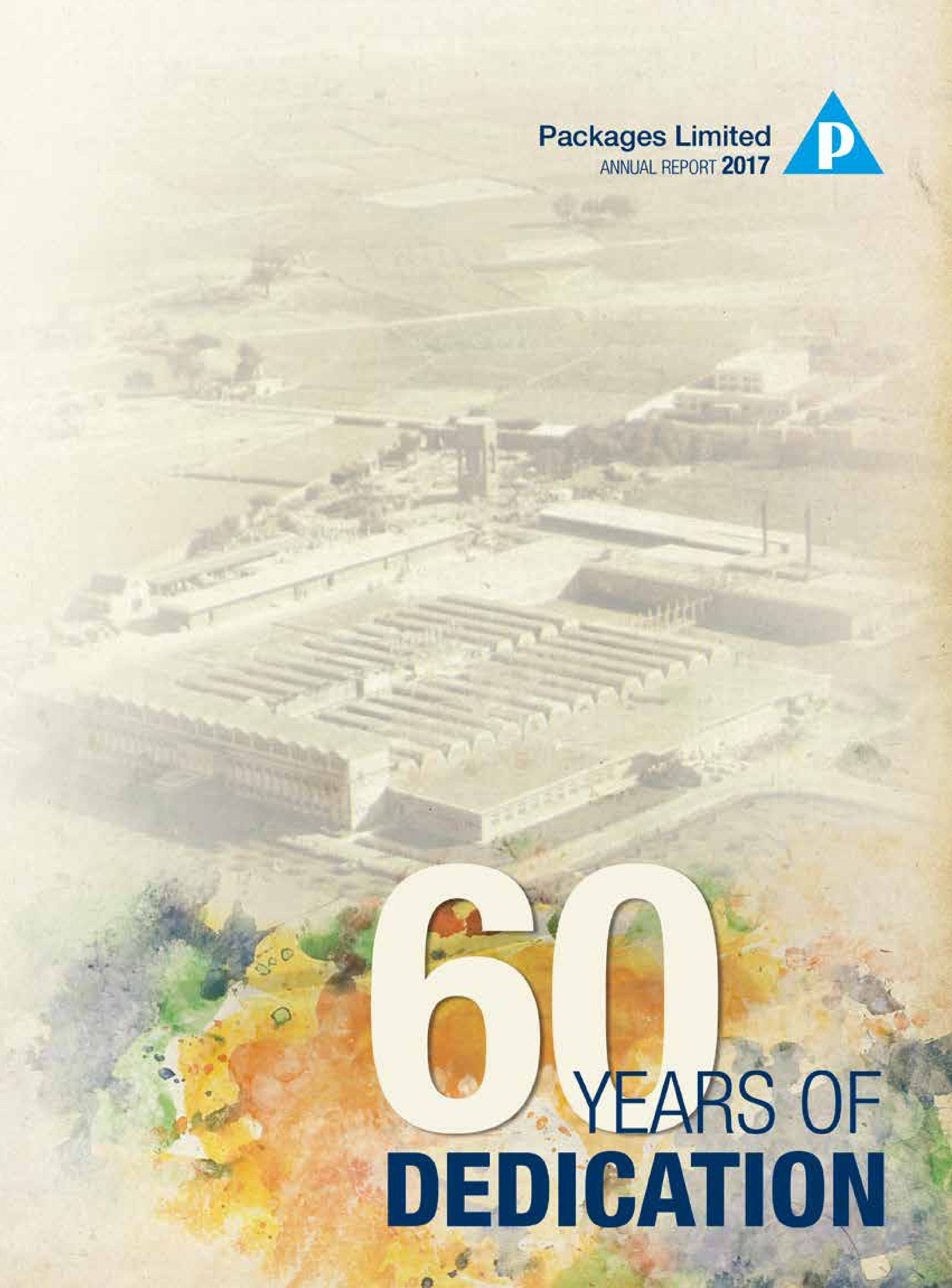
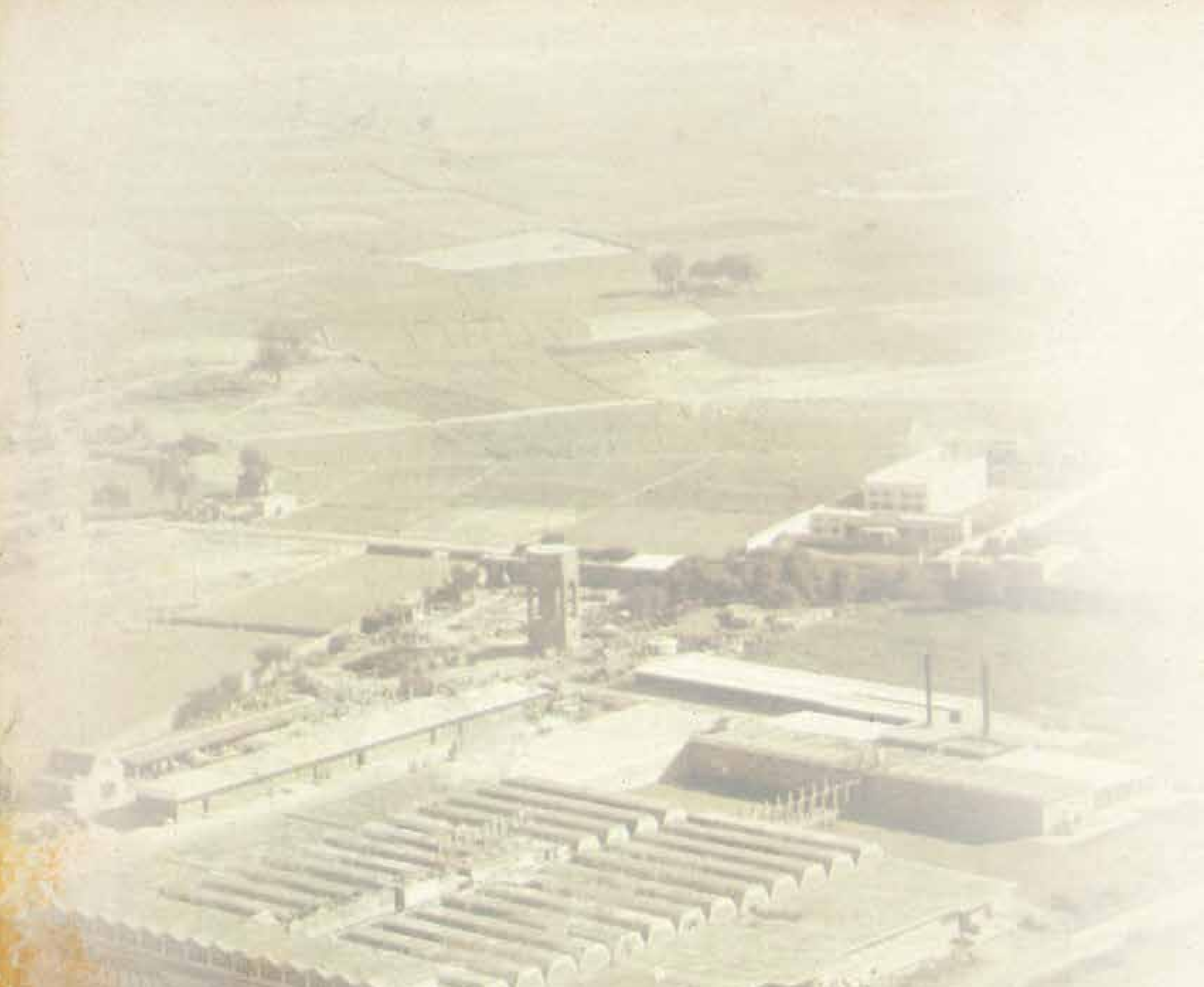
Packages Limited
ANNUAL REPORT **2017**



60 YEARS OF DEDICATION



60 YEARS OF DEDICATION

With a historic identity and solid leadership, Packages Limited has been instrumental in shaping the business landscape of Pakistan, and stands today as a hallmark of success within the business sphere. This remarkable prosperity is due in no small part to the outstanding dedication at the heart of the Company that has, through its collective foresight and knowledge, guided the Company over the years to achieve remarkable results. For this year's report, we honor those visionaries whose leadership and hard work has been the cornerstone for the Company's effective administration and success.

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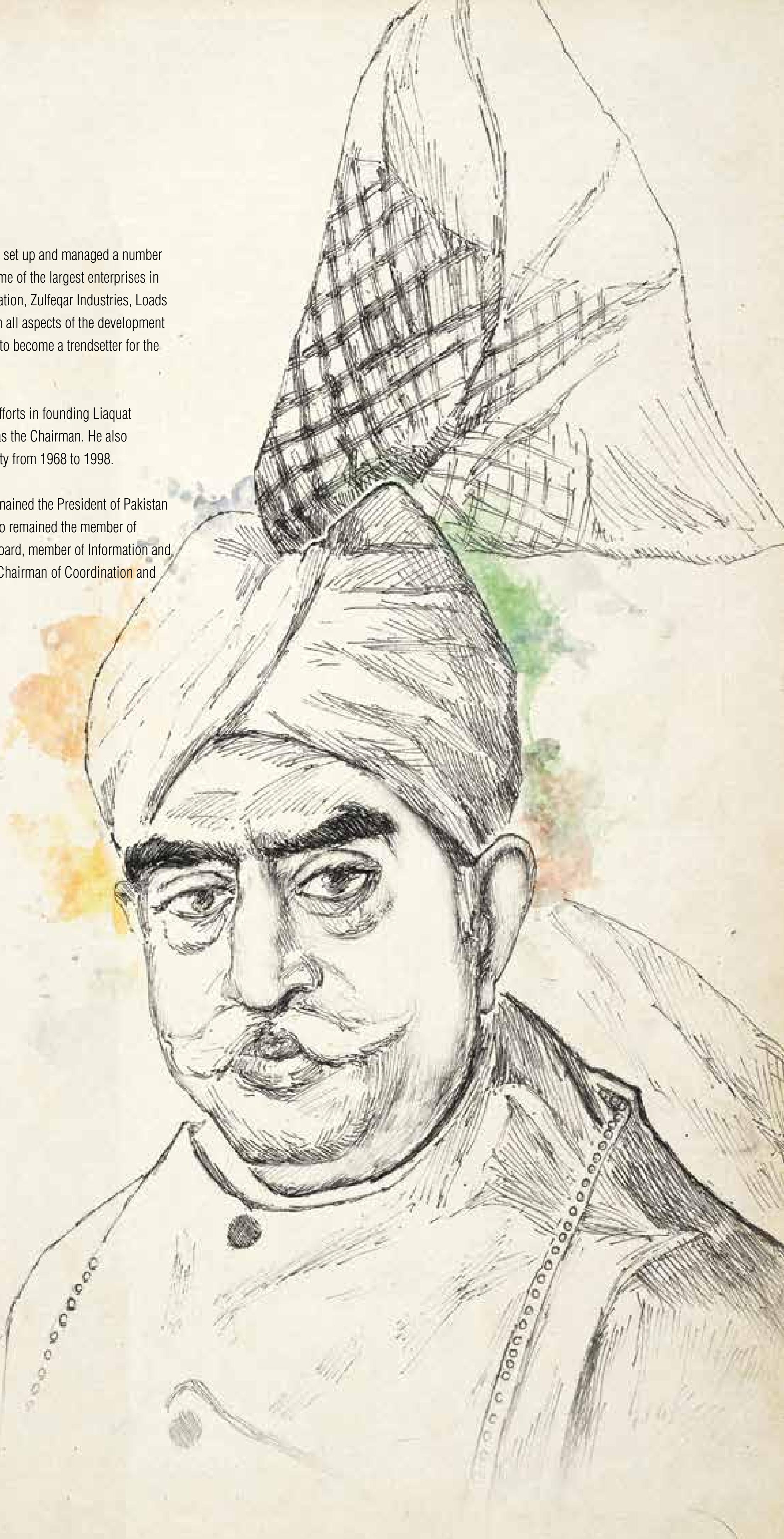
As an entrepreneur and industrialist, Syed Wajid Ali set up and managed a number of industrial ventures. He remained Chairman of some of the largest enterprises in Pakistan, including Packages Limited, Treet Corporation, Zulfeqar Industries, Loads Limited and Wazir Ali Industries. He was involved in all aspects of the development and growth of Packages Limited, which has thrived to become a trendsetter for the local industry.

His activities in the healthcare sector included his efforts in founding Liaquat National Hospital in 1953 in Karachi of which he was the Chairman. He also remained Chairman of Pakistan Red Crescent Society from 1968 to 1998.

His dedication to sports has been exemplary. He remained the President of Pakistan Olympic Association for more than 25 years. He also remained the member of International Olympic Committee (IOC) Executive Board, member of Information and Culture Commission of IOC and member and Vice Chairman of Coordination and Supervising committee for IOC.

SYED WAJID ALI



COMPANY
PROFILE

HISTORICAL OVERVIEW

Packages Limited is Pakistan's leading packaging solution provider. Our job is to deliver high quality packaging in the most efficient, profitable and sustainable way. We are primarily a "business to business" company and our customer base includes some of the world's best-known branded consumer products companies across industries.

We are also a leading manufacturer of tissue paper products. Our leadership position in tissue products is a result of our ability to offer products manufactured under highest standards of hygiene and quality to meet the household and cleanliness needs of our consumers. We provide a complete range of tissue paper products that are convenient, quick and easy to use.

Packages Limited was established in 1957 as a joint venture between the Ali Group of Pakistan and Akerlund & Rausing of Sweden, to convert paper and paperboard into packaging for consumer industry. Over the years, Packages has continued to enhance its facilities to meet the growing demand of packaging products.

In 1968, with IFC participation, Packages integrated upstream by establishing a Pulp and Paper Mill with a capacity of 24,000 tons per year based on waste paper and agricultural by-products i.e. wheat straw and river grass. With growing demand, the capacity was increased periodically and in January 2003, total capacity was nearly 100,000 tons per year.

In 1982, Packages modified a paper machine to produce tissue paper in response to growing awareness and demand for hygienic and disposable tissues. The "Rose Petal" brand name was launched with facial tissues and was later expanded to include toilet paper, kitchen roll and table napkins.

In 1986, the Company established a flexible packaging unit to cater to the increasing demand from consumers for sophisticated packaging used primarily in the food industry.

In 1993, a joint venture agreement was signed with Mitsubishi Corporation of Japan for the manufacture of Polypropylene films at the Industrial Estate in Hattar, Khyber Pakhtunkhwa. This project, Tri-Pack Films Limited, commenced production in June 1995 with equity participation by Packages Limited, Mitsubishi Corporation, Al-Tawfeek Company for Investment Funds, Saudi Arabia and general public. Packages Limited owns 33.33% of Tri Pack Films Limited's equity.

In July, 1994, Coates Lorilleux Pakistan Limited (currently DIC Pakistan Limited), in which Packages Limited has 54.98% ownership, commenced production and sale of printing inks.

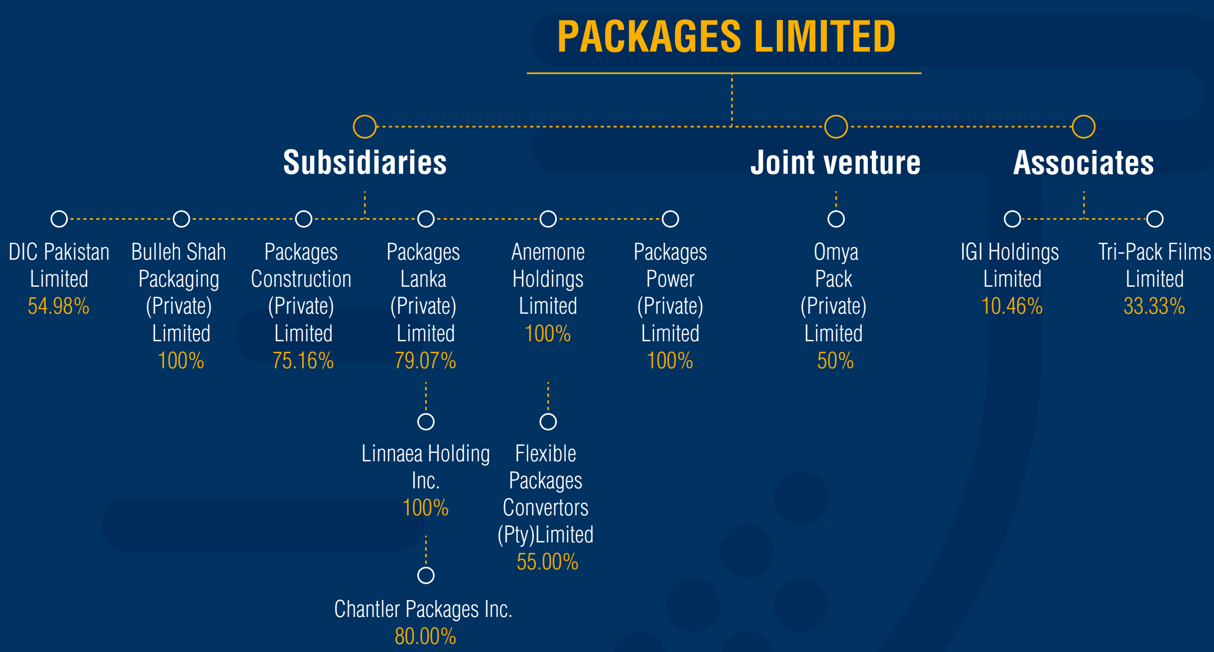
During the same year, the Company initiated the capacity expansion of its Paper and Board Mill to 65,000 tons per year and conversion capacity to 56,000 tons per year. At the same time, the Company also upgraded the quality of Packages' products and substantially improved pollution control to meet the World Bank environmental guidelines. The said expansion was completed in 1998 at a cost of PKR 2.7 billion.

In 1996, Packages entered into a joint venture agreement with Printcare (Ceylon) Limited for the production of flexible packaging materials in Sri Lanka. The project, Packages Lanka (Private) Limited, in which Packages Limited has 79.07% ownership, commenced production in 1998.

During 1999-2000, Packages successfully completed the expansion of the flexible packaging line by installing a new rotogravure printing machine and enhancing the carton line by putting up a new Lemanic rotogravure inline printing and cutting creasing machine. In addition, a new 8-color Flexographic printing machine was also installed in the flexible packaging line in 2001.

Packages commenced production of corrugated boxes from its plant in Karachi in 2002.

In 2005, the Company embarked upon its Paper & Board expansion plan at a new site 'Bulleh Shah Paper Mills' (currently Bulleh Shah Packaging (Private) Limited), almost tripling its capacity from 100,000 tons per annum to 300,000 tons per annum. Capacity expansion at Bulleh Shah Paper Mills was completed in two phases. In the first phase, Brown Board Machine (PM-6) along-with high yield straw pulping & OCC plants and its back processes such as 11 MW Power House, Gas Turbine and Primary Effluent Treatment Plant were installed and commercial operations were commenced during the year 2007. Second phase



comprising of Writing and Printing Paper Machine (PM-7), De-inking Pulp Plant, 41MW Power House, Steam Turbine and Secondary Effluent Treatment Plant was completed in the year 2009.

In 2008, the Company embarked upon capacity expansion in its tissue division through installation of a new tissue paper manufacturing machine (PM-9) with production capacity of 33,000 tons per annum.

During 2011, a lamination machine was installed in the flexible department at a cost of PKR 96 million. This was Pakistan's first high speed solvent-less automatic lamination machine. It has turret winders for automatic reel and a capacity of 450 meters per minute. The rebuild project of Paper Machine (PM-6), installed at Bulleh Shah Paper Mills, was completed in the second quarter of 2011 leading to capacity expansion of 30,000 tons. The machine started commercial operations with enhanced capability of producing high value added liquid packaging and bleached board. Moreover, the Corrugator Machine in Kasur Plant was upgraded in 2011 to improve efficiency, reliability, enhance capacity and reduce waste. This upgrade activity resulted in increased capacity of 14%.

In 2012, the Company invested in a rotogravure machine for its Flexible Packaging business with a total estimated project cost of PKR 326 million as part of the Company's efforts to remain abreast of improved technological developments in the Packaging business. In the same year, to enable continuous growth and technical development in the Paper & Paperboard segment, Packages signed a 50/50 Joint Venture agreement with Stora Enso OYJ Group of Finland in its 100% wholly owned subsidiary, Bulleh Shah Packaging (Private) Limited. The Joint Venture included Paper & Paperboard and Corrugated business operations at Kasur and Karachi. The Joint Venture Agreement with Stora Enso OYJ Group, signed in 2012, was implemented in 2013 and Packages completed the transfer of assets and related obligations of Paper & Paperboard and Corrugated business operations to Bulleh Shah Packaging (Private) Limited along with cash equity injection for a 65% stake.

During 2014, the Company invested in an Offset Printing Line in continuation of its efforts to remain abreast of improved technological developments in the Packaging business. The Offset Printing Line commenced its commercial operations during the first quarter of 2014 and had made available additional capacity to meet growing customer demands in the Folding Carton business. In May 2014, as part of its asset and income diversification strategy, the Company initiated development of a high quality retail mall at its Lahore land through its subsidiary, Packages Construction (Private) Limited. The Company currently holds 75.16% equity in Packages Construction (Private) Limited.

In 2015, as a part of its continuing efforts towards technological upgradation, the Company invested in a new toilet roll line to cater to the growing demand. A new brand by the name of "Maxob" produced on this machine was launched. In line with strategy to diversify and enter into new high growth markets, in June 2015, the company completed the acquisition of 55% share in the operation of a flexible packaging company in South Africa. Further, during 2015, the Board of Directors resolved to start a 50/50 joint venture with Omya Group of Switzerland. The joint venture will set up a production facility to supply a range of high quality ground calcium carbonate products.

In 2016, as a part of Company's continuing efforts towards technological upgradation, the Company invested Rs 292 million in a new offset printing line having double coating capability to cater to the growing demand in the folding cartons business. The Company also made an investment of Rs 122 million in their pre-press department for a state of art engraving machine and cylinder making line. This investment was in line with the Company's efforts to provide its customers with the highest quality of printing. Further, the Company made strategic investments of Rs 82 million including a new facial line, toilet roll line and a fully automated party pack machine to meet growing customer demand.

In line with strategy to diversify, the Company incorporated a wholly-owned subsidiary, Packages Power (Private) Limited, for the purpose of setting up a 3.1 MW hydropower project with an initial equity injection of Rs 25 million.

The Company also made an additional investment of Rs 309.5 million in the equity of Omya Pack (Private) Limited ("JV Company"). This was followed by matching cumulative equity investment by joint venture partner, Omya Singapore Pte Limited.

Year 2017

In 2017, the Company invested Rs 540 million in upgradation of the flexible packaging line that includes wide-web Flexo Printing Press as well as a state of the art 7-layer blown film Extruder which not only boasts of higher production capabilities but also adds depth to the Packaging solutions. Further investments to the tune of Rs 105 million have been made in the downstream operations of lamination, slitting and bag-making to complement the additional capacity brought in. All these investments are in line with the Company's efforts to provide its customers with the highest quality of Packaging solutions for Flexible Packaging line and to grow the market share despite ever growing competition by staying ahead of the technological curve.

Packages Mall was inaugurated on April 20, 2017 and the customer response has been very encouraging. The mall has been designed on international standards by a team of foreign and local professionals. Packages Mall offers over 180 brands, a multiplex cinema, food court, play area and Hyperstar all under one roof.

During the year, the Company acquired remaining 35% shares held by Stora Enso in Bulleh Shah Packaging (Private) Limited ("BSPPL"). Accordingly, BSPPL became the fully owned subsidiary of the Company from September 18, 2017.

OmyaPack (Private) Limited, the JV Company is in its final phase to set up a state of the art production facility and commercial production is targeted for Q2-2018.

As an entrepreneur and visionary, Syed Babar Ali envisioned and set up Packages Limited, Milkpak Limited–now Nestlé Pakistan Limited, Tetra Pak Pakistan Limited, IGI Insurance Company Limited, Tri-Pack Films Limited and IGI Investment Bank. He is Chairman of Sanofi-Aventis Pakistan Limited, IGI Insurance Limited, Tetra Pak Pakistan Limited,Tri-Pack Films Limited and Coca-Cola Beverages Pakistan Limited. He believes in the joint venture philosophy and most of his businesses are joint ventures with major multinationals.

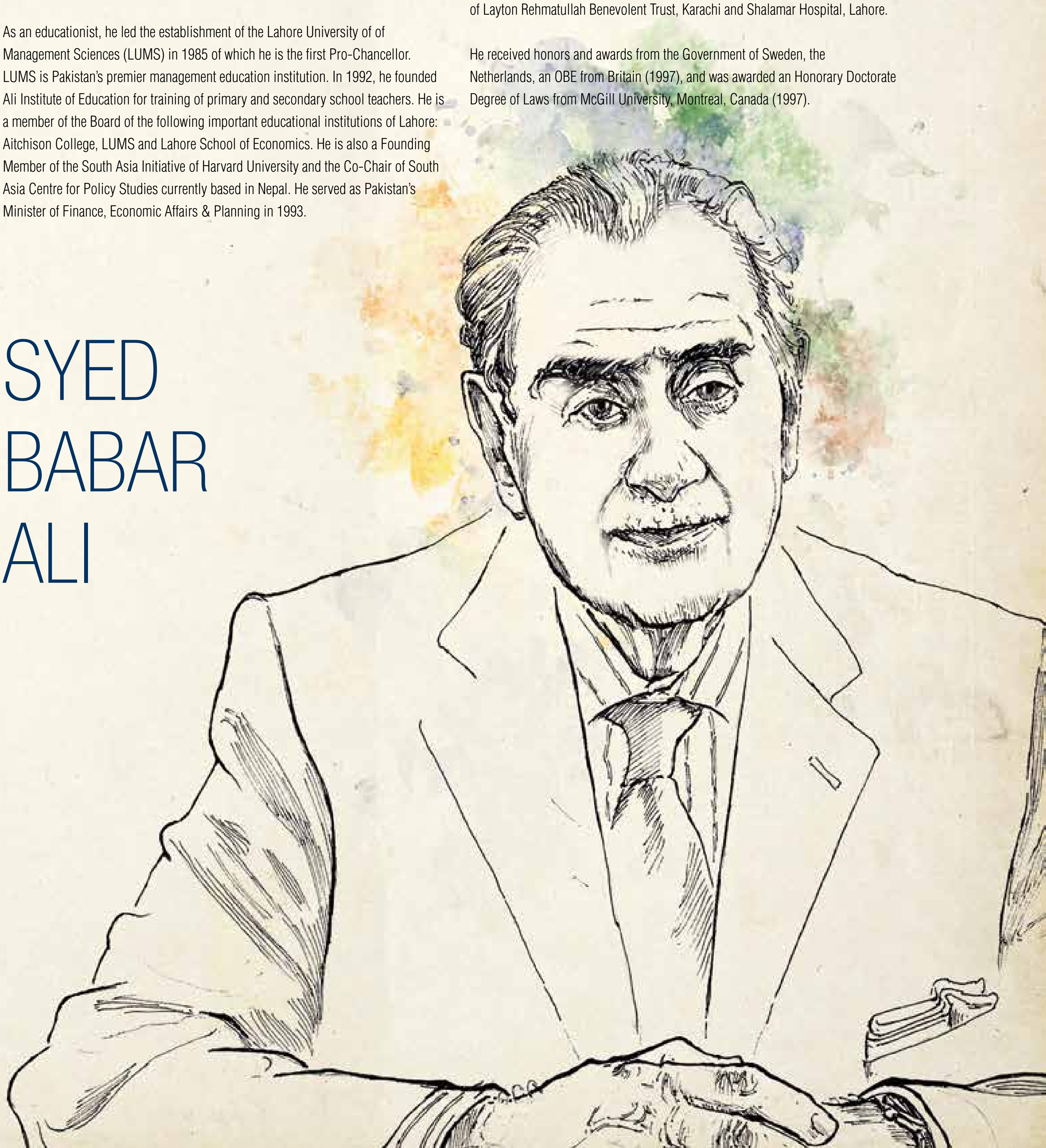
As an educationist, he led the establishment of the Lahore University of of Management Sciences (LUMS) in 1985 of which he is the first Pro-Chancellor. LUMS is Pakistan's premier management education institution. In 1992, he founded Ali Institute of Education for training of primary and secondary school teachers. He is a member of the Board of the following important educational institutions of Lahore: Aitchison College, LUMS and Lahore School of Economics. He is also a Founding Member of the South Asia Initiative of Harvard University and the Co-Chair of South Asia Centre for Policy Studies currently based in Nepal. He served as Pakistan's Minister of Finance, Economic Affairs & Planning in 1993.

He promoted the cause of the World Wide Fund for Nature (earlier World Wildlife Fund) where he served in various capacities, both in Pakistan and internationally, from 1972 to 1996. He was International President of WWF from 1996 to 1999 succeeding HRH Prince Philip, the Duke of Edinburgh. He is now Vice President Emeritus, WWF International, and President Emeritus WWF-Pakistan.

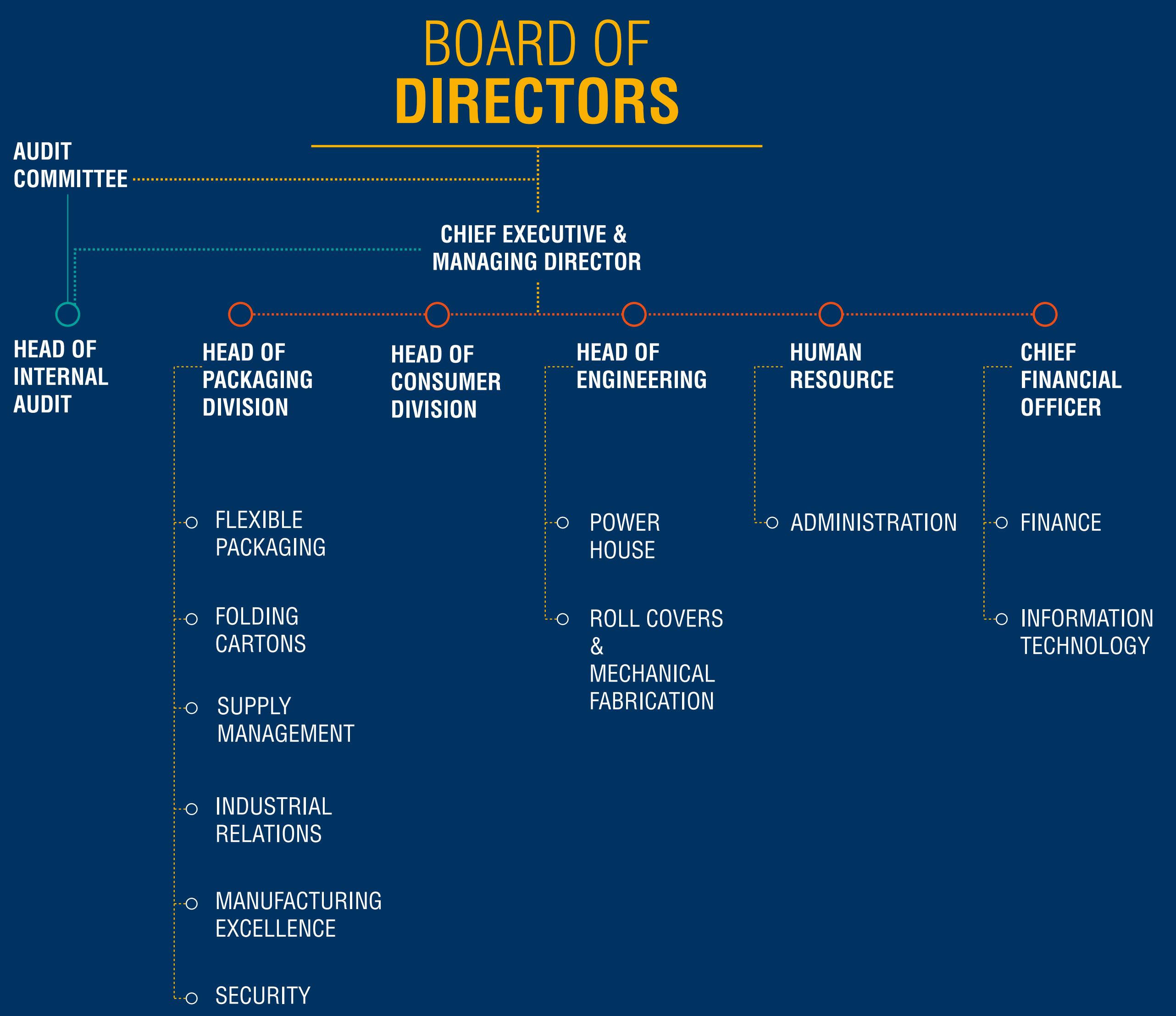
Being a philanthropic, he set up Babar Ali Foundation in 1985. He is also a member of Layton Rehmatullah Benevolent Trust, Karachi and Shalamar Hospital, Lahore.

He received honors and awards from the Government of Sweden, the Netherlands, an OBE from Britain (1997), and was awarded an Honorary Doctorate Degree of Laws from McGill University, Montreal, Canada (1997).

SYED BABAR ALI



ORGANOGRAM


BOARD OF DIRECTORS
AUDIT COMMITTEE
CHIEF EXECUTIVE & MANAGING DIRECTOR
HEAD OF INTERNAL AUDIT
HEAD OF PACKAGING DIVISION
FLEXIBLE PACKAGING
FOLDING CARTONS
SUPPLY MANAGEMENT
INDUSTRIAL RELATIONS
MANUFACTURING EXCELLENCE
SECURITY
HEAD OF CONSUMER DIVISION
HEAD OF ENGINEERING
POWER HOUSE
ROLL COVERS & MECHANICAL FABRICATION
HUMAN RESOURCE
ADMINISTRATION
CHIEF FINANCIAL OFFICER
FINANCE
INFORMATION TECHNOLOGY

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

Imran Khalid Niazi
Non-Executive Director

Josef Meinrad Mueller
Non-Executive Director

Muhammad Aurangzeb
Independent Director

Shamim Ahmad Khan
Non-Executive Director

Syed Aslam Mehdi
Non-Executive Director

Syed Shahid Ali
Non-Executive Director

Tariq Iqbal Khan
Non-Executive Director

ADVISOR

Syed Babar Ali

CHIEF FINANCIAL OFFICER

Khurram Raza Bakhtayari

COMPANY SECRETARY

Adi J. Cawasji

RATING AGENCY

PACRA

COMPANY CREDIT RATING

Long-Term : AA
Short-Term : A1+

AUDITORS

A.F. Ferguson & Co.
Chartered Accountants

LEGAL ADVISORS

Hassan & Hassan - Lahore

Orr, Dignam & Co. – Karachi

SHARES REGISTRAR

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

BANKERS & LENDERS

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

HEAD OFFICE & WORKS SHAHRAH-E-ROOMI

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

OFFICES

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4th Floor, The Forum
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Khayaban-e-Jami, Clifton
Karachi - 75600, Pakistan
PABX :(021) 35874047-49
:(021) 35378650-51
:(021) 35831618,
35833011, 35831664
Fax :(021) 35860251

REGIONAL SALES OFFICE

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

ZONAL SALES OFFICES

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

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

WEB PRESENCE

www.packages.com.pk

MANAGEMENT TEAM

From Left to Right (Sitting)

Khurram Raza Bakhtayari
Chief Financial Officer

Shaheen Sadiq
Head of Consumer Products Division

Syed Hyder Ali
Chief Executive and Managing Director

Asghar Abbas
Head of Packaging Division

Syeda Henna Babar Ali
Advisor Tissue Division

From Left to Right (Standing)

Samad Goraya
Head of Engineering

Mehreen Nasir
Business Unit Manager - Flexible Packaging

Nauman Noor
Business Unit Manager - Folding Cartons

Bilal Naeem
Comptroller of Accounts

NATURE OF **BUSINESS**

PACKAGING DIVISION

Packages provides multi-dimensional and multi product packaging solutions to its clients that are involved in manufacturing consumer products across industries.

