SARMAYA IZAFA FUND	1	14,000
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	179,800
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	144,382
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	1	2,400
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	14,400
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	45,800
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	20,350
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	49,500
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	344

Shareholders' category	Number of shareholders	Number of shares held
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	6,000
MC FSL - TRUSTEE JS GROWTH FUND	1	10,700
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	50,400
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	800
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	15,050
Total:	**39**	**7,648,198**

Shareholders' category	Number of shareholders	Number of shares held
iii. Directors and their spouse(s) and minor children (name wise details)		
MR. ASGHAR ABBAS	1	100
MR. IMRAN KHALID NIAZI	1	200
MR. ATIF ASLAM BAJWA	2	4,100
MR. SHAMIM AHMAD KHAN	1	603
SYED SHAHID ALI	2	58,145
SYED ASLAM MEHDI	1	9,781
SYED HYDER ALI	2	2,555,975
MR. TARIQ IQBAL KHAN	1	6,000
MR. TOWFIQ HABIB CHINOY	1	100,000
MRS. AZRA TARIQ W/O MR. TARIQ IQBAL KHAN	1	4,100
Total:	**13**	**2,739,004**

Shareholders' category	Number of shareholders	Number of shares held
iv. Executives	3	**5,283,020**
Total:	**3**	**5,283,020**

Shareholders' category	Number of shareholders	Number of shares held
v. Public Sector Companies and Corporations	3	4,739,419
Total:	**3**	**4,739,419**

Shareholders' category	Number of shareholders	Number of shares held
vi. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	40	3,689,537
Total:	**40**	**3,689,537**

Shareholders' category	Number of shareholders	Number of shares held
vii. Shareholders Holding five percent or more Voting Rights in the Listed Company (name wise details)		
IGI INVESTMENTS (PRIVATE) LIMITED	1	26,707,201
STORA ENSO AB	1	5,396,650
Total:	**2**	**32,103,851**

Serial #	Shareholders' category	No. of shareholders	No. of shares	%
1	Directors, Chief Executive Officer, and their spouses and minor children	13	2,739,004	3.06
2	Associated Companies, undertakings and related parties	8	37,434,855	41.88
3	Banks Development Financial Institutions, Non-Banking Financial Institutions	18	2,709,424	3.03
4	Insurance Companies	13	5,231,754	5.85
5	Modarabas and Mutual Funds	42	7,656,957	8.57
6	Shareholder holding 10%	1	26,707,201	29.88
7	General Public:			
	a. Local	4,410	13,885,500	15.54
	b. Foreign	4	6,690,241	7.49
8	Others	178	13,031,769	14.58
	Total (excluding: shareholder holding 10%)	**4,686**	**89,379,504**	**100.00**

STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED 31 DECEMBER 2019

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 10 as per the following:

    a. Male: 10
    b. Female: -

2. The composition of the Board is as follows:

a)	Independent Director	1
b)	Non-executive Directors	7
c)	Executive Directors	2
d)	Female Director	-

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/Shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.

8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

9. All Directors have either attended the Directors Training Program or have minimum of 14 years of education and 15 years of experience on the Board of listed companies and therefore are exempt from the Directors Training Program.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed Committees comprising of members given below:

a) Audit Committee:

Mr. Atif Aslam Bajwa (Independent Director)	-	Chairman
Mr. Imran Khalid Niazi (Non-Executive Director)	-	Member
Mr. Shamim Ahmad Khan (Non-Executive Director)	-	Member
Syed Aslam Mehdi (Non-Executive Director)	-	Member
Syed Shahid Ali (Non-Executive Director)	-	Member
Mr. Tariq Iqbal Khan (Non-Executive Director)	-	Member

b) Human Resource and Remuneration Committee:

Mr. Atif Aslam Bajwa (Independent Director)	-	Chairman
Mr. Towfiq Habib Chinoy (Non-Executive Director)	-	Member
Syed Hyder Ali (Chief Executive & Managing Director)	-	Member
Mr. Josef Meinrad Mueller (Non-Executive Director)	-	Member
Mr. Tariq Iqbal Khan (Non-Executive Director)	-	Member
Mr. Imran Khalid Niazi (Non-Executive Director)	-	Member

The terms of reference of the Nomination Committee are included in the Human Resource and Remuneration Committee and that of the Risk Management Committee are included in the terms of reference of the Audit Committee.

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committee for compliance.

14. The frequency of meetings (quarterly / half yearly / yearly) of the Committees were as per following:

a)	Audit Committee	Quarterly
b)	Human Resource and Remuneration Committee	As and when required

15. The Board has set up an effective internal audit function.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Towfiq Habib Chinoy
(Chairman)
Karachi, March 13, 2020

pwc

A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF PACKAGES LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Packages Limited for the year ended December 31, 2019 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2019.

A. F. Ferguson & Co.
Chartered Accountants
Lahore
Date: March 13, 2020

Name of engagement partner: Muhammad Masood pwc A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PACKAGES LIMITED

REPORT ON THE AUDIT OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed unconsolidated financial statements of Packages Limited (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2019, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2019 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	**Impairment of investment in associate** *(Refer notes 22.1.3 and 33 to the annexed unconsolidated financial statements)* During the current year, the management has tested the Company's equity investment in its associate, Tri-Pack Films Limited ('TPFL') for impairment based on certain impairment indicators. This involved estimation techniques and management's judgement to obtain reasonable expected future cash flows of TPFL's business and related discount rate. Management involved an internal expert to perform this valuation. As a result of performing the aforementioned assessment, the recoverable amount of the investment was determined to be lower than its carrying amount which has been recognised accordingly. Due to the high level of judgment and estimation required to determine the recoverable amount of the above-mentioned investment, we consider it to be a key audit matter.	Our audit procedures included the following: - We considered management's process for identifying the existence of impairment indicators in respect of the Company's investments; - We assessed the valuation methodology used by the management; - Obtained the discounted cash flow model ('model') and checked the mathematical accuracy of the computations; - Obtained an understanding of the work performed by the management on the model for the purpose of valuation; - Examined the professional qualification of management's internal expert and assessed the independence, competence and experience of the management's internal expert in the field; - Considered our own competence and experience to assess the work performed on the model; - Understood and evaluated the process by which the cash flow forecast was prepared and approved, including confirming the mathematical accuracy of the underlying calculations; - Evaluated the cash flow forecast by obtaining an understanding of TPFL's business - We tested, on sample basis, the reasonableness of the input data used by the management;

		- Obtained corroborating evidence relating to the value as determined by the management's expert by challenging key assumptions for the growth rates in the cash flow forecast by comparing them to historical results and economic forecasts and challenging the discount rate by independently estimating a range based on market data; - Assessed whether the assumptions used were in line with other market participants and reflected the particular status of the investment shareholding; - Performed sensitivity analysis around these assumptions to ascertain the extent of change that individually would be required for the value of investment to be impaired; and - Reviewed the adequacy of the disclosures made by the Company with regard to applicable accounting and reporting standards.
2.	**First time adoption of IFRS 9 – 'Financial Instruments'** *(Refer notes 2.2.1(a) and 26.3 to the annexed unconsolidated financial statements)* IFRS 9 ‘Financial Instruments’ is effective for the Company for the first time during the current year and replaces the financial instruments standard IAS 39 ‘Financial Instruments: Recognition and Measurement’. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. The classification and measurement approach reflect the business model in which the financial assets are managed and the underlying cash flow characteristics. Accordingly, in respect of the investments in equity instruments other than subsidiaries, joint venture and	- Our audit procedures included the following: - Considered the management’s process to assess the impact of adoption of IFRS 9 on the Company’s unconsolidated financial statements; - Obtained an understanding and evaluated the Company's business model assessment and for a sample of instruments, checked the inputs into solely payments of principal and interest test performed by the Company; - Tested that management had evaluated and classified all financial assets in accordance with IFRS 9, by reconciling the assets and liabilities included in the statement of financial position; - Obtained an understanding of and assessed the design and tested

	associates, the Company at initial recognition has made an irrevocable option to present subsequent changes in fair value in Other Comprehensive Income. Further, in relation to financial assets, IFRS 9 requires the recognition of expected credit losses ('ECLs') rather than incurred credit losses under IAS 39 and is therefore a fundamentally different approach. Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. In accordance with IFRS 9, the measurement of ECL reflects a range of unbiased and probability-weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions. We considered this as key audit matter due to the significant management-determined judgments including the reclassification of financial assets in accordance with the Company's business model and the judgements involved in determination of ECL.	implementation of management's key internal controls relating to credit control process (including credit account application approvals and credit limit review); - With respect to determination of ECL, to review the working of management for expected credit losses and the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Company; - Assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Company as well as the related external sources as used for this purpose; - Tested the opening balance adjustment in the unconsolidated statement of changes in equity for arithmetical accuracy and corroborated a sample of the data inputs; - Tested the mathematical accuracy of the ECL model by performing recalculation on test basis; and - Reviewed and assessed the impact and disclosures made in the unconsolidated financial statements regarding the effect of adoption of IFRS 9.
3.	**First time adoption of IFRS 16 'Leases'** *(Refer note 2.2.1(c), 8, and 19 to the annexed unconsolidated financial statements)* IFRS 16 'Leases' is effective for the Company for the first time during the current year and replaces the leases standard IAS 17 'Leases'. IFRS 16	Our audit procedures included the following: - Considered the appropriateness of the Company's lease accounting policies, including those relating to assessment of discount rates, lease term and extension options;

	introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make the lease payments. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases. Determination of the impact of the transition from previous standard required the management to exercise judgments regarding the discount rates used and the lease terms including termination and renewal options. Due to significance of amounts involved, and the use of significant management judgments, we considered the first time adoption of IFRS 16 'Leases', a key audit matter.	- Reviewed the design and tested the operating effectiveness of key controls over identification and measurement of right-of-use assets and corresponding lease liabilities; - Evaluated the management's implementation process including a review of the IFRS 16 transition impact disclosures; - Assessed the appropriateness of the discount rates applied in determining lease liabilities; - Tested the accuracy of the underlying lease data by agreeing a representative sample of leases to original contract or other supporting information, and checked IFRS 16 calculations for each lease sampled through recalculation of the expected IFRS 16 adjustment; - Tested the right-of-use asset and lease liability for a sample of leases and checked mathematical accuracy; and - Reviewed the presentation and disclosures related to the adoption of IFRS 16 and assessed whether it complied with the relevant accounting and reporting framework.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

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d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Masood.

A.F. Ferguson & Co.
Chartered Accountants
Lahore
Date: March 30, 2020

Financial Statements

for the Year ended December 31, 2019

PACKAGES LIMITED

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	Note	2019	2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2018: 150,000,000) ordinary shares of Rs 10 each		1,500,000	1,500,000
22,000,000 (2018: 22,000,000) 10% non-voting preference shares / convertible stock of Rs 190 each		4,180,000	4,180,000
Issued, subscribed and paid up capital			
89,379,504 (2018: 89,379,504) ordinary shares of Rs 10 each	5	893,795	893,795
8,186,842 (2018: 8,186,842) 10% non-voting preference shares / convertible stock of Rs 190 each	7	606,222	606,222
Reserves	6	49,083,612	51,550,397
Un-appropriated profit		2,338,349	3,383,827
		52,921,978	56,434,241
NON-CURRENT LIABILITIES			
Long term finances	7	2,732,650	932,650
Lease liabilities	8	40,774	-
Long term advances	9	58,907	87,283
Deferred taxation	10	461,990	361,603
Retirement benefits	11	620,559	511,602
Deferred liabilities	12	178,448	356,088
		4,093,328	2,249,226
CURRENT LIABILITIES			
Current portion of non-current liabilities	13	221,348	1,328,642
Finances under mark-up arrangements - secured	14	5,713,146	4,414,019
Trade and other payables	15	3,486,302	3,438,345
Unclaimed dividend		55,203	62,030
Accrued finance cost	16	335,208	249,352
		9,811,207	9,492,388
CONTINGENCIES AND COMMITMENTS	17		
		66,826,513	68,175,855

	Note	2019	2018
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	18	7,286,430	6,546,461
Right-of-use assets	19	62,592	-
Investment properties	20	487,443	111,613
Intangible assets	21	65,129	67,435
Investments	22	47,713,862	51,322,973
Long term security deposits		7,771	8,534
Long term loans	23	288	2,419
		55,623,515	58,059,435
CURRENT ASSETS			
Stores and spares	24	658,159	498,158
Stock-in-trade	25	3,438,686	3,124,998
Current portion of long term investments	22	-	10,000
Short term investments		80,000	-
Trade debts	26	3,045,048	2,568,727
Loans, advances, deposits, prepayments and other receivables	27	857,917	834,800
Income tax receivable	28	2,888,058	3,017,221
Cash and bank balances	29	235,130	62,516
		11,202,998	10,116,420
		66,826,513	68,175,855

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Chief Executive **Director** **Chief Financial Officer**

PACKAGES LIMITED

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended December 31, 2019

			Note	2019	2018
				(Rupees in thousand)	
Local sales				27,355,555	24,781,083
Export sales				192,167	40,915
				27,547,722	24,821,998
Less:	Sales tax			4,273,761	3,814,024
	Trade discounts			358,196	308,486
				4,631,957	4,122,510
Net sales				22,915,765	20,699,488
Cost of sales			30	(18,542,940)	(17,419,213)
Gross profit				4,372,825	3,280,275
Administrative expenses			31	(1,158,716)	(1,098,040)
Distribution and marketing costs			32	(1,254,341)	(1,167,835)
Net impairment losses on financial assets			26.3	(69,768)	-
Other expenses			33	(929,648)	(344,840)
Other income			34	326,972	271,793
Finance cost			35	(1,055,940)	(524,852)
Investment income			36	1,934,288	3,028,883
Profit before taxation				2,165,672	3,445,384
Taxation			37	(819,369)	(709,279)
Profit for the year				1,346,303	2,736,105
Earnings per share					
- Basic		Rupees	46.1	15.06	29.69
- Diluted		Rupees	46.2	14.93	29.18

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Chief Executive **Director** **Chief Financial Officer**

PACKAGES LIMITED

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended December 31, 2019

	Note	2019	2018
		(Rupees in thousand)	
Profit for the year		1,346,303	2,736,105
Other comprehensive loss:			
Items that will not be subsequently reclassified to profit or loss:			
Change in fair value of investments at fair value through other comprehensive income (FVOCI)	22.3	(3,466,785)	-
Remeasurements of retirement benefits		(26,510)	(113,586)
Tax effect of remeasurements of retirement benefits	10.2	7,688	32,940
		(3,485,607)	(80,646)
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of available-for-sale investments	22.3	-	(9,123,084)
Other comprehensive loss for the year - net of tax		(3,485,607)	(9,203,730)
Total comprehensive loss for the year		(2,139,304)	(6,467,625)

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Chief Executive **Director** **Chief Financial Officer**

PACKAGES LIMITED

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2019

	Issued, subscribed and paid up capital		Reserves						Capital and reserves
			Capital reserves				Revenue reserves		
	Ordinary share capital	Preference shares / convertible stock	Share premium	Fair value reserve	FVOCI reserve	Capital redemption reserve	General reserve	Un-appropriated profit	Total
	(Rupees in thousand)								
Balance as on January 1, 2018	893,795	606,222	3,766,738	37,981,410	-	1,615,000	14,310,333	6,492,264	65,665,762
Appropriation of reserves									
Transfer to general reserve	-	-	-	-	-	-	3,000,000	(3,000,000)	-
Transaction with preference shareholder									
Participating dividend on preference shares - note 38	-	-	-	-	-	-	-	(82,499)	(82,499)
Transaction with owners in their capacity as owners, recognised directly in equity									
Final dividend for the year ended December 31, 2017 of Rs 30.00 per share	-	-	-	-	-	-	-	(2,681,397)	(2,681,397)
Total comprehensive income / (loss) for the year									
Profit for the year	-	-	-	-	-	-	-	2,736,105	2,736,105
Other comprehensive income / (loss) for the year	-	-	-	(9,123,084)	-	-	-	(80,646)	(9,203,730)
	-	-	-	(9,123,084)		-	-	2,655,459	(6,467,625)
Balance as on December 31, 2018	**893,795**	**606,222**	**3,766,738**	**28,858,326**	**-**	**1,615,000**	**17,310,333**	**3,383,827**	**56,434,241**
Effect of changes in accounting policies due to adoption of IFRS 9 and IFRS 16- note 2.2.1(a)	-	-	-	(28,858,326)	28,858,326	-	-	(32,268)	(32,268)
Adjusted balance as on January 01, 2019	**893,795**	**606,222**	**3,766,738**	**-**	**28,858,326**	**1,615,000**	**17,310,333**	**3,351,559**	**56,401,973**
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, 2018 of Rs 15.00 per share	-	-	-	-	-	-	-	(1,340,691)	(1,340,691)
Total comprehensive income / (loss) for the year									
Profit for the year	-	-	-	-	-	-	-	1,346,303	1,346,303
Other comprehensive loss for the year	-	-	-	-	(3,466,785)	-	-	(18,822)	(3,485,607)
	-	-	-	-	(3,466,785)	-	-	1,327,481	(2,139,304)
Balance as on December 31, 2019	**893,795**	**606,222**	**3,766,738**	**-**	**25,391,541**	**1,615,000**	**18,310,333**	**2,338,349**	**52,921,978**

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Chief Executive **Director** **Chief Financial Officer**

PACKAGES LIMITED

UNCONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2019

	Note	2019	2018
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	43.1	1,844,199	825,675
Finance cost paid		(963,463)	(465,034)
Income tax paid		(625,554)	(1,075,743)
Income tax refunded		50,033	100,000
Long term loans - net		2,563	1,190
Long term security deposits - net		763	(6,230)
Payments for accumulating compensated absences		(226,947)	(33,490)
Retirement benefits paid		(25,679)	(23,740)
Net cash inflow / (outflow) from operating activities		55,915	(677,372)
Cash flows from investing activities			
Fixed capital expenditure		(1,995,235)	(2,215,130)
Investments in equity securities		(614,538)	(289,614)
Long term advances - net		3,336	20,680
Proceeds from disposal of investments		10,000	-
Proceeds from disposal of property, plant and equipment		77,281	60,846
Dividends received		2,025,215	2,942,799
Net cash (outflow) / inflow from investing activities		(493,941)	519,581
Cash flows from financing activities			
Repayment of long term finances		(1,321,450)	(1,321,420)
Proceeds from long term finances		2,000,000	-
Repayment of lease liabilities		(19,519)	-
Repayment of liabilities against assets subject to finance lease - net		-	(13,730)
Participating dividend on preference shares paid		-	(82,499)
Dividend paid		(1,347,518)	(2,658,674)
Net cash outflow from financing activities		(688,487)	(4,076,323)
Net decrease in cash and cash equivalents		(1,126,513)	(4,234,114)
Cash and cash equivalents at the beginning of the year		(4,351,503)	(117,389)
Cash and cash equivalents at the end of the year	43.2	(5,478,016)	(4,351,503)

Refer note 8 and 43.3 for reconciliation of liabilities arising from financing activities.

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Chief Executive **Director** **Chief Financial Officer**

Notes to and Forming Part of the UNCONSOLIDATED Financial Statements

for the year ended December 31, 2019

1. Legal status and nature of business

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

In addition to the above mentioned business units, the Company has sales offices situated at the following addresses:

- 2nd Floor, G.D. Arcade, 73-E, Fazal-ul-Haq Road, Blue Area, Islamabad, Pakistan; and
- C-2, Hassan Arcade Nusrat Road, Multan Cantt., Pakistan.

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

These unconsolidated financial statements are the separate financial statements of the Company. Consolidated financial statements are prepared separately.

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

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

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

(b) the investment business of the Company comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary, namely Packages Investments Limited.

The Company will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries will remain with the Company. The transaction has been approved by shareholders of the Company in EOGM held on May 30, 2019. Furthermore, during the year, Packages Convertors Limited and Packages Investments Limited filed an application with Securities and Exchange Commission of Pakistan (SECP) for affecting the above-mentioned transfers of assets and corresponding liabilities. Subsequent to year end, SECP has approved the above mentioned application filed subject to fulfilment of certain conditions. Packages Convertors Limited intend to proceed with the transfer of the Manufacturing Business against the issuance of shares. Packages Investments Limited is currently evaluating different options for the transfer in light of the approval granted by SECP.

Accordingly, the Board, in its meeting held on March 13, 2020, has resolved to consummate the transfer of Manufacturing Business and to hold the transfer of investment business for the time being and will finalize the way forward in this regard in the best interest of the Group and its shareholders.

2. Basis of preparation

2.1 Statement of compliance

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

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

ii) Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRS, the provisions of and directives issued under the Act have been followed.

2.2 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 unconsolidated financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year

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

(a) IFRS 9, 'Financial Instruments'

This standard was notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods ending on or after June 30, 2019. This standard replaces guidance in International Accounting Standard ('IAS') 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses (ECL) model that replaces the current incurred loss impairment model. Accordingly, the Company has changed its accounting policies and followed the requirements of IFRS 9 for:

- classification and measurement of all financial assets except investments in subsidiaries that are accounted for in accordance with IAS 27 'Separate financial statements' and investments in associates and joint ventures that are accounted for in accordance with IAS 28 'Investments in associates and joint ventures'; and

- recognition of loss allowance for financial assets other than investments in equity instruments.

In respect of application of IFRS 9, the Company has adopted modified retrospective approach as permitted by this standard, according to which the Company is not required to restate the prior period results. In respect of classification of financial assets, the Company's management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories, including 'amortised cost' and 'fair value through other comprehensive income' (FVOCI). The main effects resulting from the reclassification as at January 01, 2019 are as follows:

Particulars	Classification and measurement category		Carrying amount		
	Original (under IAS 39)	New (under IFRS 9)	Original (under IAS 39)	New (under IFRS 9)	Difference
			(Rupees in thousand)		
Non-current financial assets					
Investments (other than subsidiaries, associates and joint ventures)	Available-for-sale	FVOCI	32,858,257	32,858,257	-
Long term security deposits	Loans and receivables	Amortised cost	8,534	8,534	-
Long term loans	Loans and receivables	Amortised cost	2,419	2,419	-

Current financial assets

Trade debts	Loans and receivables	Amortised cost	2,568,727	2,529,849	38,878
Loans, deposits and other receivables	Loans and receivables	Amortised cost	834,800	834,800	-
Cash and bank balances	Loans and receivables	Amortised cost	62,516	62,516	-

There is no effect of above changes on total equity as a result of adjustment on adoption of IFRS 9 reclassification of fair value reserve of available-for-sale investments to fair value reserve of FVOCI investments as shown in the unconsolidated statement of changes in equity.

Impairment of financial assets

IFRS 9 introduces the ECL model, which replaces the incurred loss model of IAS 39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Company to recognize an allowance for doubtful debt on all financial assets carried at amortized cost, since initial recognition, irrespective whether a loss event has occurred. For trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses (impairment loss on financial assets) which uses a life time expected loss allowance while general 3-stage approach for all other financial assets i.e to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. The adoption of ECL has resulted in an adjustment on the opening balance of un-appropriated profit as shown in the unconsolidated statement of changes in equity. The impact of ECL on current year has been recognised as disclosed in note 26.3.

(b) IFRS 15, 'Revenue from Contracts with Customers'

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

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any material impact on the revenue recognition policy of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is not material. Therefore, the comparative information has not been restated and continues to be reported under the previous accounting policy.

(c) IFRS 16, 'Leases'

Effective January 1, 2019, the Company has adopted IFRS 16, 'Leases' which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases - Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The accounting polices relating to Company's right-of-use asset and lease liability are disclosed in note 4.6.

The Company has adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from adoption of IFRS 16 are therefore recognised in the opening unconsolidated statement of financial position on January 1, 2019. The new accounting policies are disclosed in note 4.6 to these unconsolidated financial statements.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 10.90% as of January 1, 2019.

The following summary reconciles the Company's operating lease commitments at December 31, 2018 as previously disclosed in the company's annual financial statements as at December 31, 2018 to the lease liabilities recognised on initial application of IFRS 16 at January 1, 2019.

	(Rupees in thousand)
Operating lease commitments as at December 31, 2018	-
Discounted using the lessee's incremental borrowing rate at the date of initial application	71,261
Lease liabilities recognised as at January 1, 2019	71,261

On adoption of IFRS 16, the Company has recognised lease liability amounting to Rs 71.261 million as at January 1, 2019.

	December 31, 2019	January 1, 2019
	(Rupees in thousand)	
Total lease liability recognised of which:		
Of which are:		
Current lease liabilities	17,589	17,503
Non-current lease liabilities	40,774	53,758
	58,363	71,261

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the unconsolidated statement of financial position as at December 31, 2018.

	December 31, 2019	January 1, 2019
	(Rupees in thousand)	
Impact on the unconsolidated statement of financial position		
Increase in right-of-use assets	62,592	87,344
Decrease in prepayments - prepaid rent	(5,620)	(16,083)
Increase in total assets	56,972	71,261
Increase in lease liability	(58,363)	(71,261)
Decrease in tax liabilities	403	-
Decrease in net assets	(988)	-

	2019 (Rupees in thousand)
Impact on the unconsolidated statement of profit or loss and other comprehensive income	
Increase in finance cost against lease liability	(6,621)
Increase in depreciation on right-of-use asset	(24,753)
Decrease in rent expense	29,983
Increase in loss before tax	(1,391)
Tax charge @ 29%	403
Increase in loss after tax	(988)

Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard by accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases.

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics; and

- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases.

(d) SECP through its notification dated July 29, 2019 brought certain alterations in Fourth Schedule to the Act with regard to preparation and presentation of financial statements. These alterations resulted in elimination of certain disclosures in these unconsolidated financial statements of the Company as at December 31, 2019.

2.2.2 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, 2020 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 unconsolidated financial statements.

3. Basis of measurement

3.1 These unconsolidated financial statements have been prepared under the historical cost convention except for remeasurement of certain financial instruments at fair value and recognition of certain employee benefit obligations, lease liabilities and long term advances at present value.

3.2 Critical accounting estimates and judgements

The preparation of unconsolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company’s accounting policies.

This note provides an overview of the area that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the unconsolidated financial statements.

i) Useful lives and residual values of property, plant and equipment and investment properties - notes 4.2 & 18
ii) Employee benefits - notes 4.12.2, 4.12.3, 11 & 12
iii) Provision for taxation - notes 4.1, 10, 28 & 37
iv) Impairment of financial assets (other than investments in equity instruments) - notes 4.8 and 22
v) Lease term and discount rate for leases - notes 4.6 and 8
vi) Impairment testing of investment in subsidiaries, associates and joint ventures - notes 4.7 and 22
vii) Provision for obsolescence of stores, spare parts and stock in trade - notes 4.13, 4.14, 24 and 25

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

i) Useful lives and residual values of property plant and equipment and investment properties

The Company reviews the useful lives and residual values of property, plant and equipment and investment properties on a regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property, plant and equipment and investment properties with a corresponding effect on the depreciation charge and impairment.

ii) Employee benefits

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations and accumulated compensated absences. The valuation is based on the assumptions mentioned in notes 4.12.2, 4.12.3, 11 & 12.

iii) Provision for taxation

The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by income tax department at the assessment stage and where the Company considers that its views on items of material nature is in accordance with the law, the amounts are shown as contingent liabilities.

iv) Impairment of financial assets (other than investments in equity instruments)

The Company assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

v) Lease term and discount rate for leases

The lease term is determined at the date of inception of lease. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. The Company reviews the useful life of the right-of-use assets on a regular basis. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Any change in estimates in future years might affect the carrying amounts of right-of-use assets and lease liabilities with a corresponding effect on the depreciation charge and interest expense.

vi) Impairment testing of investment in subsidiaries, associates and joint ventures

At each reporting date, the Company reviews the carrying amounts of the investments in subsidiaries, associates and joint ventures and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. If any such indication exists, the carrying amount of the investments is adjusted to the extent of impairment loss.

vii) Provision for obsolescence of stores, spare parts and stock in trade.

The Company reviews the carrying amount of stores, spare parts and stock in trade on a regular basis and provision is made for obsolescence.

4. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Taxation

Income tax expense comprises current and deferred tax. SECP vide its certificate dated December 14, 2017, has registered the Company and its wholly-owned subsidiary Bulleh Shah Packaging (Private) Limited ('BSPPL') (together the 'Group') as a Group and has also, vide its certificate dated January 1, 2018, designated the Group for the purpose of group taxation under Section 59AA of the Income Tax Ordinance, 2001. Consequent to the filing of declaration for group taxation for the tax year 2020 by the Company and BSPPL, the Group will be taxed as one fiscal unit for the tax year 2020. SECP has vide its certificate dated July 30, 2019 has altered the composition of the Group to included the Company, BSPPL, Packages Investments Limited and Packages Convertors Limited (wholly-owned subsidiaries) therein. Further, SECP vide its certificate dated November 06, 2019 has approved the designation of Company, BSPPL, Packages Investments Limited and Packages Convertors Limited (wholly-owned subsidiaries) for Group Taxation.

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the unconsolidated statement of financial position and the corresponding tax bases used in the computation of the taxable profit. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the unconsolidated statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity, in which case it is included in the unconsolidated statement of other comprehensive income or unconsolidated statement of changes in equity.

Group taxation adjustments

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 statement of profit or loss in the year in which they arise.

4.2 Property, plant and equipment

4.2.1 Operating fixed assets

Operating fixed assets, except freehold land and leasehold land, are stated at cost less accumulated depreciation and any identified impairment loss. Leasehold land is stated at cost less accumulated amortisation and freehold land is stated at cost less any identified impairment loss. Cost of leasehold land is amortised using the straight line method over the period of lease term. Cost in relation to certain plant and machinery signifies historical cost, gains and losses transferred from equity on qualifying cash flow hedges as referred to in note 4.20 and borrowing costs as referred to in note 4.18. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation on all operating fixed assets is charged to unconsolidated statement of profit or loss on straight-line method so as to write off the depreciable amount of an asset over its estimated useful life at the following annual rates:

	Rates per annum
- Leasehold land	1.01% to 2.06%
- Buildings	2.50% to 25.00%
- Plant and machinery	6.25% to 66.67%
- Other equipment	6.67% to 50.00%
- Furniture and fixtures	10.00% to 33.33%
- Vehicles	20.00% to 50.00%

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual values and useful lives of its owned assets as at December 31, 2019 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to operating fixed assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is derecognised or retired from active use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.3 to these unconsolidated financial statements.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item shall flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to unconsolidated statement of profit or loss during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

4.2.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

4.2.3 Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when the Company expects to use them for more than one year. Transfers are made to relevant operating fixed assets category as and when such items are available for use.

4.3 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.4 Investment properties

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment properties of the Company comprise land and buildings. The investment properties, except freehold land, are stated at cost less accumulated depreciation and any identified impairment losses. Freehold land is stated at cost less any identified impairment loss.

Depreciation on buildings is charged to unconsolidated statement of profit or loss on straight-line method so as to write off the depreciable amount of building over its estimated useful life at the rates ranging from 2.50% to 14.29% per annum. Depreciation on additions to investment properties is charged from the month in which a property is acquired or capitalised while no depreciation is charged for the month in which the property is disposed of.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual values and useful lives of its investment properties as at December 31, 2019 has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.3 to these unconsolidated financial statements.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

4.5 Intangible assets

Expenditure incurred to acquire computer software, SAP Enterprise Resource Planning ('ERP') System and develop websites are capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight-line method over their estimated useful lives at the rates ranging from 10.00% to 33.00% per annum.

Costs associated with maintaining intangible assets are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Useful lives of intangible assets are reviewed, at each reporting date and adjusted if the impact of on amortisation is significant. The Company's estimate of the useful lives of its intangible assets as at December 31, 2019 has not required any adjustment as its impact is considered insignificant.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed of.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.3 to these unconsolidated financial statements.

4.6 Leases

(1) The Company is the lessee:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

From January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses the recent third party financing received by the Company as a starting point, adjusted to reflect the changes in financing conditions since third party financing was received;

- uses expected terms of third party financing based on correspondence with the third party financial institutions, where third party financing was not received recently; and

- makes adjustments specific to the lease e.g. terms and security.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods covered by termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). While making this assessment, the Company considers significant penalties to terminate (or not extend) as well as the significant cost of business disruption.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the unconsolidated statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The lease liability is remeasured when the Company reassesses the reasonable certainty of exercising the extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss and other comprehensive income if the carrying amount of right-of-use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Except as detailed in Note 2.2.1(c), the Company has elected to apply the practical expedient of not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

(2) The Company is the lessor:

Operating leases

Assets leased out under operating leases are included in investment properties as referred to in note 20. They are depreciated over their expected useful lives on a basis consistent with similar owned operating fixed assets. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

4.7 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

4.7.1 Investments in equity instruments of subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are measured at cost less any identified impairment loss in the Company's separate financial statements as per the requirements of the approved accounting standards. Cost represents the fair value of the consideration given, including any transaction costs paid, by the Company at the time of purchase of such equity instruments. Cost in relation to investments made in foreign currency is determined by translating the consideration paid in foreign currency into Pak Rupees at exchange rate prevailing on the date of transaction. In case of an increase in the investment in a subsidiary, associate or joint venture, the accumulated cost represents the carrying value of the investment. This is also applicable if the additional investment results in an associate or joint venture becoming a subsidiary.

At each reporting date, the Company reviews the carrying amounts of the investments in subsidiaries, associates and joint ventures to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised as expense in the unconsolidated statement of profit or loss. Investments in subsidiaries, associates and joint ventures, that suffered an impairment, are reviewed for possible reversal of impairment at each reporting date. Impairment losses recognised in the unconsolidated statement of profit or loss are reversed through the unconsolidated statement of profit or loss.

The carrying amount of an investment carried at cost is derecognised when it is sold or otherwise disposed of. The difference between the fair value of any consideration received on disposal and the carrying amount of the investment is recorded in the unconsolidated statement of profit or loss as a gain or loss on disposal.

The Company is required to issue consolidated financial statements along with its separate financial statements in accordance with the requirements of the approved accounting standards. Investments in associates and joint ventures, in the consolidated financial statements, are being accounted for using the equity method.

4.8 Financial assets

4.8.1 Classification

From January 1, 2019, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss]; and

- those to be measured at amortised cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

4.8.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

4.8.3 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

i) Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the unconsolidated statement of profit or loss.

ii) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the unconsolidated statement of profit or loss.

iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value other than investments in subsidiaries, associates and joint ventures. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the unconsolidated statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.8.4 Impairment of financial assets other than investment in equity instruments

From January 1, 2019, the Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Company applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables, while general 3-stage approach for deposits and other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Trade debts;
- Loans, deposits and other receivables;
- Long term security deposits and loans;
- Bank balances; and
- Short term investments.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Company).

Irrespective of the above analysis, in case of trade debts, the Company considers that default has occurred when a debt is more than 360 days past due, unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Company recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts with individually significant balance are separately assessed for ECL measurement. All other receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these financial assets are estimated using a provision matrix approach based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Company recognizes an impairment gain or loss in the unconsolidated statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the unconsolidated statement of financial position.

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.9 Accounting policies applied until December 31, 2018

The Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Company's previous accounting policy.

Financial assets

Classification

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise, they are classified as non-current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, deposits and other receivables and cash and cash equivalents in the unconsolidated statement of financial position.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the investments within twelve months from the unconsolidated reporting date.

The financial assets including investments in associated undertakings where the Company does not have significant influence and that are intended to be held for an indefinite period of time or may be sold in response to the need for liquidity, are also classified as available-for-sale.

d) Held-to-maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held-to-maturity and are stated at amortised cost.

4.9.2 Recognition and measurement

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date; the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the unconsolidated statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. For investments having quoted price in active market, the quoted price represents the fair value. In other cases, fair value is measured using appropriate valuation methodology and where fair value cannot be measured reliably, these are carried at cost. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the unconsolidated statement of profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of profit or loss when the Company's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of profit or loss as gains and losses from investment securities. Dividends on available for sale equity instruments are recognised in the unconsolidated statement of profit or loss when the Company’s right to receive payments is established.

The Company assesses at each reporting date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the unconsolidated statement of profit or loss. Impairment losses recognised in the unconsolidated statement of profit or loss on equity instruments are not reversed through the unconsolidated statement of profit or loss.

A provision for impairment on trade debts is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognized in the unconsolidated statement of profit or loss. Trade debts, considered irrecoverable, are written off as and when identified. Subsequent recoveries of amounts previously written off are credited to the unconsolidated statement of profit or loss.

4.10 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the unconsolidated statement of profit or loss.

4.11 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the unconsolidated financial statements only when there is a legally enforceable right to set off the recognised amount and the Company intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.12 Employee benefits

4.12.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the unconsolidated statement of financial position.

4.12.2 Post employment benefits

Retirement benefits are payable to staff on completion of prescribed qualifying period of service. The main features of the schemes operated by the Company for its employees are as follows:

(i) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the Projected Unit Credit method.

(a) Gratuity plan

There is an approved funded defined benefit gratuity plan for all permanent employees subject to attainment of service of prescribed minimum period. Monthly contributions are made to this fund on the basis of actuarial recommendations at the rate of 4.50% per annum of basic salaries. The latest actuarial valuation for the gratuity scheme was carried out as at December 31, 2019. The actual return on plan assets during the year was Rs 29.034 million (2018: Rs 25.967 million). The employees of the Company are entitled to gratuity payments on the basis of their service with the Company and in accordance with the Company policy.

The future contribution rate of the plan includes allowances for deficit and surplus. Projected Unit Credit Method, using the following significant assumptions, is used for valuation of this scheme:

	2019	2018
Discount rate per annum	11.25%	13.25%
Expected rate of increase in salary level per annum	11.25%	13.25%
Expected mortality rate	SLIC (2001-2005) mortality	SLIC (2001-2005) mortality table
Expected rate of return per annum	11.25%	13.25%

Plan assets include long term government bonds, equity instruments of listed companies, units of mutual funds, izafa certificates, treasury bills, sukuk certificates and term deposits with banks.

The Company is expected to contribute Rs 28.568 million to the gratuity fund in the next financial year.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in unconsolidated statement of profit or loss.

(b) Pension plan

Management and executive staff hired before January 1, 2016 participate in the pension fund of the Company. On December 26, 2012, the Board of Trustees of the pension fund, decided to convert the defined benefit plan to defined contribution plan for all its active employees with effect from January 1, 2013 with no impact on the pensioners appearing on the pensioners' list as of that date. The proposed scheme was approved for implementation by the Commissioner Inland Revenue on February 22, 2013 and employees' consent to the proposed scheme was sought and obtained. Management and executive staff who have joined on or after January 1, 2016, do not participate in the pension fund.

Consequently, the pension fund currently operates two different plans for its members:

- Defined contribution plan for active employees hired before January 1, 2016; and

- Defined benefit plan for pensioners who have retired on or before December 31, 2012.

In respect of the defined contribution plan, the Company contributes 20.00% of members' monthly basic salary to the scheme; whereas, an employee may or may not opt to contribute 6.00% of his monthly basic salary to the scheme.

The obligation in respect of the defined benefit plan is determined by the Company's actuary at each year end. Any funding gap identified by the Company's actuary is paid by the Company from time to time. The last actuarial valuation was carried out as at December 31, 2019.

	2019	2018
Discount rate per annum	11.25%	13.25%
Expected rate of increase in pension level per annum	3.50%	5.50%
Expected mortality rate	SLIC (2001-2005) mortality	SLIC (2001-2005) mortality table
Expected rate of return per annum	11.25%	13.25%

Plan assets include long term government bonds, equity instruments of listed companies, units of mutual funds, term finance certificates, izafa certificates, treasury bills, sukuk certificates and term deposits with banks.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions for the defined benefit plan are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in unconsolidated statement of profit or loss.

Pension fund is a multi-employer plan formed by the Company in collaboration with Tri-Pack Films Limited ('TPFL'). The Company reports its proportionate share of the plan’s commitments, managed assets and costs, after deducting share of TPFL, in accordance with guidance provided by IAS 19 'Employee Benefits', regarding defined benefit plans.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in unconsolidated statement of profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Company operates a recognised / approved contributory provident fund for its permanent employees. Equal monthly contributions at the rate of 10.00% per annum of basic salaries plus dearness allowance and cost of living allowance are made by the Company and the employees to the fund. The nature of contributory pension fund has been explained in note 4.12.2(i)(b) above.

4.12.3 Accumulating compensated absences

The Company provides for accumulating compensated absences when the employees render services that increase their entitlement to future compensated absences. The annual leaves can be encashed at the time the employee leaves the Company on the basis of the gross salary while no encashment is available for medical leaves. The employees of the Company are entitled to earned annual and medical leaves on the basis of their service with the Company and in accordance with the Company policy.

During the current year, the leaves policy has been revised by the Company for executives whereby the maximum accumulation of compensated leaves limit has been set to 30 days instead of 110 for employees with a service period of up to 14 years, 42 days instead of 130 for employees with a service period from 15 years to 21 years and 42 days instead of 190 for employees with a service period from 22 years or above. However, there has been no change in leaves policy for workers.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to unconsolidated statement of profit or loss. The most recent valuation was carried out as at December 31, 2019 using the Projected Unit Credit Method.

The amount recognised in the unconsolidated statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the unconsolidated statement of profit or loss immediately in the period when these occur.

Projected Unit Credit Method, using the following significant assumptions, has been used for valuation of accumulating compensated absences:

	2019	2018
Discount rate per annum	11.25%	13.25%
Expected rate of increase in salary level per annum	11.25%	13.25%
Expected mortality rate	SLIC (2001-2005) mortality	SLIC (2001-2005) mortality table

4.13 Stores and spares

These are valued at weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow-moving and/or identified as obsolete, adequate provision is made for any excess book value over estimated realisable value on a regular basis. The Company reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence.

4.14 Stock-in-trade

Stock of raw materials (except for those in transit), work-in-process and finished goods are valued principally at the lower of weighted average cost and net realisable value ('NRV'). Stock of packing material is valued principally at moving average cost. Cost of work-in-process and finished goods comprises cost of direct materials, labour and related production overheads. It excludes borrowing cost.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

If the expected net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the unconsolidated financial statements for obsolete and slow moving stock-in-trade based on management estimate.

4.15 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Company holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method.

4.16 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and finances under mark-up arrangements. In the unconsolidated statement of financial position, finances under mark-up arrangements are included in current liabilities.

4.17 Non-current assets / disposal group held-for-sale

Non-current assets are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

4.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the unconsolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the unconsolidated reporting date.

Finance costs are accounted for on an accrual basis and are shown as accrued finance cost to the extent of the amount remaining unpaid.

4.19 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.20 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates certain derivatives as cash flow hedges.

The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in unconsolidated statement of other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the unconsolidated statement of profit or loss.

Amounts accumulated in equity are recognised in unconsolidated statement of profit or loss in the periods when the hedged item shall effect profit or loss. However, when the forecast hedged transaction results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

4.21 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities, net of discounts and sales tax. The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company and specific criteria has been met for each of the Company's activities as described below:

(i) Sales revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and control either transfers over time or at a point in time;

(ii) Returns on bank deposits are accrued on a time proportion basis by reference to the principal outstanding amount and the applicable rate of return; and

(iii) Dividend income is recognised when right to receive such dividend is established.

(iv) The Company earns rental income on some of its property leased out. Rental income is recognized on accrual basis over the period of lease agreement as per the requirements of IFRS 16.

4.22 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the unconsolidated financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company’s functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

4.23 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing / finance costs are recognised in unconsolidated statement of profit or loss in the period in which they are incurred.

4.24 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are declared and other appropriations are recognised in the period in which these are approved by the Board of Directors of the Company ('BOD').

4.25 Compound financial instruments

Compound financial instruments issued by the Company represent preference shares / convertible stock that can be converted into ordinary shares or can be settled in cash.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

4.26 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow shall be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.27 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

4.28 Earnings per share

The Company presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.29 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5. Issued, subscribed and paid up capital - ordinary share capital

2019 (Number of shares)	2018 (Number of shares)		2019 (Rupees in thousand)	2018 (Rupees in thousand)
		Fully paid ordinary shares of Rs 10 each as at the beginning and end of the year		
33,603,295	33,603,295	- issued against cash	336,033	336,033
		- issued against consideration other than cash		
148,780	148,780	(property, plant and equipment)	1,488	1,488
		- issued against conversion of preference		
5,000,000	5,000,000	shares / convertible stock	50,000	50,000
50,627,429	50,627,429	- issued as bonus shares	506,274	506,274
89,379,504	89,379,504		893,795	893,795

5.1 26,707,201 (2018: 26,707,201) ordinary shares of the Company are held by the Company's associate, IGI Investments (Private) Limited.

6. Reserves

Movement in and composition of reserves is as follows:

		2019 (Rupees in thousand)	2018 (Rupees in thousand)
Capital reserves			
- Share premium	- note 6.1	3,766,738	3,766,738
- Fair value reserve		-	28,858,326
- FVOCI reserve	- note 6.2	25,391,541	-
- Capital redemption reserve	- note 6.3	1,615,000	1,615,000
		30,773,279	34,240,064
Revenue reserve			
- General reserve		18,310,333	17,310,333
		49,083,612	51,550,397

6.1 This reserve can be utilised by the Company only for the purposes specified in section 81 of the Act.

6.2 This represents the unrealised gain on remeasurement of investments at FVOCI and is not available for distribution.

6.3 This reserve was created on account of redemption of 8.5 million preference shares / convertible stock of Rs 190 each in 2016 as per the requirements of section 85 of the repealed Companies Ordinance, 1984.

7. Long term finances

		2019	2018
		(Rupees in thousand)	
These are composed of:			
- Local currency loans - secured			
- Long term finance facility I	- note 7.1.1	-	571,450
- Long term finance facility II	- note 7.1.2	-	750,000
- Long term finance facility III	- note 7.1.3	2,000,000	-
		2,000,000	1,321,450
- Preference shares / convertible stock - unsecured	- note 7.2	932,650	932,650
		2,932,650	2,254,100
Current portion shown under current liabilities	- note 13	(200,000)	(1,321,450)
		2,732,650	932,650

7.1 Local currency loans - secured

7.1.1 Long term finance facility I

This loan was obtained from Meezan Bank Limited under the Islamic mode of finance as a Musharika. It was secured by a first pari passu charge over all present and future moveable fixed assets and specific land and buildings of the Company located at Kasur and Karachi amounting to Rs 2,500 million. This loan was fully repaid during the year. The loan carried mark-up at the rate of six month Karachi Inter Bank Offered Rate ('KIBOR') plus 0.10% per annum. The effective mark-up charged during the year ranges from 10.90% to 13.21% (2018: 6.31% to 7.14%) per annum.

7.1.2 Long term finance facility II

This represented a Term Finance Facility (the 'Facility') of Rs 11,000 million obtained from Habib Bank Limited to finance the redemption of preference shares issued to International Finance Corporation, Washington D.C, United States of America ('IFC'). The Facility was secured against pledge of Nestle Pakistan Limited's shares owned by the Company under a "Share Pledge Agreement" as referred to note 22.2.2. The Company made a drawdown of Rs 3,000 million on September 8, 2016 out of which, Rs 1,500 million was prepaid before December 31, 2016 as permitted under the Facility. As per the agreement, the Company was entitled to make drawdowns of the remaining facility within 18 months of the first drawdown date. The Facility carried mark-up at the rate of six month KIBOR plus 0.25% per annum. This loan was fully repaid during the year. The effective mark-up rate charged during the year ranges from 8.35% to 11.10% (2018: 6.40% to 8.35%) per annum.

7.1.3 Long term finance facility III

This represents a Term Finance Facility (the 'Facility') of Rs 2,000 million obtained from Habib Bank Limited to finance fixed capital expenditure requirements of the Company. The Facility is secured against pledge of Nestle Pakistan Limited's shares owned by the Company under a "Share Pledge Agreement" as referred to note 22.2.2. The loan carries mark-up at the rate of six month KIBOR plus 0.10% per annum. The balance is repayable in ten equal semi-annual instalments ending on March 06, 2025. The effective mark-up rate charged during the year ranges from 10.94% to 13.21% per annum.

7.2 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 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 unconsolidated statement of financial position as follows:

		2019	2018
		(Rupees in thousand)	
Face value of preference shares / convertible stock			
[8,186,842 (2018: 8,186,842) shares of Rs 190 each]		1,555,500	1,555,500
Transaction costs		(16,628)	(16,628)
		1,538,872	1,538,872
Equity component - classified under capital and reserves		(606,222)	(606,222)
Liability component - classified under long term finances	- note 7	932,650	932,650
Accrued return on preference shares / convertible stock			
- classified under accrued finance cost	- note 16	155,550	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.

8. Lease liabilities

The Company has obtained rest houses and sales office buildings on lease from different parties. Reconciliation of the carrying amount is as follows:

		(Rupees in thousand)
Balance as at December 31, 2018		-
Balance as at January 1, 2019		-
Initial application of IFRS 16 on January 1, 2019		71,261
Adjusted balance as at January 1, 2019 under IFRS 16		71,261
Interest on lease liability	- note 35	6,621
Payments made during the year		(19,519)
		58,363
Current portion shown under current liabilities	- note 13	(17,589)
Balance as at December 31, 2019		40,774

8.1 Maturity analysis as at December 31, 2019

Gross lease liabilities - minimum lease payments:	
Not later than 1 year	23,266
Later than 1 year but not later than 5 years	48,837
	72,103
Future finance charge	(13,740)
Present value of finance lease liabilities	58,363

9. Long term advances

This represents contributions made by employees for purchase of the Company vehicles. The vehicles are transferred to employees at the end of six years as per company policy. The interest free long term advances have been discounted at a rate of 12.28% per annum to arrive at the present value. The reconciliation of the carrying amount is as follows:

		2019	2018
		(Rupees in thousand)	
Opening balance		94,475	73,795
Discounting adjustment	- note 34	(35,145)	-
Opening balance after adjustment		59,330	73,795
Additions during the year		18,996	38,264
Disposals during the year		(15,660)	(17,584)
Closing balance		62,666	94,475
Current portion shown under current liabilities	- note 13	(3,759)	(7,192)
Long term advances		58,907	87,283

10. Deferred taxation

The liability for deferred tax comprises taxable/(deductible) temporary differences relating to:

		2019	2018
		(Rupees in thousand)	
Deferred tax liability			
Accelerated tax depreciation		591,670	453,493
Others		-	24,952
Deferred tax asset			
Minimum tax available for carry forward	- note 10.1	-	-
Provision for accumulating compensated absences		(51,750)	(89,022)
Provision for impairment loss on trade debts		(44,088)	(10,845)
Provision for slow moving stores and stock in trade		(27,780)	(16,975)
Others		(6,062)	-
		461,990	361,603

10.1 Deferred tax asset on tax losses representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 is recognised to the extent that the realisation of related tax benefits through future taxable profits of the Group is probable. The Company has not recognised deferred tax asset of Rs 531.941 million (2018: Rs 265.364 million), out of which Rs 18.394 million is set to lapse in the accounting year 2022, Rs 246.969 million is set to lapse in the accounting year 2023 and Rs 266.577 million is set to lapse in the accounting year 2024, in respect of minimum tax available for carry forward arisen after the formation of the Group as referred to in note 4.1, as sufficient taxable profits would not be available to the Group to utilise these in the foreseeable future. Deferred tax asset has also not been recognised on minimum tax credit prior to the formation of the Group amounting to Rs 96.690 million (2018: Rs 96.690 million) as the same can not be realised against the taxable profits of the Group. Presently, the Company does not intend to opt out of the Group in foreseeable future. However, in case the Company opts out of the Group, this minimum tax credit will become available for realisation against the taxable profits of the Company. The minimum tax credit prior to formation of the Group is set to lapse in the accounting year 2021.

10.2 The gross movement in net deferred tax liability during the year is as follows:

		2019	2018
		(Rupees in thousand)	
Opening balance		361,603	343,673
Charged to unconsolidated statement of profit or loss	- note 37	114,685	50,870
Credited to other comprehensive income ('OCI')		(7,688)	(32,940)
Directly charged to equity- impact of adoption of IFRS 9 and 16		(6,610)	-
Closing balance		461,990	361,603

		2019	2018
		(Rupees in thousand)	
11. Retirement benefits			
Pension fund	- note 11.1	316,374	244,596
Gratuity fund	- note 11.1	304,185	267,006
		620,559	511,602

11.1 Amounts recognised in unconsolidated statement of financial position

	Pension fund		Gratuity fund	
	2019	2018	2019	2018
	(Rupees in thousand)			
The amounts recognised in the unconsolidated statement of financial position are as follows:				
Fair value of plan assets	393,530	446,098	406,368	367,720
Present value of defined benefit obligation	(709,904)	(690,694)	(710,553)	(634,726)
Liability as at December 31	(316,374)	(244,596)	(304,185)	(267,006)
11.1.1 Movement in net liability for retirement benefits				
Net liability as at January 1	(244,596)	(181,715)	(267,006)	(176,549)
Charged to unconsolidated statement of profit or loss	(32,408)	(14,992)	(75,718)	(48,500)
Net remeasurement for the year recorded in OCI	(39,370)	(47,889)	12,860	(65,697)
Contribution made by the Company during the year	-	-	25,679	23,740
Net liability as at December 31	(316,374)	(244,596)	(304,185)	(267,006)
11.1.2 Movement in present value of defined benefit obligation				
Present value of defined benefit obligation as at January 1	690,694	702,959	634,726	548,549
Current service cost	-	-	42,066	34,913
Interest cost	86,376	54,907	82,404	43,882
Benefits paid	(77,591)	(74,823)	(25,038)	(34,653)
Benefits due but not paid	-	-	(415)	-
Actuarial (gains)/ losses from change in financial assumptions	(826)	(21,937)	(1,006)	2,332
Experience adjustments	11,251	29,588	(22,184)	39,703
Present value of defined benefit obligation as at December 31	709,904	690,694	710,553	634,726
11.1.3 Movement in fair value of plan assets				
Fair value as at January 1	446,098	521,244	367,720	372,000
Interest income on plan assets	53,968	39,915	48,752	30,295
Company contributions	-	-	25,679	23,740
Benefits paid	(77,591)	(74,823)	(25,038)	(34,653)
Benefits due but not paid	-	-	(415)	-
Return on plan assets, excluding interest income	(28,945)	(40,238)	(10,330)	(23,662)
Fair value as at December 31	393,530	446,098	406,368	367,720

11.1.4 Risks faced by the Company on account of gratuity and pension funds

- Final salary risks - The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

- Asset volatility - Most assets are invested in risk free investments of 3,5 or 10 year Small Saver Certificate's, Regular Income Certificate's, Defence Savings Certificate's or Government Bonds. However, investments in equity instruments is subject to adverse fluctuations as a result of change in the market price.

- Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

- Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investments.

- Risk of insufficiency of assets - This is managed by making regular contribution to the fund as advised by the actuary.

- In addition to above, the pension fund exposes the Company to longevity risk i.e. the pensioners survive longer than expected.

11.1.5 Amounts recognised in the unconsolidated statement of profit or loss

	Pension fund		Gratuity fund	
	2019	2018	2019	2018
	(Rupees in thousand)			
Current service cost	-	-	42,066	34,913
Interest cost	86,376	54,907	82,404	43,882
Interest income on plan assets	(53,968)	(39,915)	(48,752)	(30,295)
Net expense charged to unconsolidated statement of profit or loss	32,408	14,992	75,718	48,500

11.1.6 Remeasurements charged to OCI

Actuarial (gains)/ losses from change in financial assumptions	(826)	(21,937)	(1,006)	2,332
Experience adjustments	11,251	29,588	(22,184)	39,703
Remeasurement in plan assets, excluding interest income	28,945	40,238	10,330	23,662
Total remeasurements charged to OCI	39,370	47,889	(12,860)	65,697

11.1.7 Plan assets

Plan assets are comprised as follows:				
Debt instruments	258,155	257,175	271,860	219,160
Shares and units of mutual funds	130,653	184,327	126,787	145,616
Cash at banks	4,722	4,506	7,721	2,942
Others	-	90	-	-
	393,530	446,098	406,368	367,718

11.1.8 The present value of defined benefit obligation, the fair value of plan assets and the deficit or surplus of pension fund is as follows:

	2019	2018	2017	2016	2015
			(Rupees in thousand)		
As at December 31					
Present value of defined benefit obligation	709,904	690,693	702,959	706,447	651,753
Fair value of plan assets	393,530	446,097	521,244	691,464	627,009
Deficit	(316,374)	(244,596)	(181,715)	(14,983)	(24,744)
Experience adjustment on obligation	2%	4%	5%	4%	-5%
Experience adjustment on plan assets	-7%	-9%	-28%	12%	-11%

Fair value of plan assets include ordinary shares of the Company, whose fair value as at December 31, 2019 is Rs 263.182 million (2018: Rs 255.381 million).

11.1.9 The present value of defined benefit obligation, the fair value of plan assets and the surplus of gratuity fund is as follows:

	2019	2018	2017	2016	2015
			(Rupees in thousand)		
As at December 31					
Present value of defined benefit obligation	710,553	634,725	548,549	488,985	378,247
Fair value of plan assets	406,368	367,718	372,000	416,664	362,566
Deficit	(304,185)	(267,007)	(176,549)	(72,321)	(15,681)
Experience adjustment on obligation	-3%	6%	5%	13%	6%
Experience adjustment on plan assets	-3%	-6%	-17%	13%	1%

Fair value of plan assets include ordinary shares of the Company, whose fair value as at December 31, 2019 is Rs 41.665 million (2018: Rs 40.420 million).

11.1.10 Sensitivity analyses

	2019	
	Pension fund	Gratuity fund
	(Rupees in thousand)	
Year end sensitivity analyses on defined benefit obligations are as follows:		
Discount rate + 100 bps	666,013	657,469
Discount rate - 100 bps	759,562	771,786
Salary increases/ indexation + 100 bps	759,724	771,738
Salary increases/ indexation - 100 bps	665,377	656,545

12. Deferred liabilities

		2019	2018
		(Rupees in thousand)	
This represents provision made to cover the obligation for accumulating compensated absences			
Opening balance		356,088	325,181
Charged to unconsolidated statement of profit or loss	- note 12.2	49,307	64,397
		405,395	389,578
Payments made during the year	- note 12.5	(226,947)	(33,490)
Closing balance	- note 12.1	178,448	356,088

	2019	2018
	(Rupees in thousand)	
12.1 Movement in liability for accumulating compensated absences		
Present value of obligation as at January 1	356,088	325,181
Current service cost	15,239	13,478
Interest cost on defined benefit obligation	33,241	25,446
Benefits paid during the year	(226,947)	(33,490)
Remeasurement during the year	827	25,473
Present value of obligation as at December 31	178,448	356,088

12.2 Charged during the year

	2019	2018
Current service cost	15,239	13,478
Interest cost	33,241	25,446
Remeasurement during the year	827	25,473
Expense charged to the unconsolidated statement of profit or loss	49,307	64,397

12.3 Amounts of current period and previous four periods of accumulating compensated absences are as follows:

	2019	2018	2017	2016	2015
			(Rupees in thousand)		
As at December 31					
Present value of accumulating compensated absences	178,448	356,088	325,181	304,996	201,576
Actuarial remeasurements	827	25,473	6,756	105,787	28,195

12.4 Sensitivity analyses

	2019 Accumulating compensated absences (Rupees in thousand)
Year end sensitivity analyses on defined benefit obligation are as follows:	
Discount rate + 100 bps	165,863
Discount rate - 100 bps	194,584
Salary increases + 100 bps	194,448
Salary increases - 100 bps	165,731

12.5 During the year, accounting estimate relating to recognition of provision for accumulating compensated absences has changed on account of change in Company's leaves policy, resulting in reduction of number of maximum earned leaves eligible for carry forward for certain category of Company's employees. The aforementioned change has resulted in a one-off payment of Rs 193.935 million to these employees. However, the impact of such change on the Company's expense in respect of accumulating compensated absences is not significant.

13. Current portion of non-current liabilities		2019	2018
		(Rupees in thousand)	
Current portion of long term finances - secured	- note 7	200,000	1,321,450
Current portion of lease liabilities	- note 8	17,589	-
Current portion of long term advances	- note 9	3,759	7,192
		221,348	1,328,642

14. Finances under mark-up arrangements - secured		2019	2018
		(Rupees in thousand)	
Running finances - secured	- note 14.1	4,513,146	3,464,019
Bills discounted - secured	- note 14.2	-	-
Short term finances - secured	- note 14.3	1,200,000	950,000
		5,713,146	4,414,019

14.1 Running finances - secured

Short term running finances available from a consortium of commercial banks under mark-up arrangements amount to Rs 8,385 million (2018: Rs 6,860 million) per annum. The rates of mark-up are based on KIBOR plus spread and range from 10.42% to 15.10% (2018: 6.22% to 11.00%) per annum or part thereof on the balances outstanding. In the event the Company fails to pay the balances on the expiry of the quarter, year or earlier demand, mark-up is to be computed at the rates ranging from 10.67% to 15.03% (2018: 7.46% to 13.2%) per annum or part thereof on the balances unpaid. The aggregate running finances are secured by hypothecation of current assets of the company including stores, spares, stock-in-trade and trade debts.

14.2 Bills discounted - secured

Facilities for discounting of export / inland bills of Rs 10 million (2018: Rs 481 million) are available to the Company as a sub-limit of the running finance facilities referred to in note 14.1. Mark-up is fixed as per mutual agreement at the time of transaction. The outstanding balance of bills discounted is secured, in addition to the securities referred to in note 14.1, on the specific bills discounted. The facility has not been availed in the current year.

14.3 Short term finances - secured

Facilities for obtaining short term finances of Rs 8,385 million (2018: Rs 6,535 million) per annum are available to the Company as a sub-limit of the running finance facilities referred to in note 14.1. The rates of mark-up are based on KIBOR plus spread and range from 10.40% to 13.85% (2018: 6.40% to 10.59%) per annum or part thereof on the balances outstanding. The aggregate short term finances are secured by hypothecation of current assets of the company including stores, spares, stock-in-trade and trade debts.

14.4 Letters of credit and bank guarantees

Of the aggregate facilities of Rs 2,600 million (2018: Rs 5,939 million) for opening letters of credit (a sublimit of running finance facilities) and Rs 950 million (2018: Rs 1,294 million) for guarantees, the amounts utilised at December 31, 2019 were Rs 61.315 million (2018: Rs 531.198 million) and Rs 603.475 million (2018: Rs 511.967 million) respectively. Guarantees issued includes an amount of Rs 187.226 million (2018: Rs 181 million) which has been issued in favour of a customer under an agreement whereby the Company has committed to purchase and install certain plant and machinery at its Lahore premises by March 31, 2020. Under the agreement, the customer is required to contribute Rs 187.226 million as its share towards the cost of said plant and machinery.

The facilities for guarantees are secured by second hypothecation charge over stores, spares, stock-in-trade and trade debts.

15. Trade and other payables		2019	2018
		(Rupees in thousand)	
Trade creditors	- note 15.1	1,295,474	1,316,197
Accrued liabilities	- note 15.2 & 15.3	696,690	894,669
Bills payable		75,107	188,356
Sales tax payable		-	6,490
Withholding sales tax payable		9,878	8,099
Advances from customers	- note 15.4	379,792	57,585
Payable to retirement funds	- note 15.5	17,784	20,302
Deposits - interest free and repayable on demand	- note 15.6	9,247	7,523
Profit payable on Term Finance Certificates ('TFCs')		1,332	1,332
Workers' profit participation fund	- note 15.7	946,429	896,439
Workers' welfare fund	- note 15.8	17,079	-
Others		37,490	41,353
		3,486,302	3,438,345

15.1 Trade creditors include amounts due to related parties as follows:	2019	2018
	(Rupees in thousand)	
Subsidiaries		
DIC Pakistan Limited	93,270	90,945
Bulleh Shah Packaging (Private) Limited	389,447	377,422
Associates		
Tri-Pack Films Limited	99,347	22,884
IGI Holdings Limited	2,717	11,415
IGI Life Insurance Limited	-	2
Joint venture		
Omya Pack (Private) Limited	792	-
	585,573	502,668

15.2 Accrued liabilities include amounts due to related parties as follows:

Subsidiary		
DIC Pakistan Limited	-	477
Packages Real Estate (Private) Limited	853	-
Associate		
IGI Life Insurance Limited	4,435	4,917
	5,288	5,394

15.3 Included in accrued liabilities is a provision amounting to Rs 31.630 million (2018: Rs 357.590 million) in respect of rent of land on lease from the Government of the Punjab ('GoPb') for the period from December 2015 to December 2019 as referred to in note 18.1.3.

15.4 Advances from customers:

15.4.1 Advances from customers include amounts due to related parties as follows:

	2019	2018
	(Rupees in thousand)	
Subsidiary		
Bulleh Shah Packaging (Private) Limited	-	324
	-	324

15.4.2 Advances from customers includes an amount of Rs 314.723 million (2018: Nil) received from a customer for purchasing and installation of certain plant and machinery at its Lahore premises by March 31, 2020 as disclosed in note 14.4.

15.5 Payable to retirement funds		2019	2018
		(Rupees in thousand)	
Employees' provident fund	- note 15.5.1	9,912	10,925
Employees' gratuity fund		1,762	1,971
Management staff pension fund	- note 15.5.1	6,110	7,407
		17,784	20,303

15.5.1 Employees' provident and management staff pension fund related disclosure

All investments in collective investment schemes, listed equity, and listed debt securities out of provident fund and management staff pension fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified thereunder and subject to the regulations formulated for this purpose in terms of SRO 856(I)/2019 issued by SECP on July 25, 2019.

15.6 This represents amounts received from suppliers and truckers as per the respective agreements and kept in separate bank account maintained for that purpose as required under Section 217(2) of the Act. These deposits have not been utilized by the Company.

15.7 Workers' profit participation fund

		2019	2018
		(Rupees in thousand)	
Opening balance		896,439	778,948
Provision for the year	- note 33	114,882	181,336
		1,011,321	960,284
Payments made during the year		(64,892)	(63,845)
Closing balance	- note 15.7.1	946,429	896,439

15.7.1 The Company has not discharged the amount of workers' profit participation fund charge to the Workers' Profit Participation Fund in view of certain calculation mechanism of the charge. However, the total amount accrued is sufficient to cover the Company's obligation in case of settlement.

15.8 Workers' welfare fund

		2019	2018
		(Rupees in thousand)	
Opening balance		-	17,065
Provision for the year	- note 33	17,079	-
Reversal of excess provision of prior years	- note 34	-	(1,176)
		17,079	15,889
Payments made during the year		-	(15,889)
Closing balance		17,079	-

16. Accrued finance cost

Accrued mark-up / return on:

- Long term loans - secured		-	19,731
- Preference shares / convertible stock - unsecured	- note 7.2	155,550	155,550
- Finances under mark-up arrangements - secured		179,658	74,071
		335,208	249,352

17. Contingencies and commitments

17.1 Contingencies, other than those disclosed elsewhere, in respect of:

(i) Claims against the Company by ex-employees not acknowledged as debts amounting to Rs 26.631 million (2018: Rs 17.885 million).

(ii) Standby letter of credit issued by Habib Bank Limited - Pakistan ('HBL Pakistan') in favour of Habib Bank Limited - Bahrain ('HBL Bahrain') on behalf of the Company amounting to USD 7.803 million equivalent to Rs 1,208.287 million (2018: USD 7.111 million equivalent to Rs 989.176 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL'), wholly-owned subsidiary of the Company. The standby letter of credit is secured against pledge of Nestle Pakistan Limited's shares owned by the Company as referred to in note 22.2.2.

17.2 Commitments in respect of:

(i) Letters of credit and contracts for capital expenditure Rs 339.834 million (2018: Rs 89.872 million).

(ii) Letters of credit and contracts for other than for capital expenditure Rs 679.325 million (2018: Rs 284.192 million).

18. Property, plant and equipment

		2019	2018
		(Rupees in thousand)	
Operating fixed assets	- note 18.1	6,205,128	5,405,501
Capital work-in-progress	- note 18.2	1,027,623	1,081,755
Major spare parts and stand-by equipment	- note 18.3	53,679	59,205
		7,286,430	6,546,461

18.1 Operating fixed assets

	2019								
									(Rupees in thousand)
	Cost as at January 1, 2019	Additions / (deletions)	Transfers	Cost as at December 31, 2019	Accumulated depreciation as at January 1, 2019	Depreciation charge / (deletions) for the year	Transfers	Accumulated depreciation as at December 31, 2019	Book value as at December 31, 2019
Freehold land	250,555	225,564	-	476,119	-	-	-	-	476,119
		-	-			-	-		
Leasehold land - note 18.1.4	89,958	-	-	89,958	22,391	1,842	-	24,233	65,725
		-	-			-	-		
Buildings on freehold land	660,338	22,585	-	667,218	228,342	32,174	-	249,666	417,552
		(15,705)	-			(10,850)	-		
Buildings on leasehold land - note 18.1.3	221,828	-	-	221,354	149,514	9,497	-	158,558	62,796
		(474)	-			(453)	-		
Plant and machinery	9,082,236	1,135,966	-	9,786,149	5,085,368	590,808	-	5,258,131	4,528,018
		(432,053)	-			(418,045)	-		
Other equipment (computers, lab equipment and other office equipment)	858,925	171,316	-	1,025,926	589,529	109,228	-	694,480	331,446
		(4,315)	-			(4,277)	-		
Furniture and fixtures	18,547	1,341	-	19,888	12,205	1,228	-	13,433	6,455
		-	-			-	-		
Vehicles	424,979	93,612	-	456,979	114,516	45,700	-	139,962	317,017
		(61,612)	-			(20,254)	-		
	11,607,366	1,650,384	-	12,743,591	6,201,865	790,477	-	6,538,463	6,205,128
		(514,159)	-			(453,879)	-	-	

	2018								
									(Rupees in thousand)
	Cost as at January 1, 2018	Additions / (deletions)	'ransfer (Out)/i	Cost as at December 31, 2018	Accumulated depreciation as at January 1, 2018	Depreciation charge / (deletions) for the year	Transfer in	Accumulated depreciation as at December 31, 2018	Book value as at December 31, 2018
Freehold land	328,790	11,723	-	250,555	-	-	-	-	250,555
		-	(89,958)			-	-		
Leasehold land - note 18.1.4	-	-	89,958	89,958	-	22,391	-	22,391	67,567
		-	-			-	-		
Buildings on freehold land	585,481	61,528	17,365	660,338	202,547	27,478	2,353	228,342	431,996
		(4,036)	-			(4,036)	-		
Buildings on leasehold land - note 18.1.3	189,589	600	31,830	221,828	120,124	9,103	20,478	149,514	72,314
		(191)	-			(191)	-		
Plant and machinery	7,697,638	1,624,070	-	9,082,236	4,784,607	540,166	-	5,085,368	3,996,868
		(239,472)	-			(239,405)	-		
Other equipment (computers, lab equipment and other office equipment)	910,568	127,809	-	858,925	668,118	100,377	-	589,529	269,396
		(179,452)	-			(178,966)	-		
Furniture and fixtures	20,327	1,724	-	18,547	14,430	1,278	-	12,205	6,342
		(3,504)	-			(3,503)	-		
Vehicles	340,782	144,318	45,548	424,979	114,360	40,279	17,437	114,516	310,463
		(105,669)	-			(57,560)	-		
	10,073,175	1,971,772	184,701	11,607,366	5,904,186	741,072	40,268	6,201,865	5,405,501
		(532,324)	(89,958)			(483,661)	-		

18.1.1 Following are the particulars of the Company's immovable fixed assets:

Location	Usage of immovable property	Total area (in Acres)
Shahrah-e-Roomi, Lahore, Punjab	Plant site and administrative offices	34.02
Herdo Sehari, Kasur, Punjab	Administrative offices	34.84
Lakho Baryar, Kasur, Punjab	Administrative offices	50.63

18.1.2 The cost of fully depreciated assets as at December 31, 2019 is Rs 3,315.67 million (2018: Rs 2,914.481 million).

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

The management has, on the basis of assessment of fair value of the said portion of land by an independent valuer and its understanding of the prevalent market terms relating to rent of such properties in the vicinity of the said portion of land, booked a provision of Rs 174 million (2018: Rs 357.590 million) in respect of rent for the period from January 2019 to December 2019. The management is confident that the final amount of rent will be in congruence with the provision made in these unconsolidated financial statements, inter alia on the basis of the fair value determined by the independent valuer and the relevant facts and circumstances. Furthermore, the management also intends to acquire the tile of the said portion of land when the open auction takes place and is confident that it will be able to meet the highest bid.

18.1.4 Leasehold land comprises of lands situated in Karachi and Haripur which were obtained by the Company on lease and are being amortized over the term of 49 years and 99 years respectively. The title of lands remains with the lessor at end of the lease term. However, leasehold lands have been included in property, plant and equipment in accordance with clarification issued by Institute of Chartered Accountants of Pakistan through selected opinion issued on IAS 17, 'Leases'.

18.1.5 The depreciation charge for the year has been allocated as follows:

	Note	2019	2018
		(Rupees in thousand)	
Cost of sales	30	725,976	660,230
Administrative expenses	31	47,163	65,128
Distribution and marketing costs	32	17,338	15,714
		790,477	741,072

18.1.6 Disposals of operating fixed assets

Detail of operating fixed assets with book value exceeding 500,000 sold during the year is as follows:

Particulars of assets	Sold to	Cost	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal
		2019				
		(Rupees in thousand)				
Vehicles	**Key management personnel**					
	Nayab Baig	1,678	1,359	1,376	17	As per Company policy
	Employees					
	Abdul Wajid	1,537	1,151	1,277	126	As per Company policy
	Ahmad Ali Riaz	1,703	1,533	1,497	(36)	- do -
	Bilal Naeem	1,527	977	938	(39)	- do -
	Bilal Umar	1,475	1,386	1,319	(67)	- do -
	Naheed Malik	1,552	621	1,022	401	- do -
	Sahil Zaheer	2,321	1,346	1,647	301	- do -
	Syed Ghani Shah	1,068	854	772	(82)	- do -
	Mian Javed Iqbal	2,336	1,986	2,165	179	- do -
	Moiz Ahmad Khan	1,250	1,100	1,122	22	- do -
	Haris Riaz	795	700	735	35	- do -
	Fahad Ali	1,270	1,219	1,270	51	- do -
	Fahad Hamid	1,250	987	903	(84)	- do -
	Farhan Ul Haq Usmani	1,510	1,374	1,332	(42)	- do -
	Hadi Nawaz	762	625	648	23	- do -
	Hamid Jamil	1,512	650	991	341	- do -
	Mobin Javed	1,703	1,533	1,571	38	- do -
	Muhammad Qasim	708	545	513	(32)	- do -
	Rahim Danish	1,350	540	856	316	- do -
	Saad Imran Butt	1,297	856	852	(4)	- do -
	Saba Majeed	732	615	622	7	- do -
	Sikandar Abbas	2,044	1,860	2,044	184	- do -
	Syed Awais Haider	1,054	748	744	(4)	- do -
	Syed Kousar Mehdi	840	756	714	(42)	- do -
	Tairq Hussain	1,250	512	770	258	- do -
	Usman Sabir	2,397	2,109	2,158	49	- do -
	Uzair Hashmi	1,533	1,042	1,189	147	- do -
	Yasir Shahid	1,786	1,123	1,400	277	- do -
	Zakriya Rehman	1,300	1,196	1,148	(48)	- do -
	Outsiders					
	IGI General Insurance Limited - related party (associate)	2,162	865	1,850	985	Insurance Claim
	IGI General Insurance Limited - related party (associate)	1,578	1,042	1,578	536	- do -
	IGI General Insurance Limited - related party (associate)	860	808	795	(13)	- do -
	Adnan Qureshi	1,585	634	1,400	766	Negotiation
	Asim Mumtaz	1,039	592	880	288	- do -
	Nouman Yousaf	1,504	602	1,260	658	- do -
	Rashid Saleemi	2,162	865	1,600	735	- do -
	Muhammad Saad	732	630	695	65	- do -
	Rizwan Muhammad Khan	708	573	655	82	- do -
Plant and machinery	BBR Graphic Sales Limited	18,252	7,388	12,113	4,725	Negotiation
	BBR Graphic Sales Limited	176,507	3,682	6,036	2,354	- do -
	BBR Graphic Sales Limited	2,890	1,734	2,843	1,109	- do -
	BBR Graphic Sales Limited	1,995	1,047	1,718	671	- do -
		253,514	**51,765**	**67,018**	**15,253**	

Particulars of assets	Sold to	Cost	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal
		2018				
		(Rupees in thousand)				
Vehicles	**Employees**					
	Abdul Razzaq	1,498	629	849	220	As per Company policy
	Armaghan Ahmed	1,054	854	831	(23)	- do -
	Awais Amjad	1,518	987	1,059	72	- do -
	Faizan Mir	732	703	622	(81)	- do -
	Bilal Ahmad	1,512	1,043	1,058	15	- do -
	Farheen Ahmad	1,719	1,358	1,251	(107)	- do -
	Ishtiaq Ahmad Noor	1,512	847	1,063	216	- do -
	Khalid Yacob	2,512	1,005	1,030	25	- do -
	Mansoor Hassan Bhatti	2,383	953	1,149	196	- do -
	Khalid Yacob	1,723	689	689	-	- do -
	Laila Hussain	732	703	695	(8)	- do -
	Mauooz Ul Hassan	732	651	622	(29)	- do -
	Mehreen Bilal	1,530	642	1,512	870	- do -
	Mobin Javed	1,261	504	788	284	- do -
	Mohammad Akmal	1,751	771	1,054	283	- do -
	Moiz Ahmad	1,282	859	855	(4)	- do -
	Muhammad Atif	732	608	622	14	- do -
	Muhammad Azam Uddin	1,788	1,395	1,428	33	- do -
	Muhammad Bilal Ashraf	1,327	1,009	999	(10)	- do -
	Muhammad Jamil Anjum	1,230	517	760	243	- do -
	Muhammad Nasir Islam	1,314	539	832	293	- do -
	Muhammad Saeed	1,563	625	1,038	413	- do -
	Mukkaram Javed Naushahi	1,250	1,100	1,063	(37)	- do -
	Omer Ejaz	1,514	605	1,207	602	- do -
	Osaid Ur Rehman	708	595	602	7	- do -
	Owais Khan	688	544	498	(46)	- do -
	Rabia Batool	1,094	755	790	35	- do -
	Rehan Yacob	2,428	1,894	2,090	196	- do -
	Imtiaz Ahmad	1,527	1,161	1,189	28	- do -
	Syed Noman Shah	703	591	598	7	- do -
	Shafique Tahir	1,391	1,294	1,391	97	- do -
	Shakir Zia	2,171	1,259	1,352	93	- do -
	Soban Waqar	1,054	885	762	(123)	- do -
	Sulaiman Abdul Rehman	1,537	1,337	1,308	(29)	- do -
	Syed Hassan Jawad	1,327	1,181	1,136	(45)	- do -
	Syed Wasik Ali	1,512	983	1,058	75	- do -
	Talha Ahmad Iftikhar	1,657	1,425	1,465	40	- do -
	Tariq Azam Khan	1,129	903	960	57	- do -
	Usman Akram	1,034	755	635	(120)	- do -
	Zeeshan Bahadur	708	573	513	(60)	- do -
	Outsiders					
	party (associate)	1,678	1,544	1,675	131	Insurance Claim
	Anjum Javed	708	573	602	29	Negotiation
	Hina Kanwal	1,327	1,194	1,327	133	- do -
	Khurram Imtiaz	1,584	776	1,378	602	- do -
	Nazim Hussain	1,094	897	930	33	- do -
	Zahid Maqbool	1,078	614	912	298	- do -
		62,306	**41,329**	**46,247**	**4,918**	

18.2 Capital work-in-progress

	2019 (Rupees in thousand)								
	Balance as at January 1, 2019	Capital expenditure incurred during the year	Advances given during the year	Transfers within capital work in progress	Charged off during the year	Transfers to operating fixed assets	Transfers to other assets	Transfer to investment properties	Balance as at December 31, 2019
Civil works and other equipment	44,549	117,147	-	1,966	(1,805)	(135,156)	-	-	26,701
Plant and machinery	1,029,990	839,308	-	-	(8,789)	(1,184,471)	-	-	676,038
Advances to suppliers	7,216	-	929,065	(1,966)	-	(230,295)	-	(379,136)	324,884
	1,081,755	956,455	929,065	-	(10,594)	(1,549,922)	-	(379,136)	1,027,623

	2018 (Rupees in thousand)								
	Balance as at January 1, 2018	Capital expenditure incurred during the year	Advances given during the year	Transfers within capital work in progress	Charged off during the year	Transfers to operating fixed assets	Transfers to other assets	Transfer to investment properties	Balance as at December 31, 2018
Civil works and other equipment	107,797	90,663	-	26,275	(301)	(173,393)	-	(6,492)	44,549
Plant and machinery	769,549	1,746,354	-	140,462	(2,660)	(1,623,715)	-	-	1,029,990
Advances to suppliers	47,814	-	190,539	(166,737)	(965)	(60,563)	(2,424)	(448)	7,216
	925,160	1,837,017	190,539	-	(3,926)	(1,857,671)	(2,424)	(6,940)	1,081,755

18.3 Major spare parts and stand-by equipment

	2019	2018
	(Rupees in thousand)	
Balance at the beginning of the year	59,205	61,569
Additions during the year	1,703	2,633
Transfers made during the year	(7,229)	(4,997)
Balance at the end of the year	53,679	59,205

19. Right-of-use assets

This represents right-of-use assets obtained on lease as referred to in note 8. These are being depreciated over their lease term. Reconciliation of the carrying amount is as follows:

		(Rupees in thousand)
COST		
Balance as at December 31, 2018		-
Balance as at January 1, 2019		-
Initial application of IFRS 16 on January 1, 2019		87,345
Adjusted balance as at January 1, 2019 under IFRS 16		87,345
Balance as at December 31, 2019		87,345
DEPRECIATION		
Balance as at December 31, 2018		-
Balance as at January 1, 2019		-
Charge for the year	- note 19.1	(24,753)
Balance as at December 31, 2019		(24,753)
Book value as at December 31, 2018		-
Book value as at December 31, 2019		62,592

19.1 The depreciation for the year has been allocated as follows:

		2019	2018
		(Rupees in thousand)	
Administrative expenses	- note 31	17,449	-
Distribution and marketing costs	- note 32	7,304	-
		24,753	-

20. Investment properties

	2019 (Rupees in thousand)								
	Cost as at January 1, 2019	Additions / (deletions)	Transfers	Cost as at December 31, 2019	Accumulated depreciation as at January 1, 2019	Depreciation charge for the year	Transfers	Accumulated depreciation as at December 31, 2019	Book value as at December 31, 2019
Land - note 20.2	77,143	379,136 -	- -	456,279	-	-	-	-	456,279
Buildings on freehold land	54,205	- -	- -	54,205	39,812	1,431	- -	41,243	12,962
Buildings on leasehold land	39,575	- -	- -	39,575	19,498	1,875	- -	21,373	18,202
	170,923	379,136 -	- -	550,059	59,310	3,306	-	62,616	487,443

	2018 (Rupees in thousand)								
	Cost as at January 1, 2018	Additions / (deletions)	Transfer in	Cost as at December 31, 2018	Accumulated depreciation as at January 1, 2018	Depreciation charge for the year	Transfer in	Accumulated depreciation as at December 31, 2018	Book value as at December 31, 2018
Land - note 20.2	76,695	- -	448 -	77,143	-	-	- -	-	77,143
Buildings on freehold land	96,908	- -	6,492 (49,195)	54,205	60,859	1,784	- (22,831)	39,812	14,393
Buildings on leasehold land	39,575	- -	- -	39,575	17,623	1,875	- -	19,498	20,077
	213,178	- -	6,940 (49,195)	170,923	78,482	3,659	- (22,831)	59,310	111,613

20.1 Depreciation charge for the year has been allocated to administrative expenses.

20.2 Land of the Company measuring 119 kanals, 15 marlas and 62.25 sq.fts situated at Lahore with a book value of Rs 6.149 million (2018: Rs 6.149 million) and all present and future moveable fixed assets and buildings of Packages Real Estate (Private) Limited ('PREPL') in aggregate (the 'Mortgaged Security'), have been mortgaged under a first pari passu charge of Rs 7,333 million (2018: Rs 7,333 million) in favour of MCB Bank Limited against a term finance facility of upto Rs 4,500 million (2018: Rs 4,500 million) and a running finance facility of upto Rs 2,000 million (2018: Rs 1,000 million) provided to PREPL by MCB Bank Limited under a tri-partite agreement between the Company, MCB Bank Limited and PREPL. The Mortgaged Security has also been mortgaged under a first pari passu charge of Rs 4,667 million (2018: Rs Rs 4,667 million) in favor of Allied Bank Limited against a term finance facility of up to Rs 3,500 million (2018: Rs 3,500 million) provided to PREPL by Allied Bank Limited under a tri-partite agreement between the Company, Allied Bank Limited and PREPL.

20.3 Following are the particulars of the Company's immovable fixed assets:

Location	Usage of immovable property	Total area (in Acres)
Shahrah-e-Roomi, Lahore, Punjab	Rented out	16.59
Lakho Baryar, Kasur, Punjab	Rented out	15.00
Depalpur, Punjab	Rented out	17.38
Pakpattan, Punjab	Rented out	21.00
Dullu Kalan, Lahore, Punjab	Kept for capital appreciation	16.48
Faizabad, Punjab	Kept for capital appreciation	8.80
Hunjra, Punjab	Rented out	10.00
Shahrah-e-Roomi, Lahore, Punjab	Rented out	0.10
Korangi Industrial Area, Karachi, Sindh	Rented out	3.33

20.4 Fair value of the investment properties, based on the valuation carried out by an independent valuer, as at December 31, 2019 is Rs 13,322.276 million (2018: Rs 4,209.399 million). The valuation is considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation. The different levels have been defined in note 47.5.

Valuation techniques used to derive level 2 fair values

Level 2 fair value of investment property has been derived using a sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per square foot.

21. Intangible assets		2019	2018
		(Rupees in thousand)	
This represents computer software, website development costs and ERP system.			
Cost			
As at January 1		264,890	194,233
Additions / transfers during the year		9,253	72,796
Deletions during the year		-	(2,139)
As at December 31		274,143	264,890
Accumulated amortisation			
As at January 1		(197,455)	(190,571)
Amortisation for the year	- note 21.1	(11,559)	(9,023)
Amortisation on deletions for the year		-	2,139
As at December 31		(209,014)	(197,455)
Intangible assets under development		-	-
Book value as at December 31		65,129	67,435

21.1 The amortisation charge for the year has been allocated as follows:

Cost of sales	- note 30	5,828	4,128
Administrative expenses	- note 31	3,706	2,977
Distribution and marketing expenses	- note 32	2,025	1,918
		11,559	9,023

22. Investments

These represent the long term investments in:

- Related parties - at cost	- note 22.1	18,332,391	18,474,716
- Others	- note 22.2	29,381,471	32,858,257
		47,713,862	51,332,973
Current portion shown under current assets		-	(10,000)
		47,713,862	51,322,973

22.1 Related parties - at cost

Subsidiaries - unquoted

DIC Pakistan Limited, Pakistan			
3,377,248 (2018: 3,377,248) fully paid ordinary shares of Rs 10 each			
Equity held 54.98% (2018: 54.98%)		15,010	15,010
Packages Real Estate (Private) Limited, Pakistan			
302,500,000 (2018: 302,500,000) fully paid ordinary shares of Rs 10 each			
Equity held 75.16% (2018: 75.16%)		3,019,090	3,019,090
Packages Lanka (Private) Limited, Sri Lanka			
44,698,120 (2018: 44,698,120) shares of Sri Lankan Rupees 10 each			
Equity held 79.07% (2018: 79.07%)		442,938	442,938
Anemone Holdings Limited, Mauritius			
5,045,148 (2018: 3,846,215) shares of US Dollars 1 each			
Equity held 100.00% (2018: 100.00%)	- note 22.1.1	798,777	451,237
Packages Power (Private) Limited, Pakistan			
2,500,000 (2018: 2,500,000) fully paid ordinary shares of Rs 10 each			
Equity held 100.00% (2018: 100.00%)		25,000	25,000
	c/f	4,300,815	3,953,275

		2019	2018
		(Rupees in thousand)	
b/f		4,300,815	3,953,275
Packages Convertors Limited			
10,000 (2018: nil) fully paid ordinary shares of Rs 100 each			
Equity held 100.00% (2018: nil)		1,000	-
Packages Investments Limited			
10,000 (2018: nil) fully paid ordinary shares of Rs 100 each			
Equity held 100.00% (2018: nil)		1,000	-
Bulleh Shah Packaging (Private) Limited, Pakistan			
1,091,873,871 (2018: 1,091,873,871) fully paid ordinary shares of Rs 10 each			
Equity held 100.00% (2018: 100%)		10,807,230	10,807,230
Joint venture - unquoted			
OmyaPack (Private) Limited, Pakistan			
49,500,000 (2018: 31,000,000) fully paid ordinary shares of Rs 10 each			
Equity held 50.00% (2018: 50.00%)		495,000	310,000
Associates - quoted			
IGI Holdings Limited, Pakistan			
15,033,041 (2018: 15,033,041) fully paid ordinary shares of Rs 10 each			
Equity held 10.54% (2018: 10.54%)			
Market value - Rs 3,066.740 million (2018: Rs 3,024.248 million)	- note 22.1.2	896,310	896,311
Tri-Pack Films Limited, Pakistan			
12,933,333 (2018: 12,933,333) fully paid ordinary shares of Rs 10 each			
Equity held 33.33% (2018: 33.33%)			
Market value - Rs 1,088.728 million (2018: Rs 1,184.901 million)	- note 22.1.3	1,831,036	2,507,900
Cumulative impairment loss- Rs 676.864 million (2018:Nil)			
		2,727,346	3,404,211
		18,332,391	18,474,716

22.1.1 During the year, the Company contributed USD 2.154 million equivalent to Rs 347.539 million (2018: USD 2.312 equivalent to Rs 289.614 million) as equity in AHL by remitting the loan payment due by AHL to HBL Bahrain under the finance facility agreement as referred to in note 17.1.

22.1.2 The Company's investment in IGIHL is less than 20.00% but it is considered to be an associate as per the requirement of IAS 28, 'Investments in Associates' because the Company has significant influence over the financial and operating policies through representation on the board of directors of IGIHL. Consequently, following subsidiaries of IGIHL have also been considered as associates of the Company:

- IGI General Insurance Limited
- IGI Life Insurance Limited
- IGI Investments (Private) Limited
- IGI Finex Securities Limited

22.1.3 Based on the following impairment indicators applicable to Tri-Pack Films Limited, an impairment test has been carried out by the management during the year:

- Decrease in the economic performance of Tri-Pack Films Limited; and

- Significant change in the economic conditions.

The Company reviewed the carrying amount of its investment in equity instruments of Tri-Pack Films Limited and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. The recoverable amount of investment in Tri-Pack Films Limited has been determined based on 'fair value less costs of disposal'. The 'fair value less costs of disposal' has been worked out by the management using income approach. As the recoverable amount of the investment worked out is lower than its carrying value, therefore, impairment loss has been recognized in these unconsolidated financial statements. The recoverable amount of the investment was determined to be lower than its carrying amount by Rs 52.33 per share and the carrying amount was accordingly reduced by Rs 676.864 million which has been recognised as an expense and included in 'Other expenses'.

		2019	2018
		(Rupees in thousand)	
22.2 Others - FVOCI (2018: available-for-sale)			
Quoted			
Nestle Pakistan Limited			
3,649,248 (2018: 3,649,248) fully paid ordinary shares of Rs 10 each			
Equity held 8.05% (2018: 8.05%)	- note 22.2.1		
Cost - Rs 5,778.896 million (2018: Rs 5,778.896 million)	& 22.2.2	29,376,446	32,843,232
Unquoted			
Tetra Pak Pakistan Limited			
Nil (2018: 1,000,000) fully paid non-voting ordinary shares of Rs 10 each	- note 22.2.1	-	10,000
Coca-Cola Beverages Pakistan Limited			
500,000 (2018: 500,000) fully paid ordinary shares of Rs 10 each	- note 22.2.3		
Equity held 0.0185% (2018: 0.0185%)		5,000	5,000
Pakistan Tourism Development Corporation Limited			
2,500 (2018: 2,500) fully paid ordinary shares of Rs 10 each		25	25
Orient Match Company (Private) Limited			
1,900 (2018: 1,900) fully paid ordinary shares of Rs 100 each		-	-
		5,025	15,025
		29,381,471	32,858,257

22.2.1 Nestle Pakistan Limited and Tetra Pak Pakistan Limited are associated undertakings of the Company as per the Act. However, for the purpose of measurement, investments in others have been classified as held at FVOCI as referred to in note 4.7.

22.2.2 As of December 31, 2019, an aggregate of 1,195,000 (2018: 775,000) shares of Nestle Pakistan Limited having market value of Rs 9,619.750 million (2018: 6,975.000 million) have been pledged in favour of HBL Pakistan. Out of aggregate shares pledged, 775,000 (2018: 410,000) shares are pledged against issuance of standby letter of credit in favour of HBL Bahrain as referred to in note 17.1 and the remaining 420,000 shares (2018: 365,000) are pledged against the term finance loan from HBL as referred to in note 7.1.2 and 7.1.3.

22.2.3 This represents investment in the ordinary shares of Coca-Cola Beverages Pakistan Limited (CCBPL) that is principally engaged in the production, distribution and sale of sparkling and still beverages. CCBPL is currently classified as a Level 3 financial asset and is measured at fair value on the reporting date using income approach. Fair value of investment in the ordinary shares of CCBPL has been determined at the reporting date however it was not recorded in these unconsolidated financial statements as the impact was immaterial.

22.3 Reconciliation of carrying amount		2019 (Rupees in thousand)	2018
Balance as at beginning of the year		51,322,973	60,166,443
Investments made during the year		534,538	289,614
Changes in fair value of FVOCI (2018: available-for-sale) investments		(3,466,785)	(9,123,084)
Impairment loss on equity instruments of associate	- note 22.1.3	(676,864)	-
Current portion shown under current assets		-	(10,000)
Balance as at end of the year		47,713,862	51,322,973

23. Long term loans

		2019	2018
Loans to employees - considered good	- note 23.1	627	3,190
Current portion shown under current assets	- note 27	(339)	(771)
		288	2,419

23.1 These represent interest free loans to employees for purchase of motor cycles and cycles and are repayable in monthly instalments over a period of 60 to 260 months. These long term loans have not been carried at amortised cost since the effect of discounting is immaterial in the context of these unconsolidated financial statements.

Loans to employees aggregating Rs 0.349 million (2018: Rs 2.859 million) are secured by registration of motor cycles in the name of the Company. The remaining loans are unsecured.

24. Stores and spares

		2019 (Rupees in thousand)	2018
Stores [including in transit Rs 6.142 million (2018: Rs 15.911 million)]		366,828	257,630
Spares [including in transit Rs 1.507 million (2018: Rs 3.275 million)]		307,213	260,358
	- note 24.1	674,041	517,988
Provision for obsolete / slow-moving stores and spares	- note 24.2	(15,882)	(19,830)
		658,159	498,158

24.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

24.2 The movement in provision for obsolete / slow-moving stores and spares during the year is as follows:	2019 (Rupees in thousand)	2018
Balance as at January 1	19,830	6,703
(Reversal)/provision for the year	(3,948)	13,127
Balance as at December 31	15,882	19,830

25. Stock-in-trade

		2019	2018
Raw materials [including in transit Rs 214.557 million (2018: Rs 320.827 million)]		1,849,754	2,095,429
Work-in-process		924,658	708,937
Finished goods		744,186	368,701
	- note 25.1	3,518,598	3,173,067
Provision for obsolete / slow-moving stock-in-trade	- note 25.2	(79,912)	(48,069)
		3,438,686	3,124,998

25.1 Finished goods costing Rs 365.410 million (2018: Rs 184.847 million) are being valued at net realizable value (NRV) of Rs 260.698 million (2018: Rs 148.715 million).