The Packaging Division comprises of two business units based on packaging material categories:

1. Folding Cartons
2. Flexible Packaging

FOLDING CARTONS

With decades of experience in providing reliable service and quality, Folding Cartons business provides a wide range of carton board packaging products to various industry segments.

Folding Cartons business is equipped with state of the art machinery and a dedicated and qualified workforce that is supported by strong value chain. These factors contribute in providing high volumes and consistent quality at a competitive price for our esteemed customers.

Market Segment – As the consumer industry in Pakistan matures, competition in the market has increased and the market has a greater focus on product differentiation through branding. In the first instance, this is carried out through attractive and unique packaging which is driving demand for our products. Our team understands well the needs of the market and thus development work and packing modifications are undertaken correspondingly. Folding Cartons business works to deliver the best carton board products that result in high value-added packaging for industries like:

- Pharmaceutical
- Tobacco
- Personal care
- Confectionery
- Home care products
- Food (including frozen)

FLEXIBLE PACKAGING

To accommodate increasing demand for sophisticated packaging, Packages established a Flexible Packaging business unit in 1986 at its Lahore Plant. Flexible Packaging business provides a one stop packaging solution by providing high quality detailed graphics in Flexographic and Rotogravure printing. Flexible Packaging business also provides lamination for plastic films, aluminium foil, paper, multi-layer blown film extrusion for high speed technology in multi-lane slitting, standalone spout inserted bags, poly-bags, zipper-bags, sleeves and ice cream-cones. As part of environmental friendly organization, Flexible Packaging business unit is also working on 4 R's of Packaging i.e. Reduce, Re-use, Recycle and Recover.

Market Segment – Flexible packaging business unit not only provides cost effective and perfect packaging solutions to our valuable customers but also offers them strong technical support on products. We have great in-house R&D facilities which help us in keeping ourselves updated to aggressive market needs. The Flexible Packaging business caters to a wide range of customers across industries including food, soaps & detergents, pharmaceuticals, pesticides and personal & home care.

CONSUMER PRODUCTS DIVISION

Packages started commercial production of tissue and other consumer products in 1982 at the Lahore Plant. We currently provide a complete range of tissue and personal hygiene products that are convenient, quick and easy to use; ranging from facial tissues to tissue rolls, table napkins, pocket packs, kitchen towels, party packs, paper plates and cups. We understand that tissue and allied products are seen as a luxury item without the requisite attention being paid to the hygiene element. Packages has always attempted to develop the market for this business segment through education of the population on the hygiene associated with the use of the products.

Product development has always been our focus based on the demands and needs of our consumers. Great effort is put into producing improved and innovative products to make life hygienic and comfortable for our consumers.

BRANDS

Key brands of Consumer Products Division are:

- Rose Petal
- Tulip
- Maxob
- Double Horse
- Zzoop

CERTIFICATIONS

The disciplined, motivated and hardworking team of Packages Limited has never compromised on the standards of work environment. This positive professional attitude has helped the business divisions to acquire numerous certifications including:

- Food Safety System Certification-ISO 22000: 2005 + PASS 223
- ISO 14001: 2015
- OHSAS 18001: 2007
- ISO 9001 & FSC CoC
- HALAL (S.A.N.H.A) / HALAL Packaging Management System
- British Retail Consortium Grade "A"
- Green Office Diploma

Packaging Division is also certified for URSA (Unilever Responsible Sourcing Audit). The Company is aiming for implementation of Total Productive Maintenance (TPM) to achieve zero downtimes, defects and accidents.

SERVICE DEPARTMENTS

Packages believes that its entire operations have to be in line with the needs of the customers. Our operations are supported by excellent service departments who consistently strive to deliver what the customers need on timely basis.

CUSTOMER SERVICES DEPARTMENT (CSD)

Our Customer Services Department (CSD) constantly monitors production and supply chain to ensure on-time delivery to the customer, to ensure that the right quality product reaches the customer at the right time. CSD also performs core liaison function to arrange development activities as well as technical support and after sales support to customers. Customer complaints are followed by proper feedback and management reporting so that customers are always given the due attention they require.

PRE-PRESS DEPARTMENT

Pre-Press is the nerve center of Packages Limited where concepts and ideas are developed and woven with marketing strategies of customers to attract the end users of the products produced by customers.

The department has been revolutionized over the last two decades and now follows the design process completely in soft form; images and texts are simultaneously directed from computers to:

- Image setters;
- Plate making devices (CDI, Digital System for Flexo); and
- Digital engraving machines

In the Art and Camera Department, the Company has high-tech computer systems where digital files are produced instead of photographic negatives. For achieving high quality in all of printing methods (Roto, Flexo and Offset), Pre-Press department is equipped with the latest technology in cylinder, photo polymer and plate making equipment which provides support to various production departments.

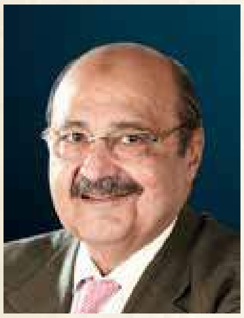
Pre-Press converts the packaging design according to the technical requirements on any printing technique like Gravure, Flexography and Offset without compromising the creative integrity of designs.

RESEARCH AND DEVELOPMENT (R&D)

Research & Development continues to be one of Packages unique selling points. As the consumer industry focuses on cost control, limiting carbon footprint and an overall mindset of "more with less", innovation is the name of the game.

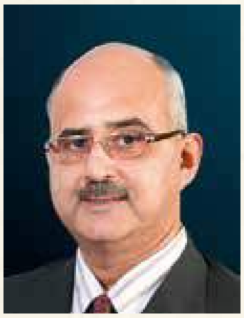
The Research and Development department at Packages is tirelessly working to understand consumer needs and providing innovations on both design and structure based on global trends. The department also plays a key role in supporting the customers in their cost control initiatives as we see the growth of our customers business as our success.

BOARD OF **DIRECTORS**



MR. TOWFIQ HABIB CHINOY

Mr. Towfiq Habib Chinoy, Non-Executive Director, has been associated with the Company as Chairman of the Board of Directors since 2008. He also holds chairmanship at the board of Jubilee General Insurance Company Limited. He holds directorship of IGI Investment Bank Limited and Pakistan Business Council. He is also the Chairman of the Board of Governors of Indus Valley School of Arts and Architecture and Trustee of Mohatta Palace Gallery Trust and Habib University Foundation.



SYED HYDER ALI

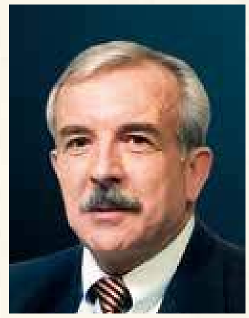
Syed Hyder Ali joined Packages Limited in July 1987 and presently holds the position of Managing Director of the Company. He has done his Masters in Sciences from Institute of Paper Chemistry and has also served as Mill Manager of Paper and Board operations of the Company. He holds directorship in several other companies including IGI Holdings Limited (formerly IGI Insurance Limited), IGI Life Insurance Company Limited, International Steels Limited, Nestle Pakistan Limited, Packages Construction (Private) Limited, Packages Lanka (Private) Limited, Sanofi-Aventis Pakistan Limited, Tri-Pack Films Limited, Tetra Pak Pakistan Limited, Bulleh Shah Packaging (Private) Limited, KSB Pumps Company Limited and Flexible Packages Convertors (Proprietary) Limited, South Africa. He is also serving on the Board of several philanthropic, educational, charitable and business support organizations including Pakistan Centre for Philanthropy, National Management Foundation, Packages Foundation, Syed Maratib Ali Religious and Charitable Trust Society and Babar Ali Foundation. He is also board member of Ali Institute of Education, International Chamber of Commerce, Lahore University of Management Sciences and World-Wide Fund for Nature.

MR. ASGHAR ABBAS

Mr. Asghar Abbas joined the Company in 1998 and currently holds the position of Director and Head of Packaging Operations of the Company. He has been associated with the Group in various capacities over the years including Managing Director of Packages Lanka (Private) Limited. He holds a Masters' degree in Business Administration from Nanyang Technological University (NTU), Singapore. Currently, he also holds directorship of Bulleh Shah Packaging (Private) Limited, Packages Lanka (Private) Limited, Anemone Holdings Limited and Flexible Packages Convertors (Proprietary) Limited.

MR. IMRAN KHALID NIAZI

Mr. Imran Khalid Niazi is associated with the Company as a Non-Executive Director. He is a seasoned leader having provided professional, technical leadership at multinational companies across the globe. His professional journey has taken him from fertilizer, food, dairy and pharmaceutical multinational companies to Coca-Cola Company. He holds a Masters' degree in Chemical Engineering from the University of Arizona, USA. Currently, he also holds directorship of Bulleh Shah Packaging (Private) Limited, Dynamic Textiles (Pvt.) Ltd, Lahore, Damen (a Women Development NGO), Lahore and Damen Support Program (a Microfinance Institution), Lahore.



MR. JOSEF MEINRAD MUELLER

Mr. Josef Meinrad Mueller is associated with the Company as a Non-Executive Director. He was born in Switzerland where he obtained his education including MBA from IMD (formerly IMEDE) in Lausanne where he also served as an Executive-in-Residence. He has over 38 years of senior international management experience at the Nestle Group in developed and emerging markets. He is familiar with Pakistan where he served as Managing Director of Nestle Pakistan Limited during 1992-1995. Throughout his international career, he was entrusted with several senior leadership positions in different countries, including his important role as CEO and Chairman of Nestle in the Greater China Region. Following his retirement from the Nestle Group, Mr. Mueller continues to remain very active in the international business world as an independent business advisor.

MR. MUHAMMAD AURANGZEB

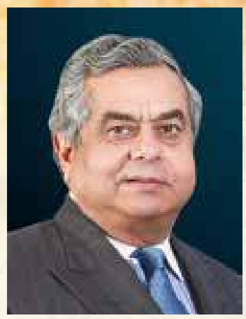
Mr. Muhammad Aurangzeb is an Independent Director of the Company and has over 29 years of banking experience. He is currently the CEO of Global Corporate Bank, Asia Pacific at JP Morgan. He has served as Non-Executive Director of RBS Berhad and was also a member of the Risk Management, Remuneration and Nominating Committee, all of which are sub-committees of the Board. He has also served on Boards of various business schools, Aga Khan Foundation and ABN AMRO Foundation.

MR. SHAMIM AHMAD KHAN

Mr. Shamim Ahmad Khan is associated with the Company as Non-Executive Director. He has served various government organisations in different capacities namely Securities and Exchange Commission of Pakistan and Ministry of Commerce. He was the founder Chairman of the Securities and Exchange Commission of Pakistan. He has also been engaged with consultancy assignments for Asian Development Bank and other organizations. Currently, he holds directorship of Abbott Laboratories Pakistan Limited, Attock Refinery Limited, IGI Holdings Limited (formerly IGI Insurance Limited), IGI Life Insurance Company Limited and Karandaaz (Pvt) Limited. He is also a member of Board of Governors of Sustainable Development Policy Institute and is serving on the Board of Trustees of Packages Foundation.

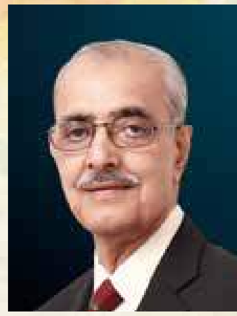
SYED ASLAM MEHDI

Syed Aslam Mehdi, Non-Executive Director, has a Masters degree in Business Administration from Institute of Business Administration, Karachi and has been associated with different companies of the Packages Group in various capacities over the years. He also served as the General Manager of Packages Limited from September 2008 to September 2014. Currently, he is the Managing Director of Bulleh Shah Packaging (Private) Limited and holds directorship of DIC Pakistan Limited, Packages Construction (Private) Limited, Tri-Pack Films Limited, Packages Lanka (Private) Limited, Tetra Pak Pakistan Limited and Printcare PLC, Sri Lanka. He is also the member of the Board of Governors of the National Management Foundation and is serving on the Board of Trustees of Packages Foundation.



SYED SHAHID ALI

Syed Shahid Ali is currently associated with the company as Non-Executive Director. He also holds directorship of several other companies including Treet Corporation Limited, Treet Assets (Private) Limited, Treet Power Limited, Loads Limited, IGI Holdings Limited (formerly IGI Insurance Limited), Ali Automobiles Limited, First Treet Manufacturing Modaraba, Global Econo Trade (Private) Limited, Multiple Auto Parts Industries (Private) Limited, Specialized Autoparts Industries (Private) Limited and Specialized Motorcycles (Private) Limited. He is also actively involved in social and cultural activities and holds senior positions on the governing boards of several hospitals and philanthropic organizations including Liaquat National Hospital.



MR. TARIQ IQBAL KHAN

Mr. Tariq Iqbal Khan is associated with the Company as a Non-Executive Director. He is a Fellow member of the Institute of Chartered Accountants of Pakistan, with diversified experience of more than 41 years. He has held leading policy-making positions in various associations and institutions in the country, including being a Founding Director and President of Islamabad Stock Exchange, Commissioner and Acting Chairman Securities and Exchange Commission of Pakistan and Managing Director/Chairman at Investment Corporation of Pakistan/National Investment Trust. Currently, he holds directorship of Attock Refinery Limited, International Steels Limited, Lucky Cement Limited, National Refinery Limited, Silk Bank Limited, Pakistan Oilfields Limited and FFC Energy Limited.

MANAGEMENT **COMMITTEES**

EXECUTIVE COMMITTEE

Syed Hyder Ali *(EXECUTIVE DIRECTOR)*	Chairman
Syed Aslam Mehdi *(Non-Executive Director)*	Member
Asghar Abbas *(Executive Director)*	Member

Executive Committee is involved in day to day operations of the Company and is authorised to conduct every business except the businesses to be carried out by the Board as required by section 183 of the Companies Act, 2017. The Executive Committee meets periodically to review operating performance of the Company against pre-defined objectives, commercial business decisions and investment and funding requirements. The Executive Committee is also responsible for formulation of business strategy, review of risks and their mitigation plan.

AUDIT COMMITTEE

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

The terms of reference of the Audit Committee is derived from the Code of Corporate Governance applicable to listed companies in Pakistan. The Audit Committee is, among other things, responsible for recommending to the Board of Directors the appointment of external auditors by the Company's shareholders and considering any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors act in accordance with the recommendations of the Audit Committee in all these matters.

The terms of reference of the Audit Committee also include the following:

a) Determination of appropriate measures to safeguard the Company's assets;

b) Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
- Major judgemental areas;
- Significant adjustments resulting from the audit;
- Going-concern assumption;
- Any changes in accounting policies and practices;
- Compliance with applicable accounting standards;
- Compliance with listing regulations and other statutory and regulatory requirements; and
- Significant related party transactions

c) Review of preliminary announcements of results prior to publication;

d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e) Review of management letter issued by external auditors and management's response thereto;

f) Ensuring coordination between the internal and external auditors of the Company;

g) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

h) Consideration of major findings of internal investigations of activities characterised by fraud, corruption and abuse of power and management's response thereto;

i) Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

j) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body;

l) Determination of compliance with relevant statutory requirements;

m) Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

n) Consideration of any other issue or matter as may be assigned by the Board of Directors

HUMAN RESOURCE AND REMUNERATION (HR&R) COMMITTEE

Towfiq Habib Chinoy *(Non-Executive Director)*	Chairman
Josef Meinrad Mueller *(Non-Executive Director)*	Member
Imran Khalid Niazi *(Non-Executive Director)*	Member
Syed Hyder Ali *(Executive Director)*	Member
Mr. Tariq Iqbal Khan *(Non-Executive Director)*	Member
Mr. Nayab Baig *(Group Head of Human Resource)*	Secretary

This Committee is responsible for:

a) Recommending human resource management policies to the Board;

b) Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

c) Recommending to the Board the selection, evaluation, compensation (including retirements benefits) of Chief Financial Officer, Company Secretary, Head of Human Resource, Head of Packaging Division, Head of Consumer Division, Head of Engineering and Head of Internal Audit; and

d) Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO

SYSTEM AND TECHNOLOGY COMMITTEE

Asghar Abbas *(Executive Director)*	Chairman
Khurram Raza Bakhtayari *(Chief Financial Officer)*	Member
Suleman Javed *(Manager ERP)*	Member

This Committee is responsible for:

a) Devising the I.T. strategy within the organisation to keep all information systems of the Company updated in a fast changing environment. This committee is also responsible for evaluating Enterprise Resource Planning (ERP) solutions and data archiving solutions to achieve Company's overall goal towards Green Office Project;

b) Reviewing and recommending information technology proposals suggested by management;

c) Promoting awareness of all stakeholders on needs for investment in technology and related research work; and

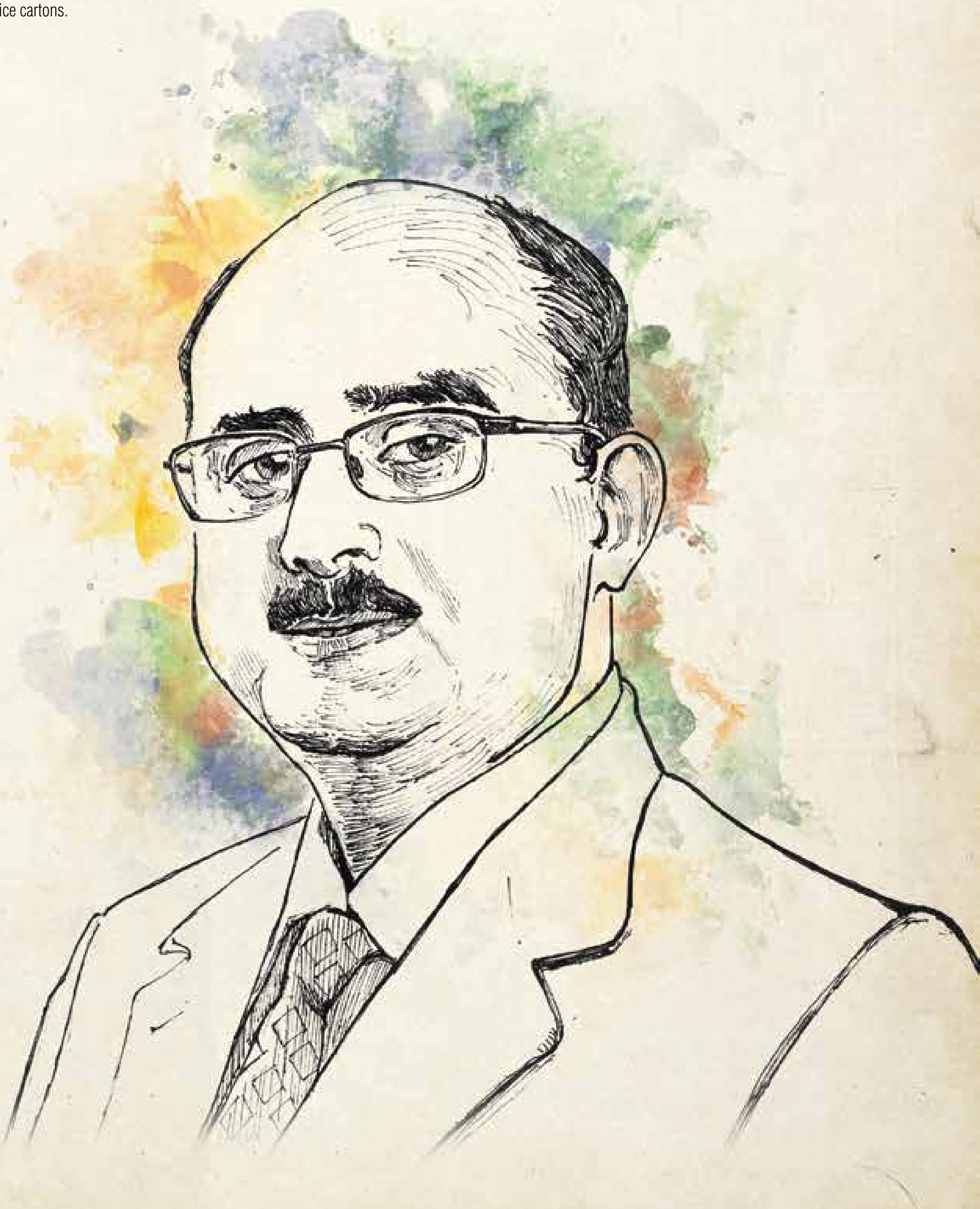
d) Reviewing and assessing Company's systems and procedures, recommending proposals on technological innovations including plant upgradation, technology improvements etc. with relevant cost benefit analysis

Syed Hyder Ali, graduated from University of Michigan, USA with a Bachelor of Science degree in Chemical Engineering in 1979. He completed his Master of Science in June 1981, specializing in paper chemistry. In 1997, Mr. Ali also attended the program for Management Development at the Harvard Business School, Boston, USA.

Currently, he is the Chief Executive and Managing Director of the Company. Mr. Ali has wide and varied professional working experience spanning over many years in paper production, conversion and packaging. Mr. Ali has been involved in the development and implementation of processes for the pulp and paper mill at Packages Ltd. using wheat straw as a raw material. He is the co-author of two USA patents for the recycling of milk and juice cartons.

Mr. Ali serves on the Board of a number of companies like IGI Insurance Limited, IGI Life Insurance Company Limited, International Steels Limited, Nestle Pakistan Limited, Packages Construction (Private) Limited, Packages Lanka (Private) Limited, Sanofi-Aventis Pakistan Limited, Tri-Pack Films Limited, Tetra Pak Pakistan Limited, Bulleh Shah Packaging (Private) Limited, KSB Pumps Company Limited and Flexible Packages Convertors (Proprietary) Limited, South Africa.

SYED HYDER ALI



VISION

Position ourselves to be a regional player of quality packaging and consumer products.

Improve on contemporary measures including cost, quality, service, speed of delivery and mobilisation.

Keep investing in technology, systems and human resource to effectively meet the challenges every new dawn brings.

Develop relationships with all our stakeholders based on sustainable cooperation, upholding ethical values which the shareholders, management and employees represent and continuously strive for.

MISSION **STATEMENT**

To be a leader in the markets we serve by providing quality products and superior service to our customers, while learning from their feedback to set even higher standards for our products.

To be a Company that continuously enhances its superior technological competence to provide innovative solutions to customer needs.

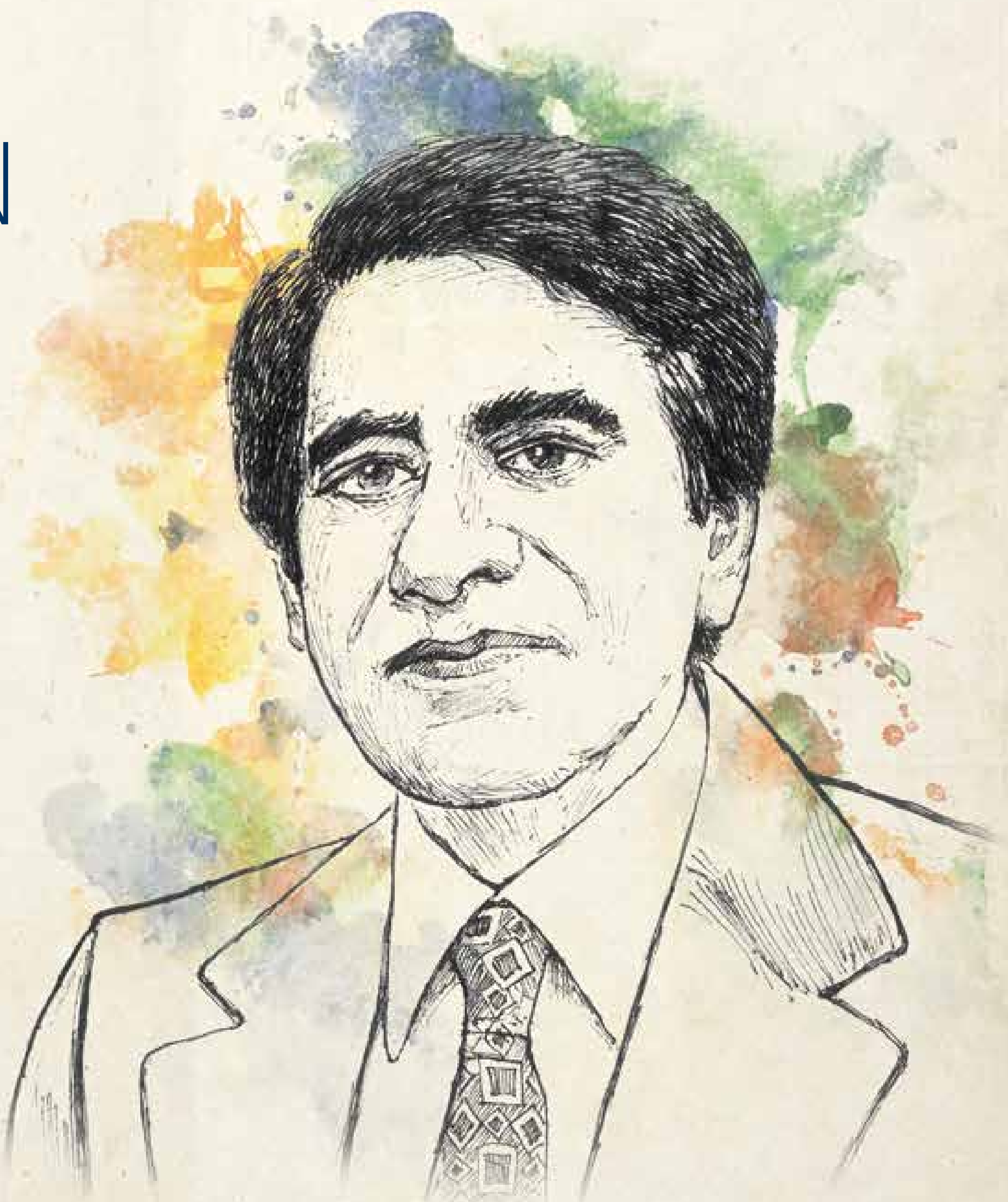
To be a Company that attracts and retains outstanding people by creating a culture that fosters openness and innovation, promotes individual growth and rewards initiative and performance.

To be a Company which combines its people, technology, management systems and market opportunities to achieve profitable growth while providing fair returns to its investors.

To be a Company that endeavors to set the highest standards in corporate ethics in serving the society.

Syed Irshad Hussain was studying civil engineering at Boston in 1947, Syed Babar Ali met him and persuaded him to join Packages as General Manager. The construction of factory building was his first responsibility. He ensured timely completion of the building and supervised provision of all ancillary requirements such as government permits and provision of utilities thus laying the basis for the Company for future years. He continued discharging his responsibilities in a methodical and capable manner, till he left Packages Limited to join the UN in 1973.

SYED IRSHAD HUSSAIN



ENTITY RATING OF **PACKAGES LIMITED**

Long Term **AA**
Short Term **A1+**

Rated by: The Pakistan Credit Rating Agency Limited

RATING AS ON: DECEMBER 30, 2017

Rating Type	Rating	Rating Comments
Long Term	AA (Double A)	Very high credit rating. AA Rating denote a very low expectation of credit risk. This indicates very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
Short Term	A1+ (A One Plus)	Obligations supported by the highest capacity for timely repayment.

POLICIES

INTEGRATED MANAGEMENT SYSTEM (IMS) POLICY

We intend to be a world class Company that not only delivers quality goods & services but also takes care of its employees' health, safety & environment as a whole.

We are committed to achieving this by:

1. Complying with all applicable laws and regulatory requirements;
2. Setting objectives and targets for reviewing and improving management systems;
3. Developing an effective IMS to prevent incidents / accidents, ill health, pollution, waste reduction, hazards and environmental impacts;
4. Ensuring that all food related packaging material is produced, stored and delivered in safe and hygienic condition as per relevant requirements;
5. Continually improving our Environment, Health & Safety (EHS) and food safety management system effectiveness;
6. Creating a safe and work friendly environment for all stakeholders; and
7. Implementing individual accountability to comply with IMS requirements

This policy is applicable to each individual whether employee, contractor / sub-contractor, supplier, visitor and all other stakeholders of Company.

QUALITY POLICY

Packages Limited is strongly committed to produce quality products that conform to consumer's requirements at a competitive price.

We shall continually improve our Quality Management System (QMS) and quality performance of all business processes.

We shall set quality objectives at all levels and allocate appropriate resources to achieve them.

We shall ensure all employees are well aware of Company quality policy and are motivated to apply it in their areas of responsibility.

TOTAL PRODUCTIVE MAINTENANCE (TPM) POLICY

We believe that TPM provides the life cycle approach of improving the overall performance of the machine / equipment through:

- Improving productivity by highly motivated staff / workers; and
- Satisfying the customer needs by delivering the right quantity at right time with desired quality.

We are committed to follow the TPM principles to enhance our competitive position in the market and hence financial position by achieving:

- Zero accidents;
- Zero breakdowns; and
- Zero defects

WHISTLE BLOWING POLICY

In line with our commitment towards highest standards of ethical, moral and legal business conduct, we have an established whistle blowing policy which encourages employees to openly raise any concerns related to unethical behavior, corruption and fraudulent activities that may cause damage to the Company's assets and / or reputation.

All concerns raised are assessed in an objective and independent manner, with protection from retaliation or victimisation, to improve the Company's policies, controls and working environment.

RISK MANAGEMENT POLICY

The Company has an effective and robust mechanism for identification, assessment and reporting of all types of risk arising out of the business operations. These risks includes strategic, operational, financial or compliance risks which may compromise the achievement of overall business objectives.

Through this policy, all the departments ensure that:

- Existing and potential material risks that could impact the achievement of strategic objectives are identified, managed or mitigated;
- Risk management methods are applied appropriately;
- Appropriate resources & controls are allocated to risk areas; and
- Non-controllable risks are identified, monitored, understood and mitigated where possible

CORE **VALUES**

Underlying everything we do and everything we believe in is a set of core values. 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 organisation.

GOOD GOVERNANCE

We are committed to running our business successfully and efficiently, providing long term benefits to our employees and shareholders, and enriching the lives of those whom we serve by fulfilling our corporate responsibility to the best of our ability. We expect excellence from all processes, whether they relate to policy formation and accounting procedures or product development and customer service.

WORK ENVIRONMENT

Our policies and core values are aimed towards creating an informal yet stimulating team-oriented work environment with a culture of sharing and open communication. We cherish the diversity of viewpoint of every individual; we realise this encourages innovation and develops character.

All employees have the right to a stress and injury free work environment. We ensure our employee health and safety by providing various in-house facilities such as a gym and making sure that all staff understand and uphold our safety policy. All our employees are permitted and encouraged to afford time and attention to personal concerns.

OUR PEOPLE

The success of any organisation is largely dependent on the people working for it. Each member of our team is considered equally important and provided constant training, motivation and guidance. We possess a dedicated staff of the highest caliber committed to making our business a success. We ensure that every employee has the opportunity for maximum professional development. To achieve this goal, we seek to provide challenging work prospects for all employees. Each person is compensated and rewarded for his or her performance and hard work on a strict merit basis.

CONSERVATION

We expect and encourage our employees to actively participate in community service and to take care of the environment entrusted to us as citizens sharing the earth's resources.

CUSTOMER SATISFACTION

We are customer-driven; we go the extra mile to make sure our clients' expectations are met and exceeded on every issue. We partner with leading companies to arm ourselves with the latest technology and provide customers with innovative solutions in the most cost-effective manner available.

ETHICAL BEHAVIOR

We make it clear that being a sincere, honest and decent human being takes precedence over everything else. In the Packages family, there is an all-round respect for elders, tolerance for equals and affection for youngsters. Managers are expected to lead from the front, train junior colleagues through delegation, resolve conflicts quickly, be visible at all times and act as role models for others.

CODE OF **CONDUCT**

PACKAGES LIMITED HAS BUILT A REPUTATION FOR CONDUCTING ITS BUSINESS WITH INTEGRITY, IN ACCORDANCE WITH HIGH STANDARDS OF ETHICAL BEHAVIOR AND IN COMPLIANCE WITH THE LAWS AND REGULATIONS THAT GOVERN OUR BUSINESS. THIS REPUTATION IS AMONG OUR MOST VALUABLE ASSETS AND ULTIMATELY DEPENDS UPON THE INDIVIDUAL ACTIONS OF EACH OF OUR EMPLOYEES ALL OVER THE COUNTRY.

Our code of conduct ("the Code") has been prepared to assist each of us in our efforts to not only maintain but enhance this reputation. It provides guidance for business conduct in a number of areas and references to more detailed corporate policies for further direction.

The adherence of all employees to high standards of integrity and ethical behavior is mandatory and benefits all stakeholders viz. our customers, our communities, our shareholders and ourselves.

The Company carefully checks for compliance with the Code by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking creative measures if and when required.

The Code applies to all affiliates, employees and others who act for us countrywide, within all sectors, regions, areas and functions.

GENERAL PRINCIPLES

- Compliance with the applicable laws, regulations, statutory provisions, ethical integrity and fairness is a constant commitment and duty of all Packages employees and characterises the conduct of the organisation.
- The Company's business and activities have to be carried out in a transparent, honest and fair way, in good faith and in full compliance. Any form of discrimination, corruption, forced or child labor is rejected. Particular attention is paid to the acknowledgment and safeguarding of the dignity, freedom and equality of human beings.
- All employees, without any distinction or exception whatsoever, respect the principles and contents of the Code in their actions and behaviors while performing their functions according to their responsibilities, because compliance with the Code is fundamental for the quality of their working and professional performance. Relationships among employees, at all levels, must be characterised by honesty, fairness, cooperation, loyalty and mutual respect.
- The belief that one is acting in favor or to the advantage of the Company can never , in any way, justify – not even in part – any behavior that conflict with the principles and content of the Code.
- The Code aims at guiding the "Packages team" with respect to standards of conduct expected in areas where improper activities could result in adverse consequences to the Company, harm its reputation or diminish its competitive advantage.
- Every employee is expected to adhere to, and firmly inculcate in his / her everyday conduct, this mandatory framework; any contravention or deviation will be regarded as misconduct and may attract disciplinary action in accordance with the Company service rules and relevant laws.

STATEMENT OF ETHICAL PRACTICES

It is the basic principle of Packages Limited to obey the law of the land and comply with its legal system. Accordingly, every Director and employee of the Company shall obey the law. Any Director and employee guilty of violation will be liable to disciplinary consequences because of the violation of his / her duties.