		2019	2018
		(Rupees in thousand)	

25.2 The movement in provision for obsolete / slow-moving stock-in-trade during the year is as follows:

Balance as at January 1		48,069	30,464
Provision for the year	- note 30	31,843	17,605
Balance as at December 31		79,912	48,069

26. Trade debts

Considered good			
- Related parties - unsecured	- note 26.1	189,441	44,331
- Others	- note 26.2	2,855,607	2,524,396
		3,045,048	2,568,727
Considered doubtful		152,027	43,381
		3,197,075	2,612,108
Loss allowance (2018: Provision for doubtful debts)	- note 26.3	(152,027)	(43,381)
		3,045,048	2,568,727

26.1 Related parties - unsecured

Subsidiaries			
DIC Pakistan Limited		5,740	2,660
Packages Real Estate (Private) Limited		276	1,606
Bulleh Shah Packaging (Private) Limited		48,831	17,984
Chantler Packages Inc.	- note 26.1.2	111,883	16,909
Flexible Packages Covertors (Pty) Limited	- note 26.1.2	17,602	-
Packages Lanka (Private) Limited	- note 26.1.2	765	-
Joint venture			
OmyaPack (Private) Limited		905	208
Associate			
Tri-Pack Films Limited		3,439	4,964
		189,441	44,331

26.1.1 The maximum aggregate amount due from these related parties at the end of any month during the year was Rs 204.356 million (2018: Rs 62.304 million). Aging analysis of the above receivables is disclosed in note 47.1.

26.1.2 This represents receivable against export sales made to these related parties.

26.2 Others include trade debts of Rs 200.282 million (2018: Rs 609.243 million) which are secured by way of inland letters of credit.

		2019	2018
		(Rupees in thousand)	
26.3 The reconciliation of loss allowance (2018: Provision for doubtful debts) during the year is as follows:			
Balance at the beginning of the year under IAS 39		43,381	8,998
Effect of change in accounting policy due to adoption of IFRS 9 - note 2.2.1 (a)		38,878	-
Adjusted balance as at beginning of the year under IFRS 9		82,259	8,998
Impairment loss on financial assets (2018: Provision for the year) during the year		69,768	34,383
Balance as at end of the year	- note 47.1	152,027	43,381

27. Loans, advances, deposits, prepayments and other receivables

		2019	2018
Current portion of loans to employees	- note 23	339	771
Advances - considered good and unsecured			
- To employees		3,284	4,053
- To suppliers	- note 27.1	10,782	14,047
		14,066	18,100
Due from related parties - unsecured	- note 27.2	162,563	177,734
Profit receivable on deposits		2,398	-
Trade deposits - considered good		26,229	29,560
Prepayments	- note 27.3	34,613	55,883
Balances with statutory authorities			
- Customs duty paid in advance		88,063	21,484
- Sales tax receivable		33,019	-
- Sales tax recoverable	- note 27.4	345,775	335,775
		466,857	357,259
Other receivables		150,852	195,493
		857,917	834,800

27.1 Advances to suppliers

		2019	2018
Considered good		10,782	14,047
Considered doubtful		-	-
		10,782	14,047
Provision for doubtful advances	- note 27.1.1	-	-
		10,782	14,047

27.1.1 The movement in provision for doubtful advances during the year is as follows:

	2019	2018
Balance as at January 1	-	1,000
Advances written off	-	(1,000)
Balance as at December 31	-	-

	2019	2018
	(Rupees in thousand)	
27.2 Due from related parties - unsecured		
Subsidiaries		
DIC Pakistan Limited	3,550	19,992
Packages Lanka (Private) Limited	44,951	30,100
Packages Real Estate (Private) Limited	42,835	45,088
Flexible Packages Convertors (Proprietary) Limited	38,493	31,501
Packages Power (Private) Limited	7	27
Bulleh Shah Packaging (Private) Limited	11,209	27,095
Chantler Packages Inc.	266	-
Packages Convertors Limited	256	-
Packages Investments Limited	256	-
Joint venture		
OmyaPack (Private) Limited	2,204	3,278
Associates		
Tri-Pack Films Limited	3,415	4,473
IGI Holdings Limited	2,770	3,958
IGI General Insurance Limited	3,912	3,803
IGI Investments (Private) Limited	701	3,002
IGI Finex Securities Limited	198	257
IGI Life Insurance Limited	7,465	5,160
Related party due to Common Directorship		
Packages Foundation	75	-
	162,563	177,734

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

27.2.1 The maximum aggregate amount due from these related parties at the end of any month during the year was Rs 219.959 million (2018: Rs 202.621 million).

27.3 Prepayments include Rs 19.772 million (2018: Rs 18.208 million) made to IGI Life Insurance Limited, a related party (associate).

27.4 Sales tax recoverable

(a) The Deputy Commissioner Inland Revenue ('DCIR') in his order dated June 24, 2015 alleged that in respect of tax periods from 2008 to 2012, the Company had incorrectly adjusted input sales tax credit amounting to Rs 146.107 million on purchases of raw materials from certain suppliers who were subsequently blacklisted / suspended and disallowed the same along with levy of default surcharge and penalty thereon with the total demand aggregating to Rs 292.214 million. In 2016, the taxation authorities adjusted an amount of Rs 292.214 million from income tax refunds of the Company against the said demand.

However, the Appellate Tribunal Inland Revenue ('ATIR'), through order dated August 28, 2017, has decided the case in favour of the Company. The Company has filed an application before the respective authorities to give effect to the order during the previous year, the outcome of which is still pending. Since the case has been decided in the Company's favour, therefore, the management has not created any provision against the recoverable amount of Rs 292.214 million.

(b) The sales tax authorities have raised various demands aggregating to Rs 50.841 million against the Company for the tax periods from 2011 to 2015 that primarily pertain to disallowance of input sales tax on certain payments and alleged default on charging of output sales tax on certain goods delivered and services rendered by the Company. During the previous years, the Company made aggregate advance payments amounting to Rs 43.561 million against such demands. While the Company's appeals in this respect are presently pending adjudication at the CIR(A), ATIR and High Court of Sindh, the Company has not made any provision against the above demands nor the advance payments as the management is confident that the ultimate outcome of the appeals would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and legal counsel and the relevant law and facts.

(c) In respect of tax periods from 2014 to 2016, the Additional Commissioner, Punjab Revenue Authority, through his order dated August 8, 2018 has created a demand of Rs 757.841 million in respect of alleged default on withholding of Punjab Sales Tax on various heads of accounts along with penalty thereon. The Company has filed an appeal against the above order with the Commissioner (Appeals) on December 13, 2018. The appeal against the impugned order has been filed on the basis of following major grounds:

- the relevant section of the Punjab Sales Tax on Services Act, 2012 has been wrongly applied retrospectively to the alleged period of default;

- the heads of accounts include multiple line items on which Punjab Sales Tax is not applicable; and

- it has been wrongly assumed that all the expenses disclosed in the unconsolidated financial statements under the identified heads have actually been paid during the said tax periods.

During the year, Commissioner (Appeals) ordered an inquiry under section 64(5) of The Punjab Sales Tax on Services Act, 2012 which was conducted by Additional Commissioner Enforcement-III and the inquiry report was submitted to Commissioner (Appeals) on May 27, 2019 whereby the demand was reduced to Rs 457.570 million upon verification of the documents provided by the Company. The final outcome of the appeal is still awaited.

The Company has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

(d) In respect of tax period from January 2016 to December 2016, the Deputy Commissioner Inland Revenue, Federal Board of Revenue, through his order dated December 28, 2018 has created a demand of Rs 493.391 million in respect of disallowance of input tax claimed by the Company, alleged default on charging of output sales tax and default on withholding of General Sales Tax along with penalty thereon. The Company appealed against the assessment order in the office of CIR(A) and the CIR(A) remanded back the order to DCIR .The Company has not made any provision against the above demand as the management is confident that the ultimate outcome of the order order would be in favor of the Company ,inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

The Company has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

		2019	2018
		(Rupees in thousand)	
28. Income tax receivable			
Income tax refundable		2,852,045	2,981,208
Income tax recoverable	- note 28.1	36,013	36,013
		2,888,058	3,017,221

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

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

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

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

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

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

The Company being aggrieved of this order filed an appeal before the CIR(A). CIR(A), through order dated March 2, 2018, has accepted all the contentions of the Company except non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL and taxation of provision for retirement benefits on accrual basis thereby reducing the tax refundable claimed by the Company from Rs 352.953 million to Rs 273.986 million and also reducing the original demand to Rs 78.967 million. The Company has filed an appeal against the above order before ATIR on May 4, 2018, the outcome of which is still pending. The Company has not made any provision against the above demand and disallowance as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

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

29. Cash and bank balances		**2019**	**2018**
		(Rupees in thousand)	
At banks:			
- Savings accounts	- note 29.1 & 29.2	50,913	7,629
- Current accounts	- note 29.3	179,582	44,676
		230,495	52,305
In hand [including USD 5,925 (2018: USD 5,906), GBP Nil (2018: 3,505), AED 500 (2018: Nil) and QAR 114 (2018: Nil)]		4,635	10,211
		235,130	62,516

29.1 The balances in savings accounts bear mark-up at 8.73% to 11.25% (2018: 8.00%) per annum.

29.2 Included in these are restricted funds of Rs 9.247 million (2018: Rs 7.523 million) in respect of deposits that are repayable on demand as referred to in note 15.6.

29.3 Included in these are restricted funds of Rs 1.332 million (2018: Rs 1.332 million) held as payable to TFC holders.

30. Cost of sales		**2019**	**2018**
		(Rupees in thousand)	
Raw materials consumed		13,898,574	12,912,752
Salaries, wages and amenities	- note 30.1 & 30.2	1,640,481	1,553,087
Travelling and conveyance		28,598	31,549
Fuel and power		1,140,247	957,953
Production supplies consumed		530,082	448,654
Rent, rates and taxes	- note 30.3	88,256	116,366
Insurance		49,027	40,096
Provision for obsolete / slow-moving stores and spares		-	13,127
Provision for obsolete / slow-moving stock-in-trade	- note 25.2	31,843	17,605
Repairs and maintenance		293,034	265,888
Packing material expenses		363,680	331,689
Depreciation on operating fixed assets	- note 18.1.5	725,976	660,230
Depreciation on assets subject to finance lease		-	86
Amortisation of intangible assets	- note 21.1	5,828	4,128
Technical fees		64,289	46,597
Others		260,129	311,133
		19,120,044	17,710,940
Opening work-in-process		708,937	540,833
Closing work-in-process		(916,954)	(708,937)
Cost of goods manufactured	- note 30.4	18,912,027	17,542,836
Opening stock of finished goods		340,247	216,624
		19,252,274	17,759,460
Closing stock of finished goods		(709,334)	(340,247)
		18,542,940	17,419,213

	2019	2018
	(Rupees in thousand)	

30.1 Salaries, wages and amenities include following in respect of retirement benefits:

	2019	2018
Defined benefit plan		
- Gratuity fund	35,952	29,813
Defined contribution plans		
- Provident fund	27,522	26,755
- Pension fund	34,743	32,270
Other benefit plan		
- Accumulating compensated absences	23,411	39,584
	121,628	128,422

30.2 Salaries, wages and amenities include Rs 313.686 million (2018: Rs 323.769 million) in respect of services rendered by manpower contractors during the year.

30.3 Rent, rates and taxes include operating lease rentals amounting to Nil (2018: Rs 109.161 million).

30.4 Cost of goods manufactured includes an amount of Rs 1,991.216 million (2018: Rs 1,936.548 million) for stores and spares consumed. It also include amounts of Rs 86.928 million (2018: Rs 72.331 million), Rs 5.811 million (2018: Rs 2.739 million) and Rs 35.703 million (2018: 54.309 million) for raw materials, stores and spares and finished goods written off respectively.

31. Administrative expenses

		2019	2018
		(Rupees in thousand)	
Salaries, wages and amenities	- note 31.1 & 31.2	607,075	553,090
Travelling and conveyance		31,479	27,405
Rent, rates and taxes		118,236	164,196
Insurance		14,251	15,878
Printing, stationery and periodicals		24,516	21,138
Postage, telephone and telex		18,222	17,087
Motor vehicles running		12,504	15,262
Computer charges		44,789	40,439
Professional services	- note 31.3	105,239	53,997
Repairs and maintenance		20,470	19,037
Depreciation on operating fixed assets	- note 18.1.5	47,163	65,128
Depreciation on assets subject to finance lease		-	824
Depreciation on right-of-use assets	- note 19.1	17,449	-
Amortisation of intangible assets	- note 21.1	3,706	2,977
Depreciation on investment properties	- note 20.1	3,306	3,659
Others		90,311	97,923
	- note 31.4	1,158,716	1,098,040

31.1 Salaries, wages and amenities include following in respect of retirement benefits:

	2019	2018
Defined benefit plans		
- Gratuity fund	22,850	10,731
- Pension fund	32,408	14,992
Defined contribution plans		
- Provident fund	10,185	9,558
- Pension fund	12,856	11,528
Other benefit plan		
- Accumulating compensated absences	14,880	14,249
	93,179	61,058

31.2 Salaries, wages and amenities include Rs 73.026 million (2018: 66.143 million) in respect of services rendered by manpower contractors during the year.

31.3 Professional services	2019	2018
	(Rupees in thousand)	
The charges for professional services include the following in respect of auditors' remuneration (excluding sales tax) for:		
- Statutory audit	3,754	3,445
- Half-yearly review	968	968
- Tax services	4,089	5,000
- Advisory services	30,000	-
- Special assignment	1,263	-
- Workers' profit participation fund audit, management staff pension and employees' gratuity funds audits, audit of consolidated financial statements and certifications required under various regulations	1,064	2,353
Out of pocket expenses	2,175	882
	43,313	12,648

31.4 Administrative expenses include Rs 49.009 million (2018: Rs 42.877 million) for stores and spares consumed.

32. Distribution and marketing costs		2019	2018
		(Rupees in thousand)	
Salaries, wages and amenities	- note 32.1 & 32.2	451,198	413,815
Travelling and conveyance		47,398	44,097
Rent, rates and taxes	- note 32.3	766	10,779
Freight and distribution		303,403	246,264
Insurance		35,477	29,926
Advertisement and sales promotion		346,560	250,016
Depreciation on owned assets	- note 18.1.5	17,338	15,714
Depreciation on right-of-use assets	- note 19.1	7,304	-
Amortisation of intangible assets	- note 21.1	2,025	1,918
Bad debts written off		3,353	71,055
Provision for doubtful debts	- note 26.3	-	34,383
Others		39,519	49,868
	- note 32.4	1,254,341	1,167,835

32.1 Salaries, wages and amenities include following in respect of retirement benefits:

	2019	2018
Defined benefit plan		
- Gratuity fund	16,916	7,956
Defined contribution plans		
- Provident fund	7,570	7,151
- Pension fund	9,555	8,625
Other benefit plan		
- Accumulating compensated absences	11,016	10,564
	45,057	34,296

32.2 Salaries, wages and amenities include Rs 27.244 million (2018: Rs 37.578 million) in respect of labour contractors for services rendered during the year.

32.3 Rent, rates and taxes include operating lease rentals amounting to Nil (2018: Rs 8.979 million).

32.4 Distribution and marketing costs include Rs 4.903 million (2018: Rs 4.279 million) for stores and spares consumed.

		2019	2018
		(Rupees in thousand)	
33. Other expenses			
Worker's profit participation fund	- note 15.7	114,882	181,336
Workers' welfare fund	- note 15.8 & 33.1	17,079	-
Exchange loss - net		64,746	125,201
Impairment on investments in associate	- note 22.1.3	676,864	-
Donations	- note 33.2	56,077	38,303
		929,648	344,840

33.1 As explained in note 4.1, the Company has opted for group taxation. Consequently, the workers' welfare fund expense is based on the Company's share of the consolidated results of the Group.

33.2 The Company made a donation of Rs 56.077 million (2018: Rs 38.303 million) to its related party on the basis of common directorship / governorship, Packages Foundation. Following is the interest of the Directors of the Company in the donee during the year:

Name of donee	Directors of the Company	Interest in donee
Packages Foundation	Syed Hyder Ali (Chief Executive)	Trustee
	Shamim Ahmad Khan	Trustee
	Syed Aslam Mehdi	Trustee

No other directors or their spouses had any interest in any of the donees during the year.

		2019	2018
		(Rupees in thousand)	
34. Other income			
Income on bank deposits		6,390	2,687
Rental income from investment properties [including Rs 145.004 million (2018: Rs 134.866 million) from related parties]		151,394	140,499
Profit on disposal of operating fixed assets		17,001	12,183
Management and technical fee from related parties		68,624	73,403
Insurance commission from related party		694	5,888
Liabilities no longer payable written back		29,346	19,445
Reversal of provision for workers' welfare fund	- note 15.8	-	1,176
Discounting adjustment on long term advances	- note 9	35,145	-
Others [including Rs 13.610 million (2018: Rs 12.193 million) from related parties]		18,378	16,512
		326,972	271,793

		2019	2018
		(Rupees in thousand)	

35. Finance cost

		2019	2018
Interest and mark-up including commitment charges on:			
- Long term finances - secured		285,517	141,871
- Finances under mark-up arrangements - secured		594,977	204,158
- Lease liabilities	- note 8	6,621	226
Return on preference shares / convertible stock		155,550	155,550
Commission on bank guarantees		10,457	20,229
Bank charges		2,818	2,818
		1,055,940	524,852

36. Investment income

		2019	2018
Dividend income from related parties	- note 36.1	206,930	551,656
Dividend income from others		1,727,358	2,477,227
		1,934,288	3,028,883

36.1 Dividend income from related parties

	2019	2018
Subsidiaries		
DIC Pakistan Limited	110,098	140,156
Packages Lanka (Private) Limited	-	86,084
Associates		
IGI Holdings Limited	45,099	196,083
Tri-Pack Films Limited	51,733	129,333
	206,930	551,656

37. Taxation

		2019	2018
Current			
- For the year		623,480	603,682
- Prior years		81,204	54,727
		704,684	658,409
Deferred	- note 10.2	114,685	50,870
	- note 37.1	819,369	709,279

37.1 As explained in note 4.1, the Company's provision for taxation (current and deferred) is based on the consolidated results of the Group which represents tax under 'final tax regime' and minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001 net of investment tax credit available to the Group by virtue of investment in plant and machinery in accordance with Section 65B of the Income Tax Ordinance, 2001. The Group taxation has resulted in a reduction of Rs 42.876 million (2018: Rs 53.694 million) in the tax expense of the Company for the year.

37.2 Section 5A of the Income Tax Ordinance, 2001 imposed income tax at the rate of 5% on accounting profit before tax where the Company derives profit for a tax year but does not distribute at least 20% of its after tax profits within six months of the end of the tax year through cash. The Company has distributed the requisite amount of dividend announced in tax year 2019 during the tax year 2020 and accordingly, no provision for tax on undistributed profit under section 5A of the Income Tax Ordinance, 2001 has been recognized in these financial statements for the year ended December 31, 2019. Furthermore, through Finance Act 2019, provision related to tax on undistributed profits was restricted only to the extent of tax years 2017,2018 and 2019.

37.3 Tax charge reconciliation	**2019**	**2018**
	% age	
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	29.00	29.00
Tax effect of:		
- Amounts that are not deductible for tax purposes	10.01	0.52
- Amounts that are exempt for tax purposes	(0.92)	(0.62)
- Effect of change in tax rate	2.77	-
- Amounts that are chargeable to tax at different rates	(14.03)	(10.44)
- Group taxation as explained in note 4.1	(1.98)	(1.51)
- Change in prior years' tax	3.75	1.37
- Deferred tax on initial application of IFRS 16 directly recognised in equity	(0.74)	-
- Deferred tax asset not recognised on minimum tax available for carry forward	12.31	7.17
- Tax credits utilized	(2.34)	(4.90)
	8.83	(8.41)
Average effective tax rate charged to unconsolidated statement of profit or loss	37.83	20.59

38. As referred to in note 7.2, in addition to the preferred right of return at the rate of 10.00% per annum, either in cash or ordinary shares on a non-cumulative basis till the date of settlement of preference shares / convertible stock, the preference shareholders also have the right to share the excess amount with the ordinary shareholders on an as-converted basis in case the amount of dividend per share paid to an ordinary shareholder exceeds that paid to a preference shareholder. Since ordinary dividend of Rs 30.00 per share was approved for the year ended December 31, 2017, which exceeded the preferred return for that year, the additional preference dividend to be paid to the preference shareholders had been distributed to the preference shareholders as participating dividend and charged directly to the equity. No such amount is required to be distributed to the preference shareholders as the ordinary dividend for the year ended December 31, 2018 did not exceed the preferred return for that year.

39. Remuneration of Chief Executive, Directors and Executives

39.1 The aggregate amount charged in the unconsolidated financial statements for the year for remuneration, including certain benefits, to the Chief Executive, Executive and Non-Executive Directors and Executives of the Company are as follows:

	Chief Executive		Executive Directors		Non-Executive Directors		Executives	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Rupees in thousand)							
Short term employee benefits								
Managerial remuneration	5,682	13,569	9,775	8,449	-	-	161,911	177,101
Housing	16,663	14,972	3,396	3,094	-	-	81,148	71,867
Utilities	4,295	3,850	755	688	-	-	16,653	13,712
Bonus and Incentives	23,548	23,917	2,929	5,339	-	-	133,186	95,436
Leave passage	2,859	2,596	637	587	-	-	7,405	6,902
Reimbursement of medical expenses	8,702	3,838	57	67	-	-	6,219	6,142
Directors' fees	-	-	-	-	5,175	3,725	-	-
Technical fees	-	-	-	-	1,934	1,749	-	-
Other allowances and expenses	3,133	3,793	-	-	-	-	-	-
	64,882	66,535	17,549	18,224	7,109	5,474	406,522	371,160
Post employment benefits								
Contribution to provident, gratuity and pension funds	11,837	10,750	2,639	2,430	-	-	33,343	29,820
	76,719	77,285	20,188	20,654	7,109	5,474	439,865	400,980
Number of persons	**1**	**1**	**1**	**1**	**8**	**8**	**60**	**57**

The Company also provides the Chief Executive and some of the directors and executives with Company maintained cars, free transport and utilities.

39.2 Premium charged in the unconsolidated financial statements in respect of directors' indemnity insurance policy, purchased by the Company during the year, amounted to Rs 0.753 million (2018: Rs 0.753 million).

40. Transactions with related parties

The related parties comprise of subsidiaries, joint ventures, associates, key management personnel including directors and post-employment staff retirement plans. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that Company. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, amounts due from directors and key management personnel are shown under receivables and remuneration of directors is disclosed in note 39. Significant related party transactions have been disclosed in respective notes in these unconsolidated financial statements, other than the following:

			2019	2018
			(Rupees in thousand)	
Relationship with the Company	**Nature of transactions**			
i. Subsidiary companies	Purchase of goods and services		5,703,711	5,551,960
	Sale of goods and services		312,083	122,524
	Dividend income		110,098	226,239
	Rental and other income		142,886	128,828
	Management and technical fee		68,625	73,403
ii. Joint ventures	Purchase of goods and services		695	-
	Sale of goods and services		1,687	18,998
	Sale of owned assets		-	-
	Rental and other income		346	579
iii. Associates	Purchase of goods and services		1,757,474	1,885,995
	Sale of goods and services		15,258	15,619
	Insurance premium		216,468	182,912
	Commission earned		694	5,888
	Insurance claims received		5,332	2,314
	Rental and other income		13,267	15,366
	Dividend income		96,832	325,416
	Dividend paid		400,608	739,614
iv. Retirement obligations	Expense charged in respect of retirement plans		206,242	159,380
	Dividend paid		42,486	84,973
v. Key management personnel	Salaries and other employee benefits	- note 40.1	193,829	191,955
	Dividend paid		34,309	68,618

40.1 This represents remuneration of the Chief Executive, executive director and some of the executives that are included in the remuneration disclosed in note 39 to these unconsolidated financial statements.

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

40.2 The related parties with whom the company had entered into transactions or had arrangements/agreements in place during the year have been disclosed below along with their basis of relationship:

Name	Relationship	%age of shareholding in the Company
Packages Lanka (Private) Limited	Subsidiary	N/A
Bulleh Shah Packaging (Private) Limited	Subsidiary	N/A
Tri-Pack Films Limited	Associated Company	N/A
Packages Real Estate (Private) Limited	Subsidiary	N/A
Flexible Packages Convertors (Pty) Limited	Subsidiary	N/A
Chantler Packaging	Subsidiary	N/A
IGI Life Insurance Limited	Associated Company	N/A
Packages Convertors	Subsidiary	N/A
Packages Investments	Subsidiary	N/A
OmyaPack (Private) Limited	Joint Venture	N/A
Packages Power (Private) Limited	Subsidiary	N/A
Anemone Holdings Limited	Subsidiary	N/A
DIC Pakistan Limited	Subsidiary	N/A
IGI Holdings Limited	Associated Company	N/A
IGI Finex Securities Limited	Associated Company	0.00%
Packages Foundation	Common Directorship	N/A
IGI General Insurance Limited	Associated Company	N/A
IGI Investments (Private) Limited	Associated Company	29.88%
Packages Limited Employees Gratuity Fund	Post Employment Benefit Plan	0.00%
Packages Limited Management Staff Pension Fund	Post Employment Benefit Plan	1.00%
Packages Limited Employees Provident Fund	Post Employment Benefit Plan	2.00%
Syed Hyder Ali	Chief Executive Officer	3.00%
Asghar Abbas	Director	0.00%
Babar Ali Foundation	Common directorship	7.00%
Syed Maratib Ali trust	Common directorship	N/A

41. Subsidiaries incorporated outside Pakistan

	Anemone Holdings Limited	Flexible Packages Convertors (Proprietary) Limited	Packages Lanka (Private) Limited	Chantler Packages Inc.
Basis of association	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Country of incorporation / jurisdiction	Republic of Mauritius	South Africa	Sri Lanka	Canada
Effective percentage of shareholding	100.00%	63.50%	79.07%	72.07%
Company's shareholding	Direct	Through Anemone Holdings Limited	Direct	Through Packages Lanka (Private) Limited
Amount of investment - foreign currency	USD 6.000 million	No direct investment	SL Rupees 451.417 million	No direct investment
Amount of investment - local currency	Rs 798.777 million	No direct investment	Rs 442.938 million	No direct investment
Terms and conditions for which investment has been made	Unconditional equity investment	No direct investment	Unconditional equity investment	No direct investment
Litigations against the investee	None	None	None	None
Default / breach relating to foreign investment	None	None	None	None

41.1 For amount of returns received on these investments, refer note 36.

42. Capacity and production - Metric Tonnes

	Capacity 2019	Capacity 2018	Actual production 2019	Actual production 2018
Paper and paperboard produced	41,400	41,400	14,698	14,996
Paper and paperboard converted	59,107	57,500	39,670	42,380
Plastics all sorts converted	32,000	32,000	21,189	21,489

The variance of actual production from capacity is primarily on account of production planned as per market demand.

43. Cash flow information

43.1 Cash generated from operations

		2019 (Rupees in thousand)	2018 (Rupees in thousand)
Profit before tax		2,165,672	3,445,384
Adjustments for:			
- Depreciation on operating fixed assets	- note 18.1.5	790,477	741,072
- Depreciation on right of use assets (2018: assets subject to finance lease)	- note 19.1	24,753	910
- Depreciation on investment properties	- note 20	3,306	3,659
- Discounting adjustment on long term advances	- note 34	(35,145)	-
- Impairment loss on investment in associate	- note 33	676,864	-
- Liabilities no longer payable written back	- note 34	(29,346)	(19,445)
- Amortisation of intangible assets	- note 21.1	11,559	9,023
- Provision for accumulating compensated absences	- note 12.2	49,307	64,397
- Provision for retirement benefits	- note 11	108,126	63,492
- Exchange loss - net	- note 33	64,746	125,201
- Provision for doubtful debts	- note 32	-	34,383
- Net impairment losses on financial assets	- note 26.3	69,768	-
- Bad debts written off	- note 32	3,353	71,055
- Provision for obsolete / slow-moving stock-in-trade	- note 30	31,843	17,605
- (Reversal of)/provision for obsolete / slow-moving stores and spares	- note 24.2	(3,948)	13,127
- Stores and spares written off	- note 30	5,811	2,739
- Stock-in-trade written off	- note 25.2	122,631	126,640
- Capital work-in-progress charged to unconsolidated statement of profit or loss	- note 18.2	10,594	3,926
- Profit on disposal of operating fixed assets	- note 34	(17,001)	(12,183)
- Reversal of provision for workers' welfare fund	- note 34	-	(1,176)
- Finance cost	- note 35	1,055,940	524,852
- Dividend income	- note 36	(1,934,288)	(3,028,883)
Profit before working capital changes		3,175,022	2,185,778
Effect on cash flow due to working capital changes:			
- Increase in stores and spares		(156,338)	(91,806)
- Increase in stock-in-trade		(468,162)	(1,314,575)
- Increase in trade debts		(588,320)	(281,950)
- Increase in loans, advances, deposits, prepayments and other receivables		(129,364)	(9,999)
- Increase in trade and other payables		11,361	338,227
		(1,330,823)	(1,360,103)
		1,844,199	825,675

43.2 Cash and cash equivalents

Cash and bank balances	- note 29	235,130	62,516
Finances under mark-up arrangements - secured	- note 14	(5,713,146)	(4,414,019)
		(5,478,016)	(4,351,503)

43.3 Reconciliation of liabilities arising from financing activities

		Opening balance as at January 1, 2019	Cash flows	Other changes *	Closing balance as at December 31, 2019
		(Rupees in thousand)			
Long term finances - secured	- note 7	1,321,450	678,550	-	2,000,000

* Other changes represent non-cash movements.

44. Number of employees

	2019	2018
Total number of employees as at December 31	1,504	1,520
Average number of employees during the year	1,513	1,515

45. Rates of exchange

Liabilities in foreign currencies have been translated into Pak Rupees at USD 0.6437 (2018:USD 0.7189), Euro 0.5745 (2018: Euro 0.6285), CHF 0.6229 (2018: CHF 0.7079), GBP 0.4902 (2018: GBP 0.5665), JPY 69.9447 (2018: JPY 79.3777), AED 2.3641 (2018: AED 2.6406), equal to Rs 100. Assets in foreign currencies have been translated into Pak Rupees at USD 0.6458 (2018: USD 0.7215) equal to Rs 100.

46. Earnings per share

46.1 Basic earnings per share

		2019	2018
Profit for the year	**Rupees in thousand**	1,346,303	2,736,105
Participating dividend on preference shares	**Rupees in thousand**	-	(82,499)
	Rupees in thousand	1,346,303	2,653,606
Weighted average number of ordinary shares	**Number**	89,379,504	89,379,504
Basic earnings per share	**Rupees**	15.06	29.69

46.2 Diluted earnings per share

		2019	2018
Profit for the year	**Rupees in thousand**	1,346,303	2,736,105
Return on preference shares / convertible stock - net of tax	**Rupees in thousand**	110,815	110,526
		1,457,118	2,846,631
Weighted average number of ordinary shares	**Number**	89,379,504	89,379,504
Weighted average number of notionally converted preference shares / convertible stock	**Number**	8,186,842	8,186,842
		97,566,346	97,566,346
Diluted earnings per share	**Rupees**	14.93	29.18

47. Financial risk management

47.1 Financial risk factors

The Company’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company’s financial performance.

Risk management is carried out by the Company's finance department under policies approved by the BOD. The Company's finance department evaluates and hedges financial risks. The BOD provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Company's overall risk management procedures to minimize the potential adverse effects of financial market on the Company's performance are as follows:

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

The Company operates internationally and is exposed to currency risk arising from various currency exposures, primarily with respect to the USD and the Euro. Currency risk arises from future commercial transactions and recognised assets and liabilities. Currency risk arises when future commercial transactions or recognised assets or liabilities or net investments in foreign operations that are denominated in a currency that is not the Company’s functional currency. Currently, the Company's currency risk is restricted to cash in hand, amounts receivable and amounts payable to foreign entities.

At December 31, 2019, if the Pak Rupee had strengthened / weakened by 10% against the USD with all other variables held constant, post-tax profit for the year would have been Rs 1.489 million lower / higher (2018: Rs 19.280 million higher / lower), mainly as a result of foreign exchange gains / losses on translation of US dollar-denominated financial assets and liabilities.

At December 31, 2019, if the Pak Rupee had strengthened / weakened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been Rs 7.700 million higher / lower (2018: Rs 13.353 million higher / lower), mainly as a result of foreign exchange gains / losses on translation of Euro-denominated financial assets and liabilities.

At December 31, 2019, if the Pak Rupee had strengthened / weakened by 10% against the CHF with all other variables held constant, post-tax profit for the year would have been Rs 16.505 million higher / lower (2018: Rs 1.642 million higher / lower), mainly as a result of foreign exchange gains / losses on translation of Euro-denominated financial assets and liabilities.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is exposed to equity securities price risk because of investments held by the Company and classified as fair value through other comprehensive income. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The primary goal of the Company's investment strategy is to maximise investment returns.

The Company’s certain investments in equity instruments of other entities are publicly traded on the Pakistan Stock Exchange Limited.

The table below summarises the impact of increases / decreases of the KSE-100 index on the Company's pre-tax profit for the year and on equity. The analysis is based on the assumption that the KSE-100 index had increased / decreased by 10% with all other variables held constant and all the Company's equity investments moved according to the historical correlation with the index:

	Impact on post-tax profit		Impact on other components of equity	
	2019	2018	2019	2018
	(Rupees in thousand)			
Pakistan Stock Exchange Limited	-	-	2,185,386	2,869,798

Post-tax profit for the year would decrease / increase as a result of losses / gains on equity securities classified as at fair value through profit or loss. Other components of equity would decrease / increase as a result of losses / gains on equity securities classified as at fair value through other comprehensive income. As at December 31, 2019 the Company has no investment classified at fair value through profit or loss.

(iii) Cash flow and fair value interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates.

The Company's interest rate risk arises mainly from short term and long-term borrowings. These borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

	2019	2018
	(Rupees in thousand)	
Fixed rate instruments:		
Financial assets		
Bank balances - savings accounts	50,913	7,629
Financial liabilities		
Preference shares / convertible stock - unsecured	(932,650)	(932,650)
Lease liabilities	58,363	-
	(874,287)	(932,650)
Net exposure	(823,374)	(925,021)
Floating rate instruments:		
Financial liabilities		
Long term finances	(2,000,000)	(1,321,450)
Short term borrowings	(5,713,146)	(4,414,019)
	(7,713,146)	(5,735,469)
Net exposure	(7,713,146)	(5,735,469)

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

At December 31, 2019, if interest rates on floating rate borrowings had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been Rs 23.942 million (2018: Rs 14.145 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Company arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to distributors and customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the BOD. The utilisation of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(i) Exposure to credit risk

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk are as under:

	2019	2018
	(Rupees in thousand)	
Long term loans	627	3,190
Long term security deposits	7,771	8,534
Trade debts	3,045,048	2,568,727
Short term investments	80,000	-
Loans, advances, deposits and other receivables	352,824	416,834
Balances with banks	230,495	52,305
	3,716,765	3,049,590

The aging analysis of trade debts that are past due and not impaired is as follows:

Neither past due nor impaired	2,234,670	1,887,355
Past due but not impaired:		
Up to 90 days	662,038	565,890
90 to 180 days	72,365	74,781
181 to 365 days	75,975	40,701
	810,378	681,372
	3,045,048	2,568,727

The aging analysis of trade debts from related parties as at reporting date is as follows:

Neither past due nor impaired	37,682	14,580
Past due but not impaired:		
Up to 90 days	90,882	18,194
90 to 180 days	55,212	8,094
181 to 365 days	5,665	3,463
	151,759	29,751
	189,441	44,331

(ii) Impairment of financial assets

The Company's trade debts against local and export sales of inventory are subject to the expected credit loss model. While bank balances and debt investments carried at amortised cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade debts

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before December 31, 2019 or 18 months before January 01, 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product and the Consumer Price Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at December 31, 2019 and January 01, 2019 (on adoption of IFRS 9) was determined as follows:

December 31, 2019	Current balances	Up to 90 days	91 to 180 days	181 to 365 days	365 days or more	Total
						(Rupees in thousand)
Expected loss rate	0.16%	3.76%	31.00%	59.00%	100.00%	
Gross carrying amount of trade debts	2,330,890	592,062	141,303	79,886	35,102	3,179,243
Loss allowance	3,729	22,262	43,804	47,130	35,102	152,027

December 31, 2018	Current balances	Up to 90 days	91 to 180 days	181 to 365 days	365 days or more	Total
						(Rupees in thousand)
Expected loss rate	0.16%	1.90%	30.12%	41.98%	100.00%	
Gross carrying amount of trade debts	1,977,657	598,224	77,747	22,208	36,687	2,712,523
Loss allowance	3,164	11,366	23,417	9,323	36,687	83,957

(iii) Credit quality of financial assets

The credit quality of Company's financial assets that are neither past due nor impaired (mainly bank balances) can be assessed with reference to external credit ratings(if available) or to historical information about counterparty default rate:

	Rating Short term	Rating Long term	Rating Agency	2019	2018
				(Rupees in thousand)	
Askari Bank Limited	A1+	AA+	PACRA	5,511	-
Bank Al-Habib Limited	A1+	AA+	PACRA	7,743	-
Citibank N.A.	P1	Aa3	Moody's	61	60
Dubai Islamic Bank (Pakistan) Limited	A1	AA	JCR-VIS	22	22
Habib Bank Limited	A1+	AAA	JCR-VIS	18,632	767
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	9,104	-
Industrial and Commercial Bank of China Limited	P1+	A1	Moody's	3	-
JS Bank Limited	A1+	AA-	PACRA	1,161	858
MCB Bank Limited	A1+	AAA	JCR-VIS	2,309	569
Meezan Bank Limited	A1+	AA+	JCR-VIS	235	939
National Bank of Pakistan	A1+	AAA	PACRA	18	9,727
Samba Bank Limited	A1	AA	JCR-VIS	1,332	1,332
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	122,154	34,672
The Bank of Tokyo Mitsubishi UFJ Limited	P1	Aa3	Moody's	-	33
Bank Alfalah Limited	A1+	AA+	PACRA	-	476
Deutsche Bank AG	P2	Baa3	Moody's	62,210	-
United Bank Limited	A1+	AAA	JCR-VIS	-	2,850
				230,495	52,305

(c) Liquidity risk

Liquidity risk represents the risk that the Company shall encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's businesses, the Company's finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the Company's cash and cash equivalents (note 43.2) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date.

	(Rupees in thousand)				
	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At December 31, 2019					
Long term finances	2,932,650	200,000	800,000	1,000,000	932,650
Finances under mark-up arrangements - secured	5,713,146	5,713,146	-	-	-
Long term advances	62,666	3,758	15,958	42,950	-
Trade and other payables	3,096,632	3,096,632	-	-	-
Unclaimed dividend	55,203	55,203	-	-	-
Accrued finance cost	335,208	335,208	-	-	-
	12,195,505	9,403,947	815,958	1,042,950	932,650
At December 31, 2018					
Long term finances	2,254,100	1,321,450	-	-	932,650
Finances under mark-up arrangements - secured	4,414,019	4,414,019	-	-	-
Long term advances	94,475	7,192	24,695	62,588	-
Trade and other payables	3,366,171	3,366,171	-	-	-
Unclaimed dividend	62,030	62,030			
Accrued finance cost	249,352	249,352	-	-	-
	10,440,147	9,420,214	24,695	62,588	932,650

47.2 Financial instruments by categories

The carrying values of following financial assets and liabilities reflected in the unconsolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at reporting date.

	At fair value through other comprehen-sive income	At amortised cost	Total
	(Rupees in thousand)		
Assets as per Unconsolidated Statement of Financial Position as at December 31, 2019			
Long term loans	-	288	288
Long term security deposits		7,771	7,771
Trade debts	-	3,045,048	3,045,048
Loans, advances, deposits and other receivables	-	352,824	352,824
Investments	29,381,471	-	29,381,471
Short term investments	-	80,000	80,000
Cash and bank balances	-	235,130	235,130
	29,381,471	3,721,061	33,102,532

	Available-for-sale	Loans and receivables	Total
	(Rupees in thousand)		
Assets as per Unconsolidated Statement of Financial Position as at December 31, 2018			
Long term loans	-	2,419	2,419
Long term security deposits	-	8,534	8,534
Trade debts	-	2,568,727	2,568,727
Loans, advances, deposits and other receivables	-	416,834	416,834
Investments	32,858,257	-	32,858,257
Short term investments	-	-	-
Cash and bank balances	-	62,516	62,516
	32,858,257	3,059,030	35,917,287

	Financial liabilities at at amortised cost	
	2019	2018
	(Rupees in thousand)	
Liabilities as per Unconsolidated Statement of Financial Position		
Long term finances	2,932,650	2,254,100
Lease liabilities (2018:Liabilities against assets subject to finance lease)	58,363	-
Finances under mark-up arrangements - secured	5,713,146	4,414,019
Trade and other payables	3,096,632	3,366,171
Unclaimed dividend	55,203	62,030
Accrued finance cost	335,208	249,352
	12,191,202	10,345,672

47.3 Offsetting financial assets and financial liabilities

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

47.4 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. Consistent with the others in industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including the current and non-current borrowings as disclosed in note 7 less cash and cash equivalents as disclosed in note 43.2. Total capital is calculated as equity as shown in the unconsolidated statement of financial position plus net debt. The gearing ratios as at December 31, 2019 and 2018 were as follows:

		2019	2018
		(Rupees in thousand)	
Borrowings	- note 7	2,932,650	2,254,100
Cash and cash equivalents	- note 43.2	5,478,016	4,351,503
Net debt		8,410,666	6,605,603
Total equity		52,921,978	56,434,241
Gearing ratio	Percentage	13.71%	10.48%

In accordance with the terms of agreements for long term finances, (as disclosed in note 7.1 to these unconsolidated financial statements), the Company has complied with all the covenants throughout the year.

In accordance with the terms of agreement for preference shares with IFC, (as disclosed in note 7.2 to these unconsolidated financial statements), the Company is required to comply with the following financial covenants:

- the debt service coverage ratio, calculated according to the terms of the above mentioned agreement shall not be less than 1.30.

- the current ratio shall not be less than 1:1. Current assets for the purpose of computing current ratio, as per the terms of the above mentioned agreement, do not include prepayments.

- the debt to equity ratio, as calculated under the terms of the said agreement, must be not more than 60%.

The Company has complied with these covenants throughout the reporting period. As at December 31, 2019, the debt service coverage ratio was 10.74 (2018: 15.79), the current ratio was 1.14:1 (2018: 1.06:1) and the debt to equity ratio was 5.26% (2018: 1.63%).

47.5 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The table below analyses the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

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

The following table presents the Company's assets that are measured at fair value:

				(Rupees in thousand)
	Level 1	Level 2	Level 3	Total
At December 31, 2019				
Recurring fair value measurements				
Assets				
Investments - FVOCI	29,376,446	-	5,000	29,381,446
At December 31, 2018				
Recurring fair value measurements				
Assets				
Investments - Available-for-sale	32,843,232	-	5,000	32,848,232

Movement in the above mentioned assets has been disclosed in note 22 to these financial statements and movement in fair value reserve has been disclosed in the statement of changes in equity. There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the years. Since the ordinary shares of Coca-Cola Beverages Pakistan Limited are not listed, therefore these are included in Level 3. The Company’s policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the investment advisor. As part of this discussion, the investment advisor presents a report that explains the reason for the fair value movements.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis. 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 is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value 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.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

48. Date of authorisation for issue

These unconsolidated financial statements were authorised for issue on March 13, 2020 by the Board of Directors of the Company.

49. Events after the reporting date

The Board of Directors has proposed a final cash dividend for the year ended December 31, 2019 of Rs 12.00 per share (2018: Rs 15.00 per share), amounting to Rs 1,072.554 million (2018: Rs 1,340.693 million) at their meeting held on March 13, 2020 for approval of the members at the Annual General Meeting which is scheduled to be held on May 29, 2020.

50. Corresponding figures

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

Chief Executive	Director	Chief Financial Officer

DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

The Directors of the Parent Company take pleasure in presenting the consolidated financial statements of the Group for the year ended on December 31, 2019. Comparison of consolidated results for the year 2019 as against year 2018 is as follows:

	2019	2018
	(Rupees in million)	
Invoiced sales – net	**60,906**	52,923
Profit from operations	**4,167**	1,428
Share of profit in associates and joint venture	**5**	76
Investment income	**1,742**	2,492
Profit after tax	**278**	1,160

We are pleased to report that the core manufacturing operations of the Parent Company have shown significantly improved performance in a challenging and competitive environment. During the year 2019, the Group achieved net sales of Rs 60,906 million against net sales of Rs 52,923 million achieved during last year representing sales growth of 15% with an operating profit of Rs 4,167 million as compared to 1,428 million generated during last year, with an increase of 2.9 times, mainly on account of revenue growth and cost controls.

The Group's finance cost has increased by Rs 1,708 million which is mainly attributable to increased overdraft utilization facility along with increased interest rates in current year.

During the current year, the management of the Parent Company carried out a detailed assessment for determining carrying amount of the Parent Company's investments. As a result of this assessment, the recoverable amount of the investment in associate, Tri-Pack Films Limited, was determined to be lower than its carrying value. Accordingly, carrying value was reduced by Rs 999 million and recognized as an expense under 'Other expenses' in financial statements. The investment income has declined by Rs 750 million over corresponding period of 2018 mainly due to decline in dividend income received from Nestle Pakistan Limited and Tetra Pak Pakistan Limited. This combined with an impairment loss of Rs 999 million as explained above has resulted in decline in earnings after tax and earnings per share.

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

DIC PAKISTAN LIMITED

DIC Pakistan Limited is an un-listed public limited subsidiary of Packages Limited. It is mainly engaged in manufacturing, processing and selling of industrial inks. The Company achieved net sales of Rs. 5,228 million during the year 2019 as compared to Rs. 4,441 million last year, representing sales growth of 18%. The Company has generated profit before tax of Rs. 448 million during the year 2019 as against Rs. 391 million in 2018, representing growth of 15%, mainly on account of higher sales made during the current year. Moving forward, the Company will continue its 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. The Company has achieved sales of SLR 2,338 million during the year 2019 as compared to SLR 2,439 million in 2018, representing 4% decrease. The Company has generated profit before tax of SLR 27 million in the year 2019 as compared to SLR 143 million of 2018. This decrease in profit is mainly due to lower sales, increase in raw material prices and increased finance cost. Moving forward, the Company will focus on improving operating results through volume growth, product diversification and price rationalisation.

BULLEH SHAH PACKAGING (PRIVATE) LIMITED

Bulleh Shah Packaging (Private) Limited is principally engaged in the manufacturing and conversion of paper and paperboard products. The Company has achieved sales of Rs. 26,414 million during the year ended December 31, 2019 as compared Rs 22,255 million during 2018, representing sales growth of 19%. The Company has recorded operating profit of Rs 1,529 million during the year 2019 as compared to operating loss of Rs 154 million in 2018, primarily due to revenue growth 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.

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. The Company achieved net sales revenue of ZAR 542 million during the year ended December 31, 2019 as compared ZAR 535 million during 2018. The Company has recorded profit before tax of ZAR 9 million in current year as compared to ZAR 21 million in 2018. This is primarily on account of increased operating expenses. The management is focusing on value and volume growth of sales as well as internal cost savings and tighter controls over fixed costs to improve the operating results of the Company.

PACKAGES REAL ESTATE (PRIVATE) LIMITED

Packages Real Estate (Private) Limited is a subsidiary of Packages Limited. It is primarily engaged in business of all types of construction activities and development of real estate. It is currently operating “Packages Mall”. The Company has achieved net revenue of Rs. 3,479 million during the year ended December 31, 2019 as compared Rs 3,204 million during 2018, representing growth of 9%. The Company has recorded operating profit of Rs 1,216 million during the year 2019 as compared to Rs 666 million in 2018 with an increase of 83%.

Moving forward, the Board believes that this investment will bring considerable benefit to the shareholders.

PACKAGES POWER (PRIVATE) LIMITED

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

Investments in Group Companies

The Group contributed Rs 347.539 million (equivalent to USD 2.154 million) as equity in Anemone Holdings Limited, Mauritius (“AHL”). AHL is a special purpose vehicle established in 2015 for the acquisition of operations of a flexible packaging company in South Africa.

During the year, the Group injected equity investment of Rs 185 million in OmyaPack (Private) Limited. Omya Pack (Private) Limited, which has established a state of art production facility in Kasur, Punjab, for manufacturing and selling of calcium carbonate. Commercial operations started in June 2018.

The Board believes that these investments will bring considerable benefit to the shareholders in the form of dividend income in the future.

Internal Restructuring and Investment in 100% Subsidiaries

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

The Parent Company incorporated two wholly owned subsidiaries and will transfer:

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

(b) its investment business comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary named “Packages Investments Limited”

The Parent Company has injected equity investment of Rs 1 million each in Packages Convertors Limited and Packages Investments Limited. The Parent Company will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries, will remain with the Parent Company. The transaction was approved by shareholders of the Parent Company in EOGM held on May 30, 2019.

Packages Convertors Limited and Packages Investments Limited filed an application with Securities and Exchange Commission of Pakistan (SECP) for approving the above-mentioned transfers of assets and corresponding liabilities which has been granted by SECP, subject to certain conditions. Packages Convertors Limited has informed that they intend to proceed with the transfer of the manufacturing business against the issuance of shares. Packages Investments Limited is currently evaluating different options for the transfer in light of the approval granted by SECP.

Accordingly, the Board of the Parent Company has resolved to consummate the transfer of manufacturing business and to hold the transfer of investment business for the time being and will finalize the way forward in this regard in the best interest of the Group and its shareholders.

Rent of land on lease from Government of Punjab (GoPb)

A portion of the land on which the Parent Company's factory is situated 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 applied to the Board of Revenue (BoR), GoPb to renew the lease. However, no response was received. On January 5, 2019, the Supreme Court of Pakistan summoned BoR and the Parent Company for this matter. During the hearing, BOR informed that the new policy of GoPb is not to lease the 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 against payment of the outstanding rent to be determined. The security amount is adjustable against the final amount of rent. The Parent Company has deposited such amount in compliance with the direction of the Honourable Supreme Court of Pakistan. The Supreme Court has further directed Additional Advocate General Punjab that subject to the Court's approval, two surveyors be appointed for determination of rent based on industrial usage of the land for the period from December 2015 till date. However, no surveyors has been appointed as of the date of the authorization for issue of consolidated financial statements. The Parent Company has filed an application to Supreme Court for determination of rent. The Court has further decided that the land shall be sold through an open auction with the Parent Company getting first right of refusal.

Towfiq Habib Chinoy
(Chairman)
Karachi, March 13, 2020

Syed Hyder Ali
(Chief Executive & Managing Director)
Karachi, March 13, 2020

سال مختتمہ 31 دسمبر 2019 کے لیے مجموعی مالیاتی حسابات پر ڈائریکٹرز کی رپورٹ

پیرنٹ کمپنی کے ڈائریکٹرز گروپ کے آڈٹ شدہ مجموعی مالیاتی حسابات برائے سال مختتمہ 31 دسمبر 2019 پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ سال 2019 کے لئے سالانہ آڈٹ شدہ مجموعی نتائج سال 2018 کے مقابلے میں درج ذیل رہے۔

	2019	2018
	(روپے ہزاروں میں)	
انوائسڈ سیلز - خالص	**60,906**	52,923
آپریشنز سے حاصل منافع جات	**4,167**	1,428
منسلکہ اداروں اور مشترکہ منصوبوں میں شیئر کا منافع	**5**	76
سرمایہ کاری سے آمدنی	**1,742**	2,492
منافع بعد از ٹیکس	**278**	1,160

ہمیں یہ مطلع کرتے ہوئے بیحد خوشی محسوس ہو رہی ہے کہ کمپنی کے بنیادی مینوفیکچرنگ اُمور میں سخت اور مقابلہ جاتی ماحول کے باوجود نمایاں بہتری دیکھنے میں آئی۔

سال 2019 کے دوران گروپ نے 60,906 ملین روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کے دوران 52,923 ملین روپے کی سیلز حاصل کی گئی تھی جس سے سیلز گروتھ میں 15 فیصد کا اضافہ ظاہر ہوا۔ جبکہ آپریٹنگ منافع گزشتہ سال کے 1,428 ملین روپے کے مقابلہ میں رواں سال 4,167 ملین روپے رہا جو کہ 2.9 گنا اضافہ ظاہر کرتا ہے جس کی بنیادی وجہ ریونیو گروتھ اور لاگت پر کنٹرول تھا۔ گروپ کی مالی لاگت میں 1,708 ملین روپے اضافہ ہوا جو کہ رواں سال اوورڈرافٹ یوٹیلائزیشن فیسلیٹی مع شرح سود کی بدولت ہوا۔

موجودہ سال کے دوران پیرنٹ کمپنی نے پیرنٹ کمپنی کی سرمایہ کاری کی Carrying Amount کا جائزہ لینے کیلئے تفصیلی تشخیص کروائی۔ اس تشخیص کے نتیجہ میں یہ ظاہر ہوا کہ ہمارے شراکت کار ٹرائی۔ پیک فلمز لمیٹڈ میں سرمایہ کاری کی قابل وصولی رقم اس کے مجموعی اثاثہ جات (Carrying Amount) سے کم ہے۔ اس طرح Carrying value میں 999 ملین روپے کی کمی ہوئی اور یہ امر مالی حسابات میں "دیگر اخراجات" کے نیچے خرچہ کی صورت میں واضح کیا گیا ہے۔ کمپنی کی سرمایہ کاری آمدن میں گزشتہ سال کی نسبت رواں سال 750 ملین روپے کی کمی ہوئی جس کی مرکزی وجہ میسلے اور ٹیٹرا پیک سے موصول ہونے والی منقسمہ آمدن میں کمی تھی۔ جیسا کہ اوپر بیان کیا گیا ہے ان کے ملاپ سے 999 ملین روپے نقصان ہوا، آمدن بعد از ٹیکس اور فی شیئر آمدن میں کمی ہوئی۔

گروپ کے ذیلی اداروں کی عملی کارکردگی کا مختصر جائزہ درج ذیل ہے:

ڈی آئی سی پاکستان لمیٹڈ

ڈی آئی سی پاکستان لمیٹڈ پیکیجز لمیٹڈ کا ایک نان لسٹڈ پبلک لمیٹڈ ذیلی ادارہ ہے۔ یہ بنیادی طور پر صنعتی انکس (Inks) کی تیاری، پروسیسنگ

اور فروخت میں سرگرم عمل ہے۔ کمپنی نے سال 2019 کے دوران 5,228 ملین روپے کی خالص سیلز حاصل کی جبکہ اس کے مقابلے میں گزشتہ سال 4,441 ملین روپے تھی جو 18 فیصد کی سیلز گروتھ کو ظاہر کرتی ہے۔ کمپنی نے سال 2019 کے دوران 448 ملین روپے کا منافع قبل از ٹیکس حاصل کیا جو کہ 2018 میں 391 ملین روپے تھا۔ اس طرح اس میں 15 فیصد اضافہ ہوا جو کہ بنیادی طور پر موجودہ سال میں زیادہ سیلز کی بدولت ممکن ہوا۔ آگے بڑھتے ہوئے، کمپنی والیوم گروتھ، اخراجات پر سخت انتظامی کنٹرول اور پرائس ریشنلائزیشن کے ذریعے آپریٹنگ نتائج مزید بہتر بنانے پر توجہ دینے کا سلسلہ جاری رکھے گی۔

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 سال 2019 کے دوران 2,338 ملین سری لنکن روپے کی سیلز حاصل کی جو کہ 2018 میں 2,439 ملین سری لنکن روپے تھی جو 4 فیصد کمی ظاہر کرتی ہے۔ کمپنی نے سال 2019 میں 27 ملین سری لنکن روپے کا منافع قبل از ٹیکس حاصل کیا جو کہ 2018 میں 143 ملین سری لنکن روپے تھا۔ منافع میں یہ کمی بنیادی طور پر کم سیلز،، خام مال کے نرخوں اور فنانس لاگت میں اضافہ کی وجہ سے ہوئی۔ مستقبل میں کمپنی آپریٹنگ اخراجات پر سخت کنٹرول، پروڈکٹ میں توسیع اور پرائس راشنلائزیشن کے ذریعے آپریٹنگ نتائج بہتر بنانے پر توجہ دیتی رہے گی۔

بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ

بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ بنیادی طور پر پیپر اور پیپر بورڈ پروڈکٹس کی تیاری اور منتقلی میں مصروف عمل ہے۔ کمپنی نے 31 دسمبر 2019 کو ختم ہونے والے سال کے دوران 26,414 ملین روپے کی سیلز حاصل کی جبکہ اس کے مقابلے میں 2018 کے دوران 22,255 ملین روپے تھی جس سے 19 فیصد کی سیلز گروتھ ظاہر ہوتی ہے۔ کمپنی نے سال 2019 کے دوران 1,529 ملین روپے آپریٹنگ منافع حاصل کیا جو کہ 2018 کے دوران 154 ملین روپے آپریٹنگ نقصان تھا۔ اس کی بنیادی وجہ ریونیو گروتھ اور مستقل لاگتوں پر سخت کنٹرول تھا۔ کمپنی سیلز حجم میں اضافہ، پراڈکٹ ڈائیورسیفکیشن اور بہتر پراڈکٹ مکس کے ذریعے ان آپریٹنگ نتائج میں مزید ترقی پر توجہ مرکوز کر رہی ہے۔

فلیکس ایبل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ

فلیکس ایبل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ جنوبی افریقہ میں قائم پیکیجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر فلیکس ایبل پیکیجنگ میٹریل کی مینوفیکچرنگ میں مصروف عمل ہے۔ کمپنی نے 31 دسمبر 2019 کو ختم ہونے والے سال کے دوران 542 ملین زار ZAR کا خالص سیلز ریونیو حاصل کیا جو 2018 میں 535 ملین زار ZAR تھا۔ کمپنی نے سال رواں میں 9 ملین زار ZAR کا منافع قبل از ٹیکس

حاصل کیا جو سال 2018 میں 21 ملین زار ZAR تھا۔ اس کی بنیادی وجہ آپریٹنگ اخراجات میں اضافہ تھا۔ کمپنی آپریٹنگ نتائج میں بہتری کیلئے سیلز کی ویلیو اور حجم میں اضافہ کے ساتھ ساتھ اندرونی لاگت میں بچت اور مستقل لاگتوں کے سخت کنٹرول پر دھیان دے رہی ہے۔

پیکیجز رئیل اسٹیٹ (پرائیویٹ) لمیٹڈ

[سابقہ پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ]

پیکیجز رئیل اسٹیٹ (پرائیویٹ) لمیٹڈ پیکیجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر تمام اقسام کی تعمیراتی سرگرمیوں اور رئیل اسٹیٹ کے فروغ کے کاروبار میں سرگرم عمل ہے۔ اس وقت یہ رئیل اسٹیٹ ''پیکیجز مال'' کے نام سے ایک پروجیکٹ آپریٹ کر رہا ہے۔ کمپنی نے سال مختتمہ 31 دسمبر 2019 کے دوران 3,479 ملین روپے کی سیلز حاصل کی جو کہ 2018 کے دوران 3,204 ملین روپے تھی جو کہ 9 فیصد سیلز گروتھ کو ظاہر کرتا ہے۔ کمپنی نے سال 2019 کے دوران 1,216 ملین روپے کا آپریٹنگ منافع حاصل کیا اور یہ 2018 میں 666 ملین روپے تھا جو کہ 83 فیصد اضافہ ظاہر کرتا ہے۔

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

پیکیجز پاور (پرائیویٹ) لمیٹڈ

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

گروپ کمپنیز میں سرمایہ کاری:

گروپ نے 347.539 ملین روپے (2.154 ملین امریکی ڈالر) بطور ایکویٹی انیمون ہولڈنگز لمیٹڈ، ماریشیس ("AHL") میں شراکت داری کی۔ ("AHL") ایک خصوصی مقصد کا کاروبار ہے جو 2015 میں جنوبی افریقہ میں ایک فلیکسیبل پیکیجنگ کمپنی کے آپریشنز کے حصول کے لئے قائم کیا گیا تھا۔

سال کے دوران گروپ نے اومیا پیک (پرائیویٹ) لمیٹڈ میں 185 ملین روپے بطور ایکویٹی سرمایہ کاری کی۔ اومیا پیک کیلشیم کاربونیٹ کی تیاری اور فروخت کیلئے قصور، پنجاب میں ایک سٹیٹ آف دی آرٹ پلانٹ قائم کیا ہے۔ کمرشل اُمور کا آغاز جون 2018 میں کیا گیا۔ بورڈ آف ڈائریکٹرز اس امر پر مستحکم یقین رکھتے ہیں ہے کہ یہ سرمایہ کاری شیئر ہولڈرز کیلئے منقسمہ آمدن کی صورت میں نمایاں فوائد کا ذریعہ ثابت ہوں گے۔

اندرونی تنظیم نو اور 100 فیصد ذیلی اداروں میں سرمایہ کاری:

بورڈ آف ڈائریکٹرز نے ہولڈنگ کمپنی کی تیاری کے مقصد کیلئے پیرنٹ کمپنی کی اندرونی تنظیم نو کی منظوری دی۔ یہ امر کاروباروں میں عملی مطابقت پیدا کرنے، بھرپور توجہ کے ساتھ اُمور کی انجام دہی اور ملکیتی سٹرکچر کی بہتری میں مدد معاون ثابت ہوگا۔ یہ اقدام کارپوریٹ شعبہ میں نافذ العمل بین الاقوامی معیارات کے عین مطابق ہے۔ تنظیم نو کا یہ عمل پیرنٹ کمپنی کے شیئر ہولڈرز کے حقوق پر کسی بھی طرح اثر انداز نہیں ہوگا۔

کمپنی نے دو مکمل ملکیتی ذیلی ادارے تشکیل دیے ہیں جن کو درج ذیل ذمہ داریاں سونپی جائیں گی:

اے۔ 100 فیصد مکمل ملکیتی ذیلی ادارے "پیکجز کنورٹرز لمیٹڈ" کو مینوفیکچرنگ کاروبار بشمول فولڈنگ کارٹنز، فلیکس ایبل پیکجنگ، اشیائے صارف، مکینیکل فیبریکیشن اور رول کوررز مع تمام متعلقہ اثاثہ جات، اُمور اور ذمہ داریاں؛ اور

بی۔ ایک اور 100 فیصد مکمل ملکیتی ذیلی ادارے "پیکجز انویسٹمنٹس لمیٹڈ" کو سرمایہ کاری کاروبار بشمول مختلف کمپنیوں کے شیئرز متعلقہ ذمہ داریوں کے ساتھ تمام اُمور، اگر ہوں، ۔

پیرنٹ کمپنی نے پیکجز کنورٹرز لمیٹڈ اور پیکجز انویسٹمنٹس لمیٹڈ دونوں کمپنیوں میں الگ الگ ایک ملین روپے ایکویٹی انویسٹمنٹ کی۔ پیرنٹ کمپنی ہولڈنگ کمپنی ہوگی اور تمام اثاثہ جات، پراپرٹیز اور ذمہ داریاں ماسوائے اُن اثاثہ جات، آپریشنز اور متعلقہ ذمہ داریوں کے، جو مذکورہ بالا دونوں مکمل ملکیتی ذیلی اداروں کو منتقل کی جارہی ہیں، کمپنی کے زیر سایہ رہیں گی۔ مورخہ 30 مئی 2019 کو منعقدہ EOGM میں پیرنٹ کمپنی کے شیئر ہولڈرز کی جانب سے اس منتقلی کی توثیق کی گئی ہے۔

پیکجز کنورٹرز لمیٹڈ اور پیکجز انویسٹمنٹس لمیٹڈ نے مذکورہ بالا اثاثہ جات اور متعلقہ ذمہ داریوں کی منتقلی کی منظوری کیلئے سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) میں ایک درخواست جمع کروائی۔ ایس ای سی پی کی جانب سے چند شرائط کے ساتھ اس کی منظوری دے دی گئی۔ پیکجز کنورٹرز لمیٹڈ نے مطلع کیا ہے کہ وہ شیئرز اجراء کے عوض کنورٹنگ بزنس کی منتقلی پر عملدرآمد کے خواہشمند ہیں۔

پیکجز انویسٹمنٹ لمیٹڈ تاحال ایس ای سی پی کی طرف سے دی گئی منظوری کی روشنی میں مختلف آپشنز زیر غور لا رہا ہے۔

لہٰذا پیرنٹ کمپنی کے بورڈ نے کنورٹنگ کاروبار کی منتقلی کی تکمیل اور انویسٹمنٹ کاروبار کی منتقلی کو وقتی طور پر روکنے کا فیصلہ کیا ہے اور اس کی منتقلی کا لائحہ عمل گروپ اور شیئر ہولڈرز کے وسیع تر مفاد کو مدنظر رکھتے ہوئے تشکیل دیا جائے گا۔

حکومت پنجاب سے حاصل کردہ لیز لینڈ کا کرایہ (GoPb)

زمین کا وہ ٹکڑا جس میں کمپنی کی فیکٹری واقع ہے حکومت پنجاب نے کمپنی کو لیز پر دسمبر 1955 سے نومبر 2015 تک دی تھی۔ جس کے بعد سے لیز کی تجدید نہیں ہوئی۔ سال 2015 کے دوران، کمپنی نے لیز کی تجدید کیلئے بورڈ آف ریونیو (BOR) حکومت پنجاب کو درخواست کی تھی۔ تاہم، کوئی خاطر خواہ جواب موصول نہ ہوا۔ 5 جنوری 2019 کو سپریم کورٹ آف پاکستان کی جانب سے بورڈ آف ریونیو

اور پیرنٹ کمپنی کو اس معاملہ میں طلب کیا گیا، سماعت کے دوران بورڈ آف ریونیو نے کہا کہ حکومت پنجاب کی نئی پالیسی کے مطابق حکومتی زمین کو لیز پر نہیں دیا جائے گا بلکہ نیلام عام کے ذریعے فروخت کیا جائے گا۔ نتیجتاً، پیرنٹ کمپنی کو ہدایت کی گئی کہ وہ پرتعین کرایہ کی مد میں اپنے بقایا واجبات 500 ملین روپے بطور ضمانت بورڈ آف ریونیو کو جمع کرائیں اور یہ رقم فائنل کرایا کے تعین کے وقت ایڈجسٹ کر لی جائے گی۔ پیرنٹ کمپنی نے قابل احترام سپریم کورٹ آف پاکستان کی ہدایات پر تعمیل کرتے ہوئے یہ رقم جمع کروادی ہے۔ سپریم کورٹ نے ایڈیشنل ایڈووکیٹ جنرل پنجاب کو مزید ہدایت کی ہے کہ وہ عدالت کی منظوری سے 2 سرویز (Survayors) کو نامزد کرے جو کہ دسمبر 2015 سے آج تک کے زمین پر صنعتی استعمال کے کرایہ کا تعین کرے۔ تاہم، غیر تصرف مالی حسابات کے اجراء کی منظوری تک کوئی سرویئر مقرر نہیں کیا گیا۔ پیرنٹ کمپنی نے کرایہ کے تعین کیلئے سپریم کورٹ میں درخواست جمع کروائی ہے۔ مزید برآں، عدالت عالیہ نے یہ بھی فیصلہ کیا ہے کہ زمین نیلام عام کے ذریعے فروخت کی جائے گی اور کمپنی کا اس پر پہلا حق ہوگا۔

توفیق حبیب چنائے
چیئرمین
کراچی، مارچ 13، 2020

سید حیدر علی
چیف ایگزیکٹو اینڈ مینجنگ ڈائریکٹر
کراچی، 13 مارچ 2020

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PACKAGES LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the annexed consolidated financial statements of Packages Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	**Impairment of investment in associate** *(Refer notes 26.4.1.1 and 39 to the annexed consolidated financial statements)* During the current year, the management has tested the Group's equity investment in its associate, Tri-Pack Films Limited ('TPFL') for impairment based on certain impairment indicators. This involved estimation techniques and management's judgement to obtain reasonable expected future cash flows of TPFL's business and related discount rate. Management involved an internal expert to perform this valuation. As a result of performing the aforementioned assessment, the recoverable amount of the investment was determined to be lower than its carrying amount which has been recognised accordingly. Due to the high level of judgment and estimation required to determine the recoverable amount of the above-mentioned investment, we consider it to be a key audit matter.	Our audit procedures included the following: - We considered management's process for identifying the existence of impairment indicators in respect of the Group's investments; - We assessed the valuation methodology used by the management; - Obtained the discounted cash flow model ('model') and checked the mathematical accuracy of the computations; - Obtained an understanding of the work performed by the management on the model for the purpose of valuation; - Examined the professional qualification of management's internal expert and assessed the independence, competence and experience of the management's internal expert in the field; - Considered our own competence and experience to assess the work performed on the model; - Understood and evaluated the process by which the cash flow forecast was prepared and approved, including confirming the mathematical accuracy of the underlying calculations; - Evaluated the cash flow forecast by obtaining an understanding of TPFL's business - We tested, on sample basis, the reasonableness of the input data used by the management;

S. No.	Key audit matters	How the matter was addressed in our audit
		- Obtained corroborating evidence relating to the value as determined by the management's expert by challenging key assumptions for the growth rates in the cash flow forecast by comparing them to historical results and economic forecasts and challenging the discount rate by independently estimating a range based on market data; - Assessed whether the assumptions used were in line with other market participants and reflected the particular status of the investment shareholding; - Performed sensitivity analysis around these assumptions to ascertain the extent of change that individually would be required for the value of investment to be impaired; and - Reviewed the adequacy of the disclosures made by the Company with regard to applicable accounting and reporting standards.
(ii)	**First time adoption of IFRS 9 – 'Financial Instruments'** *(Refer notes 2.2.1(a) and 31.4 to the annexed consolidated financial statements)* IFRS 9 'Financial Instruments' is effective for the Group for the first time during the current year and replaces the financial instruments standard IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. The classification and measurement approach reflect the business model in which the financial assets are managed	Our audit procedures included the following: - Considered the management's process to assess the impact of adoption of IFRS 9 on the Group's consolidated financial statements; - Obtained an understanding and evaluated the Group's business model assessment and for a sample of instruments, checked the inputs into solely payments of principal and interest test performed by the Group ; - Tested that management had evaluated and classified all financial assets in accordance with IFRS 9, by reconciling the assets and liabilities included in the

S. No.	Key audit matters	How the matter was addressed in our audit
	and the underlying cash flow characteristics. Accordingly, in respect of the investments in equity instruments other than joint ventures and associates, the Group at initial recognition has made an irrevocable option to present subsequent changes in fair value in consolidated Other Comprehensive Income. Further, in relation to financial assets, IFRS 9 requires the recognition of expected credit losses ('ECLs') rather than incurred credit losses under IAS 39 and is therefore a fundamentally different approach. Management is required to determine the expected credit loss that may occur over either a 12-month period or the remaining life of an asset, depending on the categorization of the individual asset. In accordance with IFRS 9, the measurement of ECL reflects a range of unbiased and probability-weighted outcomes, time value of money, reasonable and supportable information based on the consideration of historical events, current conditions and forecasts of future economic conditions. The calculation of ECLs in accordance with IFRS 9 is therefore complex and involves a number of judgmental assumptions. We considered this as key audit matter due to the significant management-determined judgments including the reclassification of financial assets in accordance with the Group's business model and the judgements involved in determination of ECL.	consolidated statement of financial position; - Obtained an understanding of and assessed the design and tested implementation of management's key internal controls relating to credit control process (including credit account application approvals and credit limit review); - With respect to determination of ECL, to review the working of management for expected credit losses and the appropriateness of the assumptions used (future and historical), the methodology and policies applied to assess the ECL in respect of financial assets of the Group; - Assessed the integrity and quality of the data used for ECL computation based on the accounting records and information system of the Group as well as the related external sources as used for this purpose; - Tested the opening balance adjustment in the consolidated statement of changes in equity for arithmetical accuracy and corroborated a sample of the data inputs; - Tested the mathematical accuracy of the ECL model by performing recalculation on test basis; and - Reviewed and assessed the impact and disclosures made in the consolidated financial statements regarding the effect of adoption of IFRS 9.

S. No.	Key audit matters	How the matter was addressed in our audit
(iii)	**First time adoption of IFRS 16 'Leases'** *(Refer note 2.2.1(c), 10, and 23 to the annexed consolidated financial statements)* IFRS 16 'Leases' is effective for the Group for the first time during the current year and replaces the leases standard IAS 17 'Leases'. IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make the lease payments. These liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as either finance or operating leases. Determination of the impact of the transition from previous standard required the management to exercise judgments regarding the discount rates used and the lease terms including termination and renewal options. Due to significance of amounts involved, and the use of significant management judgments, we considered the first time adoption of IFRS 16 'Leases', a key audit matter.	Our audit procedures included the following: - Considered the appropriateness of the Group's lease accounting policies, including those relating to assessment of discount rates, lease term and extension options; - Reviewed the design and tested the operating effectiveness of key controls over identification and measurement of right-of-use assets and corresponding lease liabilities; - Evaluated the management's implementation process including a review of the IFRS 16 transition impact disclosures; - Assessed the appropriateness of the discount rates applied in determining lease liabilities; - Tested the accuracy of the underlying lease data by agreeing a representative sample of leases to original contract or other supporting information, and checked IFRS 16 calculations for each lease sampled through recalculation of the expected IFRS 16 adjustment; - Tested the right-of-use asset and lease liability for a sample of leases and checked mathematical accuracy; and - Reviewed the presentation and disclosures related to the adoption of IFRS 16 and assessed whether it complied with the relevant accounting and reporting framework.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Masood.

A.F. Ferguson & Co.
Chartered Accountants

Lahore

Date: March 30, 2020

Consolidated Financial Statements

for the Year ended December 31, 2019

PACKAGES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	Note	2019	2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2018: 150,000,000) ordinary shares of Rs 10 each		1,500,000	1,500,000
22,000,000 (2018: 22,000,000) 10% non-voting preference shares / convertible stock of Rs 190 each		4,180,000	4,180,000
Issued, subscribed and paid up capital			
89,379,504 (2018: 89,379,504) ordinary shares of Rs 10 each	5	893,795	893,795
8,186,842 (2018: 8,186,842) 10% non-voting preference shares / convertible stock of Rs 190 each	8	606,222	606,222
Reserves	6	52,146,015	54,905,687
Equity portion of loan from shareholder of the Parent Company	7	277,219	277,219
Revenue reserve: Un-appropriated profits		4,009,577	6,249,793
Attributable to owners of the Parent Company		57,932,828	62,932,716
Non-controlling interests		1,967,880	2,124,244
TOTAL EQUITY		59,900,708	65,056,960
NON-CURRENT LIABILITIES			
Long term finances	8	14,948,395	13,566,292
Loan from shareholder of the parent company - unsecured	9	224,230	220,916
Lease liabilities	10	619,563	20,994
Security deposits	11	345,950	315,902
Deferred income	12	55,368	84,229
Deferred taxation	13	2,237,205	2,030,711
Long term advances	14	69,339	96,592
Retirement benefits	15	847,464	692,767
Deferred liabilities	16	398,697	579,478
		19,746,211	17,607,881
CURRENT LIABILITIES			
Current portion of non-current liabilities	17	4,351,490	3,584,794
Finances under mark-up arrangements - secured	18	11,386,824	11,618,495
Trade and other payables	19	8,299,420	8,986,971
Unclaimed dividends		68,809	62,030
Derivative financial instruments		3,505	-
Accrued finance cost	20	1,144,225	739,105
Provision for taxation		9,885	10,748
		25,264,158	25,002,143
CONTINGENCIES AND COMMITMENTS	21	-	-
		104,911,077	107,666,984

	Note	2019	2018
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	22	27,925,607	27,084,557
Right-of-use assets	23	799,075	-
Investment properties	24	11,393,439	11,822,054
Intangible assets	25	405,617	385,100
Investments accounted for using the equity method	26	6,991,707	8,312,837
Other long term investments	27	29,381,471	32,847,963
Long term security deposits		139,342	142,291
Long term loans	28	869	3,101
		77,037,127	80,597,903
CURRENT ASSETS			
Stores and spares	29	2,332,654	1,953,160
Stock-in-trade	30	11,031,511	11,836,992
Short term investments		80,000	-
Trade debts	31	7,578,383	6,660,220
Current portion of long term investments	27	-	10,000
Loans, advances, deposits, prepayments and other receivables	32	1,647,906	1,319,304
Income tax receivable	33	4,785,563	4,828,059
Cash and bank balances	34	417,933	461,346
		27,873,950	27,069,081
		104,911,077	107,666,984

The annexed notes 1 to 57 form an integral part of these consolidated financial statements.

Chief Executive

Director

Chief Financial Officer

PACKAGES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended December 31, 2019

		Note	2019	2018
			(Rupees in thousand)	
Revenue		35	60,905,852	52,922,723
Cost of sales and services		36	(50,719,265)	(46,183,738)
Gross profit			10,186,587	6,738,985
Administrative expenses		37	(2,511,259)	(2,267,348)
Distribution and marketing costs		38	(2,587,000)	(2,423,374)
Net impairment losses on financial assets			(84,161)	-
Other expenses		39	(1,493,867)	(774,776)
Other income		40	656,340	154,353
Finance cost		41	(3,975,906)	(2,268,319)
Investment income		42	1,741,650	2,491,996
Share of net profit of associates and joint ventures accounted for using equity method		26.2	5,391	76,002
Profit before taxation			1,937,775	1,727,519
Taxation		43	(1,659,714)	(567,341)
Profit for the year			278,061	1,160,178
Profit/(loss) is attributable to:				
Equity holders of the parent company			153,043	1,006,288
Non-controlling interests			125,018	153,890
			278,061	1,160,178
Earnings per share attributable to equity holders of the parent company during the year				
- Basic	Rupees	51.1	1.71	10.34
- Diluted	Rupees	51.2	1.71	10.34

The annexed notes 1 to 57 form an integral part of these consolidated financial statements.

Chief Executive **Director** **Chief Financial Officer**

PACKAGES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended December 31, 2019

	Note	2019	2018
		(Rupees in thousand)	
Profit for the year		278,061	1,160,178
Other comprehensive loss for the year-net of tax			
Items that will not be subsequently reclassified to profit or loss:			
Change in fair value of investments at fair value through other comprehensive income (FVOCI)		(3,466,785)	-
Remeasurements of retirement benefits		(36,422)	(113,553)
Tax effect of remeasurements of retirement benefits	13.5	10,558	32,930
		(3,492,649)	(80,623)
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of available-for-sale investments	27.4	-	(9,123,085)
Net exchange differences on translation of foreign operations		152,546	(74,666)
Share of other comprehensive loss of associates and joint venture accounted for using the equity method - net of tax	26.3	(407,838)	(1,227,053)
		(255,292)	(10,424,804)
Other comprehensive loss for the year		(3,747,941)	(10,505,427)
Total comprehensive loss for the year		(3,469,880)	(9,345,249)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the parent company		(3,690,414)	(9,551,470)
Non-controlling interests		220,534	206,220
		(3,469,880)	(9,345,250)

The annexed notes 1 to 57 form an integral part of these consolidated financial statements.

Chief Executive **Director** **Chief Financial Officer**

PACKAGES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2019

	- Attributable to owners of the parent company -														
	Issued, subscribed and paid up capital		Reserves										Capital and reserves		
			Capital reserves								Revenue reserves				
	Ordinary share capital	Preference shares / convertible stock reserve	Share premium	Exchange differences on translation of foreign operations	Fair value reserve	FVOCI reserve	Other reserves relating to associates and joint ventures	Transaction with non-controlling interests	Equity portion of loan from shareholder of the parent company	Capital redemption reserve	General reserve	Unappropriated profits	Total	Non-controlling interests	Total equity
								(Rupees in thousand)							
Balance as on January 1, 2018	893,795	606,222	3,766,738	(73,314)	37,981,410	-	4,759,767	22,981	171,187	1,615,000	14,310,333	11,087,931	75,142,050	2,117,100	77,259,150
Appropriation of reserves															
Transfer to general reserves	-	-	-	-	-	-	-	-	-	-	3,000,000	(3,000,000)	-	-	-
Transaction with preference shareholder															
Participating dividend on preference shares	-	-	-	-	-	-	-	-	-	-	-	(82,499)	(82,499)	-	(82,499)
Total transactions with owners in their capacity as owners, recognised directly in equity															
Final dividend for the year ended December 31, 2017 of Rs 30.00 per share	-	-	-	-	-	-	-	-	-	-	-	(2,681,397)	(2,681,397)	-	(2,681,397)
Dividends relating to 2017 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(150,364)	(150,364)
Investment made by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	8,067	8,067
Transaction with non-controlling interests - note 54.3	-	-	-	-	-	-	-	-	-	-	-	-	-	(91,822)	(91,822)
Equity portion of long term loan from shareholder of the parent company	-	-	-	-	-	-	-	-	106,032	-	-	-	106,032	35,043	141,075
	-	-	-	-	-	-	-	-	106,032	-	-	(2,681,397)	(2,575,365)	(199,076)	(2,774,441)
Total comprehensive income / (loss) for the year															
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	1,006,288	1,006,288	153,890	1,160,178
Other comprehensive income / (loss) for the year	-	-	-	(121,401)	(9,123,085)	-	(1,232,742)	-	-	-	-	(80,530)	(10,557,758)	52,330	(10,505,428)
	-	-	-	(121,401)	(9,123,085)	-	(1,232,742)	-	-	-	-	925,758	(9,551,470)	206,220	(9,345,250)
Balance as on December 31, 2018	**893,795**	**606,222**	**3,766,738**	**(194,715)**	**28,858,325**	**-**	**3,527,025**	**22,981**	**277,219**	**1,615,000**	**17,310,333**	**6,249,793**	**62,932,716**	**2,124,244**	**65,056,960**
Effect of changes in accounting policies due to adoption of IFRS 9 and IFRS 16- note 2.2.1	-	-	-	-	(28,858,325)	28,858,325	-	-	-	-	-	(26,778)	(26,778)	-	(26,778)
Adjusted balance as on January 01, 2019	**893,795**	**606,222**	**3,766,738**	**(194,715)**	**-**	**28,858,325**	**3,527,025**	**22,981**	**277,219**	**1,615,000**	**17,310,333**	**6,223,015**	**62,905,938**	**2,124,244**	**65,030,182**
Transfer to general reserve	-	-	-	-	-	-	-	-	-	-	1,000,000	(1,000,000)	-	-	-
Total transactions with owners in their capacity as owners, recognised directly in equity															
Final dividend for the year ended December 31, 2018 of Rs 15.00 per share	-	-	-	-	-	-	-	-	-	-	-	(1,340,691)	(1,340,691)	-	(1,340,691)
Dividends relating to 2018 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(99,443)	(99,443)
Transaction with non-controlling interests - note 54.3	-	-	-	-	-	-	-	57,995	-	-	-	-	57,995	(277,455)	(219,460)
	-	-	-	-	-	-	-	57,995	-	-	-	(1,340,691)	(1,282,696)	(376,898)	(1,659,594)
Total comprehensive (loss) / income for the year															
Profit/(loss) for the year	-	-	-	-	-	-	-	-	-	-	-	153,043	153,043	125,018	278,061
Other comprehensive income/ (loss) for the year	-	-	-	50,947	-	(3,466,785)	(401,829)	-	-	-	-	(25,790)	(3,843,457)	95,516	(3,747,941)
	-	-	-	50,947	-	(3,466,785)	(401,829)	-	-	-	-	127,253	(3,690,414)	220,534	(3,469,880)
Balance as on December 31, 2019	**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**

The annexed notes 1 to 57 form an integral part of these consolidated financial statements.

Chief Executive **Director** **Chief Financial Officer**

PACKAGES LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2019

	Note	2019	2018
		(Rupees in thousand)	
Cash flows from operating activities			
Cash generated from operations	50.1	7,920,394	2,819,996
Finance costs paid		(3,300,492)	(1,947,291)
Income tax paid		(1,526,778)	(1,967,074)
Income tax refunded		50,033	100,000
Settlement of derivative financial instruments		(8,267)	-
Long term loans - net		2,719	1,194
Long term security deposits - net		2,949	(1,624)
Payments for accumulating compensated absences		(284,017)	(48,057)
Retirement benefits paid		(40,690)	(37,956)
Net cash inflow / (outflow) from operating activities		2,815,851	(1,080,812)
Cash flows from investing activities			
Fixed capital expenditure		(4,402,283)	(4,927,662)
Long term advances - net		4,024	22,689
Investments in equity securities		(185,000)	-
Investments in debt securities		(80,000)	-
Proceeds from disposal of investments		10,000	-
Proceeds from disposal of operating fixed assets		141,100	95,132
Dividends received		1,851,984	2,740,507
Net cash outflow from investing activities		(2,660,175)	(2,069,334)
Cash flows from financing activities			
Proceeds from long term finances		5,784,565	3,411,079
Repayment of long term finances		(3,817,513)	(4,313,101)
Repayment of loan from shareholder of the parent company		(50,000)	(100,000)
Further investment in subsidiary by non-controlling interests		-	8,067
Transactions with non-controlling interests		(219,460)	(91,822)
Repayment of lease liabilities		(231,655)	(26,757)
Dividends paid to equity holders of the parent company		(1,347,518)	(2,658,674)
Participating dividend on preference shares paid		-	(82,499)
Dividends paid to non-controlling interests		(85,837)	(150,364)
Net cash inflow / (outflow) from financing activities		32,582	(4,004,071)
Net increase / (decrease) in cash and cash equivalents		188,258	(7,154,217)
Cash and cash equivalents at the beginning of the year		(11,157,149)	(4,002,932)
Cash and cash equivalents at the end of the year	50.2	(10,968,891)	(11,157,149)

The annexed notes 1 to 57 form an integral part of these consolidated financial statements.

Chief Executive **Director** **Chief Financial Officer**

Notes to and Forming Part of the CONSOLIDATED Financial Statements

for the year ended December 31, 2019

1. The Group and its operations

Packages Limited (the 'Parent Company') and its subsidiaries, Packages Convertors Limited, Packages Investments Limited, 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') 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.
- Inks: Representing manufacture and sale of finished and semi finished inks.
- Construction: Representing all types of construction activities and development of real estate.
- Power generation: Representing the development and management of hydropower project.
- Paper and paperboard: Representing manufacture and sale of paper and paperboard of all kinds.

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

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

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

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

(a) the manufacturing businesses of the Parent Company including folding cartons, flexible packaging, consumer products and mechanical fabrication and roll covers along with all relevant assets, operations and corresponding liabilities into a separate 100% wholly owned subsidiary, namely Packages Convertors Limited; and

(b) the investment business of the Parent Company comprising shares of various companies, operations along with corresponding liabilities, if any, into another 100% wholly owned subsidiary, namely Packages Investments Limited.

The Parent Company will be a holding company and all assets, properties and liabilities other than those assets, operations and corresponding liabilities being transferred to the above-mentioned wholly owned subsidiaries will remain with the Parent Company. The transaction has been approved by shareholders of the Parent Company in EOGM held on May 30, 2019. Furthermore, during the year, Packages Convertors Limited and Packages Investments Limited filed an application with Securities and Exchange Commission of Pakistan (SECP) for affecting the above-mentioned transfers of assets and corresponding liabilities. Subsequent to year end, SECP has approved the above mentioned application filed subject to fulfilment of certain conditions. Packages Convertors Limited intend to proceed with the transfer of the Manufacturing Business against the issuance of shares. Packages Investments Limited is currently evaluating different options for the transfer in light of the approval granted by SECP.

Accordingly, the Board, in its meeting held on March 13, 2020, has resolved to consummate the transfer of Manufacturing Business and to hold the transfer of investment business for the time being and will finalize the way forward in this regard in the best interest of the Group and its shareholders.

2. Basis of preparation

2.1 Statement of compliance

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

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

ii) Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRS, the provisions of and directives issued under the Act have been followed.

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

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

2.2.1 Standards, amendments to published standards and interpretations that are effective in the current year

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

(a) IFRS 9, 'Financial Instruments'

This standard was notified by the SECP to be effective for annual periods ending on or after June 30, 2019. This standard replaces guidance in International Accounting Standard ('IAS') 39, 'Financial Instruments: Recognition and Measurement'. It includes requirements on the classification and measurement of financial assets and liabilities. It also includes an expected credit losses (ECL) model that replaces the current incurred loss impairment model. Accordingly, the Group has changed its accounting policies and followed the requirements of IFRS 9 for:

- classification and measurement of all financial assets; and

- recognition of loss allowance for financial assets other than investments in equity instruments.

In respect of application of IFRS 9, the Group has adopted modified retrospective approach as permitted by this standard, according to which the Group is not required to restate the prior period results. The adoption of IFRS 9 has resulted in an adjustment on the opening balance of un-appropriated profits as shown in the statement of changes in equity. In respect of classification of financial assets, the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories, including 'amortised cost' and 'fair value through other comprehensive income' (FVOCI). The main effects resulting from the reclassification as at January 01, 2019 are as follows:

Particulars	Classification and measurement category		Carrying amount		
	Original (under IAS 39)	New (under IFRS 9)	Original (under IAS 39)	New (under IFRS 9)	Difference
			(Rupees in thousand)		
Non-current financial assets					
Other long term investments	Available-for-sale	FVOCI	32,857,963	32,857,963	-
Long term security deposits	Loans and receivables	Amortised cost	142,291	142,291	-
Long term loans	Loans and receivables	Amortised cost	3,101	3,101	-

Current financial assets

Trade debts	Loans and receivables	Amortised cost	6,660,220	6,621,342	(38,878)
Loans, deposits and other receivables	Loans and receivables	Amortised cost	1,319,304	1,319,304	-
Cash and bank balances	Loans and receivables	Amortised cost	461,346	461,346	-

Impairment of financial assets

IFRS 9 introduces the ECL model, which replaces the incurred loss model of IAS 39 whereby an allowance for doubtful debt was required only in circumstances where a loss event has occurred. By contrast, the ECL model requires the Group to recognize an allowance for doubtful debt on all financial assets carried at amortized cost, since initial recognition, irrespective whether a loss event has occurred. For trade debts, the Group applies IFRS 9 simplified approach to measure the expected credit losses (impairment loss on financial assets) which uses a life time expected loss allowance while general 3-stage approach for all other financial assets i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. The adoption of ECL has resulted in an adjustment on the opening balance of un-appropriated profit as shown in the consolidated statement of changes in equity. The impact of ECL on current year has been recognised as disclosed in note 31.3.

(b) IFRS 15, 'Revenue from Contracts with Customers'

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

The Group has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognise the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of un-appropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any material impact on the revenue recognition policy of the Group and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of un-appropriated profit in the period of initial application is not material. Therefore, the comparative information has not been restated and continues to be reported under the previous accounting policy.

(c) IFRS 16, 'Leases'

Effective January 1, 2019, the Group has adopted IFRS 16, 'Leases' which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases - Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The accounting polices relating to Group's right-of-use asset and lease liability are disclosed in note 4.6.

The Group has adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from adoption of IFRS 16 are therefore recognised in the opening consolidated statement of financial position on January 1, 2019. The new accounting policies are disclosed in note 4.6 to these consolidated financial statements.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessees’ weighted average incremental borrowing rates ranging from 10.90% - 13.10% per annum as of January 1, 2019.

The following summary reconciles the Group's operating lease commitments at December 31, 2018 as previously disclosed in the Group's annual financial statements as at December 31, 2018 to the lease liabilities recognised on initial application of IFRS 16 at January 1, 2019.

	(Rupees in thousand)
Operating lease commitments as at December 31, 2018	814,490
Discounted using the lessee’s incremental borrowing rate at the date of initial application	790,803
Add: Finance lease liabilities recognised as at December 31, 2018	42,656
Less: Short-term leases not recognised as a liability	(2,288)
Lease liabilities recognised as at January 1, 2019	831,171

On adoption of IFRS 16, the Group has recognised lease liability amounting to Rs 831.171 million as at January 1, 2019.

	December 31, 2019 (Rupees in thousand)	January 1, 2019
Total lease liability recognised of which:		
Current lease liabilities	164,439	100,603
Non-current lease liabilities	619,563	730,568
	784,002	831,171

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at December 31, 2018.

	December 31, 2019 (Rupees in thousand)	January 1, 2019
Impact on the consolidated statement of financial position		
Increase in right-of-use assets	799,075	946,602
Decrease in prepayments - prepaid rent	(5,620)	(16,083)
Increase in total assets	793,455	930,519
Increase in lease liability	(784,002)	(831,171)
Decrease in tax liabilities	(2,741)	-
Increase in net assets	6,712	99,348

	2019 (Rupees in thousand)
Impact on the consolidated statement of profit or loss and other comprehensive income	
Increase in finance cost against lease liability	(144,530)
Increase in depreciation on right-of-use asset	(171,720)
Decrease in rent expense	325,703
Increase in loss before tax	9,453
Tax saving @ 29%	(2,741)
Increase in loss after tax	6,712

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard by accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases.

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics; and

- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases.

(d) SECP through its notification dated July 29, 2019 brought certain alterations in Fourth Schedule to the Act with regard to preparation and presentation of financial statements. These alterations resulted in elimination of certain disclosures in these consolidated financial statements of the Group as at December 31, 2019.

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

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2020 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 consolidated financial statements.

3. Basis of measurement

3.1 These consolidated financial statements have been prepared under the historical cost convention except for remeasurement of certain financial instruments at fair value and recognition of certain employee benefit obligations, lease liabilities and long term advances at present value.

3.2 Critical accounting estimates and judgements

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group’s accounting policies.

This note provides an overview of the area that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to the estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

i) Useful lives and residual values of property, plant and equipment and investment properties - notes 4.3, 4.4,22 & 24
ii) Employee benefits - notes 4.8.2, 15 & 16
iii) Provision for taxation - notes 4.2, 13, 33 & 43
iv) Impairment of financial assets (other than investments in equity instruments) - notes 4.12 and 31
v) Lease term and discount rate for leases - notes 4.6 and 10
vi) Provision for obsolescence of stores, spare parts and stock in trade - notes 4.9, 4.10, 29 and 30

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

i) Useful lives and residual values of property plant and equipment and investment properties

The Group reviews the useful lives and residual values of property, plant and equipment and investment properties on a regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property, plant and equipment and investment properties with a corresponding effect on the depreciation charge and impairment.

ii) Employee benefits

The Group uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations and accumulated compensated absences. The valuation is based on the assumptions mentioned in notes 4.8.2, 15 & 16.

iii) Provision for taxation

The Group takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by income tax department at the assessment stage and where the Group considers that its views on items of material nature is in accordance with the law, the amounts are shown as contingent liabilities.

iv) Impairment of financial assets (other than investments in equity instruments)

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

v) Lease term and discount rate for leases

The lease term is determined at the date of inception of lease. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. The Group reviews the useful life of the right-of-use assets on a regular basis. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. Any change in estimates in future years might affect the carrying amounts of right-of-use assets and lease liabilities with a corresponding effect on the depreciation charge and interest expense.

vi) Provision for obsolescence of stores, spare parts and stock in trade

The Group reviews the carrying amount of stores, spare parts and stock in trade on a regular basis and provision is made for obsolescence.

4. Summary of significant accounting policies

The summary of significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Principles of consolidation and equity accounting

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 4.7).

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests ('NCI') in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in consolidated other comprehensive income are reclassified to consolidated statement of profit or loss.

b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (refer to note 4.1 (d)), after initially being recognised at cost in the consolidated statement of financial position.

c) Joint arrangements

Under IFRS 11, Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has investments in joint ventures.

Joint ventures

Interests in joint ventures are accounted for using the equity method (refer to note 4.1 (d)), after initially being recognised at cost in the consolidated statement of financial position.

d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the consolidated statement of profit or loss, and the Group's share of movements in consolidated other comprehensive income of the investee in consolidated other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit / (loss) of associates in the consolidated statement of profit or loss.

e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of profit or loss where appropriate.