Employees must avoid conflict of interest between their private financial activities and conduct of Company business.

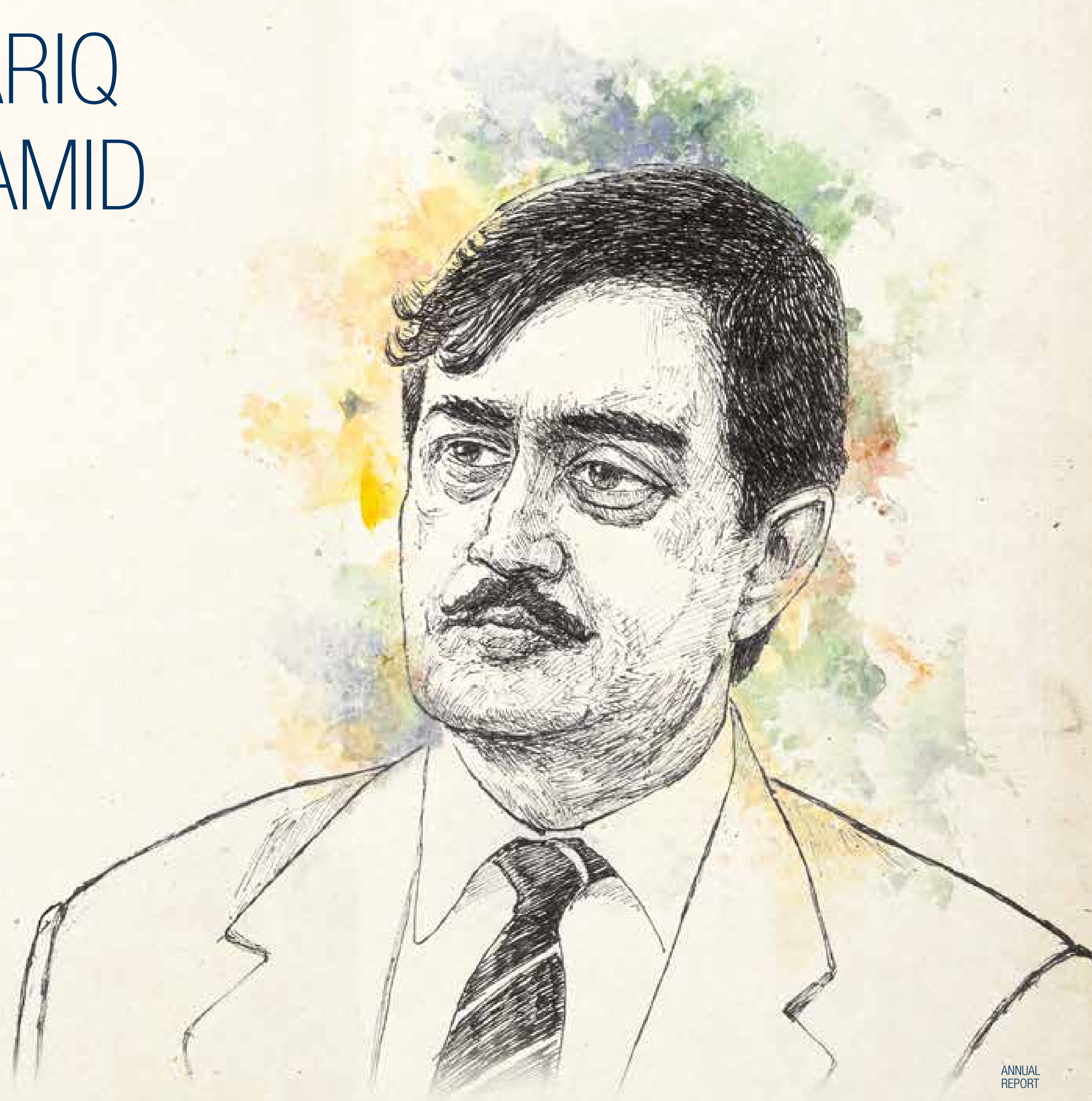
All business transactions on behalf of Packages Limited must be reflected accordingly in the accounts of the Company. The image and reputation of Packages Limited is determined by the way each and every one of us acts and conducts himself / herself at all times.

We are an equal opportunity employer. Our employees are entitled to a safe and healthy workplace.

Every manager and supervisor shall be responsible to see that there is no violation of laws within his / her area of responsibility which proper supervision could have prevented. The manager and supervisor shall still be responsible if he / she delegates particular tasks.

There are few who built the dream of Packages Limited as diligently and with such dedication as Mr. Tariq Hamid. A role model, true leader and integral part of the Company's journey, his life story is inspiration for many. Tariq Hamid joined the company as a civil engineer but progressively rose up because of his talent, hard work and dedication eventually succeeding Syed Irshad Hussain as General Manager in 1973. Tariq Hamid saw the Company through some of its toughest times across all spheres ranging from Human Resource to Information Technology eventually retiring in 1994.

TARIQ HAMID



DECADE AT
A GLANCE

(Rupees in Million)	2017	2016	2015
Assets Employed:			
Fixed Assets at Cost	11,514	10,068	10,036
Accumulated Depreciation / Amortisation	6,190	5,665	6,055
Net Fixed Assets	5,324	4,403	3,981
Other Non-Current Assets	60,185	50,104	45,037
Current Assets	8,380	7,641	7,918
Current Liabilities	4,929	5,025	4,904
Net Current and Other Non-Current Assets	63,636	52,719	48,051
Assets of Disposal Group	-	-	-
Net Assets Employed	68,960	57,122	52,031
Financed By:			
Paid up Capital	894	894	884
Reserves	64,166	51,284	45,593
Preference Shares / Convertible stock reserve	606	606	1,310
Shareholder's Equity	65,666	52,784	47,786
Deferred Liabilities	1,027	736	488
Long Term Finances	2,267	3,602	3,757
Total Non-Current Liabilities	3,294	4,338	4,245
Liabilities of Disposal Group	-	-	-
Total Funds Invested	68,960	57,122	52,031
Invoiced Sales - Gross	21,389	19,794	18,711
Materials Consumed	10,240	9,313	9,005
Cost of Goods Sold	14,370	13,221	12,664
Gross Profit	3,736	3,618	3,361
Employees Remuneration	2,331	2,209	1,732
Profit / (loss) from Operations	1,328	1,797	1,828
Profit / (loss) before Interest & Tax	7,156	6,961	3,803
Profit / (loss) after Tax	6,216	5,596	3,295
EBITDA (from operations)	2,277	2,427	2,497
Key Ratios:			
Profitability			
Gross Profit Ratio (%)	20.63	21.49	20.98
Profit Before Tax (%)	39.53	41.34	23.73
EBITDA Margin to Sales (%)	12.58	14.41	15.58
Total Assets Turnover Ratio	0.25	0.27	0.28
Fixed Assets Turnover Ratio	4.12	3.92	4.27
Liquidity			
Current Ratio	1.70	1.52	1.61
Quick Ratio	1.20	1.07	1.15
Gearing			
Debt : Equity Ratio	5:95	7:93	8:92
Return on Equity (%)	9.47	10.60	6.90
Investment			
Basic EPS (Rs.)	69.05	62.61	37.42
Diluted EPS (Rs.)	65.02	58.45	33.62
Price - Earning Ratio	7.38	13.58	15.56
Interest Cover Ratio	17.96	6.43	7.08
Dividend Yield (%)	5.88	2.94	2.58
Dividend Cover Ratio	2.32	2.50	2.46
Cash Dividend %	300.00	250.00	151.70
Break-up value per Ordinary Share (Rs.)	727.90	583.78	519.99
Market Value per Ordinary Share - Year End (Rs.)	509.83	850.05	582.11
Cash Dividend per Share	30.00	25.00	15.00

* Represents Continuing operation.

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

2014	2013	2012	2011	2010	2009	2008
9,835	9,744	9,275	28,472	27,749	26,887	25,789
5,973	5,956	5,749	10,057	9,101	7,605	6,323
3,861	3,788	3,526	18,415	18,649	19,282	19,465
47,445	41,122	20,893	16,402	12,442	8,347	8,645
8,548	8,359	7,030	8,841	8,534	7,979	6,923
5,130	5,331	4,482	3,442	2,421	1,743	5,617
50,864	44,150	23,441	21,800	18,555	14,583	9,952
-	-	14,543	-	-	-	-
54,725	47,938	41,510	40,215	37,204	33,865	29,417
864	844	844	844	844	844	844
47,567	39,640	28,173	26,666	24,480	20,967	15,429
1,572	1,606	1,606	1,606	1,606	1,606	-
50,003	42,090	30,623	29,115	26,930	23,417	16,273
467	654	748	2,525	2,317	2,478	841
4,255	5,195	4,471	8,575	7,956	7,971	12,304
4,722	5,848	5,219	11,100	10,274	10,448	13,145
-	-	5,669	-	-	-	-
54,725	47,938	41,510	40,215	37,204	33,865	29,418
17,627	17,314*	13,871*	13,797*	21,837	16,533	14,301
9,131	9,131*	7,407 *	7,282*	10,211	8,685	7,639
12,873	12,893*	10,270*	10,071*	17,733	13,736	11,281
2,215	1,995*	1,475 *	1,315*	803	307	943
1,521	1,363*	1,018 *	912*	1,502	1,229	1,033
947	997*	**1,011 *	**872*	(104)	**(384)	405
2,750	2,194*	2,378*	1,037*	(317)	5,770	(308)
2,536	1,796*	1,488*	161*	(332)	4,064	(196)
1,383	1,268*	1,103*	896*	1,242	719	955
14.68	13.40*	12.56*	11.55*	4.33	2.19	7.72
18.22	14.74*	20.25*	9.11*	(1.71)	41.08	(2.52)
9.16	8.51*	9.40*	7.87*	6.70	5.12	7.81
0.25	0.28*	0.37*	0.26*	0.47	0.39	0.35
4.18	4.35*	3.75*	0.62*	1.04	0.73	1.08
1.67	1.57	1.57	2.57	3.52	4.58	1.23
1.13	1.07	1.03	0.96	1.57	1.72	0.43
8:92	11:89	15:85	24:76	23:77	25:75	44:56
5.07	4.27*	**4.85*	**0.55*	(1.23)	**(13.05)	(1.20)
29.89	21.28*	17.64*	1.90*	(3.94)	48.16	(2.32)
26.59	20.01*	17.09*	1.90*	(3.94)	44.72	(2.32)
22.70	12.81*	8.57*	43.43*	(32.65)	2.99	(34.98)
4.67	3.61*	5.52*	3.16*	0.74	5.55	0.81
1.32	2.93	2.98	1.81	2.53	2.26	-
3.23	2.66*	3.92*	1.27*	(1.21)	14.82	-
90.00	80.00	45.00	15.00	32.50	32.50	-
554.26	479.78	343.89	326.02	300.12	258.49	192.85
678.29	272.63	151.16	82.72	128.61	144.00	81.19
9.00	8.00	4.50	1.50	3.25	3.25	-

HORIZONTAL & **VERTICAL ANALYSIS**

BALANCE SHEET

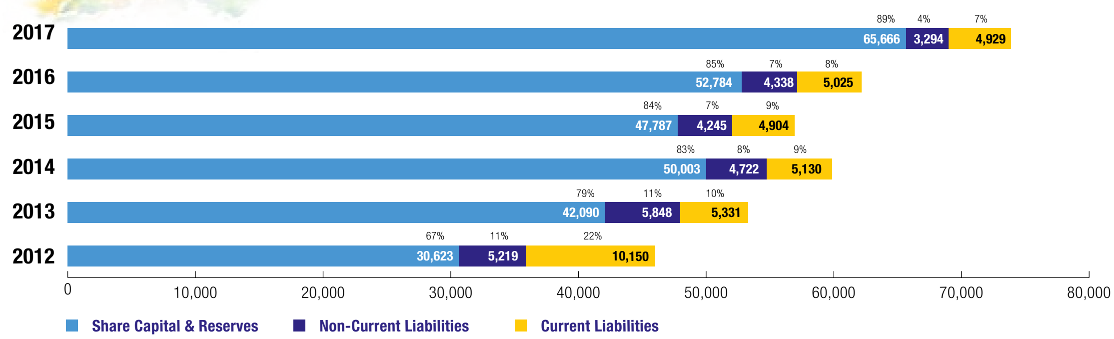
HORIZONTAL ANALYSIS
(Rupees in Million)

Equity & Liabilities	2017 Rs.	17 vs 16 %	2016 Rs.	16 vs 15 %	2015 Rs.	15 vs 14 %	2014 Rs.	14 vs 13 %	2013 Rs.	13 vs 12 %	2012 Re-stated Rs.
SHARE CAPITAL & RESERVES											
Issued, subscribed and paid up capital	894	-	894	1.11	884	2.34	864	2.35	844	-	844
Reserves	57,673	16.39	49,550	18.32	41,878	(6.45)	44,766	17.64	38,054	22.46	31,075
Preference shares / convertible stock reserve	606	-	606	(53.72)	1,310	(16.65)	1,572	(2.14)	1,606	-	1,606
Unappropriated profit / (loss)	6,492	274.40	1,734	(53.32)	3,715	32.64	2,801	76.60	1,586	(154.65)	(2,902)
NON-CURRENT LIABILITIES											
Long term finances	2,254	(36.96)	3,576	(4.12)	3,729	(11.81)	4,229	(18.20)	5,170	15.63	4,471
Deferred tax	344	(0.12)	344	39.80	246	(15.95)	293	(42.92)	513	60.31	320
Liabilities against assets subject to finance lease	13	(49.36)	26	(5.77)	28	7.66	26	7.02	24	100.00	-
Retirement benefits	358	310.36	87	115.97	40	100.00	-	(100.00)	0.58	(99.81)	307
Deferred liabilities	325	6.62	305	51.31	202	15.46	175	24.70	140	15.70	121
CURRENT LIABILITIES											
Current portion of long term finances	1,334	130.56	579	47.53	392	91.64	205	0.34	204	(79.60)	1,000
Finances under mark up arrangements - secured	300	(78.24)	1,377	55.69	884	(29.95)	1,263	(16.83)	1,518	87.64	809
Derivative financial instruments	-	-	-	-	-	-	-	(100.00)	27	(83.64)	165
Trade and other payables	3,105	9.03	2,848	(13.12)	3,278	4.24	3,145	3.04	3,052	54.38	1,977
Accrued finance cost	190	(14.42)	222	(36.52)	349	(32.52)	518	(2.33)	530	-	530
Liabilities directly associated with non-current assets classified as held-for-sale	-	-	-	-	-	-	-	-	-	(100.00)	5,669
TOTAL	73,889	18.89	62,148	9.15	56,936	(4.88)	59,854	12.36	53,269	15.82	45,992

VERTICAL ANALYSIS
(Rupees in Million)

Equity & Liabilities	2017 Rs.	2017 %	2016 Rs.	2016 %	2015 Rs.	2015 %	2014 Rs.	2014 %	2013 Rs.	2013 %	2012 Re-stated Rs.	2012 Re-stated %
SHARE CAPITAL & RESERVES												
Issued subscribed and paid up capital	894	1.21	894	1.44	884	1.55	864	1.44	844	1.58	844	1.84
Reserves	57,673	78.05	49,550	79.73	41,878	73.55	44,766	74.79	38,054	71.44	31,075	67.57
Preference shares / convertible stock reserve	606	0.82	606	0.98	1,310	2.30	1,572	2.63	1,606	3.01	1,606	3.49
Unappropriated profit / (loss)	6,492	8.79	1,734	2.79	3,715	6.52	2,801	4.68	1,586	2.98	(2,902)	(6.31)
NON-CURRENT LIABILITIES												
Long term finances	2,254	3.05	3,576	5.75	3,729	6.55	4,229	7.07	5,170	9.71	4,471	9.72
Deferred tax	344	0.47	344	0.55	246	0.43	293	0.49	513	0.96	320	0.70
Liabilities against assets subject to finance lease	13	0.02	26	0.04	28	0.05	26	0.04	24	0.05	-	-
Retirement benefits	358	0.48	87	0.14	40	0.07	-	-	1	0.00	307	0.67
Deferred liabilities	325	0.44	305	0.49	202	0.35	175	0.29	140	0.26	121	0.26
CURRENT LIABILITIES												
Current portion of long term finances	1,334	1.81	579	0.93	392	0.69	205	0.34	204	0.38	1,000	2.17
Finances under mark up arrangements - secured	300	0.41	1,377	2.22	884	1.55	1,263	2.11	1,518	2.85	809	1.76
Derivative financial instruments	-	-	-	-	-	-	-	-	27	0.05	165	0.36
Trade and other payables	3,105	4.20	2,848	4.58	3,278	5.76	3,145	5.25	3,052	5.73	1,977	4.30
Accrued finance cost	190	0.26	222	0.36	349	0.61	518	0.86	530	0.99	530	1.15
Liabilities directly associated with non-current assets classified as held-for-sale	-	-	-	-	-	-	-	-	-	-	5,669	12.33
TOTAL	73,889	100.00	62,148	100.00	56,936	100.00	59,854	100.00	53,269	100.00	45,992	100.00

EQUITY AND LIABILITIES (RUPEES IN MILLION)



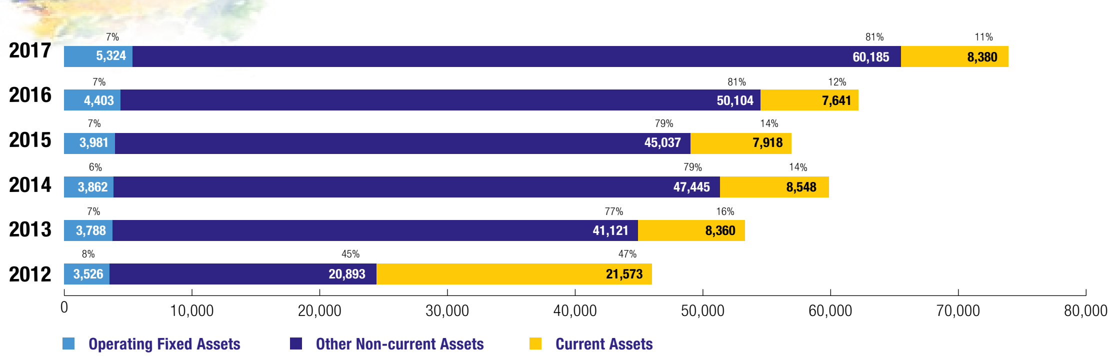
HORIZONTAL ANALYSIS
(Rupees in Million)

Assets	2017 Rs.	17 vs 16 %	2016 Rs.	16 vs 15 %	2015 Rs.	15 vs 14 %	2014 Rs.	14 vs 13 %	2013 Rs.	13 vs 12 %	2012 Re-stated Rs.
NON-CURRENT ASSETS											
Property, plant and equipment	5,185	21.71	4,260	11.97	3,804	3.21	3,686	0.57	3,665	5.96	3,459
Intangible assets	5	(52.48)	10	(52.40)	21	(45.45)	38	18.75	32	(21.95)	41
Investment property	135	1.14	133	(14.31)	155	12.63	138	51.65	91	250.00	26
Investments	60,166	20.15	50,078	11.29	44,998	(4.88)	47,304	15.24	41,048	97.38	20,796
Long term loans and deposits	18	(29.87)	26	(33.86)	39	(25.95)	53	(20.90)	67	(30.93)	97
Retirement benefits	-	-	-	-	-	(100.00)	88	1,366.67	6	100.00	-
CURRENT ASSETS											
Stores and spares	422	5.03	402	(17.63)	488	(1.00)	493	(13.36)	569	23.16	462
Stock-in-trade	1,955	10.51	1,769	(0.64)	1,780	(20.21)	2,231	8.04	2,065	8.12	1,910
Trade debts	2,392	10.14	2,172	21.95	1,781	16.64	1,527	(5.91)	1,623	(28.82)	2,280
Loans, advances, deposits, prepayments and other receivables	729	(32.61)	1,081	(19.65)	1,346	(25.09)	1,797	6.27	1,691	309.44	413
Income tax receivable	2,700	27.00	2,126	(12.19)	2,421	7.70	2,248	3.31	2,176	35.75	1,603
Cash and bank balances	182	101.08	91	(10.94)	102	(59.63)	252	6.78	236	(34.81)	362
Non-current assets classified as held-for-sale	-	-	-	-	-	-	-	-	-	(100.00)	14,543
TOTAL	73,889	18.89	62,148	9.15	56,936	(4.88)	59,855	12.36	53,269	15.82	45,992

VERTICAL ANALYSIS
(Rupees in Million)

Assets	2017 Rs.	2017 %	2016 Rs.	2016 %	2015 Rs.	2015 %	2014 Rs.	2014 %	2013 Rs.	2013 %	2012 Re-stated Rs.	2012 Re-stated %
NON-CURRENT ASSETS												
Property, plant and equipment	5,185	7.02	4,260	6.85	3,804	6.68	3,686	6.16	3,665	6.88	3,459	7.52
Intangible assets	5	0.01	10	0.02	21	0.04	38	0.06	32	0.06	41	0.09
Investment property	135	0.18	133	0.21	155	0.27	138	0.23	91	0.17	26	0.06
Investments	60,166	81.43	50,078	80.58	44,998	79.03	47,304	79.03	41,048	77.06	20,796	45.22
Long term loans and deposits	18	0.02	26	0.04	39	0.07	53	0.09	67	0.13	97	0.21
Retirement benefits	-	-	-	-	-	-	88	0.15	6	0.01	-	-
CURRENT ASSETS												
Stores and spares	422	0.57	402	0.65	488	0.86	493	0.82	569	1.07	462	1.00
Stock-in-trade	1,955	2.65	1,769	2.85	1,780	3.13	2,231	3.73	2,065	3.88	1,910	4.15
Trade debts	2,392	3.24	2,172	3.49	1,781	3.13	1,527	2.55	1,623	3.05	2,280	4.96
Loans, advances, deposits, prepayments and other receivables	729	0.99	1,081	1.74	1,346	2.36	1,797	3.00	1,691	3.17	413	0.90
Income tax receivable	2,700	3.65	2,126	3.42	2,421	4.25	2,248	3.76	2,176	4.08	1,603	3.49
Cash and bank balances	182	0.25	91	0.15	102	0.18	252	0.42	236	0.44	362	0.79
Non-current assets classified as held-for-sale	-	-	-	-	-	-	-	-	-	-	14,543	31.62
TOTAL	73,889	100	62,148	100	56,936	100	59,855	100	53,269	100	45,992	100

ASSETS (RUPEES IN MILLION)



HORIZONTAL & **VERTICAL ANALYSIS**

PROFIT AND LOSS ACCOUNT

HORIZONTAL ANALYSIS
(Rupees in Million)

	2017	17 vs 16	2016	16 vs 15	2015	15 vs 14	2014	14 vs 13	2013	13 vs 12	2012 Re-stated
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.
Continuing operations											
Local sales	21,359	8.05	19,766	5.80	18,683	6.26	17,582	1.95	17,245	24.89	13,808
Export sales	30	12.41	27	(4.44)	28	(37.70)	45	(34.12)	69	9.52	63
Gross sales	21,389	8.06	19,794	5.78	18,711	6.15	17,627	1.81	17,314	24.82	13,871
Sales tax and excise duty	(3,284)	11.92	(2,934)	10.41	(2,657)	5.63	(2,516)	4.60	(2,405)	13.98	(2,110)
Commission	-	(100.00)	(20)	(29.82)	(29)	18.91	(24)	16.49	(21)	31.25	(16)
Net sales	18,105	7.52	16,839	5.08	16,025	6.21	15,087	1.34	14,888	26.76	11,745
Cost of sales	(14,370)	8.68	(13,221)	4.40	(12,664)	(1.63)	(12,873)	(0.16)	(12,893)	25.54	(10,270)
Gross profit	3,736	3.26	3,618	7.63	3,361	51.79	2,215	11.00	1,995	35.25	1,475
Administrative expenses	(1,010)	12.54	(897)	19.22	(753)	(4.38)	(787)	33.89	(588)	82.61	(322)
Distribution and marketing costs	(1,129)	22.56	(922)	35.93	(678)	16.87	(580)	(1.01)	(586)	46.50	(400)
Other operating expenses	(496)	26.36	(392)	13.04	(347)	56.38	(222)	44.14	(154)	396.77	(31)
Other operating income	227	(41.81)	390	59.94	244	(24.25)	322	(2.08)	329	13.84	289
Profit / (loss) from operations	1,328	(26.11)	1,797	(1.68)	1,828	92.91	947	(4.88)	996	(1.48)	1,011
Finance costs	(445)	(65.93)	(1,308)	103.33	(643)	(14.44)	(752)	(11.06)	(845)	60.04	(528)
Investment income	6,274	(3.06)	6,472	147.22	2,618	2.51	2,554	25.00	2,043	33.18	1,534
Reversal of impairment on investments	-	-	-	-	-	-	-	-	-	(100.00)	361
Profit / (loss) before tax	7,156	2.80	6,961	83.08	3,803	38.30	2,750	25.32	2,194	(7.74)	2,378
Tax	(940)	(31.18)	(1,366)	169.33	(507)	137.83	(213)	(46.43)	(398)	(55.28)	(890)
Profit / (loss) for the year from continuing operations	6,216	11.09	5,596	69.80	3,295	29.93	2,536	41.22	1,796	20.70	1,488
Loss for the year from Discontinued operations	-	-	-	-	-	-	-	-	(249)	93.66	(3,929)
Profit / (loss) for the year	6,216	11.09	5,596	69.80	3,295	29.93	2,536	63.95	1,547	163.38	(2,441)
Basic earnings / (loss) per share											
- From Continuing operations	69.05		62.61		37.42		29.89		21.28		17.64
- From Discontinued operations	-		-		-		-		(2.95)		(46.56)
- From profit / (loss) for the year	69.05		62.61		37.42		29.89		18.33		(28.92)
Diluted earnings / (loss) per share											
- From Continuing operations	65.02		58.45		33.62		26.59		20.01		17.09
- From Discontinued operations	-		-		-		-		(2.95)		(46.56)
- From profit / (loss) for the year	65.02		58.45		33.62		26.59		17.06		(29.47)

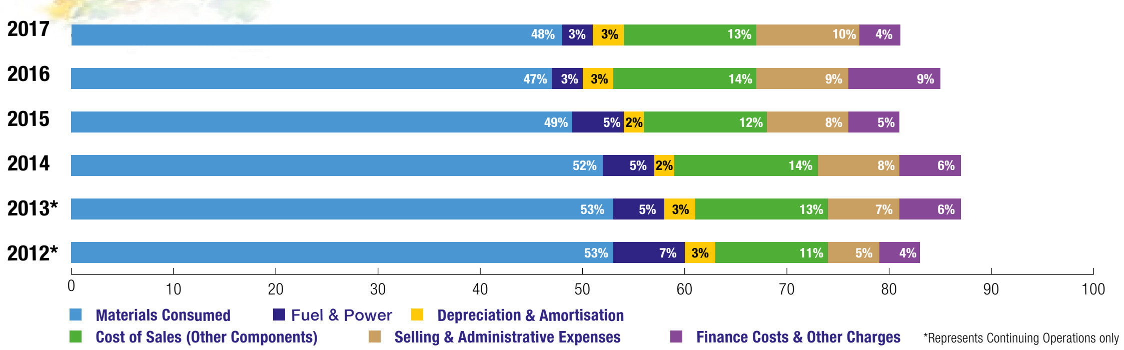
The financial information is based upon audited financial results of the Company of respective periods unless represented in accordance with applicable financial reporting framework.

VERTICAL ANALYSIS
(Rupees in Million)

	2017		2016		2015		2014		2013		2012 Re-stated	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Continuing operations												
Local sales	21,359	99.86	19,766	99.86	18,683	99.85	17,582	99.74	17,245	99.60	13,808	99.55
Export sales	30	0.14	27	0.14	28	0.15	45	0.26	69	0.40	63	0.45
Gross sales	21,389	100.00	19,794	100.00	18,711	100.00	17,627	100.00	17,314	100.00	13,871	100.00
Sales tax and excise duty	(3,284)	(15.35)	(2,934)	(14.82)	(2,657)	(14.20)	(2,516)	(14.27)	(2,405)	(13.89)	(2,110)	(15.21)
Commission	-	-	(20)	(0.10)	(29)	(0.16)	(24)	(0.14)	(21)	(0.12)	(16)	(0.12)
Net sales	18,105	84.65	16,839	85.07	16,025	85.64	15,087	85.59	14,888	85.99	11,745	84.67
Cost of sales	(14,370)	(67.18)	(13,221)	(66.80)	(12,664)	(67.68)	(12,873)	(73.03)	(12,893)	(74.47)	(10,270)	(74.04)
Gross profit	3,736	17.47	3,618	18.28	3,361	17.96	2,215	12.56	1,995	11.52	1,475	10.63
Administrative expenses	(1,010)	(4.72)	(897)	(4.53)	(753)	(4.02)	(787)	(4.47)	(588)	(3.40)	(322)	(2.32)
Distribution and marketing costs	(1,129)	(5.28)	(922)	(4.66)	(678)	(3.62)	(580)	(3.29)	(586)	(3.38)	(400)	(2.88)
Other operating expenses	(496)	(2.32)	(392)	(1.98)	(347)	(1.86)	(222)	(1.26)	(154)	(0.89)	(31)	(0.22)
Other operating income	227	1.06	390	1.97	244	1.30	322	1.83	329	1.90	289	2.08
Profit / (loss) from operations	1,328	6.21	1,797	9.08	1,828	9.77	947	5.37	996	5.75	1,011	7.29
Finance costs	(445)	(2.08)	(1,308)	(6.61)	(643)	(3.44)	(752)	(4.26)	(845)	(4.88)	(528)	(3.81)
Investment income	6,274	29.33	6,472	32.70	2,618	13.99	2,554	14.49	2,043	11.80	1,534	11.06
Reversal of impairment on investments	-	-	-	-	-	-	-	-	-	-	361	2.60
Profit / (loss) before tax	7,156	33.46	6,961	35.17	3,803	20.32	2,750	15.60	2,194	12.67	2,378	17.14
Taxation	(940)	(4.39)	(1,366)	(6.90)	(507)	(2.71)	(213)	(1.21)	(398)	(2.30)	(890)	(6.42)
Profit / (loss) for the year from continuing operations	6,216	29.06	5,596	28.27	3,295	17.61	2,536	14.39	1,796	10.37	1,488	10.73
Loss for the year from Discontinued operations	-		-		-		-		(249)		(3,929)	
Profit / (loss) for the year	6,216	29.06	5,596	28.27	3,295	17.61	2,536	14.39	1,547	8.93	(2,441)	(17.60)
Basic earnings / (loss) per share												
- From Continuing operations	69.05		62.61		37.42		29.89		21.28		17.64	
- From Discontinued operations	-		-		-		-		(2.95)		(46.56)	
- From profit / (loss) for the year	69.05		62.61		37.42		29.89		18.33		(28.92)	
Diluted earnings / (loss) per share												
- From Continuing operations	65.02		58.45		33.62		26.59		20.01		17.09	
- From Discontinued operations	-		-		-		-		(2.95)		(46.56)	
- From profit / (loss) for the year	65.02		58.45		33.62		26.59		17.06		(29.47)	

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

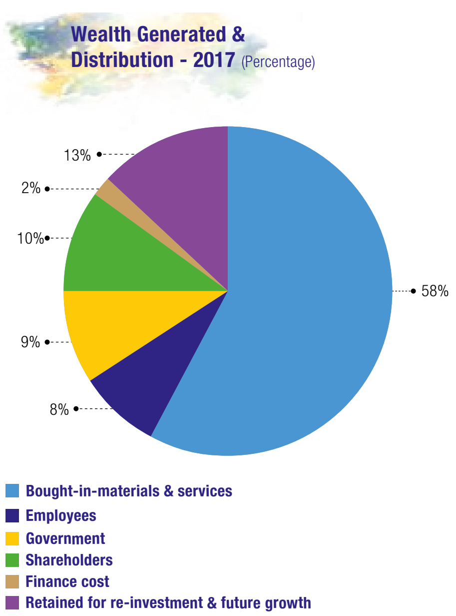
PROFIT AND LOSS - BREAKUP OF MAJOR EXPENSES AS % OF SALES

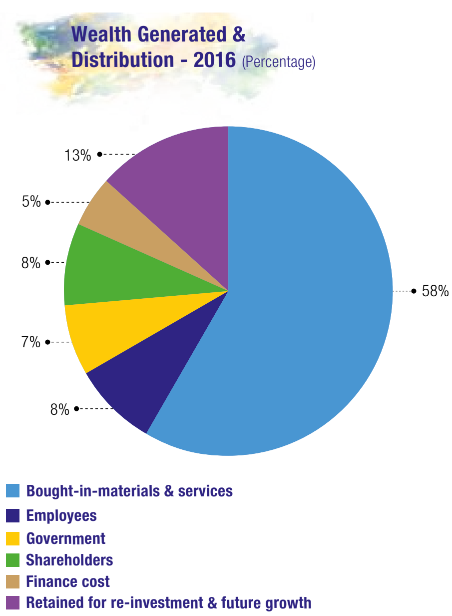


VALUE ADDED & **ITS DISTRIBUTION**

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

(Rupees in thousand)	2017		2016		2015	
Wealth Generated						
Sales	21,388,949		19,793,529		18,711,298	
Dividend income	6,273,905		6,472,005		2,617,891	
Other income	227,127		390,298		244,022	
Total	27,889,981	100%	26,655,832	100%	21,573,211	100%
Wealth Distributed						
Bought-in-materials & services	16,238,514	58%	15,585,322	58%	14,358,651	67%
To Employees						
Remuneration, benefits and facilities	2,331,375	8%	2,209,389	8%	1,732,494	8%
To Government						
Income Tax, Sales Tax, Custom & Excise Duties, Workers' Funds, EOBI & Social Security Contribution, Professional & Local Taxes	2,479,695	9%	1,931,523	7%	1,448,365	7%
To Providers of Capital						
Cash dividend to the ordinary shareholders	2,681,385	10%	2,234,488	8%	1,340,693	6%
Finance costs	445,495	2%	1,307,505	5%	643,032	3%
Retained for Reinvestment & Future Growth / (Utilized from reserves)	3,713,517	13%	3,387,605	13%	2,049,976	9%
Total	27,889,981	100%	26,655,832	100%	21,573,211	100%

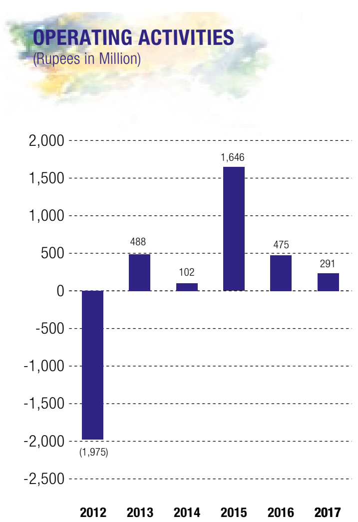


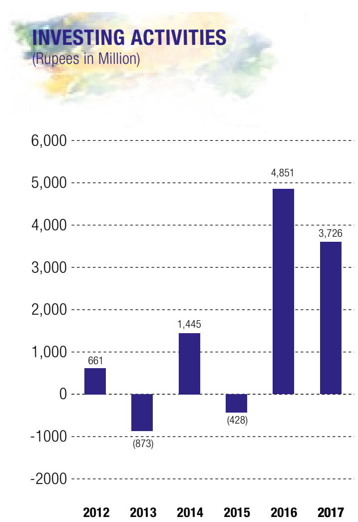


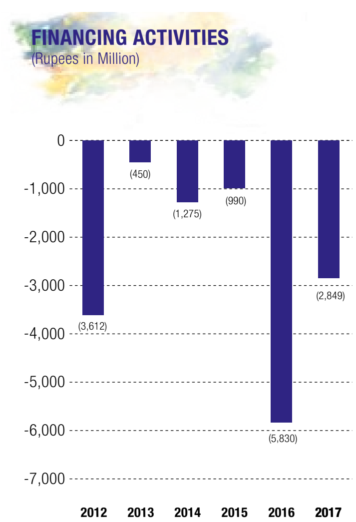
SOURCES & **APPLICATION OF FUNDS**

Over the last six years

(Rupees in thousand)	2017	2016	2015	2014	2013	2012
Cash flow from operating activities						
Cash inflow from operations	2,249,638	2,323,393	3,182,034	1,432,406	2,530,095	395,637
Finance cost paid	(477,465)	(525,475)	(811,384)	(764,241)	(1,090,306)	(1,509,395)
Taxes paid	(1,437,792)	(1,278,772)	(686,226)	(535,873)	(548,880)	(758,677)
Payments for accumulating compensated absences	(21,595)	(26,046)	(23,533)	(17,079)	(81,855)	(28,670)
Retirement benefits paid	(21,339)	(17,917)	(15,329)	(13,450)	(320,767)	(73,960)
Net cash inflow / outflow from operating activities	291,447	475,183	1,645,562	101,763	488,287	(1,975,065)
Cash flow from investing activities						
Fixed capital expenditure	(1,663,202)	(1,026,871)	(713,480)	(629,738)	(824,797)	(1,234,627)
Investment - net	(958,526)	(701,167)	(2,437,175)	(600,000)	(2,274,953)	4
Net decrease / (increase) in long term loans and deposits	1,393	13,289	13,311	14,448	11,499	13,768
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	69,455	93,797	91,023	106,792	69,982	113,764
Proceeds from assets written off due to fire	-	-	-	-	102,003	233,463
Dividends received	6,273,905	6,472,005	2,617,891	2,553,678	2,043,111	1,534,440
Net cash inflow / (outflow) from investing activities	3,726,202	4,851,053	(428,430)	1,445,180	(873,155)	660,812
Cash flow from financing activities						
Repayment of long term finances - secured	(571,420)	(1,885,710)	(200,000)	(600,000)	(1,100,000)	(5,485,714)
Proceeds from long term finances	-	3,000,000	-	-	1,000,000	2,000,000
Liabilities against assets subject to finance lease - net	(10,617)	(7,438)	(7,038)	(3,599)	27,884	-
Redemption of preference shares	-	(5,601,500)	-	-	-	-
Participating dividend on preference shares paid	(45,000)	-	-	-	-	-
Dividend paid	(2,221,580)	(1,335,268)	(782,731)	(671,684)	(378,218)	(126,044)
Net cash outflow from financing activities	(2,848,617)	(5,829,916)	(989,769)	(1,275,283)	(450,334)	(3,611,758)
Net increase / (decrease) in cash and cash equivalents	1,169,032	(503,680)	227,363	271,660	(835,202)	(4,926,011)
Cash and cash equivalents at the beginning of the year	(1,286,421)	(782,741)	(1,010,104)	(1,281,764)	(5,546,562)	(620,551)
Cash and cash equivalents transferred to subsidiary	-	-	-	-	5,100,000	-
Cash and cash equivalents at the end of the year	(117,389)	(1,286,421)	(782,741)	(1,010,104)	(1,281,764)	(5,546,562)







CORPORATE SOCIAL RESPONSIBILITY **& SUSTAINABILITY**

Packages Limited recognises the importance of being a good corporate citizen in the conduct of its business as well as fulfilling its corporate and social obligations. We have always acknowledged our social responsibility to the health and well being of the communities in which we operate. We are committed to the principle of 'giving back to the society'.