4.2 Taxation

Income tax expense comprises current and deferred tax. SECP vide its certificate dated December 14, 2017, has registered the Parent Company and its wholly-owned subsidiary Bulleh Shah Packaging (Private) Limited ('BSPPL'), as a 'Taxation Group' and has also, vide its certificate dated January 1, 2018, designated the Taxation Group for the purpose of group taxation under Section 59AA of the Income Tax Ordinance, 2001. Consequent to the filing of declaration for Group taxation for the tax year 2020 by the Parent Company and BSPPL, the Taxation Group will be taxed as one fiscal unit for the tax year 2020. SECP has vide its certificate dated July 30, 2019 has altered the composition of the Group to include the Parent Company, BSPPL, Packages Investments Limited and Packages Convertors Limited (wholly-owned subsidiaries) therein. Further, SECP vide its certificate dated November 06, 2019 has approved the designation of Parent Company, BSPPL, Packages Investments Limited and Packages Convertors Limited (wholly-owned subsidiaries) for Group Taxation.

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated statement of financial position and the corresponding tax bases used in the computation of the taxable profit. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity, in which case it is included in the consolidated statement of other comprehensive income or consolidated statement of changes in equity.

Deferred tax liability is not recognized in respect of taxable temporary differences associated with undistributed reserves and exchange translation reserves of subsidiaries, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Group taxation adjustments

Current and deferred taxes based on the consolidated results of the Taxation Group are allocated within the Taxation 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 Taxation Group on account of group taxation are credited or charged to consolidated statement of profit or loss in the year in which they arise.

4.3 Property, plant and equipment

4.3.1 Operating fixed assets

Operating fixed assets, except freehold land, are stated at cost less accumulated depreciation and any identified impairment loss except for leasehold land which is stated at cost less accumulated amortisation. Freehold land is stated at cost less any identified impairment loss. Cost of leasehold land is amortised using the straight line method over the period of lease term. Cost in relation to certain plant and machinery signifies historical cost, gains and losses transferred from equity on qualifying cash flow hedges as referred to in note 4.18 and borrowing costs as referred to in note 4.24. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation on all owned assets is charged to consolidated statement of profit or loss on straight-line method so as to write off the depreciable amount of an asset over its estimated useful life at the following annual rates:

- Leasehold land	1.01% to 2.63%
- Buildings	2.50% to 25.00%
- Plant and machinery	3.33% to 66.67%
- Other equipment's	5% to 50.00%
- Furniture and fixtures	10.00% to 33.33%
- Major spare parts and stand-by equipment's	3.33% to 33.33%
- Vehicles	20.00% to 50.00%

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Group's estimate of the residual values and useful lives of its owned assets as at December 31, 2019 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to owned assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed of.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.3.4 to these consolidated financial statements.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item shall flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated statement of profit or loss during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

4.3.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to owned assets as and when these are available for use.

4.3.3 Major spare parts and stand-by equipment

Major spare parts and stand-by equipment qualify as property, plant and equipment when the Group expects to use them for more than one year. Transfers are made to relevant owned assets category as and when such items are available for use.

4.3.4 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

4.4 Investment properties

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment properties of the Group comprise of land, buildings and related assets and equipment. Investment properties also include property that is being constructed or developed for future use as investment property. Some of the investment properties are leased to tenants under long term operating leases with rentals, payable monthly. The investment properties, except freehold land, are stated at cost, including related transaction costs and applicable borrowing costs less accumulated depreciation and any identified impairment losses. Freehold land is stated at cost less any identified impairment loss. Under construction properties are classified as investment property under development and carried at cost less any identified impairment losses.

Depreciation on investment properties is charged to consolidated statement of profit or loss on the straight line method so as to write off the depreciable amount of investment property over its estimated useful life at the rates ranging from 2.50% to 14.29% per annum. Depreciation on additions to investment properties is charged from the month in which a property is acquired or capitalised while no depreciation is charged for the month in which the property is disposed of.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Group's estimate of the residual values and useful lives of its investment properties as at December 31, 2019 has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.3.4 to these consolidated financial statements.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

4.5 Intangible assets

4.5.1 Goodwill

Goodwill arises through acquisitions of subsidiaries and represents the excess of the consideration transferred over the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interests in the acquiree. Goodwill on acquisition of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates and joint ventures is included in 'investments in associates' and 'investments in joint ventures' respectively and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit.

4.5.2 Software

Expenditure incurred to acquire computer software's and SAP Enterprise Resource Planning ('ERP') System and develop websites are capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss.

Costs associated with maintaining intangible assets are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

4.5.3 Research and development

Research expenditure and development expenditure that do not meet the criteria in 4.5.2 above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

4.5.4 Amortisation methods and periods

Intangible assets are amortised using the straight line method over the estimated useful lives at the rates ranging from 10.00% to 33.00%. Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Useful lives of intangible assets are reviewed, at each statement of financial position date and adjusted if the impact of on amortisation is significant. The Group's estimate of the useful lives of its intangible assets as at December 31, 2019 has not required any adjustment as its impact is considered insignificant.

Amortisation on additions to intangible assets is charged from the month in which an asset is acquired or capitalised while no amortisation is charged for the month in which the asset is disposed of.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.3.4 to these consolidated financial statements.

4.6 Leases

(1) The Group is the lessee:

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

From January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses the recent third party financing received by the Group as a starting point, adjusted to reflect the changes in financing conditions since third party financing was received;

- uses expected terms of third party financing based on correspondence with the third party financial institutions, where third party financing was not received recently; and

- makes adjustments specific to the lease e.g. terms and security.

Lease payments include fixed payments, variable lease payments that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods covered by termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). While making this assessment, the Group considers significant penalties to terminate (or not extend) as well as the significant cost of business disruption.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

The lease liability is remeasured when the Group reassesses the reasonable certainty of exercising the extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss and other comprehensive income if the carrying amount of right-of-use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease, it is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Except as detailed in Note 2.2.1(c), the Group has elected to apply the practical expedient of not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less. The lease payments associated with these leases is recognised as an expense on a straight line basis over the lease term.

(2) The Group is the lessor:

Operating leases

Assets leased out under operating leases are included in investment properties as referred to in note 24. They are depreciated over their expected useful lives on a basis consistent with similar owned operating fixed assets. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

4.7 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the following:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:
- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in the consolidated statement of profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated statement of profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated statement of profit or loss.

4.8 Employee benefits

4.8.1 Short term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leaves that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

4.8.2 Post employment benefits

Retirement benefits are payable to staff on completion of prescribed qualifying period of service. The main features of the schemes operated by the Group for its employees are as follows:

(i) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the Projected Unit Credit method.

(a) Gratuity plan

There are approved funded defined benefit gratuity plans for all permanent employees of the Parent Company and BSPPL subject to attainment of service of prescribed minimum period. Monthly contributions are made to the funds on the basis of actuarial recommendations at the rate of 4.50 percent per annum of basic salaries. The latest actuarial valuation for the gratuity scheme was carried out as at December 31, 2019. The actual return on plan assets during the year was Rs 41.196 million (2018: Rs 29.701 million). The employees of the Parent Company and BSPPL are entitled to gratuity payments on the basis of their service with the Group and in accordance with the Group policy.

The future contribution rates of these plans include allowances for deficit and surplus. Projected unit credit method, using the following significant assumptions, is used for valuation of this scheme:

	2019	2018
Discount rate per annum	11.25% - 11.75%	13.25% - 13.75%
Expected rate per annum of increase in salary level	9.50% - 11.25%	9.50% - 13.75%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table
Expected rate of return per annum	11.25% - 11.75%	13.25%

Plan assets include long term government bonds, equity instruments of listed companies, units of mutual funds, izafa certificates, treasury bills, sukuk and term deposits with banks.

The Group is expected to contribute Rs 44.468 million to the gratuity funds in the next financial year.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in consolidated statement of profit or loss.

(b) Pension plan

Management and executive staff hired before January 1, 2016 participate in the pension fund of the Parent Company. On December 26, 2012, the Board of Trustees of the pension fund, decided to convert the defined benefit plan to defined contribution plan for all its active employees with effect from January 1, 2013 with no impact on the pensioners appearing on the pensioners' list as of that date. The proposed scheme was approved for implementation by the Commissioner Inland Revenue on February 22, 2013 and employees' consent to the proposed scheme was sought and obtained. Management and executive staff who have joined on or after January 1, 2016, do not participate in the pension fund.

Consequently, the pension fund currently operates two different plans for its members:

- Defined contribution plan for active employees hired before January 1, 2016; and
- Defined benefit plan for pensioners who have retired on or before December 31, 2012.

In respect of the defined contribution plan, the Parent Company contributes 20.00% of members' monthly basic salary to the scheme; whereas, an employee may or may not opt to contribute 6.00% of his monthly basic salary to the scheme.

The obligation in respect of the defined benefit plans are determined by the funds' actuary at each year end. Any funding gap identified by the funds' actuary is paid by the Parent Company from time to time. The last actuarial valuation was carried out as at December 31, 2019.

	2019	2018
Discount rate per annum	11.25%	13.25% - 13.75%
Expected rate of increase in pension level per annum	3.50%	9.50% - 13.75%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table
Expected rate of return per annum	11.25%	13.25%

Plan assets include long term government bonds, equity instruments of listed companies, units of mutual funds, term finance certificates, izafa certificates, treasury bills, sukuk and term deposits with banks.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions for the defined benefit plan are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in consolidated statement of profit or loss.

Pension fund is a multi-employer plan formed by the Parent Company in collaboration with Tri-Pack Films Limited, an associate of the Group. The Parent Company reports its proportionate share of the plan’s commitments, managed assets and costs, after deducting share of Tri-Pack Films Limited, in accordance with guidance provided by IAS 19, 'Employee Benefits', regarding defined benefit plans.

(c) Accumulating compensated absences

The Group provides for accumulating compensated absences when the employees render services that increase their entitlement to future compensated absences. The annual leaves can be encashed at the time the employee leaves the Group on the basis of gross salary while no encashment is available for medical leaves. The employees of the Group are entitled to earned annual and medical leaves on basis of their service with the Group and in accordance with the Group policy.

During the current year, the leaves policy has been revised by the Parent Company for executives whereby the maximum accumulation of compensated leaves limit has been set to 30 days instead of 110 for employees with a service period of up to 14 years, 42 days instead of 130 for employees with a service period from 15 years to 21 years and 42 days instead of 190 for employees with a service period from 22 years or above. However, there has been no change in leaves policy for workers.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to consolidated statement of profit or loss. The most recent valuation was carried out as at December 31, 2019 using the Projected Unit Credit Method.

The amount recognised in the consolidated statement of financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the consolidated statement of profit or loss immediately in the period when these occur.

Projected Unit Credit method, using the following significant assumptions, has been used for valuation of accumulating compensated absences:

	2019	2018
Discount rate per annum	11.25% - 11.75%	13.25% - 13.75%
Expected rate of increase in salary level per annum	9.50% - 11.25%	9.50% - 13.75%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in consolidated statement of profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Parent Company operates a recognised / approved contributory provident fund for its permanent employees. Equal monthly contributions at the rate of 10.00% per annum of basic salaries plus dearness allowance and cost of living allowance are made by the Parent Company and the employees to the fund. The nature of contributory pension fund has been explained in note 4.8.2 (b) above.

BSPPL operates a recognised / approved contributory provident fund for its permanent employees. Equal monthly contributions at the rate of 10.00% per annum of basic salaries plus dearness allowance and cost of living allowance are made by BSPPL and the employees to the fund. The nature of contributory pension fund has been explained in note 4.8.2 (b) above.

Employees of Packages Lanka (Private) Limited, a subsidiary incorporated in Sri Lanka, are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The contributions are made at the rate of 12.00% and 3.00% per annum of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund, respectively.

4.9 Stores and spares

These are valued at moving weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the statement of financial position date. For items which are slow-moving and / or identified as obsolete, adequate provision is made for any excess book value over estimated realisable value on a regular basis.

4.10 Stock-in-trade

Stock of raw materials (except for those in transit), work-in-process and finished goods are valued principally at the lower of weighted average cost and net realisable value ('NRV'). Stock of packing material is valued principally at moving average cost. Cost of work-in-process and finished goods comprises cost of direct materials, labour and related production overheads (based on normal operating capacity). It excludes borrowing cost.

Materials in transit are stated at cost comprising invoice value plus other charges paid thereon.

Net realisable value is determined on the basis of estimated selling price of the product in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

If the expected net realisable value is lower than the carrying amount, a write-down is recognised for the amount by which the carrying amount exceeds its net realisable value. Provision is made in the Consolidated financial statements for obsolete and slow moving stock-in-trade based on management estimate.

4.11 Investments

Investments intended to be held for less than twelve months from the statement of financial position date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

4.11.1 Investments in equity instruments of associates and joint ventures

Investments in equity instruments of associates and joint ventures are accounted for using the equity method of accounting as referred to in note 4.1 (d).

4.12 Financial assets

4.12.1 Classification

From January 1, 2019, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income ('OCI') or through profit or loss]; and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

4.12.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

4.12.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payments of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

i) Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.

ii) FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method. Impairment expenses are presented as a separate line item in the consolidated statement of profit or loss.

iii) FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value other than investments in associates and joint ventures. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the consolidated statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4.12.4 Impairment of financial assets other than investment in equity instruments

From January 1, 2019, the Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade debts, the Group applies IFRS 9 simplified approach to measure the expected credit losses (loss allowance) which uses a life time expected loss allowance to be recognised from initial recognition of the receivables, while general 3-stage approach for deposits and other receivables and bank balances i.e. to measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

Following are the financial assets that are subject to the ECL model:

- Trade debts;
- Loans, deposits and other receivables;
- Long term security deposits and loans;
- Bank balances; and
- Short term investments.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information (adjusted for factors that are specific to the counterparty, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate). As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date. Loss allowances are forward looking, based on 12 month expected credit losses where there has not been a significant increase in credit risk rating, otherwise allowances are based on lifetime expected losses.

Expected credit losses are a probability weighted estimate of credit losses. The probability is determined by the risk of default which is applied to the cash flow estimates. In the absence of a change in credit rating, allowances are recognised when there is reduction in the net present value of expected cash flows. On a significant increase in credit risk, allowances are recognised without a change in the expected cash flows, although typically expected cash flows do also change; and expected credit losses are rebased from 12 month to lifetime expectations.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the instrument as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are considered while assessing credit risk:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increase in credit risk on other financial instruments of the same debtor; and
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees, if applicable.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, in case of trade debts, the Group considers that default has occurred when a debt is more than 360 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The Group recognises life time ECL on trade debts, using the simplified approach. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade debts with individually significant balance are separately assessed for ECL measurement. All other receivables are grouped and assessed collectively based on shared credit risk characteristics and the days past due. The expected credit losses on these financial assets are estimated using a provision matrix approach based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognizes an impairment gain or loss in the consolidated statement of profit or loss for financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statement of financial position.

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

4.13 Accounting policies applied until December 31, 2018

Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held-to-maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within twelve months, otherwise, they are classified as non-current assets.

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the consolidated statement of financial position date, which are classified as non-current assets. Loans and receivables comprise trade debts, loans, advances, deposits and other receivables and cash and cash equivalents in the consolidated statement of financial position.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the investments within twelve months from the consolidated statement of financial position date.

The financial assets including investments in associated undertakings where the Group does not have significant influence and that are intended to be held for an indefinite period of time or may be sold in response to the need for liquidity, are also classified as available-for-sale.

d) Held-to-maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are classified as held-to-maturity and are stated at amortised cost.

4.13.1 Recognition and measurement

All financial assets are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date; the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. For investments having quoted price in active market, the quoted price represents the fair value. In other cases, fair value is measured using appropriate valuation methodology and where fair value cannot be measured reliably, these are carried at cost. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated statement of profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of profit or loss when the Group's right to receive payments is established.

Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of profit or loss as gains and losses from investment securities. Dividends on available-for-sale equity instruments are recognised in the consolidated statement of profit or loss when the Group's right to receive payments is established.

The Group assesses at each statement of financial position date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the consolidated statement of profit or loss. Impairment losses recognised in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated statement of profit or loss. Impairment testing of trade debts and other receivables is described in note 4.16.

4.14 Financial liabilities

All financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed on profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the consolidated statement of profit or loss.

4.15 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated financial statements only when there is a legally enforceable right to set off the recognised amount and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.16 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing component in which case such are recognised at fair value. The Group holds the trade debts with the objective of collecting the contractual cash flows and therefore measures the trade debts subsequently at amortised cost using the effective interest rate method.

4.17 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand, demand deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark-up arrangements. In the consolidated statement of financial position, finances under mark-up arrangements are included in current liabilities.

4.18 Non-current assets / disposal group held-for-sale

Non-current assets are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

4.19 Borrowings

Borrowings are recognised initially at fair value (proceeds received), net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

Finance costs are accounted for on an accrual basis and are shown as accrued finance cost to the extent of the amount remaining unpaid.

4.20 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.21 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as cash flow hedges.

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in statement of other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss.

Amounts accumulated in equity are recognised in consolidated statement of profit or loss in the periods when the hedged item shall effect profit or loss. However, when the forecast hedged transaction results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

4.22 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities, net of discounts and sales tax. The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Group and specific criteria has been met for each of the Group's activities as described below:

(i) Sales revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and control either transfers over time or at a point in time;

(ii) License fee from operating leases / license is recognised on a straight-line basis over the lease / license term. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease / license term, on a straight-line basis, as a reduction of rental income;

(iii) Service and management charges are recognised in the accounting period in which the services are rendered. When the Group is acting as an agent, the commission rather than gross income is recorded as revenue;

(iv) Ancillary and marketing income is recognised when the event is performed;

(v) Returns on bank deposits are accrued on a time proportion basis by reference to the principal outstanding amount and the applicable rate of return; and

(vi) Dividend income is recognised when right to receive such dividend is established.

(vii) The Group earns rental income on some of its property leased out. Rental income is recognized on accrual basis over the period of lease agreement as per the requirements of IFRS 16.

4.23 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the consolidated financial statements of the each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Pak Rupees, which is the Group’s functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees.

b) Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the consolidated statement of financial position date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to consolidated statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined. Foreign exchange gains and losses are recognised in the consolidated statement of profit or loss except in case of items recognised in other comprehensive income or equity in which case it is included in other comprehensive income or equity respectively.

c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each consolidated statement of financial position item presented are translated at the closing rate at the date of that consolidated statement of financial position;

(ii) income and expenses for each item of consolidated statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised in consolidated other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in consolidated other comprehensive income.

4.24 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing / finance costs are recognised in consolidated statement profit or loss in the period in which they are incurred.

4.25 Dividend

Dividend distribution to the Group's shareholders is recognised as a liability in the period in which the dividends are declared and other appropriations are recognised in the period in which these are approved by the Board of Directors ('BOD').

4.26 Compound financial instruments

Compound financial instruments issued by the Group represent preference shares / convertible stock that can be converted into ordinary shares or can be settled in cash.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

4.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating decision-maker. The Chief Operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the BOD of the Parent Company. Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Makers (the CODMs) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group executive committee.

Segment results that are reported to the CODMs include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenses. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments.

4.28 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow shall be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

4.29 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, if any.

4.30 Earnings per share

The Group presents basic and diluted earnings per share ('EPS') data for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.31 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5. Issued, subscribed and paid up capital

2019	2018		2019	2018
(Number of shares)			(Rupees in thousand)	
		Fully paid ordinary shares of Rs 10 each as at the beginning of the year		
33,603,295	33,603,295	- issued against cash	336,033	336,033
		- issued against consideration other than cash		
148,780	148,780	(property, plant and equipment)	1,488	1,488
		- issued against conversion of preference		
5,000,000	5,000,000	shares / convertible stock	50,000	50,000
50,627,429	50,627,429	- issued as bonus shares	506,274	506,274
89,379,504	89,379,504		893,795	893,795

5.1 26,707,201 (2018: 26,707,201) ordinary shares of the Parent Company are held by the Group's associate, IGI Investments (Private) Limited.

6. Reserves

Composition of reserves is as follows:

		2019	2018
		(Rupees in thousand)	
Capital reserves			
- Share premium	- note 6.1	3,766,738	3,766,738
- Exchange differences on translation of foreign operations	- note 6.2	(143,768)	(194,715)
- Fair value reserve		-	28,858,325
- FVOCI reserve	- note 6.3	25,391,540	-
- Other reserves relating to associates and joint ventures	- note 6.4	3,125,196	3,527,025
- Transaction with non-controlling interests	- note 6.5	80,976	22,981
- Capital redemption reserve	- note 6.6	1,615,000	1,615,000
		33,835,682	37,595,354
Revenue reserve			
- General reserve		18,310,333	17,310,333
		52,146,015	54,905,687

6.1 This reserve can be utilised by the Group only for the purposes specified in section 81 of the Companies Act.

6.2 This represents exchange differences arising on translation of the foreign controlled entities that are recognised in other comprehensive income as described in note 4.23 (c). The cumulative amount is reclassified to consolidated statement of profit or loss when the net investment is disposed of.

6.3 This represents the unrealized gain on remeasurement of investments at FVOCI and is not available for distribution.

6.4 This represents Group's share of net other comprehensive income of the associates and joint ventures. The amount shall be transferred to consolidated statement of profit or loss on subsequent reclassification.

6.5 This reserve is used to record the differences described in note 4.1 (e) which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

6.6 This reserve was created on account of redemption of 8.5 million preference `shares / convertible stock of Rs 190 each in 2016 as per the requirements of section 85 of the repealed Companies Ordinance, 1984.

7. Equity portion of loan from shareholder of the Parent Company

This represents equity portion of interest free loan from shareholder of the Parent Company. On April 26, 2017, the terms of the loan were modified and tenure of the loan was extended to December 31, 2017. The terms of the loan were again modified and tenure of the loan was extended to December 31, 2019. The gain of Rs 33.377 million on renegotiation(s) and gain of Rs 90.620 million on initial recognition of long term loan were classified directly in equity as a capital contribution of the shareholder of the Parent Company. On December 31, 2018, the tenure of loan was further extended to December 31, 2022. The gain of Rs 141.074 million on initial recognition is classified directly in equity as a capital contribution of the shareholder of the Parent Company.

		2019	2018
		(Rupees in thousand)	
Opening balance		277,219	171,187
Equity portion of long term loan at initial recognition	- note 9.1	-	141,075
Amount attributable to NCI		-	(35,043)
Closing balance		277,219	277,219

8. Long term finances

These are composed of:

		2019	2018
- Local currency loans - secured			
- Long term finance facility I	- note 8.1	-	571,450
- Long term finance facility II	- note 8.2	-	750,000
- Long term finance facility III	- note 8.3	3,952,904	4,062,819
- Long term finance facility IV	- note 8.4	2,844,755	2,992,989
- Long term finance facility V	- note 8.5	1,645,000	3,290,000
- Long term finance facility VI	- note 8.6	916,666	1,000,000
- Long term finance facility VII	- note 8.7	2,000,000	2,000,000
- Long term finance facility VIII	- note 8.8	2,000,000	-
- Long term finance facility IX	- note 8.9	1,000,000	-
- Long term finance facility X	- note 8.10	2,000,000	-
		16,359,325	14,667,258
- Foreign currency loans - secured			
- Term finance loan I	- note 8.11	909,538	856,055
- Term finance loan II	- note 8.12	409,187	542,084
- Term finance loan III	- note 8.13	208,678	88,131
- Term finance loan IV	- note 8.14	238,283	
- Term finance loan V	- note 8.15	37,420	
		1,803,106	1,486,270
- Preference shares / convertible stock - unsecured	- note 8.14	932,650	932,650
		19,095,081	17,086,178
Current portion shown under current liabilities	- note 17	(4,146,686)	(3,519,886)
		14,948,395	13,566,292

8.1 Long term finance facility I

This loan was obtained from Meezan Bank Limited under the Islamic mode of finance as a Musharika. It was secured by a first pari passu charge over all present and future moveable fixed assets and specific land and buildings of the Parent Company located at Kasur and Karachi amounting to Rs 2,500 million. This loan was fully repaid during the year. The loan carried mark-up at the rate of six month Karachi Inter Bank Offered Rate ('KIBOR') plus 0.10% per annum. The effective mark-up charged during the year ranges from 10.90% to 13.21% (2018: 6.31% to 7.14%) per annum.

8.2 Long term finance facility II

This represented a Term Finance Facility (the 'Facility') of Rs 11,000 million obtained from Habib Bank Limited to finance the redemption of preference shares issued to International Finance Corporation, Washington D.C, United States of America ('IFC'). The Facility was secured against pledge of Nestle Pakistan Limited's shares owned by the Parent Company under a "Share Pledge Agreement" as referred to note 27.2. The Parent Company made a drawdown of Rs 3,000 million on September 8, 2016 out of which, Rs 1,500 million was prepaid before December 31, 2016 as permitted under the Facility. As per the agreement, the Parent Company was entitled to make drawdowns of the remaining facility within 18 months of the first drawdown date. The Facility carried mark-up at the rate of six month KIBOR plus 0.25% per annum. This loan was fully repaid during the year. The effective mark-up rate charged during the year ranges from 8.35% to 11.10% (2018: 6.40% to 8.35%) per annum.

8.3 Long term finance facility III

This represents term finance facility of Rs 4,500 million from MCB Bank Limited. The Group obtained first disbursement in September 2015. As at December 31, 2019 the amount outstanding is Rs 3,850 million (2018: Rs 4,000 million) against term finance. The loan carries markup at annual rate of 6 months KIBOR plus 0.14% and 0.30% during first and last three and half years respectively during the tenure of the loan. Markup is payable half yearly in arrears. The tenure of the loan is seven years and it is repayable after a grace period of three and half years from first disbursement date in seven semi-annual installments commencing from September 30, 2019. However, the Group made early repayments aggregating to Rs 500 million during the last year and Rs 150 million during the current year.

- First exclusive charge over all present and future movable fixed assets of the Group's subsidiary, namely PREPL including but not limited to plant, machinery, equipment, fixtures and other installations and such movables of whatsoever nature installed or to be installed at the premises of PREPL located anywhere in Pakistan.

-First exclusive equitable mortgage charge on all that piece and parcel of property owned by the Parent Company, measuring 119 kanals 15 marlas and 62.25 Sq. fts in aggregate, situated at Moza Amar Saddhu, Tehsil/District Lahore together with all present and future construction thereon, and present & future fixtures and fittings attached thereto, that are presently and/or in future the property of the Parent Company.

8.4 Long term finance facility IV

This represents term finance facility of Rs 3,500 million from Allied Bank Limited. The Group obtained first disbursement in February 2016. As at December 31, 2019 the amount outstanding is Rs 2,850 million (2018: Rs 3,000 million) against term finance. The loan carries markup at annual rate of six months KIBOR plus 0.17%. Markup is payable half yearly in arrears. The tenure of the loan is seven years and it is repayable after a grace period of three and half years from first disbursement date in seven semi-annual installments commencing from February 10, 2020. However, the Group made an early repayment of 500 million during the last year and Rs 150 million during the current year.

- First pari passu charge over all present and future movable fixed assets of the Group's subsidiary, namely PREPL including but not limited to plant, machinery, equipment, machinery in transit, tools, spares, fittings and fixtures and other installations installed or to be installed, stored and kept at the premises of customer located anywhere in Pakistan.

- First pari passu charge on all that piece and parcel of property owned by the Parent Company, measuring 119 kanals 15 marlas and 62.25 Sq. fts in aggregate, situated at Moza Amar Saddhu, Tehsil/District Lahore together with all present and future construction thereon, and present & future fixtures and fittings attached thereto, that are presently and/or in future the property of the Parent Company.

Subsequent to the year end, ABL has provided No Objection Certificate to the Group's subsidiary namely PREPL and released the charge to the extent of Rs 467 million. Group's subsidiary namely PREPL is in the process of registering the same in favour of MCB to avail short term finances.

8.5 Long term finance facility V

This loan has been obtained from a consortium of commercial banks comprising of MCB Bank Limited ('MCB'), Allied Bank Limited and United Bank Limited (together 'the consortium members') led by MCB to fund the capital expenditure costs of the Group. Under the terms of the agreement, MCB is also acting as the agent bank and the security trustee. The aggregate loan amount is Rs 7,000 million. It carries mark-up at six month KIBOR plus 0.15% per annum (2018: KIBOR plus 0.15% per annum). The effective mark-up charged during the year ranges from 8.25% to 14.19% per annum (2018: 6.60% to 8.25% per annum). Mark-up is payable semi-annually in arrears. This loan is repayable in 4 years after expiry of second availability period. The balance is repayable in 4 equal semi-annual instalments ending on September 2020.

- It is secured by an aggregate sum of Rs 9,333 million by a first priority mortgage of the title deeds of immovable properties. Furthermore, it is secured by an aggregate sum of Rs 3,290 million by a joint pari passu hypothecation charge on plant & machinery of Group's subsidiary namely BSPPL.

8.6 Long term finance facility VI

This loan has been obtained from MCB Islamic Bank Limited against diminishing musharaka agreement to meet the capital expenditure requirements already incurred by the Group from own sources. The aggregate loan amount is Rs 1,000 million. It carries mark-up at three month KIBOR plus 0.10% per annum (2018: KIBOR plus 0.10% per annum). The effective mark-up charged during the year ranges from 9.38% to 14.01% per annum (2018: 8.02% to 9.38% per annum). Mark-up is payable quarterly in arrears. This loan is repayable in 4 years including a grace period of 1 year. The balance is repayable in 12 equal quarterly instalments ending on August 2022.

- It is secured by an aggregate sum of Rs 1,334 million by a joint pari passu hypothecation charge on plant & machinery of Group's subsidiary namely BSPPL.

8.7 Long term finance facility VII

This loan has been obtained from Allied Bank Limited for the purpose of re-profiling of statement of financial position and meeting capital expenditure requirements of BSPPL. The aggregate loan amount is Rs 2,000 million. It carries mark-up at six month KIBOR plus 0.10% per annum (2018: KIBOR plus 0.10% per annum).The effective mark-up charged during the year ranges from 8.19% to 14.14% per annum (2018: 8.19% to 10.67% per annum). Mark-up is payable semi-annually in arrears. This loan is repayable in 7 years including a grace period of 2 years. The balance is repayable in 10 equal semi-annual instalments ending on September 2025.

- It is secured by an aggregate sum of Rs 2,667 million by a ranking charge over land and building and an aggregate sum of Rs 2,667 million by a joint pari passu hypothecation charge on plant and machinery of Group's subsidiary namely BSPPL.

8.8 Long term finance facility VIII

This loan has been obtained from Habib Bank Limited (HBL) Islamic Bank Limited against diminishing musharaka agreement to meet the capital expenditure requirements already incurred by the Group from own sources. The aggregate loan amount is Rs 2,000 million. It carries mark-up at three month KIBOR plus 0.10% per annum (2018: Nil). The effective mark-up charged during the year is 10.94% to 14.18% per annum (2018: Nil). Mark-up is payable quarterly in arrears. This loan is repayable in 5 years including a grace period of 2 years. The balance is repayable in 6 equal semi-annual instalments ending in March 2024.

- It is secured by an aggregate sum of Rs 2,667 million by a joint pari passu hypothecation charge on plant & machinery of Group's subsidiary namely BSPPL.

8.9 Long term finance facility IX

This loan has been obtained from Allied Bank Limited for the purpose of re-profiling of statement of financial position and meeting capital expenditure requirements of the Group. The aggregate loan amount is Rs. 1,000 million. It carries mark-up at six month KIBOR plus 0.20% per annum (2018: Nil). The effective mark-up charged during the year is 14.11% per annum (2018: Nil). Mark-up is payable semi-annually in arrears. This loan is repayable in 5 years including a grace period of 2 years. The balance is repayable in 6 equal semi-annual instalments ending on September 2024.

- It is secured by an aggregate sum of Rs 1,334 million by a ranking charge over all the present and future fixed assets i.e. land, building and plant and machinery of Group's subsidiary namely BSPPL.

8.10 Long term finance facility X

This represents a Term Finance Facility (the 'Facility') of Rs 2,000 million obtained from Habib Bank Limited to finance working capital requirements of the Group. The Facility is secured against pledge of Nestle Pakistan Limited's shares owned by the Parent Company under a "Share Pledge Agreement" as referred to note 27.2. The loan carries mark-up at the rate of six month KIBOR plus 0.10% per annum. The balance is repayable in ten equal semi-annual instalments ending on March 06, 2025. The effective mark-up rate charged during the year ranges from 10.94% to 13.21% per annum.

8.11 Term finance loan I

This represents:
(i) loan obtained from Habib Bank Limited, Offshore Banking Unit, Bahrain ('HBL Bahrain') of USD 9.5 million to finance the acquisition of Group subsidiary, namely, FPC. This facility is secured against the Group's shareholding in FPC and has been provided against a guarantee in the form of a Standby Letter of Credit (‘SBLC’) issued by Habib Bank Limited Pakistan ('HBL Pakistan') in favour of HBL Bahrain as referred to in note 21.1.(v). SBLC is secured against pledge of Nestle Pakistan Limited shares owned by the Parent Company. It carries mark-up at the rate of 6-Months London Inter Bank Offer Rate ('LIBOR') plus 3.95% per annum and the balance USD 8.8 million is payable in 10 equal semi-annual instalments starting from November 2017 and ending in May 2022.

(ii) loan obtained from Habib Bank Limited, Offshore Banking Unit, Bahrain ('HBL Bahrain') of USD 1.5 million to finance the purchase of additional shareholding of Group subsidiary, namely, FPC. This facility is secured against the Group's shareholding in FPC and has been provided against a guarantee in the form of a Standby Letter of Credit (‘SBLC’) issued by Habib Bank Limited Pakistan ('HBL Pakistan') in favour of HBL Bahrain as referred to in note 21.1.(v). SBLC is secured against pledge of Nestle Pakistan Limited shares owned by the Parent Company. It carries mark-up at the rate of 6-Months London Inter Bank Offer Rate ('LIBOR') plus 4.0% per annum and the balance USD 1.5 million is payable in 5 equal semi-annual instalments starting from May 2020 and ending in May 2022.

8.12 Term finance loan II

This represents a term loan from First National Bank South Africa at a prime rate with a sixty month fixed repayment period, against the security of a portion of plant and machinery of the Group. Refer note 22.1.3.

8.13 Term finance loan III

This term loan has been obtained from MCB Bank Limited, Sri Lanka and is repayable in bi-annual installments within two years. The loan carries markup at Average Weighted Prime Lending Rate ('AWPLR') and is secured against Plant and Machinery and Land and Buildings of Group's Subsidiary namely PLL as referred to in note 22.1.4.

8.14 Term finance loan IV

The Group's Subsidiary namely FPCL has obtained long term loan amounting to USD 1.5 million from Wesbank under the Asset Finance Facility for financing the acquisition of a new 5 Layer Extrusion machine at a rate of AWPLR minus 0.3% with a 60 months fixed repayment period ending on 01 November 2024, against the security of the 5 Layer Extrusion Machine included in plant and machinery. Refer note 22.1.3.

8.15 Term finance loan V

The Group's Subsidiary namely FPCL has obtained long term loan amounting to USD 0.2 million from Wesbank under the Asset Finance Facility for financing the acquisition of a new Wicketed Bag machine at the prime rate with a 48 months fixed repayment period ending on 01 March 2023, against the security of the Wicketed Bag Machine included in plant and machinery. Refer note 22.1.3.

8.16 Preference shares / convertible stock - unsecured

During the year 2009, the Parent 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 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 Parent 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 Group, 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 consolidated statement of financial position as follows:

		2019	2018
		(Rupees in thousand)	
Face value of preference shares / convertible stock			
[8,186,842 (2018: 8,186,842) shares of Rs 190 each]		1,555,500	1,555,500
Transaction costs		(16,628)	(16,628)
		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 finance cost	- note 20	155,550	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.

9. Loan from shareholder of the Parent Company - unsecured

This represents loan repayable to Babar Ali Foundation and is interest free. It is being carried at amortized cost using market rate of 16% for a similar instrument.

		2019	2018
		(Rupees in thousand)	
Opening balance		220,916	409,380
Repayment during the year		(50,000)	(100,000)
Equity portion of loan on re-negotiation	- note 9.1	-	(141,075)
Interest accrued during the year	- note 41	53,314	52,611
		224,230	220,916

9.1 On December 31, 2018, the Group and Babar Ali Foundation re-negotiated the terms of the loan. In accordance with the revised terms the tenure of the loan was extended to December 31, 2022. The gain of Rs 141.075 million on re-negotiation was recognised directly in equity as a capital contribution of the shareholder of the Parent Company.

10. Lease liabilities

The Group has obtained vehicles, plant and machinery, equipment's, land and buildings on lease from different parties. Reconciliation of the carrying amount is as follows:

		(Rupees in thousand)
Balance as at December 31, 2018		42,656
Balance as at January 1, 2019		42,656
Initial application of IFRS 16 on January 1, 2019		788,515
Adjusted balance as at January 1, 2019 under IFRS 16		831,171
Additions during the year		23,122
Interest on lease liability	- note 41	144,530
Exchange rate effect		16,834
Payments made during the year		(231,655)
		784,002
Current portion shown under current liabilities	- note 17	(164,439)
Balance as at December 31, 2019		619,563

10.1 Maturity analysis as at December 31, 2019

Gross lease liabilities - minimum lease payments:	
Not later than 1 year	172,808
Later than 1 year but not later than 5 years	597,150
	769,958
Future finance charge	14,044
Present value of finance lease liabilities	784,002

11. Security deposits

These represent interest free security deposits from tenants and are repayable on cancellation / withdrawal of the license / lease agreement or on cessation of business with the Group. Gross value received from tenants as at year end is Rs 444 million (2018: Rs 439.355 million). These have been carried at amortized cost using a market interest rate of 10% - 14% (2018: 10%-11%) per annum for a similar instrument. The gain on initial recognition is recognised as deferred income and would spread over the license lease term. These are not kept in a separate bank account as the Group can utilise the amount for any purpose in accordance with the agreements with tenants.

		2019	2018
		(Rupees in thousand)	
Cumulative security deposits from tenants		444,000	439,355
Less: cumulative income arising on initial recognition deferred over the lease term		(153,239)	(148,043)
Security deposits recognized		290,761	291,312
Add: Interest on security deposits			
- Prior years		24,590	-
- During the year	- note 41	30,599	24,590
		55,189	24,590
		345,950	315,902

12. Deferred income

		2019	2018
Opening balance		119,077	140,596
Add: income recognised during the year on receipt of security deposits		5,196	7,447
Less: transferred to consolidated statement of profit or loss		(33,070)	(28,966)
Deferred income recognised		91,203	119,077
Income to be recognised in the following year classified under current liabilities	- note 17	(35,835)	(34,848)
		55,368	84,229

13. Deferred taxation

The liability for deferred taxation comprises taxable/(deductible) temporary differences relating to:

		2019	2018
		(Rupees in thousand)	
Deferred tax liability			
Accelerated tax depreciation		2,914,376	2,377,428
Fair value gain on acquisition of subsidiary		558,301	576,238
Investments in associates and joint ventures		358,000	372,000
Right-of-use assets		56,624	-
Deferred tax asset			
Minimum tax available for carry forward	- note 13.1	-	-
Unused tax losses	- note 13.2	(1,188,164)	(1,100,362)
Intangible assets		(4,058)	(4,423)
Provision for slow moving stock and stores		(55,781)	(9,151)
Provision for doubtful receivables		-	(8,427)
Lease liabilities		(221,695)	-
Straightlining of operating leases		-	(16,452)
Provision for unfunded defined benefit plan		(8,908)	(6,422)
Provision for accumulating compensated absences		(112,062)	(146,850)
Provision for impairment loss on trade debts		(53,366)	-
Others		(6,062)	(2,868)
		2,237,205	2,030,711

13.1 Deferred tax asset on tax losses representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 is recognised to the extent that the realization of related tax benefits through future taxable profits of the Group is probable. The Group has not recognised deferred tax asset of Rs 531.941 million (2018: Rs 663.436 million), out of which Rs 18.394 million is set to lapse in the accounting year 2022, Rs 246.969 million is set to lapse in the accounting year 2023 and Rs 266.577 million is set to lapse in the accounting year 2024, in respect of minimum tax available for carry forward arisen after the formation of the Taxation Group as referred to in note 4.1, as sufficient taxable profits would not be available to the Group to utilise these in the foreseeable future. Deferred tax asset has also not been recognised on minimum tax credit prior to the formation of the Taxation Group amounting to Rs 96.690 million (2018: Rs 583.654 million) as the same can not be realized against the taxable profits of the Group. Presently, the Group does not intend to opt out of the Taxation Group in foreseeable future. However, in case the Group opts out of the Taxation Group, this minimum tax credit will become available for realization against the taxable profits of the Group. The minimum tax credit prior to formation of the Taxation Group is set to lapse in the accounting year 2021.

13.2 The unabsorbed depreciation loss of Rs 3,218.255 million (2018: Rs 3,218.255 million) is available for set off against income of BSPPL under separate return for indefinite period, but not available under the group taxation model.

13.3 For the purpose of current taxation, unused tax losses available for carry forward to PREPL are Rs 1,449.196 million (2018: Rs 1,355.553 million). PREPL has not recognized any related deferred tax asset based on prudence principle as sufficient tax profits would not be available to set these off in the foreseeable future.

13.4 As at December 31, 2019, AHL had accumulated tax losses of Rs 293.337 million (2018: Rs 199.833 million) which are available for set off against taxable profit of AHL up to the year ending December 31, 2024. No deferred tax assets has been recognised against the tax loss carried forward due to the unpredictability of future profit streams of the AHL.

13.5 The gross movement in net deferred tax liability during the year is as follows:

		2019	2018
		(Rupees in thousand)	
Opening balance		2,030,711	2,565,506
Charged / (credited) to consolidated statement of profit or loss	- note 43	58,454	(528,421)
(Credited) / charged to consolidated other comprehensive income		(10,558)	32,930
Directly charged to equity- impact of adoption of IFRS 9 and 16		(6,610)	-
Exchange loss / (gain)		165,208	(39,304)
Closing balance		2,237,205	2,030,711

14. Long term advances

This represents contributions made by employees for purchase of the Group vehicles. The vehicles are transferred to employees at the end of six years as per Group policy. The interest free long term advances have been discounted at a rate of 12.28% per annum to arrive at the present value. The reconciliation of the carrying amount is as follows:

		2019	2018
		(Rupees in thousand)	
Opening balance		104,990	82,301
Discounting adjustment	- note 40	(35,145)	-
Opening balance after adjustment		69,845	82,301
Additions during the year		19,491	39,964
Disposals during the year		(15,467)	(17,275)
Closing balance		73,869	104,990
Current portion shown under current liabilities	- note 17	(4,530)	(8,398)
Long term advances		69,339	96,592

		2019	2018
		(Rupees in thousand)	

15. Retirement benefits

Classified under non-current liabilities

Funded			
- Pension funds	- note 15.1	316,373	244,596
- Gratuity funds	- note 15.1	499,276	425,234
		815,649	669,830
Unfunded			
- Staff gratuity	- note 15.2	31,815	22,937
		847,464	692,767

15.1 Amounts recognised in consolidated statement of financial position

	Pension funds		Gratuity funds	
	2019	2018	2019	2018
	(Rupees in thousand)			
The amounts recognised in the consolidated statement of financial position are as				
Fair value of plan assets	393,531	446,098	516,770	475,936
Present value of defined benefit obligation	(709,904)	(690,694)	(1,016,046)	(901,170)
Liability as at December 31	(316,373)	(244,596)	(499,276)	(425,234)

15.1.1 Movement in net liability for retirement benefits

Net liability as at January 1	(244,596)	(181,715)	(425,234)	(317,539)
Charged to consolidated statement of profit or lo	(32,407)	(14,992)	(117,704)	(79,995)
Net remeasurement for the year recorded in consolidated other comprehensive income ('OCI')	(39,370)	(47,889)	3,440	(65,048)
Contribution by the Group	-	-	40,222	37,348
Net liability as at December 31	(316,373)	(244,596)	(499,276)	(425,234)

15.1.2 Movement in present value of defined benefit obligation

	Pension funds		Gratuity funds	
	2019	2018	2019	2018
	(Rupees in thousand)			
Present value of defined benefit obligation as at January 1	690,694	702,959	901,170	828,254
Service cost	-	-	63,296	55,335
Interest cost	86,376	54,907	117,366	65,305
Benefits paid	(77,591)	(74,823)	(49,557)	(75,025)
Benefits due but not paid	-	-	(415)	-
Actuarial (gains) / losses from change in financial assumptions	(826)	(21,937)	8,720	(25,354)
Experience adjustments	11,251	29,588	(24,534)	52,655
Present value of defined benefit obligation as at December 31	709,904	690,694	1,016,046	901,170

	Pension funds		Gratuity funds	
	2019	2018	2019	2018
	(Rupees in thousand)			

15.1.3 Movement in fair value of plan assets

Fair value as at January 1	446,098	521,244	475,936	510,715
Interest income on plan assets	53,968	39,915	62,958	40,645
Group contributions	-	-	40,222	37,348
Benefits paid	(77,590)	(74,823)	(49,557)	(75,025)
Benefits due but not paid	-	-	(415)	-
Return on plan assets, excluding interest income	(28,945)	(40,238)	(12,374)	(37,747)
Fair value as at December 31	393,531	446,098	516,770	475,936

15.1.4 Risks faced by the Group on account of gratuity and pension funds

- Final salary risks - The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

- Asset volatility - Most assets are invested in risk free investments of 3, 5 or 10 years in Government Bonds. However, investments in equity instruments are subject to adverse fluctuations as a result of change in the market price.

- Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

- Investment risks - The risk of the investments underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investments.

- Risk of insufficiency of assets - This is managed by making regular contribution to the fund as advised by the actuary.

- In addition to above, the pension fund exposes the Group to longevity risk i.e. the pensioners survive longer than expected.

15.1.5 Amounts recognised in the consolidated statement of profit or loss

	Pension fund		Gratuity funds	
	2019	2018	2019	2018
	(Rupees in thousand)			
Current service cost	-	-	63,296	55,335
Interest cost for the year	86,375	54,907	117,366	65,305
Interest income on plan asset	(53,968)	(39,915)	(62,958)	(40,645)
Net expense charged to consolidated statement of profit or loss	32,407	14,992	117,704	79,995

15.1.6 Remeasurements charged to consolidated OCI

Actuarial (gains) / losses from change in financial assumptions	(826)	(21,937)	8,720	(25,354)
Experience adjustments	11,251	29,588	(24,534)	52,655
Return on plan assets, excluding interest income	28,945	40,238	12,374	37,747
Total remeasurements charged to consolidated OCI	39,370	47,889	(3,440)	65,048

15.1.7 Plan assets

Plan assets are comprised as follows:

	Pension funds		Gratuity funds	
	2019	2018	2019	2018
	(Rupees in thousand)			
Debt instruments	258,155	257,175	293,940	253,313
Shares and units of mutual funds	130,653	184,327	205,614	213,275
Cash at banks	4,723	4,506	17,216	9,348
Others	-	90	-	-
	393,531	446,098	516,770	475,936

15.1.8 The present value of defined benefit obligation, the fair value of plan assets and the deficit or surplus of pension fund is as follows:

As at December 31	2019	2018	2017	2016	2015
	(Rupees in thousands)				
Present value of defined benefit obligation	709,904	690,694	702,959	706,447	651,753
Fair value of plan assets	393,531	446,098	521,244	691,464	627,009
Deficit	(316,373)	(244,596)	(181,715)	(14,983)	(24,744)
Experience adjustment on obligation	2%	4%	5%	4%	-5%
Experience adjustment on plan assets	-7%	-9%	-28%	12%	-11%

Fair value of plan assets include ordinary shares of the Parent Company, whose fair value as at December 31, 2019 is Rs 263.182 million (2018: Rs 255.381 million).

15.1.9 The present value of defined benefit obligation, the fair value of plan assets and the surplus of gratuity funds is as follows:

	2019	2018	2017	2016	2015
			(Rupees in thousands)		
As at December 31					
Present value of defined benefit obligation	1,016,046	901,170	828,254	488,985	378,247
Fair value of plan assets	516,770	475,936	510,715	416,664	362,566
(Deficit) / surplus	(499,276)	(425,234)	(317,539)	(72,321)	(15,681)
Experience adjustment on obligation	-4%	6%	3%	13%	6%
Experience adjustment on plan assets	-3%	-6%	14%	13%	1%

Fair value of plan assets include ordinary shares of the Parent Company, whose fair value as at December 31, 2019 is Rs 41.665 million (2018: Rs 40.420 million).

15.2 Unfunded retirement benefits - staff gratuity

	2019	2018
	(Rupees in thousand)	
As at the beginning of the year	22,937	17,332
Interest cost	3,039	2,126
Charge for the year	3,146	2,331
Payments made during the year	(466)	(608)
Actuarial loss - OCI	492	616
Exchange adjustment	2,667	1,140
As at the end of the year	31,815	22,937

15.3 Sensitivity analysis

	2019	
	Pension fund	Gratuity funds
	(Rupees in thousand)	
Year end sensitivity analysis on defined benefit obligation:		
Discount rate + 100 bps	666,013	934,081
Discount rate - 100 bps	759,562	1,110,925
Salary increases / indexation + 100 bps	759,724	1,110,983
Salary increases / indexation - 100 bps	665,377	932,545

16. Deferred liabilities

This represents provision made to cover the obligation for accumulating compensated absences.

		2019	2018
		(Rupees in thousand)	
Opening balance		579,478	525,282
Charged to consolidated statement of profit or loss	- note 16.2	103,236	102,253
		682,714	627,535
Payments made during the year		(284,017)	(48,057)
Closing balance	- note 16.1	398,697	579,478

16.1 Movement in liability for accumulating compensated absences

Present value of obligation as at January 1	579,478	525,282
Current service cost	44,596	46,979
Interest cost on defined benefit obligation	58,548	29,408
Benefits paid during the year	(284,017)	(48,057)
Remeasurement during the year	11,992	25,866
Experience losses	(11,900)	-
Present value of obligation as at December 31	398,697	579,478

16.2 Charged during the year

Current service cost	44,596	46,979
Interest cost	58,548	29,408
Experience losses	(11,900)	-
Remeasurement during the year	11,992	25,866
Expense charged to the consolidated statement of profit or loss	103,236	102,253

16.3 Amounts of current period and previous four periods of accumulating compensated absences are as follows:

	2019	2018	2017	2016	2015
			(Rupees in thousand)		
As at December 31					
Present value of accumulating compensated absences	398,697	579,478	525,282	349,437	234,990
Actuarial remeasurements	(4,261)	25,866	7,757	111,678	30,679

16.4 Sensitivity analysis

	2019 Accumulating compensated absences (Rupees in thousand)
Year end sensitivity analyses on defined benefit obligation are as follows:	
Discount rate + 100 bps	190,989
Discount rate - 100 bps	224,272
Salary increases + 100 bps	224,088
Salary increases - 100 bps	190,861

17. Current portion of non-current liabilities

		2019	2018
		(Rupees in thousand)	
Current portion of long term finances - secured	- note 8	4,146,686	3,519,886
Current portion of lease liabilities	- note 10	164,439	21,662
Current portion of long term advances	- note 14	4,530	8,398
Current portion of deferred income	- note 12	35,835	34,848
		4,351,490	3,584,794

18. Finances under mark-up arrangements - secured

		2019	2018
		(Rupees in thousand)	
Running finances - secured	- note 18.1	9,736,503	10,523,495
Short term finances - secured	- note 18.2	1,650,321	1,095,000
		11,386,824	11,618,495

18.1 Running finances - secured

Short term running finances available from a consortium of commercial banks under mark-up arrangements amount to Rs 21,276 million (2018: Rs 18,151 million). The rates of mark-up are based on KIBOR plus spread and range from 10.42% to 15.10% (2018: 6.16% to 11.00%) per annum or part thereof on the balances outstanding. In the event the Group fails to pay the balances on the expiry of the quarter, year or earlier demand, mark-up is to be computed at the rates ranging from 10.67% to 22.00% (2018: 7.46% to 22.00%) per annum or part thereof on the balances unpaid. The aggregate running finances are secured by hypothecation of stores, spares, stock-in-trade and trade debts.

18.2 Short term finances - secured

Facilities for obtaining short term finances of Rs 15,380 million (2018: Rs 15,265 million) are available to the Group as a sub-limit of the running finance facilities referred to in note 18.1. The rates of mark-up are based on KIBOR plus spread ranging from 9.00% to 13.85% (2018: 6.12% to 10.59%) per annum or part thereof on the balances outstanding. The aggregate short term finances are secured by hypothecation of current assets of the Group including stores, spares, stock-in-trade and trade debts.

18.3 Letters of credit and bank guarantees

Of the aggregate facilities of Rs 14,120 million (2018: Rs 17,159 million) for opening letters of credit (including Rs 7,920 million available to Group as sub-limit of the running finance facilities referred to in note 18.1) and Rs 2,100 million (2018: Rs 2,444 million) for guarantees, the amounts utilised at December 31, 2019 were Rs 2,115 million (2018: Rs 2,915 million) and Rs 1,730 million (2018: Rs 1,574 million) respectively. The facilities for guarantee are secured by second hypothecation charge over stores, spares, stock-in-trade and trade debts. Guarantees issued includes an amount of Rs 187.226 million (2018: Rs 181 million) which has been issued in favour of a customer under an agreement whereby the Group has committed to purchase and install certain plant and machinery at its Lahore premises by March 31, 2020. Under the agreement, the customer is required to contribute Rs 187.226 million as its share towards the cost of said plant and machinery.

18.4 Bills discounted - secured

Facilities for discounting of export / inland bills of Rs 10 million (2018: Rs 481 million) are available to the Group as a sub-limit of the running finance facilities referred to in note 18.1. Mark-up is fixed as per mutual agreement at the time of transaction. The outstanding balance of bills discounted is secured, in addition to the securities referred to in note 18.1, on the specific bills discounted. The facility has not been availed in the current year.

19. Trade and other payables

		2019	2018
		(Rupees in thousand)	
Trade creditors	- note 19.1	4,391,399	4,370,850
Accrued liabilities	- note 19.2, 19.3 19.4, 19.5 & 19.6	2,126,553	3,033,957
Bills payable		75,107	206,436
Retention money payable		1,600	43,150
Sales tax payable		-	6,885
Sales tax withholding payable		9,878	8,099
Withholding tax payable		618	-
Advances from customers	- note 19.7	510,939	160,227
Payable to retirement funds	- note 19.8	34,370	33,189
Deposits - interest free repayable on demand	- note 19.9	18,829	14,635
Profit payable on term finance certificate ('TFC')	- note 34.3	1,332	1,332
Workers' profit participation fund	- note 19.10	946,012	895,385
Workers' welfare fund	- note 19.11	32,231	9,043
Operating lease rentals		-	58,755
Others	- note 19.12	150,552	145,028
		8,299,420	8,986,971

	2019	2018
	(Rupees in thousand)	

19.1 Trade creditors include amount due to related parties as follows:

	2019	2018
Joint venture		
OmyaPack (Private) Limited	28,541	11,118
Associates		
Tri-Pack Films Limited	99,871	22,938
IGI Holdings Limited	2,717	11,415
IGI Life Insurance Limited	-	802
IGI General Insurance Limited	7,361	5,280
Other related parties		
DIC Asia Pacific Pte Limited	36,239	24,467
Printcare Universal (Pvt.) Limited	-	10
DIC Corporation Japan	1,579	2,027
DIC India Limited	132	117
DIC Malaysia SDN. BHD	5,141	923
PT DIC Graphics	50,090	-
DIC Graphics Corporation	20,932	-
DIC Performance Resins Gmbh	18,761	-
PT Pardic Jaya Chemicals	61,046	4,329
Nantong DIC Color Company Limited	23,886	533
DIC Graphics (Thailand) Company Limited	6,725	617
Michael Hoffman	20,468	-
	383,489	84,576

19.2 Accrued liabilities include amounts in respect of related parties (Group Companies) as follows:

	2019	2018
Associate		
IGI Life Insurance Limited	8,172	5,330
IGI General Insurance Limited	-	1,134
Other related parties		
Tetra Pak Pakistan Limited	13,081	4,551
DIC Corporation Japan	30,693	26,155
DIC Asia Pacific Pte Limited	4,795	8,995
Josef Meinrad Muller	1,934	-
	58,675	46,165

19.3 Included in accrued liabilities is a provision for Rs 150.471 million (2018: Rs 517.268 million) relating to Gas Infrastructure Development Cess ('GIDC') and differential of applicable tariff rate to industrial and captive power users along with the late payment surcharge ('LPS') on the outstanding balance of GIDC. Till December 31, 2018, this also included the differential for industrial and captive power users in applicable tariff rate. The Parent Company's subsidiary, BSPPL contended itself as an 'industrial power user' whereas it was classified as a 'captive power user' by Sui Northern Gas Pipelines Limited (SNGPL). The matter was being contested before the Honourable Lahore High Court ('LHC'). On January 17, 2018, the LHC set aside the decision of Oil and Gas Regulatory Authority ('OGRA'), declaring BSPPL as an industrial power user (the order). However, SNGPL has filed an appeal against the order with the Honourable Supreme Court of Pakistan. On March 21, 2019, the Honorable Supreme Court set aside the appeal, declaring BSPPL as an industrial power user. As a result of the order dated March 21, 2019, the provision of Rs 387.935 million in respect of differential of industrial and captive power users in applicable tariff rate, GIDC and related LPS was reversed as disclosed in note 40.2.

19.4 In 2014, the Honorable Supreme Court of Pakistan ('SC') declared the GIDC Act, 2011 unconstitutional. In response, the Federal Government promulgated GIDC Ordinance, 2014 which was subsequently promulgated as GIDC Act, 2015. GIDC Act, 2015 was also challenged in Sindh and Peshawar High Courts during the subsequent years and both the courts passed opposing judgements over its legality. The matter was finally referred to SC in 2017. On February 20, 2020 SC reserved its judgement in relation to GIDC case which is expected to be announced in due course. This decision may impact the provision of Rs 150.471 million for GIDC and the related LPS as at December 31, 2019.

19.5 Included in accrued liabilities is a provision amounting to Rs 31.630 million (2018: Rs 357.590 million) in respect of rent of land on lease from the Government of the Punjab ('GoPb') for the period from December 2015 to December 2019 as referred to in note 22.1.1.

19.6 This includes payable to Walton Cantonment Board ('WCB') against:

		2019	2018
		(Rupees in thousand)	
Commercialization fee		-	161,278
Building approval, development charges and composition fee		-	154,635
	- note 19.6.1	-	315,913
Property tax payable	- note 19.6.2	-	371,733
		-	687,646

19.6.1 In 2016, WCB issued a notice to the Group requiring payment of commercialization fee of Rs 544 million. The Group challenged the demand of WCB before the Lahore High Court ('LHC') through Writ Petition No. 8636/17. The LHC after hearing the point of view of the Group, by its order dated March 24, 2017, remitted the matter to WCB to decide the same within 40 days and further directed that no coercive to be taken against the Group in the meanwhile.

WCB passed an order WC/Packages Mall/855 dated January 14, 2019 pursuant to which WCB raised challans aggregating to Rs 315.921 million in respect of commercialization / conversion, building approval, development charges and composition fee. The Group paid the entire amount on January 15, 2019. The Supreme Court of Pakistan ('SCP') vide its order dated January 16, 2019 observed that the matter stood concluded.

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

WCB issued another demand challan to the Group in July 2017 requiring payment of property tax of Rs 256.372 million relating to the period July 2017 to June 2018 followed by an assessment notice. The demand was challenged by the Group's legal counsel and the same was rejected by WCB. Aggrieved by the decision of the WCB, the Group challenged the demand of WCB before the LHC through Writ Petition No. 208653/18. The LHC after hearing the point of view of the Group, vide its order dated May 04, 2018, restrained WCB from taking any coercive action against the Group and directed WCB to submit a reply thereto. The SCP vide its order dated January 16, 2019 noted that the matter will be decided by the LHC. On March 15, 2019, the Group has withdrawn its writ petition so that the matter may be decided by WCB in accordance with the applicable law.

As a result of negotiations, the matter concluded in current year and the Group paid amount of Rs 444.036 million to WCB for three years period ending June 30, 2020. As a result, the Group reversed Rs 149.733 million of excess property tax provision of prior periods.

19.7 Advances from customers includes an amount of Rs 314.723 million (2018: Nil) received from a customer for purchasing and installation of certain plant and machinery at its Lahore premises by March 31, 2020 as disclosed in note 18.3.

19.8 Payable to retirement funds		**2019**	**2018**
		(Rupees in thousand)	
Employees' provident funds	- note 19.8.1	18,192	17,190
Employees' gratuity funds		3,187	3,090
Management staff pension funds	- note 19.8.1	12,991	12,909
		34,370	33,189

19.8.1 Employees' provident and management staff pension fund related disclosure

All investments in collective investment schemes, listed equity, and listed debt securities out of provident fund and management staff pension fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified thereunder and subject to the regulations formulated for this purpose in terms of SRO 856(I)/2019 issued by SECP on July 25, 2019.

19.9 This represents amounts received from suppliers and truckers as per the respective agreements and kept in separate bank account maintained for that purpose as required under Section 217(2) of the Act. These deposits have not been utilized by the Parent Company.

19.10 Workers' profit participation fund		**2019**	**2018**
		(Rupees in thousand)	
Opening balance		895,385	803,402
Refund claimed		-	1,546
Provision for the year	- note 39	140,465	202,282
		1,035,850	1,007,230
Payments made during the year		(89,838)	(111,845)
Closing balance		946,012	895,385

19.10.1 The Parent Company has not discharged the amount of workers' profit participation fund charge to the Workers' Profit Participation Fund in view of certain calculation mechanism of the charge. However, the total amount accrued is sufficient to cover the Parent Company's obligation in case of settlement.

19.11 Workers' welfare fund			
Opening balance		9,043	29,151
Provision for the year	- note 39	35,572	7,062
Reversal of excess provision of prior years	- note 40	-	(1,176)
		44,615	35,037
Payments made during the year		(12,384)	(25,994)
Closing balance		32,231	9,043

19.12 Includes amount of Nil (2018: Rs 7.526 million) due to DIC Asia Pacific Pte. Limited, a related party (other related party).

		2019	2018
		(Rupees in thousand)	

20. Accrued finance cost

Accrued mark-up / return on:			
- Long term local currency loans - secured		616,705	363,351
- Preference shares / convertible stock - unsecured	- note 41	155,550	155,550
- Finances under mark-up arrangements - secured		371,970	220,204
		1,144,225	739,105

21. Contingencies and commitments

21.1 Contingencies

(i) Claims against the Group by ex-employees not acknowledged as debts amounting to Rs 26.631 million (2018: Rs 17.885 million).

(ii) Guarantees issued in favor of Office of Excise and Taxation, Lahore; Director Taxes, Excise and Taxation Department, Sindh and Total Parco Pakistan Limited aggregating to Rs 19.624 million (2018: Rs 4.624 million).

(iii) The Group received, vide order PRA/18/14 dated November 20, 2018, a tax demand of Rs 614.817 million including penalty of Rs 29.277 from Additional Commissioner, Enforcement - I, Punjab Revenue Authority ('AC') under section 52 of Punjab Sales Tax on Services Act, 2012, read with Punjab Sales Tax on Services (Withholding Rules, 212 /2015) against short payment of withholding tax on various mall construction related services during 2014 to 2016.

(iv) Letters of guarantees issued to various parties aggregating to Rs 1057.720 million (2018: Rs 1057.720 million).

(v) 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 Group amounting to USD 7.803 million equivalent to Rs 1,208.287 million (2018: USD 7.111 million equivalent to Rs 989.176 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL'), wholly-owned subsidiary of the Group. 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 27.2.

(vi) Holding Company's share in contingencies of associates and joint venture accounted for under equity method is Rupees 0.155 million (2018: Rupees 0.135 million).

21.2 Commitments

(i) Letters of credit and contracts for capital expenditure Rs 585.062 million (2018: Rs 1,252.734 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs 2,534.799 million (2018: Rs 1,568.659 million).

There are no commitments with related parties.

22. Property, plant and equipment

Operating fixed assets			
Owned assets	- note 22.1	25,183,824	24,829,244
Assets subject to finance lease	- note 22.2	-	75,517
		25,183,824	24,904,761
Capital work-in-progress	- note 22.3	2,582,814	2,054,719
Major spare parts and stand-by equipment	- note 22.4	158,969	125,077
		27,925,607	27,084,557

22.1 Owned assets

	2019 (Rupees in thousand)										
	Cost as at January 1, 2019	Exchange differences	Additions / (deletions)	Transfer in	Cost as at December 31, 2019	Accumulated depreciation as at January 1, 2019	Exchange differences	Depreciation charge / (deletions) for the year	Transfer in	Accumulated depreciation as at December 31, 2019	Book value as at December 31, 2019
Freehold land	715,371	44,298	248,819	-	1,008,488	-	-	-	-	-	1,008,488
			-	-				-	-		
Leasehold land - note 22.1.2	142,955	44	-	-	142,999	22,739	-	3,299	-	26,038	116,961
			-	-				-	-		
Buildings on freehold land	3,650,686	12,401	25,381	-	3,672,763	551,394	54	217,859	-	758,457	2,914,306
			(15,705)	-				(10,850)	-		
Buildings on leasehold land - note 22.1.1	416,412	6,265	1,761	-	423,964	192,019	2,479	25,413	-	219,458	204,506
			(474)	-				(453)	-		
Plant and machinery	28,573,144	414,630	2,578,697	-	30,975,572	9,032,656	93,166	2,704,975	-	11,261,490	19,714,082
			(590,899)	-				(569,307)	-		
Other equipment's (computers, lab equipment's and other office equipment's)	1,545,557	42,999	321,661	-	1,750,810	1,028,635	33,231	254,829	-	1,158,163	592,647
			(159,407)	-				(158,532)	-		
Furniture and fixtures	178,038	7,230	20,006	-	204,246	81,791	2,809	25,281	-	109,029	95,217
			(1,028)	-				(852)	-		
Vehicles	683,692	2,273	165,040	16,704	751,781	167,377	1,003	83,634	10,143	214,164	537,617
			(115,928)	-				(47,993)	-		
	35,905,855	530,140	3,361,365	16,704	38,930,623	11,076,611	132,742	3,315,290	10,143	13,746,799	25,183,824
			(883,441)	-				(787,987)	-		

	2018 (Rupees in thousand)										
	Cost as at January 1, 2018	Exchange differences	Additions / (deletions)	Transfer in	Cost as at December 31, 2018	Accumulated depreciation as at January 1, 2018	Exchange differences	Depreciation charge / (deletions) for the year	Transfer in	Accumulated depreciation as at December 31, 2018	Book value as at December 31, 2018
Freehold land	773,039	15,675	16,615	-	715,371	-	-	-	-	-	715,371
			-	(89,958)				-	-		
Leasehold land - note 22.1.2	-	-	52,997	89,958	142,955	-	-	22,739	-	22,739	120,216
			-	-							
Buildings on freehold land	3,555,044	5,629	76,684	17,365	3,650,686	327,847	365	224,865	2,353	551,394	3,099,292
			(4,036)	-				(4,036)	-		
Buildings on leasehold land - note 21.1.1	379,624	3,444	1,705	31,830	416,412	150,612	1,099	20,021	20,478	192,019	224,393
			(191)	-				(191)	-		
Plant and machinery	24,939,960	247,537	3,747,752	-	28,573,144	6,372,002	79,772	2,897,725	-	9,032,656	19,540,488
			(362,105)	-				(316,843)	-		
Other equipment's (computers, lab equipment's and other office equipment's)	1,517,181	11,234	203,629	-	1,545,557	1,024,931	8,719	178,853	-	1,028,635	516,922
			(186,431)	(56)				(183,842)	(26)		
Furniture and fixtures	153,549	3,736	26,696	-	178,038	59,810	1,612	25,751	-	81,791	96,247
			(5,943)	-				(5,382)	-		
Vehicles	549,679	731	219,679	45,548	683,692	145,604	499	69,800	17,437	167,377	516,315
			(131,945)	-				(65,963)	-		
	31,868,076	287,986	4,345,757	184,701	35,905,855	8,080,806	92,066	3,439,754	40,268	11,076,611	24,829,244
			(690,651)	(90,014)				(576,257)	(26)		

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

The Group management has, on the basis of assessment of fair value of the said portion of land by an independent valuer and its understanding of the prevalent market terms relating to rent of such properties in the vicinity of the said portion of land, booked a provision of Rs 174.000 million (2018: Rs 232.590 million) in respect of rent for the period from January 2019 to December 2019. The management is confident that the final amount of rent will be in congruence with the provision made in these consolidated financial statements, inter alia on the basis of the fair value determined by the independent valuer and the relevant facts and circumstances. Furthermore, the management also intends to acquire the title of the said portion of land when the open auction takes place and is confident that it will be able to meet the highest bid.

22.1.2 Leasehold land comprises of lands situated in Karachi and Haripur which were obtained by the Group on lease and are being amortized over the term of 49 years and 99 years respectively. The title of lands remains with the lessor at end of the lease term. However, leasehold lands have been included in property, plant and equipment in accordance with clarification issued by Institute of Chartered Accountants of Pakistan through selected opinion issued on IAS 17, 'Leases' on the basis that requirements of the Companies Act, 2017 override the requirements of IFRS.

22.1.3 Plant and machinery of Group's subsidiary namely FPCL amounting to Rs 1,423.907 million (2018: Rs 900.649 million)has been encumbered as security against long term borrownings and lease liabilities as disclosed in note 8.

22.1.4 Plant and machinery and Land and Buildings of Group's subsidiary namely PLL amounting to Rs 1,054 million (2018: Rs 577.187 million) has been encumbered as security against long term borrownings as disclosed in note 8.

22.1.5 The cost of fully depreciated assets as at December 31, 2019 is Rs 4,383.091 million (2018: Rs 4,421.513 million).

22.1.6 The depreciation charge for the year has been allocated as follows:

	Note	2019	2018
		(Rupees in thousand)	
Cost of sales and services	36	3,120,550	3,257,031
Administrative expenses	37	134,799	154,121
Distribution and marketing costs	38	59,941	28,602
		3,315,290	3,439,754

22.1.7 Following are the particulars of the Group's immovable fixed assets:

Location	Usage of immovable property	Total area (in Acres)
Kot Radha Kishan Road, District Kasur	Factory site and offices	231.6
Depalpur, Pakpatan Road, District Okara	Purchase center for biomass fuel	13
Shahrah-e-Roomi, Lahore, Punjab	Plant site and administrative offices	50.61
Herdo Sehari, Kasur, Punjab	Administrative offices	34.84
Lakho Baryar, Kasur, Punjab	Administrative offices	65.63
No. 148 Minuwangoda Road Ekala, Ja-Ela, Sri Lanka	Freehold land	7.65

22.1.8 Disposal of owned assets

Detail of owned assets with book value exceeding 500,000 disposed off during the year is as follows:

Particulars of assets	Sold to	Cost	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal
		2019				
		(Rupees in thousand)				
Vehicles	**Key management personnel**					
	Nayab Baig	1,678	1,359	1,376	17	As per Group policy
	Employees					
	Abdul Wajid	1,537	1,151	1,277	126	As per Group policy
	Ahmad Ali Riaz	1,703	1,533	1,497	(36)	- do -
	Bilal Naeem	1,527	977	938	(39)	- do -
	Bilal Umar	1,475	1,386	1,319	(67)	- do -
	Naheed Malik	1,552	621	1,022	401	- do -
	Sahil Zaheer	2,321	1,346	1,647	301	- do -
	Syed Ghani Shah	1,068	854	772	(82)	- do -
	Mian Javed Iqbal	2,336	1,986	2,165	179	- do -
	Moiz Ahmad Khan	1,250	1,100	1,122	22	- do -
	Haris Riaz	795	700	735	35	- do -
	Fahad Ali	1,270	1,219	1,270	51	- do -
	Fahad Hamid	1,250	987	903	(84)	- do -
	Farhan Ul Haq Usmani	1,510	1,374	1,332	(42)	- do -
	Hadi Nawaz	762	625	648	23	- do -
	Hamid Jamil	1,512	650	991	341	- do -
	Mobin Javed	1,703	1,533	1,571	38	- do -
	Muhammad Qasim	708	545	513	(32)	- do -
	Rahim Danish	1,350	540	856	316	- do -
	Saad Imran Butt	1,297	856	852	(4)	- do -
	Saba Majeed	732	615	622	7	- do -
	Sikandar Abbas	2,044	1,860	2,044	184	- do -
	Syed Awais Haider	1,054	748	744	(4)	- do -
	Syed Kousar Mehdi	840	756	714	(42)	- do -
	Tairq Hussain	1,250	512	770	258	- do -
	Usman Sabir	2,397	2,109	2,158	49	- do -
	Uzair Hashmi	1,533	1,042	1,189	147	- do -
	Yasir Shahid	1,786	1,123	1,400	277	- do -
	Zakriya Rehman	1,300	1,196	1,148	(48)	- do -
	Hussain Raza	2,172	1,607	1,752	145	- do -
	Muhammad Shahid Ullah Butt	1,845	1,716	1,752	36	- do -
	Abrar Saeed	1,924	1,789	1,644	(145)	- do -
	Muhammad Waseem	1,733	1,525	1,619	94	- do -
	Javaid Iqbal	1,881	1,392	1,406	14	- do -
	Qaiser Safdar Ali	2,095	859	1,336	477	- do -
	Muhammad Ali Murtaza	1,487	970	1,054	84	- do -
	Muhammad Wasim Bhutta	1,282	667	873	206	- do -
	Muhammad Latif	1,512	620	851	231	- do -
	Aamir Rana	1,512	620	851	231	- do -
	Saqib Arif	1,074	838	850	12	- do -
	Salik Masood Khan	1,094	656	785	129	- do -
	Usman Khalid	1,282	679	753	74	- do -
	Asif Ali	785	573	583	10	- do -
	Muhammad Ayub	708	545	512	(33)	- do -
	Outsiders					
	IGI General Insurance Limited - related party (associate)	2,162	865	1,850	985	Insurance Claim
	IGI General Insurance Limited - related party (associate)	1,578	1,042	1,578	536	- do -
	IGI General Insurance Limited - related party (associate)	860	808	795	(13)	- do -
	Hyundai Automotive South Africa	42,616	8,343	25,410	17,067	Negotiation
	Tiger Truck Sales and Spares (Pty) Ltd	94,096	18,347	3,624	(14,723)	- do -
	Adnan Qureshi	1,585	634	1,400	766	- do -
	Asim Mumtaz	1,039	592	880	288	- do -
	Nouman Yousaf	1,504	602	1,260	658	- do -
	Rashid Saleemi	2,162	865	1,600	735	- do -
	Muhammad Saad	732	630	695	65	- do -
	Rizwan Muhammad Khan	708	573	655	82	- do -
	Khurram Motors	1,977	791	1,750	959	- do -
	Mr Naveed Akhtar	2,158	863	1,676	813	- do -
Plant and machinery	BBR Graphic Sales Limited	18,252	7,388	12,113	4,725	Negotiation
	BBR Graphic Sales Limited	176,507	3,682	6,036	2,354	- do -
	BBR Graphic Sales Limited	2,890	1,734	2,843	1,109	- do -
	BBR Graphic Sales Limited	1,995	1,047	1,718	671	- do -
	The Hudson Sharp Machine Company	431,609	64,989	185,193	120,204	- do -
	Mactec Machinery CC	45,380	45,380	115,500	70,120	- do -
		893,736	**205,534**	**416,792**	**211,258**	

Particulars of assets	Sold to	2018 Cost	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal
		(Rupees in thousand)				
Vehicles	**Employees**					
	Abdul Razzaq	1,498	629	849	220	As per Group policy
	Armaghan Ahmed	1,054	854	831	(23)	- do -
	Awais Amjad	1,518	987	1,059	72	- do -
	Faizan Mir	732	703	622	(81)	- do -
	Bilal Ahmad	1,512	1,043	1,058	15	- do -
	Farheen Ahmad	1,719	1,358	1,251	(107)	- do -
	Ishtiaq Ahmad Noor	1,512	847	1,063	216	- do -
	Khalid Yacob	2,512	1,005	1,030	25	- do -
	Mansoor Hassan Bhatti	2,383	953	1,149	196	- do -
	Khalid Yacob	1,723	689	689	-	- do -
	Laila Hussain	732	703	695	(8)	- do -
	Mehreen Bilal	1,530	642	1,512	870	- do -
	Mobin Javed	1,261	504	788	284	- do -
	Mohammad Akmal	1,751	771	1,054	283	- do -
	Moiz Ahmad	1,282	859	855	(4)	- do -
	Muhammad Atif	732	608	622	14	- do -
	Muhammad Azam Uddin	1,788	1,395	1,428	33	- do -
	Muhammad Bilal Ashraf	1,327	1,009	999	(10)	- do -
	Muhammad Jamil Anjum	1,230	517	760	243	- do -
	Muhammad Nasir Islam	1,314	539	832	293	- do -
	Muhammad Saeed	1,563	625	1,038	413	- do -
	Mukkaram Javed Naushahi	1,250	1,100	1,063	(37)	- do -
	Omer Ejaz	1,514	605	1,207	602	- do -
	Osaid Ur Rehman	708	595	602	7	- do -
	Owais Khan	688	544	498	(46)	- do -
	Rabia Batool	1,094	755	790	35	- do -
	Rehan Yacob	2,428	1,894	2,090	196	- do -
	Imtiaz Ahmad	1,527	1,161	1,189	28	- do -
	Syed Noman Shah	703	591	598	7	- do -
	Shafique Tahir	1,391	1,294	1,391	97	- do -
	Soban Waqar	1,054	885	762	(123)	- do -
	Sulaiman Abdul Rehman	1,537	1,337	1,308	(29)	- do -
	Syed Hassan Jawad	1,327	1,181	1,136	(45)	- do -
	Syed Wasik Ali	1,512	983	1,058	75	- do -
	Talha Ahmad Iftikhar	1,657	1,425	1,465	40	- do -
	Tariq Azam Khan	1,129	903	960	57	- do -
	Usman Akram	1,034	755	635	(120)	- do -
	Zeeshan Bahadur	708	573	513	(60)	- do -
	Muhammad Kamran Bhatti	812	613	1,007	394	- do -
	Abdul Wajid	892	816	1,061	245	- do -
	Zohaib Nasir	599	570	929	359	- do -
	Nabeel Siddique	1,391	1,308	1,318	10	- do -
	Shahzad Shafiq Shami	675	525	774	249	- do -
	Muhammad Awais	628	596	683	87	- do -
	Muhammad Amin	561	436	599	163	- do -
	Imran Ilahi	369	281	489	208	- do -
	Muhammad Hammad	461	391	364	(27)	- do -
	Rizwan Yaqub	459	368	363	(5)	- do -
	Muhammad Hussaan	372	282	308	26	- do -
	Syed Danial	512	444	421	(23)	- do -
	Usman Ashraf	409	361	355	(6)	- do -
	Sharjil Naushad	263	251	278	27	- do -
	Zafar Iqbal	221	221	255	34	- do -
	Isac James	12	-	43	43	- do -
	Shahzad Akbar	42	30	57	27	- do -
	Gulzar Ahmad	50	38	46	8	- do -
	Naveed Shafique	25	-	39	39	- do -
	Khurram Munir	1,700	1,394	1,372	(22)	- do -
	Muhammad Rashid	1,512	922	1,061	139	- do -
	Outsiders					
	IGI General Insurance Limited - related party (associate)	1,678	1,544	1,675	131	Insurance Claim
	Anjum Javed	708	573	602	29	Negotiation
	Hina Kanwal	1,327	1,194	1,327	133	-do-
	Khurram Imtiaz	1,584	776	1,378	602	-do-
	Nazim Hussain	1,094	897	930	33	-do-
	Zahid Maqbool	1,078	614	912	298	-do-
	Asim Mumtaz	1,101	863	1,583	720	-do-
	Muhammad Asif	1,145	871	1,593	722	-do-
	M/s Khurram Motors	733	733	1,623	890	-do-
	Asim Mumtaz	830	626	1,407	781	-do-
	Sajid Siddique	541	541	1,210	669	-do-
	Qayyum	558	454	820	366	-do-
	Imran Ali	1,069	1,069	1,069	-	-do-
Other equipment	**Outsiders**					
	RNM Solutions Pty. Limited	1,350	948	295	(653)	Negotiation
		81,598	**57,281**	**67,669**	**10,388**	

22.2 Assets subject to finance lease

From 2019 onwards on the adoption of IFRS-16 by the Group, the assets subject to finance lease have been classified under Right-of-use asset.

	2018 (Rupees in thousand)										
	Cost as at January 1, 2018	Exchange differences	Additions	Transfer out	Cost as at December 31, 2018	Accumulated depreciation as at January 1, 2018	Exchange differences	Depreciation charge for the year	Transfer out	Accumulated depreciation as at December 31, 2018	Book value as at December 31, 2018
Vehicles	77,184	3,956	3,835	-	39,427	32,715	1,666	7,036	-	23,980	15,447
			-	(45,548)				-	(17,437)		
Plant and equipment	48,217	2,807	24,952	-	75,976	8,438	1,016	6,452	-	15,906	60,070
			-					-	-		
	125,401	6,763	28,787	-	115,403	41,153	2,682	13,488	-	39,886	75,517
			-	(45,548)				-	(17,437)		

22.2.1 Depreciation charge for the year has been allocated as follows:

		2019	2018
		(Rupees in thousand)	
Cost of sales and services	- note 36.1	-	6,538
Administrative expenses	- note 37	-	3,887
Distribution and marketing costs	- note 38	-	3,063
		-	13,488

22.3 Capital work-in-progress

		2019 (Rupees in thousand)									
		Cost as at January 1, 2019	Exchange differences	Capital expenditure incurred during the year	Advances given during the year	Transfers within capital work-in-progress	Charged off during the year	Transfers to operating fixed assets	Transfer to other assets	Transfer to investment properties	Balance December as at 31, 2019
Civil works		60,224	-	137,110	-	1,966	(1,805)	(142,009)	-	-	55,486
Plant and machinery		1,893,158	495	2,320,795	-	-	(9,837)	(2,103,205)	-	-	2,101,406
Advances to suppliers		100,412	-	-	935,982	(1,966)	-	(230,295)	-	(379,136)	424,997
Other	- note 22.3.2	925	-	-	-	-	-	-	-	-	925
		2,054,719	495	2,457,905	935,982	-	(11,642)	(2,475,509)	-	(379,136)	2,582,814

	2018 (Rupees in thousand)									
	Cost as at January 1, 2018	Exchange differences	Capital expenditure incurred during the year	Advances given during the year	Transfers within capital work-in-progress	Charged off during the year	Transfers to operating fixed assets	Transfers to other assets	Transfer to investment properties	Balance December as at 31, 2018
Civil works	123,112	-	111,203	-	6,095	(301)	(173,393)	-	(6,492)	60,224
Plant and machinery	1,754,533	1,152	3,499,815	-	(1,657,769)	(2,660)	(1,701,913)	-	-	1,893,158
Advances to suppliers	121,832	-	-	286,359	(243,026)	(1,318)	(60,563)	(2,424)	(448)	100,412
Other	-	-	925	-	-	-	-	-	-	925
	1,999,477	1,152	3,611,943	286,359	(1,894,700)	(4,279)	(1,935,869)	(2,424)	(6,940)	2,054,719

22.3.1 Plant and machinery includes machinery in transit amounting Nil (2018: Rs 9.497 million).

22.3.2 This represents capital expenditure incurred on application filing and pursuance of generation license with National Electric Power Regulatory Authority ('NEPRA') for the 2.45 MW Hydropower project of the Group.

22.4 Major spare parts and stand-by equipment

	2019	2018
	(Rupees in thousand)	
Balance at the beginning of the year	125,077	121,811
Additions during the year	49,611	28,704
Depreciation charged	(8,490)	(8,213)
Transfers made during the year	(7,229)	(17,225)
Balance at the end of the year	158,969	125,077

23. Right-of-use assets

	2019 (Rupees in thousand)										
	Cost as at January 1, 2019	Initial application of IFRS 16 on January 1, 2019	Exchange differences	Additions / (deletions)	Cost as at December 31, 2019	Accumulated depreciation as at January 1, 2019	Initial application of IFRS 16 on January 1, 2019	Exchange differences	Depreciation charge / (deletions) for the year	Accumulated depreciation as at December 31, 2019	Book value as at December 31, 2019
Vehicles	-	302,270	1,389	-	303,659	-	15,619	1,055	65,785	82,459	221,200
Plant and equipment	-	57,898	7,076	23,122	88,096	-	16,975	1,557	8,372	26,904	61,192
Land and buildings	-	572,982	32,598	-	605,580	-	-	5,445	95,712	101,157	504,423
Equipment	-	13,452	765	-	14,217	-	-	105	1,852	1,957	12,260
	-	946,602	41,828	23,122	1,011,552	-	32,594	8,162	171,721	212,477	799,075

23.1 Depreciation charge for the year has been allocated as follows:

		2019 (Rupees in thousand)
Cost of sales and services	- note 36	80,563
Administrative expenses	- note 37	74,579
Distribution and marketing costs	- note 38	16,578
		171,720

24. Investment properties

		2019	2018
		(Rupees in thousand)	
Developed	- note 24.1	11,386,317	11,822,054
Under Construction		7,122	-
		11,393,439	11,822,054

24.1 Investment property - developed

	2019 (Rupees in thousand)								
	Cost as at January 1, 2019	Additions	Transfer out	Cost as at December 31, 2019	Accumulated depreciation as at January 1, 2019	Depreciation charge for the year	Transfers	Accumulated depreciation as at December 31, 2019	Book value as at December 31, 2019
Land	25,340	379,136	(21,112)	383,364	-	-	-	-	383,364
Buildings on freehold land	7,889,924	46,593	-	7,936,517	489,431	294,404	-	783,835	7,152,682
Buildings on leasehold land	910	-	-	910	2,126	1,707	-	3,833	(2,923)
Mall equipment	40,209	-	-	40,209	13,193	8,042	-	21,235	18,974
External development	1,187,730	-	-	1,187,730	65,534	39,612	-	105,146	1,082,584
HVAC system	1,385,232	403	-	1,385,635	303,971	184,166	-	488,137	897,498
Electrical system	2,683,536	-	(4,823)	2,678,713	516,572	308,003	-	824,575	1,854,138
	13,212,881	426,132	(25,935)	13,613,078	1,390,827	835,934	-	2,226,761	11,386,317

	2018 (Rupees in thousand)								
	Cost as at January 1, 2018	Additions	Transfer (out) / in	Cost as at December 31, 2018	Accumulated depreciation as at January 1, 2018	Depreciation charge for the year	Transfer out	Accumulated depreciation as at December 31, 2018	Book value as at December 31, 2018
Land	24,892	-	448	25,340	-	-	-	-	25,340
Buildings on freehold land	7,667,761	264,867	(42,704)	7,889,924	212,281	299,981	(22,831)	489,431	7,400,493
Buildings on leasehold land	910	-	-	910	419	1,707	-	2,126	(1,216)
Mall equipment	40,169	40	-	40,209	5,151	8,042	-	13,193	27,016
External development	1,178,359	9,371	-	1,187,730	26,078	39,456	-	65,534	1,122,196
HVAC system	1,367,588	17,644	-	1,385,232	120,754	183,217	-	303,971	1,081,261
Electrical system	2,631,372	52,164	-	2,683,536	203,940	312,632	-	516,572	2,166,964
	12,911,051	344,086	(42,256)	13,212,881	568,623	845,035	(22,831)	1,390,827	11,822,054

24.1.1 Depreciation charge for the year has been allocated as follows:

	Note	2019	2018
		(Rupees in thousand)	
Cost of sales and services	- note 36.3	834,763	843,389
Administrative expenses	- note 37	1,293	1,646
		836,056	845,035

24.1.2 Following are the particulars of the Groups immovable fixed assets:

Location	Usage of immovable property	Total area (in Acres)
Dullu Kalan, Lahore, Punjab	Rented out	16.48
Depalpur, Punjab	Kept for capital appreciation	17.38
Pakpattan, Punjab	Kept for capital appreciation	21
Faizabad, Punjab	Kept for capital appreciation	8.8
Hujra, Punjab	Kept for capital appreciation	10
Korangi Industrial Area, Karachi, Sindh	Rented out	3.33

24.1.3 Fair value of investment properties

Level 2 fair values

Fair value of certain investment properties, based on the valuation carried out by an independent valuer, as at December 31, 2019 is Rs 1,202.700 million (2018: Rs 3,024.494 million). The valuation is considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation. The different levels have been defined in note 53.4.

Valuation techniques used to derive level 2 fair values

Level 2 fair value of investment property has been derived using a sales comparison approach. Sale prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as location and size of the property. The most significant input into this valuation approach is price per square foot.

Level 3 fair values

In the absence of current prices in an active market, the fair value is determined by considering the aggregate of the estimated cash flows expected to be received from licensing / leasing out the property less the costs to complete and the estimated operating expenses. The valuation is considered to be level 3 in the fair value hierarchy due to significant unobservable inputs used in the valuation. The different levels have been defined in note 53.4. Fair value of such investment properties has been determined to be Rs 17,736 million (2018: Rs 16,159 million).

Valuation techniques used to derive level 3 fair values

The Group has determined the fair value as on December 31, 2019 by internally generated valuation model instead of involving independent, professionally qualified valuer. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation. The major assumptions used in valuation model and valuation result at consolidated statement of financial position date are as follows:

	2019	2018
Gross rentable area (sq ft)	589,542	581,492
Rent rates assumed per sq ft (Rs)	80 - 1,210	76 - 1,000
Inflation in rent and operating costs	1.9% - 8%	1.9% - 9.0%
Discount rate (%)	15.00%	15.00%
Fair value (Rs in million)	17,736	16,159

25. Intangible assets

		Goodwill	Computer software's and ERP Systems	Total
			(Rupees in thousand)	
Year ended December 31, 2019				
Cost				
As at January 1, 2019		178,880	437,130	616,010
Additions during the year		-	39,250	39,250
Deletions during the year		-	(11,681)	(11,681)
Exchange differences		40,890	-	40,890
As at December 31, 2019		219,770	464,699	684,469
Accumulated amortisation				
As at January 1, 2019		-	(245,587)	(245,587)
Amortisation for the year	- note 25.2	-	(33,265)	(33,265)
Amortisation on deletions for the year		-	-	-
As at December 31, 2019		-	(278,852)	(278,852)
Book value as at December 31, 2019		219,770	185,847	405,617
Year ended December 31, 2018				
Cost				
As at January 1, 2018		178,880	323,046	501,926
Additions during the year		-	130,924	130,924
Deletions during the year		-	(2,139)	(2,139)
Exchange differences		-	(23)	(23)
As at December 31, 2018		178,880	451,808	630,688
Accumulated amortisation				
As at January 1, 2018		-	(216,331)	(216,331)
Amortisation for the year	- note 25.2	-	(31,396)	(31,396)
Amortisation on deletions for the year		-	2,139	2,139
As at December 31, 2018		-	(245,588)	(245,588)
Book value as at December 31, 2018		178,880	206,220	385,100

25.1 Impairment test for Goodwill

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combination in which the goodwill arises, as follows:

Flexible Packages Convertors (Proprietary) Limited ('FPCL'), South African project

The recoverable amount of the subsidiary is determined on the discounted cash-flow basis.

FPC as a whole is determined to be a segment due to the fact that there are no distinguishable segments.

These calculations use cash flow projections based on financial budgets approved by management covering a five year period. The present value of the expected cash flows of the above segments is determined by applying a suitable internal rate of return.

As the goodwill arose as a result of an acquisition of business during the financial period ended December 31, 2015 an impairment test is performed annually.

FPCL tests whether goodwill has suffered any impairment on an annual basis. For the 2019 and 2018 reporting period, the recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

	2019	2018
The key assumptions used for the discounted cash flow calculation are as follows:		
Internal rate of return (IRR)	**25.34%**	**26.74%**
Discount rate (pre-tax)	**17.00%**	**15.00%**
Growth rate	**11.00%**	**10.00%**

		2019	2018
		(Rupees in thousand)	
25.2 The amortisation charge for the year has been allocated as follows:			
Cost of sales and services	- note 36	13,501	12,802
Administrative expenses	- note 37	17,739	16,676
Distribution and marketing costs	- note 38	2,025	1,918
		33,265	31,396

26. Investments accounted for using the equity method

26.1 Amounts recognised in consolidated statement of financial position

Investments in associates	- note 26.4	6,535,947	8,009,152
Investment in joint ventures	- note 26.5	455,760	303,685
		6,991,707	8,312,837

26.2 Amounts recognised in consolidated statement of profit or loss

Investments in associates	- note 26.4	18,805	96,950
Investment in joint ventures	- note 26.5	(13,414)	(20,948)
		5,391	76,002

26.3 Amounts recognised in consolidated other comprehensive income

Investments in associates	- note 26.4	(401,829)	(1,232,742)
Investment in joint ventures	- note 26.5	(6,009)	5,689
		(407,838)	(1,227,053)

26.4 Investments in associates

Cost	3,386,278	3,386,278
Post acquisition share of profits and reserves net of impairment losses		
Opening balance	4,622,874	6,084,082
Share of profit from associates - net of tax	18,805	96,950
Share of other comprehensive loss - net of tax	(401,829)	(1,232,742)
Effect of change in accounting policy	5,490	-
Impairment loss	(998,839)	-
Dividends received during the year	(96,832)	(325,416)
Closing balance	3,149,669	4,622,874
Balance as on December 31	6,535,947	8,009,152

		2019	2018
		(Rupees in thousand)	
26.4.1 Investments in equity instruments of associates - Quoted			
Tri-Pack Films Limited, Pakistan			
12,933,333 (2018: 12,933,333) fully paid ordinary shares of Rs 10 each			
Equity held 33.33% (2018: 33.33%)			
Market value - Rs 1,088.728 million (2018: Rs 1,184.901 million)			
Cumulative impairment loss- Rs 998.839 million (2018:Nil)	- note 26.4.1.1	1,831,036	2,980,549
IGI Holdings Limited, Pakistan			
15,033,041 (2018: 15,033,041) fully paid ordinary shares of Rs 10 each			
Equity held 10.54% (2018: 10.54%)			
Market value - Rs 3,066.740 million (2018: Rs 3,024.248 million)	- note 26.4.1.2	4,704,911	5,028,603
		6,535,947	8,009,152

26.4.1.1 Based on the following impairment indicators applicable to Tri-Pack Films Limited, an impairment test has been carried out by the management during the year:

- Decrease in the economic performance of Tri-Pack Films Limited; and

- Significant change in the economic conditions.

The Group reviewed the carrying amount of its investment in equity instruments of Tri-Pack Films Limited and its recoverability to determine whether there is an indication that such investment has suffered an impairment loss. The recoverable amount of investment in Tri-Pack Films Limited has been determined based on 'fair value less costs of disposal'. The 'fair value less costs of disposal' has been worked out by the management using income approach. As the recoverable amount of the investment worked out is lower than its carrying value, therefore, impairment loss has been recognized in these consolidated financial statements. The recoverable amount of the investment was determined to be lower than its carrying amount by Rs 77.45 per share and the carrying amount was accordingly reduced by Rs 998.839 million which has been recognised as an expense and included in 'Other expenses'.