Our commitment to our stakeholders and the community is exemplified through our Corporate Social Responsibility (CSR) activities; result of which is a recognition in the form of CSR Award 2018 by NFEH (National Forum for Environment & Health).

We endorse the spirit of definitions of sustainable development: 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs" and "improving the quality of life while living within the earth's carrying capacities". Our aim is to play a proactive role in contributing to achieve sustainability where we have influenced. We are committed to accountability and transparency in our sustainability performance.

RESPONSIBLE SOURCING AUDIT

Packages Limited as one of the leading packaging Company is fully aware of the consequences, its operations can have, upon the forests. Therefore, it has acquired FSC CoC Certification which ensures buying of pulp and paper board from responsible sources and thus playing its role in forest conservation.

Considering our religious obligation and for the satisfaction of our customers, we have acquired Halal Certification which ensures that all our products are being manufactured from 100% Halal raw materials.

Furthermore, we are RS compliant for our big customer Unilever. Its audit was conducted on 12th of July 2017 and we have now URSA Compliant site till July 2019.

CUSTOMER SATISFACTION

Business success rests upon customer satisfaction. Packages Limited therefore ensures to provide quality products to its customers fulfilling all the requirements through the following audits:

SUPPLIER MEMBER ETHICAL TRADE AUDITS

We are also a SEDEX member. We complied SMETA 4 pillars audit requirements in year 2017, It is globally recognised by many customers like PepsiCo, Nestle etc.

WORKPLACE CONDITION ASSESSMENT AUDIT

We are WCA compliant for British American Tobacco. The audit was conducted in July 2017.

SUPPLIER WORKPLACE ACCOUNTABILITY AUDIT

SWA audit was successfully conducted on August 2017 by Arsheadvisors on behalf of McDonald's.

ENERGY & ENVIRONMENT

We are a member of the global network of green offices project of the World Wide Fund for Nature, and the first company in Pakistan to be awarded Green Office diploma in the manufacturing sector. Green Office is an environmental service for/by offices. With its help, work places are able to reduce their burden on the environment, achieve savings and slow down environmental changes. We obtained the certificate for all our major offices.

We have phased out Chloro Fluoro Carbons (CFCs) according to Montreal Protocol with environmentally friendly refrigerants and have been consistently reducing the consumption of Hydro Chloro Fluoro Carbons (HCFCs) by replacing them with approved gases to curtail our contribution to the greenhouse effect.

We routinely conduct energy audits to identify projects that can efficiently use, reduce or recycle energy. Replacement of factory's conventional lights with energy efficient LED's/LVD's (environment friendly lights) have been completed along with usage of renewable solar energy of approximately 500kW. Lux Monitoring and Motion Sensors are also being installed in phases to reduce energy cost. Lux sensors are being used to measure the amount of available daylight and adjust the light levels accordingly to reduce unnecessary energy consumption by utilising natural light resources while ensuring that appropriate light levels are maintained.

Reduced paper and water consumption measures were being strongly focused upon for the entire year.

Through these activities, we demonstrate our commitment to the community to protect the environment. We have also calculated our carbon footprint and are in process of reducing it drastically by efficient utilisation and optimisation of resources. Product life cycle assessment (LCA) is another initiative we are aggressively working upon to exactly gauge our impacts and reduce them.

We have successfully done the transition on Environmental standard ISO 14001; 2015 version. Based on above mentioned initiatives, the Company obtained the Annual Environment Excellence Award AEEA 2017 from NFEH as well as ISO certification En-Ms ISO 50001 in 2017.

HEALTH AND SAFETY

Ensuring the protection of the health and well being of our employees, customers and the communities in which we operate is an ongoing process and has always been one of our chief concerns.

Our main procedures in safety 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, dengue prevention, road safety, safe removal of waste, first aid and fire safety. In 2017, amongst other trainings, an EHS awareness theater production was carried out for our employees to create awareness about the importance of environment and health related issues through a candid and relatable platform.

Fully equipped ambulance facility at site, well maintained dedicated smoking areas, robust fire hydrant system as per NFPA Guidelines etc. are few of major initiatives that have contributed in improving our safety infrastructure through PDCA.

We are certified for Food Safety System Certification (FSSC) which is a part of the world's fastest growing Global Food Safety Initiative (GFSI) certification program accredited by The Consumer Goods Forum. Through this system, we ensure that the packaging material and tissue we manufacture is procured, processed, stored and transported by adopting and implementing the hygiene standards and controls. We also have 'Halal Certification' from South African National Halal Authority (S.A.N.H.A).

We are also making progress in our focus areas of behavior based safety and controlling risks with engineering as well as administrative controls and thus minimising the risk of injuries and accidents.

Packages Limited is BRC (the British Retail Consortium (BRC) – Food Safety Certification) certified. The Company complied all 230 requirements of BRC and was awarded BRC certificate with grade 'A' in High Hygiene Category, in November 2017.

SOCIETY

We firmly believe that for an organisation 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 organisations 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. We provide contributions and assistance to a number of hospitals, trusts and other various non-profit organizations through 'Packages Foundation'.

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.

CORPORATE SOCIAL RESPONSIBILITY
& SUSTAINABILITY

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 organising 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

"Health is the thing that makes you feel that now is the best time of the year" – we at Packages believe that mental exertion must be balanced by physical activity; resultantly promotion of sports has always played a vital role in our CSR initiatives. To carry out all these sports activities, we have an in-house sports complex. Some of the activities aimed to promote sports at grass root level within the country are:

- Jaffar Memorial Inter School Hockey Tournament
- Babar Ali Foundation Inter School Football Tournament
- Babar Ali Foundation Inter School Hockey Tournament for Girls

In addition, we offer sports facilities for our employees as well. Every year, inter-departmental tournament starts the sports year of Packages and ends with the annual sports day celebrations. These sports activities also provide a platform to the employees to become part of the Packages Sports Teams which represents the Company in different sports competitions.

HUMAN CAPITAL

Our people are our greatest asset. We are committed to attracting, retaining and developing the highest quality and most dedicated work force. We strive to hire and promote people on the basis of their qualifications, performance and abilities and are determined to provide equal opportunities to our employees and a work environment free of any form of discrimination.

TRAININGS

Employee training needs are periodically reviewed, and various in-house and customised training programs are arranged as needed for production, marketing, human resource, supply management and finance personnel.

During the year, the Company conducted a number of soft skills and technical trainings, both in-house and externally.

In order to develop the top talent of the organization for taking on broader leadership roles in the future, the organization shortlists its high potential employees for a year-long certificate program in business management (CPBM) which is conducted at Rausing Executive Development Center (REDC), LUMS. The program is conducted from time to time and is aimed to ensure that executives develop a business-wide perspective beyond their specific area of expertise, learn to appreciate and leverage the interlinkages among individual organizational functions; and develop broader perspectives as well as understanding growth and sustainability challenges at a more strategic level.

The Company also holds a recreational training at the end of each year primarily for sales team and allied personnel from various departments as a team building exercise and to freshen up the employees after the whole year's hard work. The training involves various activities which ensures effective team building among cross functional employees in a highly interactive setting.

The objective of these programs is to develop human resource and provide personnel with the necessary technical and soft skills to enhance performance and prepare individuals for higher roles and responsibilities.

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

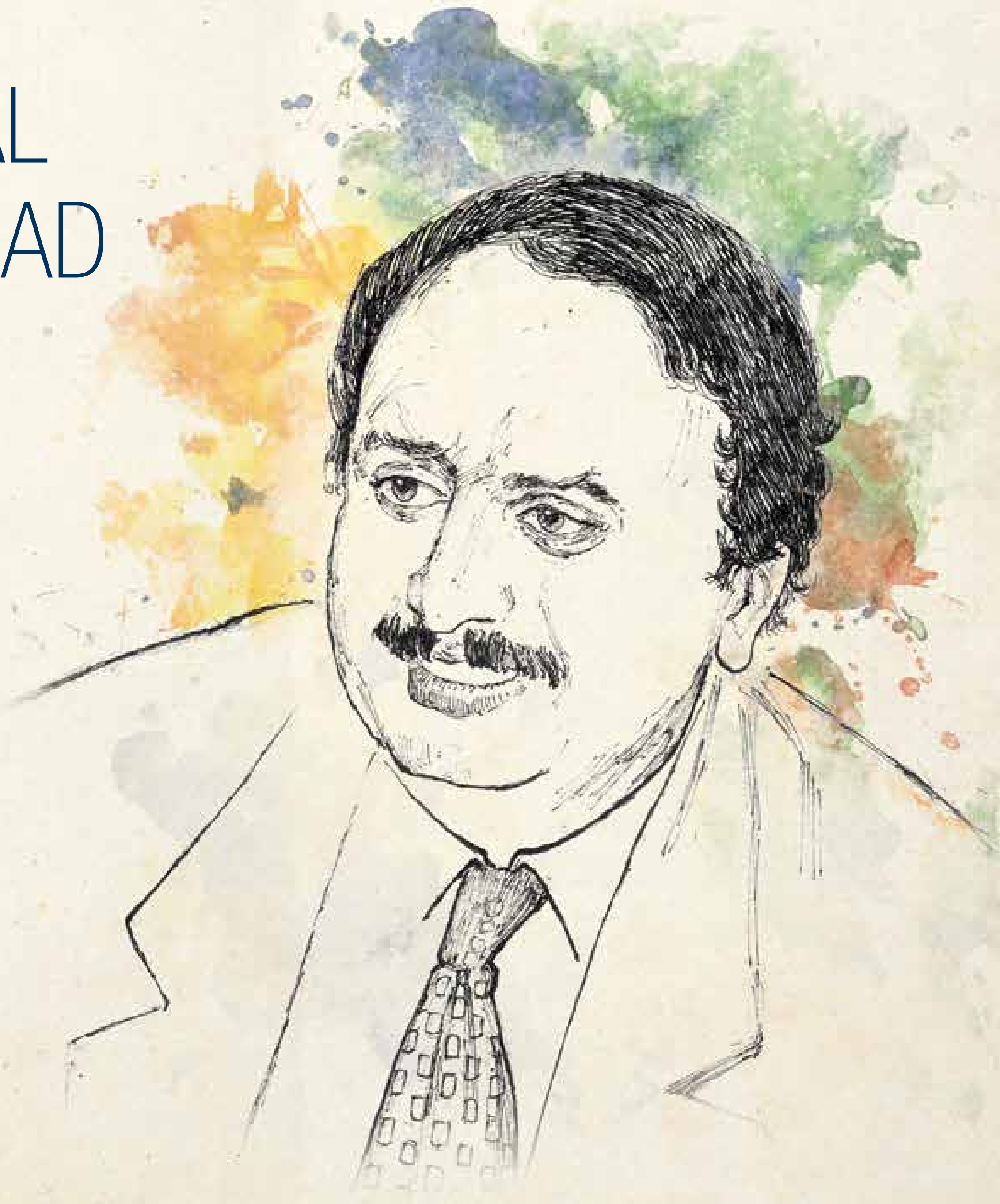
Every year, Packages has the privilege to send 10 of its employees for Hajj through ballot. This includes 7 employees from non-executive staff and 3 from executive and management staff. We bear all expenses of these employees pertaining to this religious offering.

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.

Mr. Rafi Iqbal joined the Company in 1965 and was a civil engineer. He had remained a part of Tariq Hamid's team and had followed a career path almost similar to his. His career, prior to assuming the role of General Manager in 1994, centered mainly around production and planning with a two year secondment in 1974 to Kibo Paper in Tanzania. During his tenure as General Manager, Packages underwent major expansions across all businesses, whether paper, carton or flexible. Mr. Rafi Iqbal retired in October 2001.

RAFI IQBAL AHMAD



CORPORATE **CALENDAR**

01

Audit Committee and BOD meetings to consider annual accounts of the Company for the year ended December 31, 2016

February 28, 2017

02

Strategic partnership agreement between Packages Limited and A & R Carton AB

March 1, 2017

03

Audit Committee and BOD meetings to consider quarterly accounts of the Company for the quarter ended March 31, 2017

April 19, 2017

04

Annual General Meeting of shareholders to consider annual accounts of the Company for the year ended December 31, 2016 and dividend announcement

April 25, 2017

05

Board of Directors resolved to purchase 35% shares held by Stora Enso in Bulleh Shah Packaging (Private) Limited at a price of up to 8 million US Dollars

July 26, 2017

06

Audit Committee and BOD meetings to consider half yearly accounts of the Company for the period ended June 30, 2017

August 21, 2017

07

Acquisition of 35% shareholding in Bulleh Shah Packaging (Private) Limited (BSPPL), with completion of this acquisition BSPPL became a fully owned subsidiary of Packages

September 18, 2017

08

Audit Committee and BOD meetings to consider quarterly accounts of the Company for the period ended September 30, 2017

October 25, 2017

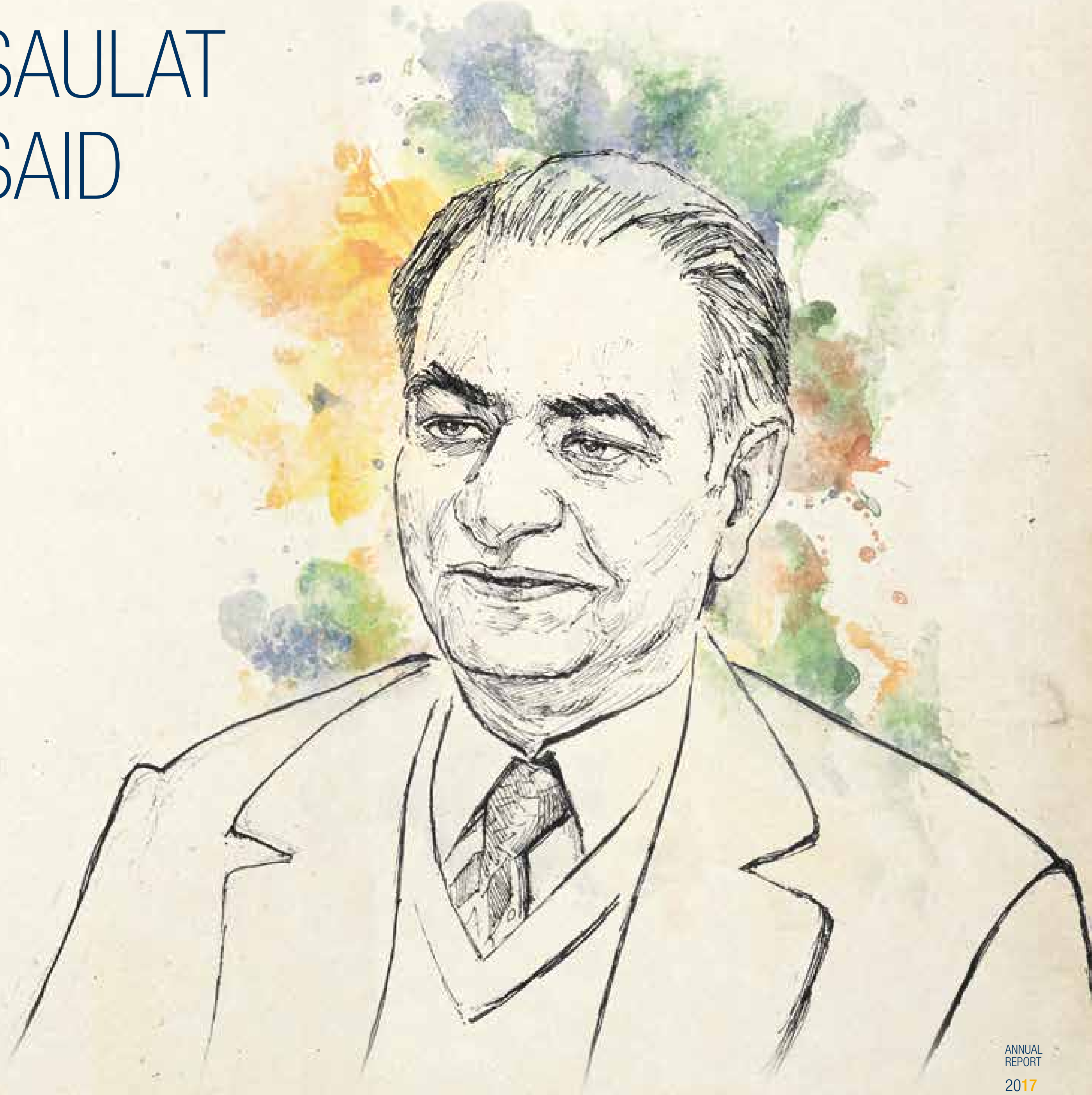
09

Group registration [Packages Limited and Bulleh Shah Packaging (Private) Limited] under regulation 3 of the Group Companies Registration Regulations, 2008 for the purpose of Group Taxation

December 14, 2017

Mr. Saulat Said joined the Company in 1967 after completing his M.Sc. (Chemistry). In 1990, he was designated as Sales Manager in the Marketing Department, then in 1994 he was made Marketing Manager and Deputy General Manager in the same year. Mr. Saulat took over from Rafi Iqbal in 2001 and retired in 2004. He was involved in all the foreign collaborations, local expansions and diversifications, joint ventures and multinationals arrangements and other numerous projects for quality and productivity improvement.

SAULAT SAID



NOTICE OF ANNUAL **GENERAL MEETING**

Notice is hereby given that the 63rd Annual General Meeting of Packages Limited will be held on Thursday, April 19, 2018 at 10.30 a.m. at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi to transact the following businesses:-

A. ORDINARY BUSINESS:

1. To confirm the Minutes of the Extraordinary General Meeting of the Company held on February 26, 2018.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2017 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, 2017 as recommended by the Board of Directors:

   a) to the preference share/convertible stock holder (International Finance Corporation) at the rate of Rs. 29.077 (15.304%) per preference share/convertible stock of Rs. 190 proposed by the Board in terms of and as adjusted under the Subscription Agreement between Packages Limited and International Finance Corporation, totalling Rs.238,048,677; and

   b) to the ordinary shareholders at the rate of Rs. 30.00 (300%) per ordinary share of Rs. 10.

4. To appoint Auditors for the year 2018 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 2018 and the Board of Directors has recommended their appointment.

B. SPECIAL BUSINESS:

5. To obtain consent of the shareholders and pass an ordinary resolution for the approval of transmission of annual audited financial statements, auditors' report, directors' report and chairman's review report etc., along with notices of general meetings to Members through CD/DVD/USB at their registered addresses as allowed by the Securities and Exchange Commission of Pakistan (SECP) under SRO 470(1)/2016 dated May 31, 2016.

   (Attached to this Notice is a Statement of Material Facts covering the above-mentioned Special Business, as required under Section 134(3) of the Companies Act, 2017).

By Order of the Board

Karachi
February 28, 2018

Adi J. Cawasji
Company Secretary

NOTES:

1. CLOSURE OF SHARE TRANSFER BOOKS:

The Share Transfer Books of the Company will remain closed from April 12, 2018 to April 19, 2018 (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 April 11, 2018 will be treated in time for payment of the final dividend to the transferees.

2. PARTICIPATION IN THE ANNUAL GENERAL MEETING:

A Member entitled to attend and vote at the Meeting may appoint another person as his 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.

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

3. CHANGE IN ADDRESSES:

Shareholders (Non-CDC) are requested to promptly notify the Company's Share Registrar of any change in their addresses. Members whose shares are deposited in any sub-account or investor account with CDC should submit any change in their addresses to the CDC.

4. ACCOUNT OR SUB-ACCOUNT WITH THE CENTRAL DEPOSITORY COMPANY ("CDC"):

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. NOTICE TO SHAREHOLDERS WHO HAVE NOT PROVIDED COPIES OF THEIR CNICs:

In accordance with the notification of the SECP, SRO 779(I)/2011 dated August 18, 2011 and SRO 831(1)/2012 dated July 5, 2012, dividend warrants should bear CNIC numbers of the registered Member or the authorized person, except in case of minor(s) and corporate Members.

Accordingly, Members who have not yet submitted copy of their valid CNIC or NTN (in case of corporate entities) are again requested to submit the same to the Share Registrar, with Members folio number mentioned thereon. It may kindly be noted that in case of non-receipt of the copy of valid CNIC, the Company would be constrained to withhold dispatch of dividend warrants. Members whose shares are deposited in any sub-account or investor account with CDC should submit their CNICs or NTNs, as the case may be, to CDC.

6. MANDATORY PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE:

In compliance with Section 242 of the Companies Act, 2017 and SRO No.1145(I)/2017 dated November 6, 2017, payment of dividend will only be made by way of electronic mode directly to the bank accounts of entitled shareholders. In this regard E-Dividend Mandate Form has already been sent to all the shareholders. Members whose shares are deposited in any sub-account or investor account with CDC should submit their E-dividend Mandate to CDC.

7. DEDUCTION OF TAX FROM DIVIDEND INCOME:

1. The Government of Pakistan through Finance Act, 2017 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:

   - For filers of income tax returns:15.0%
   - For non-filers of income tax returns: 20.0%

   To enable the Company to make tax deduction on the amount of cash dividend @15.0% instead of 20.0%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of Federal Board of Revenue, despite the fact that they are filers, are advised to make sure that their names are entered into ATL, otherwise tax on their cash dividend will be deducted @ 20.0% instead @15.0%.

For Members holding their shares jointly, as per the clarification issued by the Federal Board of Revenue, withholding tax will be determined separately on 'Filer/Non-Filer' status of principal shareholder as well as joint holder(s) based on their shareholding proportions, in case of joint accounts.

2. 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. S.M. Munawar Moosvi
Tel. # 92 21 35831618 / 35831664 / 35833011
Email: munawar.moosvi@packages.com.pk

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

8. UNCLAIMED DIVIDEND / SHARES:

Shareholders who could not collect their dividend/physical shares are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of three (3) years or more from the date due and payable shall be deposited to the credit of the Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP. Notices for unclaimed dividend/physical shares were dispatched to the shareholders on November 17, 2017.

9. ATTENDANCE OF MEETING BY VIDEO-LINK:

If Members holding ten (10) percent of the total paid up capital, reside in a city, such Members, may demand the Company to provide them the facility of video-link for attending the Meeting.

If you wish to take benefit of this facility, please fill the attached form and submit it to the Company at its registered address at least seven (7) days prior to the date of the Meeting.

The Company will intimate to the Members the venue of the video-link facility at least five (5) days before the date of the Meeting along with all the information necessary to enable them to access the facility.

10. VALID TAX EXEMPTION CERTIFICATE FOR EXEMPTION FROM WITHHOLDING TAX:

A valid tax exemption certificate is necessary for exemption from the deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001. Members who qualify under Income Tax Ordinance, 2001 and wish to seek exemption must provide a copy of their valid tax exemption certificate to the Shares Registrar prior to the date of book closure otherwise tax will be deducted according to applicable law.

11. PLACEMENT OF FINANCIAL STATEMENTS ON WEBSITE:

The financial statements of the Company for the year ended December 31, 2017 along with reports have been placed on the website of the Company www.packages.com.pk.

12. TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH EMAIL:

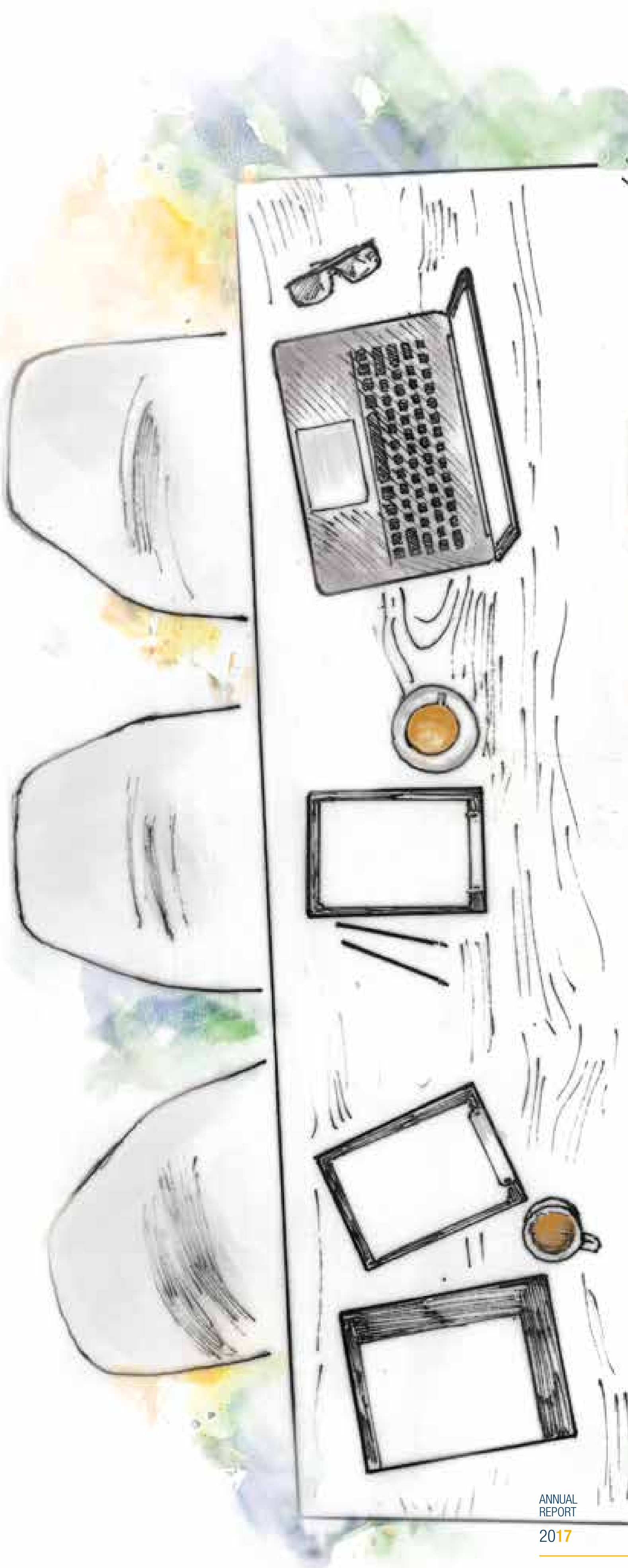
The Companies Act, 2017 and the SECP vide SRO 787(1)/2014 dated September 8, 2014 has allowed companies to circulate Audited Financial Statements and Notices of meetings to its Members through e-mail. Members who wish to avail this facility can communicate their email addresses to the Company Secretary and/or Share Registrar on the Standard Request Form available on the Company's website.

13. PROXY FORMS:

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.

STATEMENT OF MATERIAL FACTS UNDER SECTION 134 (3) OF THE COMPANIES ACT, 2017

ITEM NO. 5 OF THE NOTICE
TRANSMISSION OF ANNUAL AUDITED ACCOUNTS THROUGH CD/DVD/USB



The Securities and Exchange Commission of Pakistan ("SECP") through its SRO 470(1)/2016 dated May 31, 2016 has allowed companies to circulate the annual balance sheet and profit and loss account (being the annual audited financial statements under the Companies Act, 2017), auditor's report and directors' report, etc. (collectively "Annual Audited Accounts"), through CD/DVD/USB to its members at their registered addresses, subject to consent of the shareholders in general meeting.

For the purpose aforesaid, it is proposed to consider and if thought fit, to pass the following resolution as an ordinary resolution, with or without modifications, to obtain consent of the shareholders for the transmission of annual audited financial statements and accompanying reports, along with notices of the general meetings by CD/DVD/USB:-

"RESOLVED THAT the consent and approval of the shareholders of the Company be and is hereby accorded for the transmission of annual audited financial statements, auditor's report, directors' report and chairman's review report etc. ("Annual Audited Accounts") along with notices of general meetings, to members through CD/DVD/USB at their registered addresses in terms of SRO 470(1)/2016 dated May 31, 2016 issued by the Securities and Exchange Commission of Pakistan."

The Company shall, however, supply hard copies of the aforesaid documents to the shareholders on demand, at their registered addresses, free of cost, within one week of such demand. To facilitate Members, the Company shall place on its website a Standard Request Form which Members may use to communicate their preference for hard copies or otherwise (including their preference for all future audited annual financial statements and reports) to the Company Secretary or the Share Registrar.

The Directors are not interested in the above special business, except to the extent of their shareholdings in the Company.