26.4.1.2 The Group's investment in IGIHL is less than 20.00% but it is considered to be an associate as per the requirement of IAS 28, 'Investments in Associates' because the Group has significant influence over the financial and operating policies through representation on the board of directors of IGIHL. Consequently, following subsidiaries of IGIHL have also been considered as associates of the Group:

- IGI General Insurance Limited

- IGI Life Insurance Limited

- IGI Investments (Private) Limited

- IGI Finex Securities Limited

		2019	2018
		(Rupees in thousand)	
26.5 Investment in joint ventures			
Cost			
Opening balance		1,346,670	1,346,670
Right issue during the year		185,000	-
Closing balance		1,531,670	1,346,670
Post acquisition share of loss and reserves			
Opening balance		(1,042,985)	(1,014,900)
Share of loss from joint ventures - net of tax		(13,414)	(20,948)
Share of other comprehensive (loss)/income from joint ventures - net of tax		(6,009)	5,689
Dividends received during the year		(13,502)	(12,826)
Closing balance		(1,075,910)	(1,042,985)
Balance as on December 31	- note 26.5.1	455,760	303,685

26.5.1 Investments in equity instruments of joint ventures - Unquoted

		2019	2018
Plastic Extrusions (Proprietary) Limited, South Africa			
500 (2018: 500) fully paid ordinary shares of ZAR 1 each	- note 26.5.1.1		
Equity held 50.00% (2018: 50.00%)		13,638	27,441
OmyaPack (Private) Limited, Pakistan			
49,500,000 (2018: 31,000,000) fully paid ordinary shares of Rs 10 each			
Equity held 50.00% (2018: 50.00%)		442,122	276,244
		455,760	303,685

26.5.1.1 Joint venture incorporated outside Pakistan

	Plastic Extrusions Proprietary Limited
Basis of association	Joint Venture
Country of incorporation / jurisdiction	South Africa
Effective percentage of shareholding	31.75%
Company's shareholding	Through Flexible Packages Convertors (Proprietary) Limited
Amount of investment - foreign currency	USD 1.37 million
Amount of investment - local currency	Rs 10.799 million
Terms and conditions for which investment has been made	Unconditional equity investment
Litigations against the investee	None
Default / breach relating to foreign investment	None

		2019	2018
		(Rupees in thousand)	
27. Other long term investments			
Quoted			
Nestle Pakistan Limited			
3,649,248 (2018: 3,649,248) fully paid ordinary shares of Rs 10 each			
Equity held 8.05% (2018: 8.05%)	- note 27.1		
Cost - Rs 5,778.896 million (2018: Rs 5,778.896 million)	& 27.2	29,376,446	32,843,232
Unquoted			
Tetra Pak Pakistan Limited			
Nil (2018: 1,000,000) fully paid non-voting ordinary shares of Rs 10 each		-	10,000
Coca-Cola Beverages Pakistan Limited			
500,000 (2018: 500,000) fully paid ordinary shares of Rs 10 each			
Equity held 0.0185% (2018: 0.0185%)	- note 27.3	5,000	4,706
Pakistan Tourism Development Corporation Limited			
2,500 (2018: 2,500) fully paid ordinary shares of Rs 10 each		25	25
Orient Match Company (Private) Limited			
1,900 (2018: 1,900) fully paid ordinary shares of Rs 100 each		-	-
		5,025	14,731
Current portion shown under current assets		-	(10,000)
		29,381,471	32,847,963

27.1 Nestle Pakistan Limited is associated undertakings of the Group as per the Act. However, for the purpose of measurement, investments in others have been classified as held at FVOCI as referred to in note 4.12.3. Investments in associated companies have been made in accordance with the requirements under the Act.

27.2 As of December 31, 2019, an aggregate of 1,195,000 (2018: 775,000) shares of Nestle Pakistan Limited having market value of Rs 9,619.750 million (2018: 6,975.000 million) have been pledged in favour of HBL Pakistan. Out of aggregate shares pledged, 775,000 (2018: 410,000) shares are pledged against issuance of standby letter of credit in favour of HBL Bahrain as referred to in note 21.1 and the remaining 420,000 shares (2018: 365,000) are pledged against the term finance loan from HBL as referred to in note 8.2 and 8.10.

27.3 This represents investment in the ordinary shares of Coca-Cola Beverages Pakistan Limited (CCBPL) that is principally engaged in the production, distribution and sale of sparkling and still beverages. CCBPL is currently classified as a Level 3 financial asset and is measured at fair value on the reporting date using income approach. Fair value of investment in the ordinary shares of CCBPL has been determined at the reporting date however it was not recorded in these consolidated financial statements as the impact was immaterial.

	2019	2018
	(Rupees in thousand)	
27.4 Cumulative fair value gain on FVOCI (2018: available-for-sale) financial assets		
Balance as at beginning of the year	28,858,325	37,981,410
Changes in FVOCI (2018: available-for-sale) financial assets	(3,466,785)	(9,123,085)
Balance as at end of the year	25,391,540	28,858,325

		2019	2018
		(Rupees in thousand)	
28. Long term loans			
Loans to employees - considered good	- note 28.1	1,482	4,201
Current portion shown under current assets	- note 32	(613)	(1,100)
		869	3,101

28.1 These represent interest free loans to employees for purchase of motor cycles and cycles and are repayable in monthly instalments over a period of 60 to 260 months. These long term loans have not been carried at amortised cost since the effect of discounting is immaterial in the context of these consolidated financial statements.

Loans to employees aggregating Rs 0.349 million (2018: Rs 2.859 million) are secured by joint registration of motor cycles in the name of employees and the Parent Company. The remaining loans are unsecured.

		2019	2018
		(Rupees in thousand)	
29. Stores and spares			
Stores [including in transit Rs 58.443 million (2018: Rs 63.773 million)]		1,021,266	839,674
Spares [including in transit Rs 29.559 million (2018: Rs 9.820 million)]		1,327,270	1,133,316
	- note 29.1	2,348,536	1,972,990
Provision for obsolete / slow-moving stores and spares	- note 29.2	(15,882)	(19,830)
		2,332,654	1,953,160

29.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

	2019	2018
	(Rupees in thousand)	
29.2 The movement in provision for obsolete / slow-moving stores and spares during the year is as follows:		
Balance as at January 1	19,830	6,703
Provision for the year	(3,948)	13,127
Balance as at December 31	15,882	19,830

		2019	2018
		(Rupees in thousand)	
30. Stock-in-trade			
Raw materials [including in transit Rs 1,235.764 million (2018: Rs 1,517.67 million)]	- note 30.1	5,317,735	6,996,857
Work-in-process	- note 30.2	1,205,571	973,939
Finished goods	- note 30.3 & 30.4	4,471,346	3,839,768
Goods purchased for resale	- note 30.5	131,442	85,103
		11,126,094	11,895,667
Provision for obsolete / slow-moving stock-in-trade	- note 30.6	(94,583)	(58,675)
		11,031,511	11,836,992

30.1 Raw materials amounting to Rs 140.470 million (2018: Rs 125.797 million) are in the possession of various vendors of the Group for further processing into semi-finished and finished goods to be supplied to the Group.

30.2 Work-in-process amounting to Rs 12.516 million (2018: Rs 10.548 million) is in the possession of various vendors of the Group for further processing into other semi-finished and finished goods to be supplied to the Group.

30.3 Finished goods amounting to Rs 0.223 million (2018: Rs 0.26 million) are in the possession of various vendors of the Group that are yet to be sold by the Group to these vendors. Furthermore, finished goods costing Rs 13.053 million (2018: Nil) have been written down to their Net Realizable Value ('NRV') amounting to Rs 12.441 million (2018: Nil) and the resulting NRV write down expense amounting to Rs 0.594 million (2018: Nil) has been charged to cost of sales.

30.4 Finished goods with a cost of Rs 1,573.976 million (2018: Rs 1,115.002 million) are being valued at net realizable value ('NRV') of Rs 1,388.804 million (2018: Rs 1,026.120 million).

30.5 Goods purchased for resale amounting to Rs 53.915 million (2018: Rs 36.503) are in the possession of various vendors of the Group that are yet to be sold by the Group to these vendors. Furthermore, goods purchased for resale costing Rs 5.122 million (2018: Rs 3.560 million) have been written down to their NRV amounting to Rs 4.073 million (2018: Rs 3.070 million) and the resulting NRV write down expense amounting to Rs 0.419 million (2018: Rs 0.490 million) has been charged to cost of sales.

		2019	2018
		(Rupees in thousand)	
30.6 The movement in provision for obsolete / slow-moving stock-in-trade during the year is as follows:			
Opening balance		58,675	40,587
Provision for the year	- note 36.1	37,155	18,456
Stocks written off against provision		(1,247)	(368)
Closing balance		94,583	58,675

31. Trade debts

		2019	2018
Considered good			
- Related parties - unsecured	- note 31.1	34,507	20,959
- Others	- note 31.2	7,543,876	6,639,261
		7,578,383	6,660,220
Considered doubtful		249,755	130,712
		7,828,138	6,790,932
Loss allowance (2018: Provision for doubtful debts)	- note 31.3	(249,755)	(130,712)
		7,578,383	6,660,220

	2019	2018
	(Rupees in thousand)	
31.1 Related parties - unsecured		
Joint ventures		
Plastic Extrusions (Proprietary) Limited	20,932	10,329
Omya Pack (Private) Limited	905	208
Associate		
Tri-Pack Films Limited	3,455	5,477
Other related party		
DIC Lanka (Private) Limited	1,577	-
Ceylon Tea Services Limited	7,638	4,945
	34,507	20,959

31.1.1 The maximum aggregate amount due from these related parties at the end of any month during the year was Rs 400.010 million (2018: Rs 82.401 million).

31.2 Includes trade debts of Rs 200.282 million (2018: Rs 609.243 million) which are secured by way of inland letters of credit.

	2019	2018
	(Rupees in thousand)	
31.3 The reconciliation of loss allowance (2018: Provision for doubtful debts) during the year is as follows:		
Balance at the beginning of the year under IAS 39	130,712	86,248
Effect of change in accounting policy due to adoption of IFRS 9 - note 2.2.1 (a)	38,878	-
Adjusted balance as at beginning of the year under IFRS 9	169,590	86,248
Impairment loss on financial assets (2018: Provision for the year) during the year	84,161	47,840
Bad debts written off	(946)	(6,681)
Exchange (gain)/ loss	(3,050)	3,305
Balance as at end of the year	249,755	130,712

32. Loans, advances, deposits, prepayments and other receivables

		2019	2018
Current portion of loans to employees	- note 28	613	1,100
Advances - considered good			
- To employees	- note 32.1	4,849	17,478
- To suppliers	- note 32.2	420,828	71,303
		425,677	88,781
Due from related parties - unsecured	- note 32.3 & 32.4	50,652	69,115
Trade deposits - considered good		96,971	59,759
Profit receivable on deposits		2,398	-
Security deposits		26,425	29,481
Prepayments	- note 32.5	137,851	74,922
Balances with statutory authorities			
- Customs duty		92,946	43,701
- Sales tax recoverable	- note 32.6 32.7, 32.8 & 32.9	410,986	539,754
		503,932	583,455
Other receivables - considered good	- note 32.10	403,387	412,691
		1,647,906	1,319,304

32.1 Included in advances to employees are amounts due from executives of Rs 0.327 million (2018: Rs 2.354 million).

32.2 Advances to suppliers		**2019**	**2018**
		(Rupees in thousand)	
Considered good		420,828	71,303
Considered doubtful		-	-
		420,828	71,303
Provision for doubtful advances	- note 32.2.1	-	-
		420,828	71,303

32.2.1 The movement in provision for doubtful advances during the year is as follows:

Balance as at January 1	-	1,000
Advances written off	-	(1,000)
Balance as at December 31	-	-

32.3 Due from related parties - unsecured

Joint venture		
Omya Pack (Private) Limited	15,329	14,095
Associates		
IGI Finex Securities Limited	198	257
IGI Holdings Limited	2,770	3,958
IGI General Insurance Limited	13,936	3,803
IGI Investments (Private) Limited	701	3,002
IGI Life Insurance Limited	12,694	38,596
Tri-Pack Films Limited	3,652	4,899
Other related parties		
DIC Asia Pacific Pte Limited	294	-
PT DIC Graphics	331	-
Packages Foundation	747	505
	50,652	69,115

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

32.4 The maximum aggregate amount due from these related parties at the end of any month during the year was Rs 114.962 million (2018: Rs 92.523 million).

32.5 Prepayments include Rs 19.772 million (2018:18.208 million) made to IGI Life Insurance Limited (associates).

32.6 The Deputy Commissioner Inland Revenue ('DCIR') in his order dated June 24, 2015 alleged that in respect of tax periods from 2008 to 2012, the Group had incorrectly adjusted input sales tax credit amounting to Rs 146.107 million on purchases of raw materials from certain suppliers who were subsequently blacklisted / suspended and disallowed the same along with levy of default surcharge and penalty thereon with the total demand aggregating to Rs 292.214 million. During 2016, the taxation authorities adjusted an amount of Rs 292.214 million from income tax refunds of the Group against the said demand.

However, the Appellate Tribunal Inland Revenue ('ATIR'), through order dated August 28, 2017, has decided the case in favour of the Group. The Group has filed an application before the respective authorities to give effect to the order during the previous year, the outcome of which is still pending. Since the case has been decided in the Group's favour, therefore, the management has not created any provision against the recoverable amount of Rs 292.214 million.

32.7 The sales tax authorities have raised various demands aggregating to Rs 50.841 million against the Group for the tax periods from 2011 to 2015 that primarily pertain to disallowance of input sales tax on certain payments and alleged default on charging of output sales tax on certain goods delivered and services rendered by the Group. During the previous years, the Group made aggregate advance payments amounting to Rs 43.561 million against such demands. While the Group's appeals in this respect are presently pending adjudication at the CIR(A), ATIR and High Court of Sindh, the Group has not made any provision against the above demands nor the advance payments as the management is confident that the ultimate outcome of the appeals would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and legal counsel and the relevant law and facts.

32.8 In respect of tax periods from 2014 to 2016, the Additional Commissioner, Punjab Revenue Authority, through his order dated August 8, 2018 has created a demand of Rs 757.841 million against the Group in respect of alleged default on withholding of Punjab Sales Tax on various heads of accounts along with penalty thereon. The Group has filed an appeal against the above order with the Commissioner (Appeals) on December 13, 2018, the outcome of which is still pending. The appeal against the impugned order has been filed on the basis of following major grounds:

- the relevant section of the Punjab Sales Tax on Services Act, 2012 has been wrongly applied retrospectively to the alleged period of default;

- the heads of accounts include multiple line items on which Punjab Sales Tax is not applicable; and

- it has been wrongly assumed that all the expenses disclosed in the consolidated financial statements under the identified heads have actually been paid during the said tax periods.

During the year, Commissioner (Appeals) ordered an inquiry under section 64(5) of The Punjab Sales Tax on Services Act, 2012 which was conducted by Additional Commissioner Enforcement-III and the inquiry report was submitted to Commissioner (Appeals) on May 27, 2019 whereby the demand was reduced to Rs 457.570 million upon verification of the documents provided by the Group. The final outcome of the appeal is still awaited.

The Group has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

32.9 In respect of tax period from January 2016 to December 2016, the Deputy Commiinssioner Inland Revenue, Federal Board of Revenue, through his order dated December 28, 2018 has created a demand of Rs 493.391 million in respect of disallowance of input tax claimed by the Group, alleged default on charging of output sales tax and default on withholding of General Sales Tax along with penalty thereon. The Group appealed against the assessment order in the office of CIR(A) and the CIR(A) remanded back the case to DCIR .The group has not made any provision against the above demand as the management is confident that the ultimate outcome of the order would be in favour of the Group ,inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

32.10 Other receivables include Rs 14.6 million (2018: Rs 30 million) in respect of claim receivable for shredder machinery destroyed in fire from IGI General Insurance Limited, an associate of the Group. It is neither past due, nor impaired.

33. Income tax receivable

		2019	2018
		(Rupees in thousand)	
Income tax refundable	- note 33.1	4,749,550	4,792,046
Income tax recoverable	- note 33.2	36,013	36,013
		4,785,563	4,828,059

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

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

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

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

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

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

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

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

33.5 In respect of tax year 2016, the Department of Inland Revenue Services (the 'department') has by an order dated April 30, 2018, against a taxable loss of Rs. 3,309.505 million as per return filed by the BSPPL, assessed a taxable income of Rs. 773.450 million and amended the deemed order for the year raising a tax demand of Rs 89.824 million. In this order, among other issues, the department disallowed the adjustment of tax loss carried forward of Rs. 3,507.631 million against the taxable income of the said year on the grounds that the contention of the Parent Company in respect of tax year 2014 for non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL under section 97 of the Income Tax Ordinance, 2001 has been rejected in the assessment order dated May 28, 2016 passed by the department for the Parent Company, thereby taxing such transfer as capital gain on the value of assets transferred. The Group has filed an appeal against the above order before the ATIR on May 4, 2018, the outcome of which is still pending.

Further, certain other disallowances were made by the department interalia including refund adjustment pertaining to tax year 2014 of Rs 141.323 million claimed by BSPPL, on the grounds that return of income for the tax year 2014 was amended by the department via an order dated February 28, 2017, thereby eliminating the amount of tax refundable claimed by BSPPL for the tax year 2014.

The Group being aggrieved of the order dated April 30, 2018 filed the appeal before CIR(A). CIR(A), through order dated July 6, 2018, has accepted some contentions of the Group, remanded back few contentions to the department, disallowed the adjustment of tax loss carried forward of Rs. 3,507.631 million and disallowed the refund adjustment pertaining to tax year 2014 of Rs 141.324 million. The Group has filed an appeal dated August 7, 2018 before Appellate Tribunal Inland Revenue against the CIR(A)'s disallowances and has not made any provision against the above disallowances as the management is confident that the ultimate outcome of the appeal would be in favor of the Group, inter alia on the basis of the advice of the tax consultants of the Group and the relevant law and the facts.

34. Cash and bank balances

		2019	2018
		(Rupees in thousand)	
At banks:			
- On deposit accounts [including ZAR 122,104 (2018: ZAR 54,914)	- note 34.1	783	531
- On savings accounts	- note 34.2	157,339	262,122
- On current accounts	- note 34.3	248,449	182,252
		406,571	444,905
In hand [including USD 5,925 (2018: USD 5,906) and GBP Nil (2018: GBP 3,505) , AED 500 (2018: AED Nil), QAR 114 (2018: QAR Nil) and ZAR 428,223 (2018: 23,246)]		11,362	16,441
		417,933	461,346

34.1 The balances in savings accounts bear mark-up which ranges from 7.00% to 11.25% (2018: 3.75% to 8.00%) per annum.

34.2 Included in these are restricted funds of Rs 18.829 million (2018: Rs 14.635 million) in respect of deposits that are repayable on demand.

34.3 Included in these are total restricted funds of Rs 1.332 million (2018: Rs 1.332 million) held as payable to TFC holders.

		2019	2018
		(Rupees in thousand)	
35. Revenue			
The Group derives the following types of revenue:			
Sale of goods	- note 35.1	57,426,295	49,718,899
Services	- note 35.2	3,479,557	3,203,824
		60,905,852	52,922,723
35.1 Sale of goods			
Local sales			
- Own manufactured		65,782,098	56,367,742
- Purchased for resale		535,248	448,052
		66,317,346	56,815,794
Export sales		262,436	742,562
		66,579,782	57,558,356
- Sales tax		(8,772,416)	(7,513,693)
- Trade discount		(358,196)	(308,486)
- Commission		(22,875)	(17,278)
		(9,153,487)	(7,839,457)
		57,426,295	49,718,899

		2019	2018
		(Rupees in thousand)	
35.2 Services			
License fee	- note 35.2.1	2,034,509	1,888,730
Service and management charges	- note 35.2.2	1,087,313	1,028,127
Advertisements and parking income	- note 35.2.3	357,735	286,967
		3,479,557	3,203,824

35.2.1 The future aggregate minimum rentals / license receivable under non-cancellable operating leases are as follows:

	2019	2018
- Not later than one year	2,167,082	2,024,531
- Later than one year and not later than five years	4,099,861	7,730,111
	6,266,943	9,754,642

Variable license fee recognised during the year as income was Rs 83.816 million (2018: Rs 90.523 million). License fee also includes 33.070 million (2018: Rs 28.966 million) in respect of amortisation of deferred income as referred to in note 12.

35.2.2 This includes Rs 1,087.313 million (2018: Rs 907.269 million) chargeable to sales tax and it is exclusive of sales tax of Rs 184.552 million (2018: Rs 152.356 million).

35.2.3 This includes Rs 339.486 million (2018: Rs 222.747 million) chargeable to sales tax and it is exclusive of sales tax of Rs 56.508 million (2018: Rs 35.898 million).

		2019	2018
		(Rupees in thousand)	
36. Cost of sales and services			
Cost of sales - own manufactured	- note 36.1	48,470,207	43,822,950
Cost of sales - purchased for resale	- note 36.2	398,353	329,030
Cost of services	- note 36.3	1,850,705	2,031,758
		50,719,265	46,183,738

		2019	2018
36.1 Cost of sales - own manufactured			
Materials consumed		32,117,225	28,337,158
Salaries, wages and amenities	- note 36.1.1 & 36.1.2	4,273,676	3,870,001
Travelling and conveyance		113,982	121,239
Fuel and power	- note 36.1.3	5,065,874	4,547,045
Production supplies consumed		1,242,192	1,058,803
Rent, rates and taxes	- note 36.1.4	125,000	174,517
Insurance		194,591	183,265
Repairs and maintenance		1,012,539	962,220
Packing expenses		947,837	791,258
Depreciation on owned assets	- note 22.1.6	3,120,550	3,257,031
Depreciation on assets subject to finance lease	- note 22.2.1	-	6,538
Depreciation on right-of-use assets	- note 23.1	42,461	-
Amortisation of intangible assets	- note 25.2	13,501	12,802
Safety equipment		22,750	23,638
Technical fee and royalty	- note 36.1.5	134,567	98,574
Provision for obsolete / slow-moving stock-in-trade	- note 30.6	37,155	18,456
Provision for obsolete / slow-moving stores and spares	- note 29.2	-	13,127
Material handling charges		198,428	262,847
Medical expenses		49,070	31,098
Other expenses		557,281	612,418
		49,268,679	44,382,035
Opening work-in-process		973,939	727,962
Closing work-in-process		(1,197,511)	(973,939)
Cost of goods manufactured	- note 36.1.6	49,045,107	44,136,058
Opening stock of finished goods		3,839,768	3,526,660
		52,884,875	47,662,718
Closing stock of finished goods		(4,414,668)	(3,839,768)
		48,470,207	43,822,950

36.1.1 Salaries, wages and amenities

Salaries, wages and amenities include following in respect of retirement benefits:

	2019	2018
Defined benefit plans		
- Gratuity fund	71,452	53,494
Defined contribution plans		
- Provident fund	57,417	52,184
- Pension fund	84,461	75,658
Other benefit plan		
- Accumulating compensated absences	55,817	54,691
	269,147	236,027

36.1.2 Salaries, wages and amenities include Rs 355.511 million (2018: Rs 360.139 million) in respect of services rendered by manpower contractors during the year.

36.1.3 This is net off refund received from Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rs 437.264 million (2018: Nil) for excess GIDC paid by the Group from May 2015 to April 2018 on account of difference in industrial and captive power rate as explained in note 19.3.

36.1.4 Rent, rates and taxes include operating lease rentals amounting to Nil (2018: Rs 109.161 million).

36.1.5 This represents royalty charged by a related party, DIC Corporation, Japan (having its registered office at DIC Building, 7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-8233, Japan). DIC Corporation, Japan is a related party due to its 100% shareholding in DIC Asia Pacific Pte. Limited.

36.1.6 Cost of goods manufactured includes an amount of Rs 3,245.470 million (2018: Rs 3,106.539 million) for stores and spares consumed. It also include amounts of Rs 94.519 million (2018: Rs 80.745 million), Rs 23.384 million (2018: Rs 16.881 million) and Rs 44.856 million (2018: Rs 65.072 million) for raw material, stores and spares and finished goods written off respectively.

36.2 Cost of sales - purchased for resale

	2019	2018
	(Rupees in thousand)	
Purchases	444,692	369,643
Opening stock of goods purchased for resale	85,103	44,490
Closing stock of goods purchased for resale	(131,442)	(85,103)
	398,353	329,030

36.3 Cost of services

		2019	2018
		(Rupees in thousand)	
Salaries, wages and benefits		134,747	149,555
Depreciation on investment properties	- note 24.1.1	834,763	843,389
Depreciation on right-of-use assets	- note 23.1	38,102	-
Fuel and power		501,823	423,372
Rent, rates and taxes		-	255,613
Insurance		32,271	40,113
Consultancy		8,908	10,041
Mall operating expenses		300,091	309,675
		1,850,705	2,031,758

36.3.1 Salaries, wages and amenities

Salaries, wages and amenities include following in respect of retirement benefits:

Defined benefit plans		
- Gratuity fund	51	381
Defined contribution plans		
- Provident fund	115	854
- Pension fund	223	1,634
Other benefit plan		
- Accumulating compensated absences	12,134	680
	12,523	3,549

37. Administrative expenses

Salaries, wages and amenities	- note 37.1 & 37.2	1,333,516	1,141,324
Travelling and conveyance		103,513	62,550
Rent, rates and taxes	- note 37.3	112,392	265,751
Insurance		41,943	38,416
Printing, stationery and periodicals		39,044	38,494
Postage, telephone and telex		40,916	41,635
Medical expenses		6,599	5,518
Entertainment expenses		2,284	6,848
Motor vehicles running		28,927	25,444
Computer charges		63,611	56,493
Training expenses		1,319	4,498
Professional services	- note 37.4	260,849	187,946
Consultancy and transaction advisory fee		334	-
Repairs and maintenance		36,468	29,675
Depreciation on owned assets	- note 22.1.6	134,799	154,121
Depreciation on assets subject to finance lease	- note 22.2.1	-	3,887
Depreciation on right-of-use assets	- note 23.1	74,579	-
Amortisation of intangible assets	- note 25.2	17,739	16,676
Depreciation on investment properties	- note 24.1.1	1,293	1,646
Security services		5,023	4,339
Other expenses		206,111	182,087
		2,511,259	2,267,348

37.1 Salaries, wages and amenities include following:

Defined benefit plans		
- Gratuity funds	30,098	16,439
- Pension funds	32,407	14,992
Defined contribution plans		
- Provident funds	17,263	16,900
- Pension funds	24,488	24,106
Other benefit plan		
- Accumulating compensated absences	22,419	21,716
	126,675	94,153

37.2 Salaries, wages and amenities include Rs 73.026 million (2018: 66.143 million) in respect of services rendered by manpower contractors during the year.

37.3 Rent, rates and taxes include operating lease rentals amounting to Nil (2018: Rs 139.073 million).

	2019	2018
	(Rupees in thousand)	
37.4 Professional services		
The charges for professional services include the following in respect of auditors' services for:		
Statutory audit	13,142	16,202
Statutory report certification	200	-
Half yearly review	3,503	3,339
Tax services	12,864	18,721
Advisory services	30,000	-
Special assignment	1,263	-
Workers' profit participation fund audit, management staff pension and gratuity fund audit, audit of consolidated financial statements and other certification charges	2,581	5,001
Out of pocket expenses	3,157	2,926
	66,710	46,189

37.5 Administrative expenses include Rs 74.079 million (2018: Rs 59.430 million) for stores and spares consumed.

		2019	2018
		(Rupees in thousand)	
38. Distribution and marketing costs			
Salaries, wages and amenities	- note 38.1 & 38.2	773,846	753,327
Travelling and conveyance		87,928	81,682
Rent, rates and taxes	- note 38.3	12,868	10,779
Freight and distribution		796,074	685,611
Insurance		44,330	37,026
Electricity		1,136	999
Postage, telephone and telex		558	699
Advertisement and sales promotion		630,383	583,346
Depreciation on owned assets	- note 22.1.6	59,941	28,602
Amortisation on intangible assets	- note 25.2	2,025	1,918
Depreciation on assets subject to finance lease	- note 22.2.1	-	3,063
Depreciation on right-of-use assets	- note 23.1	16,578	-
Repairs and maintenance		56	54
Provision for doubtful debts - net	- note 31.3	-	47,840
Consultancy		988	15,762
Bad debts written off		3,765	71,940
Other expenses		156,524	100,726
		2,587,000	2,423,374

	2019	2018
	(Rupees in thousand)	

38.1 Salaries, wages and amenities

Salaries, wages and amenities include following in respect of retirement benefits:

	2019	2018
Defined benefit plans		
- Gratuity funds	19,249	9,681
Defined contribution plans		
- Provident funds	10,326	9,481
- Pension funds	13,523	12,337
Other benefit plan		
- Accumulating compensated absences	12,866	12,923
	55,964	44,422

38.2 Salaries, wages and amenities include Rs 27.244 million (2018: Rs 37.578 million) in respect of labour contractors for services rendered during the year.

38.3 Rent, rates and taxes include operating lease rentals amounting to Nil (2018: Rs 8.979 million).

38.4 Distribution and marketing costs include Rs 6.777 million (2018: Rs 5.022 million) for stores and spares consumed.

39. Other expenses

		2019	2018
		(Rupees in thousand)	
Worker's profit participation fund	- note 19.10	140,465	202,282
Workers' welfare fund	- note 19.11 & 39.1	35,572	7,062
Impairment on investments	- note 26.4.1	998,839	-
Loss on disposal of owned assets		-	19,261
Loss on derivative financial instruments		11,772	-
Exchange loss - net		251,142	500,921
Donations	- note 39.2	56,077	38,303
Receivables written off		-	6,947
		1,493,867	774,776

39.1 As explained in note 4.2, the Parent Company and BSPPL have opted for group taxation. Consequently, the workers' welfare fund expense of the Taxation Group included in this head is based on consolidated results of the Taxation Group.

39.2 The Parent Company made a donation of Rs 56.077 million (2018: Rs 38.303 million) to its related party, Packages Foundation. Following is the interest of Directors of the Parent Company in the donees during the year:

Name of donee	Director of the Parent Company	Interest in donee
Packages Foundation	Syed Hyder Ali (Chief Executive Officer)	Trustee
	Shamim Ahmad Khan	Trustee
	Syed Aslam Mehdi	Trustee

No other directors and their spouses had any interest in any of the donees during the year.

40. Other income

		2019	2018
		(Rupees in thousand)	
Income on bank deposits		21,385	23,284
Rental income from investment properties		18,206	21,088
Profit on disposal of owned assets		45,646	-
Service fees		6,126	3,413
Scrap sales		23,588	21,132
Insurance commission from related party		738	13,035
Liabilities no longer payable written back	- note 40.2	463,813	39,818
Reversal of provision for doubtful debts		15,613	-
Discounting adjustment on long term advances	- note 14	35,145	-
Reversal of provision for workers' welfare fund	- note 19.11	-	1,176
Rebate income	- note 40.1	3,324	4,793
Others		22,756	26,614
		656,340	154,353

40.1 This includes indent commission income aggregating Rs 0.334 million (2018: Rs 0.243 million) charged to PT DIC Graphics, DIC Asia Pacific Pte Limited and DIC Compounds (Malaysia), related parties of the Group.

40.2 This includes Rs 387.935 million in respect of differential of industrial and captive power users in applicable tariff rate, GIDC and related LPS as disclosed in note 19.3.

41. Finance cost

		2019	2018
		(Rupees in thousand)	
Interest and mark-up including commitment charges on			
- Long term finances			
- Local currency - secured		1,992,178	1,107,136
- Foreign currency - secured		75,473	100,249
- Finances under mark-up arrangements - secured		1,482,051	727,755
- Liabilities against assets subject to finance lease		-	59,209
- Loan from shareholder of Parent Company	- note 9	53,314	52,611
- Lease liabilities	- note 10	144,530	-
Return on preference shares / convertible stock	- note 8.16	155,550	155,550
Interest on security deposits	- note 11	30,599	24,590
Commission on guarantees		10,457	20,229
Bank charges		31,754	20,990
		3,975,906	2,268,319

42. This represents dividend income from other long term investments as referred to in note 27.

43. Taxation

		2019	2018
		(Rupees in thousand)	
Current			
- Current year	- note 43.1	1,427,853	1,048,460
- Prior years		173,407	47,302
		1,601,260	1,095,762
Deferred	- note 13.5	58,454	(528,421)
		1,659,714	567,341

43.1 As explained in note 4.2, the Taxation Group's provision for taxation (current and deferred) included in the charge for the current year is based on the consolidated results of the Taxation Group which represents tax under 'final tax regime' and minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001 net of investment tax credit available to the Taxation Group by virtue of investment in plant and machinery in accordance with Section 65B of the Income Tax Ordinance, 2001. The Group taxation has resulted in a reduction of Rs 42.876 million (2018: Rs 50.407 million) in the tax expense of the Taxation Group for the year.

43.2 Section 5A of the Income Tax Ordinance, 2001 imposed income tax at the rate of 5% on accounting profit before tax where the Parent Company derives profit for a tax year but does not distribute at least 20% of its after tax profits within six months of the end of the tax year through cash. The Parent Company has distributed the requisite amount of dividend announced in tax year 2019 during the tax year 2020 and accordingly, no provision for tax on undistributed profit under section 5A of the Income Tax Ordinance, 2001 has been recognized in these consolidated financial statements for the year ended December 31, 2019. Furthermore, through Finance Act 2019, provision related to tax on undistributed profits was restricted only to the extent of tax years 2017,2018 and 2019.

43.3 Tax charge reconciliation	**2019**	**2018**
	% age	
Numerical reconciliation between the average effective tax rate		
and the applicable tax rate		
Applicable tax rate	29.00	29.00
Tax effect of amounts that are:		
- Associates and joint ventures results reported net of tax	6.57	8.11
- Not deductible for tax purposes	21.07	19.11
- Deductible for tax purposes	(0.70)	(0.99)
- Exempt for tax purposes	(1.46)	(1.23)
- Chargeable to tax at different rates	(15.19)	(19.84)
Effect of change in prior years' tax	8.95	1.19
Group taxation as explained in note 4.2	(1.51)	(14.54)
Effect of changes in tax rate	7.36	(2.73)
Adjustments of brought forward losses	-	(4.59)
Deductible temporary differences in respect of which no deferred tax asset has been recognised	3.68	-
Deferred tax on initial application of IFRS 16 directly recognised in equity	(0.83)	-
Tax effect under presumptive tax regime and others	0.74	3.43
Tax credits and losses recognised during the year	(2.69)	-
Deferred tax asset not recognized	0.38	14.21
BMR tax credits	(0.60)	-
Impact of different statutory rates	0.08	-
Minimum tax	35.00	32.46
Effect of allowance against property income	(4.20)	(4.50)
Investment tax credit	-	(28.27)
	56.65	1.82
Average effective tax rate charged to consolidated statement of profit or loss	85.65	30.82

44. As referred to in note 8.16, in addition to the preferred right of return at the rate of 10.00% per annum, either in cash or ordinary shares on a non-cumulative basis till the date of settlement of preference shares / convertible stock, the preference shareholders also have the right to share the excess amount with the ordinary shareholders on an as-converted basis in case the amount of dividend per share paid to an ordinary shareholder exceeds that paid to a preference shareholder. Since ordinary dividend of Rs 30.00 per share was approved for the year ended December 31, 2017, which exceeded the preferred return for that year, the additional preference dividend to be paid to the preference shareholders had been distributed to the preference shareholders as participating dividend and charged directly to the equity in the previous year. No such amount is required to be distributed to the preference shareholders as the ordinary dividend for the year ended December 31, 2018 did not exceed the preferred return for that year.

45. Remuneration of Chief Executive, Directors and Executives

45.1 The aggregate amount charged in the consolidated financial statements for the year for remuneration, including certain benefits, to the Chief Executive, Executive and Non-Executive Directors and Executives of the Group are as follows:

	Chief Executive		Executive Directors		Non-Executive Directors		Executives	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Rupees in thousand)							
Short term employee benefits								
Managerial remuneration	35,426	20,570	9,775	8,449	-	-	456,110	501,718
Housing	16,663	14,972	3,396	3,094	-	-	168,043	151,826
Utilities	4,295	3,850	755	688	-	-	36,253	31,919
Bonus and incentives	23,548	23,917	2,929	5,339	-	-	306,519	208,050
Leave passage	2,859	2,596	637	587	-	-	14,795	17,153
Reimbursement of medical expenses	8,702	3,838	57	67	-	-	13,010	11,596
Directors' fees	-	-	-	-	5,175	3,725	-	-
Technical fees	-	-	-	-	1,934	1,749	-	-
Other allowances and expenses	3,111	3,793	-	-	-	-	45,021	47,921
	94,604	73,536	17,549	18,224	7,109	5,474	1,039,751	970,183
Post employment benefits								
Contribution to provident, gratuity and pension funds	11,837	10,750	2,639	2,430	-	-	80,979	83,385
	106,441	84,286	20,188	20,654	7,109	5,474	1,120,730	1,053,568
Number of persons	**1**	**1**	**1**	**1**	**8**	**8**	**108**	**116**

The Group also provides the Chief Executive and some of the directors and executives with Group maintained cars, free transport and utilities.

45.2 Premium charged in the consolidated financial statements in respect of directors' indemnity insurance policy, purchased by the Group during the year, amounted to Rs 0.753 million (2018: Rs 0.753 million).

46. Transactions with related parties

The related parties comprise joint ventures, investor, associates, directors, key management personnel, staff retirement plans and other related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of that Group. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in note 45. Significant related party transactions have been disclosed in respective notes in these consolidated financial statements, other than the following:

		2019	2018
		(Rupees in thousand)	
Relationship with the Group	**Nature of transactions**		
i. Joint ventures	Purchase of goods & services	244,884	82,401
	Sale of goods & services	221,885	236,473
	Rental income	3,496	3,729
	Dividend income	13,502	12,826
ii. Associates	Purchase of goods & services	1,759,071	2,368,732
	Sale of goods & services	21,364	22,558
	Dividend income	96,832	325,416
	Rental and other income	28,813	22,244
	Insurance claims	28,929	15,484
	Commission earned	738	13,502
	Insurance Premium	489,218	-
	Dividend paid	400,608	739,614
iii. Other related parties	Purchase of goods & services	745,666	789,754
	Sale of goods & services	242,708	237,442
	Commission earned	334	1,040
	Repayment of loan	50,000	100,000
	Commission expense	13,872	15,334
	Royalty and technical fee - expense	57,495	48,659
	Dividend paid	76,543	114,758
	Donations	56,077	38,303
	Rental and other income	710	-
iv. Retirement Obligation	Expense charged in respect of retirement plans	361,073	270,533
	Dividend paid	42,486	84,973
v. Key management personnel	Salaries and other employee benefits- note 46.1	246,461	213,797
	Dividend paid	34,309	68,618

46.1 This represents remuneration of the Chief Executive, executive director and some of the executives that are included in the remuneration disclosed in note 45 to these consolidated financial statements.

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 term of employment.

46.2 Following are the related parties with whom the Group had entered into transactions or had arrangements/agreements in place:

Name of entity	Basis of relationship	Aggregate % of shareholding in the parent company
DIC Asia Pacific Pte Limited	Group company	N/A
DIC Corporation Japan	Group company	N/A
PT Pardic Jaya Chemicals, Indonesia	Group company	N/A
DIC Malaysia SDN. BHD	Group company	N/A
DIC India Limited	Group company	N/A
DIC Graphics (Thailand) Company Limited	Group company	N/A
DIC Australia Pty Limited	Group company	N/A
PT DIC Graphics	Group company	N/A
DIC Lanka (Private) Limited	Group company	N/A
Tri-Pack Films Limited	Associated company	N/A
IGI Life Insurance Limited	Associated company	N/A
OmyaPack (Private) Limited	Joint Venture	N/A
IGI Holdings Limited	Associated company	N/A
IGI Finex Securities Limited	Associated company	0%
IGI General Insurance Limited	Associated company	N/A
IGI Investments (Private) Limited	Investor	30%
Packages Limited Employees Gratuity Fund	Post Employment Benefit Pla	0%
Packages Limited Management Staff Pension Fund	Post Employment Benefit Pla	1%
Packages Limited Employees Provident Fund	Post Employment Benefit Pla	2%
Syed Hyder Ali	Chief Executive Officer	3%
Asghar Abbas	Director	0%
Packages Foundation	Common directorship	N/A
Babar Ali Foundation	Common directorship	7%
Syed Maratib Ali trust	Common directorship	N/A

47. Capacity and production - tones

	Capacity		Actual production	
	2019	2018	2019	2018
Paper and paperboard produced	281,400	281,400	233,816	218,323
Paper and paperboard converted	59,107	57,500	39,670	42,380
Plastics all sorts converted	51,200	51,200	21,189	38,166
Inks produced - tones	15,905	15,905	10,307	10,180
Flexible packaging material - meters '000'	232,474	232,474	72,124	82,519
Corrugator	96,000	96,000	89,762	88,946

The variance of actual production from capacity is primarily on account of production planned as per market demand.

		2019	2018
48. Number of employees			
Total number of employees as at December 31		3,402	3,429
Average number of employees during the year		3,421	3,458

49. Rates of exchange

Liabilities in foreign currencies have been translated into PKR at USD 0.6437 (2018: USD 0.7189), EURO 0.5745 (2018: EURO 0.6285), CHF 0.6229 (2018: CHF 0.7079), SEK 5.9952 (2018: SEK 6.4475), GBP 0.4902 (2018: GBP 0.5665), SGD 0.86850 (2018: SGD 0.9812), YEN 69.9447 (2018: YEN 79.3777), AED 2.3641 (2018: AED 2.6406), SLR 118.7310 (2018:132.2751) and ZAR 9.0446 (2018: 10.4232) equal to Rs 100. Assets in foreign currencies have been translated into PKR at USD 0.6458 (2018: USD 0.7215), SLR 118.7640 (2018: 131.2336) and ZAR 9.1206 (2018: 10.3434) equal to Rs 100.

50. Cash flow information

50.1 Cash generated from operations

		2019	2018
		(Rupees in thousand)	
Profit before tax		1,937,775	1,727,519
Adjustments for:			
- Depreciation on owned assets	- note 22.1.6	3,315,290	3,439,754
- Depreciation on right of use assets (2018: assets subject to finance lease)	- note 23.1	171,720	13,488
- Depreciation on investment properties	- note 24.1.1	836,056	845,035
- Discounting adjustment on long term advances	- note 40	(35,145)	-
- Impairment loss on investments	- note 39	998,839	-
- Loss on derivative financial instruments	- note 39	11,772	-
- Amortisation on intangible assets	- note 25.2	33,265	31,396
- Amortisation of deferred income	- note 12	(33,070)	(28,966)
- Provision for accumulating compensated absences	- note 16	103,236	102,253
- Provision for retirement benefits	- note 15	156,297	99,444
- Provision for doubtful debts	- note 31.3	-	47,840
- Net impairment losses on financial assets	- note 31.3	84,161	-
- Exchange adjustments		36,941	190,219
- (Profit) / loss on disposal of operating fixed assets	- note 39 & 40	(45,646)	19,261
- Liabilities no longer payable written back	- note 40	(463,813)	(39,818)
- Reversal of provision for workers' welfare fund	- note 40	-	(1,176)
- Capital work-in-progress charged to consolidated statement of profit or loss	- note 22.3	11,642	4,279
- Provision for obsolete / slow-moving stores and spares	- note 29.2	(3,948)	13,127
- Provision for obsolete / slow-moving stock-in-trade	- note 30.6	37,155	15,649
- Finance cost	- note 41	3,975,906	2,268,319
- Dividend income	- note 42	(1,741,650)	(2,491,996)
- Share of profit / (loss) of investments accounted for under equity method - net of tax	- note 26.2	(5,391)	(76,002)
Profit before working capital changes		9,381,392	6,179,625

	2019	2018
	(Rupees in thousand)	
Effect on cash flow due to working capital changes:		
- Increase in stores and spares	(375,546)	(258,620)
- Decrease / (increase) in stock-in-trade	768,326	(3,413,481)
- Increase in trade debts	(1,038,152)	(764,759)
- Increase in loans, advances, deposits, prepayments and other receivables	(345,173)	(88,505)
- Increase in rental security deposits	4,645	21,104
- (Decrease) / increase in trade and other payables	(475,098)	1,144,632
	(1,460,998)	(3,359,629)
	7,920,394	2,819,996

50.2 Cash and cash equivalents

		2019	2018
Cash and bank balances	- note 34	417,933	461,346
Finances under mark-up arrangements - secured	- note 18	(11,386,824)	(11,618,495)
		(10,968,891)	(11,157,149)

50.3 Reconciliation of liabilities arising from financing activities

	Opening balance as at January 1, 2019	Cash flows	Other changes *	Closing balance as at December 31, 2019
	(Rupees)			
Long term finances	17,086,178	1,967,052	41,851	19,095,081
Loan from shareholder of parent company	220,916	(50,000)	53,314	224,230
	17,307,094	1,917,052	95,165	19,319,311

* Other changes represent non-cash movements.

51. Earnings per share

51.1 Basic earnings per share

		2019	2018
Profit for the year	Rupees in thousand	153,043	1,006,288
Participating dividend on preference shares	Rupees in thousand	-	(82,499)
	Rupees in thousand	153,043	923,789
Weighted average number of ordinary shares	Numbers	89,379,504	89,379,504
Basic earnings per share	Rupees	1.71	10.34

51.2 Diluted earnings per share

		2019	2018
Profit for the year	Rupees in thousand	153,043	1,006,288
Return on preference shares / convertible stock - net of tax	Rupees in thousand	110,815	110,526
	Rupees in thousand	263,858	1,116,814
Weighted average number of ordinary shares	Numbers	89,379,504	89,379,504
Weighted average number of notionally converted preference shares / convertible stock	Numbers	8,186,842	8,186,842
		97,566,346	97,566,346
Diluted earnings per share	Rupees	1.71	10.34

52. Segment Information

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments.

Types of Segments	Nature of business
Packaging	Manufacture and market packing products
Consumer Products Division	Manufacture and market consumer / tissue products
Ink	Manufacture and market industrial and commercial ink products
Real Estate	Construction and development of real estate
Paper and Board	Manufacture and market paper and board products
Unallocated	Workshop and other general business

	(Rupees in thousand)													
	Packaging Division		Consumer Products Division		Ink Division		Real Estate		Paper and Board		Unallocated		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total revenue	33,705,947	30,616,746	5,282,887	4,561,870	5,228,292	4,440,983	3,479,557	3,203,825	18,357,411	14,741,286	171,693	158,442	66,225,787	57,723,152
Intersegment revenue	(1,197,184)	(1,259,712)	(566,701)	(108,205)	(869,146)	(961,074)	-	-	(2,686,903)	(2,471,438)	-	-	(5,319,934)	(4,800,429)
Revenue from external customers	32,508,763	29,357,034	4,716,186	4,453,665	4,359,146	3,479,909	3,479,557	3,203,825	15,670,508	12,269,848	171,693	158,442	60,905,853	52,922,723
%age of revenue	**53%**	**55%**	**8%**	**8%**	**7%**	**7%**	**6%**	**6%**	**26%**	**23%**	**0%**	**0%**	**100%**	**100%**
Interest revenue	-	-	-	-	-	-	13,512	19,653	-	-	7,873	3,631	21,385	23,284
Interest expense	(1,212,059)	(796,007)	(155,871)	(91,058)	(153,236)	(63,728)	(946,552)	(686,292)	(1,358,733)	(511,557)	(149,455)	(119,677)	(3,975,906)	(2,268,319)
Depreciation and amortisation	(1,212,626)	(1,607,953)	(147,984)	(137,213)	(32,302)	(30,456)	(906,555)	(874,948)	(1,880,151)	(1,537,217)	(176,713)	(141,886)	(4,356,331)	(4,329,673)
Segment profit / (loss) before tax	915,951	452,108	604,533	487,435	448,326	390,913	269,103	(19,852)	(209,694)	(1,108,336)	413,736	2,065,466	2,441,955	2,267,734
Segment taxation	(811,677)	(452,654)	(181,445)	(153,409)	(147,621)	(114,077)	(227,366)	(219,793)	(312,121)	378,323	(6,730)	(5,731)	(1,686,960)	(567,341)
Segment profit / (loss) after tax	104,274	(546)	431,488	334,026	300,705	276,836	41,737	(239,645)	(521,815)	(730,013)	407,007	2,059,735	763,396	1,700,393
%age of profit / (loss) after tax	**14%**	**0%**	**57%**	**20%**	**39%**	**16%**	**5%**	**-14%**	**-68%**	**-43%**	**53%**	**121%**	**100%**	**100%**
Segment assets	20,420,098	24,105,218	2,518,464	2,349,911	3,037,227	2,498,477	12,018,713	12,618,377	24,695,234	18,614,594	40,020,567	44,147,745	102,710,303	104,334,322
Segment liabilities	3,166,975	3,501,543	283,555	359,219	711,602	331,352	400,931	146,773	3,075,814	1,940,357	38,292,513	36,896,283	45,931,390	43,175,527

52.1 Reconciliation of segment profit	2019	2018
	(Rupees in thousand)	
Total profit for reportable segments	2,441,955	2,267,734
Net income from associates and joint ventures	13,185	65,505
Intercompany adjustment	(517,366)	(605,720)
Profit before tax as per consolidated statement of profit or loss	1,937,774	1,727,519

52.2 Reconciliation of segment assets		
Total assets for reportable segments	102,710,303	104,334,322
Intersegment assets	(12,909,270)	(11,427,843)
Other corporate assets	15,110,044	14,760,505
Total assets as per consolidated statement of financial position	104,911,077	107,666,984

Segment assets are measured in the same way as in the consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Investment in shares (classified as FVOCI, amortised cost or financial assets at fair value through profit or loss) held by the Group are not considered to be segment assets, but are managed by the treasury function.