7- منافع منقسمہ کی آمدنی سے ٹیکس کی کٹوتی:

(i) حکومت پاکستان نے فنانس ایکٹ 2017 کے ذریعے انکم ٹیکس آرڈیننس 2001 میں کچھ ترامیم کی ہیں جن کے ذریعے کمپنیوں کی جانب سے ادا کئے جانے والے منافع منقسمہ کی رقم پر ودہولڈنگ ٹیکس کی کٹوتی کیلئے مختلف شرح کے اعتبار سے ریٹس مقرر کئے گئے ہیں۔ یہ ریٹس مندرجہ ذیل ہیں۔

(اے)	انکم ٹیکس کے گوشوارے جمع کرانے والوں کے لئے	15.0فیصد
(بی)	انکم ٹیکس کے گوشوارے جمع نہ کرانے والوں کے لئے	20.0فیصد

کمپنی کو نقد منافع منقسمہ کی رقم پر 20.0فیصد کے بجائے 15.0فیصد کی شرح سے کٹوتی کا اہل بنانے کے لئے وہ شیئر ہولڈرز جن کے نام فائلرز ہونے کے باوجود فیڈرل بورڈ آف ریونیو کی ویب سائٹ پر فراہم کردہ ٹیکس کی ادائیگی کرنے والے فعال فرد کی فہرست (اے ٹی ایل) پر موجود نہیں ہیں، انہیں ہدایت کی جاتی ہے کہ وہ اے ٹی ایل پر اپنے ناموں کی موجودگی کو یقینی بنائیں بصورت دیگر ان کے نقد منافع منقسمہ پر ٹیکس کی کٹوتی 15.0فیصد کے بجائے 20.0فیصد کی شرح سے کی جائے گی۔

ان ممبران کے لئے، جو مشترکہ طور پر شیئرز رکھتے ہیں، فیڈرل بورڈ آف ریونیو کی جانب سے جاری کردہ وضاحت کے مطابق ودہولڈنگ ٹیکس کا تعین پرنسپل شیئر ہولڈر نیز جوائنٹ ہولڈر (ہولڈرز) کے اسٹیٹس "فائلر/ نان فائلر" پر الگ الگ کیا جائے گا جو جوائنٹ اکاؤنٹس کی صورت میں ان کے شیئر ہولڈنگ تناسب کی بنیاد پر ہوگا۔

(ii) کسی استفسار/مسئلے/معلومات کے لئے انویسٹر کمپنی اور/یا شیئر رجسٹرار سے درج ذیل فون نمبروں یا ای میل ایڈریسز پر رابطہ کر سکتے ہیں۔

رابطہ کار افراد

جناب ایس ایم منور موسوی	جناب اویس خان
ٹیلی فون نمبر: 92-21-35831618/35831664/35833011	ٹیلی فون نمبر: 92-21-34380101-2
ای میل: munawar.moosvi@packages.com.pk	ای میل: ceo@famco.com.pk

8- غیر دعویٰ شدہ منافع منقسمہ/شیئرز:

وہ شیئر ہولڈرز جو اب تک اپنے منافع منقسمہ/ فزیکل شیئرز وصول نہیں کر سکے انہیں ہدایت کی جاتی ہے کہ وہ اپنے غیر دعویٰ شدہ منافع منقسمہ یا شیئرز کی وصولی، اگر کوئی ہو تو ان کے بارے میں معلومات کے لئے ہمارے شیئر رجسٹرار سے رابطہ کریں۔ کمپنیز ایکٹ 2017 کے سیکشن 244 پر عملدرآمد کرتے ہوئے طے کردہ طریقہ کار مکمل ہو جانے کے بعد ایسے تمام منافع منقسمہ اور شیئرز جو واجب الادا اور قابل ادائیگی ہونے کی تاریخ سے تین (3) سال یا زائد مدت کے لئے واجب الادا ہوں گے تو ایسی صورت میں غیر کلیم شدہ منافع منقسمہ کو وفاقی حکومت کے پاس جمع کروا دیا جائے گا جبکہ شیئرز ہونے کی صورت میں انہیں ایس ای سی پی کے سپرد کیا جائے گا۔ غیر دعویٰ شدہ منافع منقسمہ/ فزیکل شیئرز کے لئے نوٹسز 17 نومبر 2017 کو شیئر ہولڈرز کو ارسال کر دیے گئے تھے۔

9- وڈیو لنک کے ذریعے اجلاس میں شرکت:

اگر کسی ایک شہر میں مقیم مجموعی ادا شدہ سرمایہ کے دس (10) فیصد کے حامل ممبران کی جانب سے اجلاس میں وڈیو لنک کے ذریعے شرکت کی سہولت کا مطالبہ کیا گیا تو کمپنی ان کا یہ مطالبہ تسلیم کرے گی۔ اگر آپ اس سہولت سے استفادہ چاہتے ہیں تو منسلکہ فارم کو بھریں اور اسے کمپنی کو اس کے رجسٹرڈ آفس میں اجلاس کی تاریخ سے کم از کم سات (7) دن قبل جمع کرا دیں۔

کمپنی ممبران کو وڈیو لنک کی سہولت کے مقام مع اس سہولت تک ان کی رسائی کے بارے میں تمام تر ضروری معلومات اجلاس کی تاریخ سے کم از کم پانچ (5) دن قبل انہیں فراہم کرے گی۔

10- ودہولڈنگ ٹیکس سے استثنیٰ کے لئے کارآمد ٹیکس استثنائی سرٹیفکیٹ:

انکم ٹیکس آرڈیننس 2001 کی دفعہ 150 کے تحت ودہولڈنگ ٹیکس کی کٹوتی سے استثنائی کے لئے ٹیکس سے مستثنیٰ ہونے کا ایک کارآمد سرٹیفکیٹ ضروری ہے۔ وہ ممبران جو انکم ٹیکس آرڈیننس 2001 کے تحت کوالیفائی ہیں اور ٹیکس سے استثنیٰ چاہتے ہیں وہ لازمی طور پر ٹیکس سے استثنیٰ کے کارآمد سرٹیفکیٹ کی ایک کاپی ہمارے شیئر رجسٹرار کو کتاب کی بندش کی تاریخ سے قبل فراہم کریں بصورت دیگر ٹیکس کی کٹوتی لاگو قانون کے مطابق کی جائے گی۔

11- ویب سائٹ پر مالیاتی حسابات کی فائلنگ

سال مختتمہ 31 دسمبر 2017 کے لئے کمپنی کے مالیاتی حسابات مع رپورٹس کمپنی کی ویب سائٹ www.packages.com.pk پر آویزاں کر دی گئی ہیں۔

12- سالانہ مالیاتی حسابات کی بذریعہ ای میل ترسیل

کمپنیز ایکٹ 2017 اور ایس ای سی پی نے اپنے ایس آر او 787(I)/2014 مورخہ 8 ستمبر 2014 کے تحت کمپنیوں کو اجازت دی ہے کہ وہ آڈٹ شدہ مالیاتی حسابات اور اجلاسوں کی اطلاع اپنے ممبران کو بذریعہ ای میل ارسال کر سکتی ہیں۔ وہ ممبران جو اس سہولت کو حاصل کرنے کے خواہشمند ہیں، اپنے ای میل ایڈریسز کے بارے میں کمپنی سیکریٹری اور/یا شیئر رجسٹرار کو کمپنی کی ویب سائٹ پر دستیاب عام درخواست فارم پر آگاہ کر سکتے ہیں۔

13- پراکسی فارمز

پراکسی کے فارم انگریزی اور اردو میں سالانہ رپورٹ کے ساتھ منسلک ہیں اور ان پر دو گواہان کے دستخط، جن کے نام، پتے اور سی این آئی سی نمبر فارم میں درج ہونے چاہئیں۔

کمپنیز ایکٹ 2017 کے سیکشن (3)134 کے تحت ضروری حقائق کا بیان

نوٹس کا آئٹم نمبر 5

سالانہ آڈٹ شدہ حسابات کی بذریعہ سی ڈی/ ڈی وی ڈی/ یو ایس بی ترسیل

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان ("ایس ای سی پی") نے اپنے ایس آر او 470(I)/2016 مورخہ 31 مئی 2016 کے ذریعے کمپنیوں کو سالانہ بیلنس شیٹ اور نفع و نقصان کے کھاتے (کمپنیز ایکٹ 2017 کے تحت بحیثیت سالانہ آڈٹ شدہ مالیاتی حسابات) آڈیٹر کی رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ (مجموعی طور پر "سالانہ آڈٹ شدہ حسابات") کا اپنے ممبران کو بذریعہ سی ڈی/ ڈی وی ڈی/ یو ایس بی ان کے رجسٹرڈ پتوں پر ارسال کرنے کی اجازت دی ہے جو اجلاس عام میں شیئر ہولڈرز کی اجازت سے مشروط ہے۔

مذکورہ بالا مقصد کے لئے یہ تجویز کیا گیا ہے کہ درج ذیل قرارداد پر بطور عمومی قرارداد غور کیا جائے اور اگر درست تصور کیا جائے تو اس کی ترمیم یا بلا ترمیم منظوری دی جائے اور اس قرارداد کے تحت سالانہ آڈٹ شدہ مالیاتی حسابات اور اس سے متعلق رپورٹس بشمول اجلاس عام کے نوٹسز بذریعہ سی ڈی/ ڈی وی ڈی/ یو ایس بی ترسیل کے لئے شیئر ہولڈرز کی اجازت حاصل کی جائے گی۔

"قرار پایا ہے کہ کمپنی کے شیئر ہولڈرز کی اجازت اور منظوری دی جاتی ہے کہ سالانہ آڈٹ شدہ مالیاتی حسابات، آڈیٹرز کی رپورٹ، ڈائریکٹرز کی رپورٹ اور چیئرمین کی جائزہ رپورٹ وغیرہ ("سالانہ آڈٹ شدہ حسابات") بشمول اجلاس عام کے نوٹسز ممبران کو بذریعہ سی ڈی/ ڈی وی ڈی/ یو ایس بی سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ ایس آر او 470(I)/2016 مورخہ 31 مئی 2016 کے تحت ان کے رجسٹرڈ پتوں پر ارسال کئے جائیں۔"

کمپنی مذکورہ بالا دستاویزات کی ہارڈ کاپیاں بھی شیئر ہولڈرز کو ان کے طلب کرنے پر بلا قیمت ان کے رجسٹرڈ پتوں پر ایسے مطالبے کے ایک ہفتے کے اندر فراہم کرے گی۔ ممبران کو سہولت فراہم کرنے کی غرض سے کمپنی نے اپنی ویب سائٹ پر عام درخواست فارم فراہم کر دیا ہے جس کو ممبران ہارڈ کاپیاں یا دوسری صورت کے لئے اپنی ترجیح (بشمول آئندہ کے لئے تمام آڈٹ شدہ مالیاتی حسابات اور رپورٹس کے لئے ان کی ترجیح) کے لئے استعمال کر سکتے ہیں اور اسے کمپنی سیکریٹری یا شیئر رجسٹرار کو ارسال کر کے آگاہ کیا جا سکتا ہے۔

ڈائریکٹرز کا مذکورہ بالا خصوصی کارروائی میں کوئی مفاد نہیں وہ محض کمپنی کے اندر اپنی شیئر ہولڈنگ کی حد تک دلچسپی رکھتے ہیں۔

سالانہ اجلاس عام کی اطلاع

بذریعہ ہذا اطلاع دی جاتی ہے کہ پیکیجز لمیٹڈ کا 63 واں سالانہ اجلاس عام بروز جمعرات مورخہ 19 اپریل 2018 کو صبح 10:30 بجے بمقام بیچ لگژری ہوٹل، مولوی تمیزالدین خان روڈ، کراچی میں درج ذیل امور کی انجام دہی کے لئے منعقد کیا جائے گا۔

عمومی کارروائی:

1- کمپنی کے غیر معمولی اجلاس عام منعقدہ 26 فروری 2018 کی کارروائی کی توثیق۔

2- سال مختتمہ 31 دسمبر 2017 کے لئے کمپنی کے آڈٹ شدہ مالیاتی حسابات مع ان پر چیئرمین کی جائزہ رپورٹ اور ڈائریکٹرز و آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔

3- سال مختتمہ 31 دسمبر 2017 کے لئے نقد منافع منقسمہ پر غور و خوض اور ادائیگی کی منظوری، جیسا کہ بورڈ آف ڈائریکٹرز کی جانب سے سفارش کی گئی ہے۔

(اے) برائے ترجیحی شیئرز/ تبادلہ پذیر اسٹاک ہولڈر (انٹرنیشنل فنانس کارپوریشن) بشرح 29.077 روپے (15.304 فیصد) 190 روپے کا فی ترجیحی شیئر/ تبادلہ پذیر اسٹاک جو یز کردہ منجانب بورڈ اور پیکیجز لمیٹڈ اور انٹرنیشنل فنانس کارپوریشن کے درمیان سبسکرپشن ایگریمنٹ کے تحت طے شدہ اور اس کے مطابق ہم آہنگ کیا گیا، مجموعی میزانیہ 238,048,677 روپے اور

(بی) برائے عمومی شیئر ہولڈرز بشرح 30.00 روپے (300 فیصد) فی 10 روپے کا عمومی شیئر پر۔

4- سال 2018 کے لئے آڈیٹرز کا تقرر اور ان کے معاوضے کا تعین۔ موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے مالی سال 2018 کے لئے آڈیٹرز کی حیثیت سے تقرری کی خواہش ظاہر کی ہے اور بورڈ آف ڈائریکٹرز نے ان کے تقرر کی سفارش کی ہے۔

خصوصی کارروائی:

5- سالانہ آڈٹ شدہ مالیاتی حسابات، آڈیٹرز کی رپورٹ، ڈائریکٹرز کی رپورٹ اور چیئرمین کی جائزہ رپورٹ وغیرہ بشمول ممبران کو اجلاس عام کے نوٹس کی بذریعہ ڈی وی ڈی/ سی ڈی/ یو ایس بی ان کے رجسٹرڈ پتوں پر ترسیل کے لئے شیئر ہولڈرز کی اجازت حاصل کرنا اور اس سلسلے میں ایک خصوصی قرارداد کی منظوری جیسا کہ سیکیورٹیز اینڈ ایکسچینج آف پاکستان (ایس ای سی پی) کی جانب سے ایس آر او 470(1)/2016 مورخہ 31 مئی 2016 کے تحت اجازت دی گئی ہے۔

(درج بالا خصوصی کارروائی سے متعلق ضروری حقائق کا بیان کمپنیز ایکٹ 2017 کے سیکشن (3)134 کے تحت اس نوٹس کے ساتھ منسلک ہے)۔

حسب الحکم بورڈ

Adi J. Cawasji

عدی جے کاؤس جی

کمپنی سیکریٹری

کراچی

28 فروری 2018

تصریحات:

1- حصص منتقلی کی کتب کی بندش:

کمپنی کی شیئر ٹرانسفر بکس 12 اپریل 2018 تا 19 اپریل 2018 (بشمول دونوں دن) بند رہیں گی۔ کمپنی کے شیئر رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8-ایف، متصل ہوٹل فاران، نرسری، بلاک-6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی - 75400 میں 11 اپریل 2018 کو کاروباری اوقات کے اختتام تک موصول ہونے والے ٹرانسفرز منافع منقسمہ کی ٹرانسفریز کو ادائیگی کے لئے بروقت تصور کئے جائیں گے۔

2- سالانہ اجلاس عام میں شرکت:

اجلاس عام میں شرکت کرنے اور ووٹ دینے کا استحقاق رکھنے والا/ والی ممبر اپنی جگہ اجلاس میں شرکت کرنے، بولنے اور ووٹ دینے کے لئے کسی دوسرے فرد کو اپنا پراکسی مقرر کر سکتا/ سکتی ہے۔ پراکسی کے لئے کمپنی کا ممبر ہونا لازمی نہیں۔ پراکسی کے تقرر کی دستاویز اور پاور آف اٹارنی یا دیگر اتھارٹی/ بورڈ کی قرارداد جو باقاعدہ دستخط شدہ ہو یا پاور آف اٹارنی کی نوٹری سے تصدیق شدہ کاپی لازماً کمپنی کے رجسٹرڈ آفس واقع چوتھی منزل، دی فورم، سوٹ نمبر 422-416، جی-20، بلاک-9، خیابان جامی، کلفٹن، کراچی - 75600 اجلاس کے لئے مقررہ وقت سے کم از کم اڑتالیس (48) گھنٹے قبل جمع کرا دی جائے۔

ممبران اپنے حق رائے شماری کا مطالبہ کر سکتے ہیں جس کا انحصار کمپنیز ایکٹ 2017 کے شقوں 143 تا 145، نیز (پوسٹل بیلٹ) قواعد 2018 کی قابل اطلاق دفعات کے تحت اجلاس کی ضرورت پر منحصر ہے۔

3- پتوں میں تبدیلی:

شیئر ہولڈرز (نان-سی ڈی سی) سے درخواست ہے کہ اپنے پتوں میں کسی بھی تبدیلی سے فوری طور پر کمپنی کے شیئر رجسٹرار کو مطلع کریں۔ وہ ممبران جن کے شیئرز سی ڈی سی کے پاس کسی ذیلی اکاؤنٹ یا انویسٹر اکاؤنٹ میں جمع ہیں وہ اپنے پتوں میں کسی بھی تبدیلی سے سی ڈی سی کو آگاہ کریں۔

4- سینٹرل ڈپازٹری کمپنی ("سی ڈی سی") کے پاس اکاؤنٹ یا ذیلی اکاؤنٹ:

کوئی بھی بینی فیشل اونر جو سی ڈی سی کے پاس اکاؤنٹ یا ذیلی اکاؤنٹ رکھتے ہیں اور اجلاس ہذا میں ووٹ دینے کا استحقاق رکھتے ہیں وہ اپنی شناخت ثابت کرنے کے لئے لازماً اپنے کمپیوٹرائزڈ قومی شناختی کارڈ ("سی این آئی سی") ساتھ لائیں اور پراکسی کی صورت میں لازمی طور پر اپنے سی این آئی سی کی مصدقہ کاپی منسلک کریں۔ کارپوریٹ اداروں کے نمائندے بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی کی مصدقہ نقول اور/ یا سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان ("ایس ای سی پی") کی جانب سے اس مقصد کے لئے جاری سرکلر نمبر 1 مورخہ 26 جنوری 2000 کے تحت درکار ایسی تمام دستاویزات ہمراہ لائیں۔

5- ان شیئر ہولڈرز کو اطلاع جنہوں نے اپنے سی این آئی سیز کی نقول فراہم نہیں کیں:

ایس ای سی پی کے نوٹیفکیشن ایس آر او 779(I)/2011 مورخہ 18 اگست 2011 اور ایس آر او 831(1)/2012 مورخہ 5 جولائی 2012 کے مطابق منافع منقسمہ کے وارنٹس پر رجسٹرڈ ممبر یا مجاز شخص کے سی این آئی سی نمبرز، ماسوائے نابالغ افراد اور کارپوریٹ ممبران، درج ہونے چاہئیں۔

اس سلسلے میں وہ ممبران جنہوں نے ابھی تک اپنے کارآمد سی این آئی سی یا این ٹی این (کارپوریٹ اداروں کی صورت میں) جمع نہیں کرائے ہیں ان سے ایک بار پھر درخواست ہے کہ وہ ان پر ممبرز کے فولیو نمبر کا اندراج کر کے شیئر رجسٹرار کو جمع کرا دیں۔ برائے مہربانی اس امر سے آگاہ رہیں کہ کارآمد سی این آئی سی کی کاپی کی عدم وصولی کی صورت میں کمپنی منافع منقسمہ کے وارنٹس کی ترسیل روکنے پر مجبور ہوگی۔ وہ ممبران جن کے شیئرز سی ڈی سی کے پاس ذیلی اکاؤنٹ یا انویسٹر اکاؤنٹ میں جمع ہیں وہ اپنے سی این آئی سی یا این ٹی این جیسی بھی صورت ہو سی ڈی سی کو جمع کرا دیں۔

6- الیکٹرونک طریقہ کار کے ذریعے نقد منافع منقسمہ کی لازمی ادائیگی:

کمپنیز ایکٹ 2017 کے سیکشن 242 اور ایس آر او نمبر 1145(I)/2017 مورخہ 6 نومبر 2017 کے مطابق منافع منقسمہ کی ادائیگی صرف الیکٹرونک طریقہ کار کے ذریعے براہ راست استحقاق کے حامل شیئر ہولڈرز کے بینک اکاؤنٹس میں کی جائے گی۔ اس سلسلے میں ای-منافع منقسمہ مینڈیٹ فارم پہلے ہی تمام شیئر ہولڈرز کو ارسال کئے جا چکے ہیں۔ وہ ممبران جن کے شیئرز سی ڈی سی کے پاس کسی ذیلی اکاؤنٹ یا انویسٹر اکاؤنٹ میں جمع ہیں وہ اپنے ای-ڈیویڈنڈ مینڈیٹ سی ڈی سی کو جمع کرائیں۔

CHAIRMAN'S REVIEW **REPORT**

I am pleased by the performance of Packages Limited for the year ended December 31, 2017. Operating in an environment of increasing competition, the Company posted increase in sales by 8% as compared to last year. However, profitability showed a decline mainly owing to increased raw material costs and the fact that it was not fully passed on to the customers.

The composition of the Board of Directors reflects mix of varied backgrounds and rich experience in the fields of business, finance, banking and regulations. The Board provides strategic direction to the management and is available for guidance. The Board approves the budget and ensures that a competent and energetic team is in position to achieve the goals set. The Board ensures compliance of all regulatory requirements by the Management. During the year, the Board approved a risk management framework after identification of risks and mitigating measures specific to the Company. As required under the Code of Corporate Governance, the Board evaluates its own performance through a mechanism developed by it.

The Board is ably assisted by its Committees. The Audit Committee reviews the financial statements and ensures that the accounts fairly represent the financial position of the Company. It also ensures effectiveness of internal controls. The HR Committee overviews HR policy framework and recommends selection and compensation of senior management team. An important role of the Committee is succession planning.

During the year, the Company has made investments in technological upgradation. For this purpose sizeable investments have been made in the flexible packaging, folding carton and tissue divisions. The technological improvements would help in capacity and capability enhancements.

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

Towfiq Habib Chinoy
Chairman

Lahore, February 28, 2018

DIRECTORS' REPORT
TO THE SHAREHOLDERS

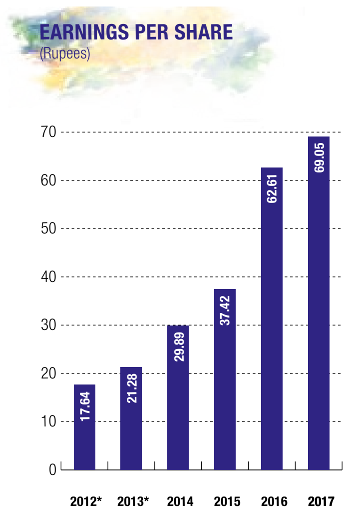
The Directors of the Company take pleasure in submitting their Annual Report along with the audited financial statements of the Company for the year ended December 31, 2017.

FINANCIAL PERFORMANCE

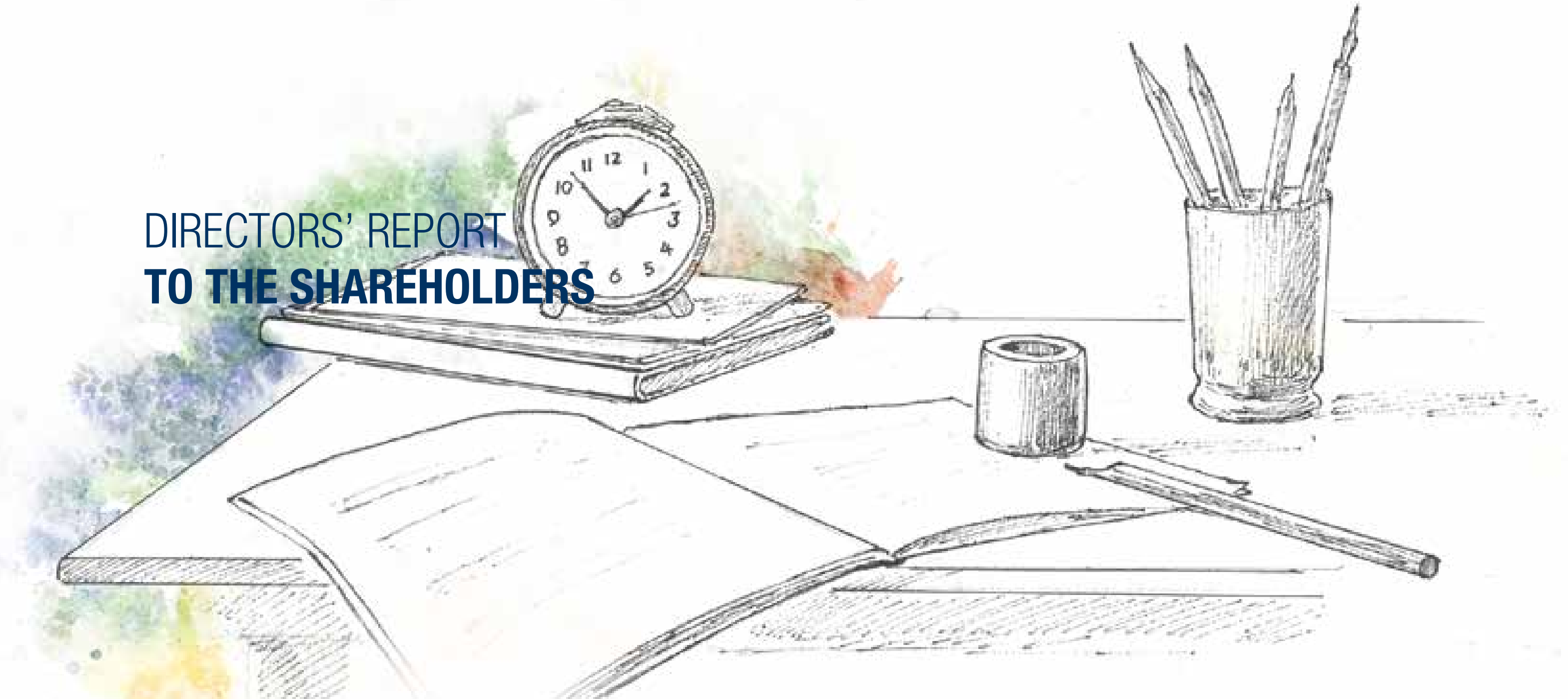
Summarized financial performance is as follows:

	2017	2016
	(Rupees in million)	
Net Sales from Operations	18,105	16,839
EBITDA- operations	2,276	2,427
Depreciation & amortization	(680)	(628)
EBIT – operations	1,596	1,799
Finance costs	(445)	(1,308)
Other operating income/(expenses) – net	(269)	(2)
Investment income	6,274	6,472
Earnings before tax	7,156	6,961
Taxation	(940)	(1,365)
Earnings after tax	6,216	5,596
Basic earnings per share – Rupees	69.05	62.61

* Represents Continuing Operations only



* Represents Continuing Operations only



DIRECTORS' REPORT **TO THE SHAREHOLDERS**

The operations have achieved net sales of Rs. 18,105 million in 2017 against net sales of Rs. 16,839 million of last year representing sales growth of 8% based primarily on a volume growth of 7%.

The operations generated Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) of Rs. 2,276 million during 2017 against Rs. 2,427 million of 2016 reflecting decline of 6%. The EBITDA is lower compared to that of corresponding period last year, partly due to increase in raw material and conversion costs that were not passed on to the customers during the year. Another factor was increase in expenses of advertisement of consumer products.

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. 13,560 million during 2017 as compared to Rs. 12,794 million of 2016 representing sales growth of 6%.The primarily volume driven sales increase coupled with inflationary fixed costs and raw material price increases, have resulted in decreased EBITDA by Rs. 225 million i.e. 12% over 2016 values. The Company is focusing on value and volume growth of sales as well as internal cost savings and tighter controls over fixed costs to improve operating results of this division.

During the year your Company has made significant investment in machinery for enhancing capacity and quality. The Company has invested Rs. 260 million in a new, wide web Flexo Printing machine. It has also made an investment of Rs 280 million in a state of the art 7 Layer blown film Extruder. Further investment of Rs 105 million has been made in Lamination, Slitting and Bag making machines in flexible packaging division. Another investment of Rs 58 million has been made in equipment for folding carton division.

CONSUMER PRODUCTS DIVISION

Consumer Products Division achieved sales of Rs. 4,387 million during the year 2017 as compared to Rs. 3,837 million of 2016 representing sales growth of 14%.

The Division's EBITDA increased by Rs 53 million in 2017 as compared to 2016 due to revenue growth, improved capacity utilization and operating cost control initiatives.

The Company has also invested Rs 166 million in a toilet roll line to cater to market demand.

PRODUCTION STATISTICS

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

	2017	2016
Consumer products produced-tons	13,861	14,353
Carton Board & Consumer products converted-tons	41,552	36,890
Plastics all sorts converted-tons	20,143	20,995

INVESTMENT INCOME

Investment income has decreased by Rs. 198 million during 2017 as compared to 2016 mainly due to decline in dividend income received from IGI Holdings Limited (formerly IGI Insurance Limited) and DIC.

FINANCE COSTS

Finance cost of the Company has decreased by Rs 863 million during 2017 over 2016, as last year 8.5 million preference shares of International Finance Corporation were redeemed at a premium of Rs 910 million.

INVESTMENT IN BULLEH SHAH PACKAGING (PRIVATE) LIMITED

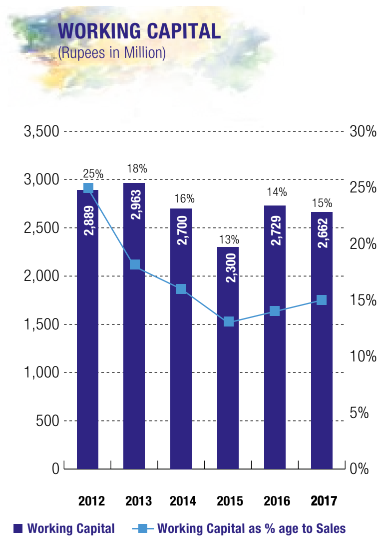
The BOD, at the meeting held on July 26, 2017, resolved to purchase the remaining 35% shareholding held by Stora Enso in Bulleh Shah Packaging (Private) Limited ("BSPPL"). The transaction was approved by the shareholders through a special resolution at the Extraordinary General Meeting of the Company dated August 28, 2017. Accordingly, BSPPL became a fully owned subsidiary of the Company on September 18, 2017.

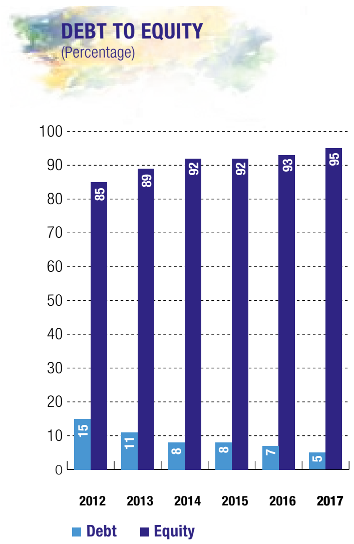
REAL ESTATE DEVELOPMENT – PACKAGES MALL

Packages Mall was inaugurated on April 20th, 2017 and the customer response has been encouraging. The Board believes that this investment will bring considerable benefit to the shareholders in the form of dividend income and capital gains.

INVESTMENT IN 100% SUBSIDIARY (ANEMONE HOLDINGS LIMITED)

Your Company contributed Rs 124.948 million (equivalent to USD 1.183 million) as equity in Anemone Holdings Limited, Mauritius ("AHL") for the purposes of financing debt. AHL is a special purpose vehicle established in 2015 for the acquisition of operations of a flexible packaging company in South Africa as disclosed to the Stock Exchange in the directors reports of the respective year.





OMYAPACK (PRIVATE) LIMITED

As part of its asset and income diversification strategy, the JV Company, Omya Pack (Private) Limited will set up a state of the art production facility in Kasur, Punjab and will be positioned to supply a range of high quality ground calcium carbonate products specifically tailored to meet local and regional markets. The Company expects commercial production to commence from Q2-2018.

FINANCIAL MANAGEMENT

The Company continued its focus on managing optimal levels of inventory and trade receivables. Sound business performance, 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 unit managers 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 2017 was at Rs 1,663 million. The investment portfolio of the Company is fairly diversified, as reflected by equity participation in Nestle Pakistan Limited, Tri-Pack Films Limited, Tetra Pak Pakistan Limited, Bulleh Shah Packaging (Private) Limited, DIC Pakistan Limited, Packages Construction (Private) Limited, Packages Lanka (Private) Limited, Packages Power (Private) Limited and Anemone Holdings 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 December 2017 with net debt: equity ratio at 5:95.

RISK MITIGATION

The Board of Directors and the Audit Committee of the Board regularly review the 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 continually 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. Exposure is managed through application of credit limits to its customers and 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 with 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 to the Company's approach to capital management during the year.

DIRECTORS' REPORT
TO THE SHAREHOLDERS

CONTRIBUTION TO NATIONAL EXCHEQUER

Your Company is a significant contributor to the national economy and has contributed Rs. 2,480 million during the year 2017 to the national exchequer on account of sales tax, income tax, import duties and statutory levies.

Environment, Health & Safety / Sustainability: Your Company is striving to excel in and endorse best environmental, health and safety standards that are eco/human friendly along with energy conserving strategies.

During the year, your Company obtained new certifications and successful surveillances for the following:

- British Retail Consortium. Grade "A"
- OHSAS 18001: 2007
- Green Office Diploma

The prime areas of focus in the year continued to be energy efficiency, improving working conditions and training and development of workforce. Regular campaigns are an integral part of the environmental, health and safety initiatives; significant campaigns of 2017 include the following:

- Food Safety Campaign
- Road Safety Campaign
- EHS awareness Campaign

Corporate Social Responsibility ('CSR')

On CSR, the Company's management continued its focus on education, healthcare, skill development, environmental protection and social welfare during the current year.

The Company is making contributions/ donations to Packages Foundation for carrying out its social work, the Company donated PKR 65.011 million towards various causes in the current year.

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, 2017 were as follows:

Provident Fund	Rs. 2,262.328 million
Gratuity Fund	Rs. 368.516 million
Pension Fund	Rs. 1,750.177 million

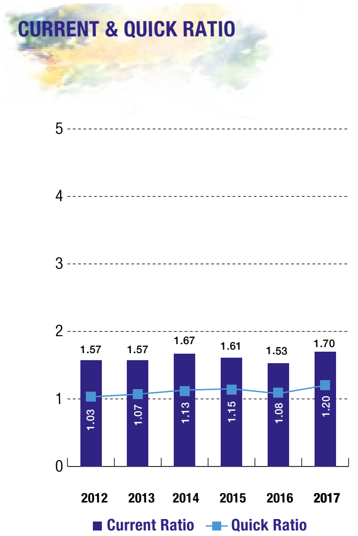
APPROPRIATION

In view of the financial results of the Company for the year 2017, the Board of directors of the Company has recommended cash dividend of 300 percent (i.e. Rs. 30 per share). Accordingly, the following appropriations have been made:

	Rupees in thousand
Total Comprehensive Income for the year 2017 after appropriation of preference dividend / return	6,037,694
Un-appropriated profit brought forward	454,570
Available for appropriation	6,492,264
Transferred to General Reserve	(3,000,000)
Cash dividend	(2,763,884)
To be carried forward to 2018	728,380

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, 2018, at a fee to be mutually agreed.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange Limited in its Listing Regulations have been adopted by the Company and have been duly complied with. A Statement to this effect is annexed.

MATERIAL CHANGES

There have been no material changes since December 31, 2017 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, 2017.

CHANGE IN THE COMPOSITION OF THE BOARD

During the year 2017, Mr. Jari Latvanen resigned and Mr. Khurram Raza Bakhtayari appointed to fill the casual vacancy. Subsequently, Mr. Imran Khalid Niazi was appointed and Mr. Khurram Raza Bakhtayari was asked to resign. The Board wishes to record its appreciation of the valuable services rendered by the outgoing Directors and welcomes the new Director.

MEETINGS OF BOARD OF DIRECTORS

During the year 2017, seven (7) 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)*	6
3.	Mr. Josef Meinrad Mueller	2
4.	Mr. Asghar Abbas	7
5.	Mr. Khurram Raza Bakhtayari *(Appointed on 25 January 2017 and retired w.e.f. 26 May 2017)*	3
6.	Mr. Jari Latvanen *(Resigned on 25 January 2017)*	–
7.	Mr. Muhammad Aurangzeb	2
8.	Mr. Shamim Ahmad Khan	7
9.	Syed Aslam Mehdi	5
10.	Syed Shahid Ali	4
11.	Mr. Tariq Iqbal Khan	6
12.	Mr. Imran Khalid Niazi *(Elected w.e.f. 26 May 2017)*	4

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 six Non-Executive Directors.

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

Name of Members	No. of meetings attended
Mr. Tariq Iqbal Khan *(Chairman) (Non-Executive)*	3
Mr. Mohammad Aurangzeb *(Independent)*	–
Mr. Shamim Ahmad Khan *(Non-Executive)*	4
Syed Shahid Ali *(Non-Executive)*	3
Syed Aslam Mehdi *(Non-Executive)*	4
Mr. Imran Khalid Niazi *(Appointed w.e.f. 26 May 2017)*	2

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 which has been provided in the Code of Corporate Governance.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

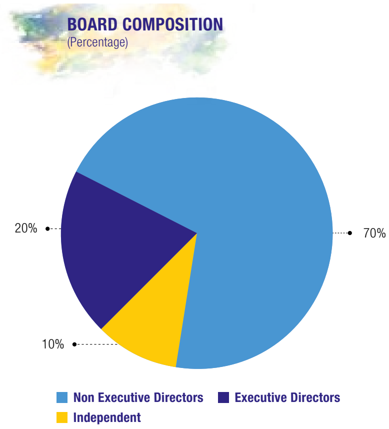
The Directors of your company state that:

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

(b) Proper books of account 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 Ordinance, 1984 and International Financial Reporting Standards, as applicable in Pakistan. Any departures therefrom has been adequately disclosed and explained;



(e) Internal control system 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 Code Corporate Governance as detailed in the Listing regulations;

(h) Significant deviations from last year's in 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;

(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;

DIRECTORS' REPORT
TO THE SHAREHOLDERS

(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;

(n) The pattern of shareholding is annexed; and

(p) 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 given below:

Purchase of Shares:	No. of shares
Chief Executive Officer	NIL
Directors	2,600
Chief Financial Officer	NIL
Company Secretary	NIL
Head of Internal Audit	NIL
Spouse	NIL
Minor Children	NIL
Sale of Shares	NIL

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding of certain class of shareholders as at December 31, 2017, whose disclosure is required under the reporting framework, is included in the annexed shareholders' information.

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 significant investments in equipment in the current year to enhance capacity and also to further improve the quality of its products and service. The Company is committed to increase sales by focusing on volumetric growth and improve profitability through cost efficiencies and product mix management.

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.

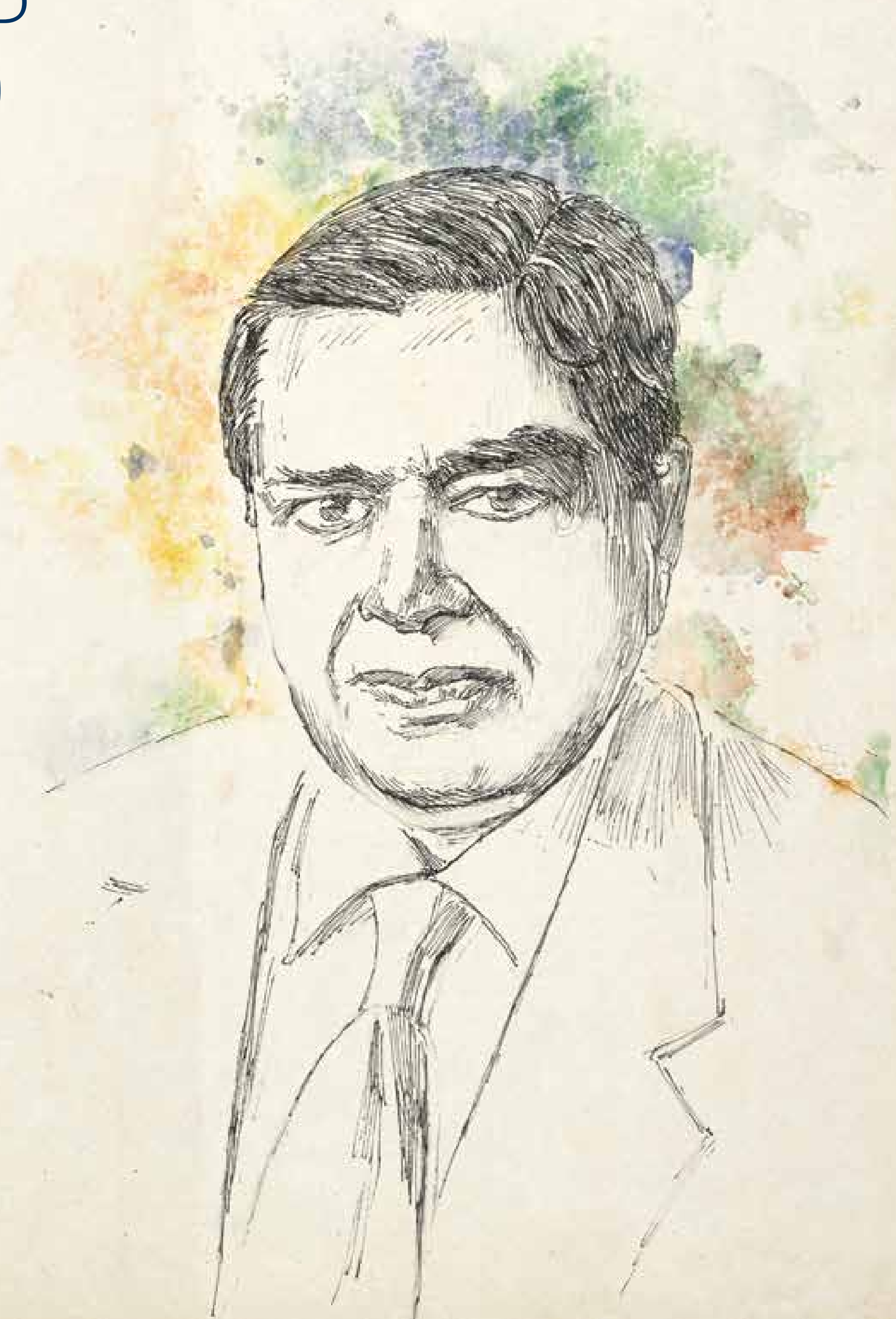
The management also wishes to express its gratitude to all the Company's employees who have worked tirelessly. We appreciate their hard work, loyalty and dedication.

(Towfiq Habib Chinoy)
Chairman
Lahore, February 28, 2018

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, February 28, 2018

Mr. Mujeeb Rashid joined the Marketing Department of Packages in 1970 and held various offices in Group Companies during his tenure ranging from Managing Director, Nestle Lanka Ltd to Managing Director Tri-Pack Films Limited eventually rejoining Packages in 2001 as Deputy General Manager. He took over as General Manager in 2004 and retired in 2008 focusing on creating value by leading and directing the talents and efforts of employees towards high performance levels.

MUJEEB RASHID



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	کوئی نہیں
ڈائریکٹرز	2,600
چیف فنانشل آفیسر	کوئی نہیں
کمپنی سیکریٹری	کوئی نہیں
انٹرنل آڈٹ کے سربراہ	کوئی نہیں
شریک حیات	کوئی نہیں
نابالغ بچے	کوئی نہیں
شیئرز کی فروخت	کوئی نہیں

شیئر ہولڈنگ کا پیٹرن

شیئر ہولڈرز کی مختلف کلاس کی شیئر ہولڈنگ کے پیٹرن کا ایک اسٹیٹمنٹ بمطابق 31 دسمبر 2017، جس کا اظہار رپورٹنگ فریم ورک کے تحت ضروری ہے، شیئر ہولڈرز کی معلومات کے منسلکہ ضمیمہ میں شامل کر دیا گیا ہے۔

ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری 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 پر امید ہے اور اس نے پیداواری گنجائش بڑھانے اور 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 بڑھیں گیں۔

کمپنی کا اسٹاف اور صارفین

انتظامیہ کمپنی کے اسٹیک ہولڈرز بالخصوص اپنے صارفین کی اپنی 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 اظہار کیا۔ ہم ان کی کاوشوں، محنت، ایمانداری اور عزم کو خراج تحسین پیش کرتے ہیں۔

(سید حیدر علی)
چیف ایگزیکٹو و مینجنگ ڈائریکٹر
لاہور، 28 فروری، 2018

(توفیق حبیب چنائے)
چیئرمین
لاہور، 28 فروری، 2018

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

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

پاکستان اسٹاک ایکسچینج لمیٹڈ کی جانب سے اس کی لسٹنگ ریگولیشنز 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۔

ضروری واقعات

31 دسمبر 2017 سے اب تک کوئی ضروری واقعہ رونما نہیں ہوا اور نہ کمپنی نے کوئی نیا معاہدہ کیا ہے جو کہ سال مختتمہ 31 دسمبر 2017 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 میں تبدیلیاں

سال 2017 کے دوران جناب یاری لیٹوانین (Jari Latvanen) نے استعفیٰ دیا اور ان کی جگہ اتفاقی اسامی پر خرم رضا بختیاری کو تعینات کیا گیا۔ بعدازاں جناب عمران خالد نیازی کو مقرر کیا گیا اور جناب خرم رضا بختیاری مستعفی ہوگئے۔ بورڈ کی خواہش ہے کہ سبکدوش ہونے والے ڈائریکٹرز کی قابل قدر خدمات کو خراج تحسین پیش کرنے اور نئے ڈائریکٹر کے لئے خیر مقدمی کلمات ریکارڈ کئے جائیں۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال 2017 کے دوران بورڈ کے سات (7) 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)	6
3	جناب جوزف میتھر یڈمیلر	2
4	جناب اصغر عباس	7
5	جناب خرم رضا بختیاری (25 جنوری 2017 کو تقرری کی گئی اور 26 مئی 2017 کو مستعفی ہوگئے)	3
6	جناب یاری لیٹوانین (25 جنوری 2017 کو مستعفی ہوگئے)	-
7	جناب محمد اورنگ زیب	2
8	جناب شمیم احمد خان	7
9	سید اسلم مہدی	5
10	سید شاہد علی	4
11	جناب طارق اقبال خان	6
12	جناب عمران خالد نیازی (26 مئی 2017 کو منتخب کئے گئے)	4

بورڈ کے اجلاسوں میں شرکت نہ کرپانے والے ڈائریکٹرز کو غیر حاضری کے لئے چھٹی منظور کردی گئی تھی۔

آڈٹ کمیٹی

بورڈ کی ایک آڈٹ کمیٹی کارپوریٹ گورننس کے ضابطے کے نفاذ سے موجود ہے جو چھ نان-ایگزیکٹو ڈائریکٹرز 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 طارق اقبال خان (چیئرمین) (نان ایگزیکٹو)	3
جناب محمد اورنگ زیب (آزاد)	-
جناب شمیم احمد خان (نان ایگزیکٹو)	4
سید شاہد علی (نان ایگزیکٹو)	3
سید اسلم مہدی (نان ایگزیکٹو)	4
جناب عمران خالد نیازی (26 مئی 2017 کو تقرری ہوئی)	2

آڈٹ کمیٹی کے اجلاسوں میں شرکت نہ کرنے والے ممبران کو غیر حاضری کے لئے چھٹی منظور کردی گئی تھی۔

آڈٹ کمیٹی اپنے ٹرمز آف ریفرنس کی حامل ہے جن کو کوڈ آف کارپوریٹ گورننس میں فراہم کردیا گیا ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

آپ کی کمپنی کے ڈائریکٹرز بیان کرتے ہیں کہ:

(اے) مالیاتی حسابات آپ کی کمپنی کی انتظامیہ کے ذریعے تیار کئے گئے ہیں اور اس کے شفاف کاروباری امور و معاملات، اس کے آپریشن کے نتائج، نقد فراوانی اور ایکویٹی میں تبدیلیوں کو ظاہر کرتے ہیں۔

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

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

(ڈی) کمپنیز آرڈیننس 1984 کے ضوابط اور انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز جیسا کہ پاکستان میں نافذ العمل ہیں، مالیاتی حسابات کی تیاری میں لاگو کئے جاتے ہیں اور ان سے کسی بھی روگردانی کو مناسب انداز میں واضح کردیا جاتا ہے۔

(ای) اندرونی کنٹرول کا نظام مستحکم طور پر ڈیزائن کیا گیا ہے اور موثر طور پر نافذ العمل اور زیرِ نگرانی رہتا ہے۔

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

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

(ایچ) کمپنی کے آپریٹنگ نتائج میں گزشتہ سال سے نمایاں انحراف کو ڈائریکٹرز کی رپورٹ میں واضح کردیا گیا ہے اور ان اسباب کی وضاحت بھی کردی گئی ہے۔

(آئی) گزشتہ چھ سال کی کلیدی آپریٹنگ اور مالیاتی تفصیلات 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 کردیا 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، نشان زدہ کئے 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 منسلک ہے۔

(این) شیئر ہولڈنگ کا پیٹرن بھی منسلک ہوا 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۔

ورکنگ کیپٹل کی ضروریات کو تجارتی وصولیابیوں، قابل ادائی واجبات اور انوینٹری حجم کے مستعد انتظام کے ذریعے فنانس کرنے کی منصوبہ بندی کی گئی۔ بزنس یونٹ مینیجرز کو ورکنگ کیپٹل اہداف تفویض کئے گئے ہیں جن کو باقاعدہ بنیاد پر مانیٹر کیا جاتا ہے۔

کیپٹل اخراجات منافع جات اور خطرات کی کڑی جانچ پڑتال کے ذریعے انتہائی احتیاط سے طے کئے جاتے ہیں اور بروقت ڈیلوری اور طے شدہ لاگت کے لئے پروجیکٹ کا باقاعدگی سے جائزہ لیا 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۔ 2017 میں کیپٹل اخراجات 1,663 ملین روپے تھے۔

کمپنی کا انویسٹمنٹ پورٹ فولیو شفاف انداز میں مختلف سمتوں میں موڑا گیا جیسا کہ بھیلے پاکستان لمیٹڈ، ٹرائی پیک فلمز لمیٹڈ، ٹیٹرا پیک پاکستان لمیٹڈ، بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ، ڈی آئی سی پاکستان لمیٹڈ، پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ، پیکیجز لنکا (پرائیویٹ) لمیٹڈ اور ایس مون ہولڈنگز 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 2017 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 ممکنہ وقوعہ 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۔ ایکسپوزر اس کے صارفین کے لئے کریڈٹ کی حدود کے نفاذ اور اے ریٹنگ کے حامل بینکس اور مالیاتی اداروں کے ساتھ اس کے انویسٹمنٹس پورٹ فولیو کی ڈائیورسیفکیشن کے ذریعے کم کیا گیا ہے۔

لیکویڈیٹی کے خطرات

لیکویڈیٹی کا محتاط بندوبست 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 کرتا ہے۔

شرح سود کے خطرات

متغیر ریٹ کی طویل مدتی فنانسنگ "پری پے منٹ 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 جاسکتا 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، کریڈیٹرز 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 2017 کے دوران کمپنی نے سیلز ٹیکس، انکم ٹیکس، درآمدی ڈیوٹیوں اور ایکسائز ڈیوٹی/ لیویز کے ضمن میں قومی خزانے میں 2,480 ملین روپے جمع کرائے۔

ماحولیات، صحت اور تحفظ/ پائیداری:

آپ کی کمپنی بہترین ماحولیات، صحت اور تحفظ کے اسٹینڈرڈز پر پورا اترنے کے لئے کوشاں ہے جو کہ ماحول/ انسان دوست بشمول توانائی کے تحفظ کی حکمت عملیاں ہیں۔

سال کے دوران آپ کی کمپنی نے درج ذیل کے لئے نئی سرٹیفکیشن اور کامیاب سرویلنس حاصل کیا۔

- برٹش ریٹیل کنسورشیم "گریڈ "اے"
- OHSAS 18001: 2007
- گرین آفس ڈپلوما

سال میں نمایاں شعبے جن پر توجہ دی جاتی رہی ان میں باکفایت توانائی، کام کرنے کا بہترین ماحول اور افرادی قوت کی تربیت اور فروغ تھے۔ ماحولیات، صحت اور تحفظ کے اقدامات کو ایک مربوط حصہ کے طور پر مختلف انداز کی باقاعدگی کے ساتھ مہم کو ضروری تصور کیا جاتا ہے۔ 2017 کی نمایاں مہم میں درج ذیل شامل ہیں:

- فوڈ سیفٹی کمپین
- روڈ سیفٹی مہم
- EHS آگاہی مہم

کارپوریٹ سوشل ریسپانسبلیٹی (CSR)

سی ایس آر (CSR) پر کمپنی کی انتظامیہ نے مستقل طور پر توجہ دیتے ہوئے تعلیم، ہیلتھ کیئر، اسکل ڈیولپمنٹ، ماحولیاتی تحفظ اور سماجی بہبود میں تعاون کا سلسلہ سال رواں بھی جاری رکھا۔

کمپنی اپنے سماجی کاموں کی انجام دہی کے لئے پیکیجز فاؤنڈیشن کو امداد/ عطیات فراہم کرتی ہے۔ کمپنی نے سال رواں میں مختلف کاموں کے لئے 65.011 ملین پاکستانی روپے فراہم کئے۔

ریٹائرمنٹ فنڈز

کمپنی کی جانب سے موجودہ طور پر تین ریٹائرمنٹ فنڈز بنام پراویڈنٹ فنڈ، گریجویٹی فنڈ اور پنشن فنڈ کو آپریٹ کیا جارہا ہے۔

فنڈز کی سرمایہ کاریوں کی مالیت 31 دسمبر 2017 کو ان کے آڈٹ شدہ اکاؤنٹس کے مطابق درج ذیل تھی۔

پراویڈنٹ فنڈ	2,262.328 ملین روپے
گریجویٹی فنڈ	368.516 ملین روپے
پنشن فنڈ	1,750.177 ملین روپے

تصرف (Appropriation)

سال 2017 کے لئے کمپنی کے مالیاتی نتائج کے پیش نظر کمپنی کے بورڈ آف ڈائریکٹرز نے 300 فیصد نقد منافع منقسمہ (یعنی 30 روپے فی شیئر) کی سفارش کی ہے لہٰذا درج ذیل تصرف حاصل کئے گئے۔

	روپے ہزاروں میں
سال 2017 کے لئے کل جامع آمدنی	6,037,694
غیر تصرف شدہ منافع جو آئندہ کے لئے شامل کیا گیا	454,570
تصرف کے لئے دستیاب	6,492,264
جنرل ریزرو سے منتقلی	(3,000,000)
نقد منافع منقسمہ	(2,763,884)
2018 کے لئے منتقل کردہ	728,380

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 2018 کو ختم ہونے والے سال کے لئے باہمی

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

کمپنی کے ڈائریکٹرز سال مختتمہ 31 دسمبر 2017 کے لئے اپنی سالانہ رپورٹ بشمول کمپنی کے آڈٹ شدہ مالیاتی حسابات جمع کراتے ہوئے فخر محسوس کررہے ہیں۔

مالیاتی کارکردگی

مختصراً مالیاتی کارکردگی درج ذیل کے مطابق رہی:

	2017	2016
	(روپے ملین میں)	
آپریشنز سے خالص سیلز	18,105	16,839
EBITDA آپریشنز	2,276	2,427
فرسودگی اور کساد بازاری	(680)	(628)
EBIT آپریشنز	1,596	1,799
فنانس کی لاگت	(445)	(1,308)
دیگر آپریٹنگ آمدنی/ (اخراجات)- خالص	(269)	(2)
سرمایہ کاری سے آمدنی	6,274	6,472
آمدنی قبل از ٹیکس	7,156	6,961
ٹیکسیشن	(940)	(1,365)
آمدنی بعد از ٹیکس	6,216	5,596
بنیادی آمدنی فی شیئر- روپے	69.05	62.61

آپریشنز سے 2017 میں 18,105 ملین روپے کی خالص سیلز حاصل کی گئی جبکہ گزشتہ سال 16,839 ملین روپے کی خالص سیلز رہی تھی جس سے سیلز میں 8 فیصد اضافہ ظاہر ہوا۔ جو بنیادی طور پر مجموعی شرح نمو کے 7 فیصد حجم پر منحصر تھا۔

آپریشنز سے 2017 کے دوران آمدنی قبل از منافع، ٹیکس، فرسودگی اور کساد بازاری (EBITDA) 2,276 ملین روپے رہی جو کہ 2016 میں 2,427 ملین روپے تھی۔ نتیجتاً 6 فیصد کی کمی ہوئی۔ EBITDA، خام مال اور کنورژن کاسٹ میں اضافے، جو سال کے دوران صارفین کو منتقل نہیں کئے گئے، کے باعث گزشتہ سال کی اسی مدت کے مقابلے میں کم رہا۔ ایک اور وجہ اشیائے صارف کے تشہیری اخراجات میں اضافہ بھی تھا۔

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

پیکیجنگ ڈویژن

پیکیجنگ آپریشن نے 2017 کے دوران 13,560 ملین روپے کی خالص سیلز حاصل کیں جبکہ 2016 میں یہ حجم 12,794 ملین روپے تھا اور اس طرح 6 فیصد کی سیلز گروتھ حاصل ہوئی۔ ریونیو کے حجم کی شرح نمو میں اضافہ کے ساتھ افراط زر کے طے شدہ اخراجات اور خام مال کے نرخوں میں اضافے کی وجہ سے 2016 کے مقابلہ میں EBITDA 225 ملین روپے جو کہ 12 فیصد ہے، کی کمی ہوئی۔ کمپنی سیلز کی ویلیو اور حجم پر توجہ دینے کے ساتھ اندرونی اخراجات میں بچت اور طے شدہ لاگتوں پر سخت کنٹرول پر توجہ دے رہی ہے تاکہ اس ڈویژن کے آپریٹنگ نتائج کو بہتر بنایا جائے۔

سال کے دوران آپ کی کمپنی نے گنجائش اور معیار میں اضافے کے لئے مشینری میں نمایاں سرمایہ کاری کی۔ کمپنی نے ایک نئی وسیع تر ویب فلیکسو پرنٹنگ مشین میں 260 ملین روپے کی سرمایہ کی۔ اس کے علاوہ جدید ترین 7 لیئر بلون فلم ایکسٹروڈر میں 280 ملین روپے کی سرمایہ کاری بھی کی گئی۔ لیمینیشن، سلٹنگ اور بیگ میکنگ مشینوں کے ضمن میں فلیکس ایبل ڈویژن میں مزید 105 ملین کی سرمایہ کاری کی۔ فولڈنگ کارٹن ڈویژن کے لئے ایکوئپمنٹ کے سلسلے میں 58 ملین روپے کی مزید سرمایہ کاری کی گئی۔

کنزیومر پروڈکٹس ڈویژن

کنزیومر پروڈکٹس ڈویژن نے 2017 کے دوران 4,387 ملین روپے کی سیلز حاصل کی جبکہ 2016 میں یہ حجم 3,837 ملین روپے تھا جس سے 14 فیصد سیلز گروتھ ظاہر ہوتی ہے۔

ڈویژن کے EBITDA میں 2017 میں سال 2016 کے مقابلے میں 53 ملین روپے کا اضافہ ہوا جو ریونیو گروتھ، بہتر کپیسٹی یوٹیلائزیشن اور آپریٹنگ لاگت پر کنٹرول کے اقدامات کے باعث ممکن ہوسکا۔

کمپنی نے مارکیٹ کی طلب پوری کرنے کے لئے ٹوائلٹ رول لائن پر 166 ملین روپے کی سرمایہ کاری بھی کی۔

پروڈکشن کے اعداد وشمار

زیر جائزہ مدت کے دوران پروڈکشن کے اعداد وشمار گزشتہ سال کے مقابلے میں درج ذیل ہیں:

	2017	2016
اشیائے صارف تیار کردہ- ٹنز	13,861	14,353
کارٹن بورڈ اور کنزیومر پروڈکٹس- کنورٹڈ- ٹنز	41,552	36,890
پلاسٹک تمام اقسام کنورٹڈ- ٹنز	20,143	20,995

سرمایہ کاری سے آمدنی

سرمایہ کاری سے آمدنی میں سال 2017 کے دوران سال 2016 کے مقابلے میں 198 ملین روپے کی کمی رہی جو آئی جی آئی ہولڈنگز لمیٹڈ (سابق آئی جی آئی انشورنس لمیٹڈ) اور ڈی آئی سی سے موصولہ منافع منقسمہ میں کمی کے باعث ہوئی۔

فنانس کی لاگت

کمپنی کے فنانس اخراجات سال 2017 کے دوران 2016 کے مقابلے میں 863 ملین روپے تک کم ہوگئے جو انٹرنیشنل فنانس کارپوریشن کے 8.5 ملین ترجیحی شیئرز کے انفکاک کے باعث 910 ملین روپے کے پریمیئم کی وجہ سے ہوئے۔

بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ میں سرمایہ کاری

بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقدہ 26 جولائی 2017 میں اسٹورا انسو کے پاس موجود 35 فیصد شیئرز کی بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ (''بی ایس پی پی ایل'') میں خریداری کی منظوری دی۔ اس منتقلی کی منظوری شیئر ہولڈرز کی جانب سے کمپنی کے غیر معمولی اجلاس عام مورخہ 28 اگست 2017 میں ایک خصوصی قرارداد کے ذریعے دی گئی۔ اس کے مطابق (بی ایس پی پی ایل) مورخہ 18 ستمبر 2017 کو کمپنی کا ایک مکمل ملکیتی ذیلی ادارہ بن گئی۔

رئیل اسٹیٹ ڈیولپمنٹ- پیکیجز مال

پیکیجز مال کا افتتاح 20 اپریل 2017 کو کیا جاچکا ہے اور صارفین کا ردعمل انتہائی حوصلہ افزا رہا۔ بورڈ اس امر پر یقین رکھتا ہے کہ اس سرمایہ کاری سے شیئر ہولڈرز کو منافع منقسمہ اور کیپٹل گین کی صورت میں قابل قدر منافع جات حاصل ہوں گے۔

100 فیصد ذیلی ادارے (انیمون ہولڈنگز لمیٹڈ) میں سرمایہ کاری

آپ کی کمپنی نے 124.948 ملین روپے (1.183 ملین امریکی ڈالر) بطور ایکویٹی انیمون ہولڈنگز لمیٹڈ، ماریشیس ("AHL") میں ڈیبٹ فنانسنگ کے مقاصد کے لئے شراکت داری کی۔ اے ایچ ایل 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 جیسا کہ اسٹاک ایکسچینج کے لئے متعلقہ سال کی ڈائریکٹرز کی رپورٹس میں ظاہر کیا گیا ہے۔

اومیا پیک (پرائیویٹ) لمیٹڈ

اثاثہ جات اور آمدنی کو توسیع دینے کی حکمت عملی کے پیش نظر یہ وی کمپنی اومیا پیک (پرائیویٹ) لمیٹڈ قصور، پنجاب میں ایک جدید ترین پروڈکشن قائم کرے گی اور انتہائی اعلیٰ معیار کی گراؤنڈ کیلشیم کاربونیٹ پروڈکٹس کی ایک وسیع تر رینج فراہم کرنے کی پوزیشن میں ہوگی۔ جو خصوصی طور پر مقامی اور علاقائی مارکیٹوں کی طلب پوری کرنے کے لئے تیار کی گئی ہے۔

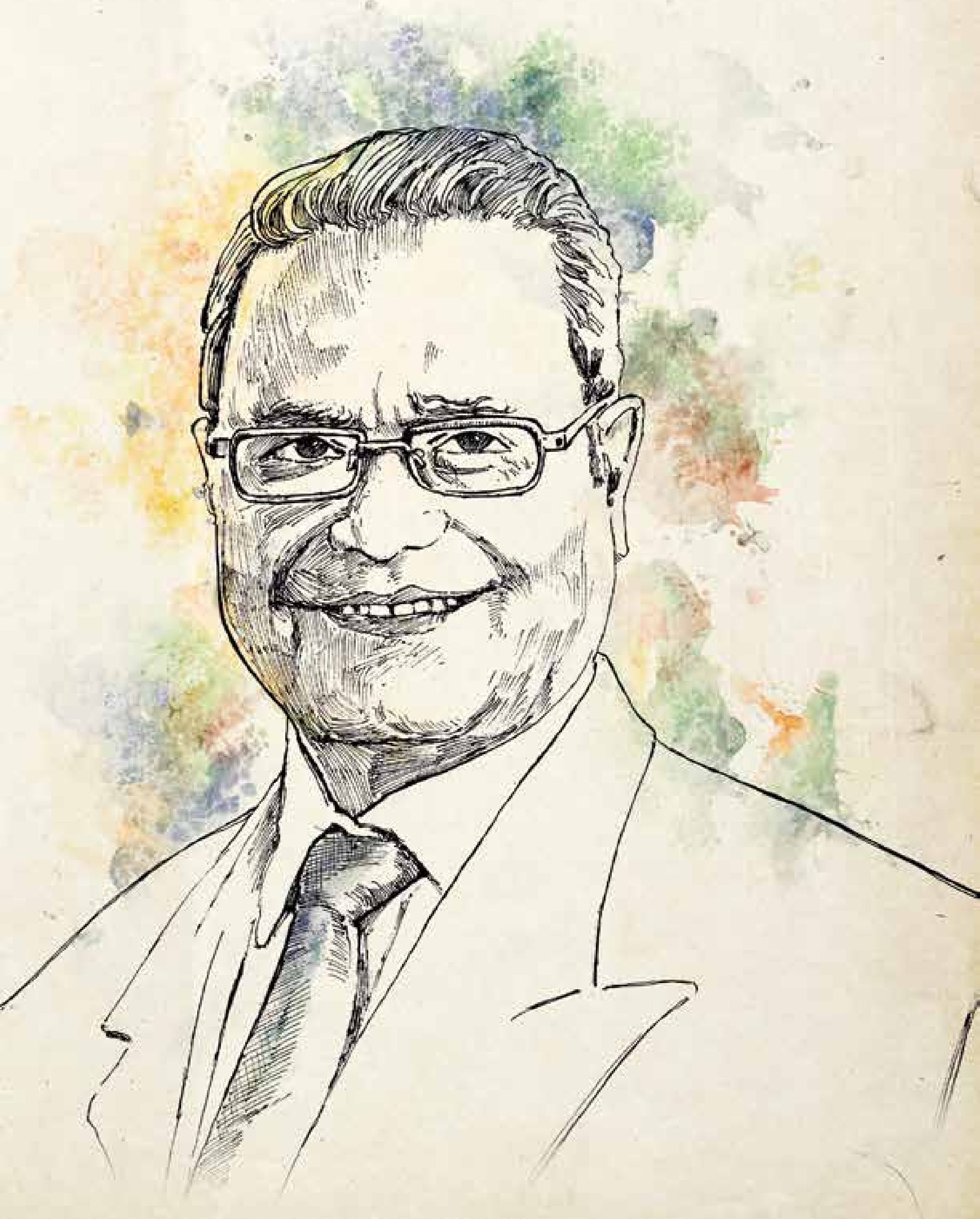
فنانشل مینجمنٹ

کمپنی نے انوینٹری کے زیادہ سے زیادہ حجم اور تجارتی وصولیابی کے انتظام، مستحکم کاروباری کارکردگی، آپریٹنگ کی صلاحیتوں میں اضافے اور پورے ادارے میں اخراجات میں کمی پر مستقل توجہ دی ہے جس سے نقد رقومات کی فراوانی پر مثبت اثرات مرتب کرنے میں مدد ملی۔

کمپنی ایک موثر 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۔

Syed Aslam Mehdi has a Master's degree in Business Administration from Institute of Business Administration, Karachi and joined the Company in 1980 as a management trainee in Sales eventually becoming Managing Director of Packages Lanka in 1999. He returned in 2004 as Deputy General Manager and was sent to Kasur as Project Director for the new setup Bulleh Shah Paper Mills in 2007. He became General Manager in 2008, subsequently shifting to Tri Pack Films Limited as Managing Director in 2014 and is currently acting in the capacity of Managing Director of Bulleh Shah Packaging (Private) Limited since 2016.

SYED ASLAM MEHDI



SHAREHOLDERS' **INFORMATION**

REGISTERED OFFICE

4th Floor, The Forum
Suite # 416-422, G-20, Block 9
Khayaban-e-Jami, Clifton
Karachi-75600
Tel. # 92 21 35831618 / 35831664 / 35833011 / 35874047 – 49 / 35378650-51
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 equity shares are listed on the Pakistan Stock Exchange Limited.

LISTING FEES

The annual listing fee for the financial year 2017-18 has been paid to the stock exchange within the prescribed time limit.

STOCK CODE

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

SHARES REGISTRAR

Packages' shares department is operated by FAMCO Associates (Pvt.) Ltd and serves around 4,493 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. S.M. Munawar Moosvi
Tel. # 92 21 35831618 / 35831664 / 35833011 / 35874047 – 49 / 35378650-51
Fax # 92 21 35860251

Mr. Ovais Khan
Tel. # 92 21 34380101-5 / 34384621-3
Fax # 92 21 34380106

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, the Securities and Exchange Commission of Pakistan (SECP) Notifications/Circulars and the Listing requirements.

DEMATERIALISATION OF SHARES

The equity shares of the company are under the dematerialization category. As of date 73.6% of the equity shares of the company have been dematerialized by the shareholders.

SHAREHOLDERS' **INFORMATION**

DIVIDEND ANNOUNCEMENT

The board of directors of the company has recommended for the financial year ended December 31, 2017 payment of cash dividend as follows -

- to the preference share/convertible stock holder (International Finance Corporation) at the rate of Rs. 29.077 (15.304%) per preference share/convertible stock of Rs. 190.00 in terms of the Subscription Agreement between Packages Limited and International Finance Corporation (2016: 12.893% or Rs. 24.497 per preference share/convertible stock of Rs. 190.00).

- to the ordinary shareholders at the rate of 300% (Rs. 30.00 per ordinary share of Rs. 10.00) subject to approval by the ordinary shareholders of the company at the Annual General Meeting (2016: cash dividend at the rate of 250% or Rs. 25.00 per ordinary share).

BOOK CLOSURE DATES

The Register of Members and Share Transfer Books of the company will remain closed from April 12, 2018 to April 19, 2018 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:

- **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.

- **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 20.0% 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

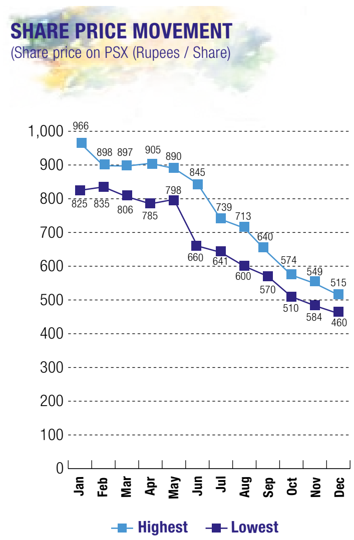
To date none of the investors or shareholders has filed any letter of complaint against any service provided by the company to its shareholders.

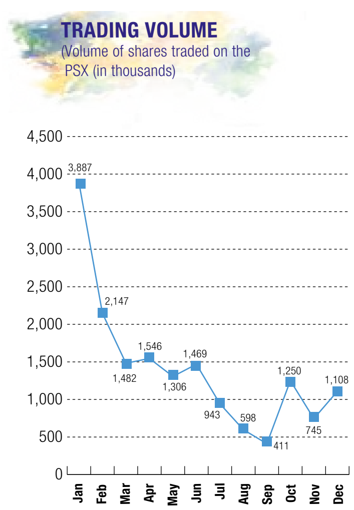
LEGAL PROCEEDINGS

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.

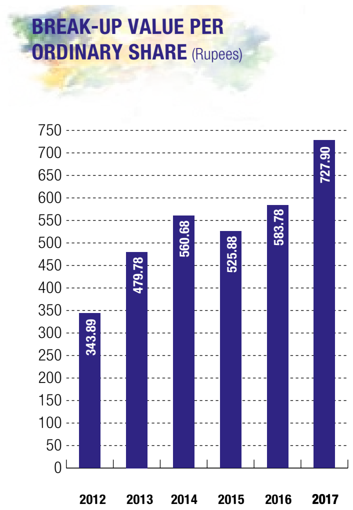
The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the office of the company not less than forty-eight hours before the meeting.

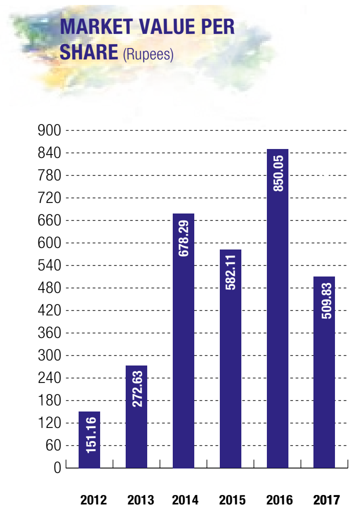
WEB PRESENCE

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 2017 are as under:





Month	Share price on the PSX (Rs.)		Volume of shares traded
	Highest	Lowest	
January	965.98	825.00	3,886,900
February	898.00	835.00	2,147,450
March	897.00	806.00	1,481,850
April	905.00	785.25	1,546,300
May	890.00	798.00	1,305,950
June	845.00	660.40	1,469,350
July	739.00	641.11	943,350
August	712.50	600.00	597,500
September	640.00	570.00	411,150
October	574.44	510.00	1,250,100
November	548.99	483.01	744,600
December	515.00	460.00	1,108,150

PATTERN OF **SHAREHOLDING**

The shareholding pattern of the equity share capital of the Company as at December 31, 2017 is as follows:

Shareholding From	Shareholding To	Number of shareholders	Total shares held
1	100	2,080	56,230
101	500	971	281,306
501	1,000	393	310,997
1,001	5,000	583	1,388,473
5,001	10,000	157	1,154,036
10,001	15,000	54	683,977
15,001	20,000	35	617,215
20,001	25,000	31	702,884
25,001	30,000	20	555,595
30,001	35,000	14	458,187
35,001	40,000	13	491,787
40,001	45,000	11	461,695
45,001	50,000	9	433,363
50,001	55,000	9	477,549
55,001	60,000	7	403,158
60,001	65,000	5	312,647
65,001	70,000	4	265,332
75,001	80,000	3	232,463
80,001	85,000	4	331,679
90,000	95,000	4	366,452
95,001	100,000	6	588,366
100,001	105,000	2	203,550
105,001	110,000	1	109,391
110,001	115,000	3	341,741
120,001	125,000	1	122,000
125,001	130,000	1	126,183
130,001	135,000	1	133,636
135,001	140,000	2	276,999
145,001	150,000	3	444,800
150,001	155,000	2	302,950
155,001	160,000	3	474,856
165,001	170,000	1	168,950
170,001	175,000	1	173,000
180,001	185,000	1	184,000
190,000	195,000	4	770,347
195,001	200,000	1	196,743
200,001	205,000	1	201,515
210,001	215,000	1	214,450
220,001	225,000	1	221,210
225,001	230,000	1	229,829
230,001	235,000	1	233,968
245,001	250,000	1	249,830
250,001	255,000	1	250,750

Shareholding From	Shareholding To	Number of shareholders	Total shares held
265,001	270,000	1	265,960
270,001	275,000	1	273,390
275,001	280,000	1	276,734
280,001	285,000	1	283,000
285,001	290,000	1	287,290
300,001	305,000	1	304,718
305,001	310,000	2	614,370
315,001	320,000	2	635,735
325,001	330,000	1	326,052
350,000	355,000	1	350,000
355,001	360,000	1	358,000
365,001	370,000	2	737,089
375,001	380,000	1	379,801
400,000	405,000	2	803,055
435,001	440,000	1	439,200
440,001	445,000	1	441,000
500,001	505,000	1	503,650
520,001	525,000	1	523,479
525,001	530,000	1	527,653
530,001	535,000	1	533,853
560,001	565,000	1	561,400
600,001	605,000	1	602,728
615,001	620,000	1	615,585
630,001	635,000	1	631,350
820,001	825,000	1	821,714
855,001	860,000	1	856,000
860,001	865,000	1	864,887
955,001	960,000	1	959,300
990,001	995,000	1	990,641
1,195,001	1,200,000	1	1,198,668
1,660,001	1,665,000	1	1,660,979
1,790,001	1,795,000	1	1,791,159
2,285,001	2,290,000	1	2,287,175
2,455,001	2,460,000	1	2,459,107
3,095,001	3,100,000	1	3,097,030
3,255,001	3,260,000	1	3,256,676
3,520,001	3,525,000	1	3,520,700
3,685,001	3,690,000	1	3,686,903
3,915,001	3,920,000	1	3,917,505
4,000,001	4,005,000	1	4,002,128
5,395,001	5,400,000	1	5,396,650
21,130,001	21,135,000	1	21,133,101
		4,493	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)		
BABAR ALI FOUNDATION	2	3,415,128
GURMANI FOUNDATION	1	1,198,668
IGI INSURANCE LIMITED	2	24,653,801
PACKAGES LIMITED EMPLOYEES GRATUITY FUND	2	104,494
PACKAGES LIMITED MANAGEMENT STAFF PENSION FUND	2	660,036
PACKAGES LIMITED EMPLOYEES PROVIDENT FUND	2	2,067,893
Total :	11	32,100,020
ii. Mutual Funds (name wise details)		
CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1	6,850
CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	6,250
CDC - TRUSTEE ABL STOCK FUND	1	439,200
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	6,789
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	317,637
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	602,728
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	40,700
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	192,763
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	67,000
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	52,732
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	233,968
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	100,650
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	77,550
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	1,200
CDC - TRUSTEE APF-EQUITY SUB FUND	1	1,850
CDC - TRUSTEE APIF - EQUITY SUB FUND	1	10,000
CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	55,000
CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	94,450
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	2,550
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	1,400
CDC - TRUSTEE HBL - STOCK FUND	1	159,100
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	6,150
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	35,350
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	6,300
CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	1	3,000
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	54,862
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	102,900
CDC - TRUSTEE MEEZAN BALANCED FUND	1	369,923
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	3,686,903
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1	379,801
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	4,002,128
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	168,950
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	114,882

Shareholders' category	Number of shareholders	Number of shares held
CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	1	47,550
CDC - TRUSTEE PICIC STOCK FUND	1	12,300
CDC - TRUSTEE PIML ASSET ALLOCATION FUND	1	9,800
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	1	12,200
CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	1	3,500
CDC - TRUSTEE PIML VALUE EQUITY FUND	1	12,650
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	31,900
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	147,300
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	37,600
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	350
CDC-TRUSTEE FIRST HABIB ISLAMIC STOCK FUND	1	3,700
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	52,550
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	194,100
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	157,950
Total:	47	12,124,966
iii. Directors and their spouse(s) and minor children (name wise details)		
MR. ASGHAR ABBAS	1	100
MR. IMRAN KHALID NIAZI	1	100
MR. MUHAMMAD AURANGZEB	1	500
MR. SHAMIM AHMAD KHAN	1	603
SYED SHAHID ALI	1	2,000
SYED ASLAM MEHDI	1	9,781
SYED HYDER ALI	1	2,287,175
MR. TARIQ IQBAL KHAN	1	6,000
MR. TOWFIQ HABIB CHINOY	1	56,871
MRS. AZRA TARIQ W/O MR. TARIQ IQBAL KHAN	1	4,100
Total:	10	2,367,230
iv. Executives	6	5,017,880
Total:	6	5,017,880
v. Public Sector Companies and Corporations	3	4,739,419
Total:	3	4,739,419
vi. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	41	4,834,237
Total:	41	4,834,237
vii. Shareholders Holding five percent or more Voting Rights in the Listed Company (name wise details)		
IGI INSURANCE LIMITED	1	21,133,101
STORA ENSO AB	1	5,396,650
Total :	2	26,529,751

	Shareholders' category	No. of shareholders	No. of shares	Percentage
1	Directors, Chief Executive Officer, and their spouses and minor children	10	2,367,230	2.65
2	Associated Companies, undertakings and related parties	11	32,100,020	35.91
3	Banks Development Financial Institutions, Non Banking Financial Institutions	19	3,089,474	3.46
4	Insurance Companies	15	5,889,404	6.59
5	Modarabas and Mutual Funds	50	12,131,225	13.57
6	Shareholder holding 10%	1	21,133,101	23.64
7	General Public:			
	a. Local	4,213	19,797,487	22.15
	b. Foreign	4	6,690,241	7.49
8	Others	171	7,314,423	8.18
Total (excluding: shareholder holding 10%)		4,493	89,379,504	100.00

STATEMENT OF **COMPLIANCE**

WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2017

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Listing Regulation No.5.19 of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes

Category	Names
Independent Director	Mr. Muhammad Aurangzeb
Executive Directors	Syed Hyder Ali Mr. Asghar Abbas
Non-Executive Directors	Syed Aslam Mehdi Mr. Imran Khalid Niazi Mr. Josef Meinrad Mueller Syed Shahid Ali Mr. Shamim Ahmad Khan Mr. Tariq Iqbal Khan Mr. Towfiq Habib Chinoy

   The independent director meets the criteria of independence under clause 5.19.1(b) of the Code.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a Broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy that occurred on the Board on January 25, 2017 was filled up by the Directors on the same day.

5. 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.

6. The Board has developed a Vision/Mission Statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other Executive and Non-Executive Directors, have been taken by the Board.

8. 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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Company arranged one orientation course for its Directors during the year to apprise them of their duties and responsibilities.

   During the year, Mr. Imran Khalid Niazi attended the Directors Training Program conducted by the Institute of Chartered Accountants of Pakistan. Only Mr. Muhammad Aurangzeb, who is a non-resident director, has yet to undergo certification under the Directors Training Program. The remaining directors have either obtained certification under the Directors Training Program or have minimum of 14 years of education and 15 years or more experience on the boards of listed companies, and hence are exempt from the Directors Training Program.

10. The Board had approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment. No new appointments of CFO, Company Secretary and Head of Internal Audit have been made during the year.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an Audit Committee. It comprises of six members, including one Independent Director and five Non-Executive Directors, including the Chairman.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company, as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of five members, of whom four are Non-Executive Directors, including the Chairman. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

18. The Board has set up an effective internal audit function manned by suitably qualified and experienced personnel for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to Directors, employees and stock exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the Code have been complied with.

(Syed Hyder Ali)
Chief Executive & Managing Director

(Asghar Abbas)
Director

Lahore, February 28, 2018

REVIEW REPORT TO **THE MEMBERS**

ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the 'Code') prepared by the Board of Directors of Packages Limited (the 'Company') for the year ended December 31, 2017, to comply with the requirements of clause No. 5.19 of the Regulations of the Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code as applicable to the Company for the year ended December 31, 2017.

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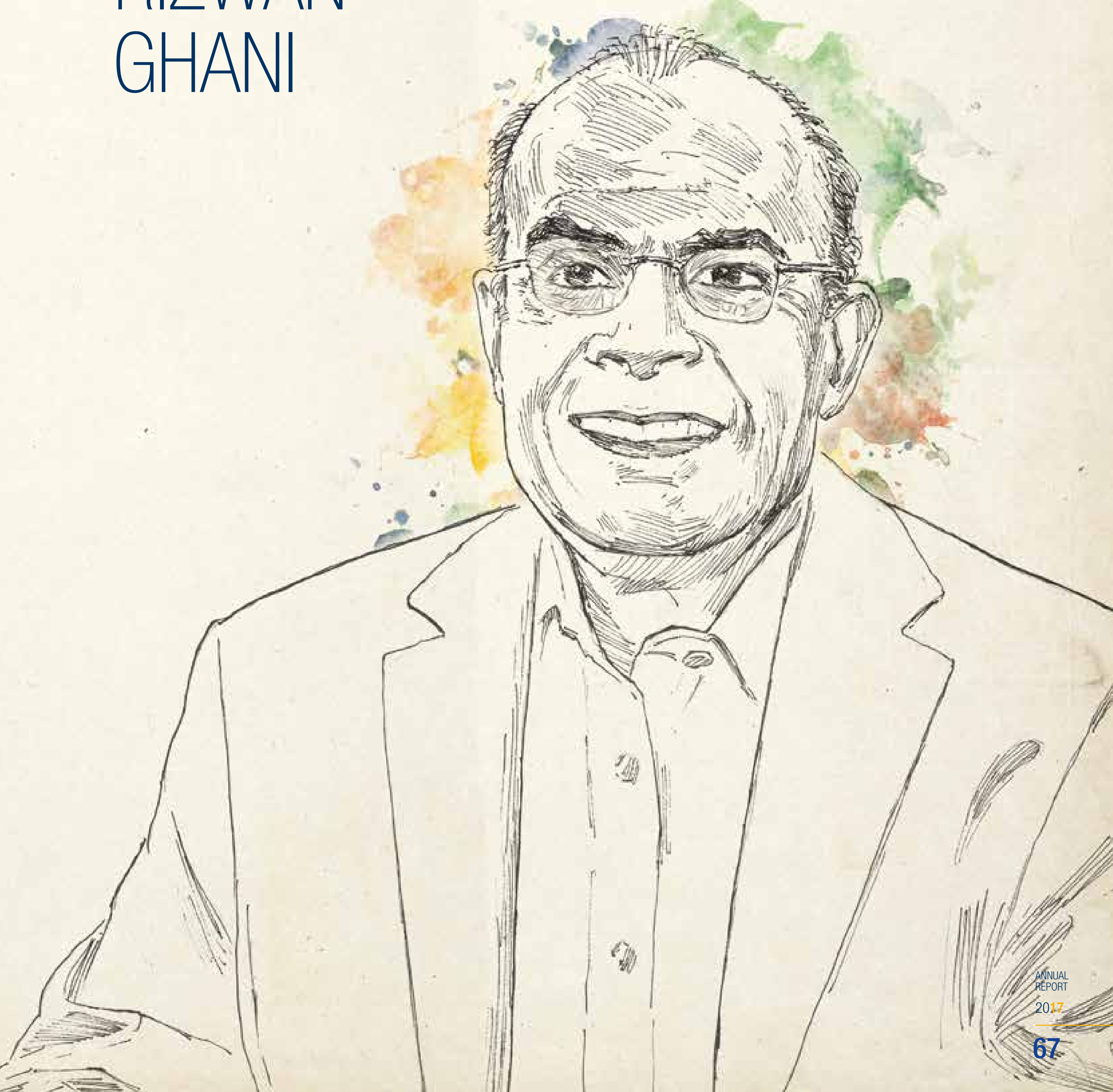
A.F. Ferguson & Co.
Chartered Accountants
Lahore, February 28, 2018

Name of engagement partner:
Muhammad Masood

Mr. Rizwan Ghani joined the Company in 1982 after completing post-graduate diploma in Business Studies from United Kingdom. He rose through the ranks eventually becoming Managing Director of Packages Lanka (Private) Limited and returning as Deputy General Manager in 2013. He took over from Syed Aslam Mehdi in 2014 and retired as General Manager of Packages Limited in 2016.

RIZWAN GHANI



AUDITORS' REPORT TO **THE MEMBERS**

We have audited the annexed balance sheet of Packages Limited (the 'Company') as at December 31, 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, 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, 2017 and of the profit, total comprehensive income, cash flows and its changes in equity for the year then ended; and

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

A.F. Ferguson & Co.
Chartered Accountants
Lahore, March 13, 2018

Name of engagement partner:
Muhammad Masood

FINANCIAL STATEMENTS

For the year ended December 31, 2017

BALANCE **SHEET**
as at December 31, 2017

(Rupees in thousand)	Note	2017	2016
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2016: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (2016: 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 (2016: 89,379,504) ordinary shares of Rs. 10 each	5	893,795	893,795
8,186,842 (2016: 8,186,842) 10% non-voting preference shares / convertible stock of Rs. 190 each	6	606,222	606,222
Reserves		57,673,481	49,550,396
Un-appropriated profit		6,492,264	1,734,057
		65,665,762	52,784,470
NON-CURRENT LIABILITIES			
Long term finances	6	2,254,100	3,575,520
Liabilities against assets subject to finance lease	7	13,195	26,057
Deferred taxation	8	343,673	344,085
Retirement benefits	9	358,264	87,304
Deferred liabilities	10	325,181	304,996
		3,294,413	4,337,962
CURRENT LIABILITIES			
Current portion of non-current liabilities	11	1,334,309	578,732
Finances under mark up arrangements - secured	12	299,596	1,377,033
Trade and other payables	13	3,104,993	2,847,914
Accrued finance costs	14	189,760	221,730
		4,928,658	5,025,409
CONTINGENCIES AND COMMITMENTS	15		
		73,888,833	62,147,841

(Rupees in thousand)	Note	2017	2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	5,184,739	4,260,139
Investment properties	17	134,696	133,179
Intangible assets	18	4,688	9,866
Investments	19	60,166,443	50,077,782
Long term loans and deposits	20	18,204	25,958
		65,508,770	54,506,924
CURRENT ASSETS			
Stores and spares	21	422,218	402,146
Stock-in-trade	22	1,954,668	1,768,706
Trade debts	23	2,392,215	2,171,966
Loans, advances, deposits, prepayments and other receivables	24	728,868	1,081,622
Income tax receivable	25	2,699,887	2,125,865
Cash and bank balances	26	182,207	90,612
		8,380,063	7,640,917
		73,888,833	62,147,841

The annexed notes 1 to 47 form an integral part of these financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

PROFIT AND LOSS **ACCOUNT**

for the year ended December 31, 2017

(Rupees in thousand)		Note	2017	2016
Local sales			21,358,527	19,766,465
Export sales			30,422	27,064
			21,388,949	19,793,529
Less: Sales tax			3,283,647	2,933,794
Commission			–	20,415
			3,283,647	2,954,209
Net sales			18,105,302	16,839,320
Cost of sales		27	(14,369,523)	(13,221,323)
Gross profit			3,735,779	3,617,997
Administrative expenses		28	(1,009,898)	(897,392)
Distribution and marketing costs		29	(1,129,438)	(921,550)
Other operating expenses		30	(495,779)	(392,362)
Other income		31	227,127	390,298
Profit from operations			1,327,791	1,796,991
Finance costs		32	(445,495)	(1,307,505)
Investment income		33	6,273,905	6,472,005
Profit before taxation			7,156,201	6,961,491
Taxation		34	(939,903)	(1,365,762)
Profit for the year			6,216,298	5,595,729
Earnings per share				
Basic	Rupees	43	69.05	62.61
Diluted	Rupees	43	65.02	58.45

The annexed notes 1 to 47 form an integral part of these financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

STATEMENT OF **COMPREHENSIVE INCOME**
for the year ended December 31, 2017

(Rupees in thousand)	Note	2017	2016
Profit for the year		6,216,298	5,595,729
Other comprehensive (loss) / income:			
Items that will not be reclassified to profit or loss			
Remeasurement of retirement benefit obligations		(255,149)	(37,663)
Tax effect	8.2	76,545	11,299
		(178,604)	(26,364)
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of available for sale financial assets	19.3	9,123,085	4,379,097
Other comprehensive income for the year - net of tax		8,944,481	4,352,733
Total comprehensive income for the year		15,160,779	9,948,462

The annexed notes 1 to 47 form an integral part of these financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

STATEMENT OF **CHANGES IN EQUITY**

for the year ended December 31, 2017

(Rupees in thousand)	Issued, subscribed and paid up capital		Reserves: Capital reserves			Reserves: Revenue reserves		Capital and reserves
	Ordinary share capital	Preference shares / convertible stock reserve	Share premium	Fair value reserve	Capital redemption reserve	General reserve	Un-appropriated profit	Total
Balance as on January 01, 2016	883,795	1,309,682	3,588,769	24,479,228	–	13,810,333	3,714,566	47,786,373
Appropriation of funds								
Transfer to general reserve	–	–	–	–	–	1,500,000	(1,500,000)	–
Transaction with preference shareholder								
Redemption of preference shares / convertible stock								
(8,500,000 preference shares of Rs. 190 each) - note 6.3	–	(629,412)	–	–	1,615,000	–	(4,709,181)	(3,723,593)
Total transactions with owners, recognised directly in equity								
Final dividend for the year ended December 31, 2015								
Rs. 15.00 per share	–	–	–	–	–	–	(1,340,693)	(1,340,693)
Conversion of preference shares / convertible stock into ordinary share								
capital (1,000,000 ordinary shares of Rs. 10 each)	10,000	(74,048)	177,969	–	–	–	–	113,921
	10,000	(74,048)	177,969	–	–	–	(1,340,693)	(1,226,772)
Total comprehensive income / (loss) for the year ended								
December 31, 2016								
Profit for the year	–	–	–	–	–	–	5,595,729	5,595,729
Other comprehensive income / (loss) for the year	–	–	–	4,379,097	–	–	(26,364)	4,352,733
	–	–	–	4,379,097	–	–	5,569,365	9,948,462
Balance as on December 31, 2016	893,795	606,222	3,766,738	28,858,325	1,615,000	15,310,333	1,734,057	52,784,470
Appropriation of funds								
Transfer from general reserve	–	–	–	–	–	(1,000,000)	1,000,000	–
Transaction with preference shareholders								
Participating dividend on preference shares - note 35	–	–	–	–	–	–	(45,000)	(45,000)
Total transactions with owners, recognised directly in equity								
Final dividend for the year ended December 31, 2016								
Rs. 25.00 per share	–	–	–	–	–	–	(2,234,487)	(2,234,487)
Total comprehensive income / (loss) for the year ended								
December 31, 2017								
Profit for the year	–	–	–	–	–	–	6,216,298	6,216,298
Other comprehensive income / (loss) for the year	–	–	–	9,123,085	–	–	(178,604)	8,944,481
	–	–	–	9,123,085	–	–	6,037,694	15,160,779
Balance as on December 31, 2017	893,795	606,222	3,766,738	37,981,410	1,615,000	14,310,333	6,492,264	65,665,762

The annexed notes 1 to 47 form an integral part of these financial statements.

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

CASH FLOW **STATEMENT**

for the year ended December 31, 2017

(Rupees in thousand)	Note	2017	2016
Cash flows from operating activities			
Cash generated from operations	41	2,249,638	2,323,393
Finance cost paid		(477,465)	(525,475)
Income tax paid		(1,437,792)	(1,278,772)
Payments for accumulating compensated absences		(21,595)	(26,046)
Retirement benefits paid		(21,339)	(17,917)
Net cash inflow from operating activities		291,447	475,183
Cash flows from investing activities			
Fixed capital expenditure		(1,663,202)	(1,026,871)
Investments made in equity securities		(958,526)	(701,167)
Long term loans and deposits - net		1,393	13,289
Investments made in Government securities		(1,599,994)	–
Proceeds from disposal of Government securities		1,603,171	–
Proceeds from disposal of operating fixed assets		69,455	93,797
Dividends received		6,273,905	6,472,005
Net cash inflow from investing activities		3,726,202	4,851,053
Cash flows from financing activities			
Repayment of long term finances - secured		(571,420)	(1,885,710)
Proceeds from long term finances - secured		–	3,000,000
Redemption of preference shares		–	(5,601,500)
Liabilities against assets subject to finance lease - net		(10,617)	(7,438)
Participating dividend on preference shares paid		(45,000)	–
Dividends paid		(2,221,580)	(1,335,268)
Net cash outflow from financing activities		(2,848,617)	(5,829,916)
Net increase / (decrease) in cash and cash equivalents		1,169,032	(503,680)
Cash and cash equivalents at the beginning of the year		(1,286,421)	(782,741)
Cash and cash equivalents at the end of the year	42	(117,389)	(1,286,421)

The annexed notes 1 to 47 form an integral part of these financial statements.

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

1. Legal status and nature of business

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

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

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

2. Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. During the year, the Companies Ordinance, 1984 (hereinafter referred to as the 'Ordinance') has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the Securities and Exchange Commission of Pakistan ('SECP') vide Circular No. 23/2017 dated October 4, 2017 and further clarified by the Institute of Chartered Accountants of Pakistan through its Circular No. 17/2017 dated October 6, 2017, companies whose financial year, closes on or before December 31, 2017, shall prepare financial statements in accordance with the provisions of the repealed Ordinance. Accordingly, these financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board ('IASB') as are notified under the repealed Ordinance, provisions of and directives issued under the repealed Ordinance. Wherever the requirements of the repealed Ordinance or directives issued by SECP differ with the requirements of IFRSs, the requirements of the repealed Ordinance or the requirements of the said directives prevail.

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 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 approved accounting standards are effective for accounting periods beginning on January 1, 2017 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 financial statements, except for the following:

International Accounting Standard ('IAS') 7, 'Cash flow statements: Disclosure initiative' (effective for periods beginning on or after January 1, 2017). This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers balance sheet items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. The Company's current accounting treatment is already in line with the requirements of this standard.

'Equity method in separate financial statements – Amendments to IAS 27' (effective for periods beginning on or after January 1, 2017). These amendments have allowed entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 previously allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or as a financial asset in their separate financial statements. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to the equity method must do so retrospectively. The Company has elected to measure its investments in subsidiaries, joint ventures and associates at cost in its separate financial statements, which has been followed earlier.

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 approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2018, 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 financial statements, except for the following:

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

IFRS 15, 'Revenue from contracts with customers': (effective for periods beginning on or after January 1, 2018). This standard has been 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 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 is yet to assess the full impact of the standard.

IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. It is unlikely that the interpretation will have any significant impact on the Company's financial statements.

Amendments to IAS 40, 'Investment property' relating to transfers of investment property (effective for periods beginning on or after 1 January 2018). These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use, there should be an assessment of whether the property meets the definition. This change must be supported by evidence. It is unlikely that the interpretation will have any significant impact on the Company's financial statements.

IFRS 16, 'Leases': (effective for periods beginning on or after January 1, 2019). However, this standard is yet to be notified by the SECP. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Company is yet to assess the full impact of this standard.

IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Company is yet to assess the full impact of the interpretation.

3. Basis of measurement

3.1 These financial statements have been prepared under the historical cost convention except for certain financial instruments which are carried at fair values and certain employee retirement benefits which are carried at present value.

3.2 Critical accounting estimates and judgements

The Company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies that the management considers critical because of their complexity, judgment and estimation involved in their application and impact on these financial statements. Judgments and estimates are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

i) Estimated useful lives and residual values of property, plant and equipment - note 4.2 & 16
ii) Employee retirement and other service benefit obligations- note 4.8, 9 & 10
iii) Provision for taxation - note 4.1, 8, 25 & 34

4. Significant accounting policies

The significant accounting policies adopted in the preparation of these 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. Consequently, the Group will now be taxed as one fiscal unit for the tax year 2018.

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 financial statements and the corresponding tax basis used in the computation of the taxable profit. 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 shall 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 balance sheet date. Deferred tax is charged or credited in the profit and loss account, 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.

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 realisibility of tax credits and tax losses which are assessed at Group level. Any adjustments in the current and deferred taxes of the Company on account of group taxation are credited or charged to profit and loss account in the year in which they arise.

4.2 Property, plant and equipment

4.2.1 Operating fixed assets

4.2.1.1 Owned assets

Owned assets, except freehold land, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. 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 4.16 and borrowing costs as referred to in note 4.14. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation on all owned assets is charged to profit and loss account 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:

Buildings	2.50%	to	20.00%
Plant and machinery	6.25%	to	50.00%
Other equipments	6.67%	to	33.33%
Furniture and fixtures	10.00%	to	33.33%
Vehicles			20.00%

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, 2017 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 off.

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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 profit and loss account 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.

4.2.1.2 Assets subject to finance lease

Assets acquired under a finance lease are depreciated over the estimated useful life of the asset on a straight-line method at the rate of 20.00% per annum. Depreciation of leased assets is charged to profit and loss account.

Residual values and the useful lives of leased assets 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 leased assets as at December 31, 2017 has not required any adjustment as its impact is considered insignificant.

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 owned 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 owned assets category as and when such items are available for use.

4.3 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 profit and loss account 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 10.00% 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 off.

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, 2017 has not required any adjustment as its impact is considered insignificant.

The Company assesses at each balance sheet date whether there is any indication that investment properties may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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.

4.4 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 14.00% to 33.00%.

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 balance sheet 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, 2017 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 off.

The Company assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.5 Leases

(1) The Company is the lessee:

Finance leases

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease as referred to in note 7. The liabilities are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to profit and loss account over the lease term.

Operating leases

Leases, including Ijarah financing, where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit and loss account on a straight-line basis over the lease / Ijarah term unless another systematic basis is representative of the time pattern of the Company's benefit.

(2) The Company is the lessor:

Operating leases

Assets leased out under operating leases are included in investment properties as referred to in note 17. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

4.6 Investments

Investments intended to be held for less than twelve months from the balance sheet 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.

4.6.1 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. 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 in an associate or joint venture results in becoming a subsidiary.

At each balance sheet 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 profit and loss account. 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 profit and loss account are reversed through the profit and loss account.

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 profit and loss account 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.

4.7 Financial assets

4.7.1 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 balance sheet 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 balance sheet.

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 balance sheet 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.

4.7.2 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 profit and loss account. 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 profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss account 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 profit and loss account as gains and losses from investment securities. Dividends on available for sale equity instruments are recognised in the profit and loss account when the Company's right to receive payments is established.

The Company assesses at each balance sheet 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 profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.11.

4.7.3 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised 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 recognised in the profit and loss account.

4.7.4 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the 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.

4.8 Employee retirement and other service benefit obligations

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:

4.8.1 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 4.5 percent per annum of basic salaries. The latest actuarial valuation for the gratuity scheme was carried out as at December 31, 2017. The actual return on plan assets during the year was Rs. 36.179 million (2016: Rs. 37.642 million). The employees of the Company are entitled to gratuity payments on basis of their service with the Company.

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:

Per annum	2017	2016
Discount rate	8.25%	8.00%
Expected rate of increase in salary level	8.25%	8.00%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table
Expected rate of return	8.25%	8.00%

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 Company is expected to contribute Rs. 22.504 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 profit and loss account.

(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 01, 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% of members' monthly basic salary to the scheme; whereas, an employee may or may not opt to contribute 6% of his monthly basic salary to the scheme.

The obligation in respect of the defined benefit plan is determined by the Company appointed actuary at each year end. Any funding gap identified by the Company appointed actuary is paid by the Company from time to time. The last actuarial valuation was carried out as at December 31, 2017.

Per annum	2017	2016
Discount rate	8.25%	8.00%
Expected rate of increase in pension level	1.00%	1.00%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table
Expected rate of return	8.25%	8.00%

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 profit and loss account.

Pension fund is a multi-employer plan formed by the Company in collaboration with Tri Pack Films Limited. Packages 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.

4.8.2 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.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to profit and loss account. The most recent valuation was carried out as at December 31, 2017 using the Projected Unit Credit Method.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the profit and loss account 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:

Per annum	2017	2016
Discount rate	8.25%	8.00%
Expected rate of increase in salary level	8.25%	8.00%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table

4.8.3 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 profit and loss account 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 percent per annum (2016: 10.00 percent 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 4.8.1 (b) above.

4.9 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 balance sheet 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

All stocks except for stock-in-transit are stated at the lower of cost and net realisable value. Cost of raw materials is determined using the moving average cost method. Cost of work-in-process and finished goods comprises direct production costs such as raw materials, consumables and labour as well as production overheads such as employee wages, depreciation, maintenance, etc. The production overheads based on normal operating capacity are measured based on a standard cost method, which is reviewed regularly to ensure relevant measures of utilisation, production lead time etc.

Stock-in-transit is stated at cost comprising invoice value plus other charges paid thereon till the balance sheet date.

If the expected sales price less completion costs and costs to execute sales (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 financial statements for obsolete and slow-moving stock-in-trade based on management estimate.

4.11 Trade debts and other receivables

Trade debts and other receivables are recognised initially at invoice amount, which approximates fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment 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 recognised in the profit and loss account. Trade debts, considered irrecoverable, are written off as and when identified. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

Exchange gains and losses arising in respect of trade and other receivables in foreign currency are added to the carrying amount of receivables.

4.12 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 balance sheet, finances under mark-up arrangements are included in current liabilities.

4.13 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.

4.14 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 profit and loss account 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 balance sheet 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.

4.15 Trade and other payables

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.

4.16 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 statement of other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account.

Amounts accumulated in equity are recognised in profit and loss account 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.

4.17 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 at the time the Company has transferred the significant risks and rewards of ownership of goods, which is considered to be at the time of dispatch of goods and performance of services;

(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.

4.18 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the 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. 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 balance sheet 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 profit and loss account. 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.

4.19 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 profit and loss account in the period in which they are incurred.

4.20 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').

4.21 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.

4.22 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and 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 balance sheet date and adjusted to reflect the current best estimate.

4.23 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.

4.24 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.

4.25 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

2017	2016		2017	2016
(Number of shares)			(Rupees in thousand)	
		Ordinary shares of Rs. 10 each as at the beginning of the year		
33,603,295	33,603,295	fully paid in cash	336,033	336,033
148,780	148,780	fully paid for consideration other than cash	1,488	1,488
		fully paid against conversion of preference		
5,000,000	4,000,000	shares / convertible stock	50,000	40,000
50,627,429	50,627,429	fully paid bonus shares	506,274	506,274
89,379,504	88,379,504		893,795	883,795
		Issuance of shares upon conversion of		
–	1,000,000	preference shares / convertible stock - note 5.1	–	10,000
		Ordinary shares of Rs. 10 each as at the end of the year		
33,603,295	33,603,295	fully paid in cash	336,033	336,033
148,780	148,780	fully paid for consideration other than cash	1,488	1,488
		fully paid against conversion of preference		
5,000,000	5,000,000	shares / convertible stock	50,000	50,000
50,627,429	50,627,429	fully paid bonus shares	506,274	506,274
89,379,504	89,379,504		893,795	893,795

5.1 Last year, under the terms of redemption / conversion of preference shares / convertible stock mentioned in note 6.2, the Company, converted 1 million preference shares / convertible stock of Rs. 190 each held by International Finance Corporation, Washington D.C, USA ('IFC') into 1 million fully paid ordinary shares of Rs. 10 each.

5.2 24,653,801 (2016: 24,309,601) ordinary shares of the Company are held by IGI Holdings Limited ('IGIHL') (formerly IGI Insurance Limited), an associate.

(Rupees in thousand)	Note	2017	2016
6. Long term finances			
These are composed of:			
Local currency loans - secured			
Long term finance facility I	6.1.1	1,142,870	1,714,290
Long term finance facility II	6.1.2	1,500,000	1,500,000
		2,642,870	3,214,290
Preference shares / convertible stock - unsecured	6.2	932,650	932,650
		3,575,520	4,146,940
Current portion shown under current liabilities	11	(1,321,420)	(571,420)
		2,254,100	3,575,520

6.1 Local currency loans - secured

6.1.1 Long term finance facility I

This loan has been obtained from Meezan Bank Limited under the Islamic mode of finance as a Musharika. It is 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. The balance is repayable in 4 equal semi-annual installments ending on December 28, 2019. The loan carries mark up at the rate of six month Karachi Inter Bank Offer Rate ("KIBOR") plus 0.10 percent per annum. The effective mark up charged during the year ranges from 6.24 percent to 6.31 percent per annum (2016: 6.18 percent to 6.77 percent per annum).

6.1.2 Long term finance facility II

This represents a Term Finance Facility (the 'Facility') of Rs. 11 billion obtained from Habib Bank Limited to finance the redemption of preference shares issued to IFC. 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 19.2.2. During last year, 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 is entitled to make drawdowns of the remaining Facility within 18 months of the first drawdown date. The Facility carries mark up at the rate of six month KIBOR plus 0.25 percent per annum and is payable in 4 equal semi annual installments commencing on March 8, 2018 and ending on September 8, 2019. The effective mark up rate charged during the year ranges from 6.30 percent to 6.40 percent per annum (2016: 6.30 percent per annum).

6.2 Preference shares / convertible stock - unsecured

During the year 2009, the Company issued 10 percent local currency non-voting preference shares / convertible stock at the rate of Rs. 190 per share amounting to USD 50 million equivalent to PKR 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 percent 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 balance sheet as follows:

(Rupees in thousand)	Note	2017	2016
Face value of preference shares / convertible stock			
[8,186,842 (2016: 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	6.2.1	(606,222)	(606,222)
Liability component - classified under long term finances	6.2.2	932,650	932,650
Accrued return on preference shares / convertible stock			
classified under accrued finance cost	14	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 percent till perpetuity which represents the rate of similar instrument with no associated equity component. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity as preference shares / convertible stock.

6.2.1 Movement in equity component - classified under capital and reserves

2017 (Number of shares)	2016 (Number of shares)		Note	2017 (Rupees in thousand)	2016 (Rupees in thousand)
8,186,842	17,686,842	Equity component at the beginning of the year		606,222	1,309,682
–	–	Transfer from liability component	6.2.2	–	113,921
		Conversion into:	5.1		
–	(1,000,000)	ordinary share capital		–	(10,000)
		share premium		–	(177,969)
–	(1,000,000)			–	(74,048)
–	(8,500,000)	Redemption of preference shares	6.3	–	(629,412)
8,186,842	8,186,842	Equity component at the end of the year		606,222	606,222

(Rupees in thousand)	Note	2017	2016
6.2.2 Movement in liability component			
Liability component of 8,186,842 (2016: 17,686,842) preference shares as at the beginning of the year		932,650	2,014,895
Transfer to equity component upon conversion of Nil (2016: 1,000,000) preference shares into ordinary shares	6.2.1	–	(113,921)
Redemption of Nil (2016: 8,500,000) preference shares	6.3	–	(968,324)
Liability component of 8,186,842 (2016: 8,186,842) preference shares as at the end of the year		932,650	932,650

6.3 Last year, under the terms of redemption / conversion of preference shares / convertible stock mentioned in note 6.2, IFC exercised its right to redeem 8,500,000 preference shares / convertible stock of Rs. 190 each into cash. The mutually agreed redemption consideration was allocated to liability and equity portions in the same manner as was used for separation of these components at the time of initial recognition at the prevailing market rates and both were extinguished in the same ratio.

(Rupees in thousand)	Note	2017	2016
7. Liabilities against assets subject to finance lease			
Present value of minimum lease payments		26,084	33,369
Current maturity shown under current liabilities	11	(12,889)	(7,312)
		13,195	26,057

Interest rate used as discounting factor ranges from 6.42 percent to 10.72 percent per annum (2016: 6.28 percent to 10.72 percent per annum). Taxes, repairs and insurance costs are borne by the lessee.

The amount of the future payment of the lease as shown in the balance sheet and the period in which these payments will become due are as follows:

(Rupees in thousand)	Minimum lease payments	Future finance charge	Present value of lease liability 2017	Present value of lease liability 2016
Not later than one year	13,536	647	12,889	7,312
Later than one year but not later than five years	13,928	733	13,195	26,057
	27,464	1,380	26,084	33,369

(Rupees in thousand)	Note	2017	2016
8. Deferred tax			
The liability for deferred tax comprises temporary differences relating to:			
Accelerated tax depreciation		453,075	490,177
Minimum tax available for carry forward	8.1	–	(52,925)
Provision for accumulating compensated absences		(97,554)	(91,499)
Others		(11,848)	(1,668)
		343,673	344,085

8.1 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. 11.657 million (2016: Nil), set to lapse in the accounting year 2022, 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 aggregate minimum taxes prior to the formation of the Group amounting to Rs. 212.759 million (2016: Rs. 270.768 million) as the same can not be realised against the taxable profits of the Group. However, in case the Company opts out of the Group, these minimum tax credits will become available for realisation against the taxable profits of the Company. Out of these minimum tax credits, Rs. 159.834 million is set to lapse in the accounting year 2018 and Rs. 52.925 million is set to lapse in the accounting year 2021.

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

(Rupees in thousand)	Note	2017	2016
Opening balance		344,085	246,119
Charged to profit and loss account	34	76,133	109,265
Credited to other comprehensive income		(76,545)	(11,299)
Closing balance		343,673	344,085

(Rupees in thousand)	Note	2017	2016
9. Retirement benefits			
Classified under non-current liabilities			
Pension fund	9.1	181,715	14,983
Gratuity fund	9.1	176,549	72,321
		358,264	87,304

(Rupees in thousand)	Pension fund 2017	Pension fund 2016	Gratuity fund 2017	Gratuity fund 2016
9.1 Amounts recognised in balance sheet				
The amounts recognised in the balance sheet are as follows:				
Fair value of plan assets	521,244	691,464	372,000	416,664
Present value of defined benefit obligation	(702,959)	(706,447)	(548,549)	(488,985)
Liability as at December 31	(181,715)	(14,983)	(176,549)	(72,321)
9.1.1 Movement in net liability for retirement benefits				
Net liability as at January 1	(14,983)	(24,744)	(72,321)	(15,681)
Charge to profit and loss account	(1,199)	(2,227)	(35,951)	(24,906)
Net remeasurement for the year recorded in other comprehensive income ('OCI')	(165,533)	11,988	(89,616)	(49,651)
Contribution by the Company	–	–	21,339	17,917
Net liability as at December 31	(181,715)	(14,983)	(176,549)	(72,321)

(Rupees in thousand)	Pension fund 2017	2016	Gratuity fund 2017	2016
9.1.2 Movement in present value of defined benefit obligation				
Present value of defined benefit obligation as at January 1	706,447	651,753	488,985	378,247
Service cost	–	–	31,018	24,301
Interest cost	53,604	55,520	37,736	31,668
Benefits paid	(72,795)	(69,723)	(34,122)	(49,806)
Actuarial (gains) / losses from change in financial assumptions	(19,902)	42,316	106	39,529
Experience adjustments	35,605	26,581	24,826	65,046
Present value of defined benefit obligation as at December 31	702,959	706,447	548,549	488,985
9.1.3 Movement in fair value of plan assets				
Fair value as at January 1	691,464	627,009	416,664	362,566
Interest income on plan assets	52,405	53,293	32,803	31,063
Company contributions	–	–	21,339	17,917
Benefits paid	(72,795)	(69,723)	(34,122)	(49,806)
Return on plan assets, excluding interest income	(149,830)	80,885	(64,684)	54,924
Fair value as at December 31	521,244	691,464	372,000	416,664

9.1.4 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 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 under performing 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 funds as advised by the actuary.

(Rupees in thousand)	Pension fund 2017	2016	Gratuity fund 2017	2016
9.1.5 Amounts recognised in the profit and loss account				
Current service cost	–	–	31,018	24,301
Interest cost	53,604	55,520	37,736	31,668
Interest income on plan assets	(52,405)	(53,293)	(32,803)	(31,063)
Net expense charged to profit and loss account	1,199	2,227	35,951	24,906

(Rupees in thousand)	Pension fund 2017	2016	Gratuity fund 2017	2016
9.1.6 Remeasurements charged to OCI				
Actuarial (gains) / losses from change in financial assumptions	(19,902)	42,316	106	39,529
Experience adjustments	35,605	26,581	24,826	65,046
Return on plan assets, excluding interest income	149,830	(80,885)	64,684	(54,924)
Total remeasurements charged/ (credited) to OCI	165,533	(11,988)	89,616	49,651
9.1.7 Plan assets				
Debt instruments	225,959	248,235	182,838	164,204
Shares and units of mutual funds	277,562	426,910	177,332	246,284
Cash at banks	14,751	16,319	11,830	6,176
Others	2,972	–	–	–
	521,244	691,464	372,000	416,664

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

(Rupees in thousand)	2017	2016	2015	2014	2013
As at December 31					
Present value of defined benefit obligation	(702,959)	(706,447)	(651,753)	(641,863)	(568,285)
Fair value of plan assets	521,244	691,464	627,009	700,115	567,707
(Deficit) / surplus	(181,715)	(14,983)	(24,744)	58,252	(578)
Experience adjustment on obligation	5%	4%	-5%	2%	1%
Experience adjustment on plan assets	-28%	12%	-11%	24%	2%

Fair value of plan assets include ordinary shares of the Company, whose fair value as at December 31, 2017 is Rs. 336.507 million (2016: Rs. 561.064 million).

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

(Rupees in thousand)	2017	2016	2015	2014	2013
As at December 31					
Present value of defined benefit obligation	(548,549)	(488,985)	(378,247)	(309,873)	(275,115)
Fair value of plan assets	372,000	416,664	362,566	339,502	281,655
(Deficit) / surplus	(176,549)	(72,321)	(15,681)	29,629	6,540
Experience adjustment on obligation	5%	13%	6%	13%	9%
Experience adjustment on plan assets	-17%	13%	1%	21%	14%

Fair value of plan assets include ordinary shares of the Company, whose fair value as at December 31, 2017 is Rs. 53.274 million (2016: Rs. 88.825 million).

(Rupees in thousand)	2017 Pension fund	2017 Gratuity fund
9.1.10 Sensitivity analysis		
Year end sensitivity analysis on defined benefit obligation are as follows:		
Discount rate + 100 bps	655,962	504,771
Discount rate - 100 bps	756,636	599,351
Salary indexation + 100 bps	756,816	599,299
Salary indexation - 100 bps	655,265	503,995

(Rupees in thousand)	Note	2017	2016
10. Deferred liabilities			
This represents provision made to cover the obligation for accumulating compensated absences.			
Opening balance		304,996	201,576
Charged to profit and loss account	10.2	41,780	129,466
		346,776	331,042
Payments made during the year		(21,595)	(26,046)
Closing balance	10.1	325,181	304,996
10.1 Movement in liability for accumulating compensated absences			
Present value of obligation as at January 1		304,996	201,576
Current service cost		11,500	6,709
Interest cost on defined benefit obligation		23,524	16,970
Benefits paid during the year		(21,595)	(26,046)
Remeasurement during the year		6,756	105,787
Present value of obligation as at December 31		325,181	304,996
10.2 Charged during the year			
Current service cost		11,500	6,709
Interest cost		23,524	16,970
Remeasurement during the year		6,756	105,787
Expense charged to the profit and loss account		41,780	129,466

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

(Rupees in thousand)	2017	2016	2015	2014	2013
As at December 31					
Present value of accumulating compensated absences	325,181	304,996	201,576	174,581	139,576
Actuarial remeasurements	6,756	105,787	28,195	30,965	17,568

(Rupees in thousand)	2017 Accumulating compensated absences
10.4 Sensitivity analysis	
Year end sensitivity analysis on defined benefit obligation are as follows:	
Discount rate + 100 bps	274,777
Discount rate - 100 bps	323,029
Salary indexation + 100 bps	323,231
Salary indexation - 100 bps	274,169

(Rupees in thousand)	Note	2017	2016
11. Current portion of non-current liabilities			
Current portion of long term finances - secured	6	1,321,420	571,420
Current portion of liabilities against assets subject to finance lease	7	12,889	7,312
		1,334,309	578,732
12. Finances under mark up arrangements - secured			
Running finances - secured	12.1	299,596	637,033
Bills discounted - secured	12.2	–	–
Short term finances - secured	12.3	–	740,000
		299,596	1,377,033

12.1 Running finances - secured

Short term running finances available from a consortium of commercial banks under mark up arrangements amount to Rs. 7,910 million (2016: Rs. 7,910 million). The rates of mark up are based on KIBOR plus spread and range from 6.15% to 7.40% (2016: 6.19% to 7.74%) 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 7.38% to 9.03% (2016: 7.43% to 9.44%) or part thereof on the balances unpaid. The aggregate running finances are secured by hypothecation of stores, spares, stock-in-trade and trade debts.

12.2 Bills discounted - secured

Facilities for discounting of export / inland bills of Rs. 631 million (2016: Rs. 631 million) are available to the Company as a sub-limit of the running finance facilities referred to in note 12.1. 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 12.1, on the specific bills discounted. The facility has not been availed in the current year.

12.3 Short term finances - secured

Facilities for obtaining short term finances of Rs. 7,135 million (2016: Rs. 7,135 million) are available to the Company as a sub-limit of the running finance facilities referred to in note 12.1. The rates of mark-up are based on KIBOR plus spread ranging from 6.04% to 6.15% (2016: 6.03% to 6.49%) or part thereof on the balances outstanding.

12.4 Letters of credit and bank guarantees

Of the aggregate facilities of Rs. 6,489 million (2016: Rs. 6,489 million) for opening letters of credit (a sub-limit of running finance facilities) and Rs. 794.350 million (2016: Rs. 794.350 million) for guarantees, the amounts utilised at December 31, 2017 were Rs. 715.560 million (2016: Rs. 648.747 million) and Rs. 189.474 million (2016: Rs. 246.146 million) respectively. The facilities for guarantees are secured by second hypothecation charge over stores, spares, stock-in-trade and trade debts.

(Rupees in thousand)		Note	2017	2016
13.	**Trade and other payables**			
	Trade creditors	13.1	1,435,501	1,276,456
	Accrued liabilities	13.2	507,854	438,354
	Bills payable		140,178	417,723
	Sales tax payable		6,398	32,576
	Advances from customers	13.3	73,816	53,932
	Payable to retirement funds	13.4	17,165	15,948
	Deposits - interest free repayable on demand		7,193	6,922
	Profit payable on Term Finance Certificates ('TFCs')		1,387	1,387
	Unclaimed dividends		39,307	26,400
	Workers' profit participation fund	13.5	778,948	489,671
	Workers' welfare fund	13.6	17,065	7,351
	Others	13.7	80,181	81,194
			3,104,993	2,847,914

		2017	2016
13.1	**Trade creditors include amounts due to related parties as follows:**		
	Subsidiaries		
	DIC Pakistan Limited	87,381	90,681
	Packages Lanka (Private) Limited	–	738
	Bulleh Shah Packaging (Private) Limited	281,683	–
	Joint venture		
	Bulleh Shah Packaging (Private) Limited	–	178,473
	Associates		
	Tri-Pack Films Limited	47,378	46,530
	IGI Holdings Limited [Formerly IGI Insurance Limited]	11,206	5,758
	IGI Life Insurance Limited	3,597	3,470
		431,246	325,650

		2017	2016
13.2	**Accrued liabilities include amounts due to related parties as follows:**		
	Subsidiary		
	DIC Pakistan Limited	1,082	2,591
	Joint venture		
	Bulleh Shah Packaging (Private) Limited	–	411
	Associate		
	IGI Life Insurance Limited	5,028	1,155
		6,110	4,157

13.3 Included in advances from customers, Rs. 0.432 million (2016: Rs. 0.544 million) is due to Tri-Pack Films Limited, an associate.

(Rupees in thousand)		Note	2017	2016
13.4	**Payable to retirement funds**			
	Employees' provident fund	13.4.1	9,685	7,978
	Employees' gratuity fund		1,787	1,545
	Management staff pension fund		5,693	6,425
			17,165	15,948
13.4.1	**Employees' provident fund**			
	Size of the fund - total assets		2,293,187	2,918,181
	Cost of investments made out of provident fund		998,508	861,963
	Fair value of investments made out of provident fund	13.4.2	2,262,328	2,890,075
	Percentage of investments made out of provident fund		98.65%	99.04%

		2017		2016	
		Rupees in thousand	% age of investment	Rupees in thousand	% age of investment
13.4.2	**Breakup of fair value of investments out of Provident Fund**				
	Equity shares of listed companies	1,396,593	61.73%	2,117,688	73.27%
	Mutual funds	252,735	11.17%	318,533	11.02%
	Government securities	249,548	11.03%	94,503	3.27%
	Term deposit receipts with banks	261,302	11.55%	303,831	10.51%
	Bank balances	24,625	1.09%	2,063	0.07%
	Others	77,525	3.43%	53,457	1.86%
		2,262,328	100.00%	2,890,075	100.00%

Fair value of investments include ordinary shares of the Company, whose fair value as at December 31, 2017 is Rs. 1,054.274 million (2016: Rs. 1,757.812 million).

13.4.3 The figures are based on the audited financial statements of the employees' provident fund. The investments out of the employees' provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and rules formulated for this purpose.

(Rupees in thousand)		Note	2017	2016
13.5	**Workers' profit participation fund**			
	Opening balance		489,671	204,216
	Provision for the year	30	377,540	358,855
			867,211	563,071
	Payments made during the year		(88,263)	(73,400)
	Closing balance		778,948	489,671
13.6	**Workers' welfare fund**			
	Opening balance		7,351	174,237
	Provision for the year	30	17,065	7,351
	Reversal of excess provision of prior years	31	(7,351)	(150,606)
			17,065	30,982
	Payments made during the year		–	(23,631)
	Closing balance		17,065	7,351

13.7 Includes Rs. 0.328 million (2016: Rs. Nil) due to Packages Power (Private) Limited, a subsidiary of the Company.

(Rupees in thousand)	Note	2017	2016
14. Accrued finance costs			
Accrued mark up / return on:			
Long term local currency loans - secured		30,247	51,608
Preference shares / convertible stock - unsecured	6.2	155,550	155,550
Finances under markup arrangements - secured		3,963	14,572
		189,760	221,730

15. Contingencies and commitments

15.1 Contingencies in respect of:

(i) Claims against the Company by ex-employees not acknowledged as debts amounting to Rs. 28.294 million (2016: Rs. 14.861 million).

(ii) Post dated cheques not provided in the financial statements have been furnished by the Company in favour of the Collector of Customs against custom levies aggregating to Nil (2016: Rs. 18.981 million) in respect of goods imported.

(iii) Standby letter of credit issued by Habib Bank Limited, Pakistan ('HBL Pakistan') in favor of Habib Bank Limited, Bahrain ('HBL Bahrain') on behalf of the Company amounting to Rs. 1,223.503 million (2016: Rs. 1,231.116 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 19.2.2.

(iv) Letters of guarantees issued to various parties aggregating to Rs. 189.474 million (2016: Rs. 246.146 million).

15.2 Commitments in respect of:

(i) Letters of credit and contracts for capital expenditure amounting to Rs. 353.626 million (2016: Rs. 191.973 million).

(ii) Letters of credit and contracts for other than capital expenditure amounting to Rs. 458.930 million (2016: Rs. 488.757 million).

(Rupees in thousand)	Note	2017	2016
16. Property, plant and equipment			
Operating fixed assets			
Owned assets	16.1	4,168,989	4,060,129
Assets subject to finance lease	16.2	29,021	33,263
		4,198,010	4,093,392
Capital work-in-progress	16.3	925,160	105,018
Major spare parts and stand-by equipment	16.4	61,569	61,729
		5,184,739	4,260,139

16.1 Owned assets

(Rupees in thousand)	Cost as at December 31, 2016	Addition/ (deletions)	Transfer in	Cost as at December 31, 2017	Accumulated depreciation as at December 31, 2016	Depreciation charge / (deletions) for the year	Transfer in	Accumulated depreciation as at December 31, 2017	Book value as at December 31, 2017
				2017					
Freehold land	207,543	121,247	–	328,790	–	–	–	–	328,790
		–	–			–	–		
Buildings on freehold land	537,991	47,490	–	585,481	179,923	22,624	–	202,547	382,934
		–	–		–	–			
Buildings on leasehold land	189,589	–	–	189,589	111,666	8,458	–	120,124	69,465
		–	–			–	–		
Plant and machinery	7,374,182	444,675	–	7,697,638	4,401,082	502,340	–	4,784,607	2,913,031
		(121,219)	–			(118,815)	–		
Other equipments (computers, lab equipments and other office equipments)	815,711	103,814	–	910,568	579,688	96,992	–	668,118	242,450
		(8,957)	–			(8,562)	–		
Furniture and fixtures	15,671	4,719	–	20,327	13,751	742	–	14,430	5,897
		(63)	–			(63)	–		
Vehicles	314,831	100,845	1,549	340,782	109,279	32,060	557	114,360	226,422
		(76,443)	–			(27,536)	–		
	9,455,518	822,790	1,549	10,073,175	5,395,389	663,216	557	5,904,186	4,168,989
		(206,682)	–			(154,976)	–		

(Rupees in thousand)	Cost as at December 31, 2015	Addition/ (deletions)	Transfer in / (out)	Cost as at December 31, 2016	Accumulated depreciation as at December 31, 2015	Depreciation charge / (deletions) for the year	Transfer (out)	Accumulated depreciation as at December 31, 2016	Book value as at December 31, 2016
				2016					
Freehold land	137,297	22,950	47,296	207,543	–	–	–	–	207,543
		–	–			–	–		
Buildings on freehold land	498,458	39,533	–	537,991	160,034	19,889	–	179,923	358,068
		–	–			–	–		
Buildings on leasehold land	221,419	–	–	189,589	120,425	9,066	–	111,666	77,923
		–	(31,830)			–	(17,825)		
Plant and machinery	7,453,853	864,046	–	7,374,182	4,878,183	457,130	–	4,401,082	2,973,100
		(943,717)	–			(934,231)	–		
Other equipments (computers, lab equipments and other office equipments)	774,770	108,944	–	815,711	559,803	85,882	–	579,688	236,023
		(68,003)	–			(65,997)	–		
Furniture and fixtures	14,928	743	–	15,671	13,123	628	–	13,751	1,920
		–	–			–	–		
Vehicles	268,126	90,467	–	314,831	97,271	28,638	–	109,279	205,552
		(43,762)	–			(16,630)	–		
	9,368,851	1,126,683	47,296	9,455,518	5,828,839	601,233	–	5,395,389	4,060,129
		(1,055,482)	(31,830)			(1,016,858)	(17,825)		

16.1.1 Owned assets include assets amounting to Rs. 52.800 million (2016: Rs. 70.059 million) which are not operational.

16.1.2 The cost of fully depreciated assets which are available for use as at December 31, 2017 is Rs. 2,669.240 million (2016: Rs. 2,437.999 million).

16.1.3 A portion of the land on which the Company's factory is situated is on lease from the Government of Punjab for the past 60 years. The term of this lease expired in December 2015 and the Company has filed an application with the relevant authorities for its renewal.

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

(Rupees in thousand)	Note	2017	2016
Cost of sales	27	616,076	564,242
Administrative expenses	28	34,131	26,422
Distribution and marketing costs	29	13,009	10,569
		663,216	601,233

16.1.5 Disposal of owned assets

Detail of owned assets disposed off during the year is as follows:

(Rupees in thousand)		2017				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
Plant and machinery	**Outsider - related party**					
	Bulleh Shah Packaging (Private) Limited (subsidiary)	3,780	3,524	256	256	Negotiation
	Bulleh Shah Packaging (Private) Limited (subsidiary)	13,588	11,818	1,770	1,770	Negotiation
Other Equipments	**Outsider - related party**					
	Bulleh Shah Packaging (Private) Limited (subsidiary)	98	22	76	76	Negotiation
Vehicles	**Employees**					
	Abdul Rehman	750	450	300	418	Company Policy
	Adi J. Cawasji	1,286	965	321	322	- do -
	Adnan Tufail	1,050	620	430	485	- do -
	Akhtar Bashir	1,003	592	411	590	- do -
	Akhtar Javed	1,145	687	458	731	- do -
	Ameer Taimoor Ali	1,019	102	917	901	- do -
	Anis Ahmed	1,495	897	598	1,013	- do -
	Arslan Bashir	1,297	156	1,141	1,126	- do -
	Ather Ayub Khan	3,742	1,197	2,545	3,116	- do -
	Ayesha Siddiq	800	328	472	524	- do -
	Bilal Ahmad	683	225	458	494	- do -
	Fazal Ahmad	1,760	422	1,338	1,412	- do -
	Ghani Shah	601	360	241	283	- do -
	Gohar Ali Shahzad	1,788	179	1,609	1,592	- do -
	Hammas Ali Naik	1,391	83	1,308	1,391	- do -
	Hina Jamil	860	516	344	464	- do -
	Kamal Bariq	650	390	260	291	- do -
	Kashif Ahmed	1,560	686	874	982	- do -
	Mehreen Zafar	1,057	338	719	651	- do -
	Mian Javaid Iqbal	1,555	933	622	1,197	- do -
	Mohammad Abbas	850	502	348	456	- do -
	Mudassar Anjum	1,788	197	1,591	1,547	- do -
	Muhammad Ahmad	1,534	307	1,227	1,393	- do -
	Muhammad Ashiq	1,640	361	1,279	1,403	- do -
	Muhammad Farhan	2,383	1,215	1,168	1,830	- do -
	Muhammad Rizwan	1,438	863	575	963	- do -
	Muhammad Usman	1,191	703	488	697	- do -
	Mumtaz Ali	1,020	469	551	646	- do -
	Munir Alam Shah	708	14	694	626	- do -
	Musab Mukhtar Malik	1,112	378	734	792	- do -
	Mustansar Bashir	1,973	1,184	789	1,380	- do -
	Nauman Noor	1,548	807	741	982	- do -
	Nazish Siddique	707	424	283	314	- do -
	Raheel Shakeel	1,014	162	852	897	- do -
	Raja Asad	1,807	199	1,608	1,653	- do -
	Rizwan Ahmed Butt	923	554	369	488	- do -
	Samreen Saleem	647	369	278	288	- do -
	Shahid Islam	700	175	525	430	- do -
	Shahida Naeem	1,680	1,008	672	1,021	- do -
	Shoaib Nangiana	1,365	819	546	769	- do -
	Subbayal Najeeb	1,039	218	821	820	- do -
	Subhan Zahid	2,017	-	2,017	2,017	- do -
	Syed Baqir Ali Shah	1,498	629	869	939	- do -
	Syed Imran Adil	749	449	300	396	- do -
	Syed Rizwan Ali	708	71	637	650	- do -
	Syed Zia Ul Hassan	1,642	147	1,495	1,453	- do -
	Syeda Zehra Qaiser	825	495	330	435	- do -
	Tahira Yasmeen	1,275	701	574	832	- do -
	Umer Shabbir	678	61	617	678	- do -
	Usaid Faizi	1,014	51	963	894	- do -
	Usman Tahir	707	424	283	316	- do -
	Uzair Haseeb	688	89	599	585	- do -
	Waqas Munir	2,448	612	1,836	1,999	- do -
	Zeeshan Akram	1,000	360	640	694	- do -
	Zeeshan Akram	1,667	83	1,584	1,667	- do -
	Zia Ur Rehman	683	198	485	431	- do -
	Carried forward	87,624	40,788	46,836	53,466	

(Rupees in thousand)				2017		
Particulars of assets	**Sold to**	**Cost**	**Accumulated depreciation**	**Book value**	**Sales proceeds**	**Mode of disposal**
	Brought forward	87,624	40,788	46,836	53,466	
	Outsider - related parties					
	IGI Holdings Limited [Formerly IGI Insurance Limited (associate)]	1,811	670	1,141	1,313	Insurance Claim Settlement
	Bulleh Shah Packaging (Private) Limited (subsidiary)	1,533	46	1,487	1,487	Negotiation
	Packages Construction (Private) Limited (subsidiary)	1,549	558	991	378	Negotiation
	Outsider					
	Farid Khan	1,394	836	558	1,260	Negotiation
Other assets with book value less than Rs. 50,000		109,138	108,787	351	8,117	Negotiation
Assets written off		3,633	3,291	342	–	Written off
		206,682	154,976	51,706	66,021	

(Rupees in thousand)				2016		
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
Plant and machinery	**Outsider**					
	5 Star Enterprises	832,494	822,514	9,980	47,327	Negotiation
Other Equipments	**Employee**					
	Seema Riaz	137	53	84	75	Negotiation
	Outsider - related party					
	IGI Holdings Limited [Formerly IGI Insurance Limited) (associate)]	111	28	83	52	Insurance Claim Settlement
	Outsider					
	Muhammad Amin	1,015	85	930	436	Negotiation
Vehicles	**Employees**					
	Abdullah Ikhlaq	1,804	397	1,407	1,451	Company Policy
	Ali Raza Madni	683	41	642	581	- do -
	Asad Javed	1,046	324	722	738	- do -
	Asma Yousaf	1,673	452	1,221	1,194	- do -
	Ata u Noor	1,639	754	885	1,173	- do -
	Ayesha Khalid	554	332	222	256	- do -
	Ayesha Tariq	683	41	642	604	- do -
	Bilal Naeem	1,057	137	920	764	- do -
	Dr. Asad Ali	1,200	720	480	787	- do -
	Hafiz Awais Ahmad	743	431	312	411	- do -
	Humayun Munir	640	371	269	315	- do -
	Imran Aziz Salaria	1,021	327	694	720	- do -
	Ismail Cheema	550	297	253	247	- do -
	Jamshaid Iqbal	735	441	294	405	- do -
	Jazib Faizi	1,013	608	405	630	- do -
	Khalid Bashir	748	441	307	413	- do -
	Mudassar Anjum	1,628	98	1,530	1,490	- do -
	Muhammad Ali	1,325	596	729	812	- do -
	Muhammad Azm Uddin	683	123	560	493	- do -
	Muhammad Bilal Ashraf	525	315	210	237	- do -
	Muhammad Umar	437	169	268	431	- do -
	Muhammad Umer Farooq	688	227	461	424	- do -
	Muhammad Yousaf	541	303	238	243	- do -
	Nadeem Bhatty	1,662	133	1,529	1,435	- do -
	Omer Iqbal	1,054	253	801	827	- do -
	Saad Imran Butt	1,034	165	869	819	- do -
	Sagheer Ahmed	955	573	382	579	- do -
	Sajjad Hussain Malik	979	558	421	604	- do -
	Sameeha Fazeel	1,418	199	1,219	1,244	- do -
	Sh Waqas Ahmad	700	105	595	507	- do -
	Carried forward	863,175	832,611	30,564	68,725	

(Rupees in thousand)				2016		
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
	Brought forward	863,175	832,611	30,564	68,725	
	Shafique Shakir	677	508	169	303	- do -
	Shahzad Ahmed	680	211	469	418	- do -
	Shahzad Murtaza	533	304	229	244	- do -
	Suleman Javed	1,700	1,003	697	1,069	- do -
	Syed Izzat Hassan	1,111	527	584	627	- do -
	Talha Ahmed Iftikhar	622	355	267	346	- do -
	Tanveer Akhtar	700	140	560	507	- do -
	Usama Pervaiz	1,527	31	1,496	1,527	- do -
	Usman Munir	1,518	228	1,290	1,340	- do -
	Wali Haider	892	–	892	892	- do -
	Outsiders					
	Muhammad Mohsin	1,340	1,005	335	1,180	Negotiation
	Hassan Goraya	1,009	353	656	815	- do -
Other assets with book value less than Rs. 50,000		179,347	179,300	47	15,804	Negotiation
Assets written off		651	282	369	–	Written Off
		1,055,482	1,016,858	38,624	93,797	

16.2 Assets subject to finance lease

				2017					
(Rupees in thousand)	Cost as at December 31, 2016	Additions / (deletions)	Transfer (out)	Cost as at December 31, 2017	Accumulated depreciation as at December 31, 2016	Depreciation charge / (deletions) for the year	Transfer (out)	Accumulated depreciation as at December 31, 2017	Book value as at December 31, 2017
Vehicles	45,686	5,685	–	45,548	12,423	5,501	–	16,527	29,021
		(4,274)	(1,549)			(840)	(557)		
	45,686	5,685	–	45,548	12,423	5,501	–	16,527	29,021
		(4,274)	(1,549)			(840)	(557)		

				2016					
(Rupees in thousand)	Cost as at December 31, 2015	Additions / (deletions)	Transfer in / (out)	Cost as at December 31, 2016	Accumulated depreciation as at December 31, 2015	Depreciation charge / (deletions) for the year	Transfer in (out)	Accumulated depreciation as at December 31, 2016	Book value as at December 31, 2016
Vehicles	43,673	6,583	–	45,686	8,425	5,186	–	12,423	33,263
		(4,570)				(1,188)			
	43,673	6,583	–	45,686	8,425	5,186	–	12,423	33,263
		(4,570)	–			(1,188)			

(Rupees in thousand)	Note	2017	2016
16.2.1 Depreciation charge for the year has been allocated as follows:			
Cost of sales	27	817	565
Administrative expenses	28	4,684	4,621
		5,501	5,186

16.3 Capital work-in-progress

(Rupees in thousand)	Balance as at December 31, 2016	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	Transfers to investment properties	Balance as at December 31, 2017
	2017								
Civil works	4,050	133,853	–	657	(144)	(23,547)	–	(7,072)	107,797
Plant and machinery	65,278	1,223,672	–	47,092	(9,299)	(557,194)	–	–	769,549
Advances to suppliers	35,690	–	101,702	(47,749)	–	(41,293)	(536)	–	47,814
	105,018	1,357,525	101,702	–	(9,443)	(622,034)	(536)	(7,072)	925,160

(Rupees in thousand)	Balance as at December 31, 2015	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	Transfers to investment properties	Balance as at December 31, 2016
	2016								
Civil works	11,895	31,827	–	–	–	(39,672)	–	–	4,050
Plant and machinery	193,472	838,836	–	6,257	(5,952)	(967,335)	–	–	65,278
Advances to suppliers	23,850	–	41,047	(6,257)	–	(22,950)	–	–	35,690
	229,217	870,663	41,047	–	(5,952)	(1,029,957)	–	–	105,018

16.3.1 Plant and machinery includes machinery in transit amounting Rs. 9.497 million (2016: Rs. 29.663 million)

(Rupees in thousand)	2017	2016
16.4 Major spare parts and stand-by equipment		
Balance at the beginning of the year	61,729	60,954
Additions during the year	1,831	3,308
Transfers made during the year	(1,991)	(2,533)
Balance at the end of the year	61,569	61,729

17. Investment property

(Rupees in thousand)	Cost as at December 31, 2016	Additions / (deletions)	Transfer in	Cost as at December 31, 2017	Accumulated depreciation as at December 31, 2016	Depreciation charge for the year	Transfer in / (out)	Accumulated depreciation as at December 31, 2017	Book value as at December 31, 2017
	2017								
Land	76,695	–	–	76,695	–	–	–	–	76,695
Buildings on freehold land	89,836	–	7,072	96,908	57,233	3,626	–	60,859	36,049
Buildings on leasehold land	39,575	–	–	39,575	15,694	1,929	–	17,623	21,952
	206,106	–	7,072	213,178	72,927	5,555	–	78,482	134,696

(Rupees in thousand)	Cost as at December 31, 2015	Additions / (deletions)	Transfer in / (out)	Cost as at December 31, 2016	Accumulated depreciation as at December 31, 2015	Depreciation charge for the year	Transfer in	Accumulated depreciation as at December 31, 2016	Book value as at December 31, 2016
	2016								
Land	123,991	–	(47,296)	76,695	–	–	–	–	76,695
Buildings on freehold land	41,151	16,855	31,830	89,836	35,579	3,829	17,825	57,233	32,