52.3 Reconciliation of reportable segment liabilities	2019	2018
	(Rupees in thousand)	
Total liabilities for reportable segments	7,638,877	6,279,244
Intersegment liabilities	(921,021)	(565,503)
Unallocated liabilities	38,292,513	36,896,283
Total liabilities as per consolidated statement of financial position	45,010,369	42,610,024

Segment liabilities are measured in the same way as in the consolidated financial statements. These liabilities are allocated based on the operations of the segment. The Group's borrowings are not considered to be segment liabilities, but are managed by the treasury function.

52.4 Reconciliation of segment taxation	2019	2018
	(Rupees in thousand)	
Total tax expense for reportable segments	(1,686,960)	(567,341)
Intercompany adjustment	27,246	-
Tax as per consolidated statement of profit or loss	(1,659,714)	(567,341)

	2019	2018
	(Rupees in thousand)	
52.5 Reconciliation of segment profit after tax		
Total profit after tax for reportable segments	763,396	1,700,393
Intercompany adjustment for loss before tax	(504,182)	(540,215)
Intercompany adjustment for taxation	27,246	-
Profit as per consolidated statement of profit or loss	286,460	1,160,178

52.6 Information by geographical area

	Revenue		Non-current assets	
	2019	2018	2019	2018
	(Rupees in thousand)			
Afghanistan	24,891	23,699	-	-
Bahrain	157,417	209,551	-	-
Bangladesh	14,149	5,591	-	-
UAE	9,086	6,202	-	-
UK	-	-	-	-
Pakistan	52,751,306	45,498,186	72,597,730	77,637,829
Kenya	32,030	55,006	-	-
Angola	-	7,604	-	-
Swaziland	-	72,232	-	-
Mauritius	-	49,074	-	193,558
Zimbabwe	465	38,137	-	-
Botswana	-	2,070	-	-
Mozambique	-	22,371	-	-
Xinevane	-	27,850	-	-
South Africa	5,625,171	4,679,896	3,412,163	2,091,737
Philippines	-	20,080	-	-
Qatar	4,297	30,414	-	-
Oman	15,802	-	-	-
Hong Kong	-	452	-	-
Canada	20,529	387,006	77,664	70,395
USA	24,132	-	-	-
Tanzania	5,417	-	-	-
Srilanka	2,221,160	1,787,302	949,570	604,384
	60,905,852	52,922,723	77,037,127	80,597,903

Sales are allocated to geographical areas according to the country of receiving the goods or providing services.

52.7 Information about major customers

Included in the total revenue is revenue from six (2018: five) customers of the Group from the packaging (2018: packaging) segment which represents approximately Rs 14,959.583 million (2018: Rs 12,196.089 million) of the Group's total revenue. The Group's revenue from other segments is earned from a large mix of customers.

53. Financial risk management

53.1 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 Other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group's finance department under policies approved by the BOD of the Parent Company. The Group's finance department evaluates and hedges financial risks. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group's overall risk management procedures to minimize the potential adverse effects of financial market on the Group's performance are as follows:

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Euro, Swiss franc, South African Rand and the Sri Lankan rupee. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities or net investments in foreign operations that are denominated in a currency that is not the Group's functional currency.

At December 31, 2019, if the Rupee had strengthened / weakened by 10% against the US dollar with all other variables held constant, profit for the year would have been Rs 2,764.333 million higher / lower (2018: Rs 135.321 million) lower / higher, mainly as a result of foreign exchange gains / losses on translation of US dollar-denominated financial assets and liabilities.

At December 31, 2019, if the Rupee had strengthened / weakened by 10% against the Euro with all other variables held constant, profit for the year would have been Rs 112.472 million higher / lower (2018: Rs 45.524 million) lower / higher, mainly as a result of foreign exchange gains / losses on translation of Euro-denominated financial assets and liabilities.

At December 31, 2019, if the Pak Rupee had strengthened / weakened by 10% against the CHF with all other variables held constant, profit for the year would have been Rs 26.548 million higher / lower (2018: Rs 2.461 million higher / lower), mainly as a result of foreign exchange gains / losses on translation of Euro-denominated financial assets and liabilities.

At December 31, 2019, if the Rupee had strengthened / weakened by 10% against the Sri Lankan rupee with all other variables held constant, other component of equity would have been Rs 63.726 million higher/ lower (2018: Rs 73.942 million) lower / higher, mainly as a result of foreign exchange losses / gains on translation of net assets of Packages Lanka (Private) Limited, denominated in Sri Lankan Rupee.

At December 31, 2019, if the Rupee had strengthened / weakened by 10% against the South African Rand with all other variables held constant, other component of equity would have been Rs 57.634 million higher / lower (2018: Rs 26.992 million) lower / higher, mainly as a result of foreign exchange gains / losses on translation of Rand-denominated financial assets and liabilities.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to equity securities price risk because of investments held by the Group and classified as fair value through other comprehensive income. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board. The primary goal of the Group's investment strategy is to maximize investment returns.

The Group’s certain investments in equity instruments of other entities are publicly traded on the Pakistan Stock Exchange Limited.

The table below summarizes the impact of increases / decreases of the KSE-100 index on the Group’s post-tax profit for the year and on equity. The analysis is based on the assumption that the KSE had increased / decreased by 10% with all other variables held constant and all the Group’s equity instruments moved according to the historical correlation with the index:

	Impact on post-tax profit		Impact on other components of equity	
	2019	2018	2019	2018
	(Rupees in thousand)			
Pakistan Stock Exchange	-	-	2,185,386	2,869,798

Post-tax profit for the year would decrease / increase as a result of losses / gains on equity securities classified as at fair value through profit or loss. Other components of equity would decrease / increase as a result of losses / gains on equity securities classified as at fair value through other comprehensive income. As at December 31, 2019 the Group has no investment classified at fair value through profit or loss.

(iii) Cash flow and fair value interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Group has no significant floating interest rate assets, the Group's income is substantially independent of changes in market interest rates.

The Group's interest rate risk arises from short term and long-term borrowings. These borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

	2019	2018
Fixed rate instruments:	(Rupees in thousand)	
Financial assets		
Bank balances - savings accounts	157,339	262,122
Financial liabilities		
Preference shares / convertible stock - unsecured	(932,650)	(932,650)
Lease liabilities	(784,002)	-
	(1,716,652)	(932,650)
Net exposure	(1,559,313)	(670,528)
Floating rate instruments:		
Financial liabilities		
Long term finances	(18,162,431)	(16,153,528)
Short term borrowings	(11,386,824)	(11,618,495)
	(29,549,255)	(27,772,023)
Net exposure	(29,549,255)	(27,772,023)

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Group.

At December 31, 2019, if interest rates on floating rate borrowings had been 1% higher / lower with all other variables held constant, profit for the year would have been Rs 636.82 million (2018: Rs 221.880 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Group arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to distributors and customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the BOD. The utilization of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

(i) Exposure to credit risk

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk are as under:

	2019	2018
	(Rupees in thousand)	
Long term loans	869	3,101
Long term security deposits	139,342	142,291
Trade debts	7,578,383	6,660,220
Short term investments	80,000	-
Loans, advances, deposits and other receivables	580,446	572,146
Balances with banks	406,571	444,905
	8,785,611	7,822,663

As of December 31, 2019, trade receivables of Rs 2,670.455 million (2018: Rs 2,110.454 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2019	2018
	(Rupees in thousand)	
Neither past due nor impaired	4,907,928	4,549,766
Past due but not impaired:		
Up to 90 days	2,399,205	1,816,323
90 to 180 days	141,508	233,027
181 to 365 days	129,742	61,104
	2,670,455	2,110,454
	7,578,383	6,660,220

The aging analysis of trade receivables from related parties as at statement of financial position date is as follows:

	2019	2018
	(Rupees in thousand)	
Neither past due nor impaired	49,255	8,029
Past due but not impaired:		
Up to 90 days	7,653	6,295
90 to 180 days	5,467	2,429
181 to 365 days	2,356	4,206
	15,476	12,930
	64,731	20,959

(ii) Impairment of financial assets

The Group's trade debts against local and export sales of inventory are subject to the expected credit loss model. While bank balances and debt investments carried at amortised cost are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade debts

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before December 31, 2019 or 18 months before January 01, 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product and the Consumer Price Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at December 31, 2019 and January 01, 2019 (on adoption of IFRS 9) was determined as follows:

	(Rupees in thousand)					
December 31, 2019	Current balances	Up to 90 days	91 to 180 days	181 to 365 days	365 days or more	Total
Expected loss rate	0.10%	2.27%	18.15%	47.90%	100.00%	
Gross carrying amount of trade debts	5,957,503	2,423,439	175,937	161,053	79,701	8,797,633
Loss allowance	5,958	55,019	31,933	77,144	79,701	249,755

	(Rupees in thousand)					
January 1, 2019	Current balances	Up to 90 days	91 to 180 days	181 to 365 days	365 days or more	Total
Expected loss rate	0.10%	2.27%	18.15%	47.90%	100.00%	
Gross carrying amount of trade debts	4,895,724	1,958,511	233,027	117,282	75,687	7,280,231
Loss allowance	4,896	44,458	42,294	56,178	75,687	223,513

(iii) Credit quality of financial assets

The credit quality of Group's financial assets that are neither past due nor impaired (mainly bank balances) can be assessed with reference to external credit ratings(if available) or to historical information about counterparty default rate:

	Rating Short term	Long term	Rating Agency	2019	2018
				(Rupees in thousand)	
Absa Bank Limited	-	Ba1	Moody's	-	4
Allied Bank Limited	A1+	AAA	PACRA	1,572	1,748
Askari Bank Limited	A1+	AA+	PACRA	5,511	-
Bank Alfalah Limited	A1+	AA+	PACRA	-	476
Bank Al-Habib Limited	A1+	AA+	PACRA	7,743	-
Bidvest Bank Limited	-	Baa3	Moody's	-	36,738
Citibank N.A.	P1	Aa3	Moody's	61	60
Commercial Bank of Ceylon Limited, Sri Lanka	NP	B3	Fitch	7	7
Deutsche Bank AG	P2	A3	Moody's	63,793	304
Dubai Islamic Bank (Pakistan) Limited	A1	AA	JCR-VIS	22	22
Faysal Bank Limited	A-1+	AA	JCRVIS	-	-
First National Bank, South Africa	NP	BA1	JCR-VIS	16,996	-
Habib Bank Limited	A1+	AAA	JCR-VIS	35,374	109,938
Habib Bank Limited Mauritius	A1+	AAA	Moody's	-	901
Habib Metropoliton Bank Limited	A1+	AA+	PACRA	9,104	-
Hatton Bank Limited Sri Lanka	-	AA-	Fitch	-	3,612
Industrial and Commercial Bank of China Limited	P1+	A1	Moody's	3	-
JS Bank Limited	A1+	AA-	PACRA	1,161	472
MCB Bank Limited	A1+	AAA	JCR-VIS	126,859	196,538
MCB Bank Limited, South Africa	-	Baa3	Moody's	1,018	-
MCB Islamic Bank Limited	A1	A	PACRA	38	631
Meezan Bank Limited	A1+	AA+	JCR-VIS	301	967
National Bank of Pakistan	A-1+	AAA	JCRVIS	9,052	15,755
National Development Bank, Sri Lanka	-	A-	Fitch	-	15,088
Nedbank Limited	P-3	Baa3	Moody's	-	181
Samba Bank Limited	A1	AA	JCR-VIS	1,333	1,332
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	123,955	52,672
The Bank of Tokyo Mitsubishi UFJ Limited	P1	Aa3	Moody's	-	33
Toronto-Dominion Bank	P-1	A2	Moody's	2,617	-
United Bank Limited	A1+	AAA	JCR-VIS	51	7,426
				406,571	444,905

(c) Liquidity risk

Liquidity risk represents the risk that the Group shall encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Group's businesses, the Group's finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the Group's cash and cash equivalents (note 50.2) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

	(Rupees in thousand)				
At December 31, 2019	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term finances	19,095,081	4,146,685	4,697,601	8,918,145	1,332,650
Derivative financial instruments	3,505	3,505	-	-	-
Security deposits	345,950	-	-	345,950	-
Long term loan from shareholder of the parent company - unsecured	224,230	-	-	224,230	-
Finances under mark up arrangements	11,386,824	11,386,824	-	-	-
Trade and other payables	7,778,603	7,778,603	-	-	-
Unclaimed dividend	68,809	68,809	-	-	-
Accrued finance cost	1,144,225	1,144,225	-	-	-
	40,047,227	24,528,651	4,697,601	9,488,325	1,332,650

	(Rupees in thousand)				
At December 31, 2018	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term finances	17,086,178	3,519,887	2,022,398	9,811,243	1,732,650
Security deposits	315,902	-	315,902	-	-
Long term loan from shareholder of the parent company - unsecured	220,916	-	-	220,916	-
Finances under mark up arrangements	11,618,495	11,618,495	-	-	-
Trade and other payables	8,986,971	8,986,971	-	-	-
Unclaimed dividend	62,030	62,030	-	-	-
Accrued finance cost	739,105	739,105	-	-	-
	39,029,597	24,926,488	2,338,300	10,032,159	1,732,650

53.2 Financial instruments by categories

The carrying values of following financial assets and liabilities reflected in the consolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at reporting date.

	At fair value through other comprehensive income	At amortised cost	Total
	(Rupees in thousand)		
Financial assets as at December 31, 2019			
Long term loans	-	1,482	1,482
Long term deposits		139,342	139,342
Trade debts	-	7,578,383	7,578,383
Loans, advances, deposits and other receivables	-	580,446	580,446
Investments	29,381,471	-	29,381,471
Short term investments	-	80,000	80,000
Cash and bank balances	-	417,933	417,933
	29,381,471	8,797,586	38,179,057

	Available-for-sale	Loans and receivables	Total
	(Rupees in thousand)		
Financial assets as at December 31, 2018			
Long term loans	-	3,101	3,101
Long term deposits	-	142,291	142,291
Trade debts	-	6,660,220	6,660,220
Loans, advances, deposits and other receivables	-	572,146	572,146
Investments	32,847,963	-	32,847,963
Cash and bank balances	-	461,346	461,346
	32,847,963	7,839,104	40,687,067

	At fair value through profit or loss	At amortised cost	Total
	(Rupees in thousand)		
Financial liabilities as at December 31, 2019			
Long term finances	-	19,095,081	19,095,081
Lease Liabilities	-	619,563	619,563
Security deposits	-	345,950	345,950
Long term loan from shareholder of the parent company - unsecured	-	224,230	224,230
Finances under mark-up arrangements - secured	-	11,386,824	11,386,824
Trade and other payables	-	7,778,603	7,778,603
Unclaimed dividend	-	68,809	68,809
Accrued finance cost	-	1,144,225	1,144,225
Derivative financial instruments	3,505	-	3,505
	3,505	40,663,285	40,666,790

	At fair value through profit or loss	At amortised cost	Total
	(Rupees in thousand)		
Financial liabilities as at December 31, 2018			
Long term finances	-	17,086,178	17,086,178
Liabilities against assets subject to finance lease	-	42,656	42,656
Security deposits	-	315,902	315,902
Long term loan from shareholder of the parent company - unsecured	-	220,916	220,916
Finances under mark-up arrangements - secured	-	11,618,495	11,618,495
Trade and other payables	-	8,811,760	8,811,760
Unclaimed dividend	-	62,030	62,030
Accrued finance cost	-	739,105	739,105
	-	38,897,042	38,897,042

53.3 Offsetting financial assets and financial liabilities

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

53.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. Consistent with the others in industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including the current and non-current borrowings as disclosed in note 8 less cash and cash equivalents as disclosed in note 50.2. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt. The gearing ratio as at year end is as follows:

		2019	2018
		(Rupees in thousand)	
Long term finances	- note 8	14,948,395	13,566,292
Current portion of long term finances	- note 17	4,146,686	3,519,886
Cash and cash equivalents	- note 50.2	10,968,891	11,157,149
Net debt		30,063,972	28,243,327
Total equity		57,932,828	62,932,716
Total capital		87,996,800	91,176,043
Gearing ratio		34%	31%

In accordance with the terms of agreement with the lender of long term finance facilities (as disclosed in note 8 to these financial statements), the Group is required to comply with financial covenants. The Group has complied with these covenants throughout the reporting period except for the following covenants:

BSPL has complied with all the covenants during the year except for the covenant related to 'minimum debt service coverage ratio' as defined in the Common Terms and Accounts Agreement between BSPL and the consortium members at the end of financial year. BSPL cannot declare and pay dividends, unless at the time of declaration and payment of such dividends, it is in compliance with the financial covenants.

PREPL has complied with all the covenants throughout the reporting period except for that required to maintain current ratio criteria. However, this is not considered a material adverse event under the terms of the loan and consequently does not trigger an event of default.

53.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The table below analyses the financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value:

				(Rupees in thousand)
	Level 1	Level 2	Level 3	Total
At December 31, 2019				
Recurring fair value measurements				
Assets				
Investments - FVOCI	29,376,446	-	5,000	29,381,446
	Level 1	**Level 2**	**Level 3**	**Total**
At December 31, 2018				
Recurring fair value measurements				
Assets				
Investments - Available-for-sale	32,843,232	-	5,000	32,848,232

Valuation techniques used to measure fair values

Fair valuation of investment properties for disclosure purposes has been disclosed in note 24.1.3 to these consolidated financial statements and movement in fair value reserve has been disclosed in the consolidated statement of changes in equity. There were no transfers between Levels 1 and 2 & Levels 2 and 3 during the year and there were no changes in valuation techniques during the years. Since the ordinary shares of Coca-Cola Beverages Pakistan Limited are not listed, therefore these are included in Level 3. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Changes in level 2 and 3 fair values are analysed at the end of each reporting period during the annual valuation discussion between the Chief Financial Officer and the investment advisor. As part of this discussion, the investment advisor presents a report that explains the reason for the fair value movements.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. 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 is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value 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.

The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

54. Interests in other entities

54.1 Subsidiaries

The Group's principal subsidiaries at December 31, 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of Entity	Place of business / country of incorporation	Ownership interest held by the Group 2019 %	Ownership interest held by the Group 2018 %	Ownership interest held by non-controlling interests 2019 %	Ownership interest held by non-controlling interests 2018 %	Principal activities	Registered address	Principle place of business	Manufacturing units and offices
Bulleh Shah Packaging (Private) Limited	Pakistan	100.00%	100.00%	0.00%	0.00%	Manufacturing and sale of paper, paperboard and corrugated boxes.	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan	416-422, G-20, The Forum, Block - 9, Khayaban -e-Jami, Clifton Karachi & G.D. Arcade, 2nd Floor, 73-E, Fazal-ul-Haq Road, Blue Area, Islamabad – 44000, Pakistan	7 km, Kot Radha Kishan Road, Off 4 km Kasur-Raiwind Road, District Kasur & Main Korangi Road, Sector 28, Landhi Town, Karachi
Anemone Holdings Limited	Mauritius	100.00%	100.00%	0.00%	0.00%	Intermediate holding company of FPC	2nd floor, The AXIS, 26 Cyber city, Ebene, Republic of Mauritius	2nd floor, The AXIS, 26 Cyber city, Ebene, Republic of Mauritius	None
DIC Pakistan Limited	Pakistan	54.98%	54.98%	45.02%	45.02%	Manufacturing and sale of inks	G-20, Block 9, Khyaban-e-Jami, Clifton, Karachi	Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore & Plot No. 6, Sector No. 28, Korangi Industrial Area, Karachi	Plot No. 6, Sector No. 28, Korangi Industrial Area, Karachi.
Flexible Packages Convertors (Proprietary) Limited	South Africa	63.50%	55.00%	36.50%	45.00%	Manufacturing and sale of flexible packaging	316 Marks Street, Watloo 0184, Pretoria South, Gauteng, RSA	316 Marks Street, Watloo 0184, Pretoria South, Gauteng, RSA	None
Packages Lanka (Private) Limited	Sri Lanka	79.07%	79.07%	20.93%	20.93%	Manufacturing and sale of flexible packaging	148, Minuwandoga Road, Ekala, Ja-Ela	148, Minuwandoga Road, Ekala, Ja-Ela	None
Linnaea Holdings Inc.	Canada	79.07%	79.07%	20.93%	20.93%	Intermediate holding company of CPI	880 Lakeshore Road East, Mississauga, Ontario	880 Lakeshore Road East, Mississauga, Ontario	None
Chantler Packages Inc. ('CPI')	Canada	72.07%	63.26%	27.93%	36.74%	Manufacturing and sale of flexible packaging	880 Lakeshore Road East, Mississauga, Ontario	880 Lakeshore Road East, Mississauga, Ontario	None
Packages Real Estate (Private) Limited	Pakistan	75.16%	75.16%	24.84%	24.84%	Development and construction of real estate	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan	Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore	None
Packages Power (Private) Limited	Pakistan	100.00%	100.00%	0.00%	0.00%	Generation and sale of electricity	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan	Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore	None
Packages Convertors Limited	Pakistan	100.00%	0.00%	0.00%	0.00%	Manufacturing and sale of packaging material and tissue products	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan	Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore	None
Packages Investments Limited	Pakistan	100.00%	0.00%	0.00%	0.00%	Holding of investments in various companies	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan	Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore	None

54.1.1 In addition to the sales offices mentioned above, the Group has following sales offices in respect of the parent company:
- 2nd Floor, G.D. Arcade, 73-E, Fazal-ul-Haq Road, Blue Area, Islamabad, Pakistan; and
- C-2, Hassan Arcade Nusrat Road, Multan Cantt., Pakistan.

54.2 Non-controlling interests ('NCI')

Set out below is summarized financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarized statement of financial position	DIC Pakistan Limited		Flexible Packages Convertors (Proprietary) Limited		Packages Lanka (Private) Limited and its subsidiaries		Packages Real Estate (Private) Limited [formerly Packages Construction (Private) Limited]	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Rupees in thousand)							
Current assets	2,785,249	2,279,471	1,733,526	1,616,570	1,091,681	1,063,602	765,586	700,014
Current liabilities	1,927,070	1,484,462	1,987,036	1,523,333	1,106,792	1,193,804	2,127,730	1,376,688
Current net assets / (liabilities)	858,179	795,009	(253,510)	93,237	(15,111)	(130,202)	(1,362,144)	(676,674)
Non-current assets	251,978	219,006	3,412,163	2,285,295	1,027,234	1,224,123	11,253,127	11,918,363
Non-current liabilities	57,637	61,955	1,315,519	791,754	374,860	87,525	6,297,511	7,689,955
Non-current net assets	194,341	157,051	2,096,644	1,493,541	652,374	1,136,598	4,955,616	4,228,408
Net assets	1,052,520	952,060	1,843,134	1,586,778	637,263	1,006,396	3,593,472	3,551,734
Accumulated NCI	471,867	428,617	477,094	657,484	126,301	155,207	892,618	882,251

Summarized statement of comprehensive income	DIC Pakistan Limited		Flexible Packages Convertors (Proprietary) Limited		Packages Lanka (Private) Limited and its subsidiaries		Packages Real Estate (Private) Limited [formerly Packages Construction (Private) Limited]	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Rupees in thousand)							
Revenue	5,228,292	4,440,983	5,626,297	4,899,234	2,562,900	2,224,584	3,479,557	3,203,825
Profit / (loss) for the year	300,705	276,836	68,078	140,758	(172,427)	(46,915)	41,737	(239,645)
Other comprehensive income / (loss)	-	-	31,981	(235,698)	47,328	(106,956)	-	-
Total comprehensive income / (loss)	300,705	276,836	100,059	(94,940)	(125,099)	(153,871)	41,737	(239,645)
Total comprehensive income / (loss) allocated to NCI	133,108	124,632	31,068	(28,988)	(17,361)	11,953	10,367	(59,528)
Dividends paid to NCI	90,147	114,759	9,297	12,360	-	23,245	-	-

Summarized cash flows	DIC Pakistan Limited		Flexible Packages Convertors (Proprietary) Limited		Packages Lanka (Private) Limited and its subsidiaries		Packages Real Estate (Private) Limited [formerly Packages Construction (Private) Limited]	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Rupees in thousand)							
Cash flows from operating activities	124,380	(315,749)	327,013	713,692	(227,359)	(59,598)	511,429	838,007
Cash flows from investing activities	(27,526)	(102,209)	(649,067)	(228,387)	52,457	(54,734)	(363,925)	(92,043)
Cash flows from financing activities	(205,346)	(254,915)	33,928	(272,540)	42,222	(58,760)	(421,953)	(1,100,000)
Net (decrease) / increase in cash and cash equivalents	**(108,492)**	**(672,873)**	**(288,126)**	**212,765**	**(132,680)**	**(173,092)**	**(274,449)**	**(354,036)**

54.3 Transactions with non-controlling interests

On October 5, 2018, Flexible Packages Convertors (Proprietary) Limited ('FPC') repurchased 45% of its total ordinary shares held by Flexco Investments Proprietary Limited ('FlexCo') for an aggregate consideration of ZAR 100 million equivalent to Rs. 835.881 million and re-issued the shares to Bopa Moruo Private Equity Fund I (RF) Proprietary Limited ('Bopa Muro') and Nivi Investments Proprietary Limited ('Nivi') for a total consideration of ZAR 89.015 million equivalent to Rs. 744.060 million. The net impact of the transaction on non-controlling interests has been recognized directly in equity and attributed to the non-controlling interests.

On December 17, 2019 Flexible Packages Convertors (Proprietary) Limited ('FPC') repurchased its 15.840 million ordinary shares held by Nivi Investments (Private) Limited for an aggregate consideration of ZAR 15.840 million equivalent to Rs 219.460 million and re-issued the shares to Anemone Holding Limited (Holding Company of FPC) for a total consideration of ZAR 15.840 million equivalent to Rs 219.460 million. The net impact of the transaction has been recognized directly in equity.

54.4 Interests in associates and joint ventures

Set out below are the associates and joint ventures of the Group as at December 31, 2019 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of Entity	Place of business / country of incorporation	% of ownership interest 2019	2018	Nature of relationship	Measurement method	Quoted fair value 2019	2018	Carrying amount 2019	2018
		%	%			Rupees in thousand			
Tri-Pack Films Limited	Pakistan	33.33%	33.33%	Associate	Equity method	1,088,728	1,184,901	1,831,036	2,980,549
IGI Holdings Limited	Pakistan	10.54%	10.54%	Associate	Equity method	3,066,740	3,024,248	4,704,911	5,028,603
Plastic Extrusions (Proprietary) Limited	South Africa	50.00%	50.00%	Joint venture	Equity method	(*)	(*)	13,638	27,441
OmyaPack (Private) Limited	Pakistan	50.00%	50.00%	Joint venture	Equity method	(*)	(*)	442,122	276,244
Total equity accounted investments								**6,991,707**	**8,312,837**

Tri-Pack Films Limited is in the business of manufacture and sale of biaxially oriented polypropylene (BoPP) film and cast polypropylene (CPP) films.

IGI Holdings Limited (formerly IGI Insurance Limited) is engaged in insurance business.

Plastic Extrusions (Proprietary) Limited is engaged in the manufacture and sale of plastics.

OmyaPack (Private) Limited is engaged in manufacture and sale of high quality ground calcium carbonate products.

(*) These are privately held entities for which no quoted price is available.

54.4.1 There are no commitments and contingent liabilities of the Group in respect of associates and joint ventures.

54.4.2 Summarized financial information for associates

The table below provides summarized financial information of those associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts:

Summarized statement of financial position	Tri-Pack Films Limited 2019	Tri-Pack Films Limited 2018	IGI Holdings Limited 2019	IGI Holdings Limited 2018
	(Rupees in thousand)			
Current assets	6,267,526	6,523,434	14,242,963	15,429,384
Non-current assets	6,061,948	6,081,354	69,440,622	70,424,511
Total assets	12,329,474	12,604,788	83,683,585	85,853,895
Current liabilities	7,822,735	7,531,001	11,141,782	8,196,740
Non-current liabilities	1,247,379	1,342,308	18,826,899	19,406,553
Total liabilities	9,070,114	8,873,309	29,968,681	27,603,293
Net assets	**3,259,360**	**3,731,479**	**53,714,904**	**58,250,602**
Reconciliation to carrying amounts:				
Opening net assets	3,731,479	3,954,469	58,250,602	73,524,288
(Loss)/ profit for the year	(309,814)	157,357	650,324	968,057
Other comprehensive (loss) / income for the year	(7,105)	7,653	(4,981,068)	(14,268,619)
Dividends paid	(155,200)	(388,000)	(427,892)	(1,873,124)
Other adjustments	-	-	222,938	(100,000)
Closing net assets	**3,259,360**	**3,731,479**	**53,714,904**	**58,250,602**
Group’s share - %	33.33%	33.33%	10.54%	10.54%
	(Rupees in thousand)			
Group’s share	1,086,345	1,243,702	4,704,911	5,012,493
Goodwill	744,691	1,736,847	-	16,110
Carrying amount	**1,831,036**	**2,980,549**	**4,704,911**	**5,028,603**
Summarized statement of comprehensive income				
Revenue	14,683,267	13,224,068	9,901,680	9,409,115
Profit for the year	(309,814)	157,357	650,324	968,057
Other comprehensive (loss) / income	(7,105)	7,653	(4,981,068)	(14,268,619)
Total comprehensive (loss)/income	(316,919)	165,010	(4,330,744)	(13,300,562)
Dividends received from associates	51,733	129,333	45,099	196,083

54.4.3 Summarized financial information for joint ventures

The table below provides summarized financial information of those joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not the Group's share of those amounts. These have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy:

Summarized statement of financial position	OmyaPack (Private) Limited 2019	OmyaPack (Private) Limited 2018
	Rupees in thousand	
Current assets		
Cash and cash equivalents	137,890	12,653
Other current assets	249,425	166,226
Total current assets	387,315	178,879
Non-current assets	912,926	817,639
Current liabilities		
Financial liabilities (excluding trade payables)	206,250	2,116
Other current liabilities	174,156	241,888
Total current liabilities	380,406	244,004
Non-current liabilities		
Financial liabilities (excluding trade payables)	35,565	200,000
Other non-current liabilities	-	-
Total non-current liabilities	35,565	200,000
Net assets	**884,270**	**552,514**

	OmyaPack (Private) Limited	
	2019	2018
	Rupees in thousand	
Reconciliation to carrying amounts:		
Opening net assets	552,514	615,404
Transaction with owners in their capacity as owners/Shares issuance	368,686	-
Loss for the year	(36,930)	(62,890)
Closing net assets	**884,270**	**552,514**
Group's share - %	50.00%	50.00%
Group's share	442,135	276,257
Carrying amount	442,122	276,244

Summarized statement of comprehensive income

Revenue	351,658	67,011
Interest income	8,896	3,353
Depreciation and amortisation	71,666	33,027
Interest expense	35,376	4,801
Income tax income	19,653	24,323
Loss for the year	(36,930)	(62,890)
Other comprehensive loss	-	-
Total comprehensive loss	**(36,930)**	**(62,890)**

54.4.4.1 Individually immaterial joint ventures

In addition to the interests in joint ventures disclosed above, the Group also has interests in individually immaterial joint venture, Plastic Extrusions (Proprietary) Limited, that is accounted for using the equity method:

	2019	2018
	(Rupees in thousand)	
Aggregate carrying value of individually immaterial associates and joint ventures	22,399	27,441
Aggregate amounts of the Group's share of:		
Profit from continuing operations	5,708	10,497
Other comprehensive income	2,752	5,689
Total comprehensive income	8,460	16,186

55. **Date of authorization for issue**

These consolidated financial statements were authorized for issue on March 13, 2020 by the Board of Directors of the Parent Company.

56. **Events after the reporting date**

The Board of Directors of the Parent Company has proposed a final cash dividend for the year ended December 31, 2019 of Rs 12.00 per share (2018: Rs 15.00 per share), amounting to Rs 1,072.554 million (2018: Rs 1,340.693 million) at their meeting held on March 13, 2020 for approval of the members at the Annual General Meeting which is to be held on May 29, 2020.

After the year end, it was discovered that one of the customers to which a Group's subsidiary namely FPCL had started supplying goods in December 2019 was actually a fraudulent party and was purporting to be a legitimate business. As a result, the receivable recognised in regards to the sales made to the party have been deemed irrecoverable. The total receivable outstanding amounted to Rs 12.808 million inclusive of tax and has been provided for in 2019.

57. **Corresponding figures**

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

Chief Executive **Director** **Chief Financial Officer**

PACKAGES LIMITED

VIDEO-LINK FACILITY

In this regard, please fill the following form and submit to registered address of the Company 7 days before holding of the Annual General Meeting.

If the Company receives consent from Members holding ten percent (10%) or more shareholding residing in a city, to participate in the Meeting through video- link at least [7] days prior to date of Meeting, the Company will arrange video- link facility in the city subject to availability of such facility in that city.

The Company will intimate Members regarding venue of video-link facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.

VIDEO-LINK CONSENT FORM

I/We, ______________________ of ___________________ being a member of Packages Limited, holder of ________ Ordinary shares as per Register Folio No. / CDC Account No.__________________ hereby opt for video-link facility at _______________.

____

Signature of member

پیکیجز لمیٹڈ

ویڈیو لنک کی سہولت

اس سلسلے میں برائے مہربانی درج ذیل فارم کو بھریں اور سالانہ اجلاس عام کے انعقاد سے 7 روز قبل کمپنی کے رجسٹرڈ پتے پر جمع کرادیں۔

اگر کمپنی کو ایک شہر میں مقیم دس فیصد (10%) یا زائد شیئرز ہولڈنگ کے حامل ممبران کی جانب سے اجلاس میں بذریعہ ویڈیو لنک شرکت کے سلسلے میں ارادے کی اطلاع اجلاس کی تاریخ سے کم از کم سات (7) دن قبل موصول ہوگی تو کمپنی اس شہر میں ویڈیو لنک کی سہولت کا انتظام کردے گی جو کہ اس شہر میں ایسی سہولت کی دستیابی سے مشروط ہوگا۔

کمپنی سالانہ اجلاس کی تاریخ سے کم از کم 5 روز قبل ممبران کو ویڈیو لنک کی سہولت کے مقام کے بارے میں ان کی اس سہولت تک رسائی کے لئے تمام تر ضروری معلومات کے ساتھ آگاہ کردے گی۔

ویڈیو لنک کے ذریعے شرکت کے ارادے کا فارم

میں/ہم .... ساکن .... بطور پیکیجز لمیٹڈ

کا/کے رکن حامل .... عمومی شیئرز بمطابق رجسٹرڈ فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر ....

بذریعہ ہذا .... میں ویڈیو لنک کی سہولت حاصل کرنے کا/کے خواہشمند ہوں/ہیں۔

....

ممبر کے دستخط

PACKAGES LIMITED

Pursuant to the allowance granted through SRO 787(I)/2014 dated September 8, 2014, by the Securities and Exchange Commission of Pakistan, the Company can circulate its Audited Financial Statements along with the Company's Notice of Annual General Meetings etc., through email to its shareholders. Those shareholders who wish to receive the Company's Annual Reports via email are requested to provide a completed consent form to the Company's Share Registrar, FAMCO Associates (Pvt) Limited.

PLEASE NOTE THAT RECEIPT OF THE ANNUAL REPORTS VIA EMAIL IS OPTIONAL AND NOT COMPULSORY.

ELECTRONIC TRANSMISSION CONSENT FORM

Date:___________________

The Share Registrar
FAMCO Associates (Pvt) Limited
8F, Block 6, PECHS, Nursery,
Next to Hotel Faran, Shahrah-e-Faisal,
Karachi.

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO 787(I)/2014 dated September 8, 2014, I, Mr./Ms.______________________ S/o, D/o, W/o _________________________________ hereby consent to have Packages Limited's Audited Financial Statements and Notice of Annual General Meetings etc., delivered to me via email on my email address provided below:

Name of Member/ Shareholder	
Folio/ CDC Account Number	
Email Address:	

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statements and Notice of Annual General Meetings etc.

____
Signature of the Member/ Shareholder

پیکیجز لمیٹڈ

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ ایس آر او 787(I)/2014 مورخہ 8 ستمبر 2014 کے ذریعے حاصل اختیار کے مطابق کمپنی اپنے آڈٹ شدہ مالیاتی حسابات بشمول کمپنی کے سالانہ اجلاس عام کے نوٹس وغیرہ اپنے شیئر ہولڈرز کو بذریعہ ای میل ارسال کر سکتی ہے۔ وہ شیئر ہولڈرز جو کمپنی کی سالانہ رپورٹس بذریعہ ای میل وصول کرنے کے خواہشمند ہیں، ان سے درخواست ہے کہ وہ مکمل اجازت نامہ کمپنی کے شیئر رجسٹرار فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو فراہم کر دیں۔

برائے مہربانی آگاہ رہیں کہ سالانہ رپورٹس کی بذریعہ ای میل وصولی اختیاری ہے اور لازمی نہیں ہے۔

الیکٹرونک منتقلی کا اجازت نامہ

تاریخ: ....

شیئر رجسٹرار

فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

8F، بلاک-6، پی ای سی ایچ ایس، نرسری،

متصل ہوٹل فاران، شاہراہ فیصل، کراچی۔

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے ان کے ایس آر او 787(I)/2014 مورخہ 8 ستمبر 2014 کے ذریعے دی گئی ہدایات کے مطابق میں جناب/محترمہ .... ولد/دختر/زوجہ .... بذریعہ ہذا اجازت دیتا/دیتی ہوں کہ پیکیجز لمیٹڈ کے آڈٹ شدہ مالیاتی حسابات اور سالانہ اجلاس عام کے نوٹس وغیرہ مجھے بذریعہ ای میل ذیل میں فراہم کردہ میرے ای میل ایڈریس پر ارسال کر دیے جائیں۔

ممبر/شیئر ہولڈر کا نام	
فولیو/سی ڈی سی اکاؤنٹ نمبر	
ای میل ایڈریس	

آگاہ کیا جاتا ہے کہ مذکورہ بالا فراہم کردہ معلومات درست اور حقیقی ہیں اور میں اپنے ای میل ایڈریس میں کسی تبدیلی یا کمپنی کے آڈٹ شدہ مالیاتی حسابات اور سالانہ اجلاس عام کے نوٹس وغیرہ کی ای میل پر ترسیل کے بارے میں اپنا اجازت نامہ واپس لینے کے بارے میں تحریری طور پر کمپنی اور اس کے شیئر رجسٹرار کو آگاہ کروں گا/گی۔

....

ممبر/شیئر ہولڈر کے دستخط

PROXY FORM

65^{th} Annual General Meeting

I/We ____

of ____________________________ being a member of Packages Limited and

holder of ____________ Ordinary Shares as per **Share Register Folio No.** ________
(Number of Shares)

and/or **CDC Participant I.D. No.** __________ **and Sub Account No.** ___________

hereby appoint _____________________________ of ______________________

or failing him _____________________________ of ______________________

or failing him _____________________________ of ______________________

as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on Friday**,** May 29**,** 2020 at 10.00 a.m. at the office of IGI 7th Floor, The Forum, Suit No. 701-713, G-20 Block 9, Khayaban-e-Jami, Clifton Karachi and at any adjournment thereof.

Signed this ………day of……………..2020

WITNESSES:

Signature:

(Signature should agree with the specimen signature registered with the Company)

1. Signature: ____________
   Name: ____________
   Address: ____________
   ____
   ____
   CNIC or
   Passport No: ____________

2. Signature: ____________
   Name: ____________
   Address: ____________
   ____
   ____
   CNIC or
   Passport No: ____________

Note: Proxies in order to be effective**,** must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the Company.

CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

تشکیل نیابت داری

65واں سالانہ اجلاس عام

میں / ہم --

ساکن -- بطور پیکجز لمیٹڈ

رکن وحامل ------------------------------ عام حصص بمطابق شیئر رجسٹر فولیو نمبر ---------------------

(حصص کی تعداد)

اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر ---------------------- اور ذیلی کھاتہ نمبر -------------- جناب -------------

سکنہ ---------------- بصورت دیگر جناب ---------------------- سکنہ ------------------------- کو اپنی جگہ بروز

جمعہ مورخہ 29 مئی 2020 بوقت 10:00 بجے صبح آئی جی آئی کے دفتر 7th فلور، دی فورم، سوئٹ نمبر 713-701، G-20 بلاک 9، خیابان جامی، کلفٹن کراچی میں

منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا ہوں / کرتے ہیں۔

دستخط کئے گئے مورخہ ----------------------- 2020

گواہان:

(1) دستخط: ------------------------------------

نام: ------------------------------------

پتہ: ------------------------------------

سی این آئی سی یا پاسپورٹ نمبر ------------------------

(2) دستخط: ------------------------------------

نام: ------------------------------------

پتہ: ------------------------------------

سی این آئی سی یا پاسپورٹ نمبر ------------------------

نوٹ: پراکسیز کے مؤثر ہونے کیلیئے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہوں۔ نیابت دار کا کمپنی کا رکن ہونا ضروری نہیں ہے۔
سی ڈی سی کے حصص یافتگان اوران کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کمپنی کو جمع کرائیں۔

Date:

Dear Shareholder,

ELECTRONIC CREDIT MANDATE FORM

We wish to inform you that in accordance with the provisions of Section 242 of the **Companies Act, 2017**, it is mandatory for a listed company to pay cash dividend to its shareholders **only** through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive your dividends directly in your Bank account, please complete the particulars as mentioned below and return this letter duly signed along with a copy of your CNIC to the Registrar of the Company M/s FAMCO Associates (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi.

In case your shares are held in CDC then you must submit this dividend mandate form directly to your Broker/Participant/CDC Account Services.

Yours sincerely,

(Adi J. Cawasji)
Company Secretary

SHAREHOLDER'S SECTION:

I hereby communicate to receive my future dividends directly in my Bank account as detailed below:

Name of shareholder:	:	
Folio No. / CDC Participant ID & A/C No.	:	Company name: Packages Limited
Contact number of shareholder	:	Landline: Cell:
Name of Bank	:	
Bank branch & full mailing address	:	
IBAN Number (See Note below)	:	
Title of Account	:	
CNIC No. (copy attached)	:	
NTN (in case of corporate entity)	:	

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company /Participant/CDC Investor Account Services informed in case of any change in the said particulars in future.

Shareholder's Signature

CNIC No.
(Copy attached)

Note:
Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account.

The payment of cash dividend will be processed on the basis of the account number alone. Your company is entitled to rely on the account number as per your instructions. The company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and /or due to any event beyond the control of the company.

PACKAGES LIMITED

معزز شیئر ہولڈر،

الیکٹرونک کریڈٹ کے مینڈیٹ کا فارم

ہم آپ کو مطلع کرنا چاہتے ہیں کہ کمپنیز ایکٹ 2017 کے سیکشن 242 کی شقوں کے مطابق ایک لسٹڈ کمپنی کے لئے یہ ضروری ہے کہ وہ اپنے شیئر ہولڈرز کو نقد منافع منقسمہ کی ادائیگی صرف بذریعہ الیکٹرونک طریقہ کار براہ راست استحقاق کے حامل شیئر ہولڈرز کی جانب سے نامزد کردہ بینک اکاؤنٹ میں کرے۔

اپنے منافع منقسمہ کو براہ راست اپنے بینک اکاؤنٹ میں وصولی کی غرض سے برائے مہربانی ذیل میں درج کوائف کو مکمل کریں اور اس لیٹر کو باقاعدہ دستخط کرکے اپنے سی این آئی سی کی کاپی کے ہمراہ کمپنی کے رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8-ایف، نزد ہوٹل فاران، نرسری، بلاک-6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کو جمع کرادیں۔

اگر آپ کے شیئرز سی ڈی سی میں جمع ہیں تو آپ کو لازماً منافع منقسمہ کے مینڈیٹ کے اس فارم کو براہ راست اپنے بروکر / پارٹیسپنٹ / سی ڈی سی اکاؤنٹ سروسز کو جمع کرانا ہوگا۔

آپ کا مخلص

برائے پیکجز لمیٹڈ

Qu... G. C...

(مدثر ہے کاؤسی)

کمپنی سیکریٹری

شیئر ہولڈرز پُر کریں:

میں بذریعہ ہٰذا اطلاع دیتا ہوں کہ آئندہ میں اپنے منافع منقسمہ کو براہ راست اپنے بینک اکاؤنٹ میں درج ذیل تفصیل کے مطابق وصول کروں گا۔

شیئر ہولڈر کا نام	:	--
فولیو نمبر / سی ڈی سی پارٹیسپنٹ آئی ڈی اور اکاؤنٹ نمبر	:	---------------- کمپنی کا نام: پیکجز لمیٹڈ
شیئر ہولڈر کا رابطہ نمبر	:	لینڈ لائن نمبر: ---------------- موبائل فون نمبر: ----------------
بینک کا نام	:	--
بینک برانچ اور ڈاک کا مکمل پتہ	:	--
آئی بی اے این نمبر (نیچے درج نوٹ ملاحظہ فرمائیں)	:	--
اکاؤنٹ کا ٹائٹل	:	--
سی این آئی سی نمبر (کاپی منسلک کریں)	:	--
این ٹی این (کارپوریٹ ادارے کی صورت میں)	:	--

آگاہ کیا جاتا ہے کہ میری جانب سے فراہم کردہ مذکورہ بالا کوائف درست اور میری معلومات کے عین مطابق ہیں اور میں آئندہ ان کوائف میں کسی بھی تبدیلی کی صورت میں کمپنی / پارٹیسپنٹ / سی ڈی سی انویسٹر اکاؤنٹ سروسز کو مطلع کرتا رہوں گا۔

------------------------ سی این آئی سی نمبر:

(کاپی منسلک کریں)

شیئر ہولڈر کے دستخط

نوٹ:

برائے مہربانی اپنا مکمل آئی بی اے این اپنی متعلقہ برانچ سے چیک کرنے کے بعد فراہم کریں تاکہ الیکٹرونک کریڈٹ براہ راست آپ کے بینک اکاؤنٹ میں ممکن ہو سکے۔

نقد منافع منقسمہ کی ادائیگی صرف اکاؤنٹ نمبر کی بنیاد پر عمل میں لائی جائے گی۔ آپ کی کمپنی آپ کی ہدایات کے مطابق اکاؤنٹ نمبر پر انحصار کرنے کا استحقاق رکھتی ہے۔ کمپنی ایسے کسی بھی نقصان، ضیاع، مالی ذمہ داری یا دعویٰ کے لئے بلا واسطہ یا بالواسطہ قطعی ذمہ دار نہ ہوگی جو کسی غلطی، تاخیر یا کسی بھی ادائیگی کی پرفارمنس میں ناکامی کی صورت میں سامنے آئے جو ادائیگی کی غلط اور نامناسب ہدایات کی وجہ سے ہو اور / یا کسی ایسے واقعے کے باعث پیش آئے جس پر کمپنی کا کوئی اختیار نہ ہو۔

Head Office, Sales Office & Works :
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INVESTORS' EDUCATION

In pursuance of SRO 924(1)/2015 dated September 9th, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors: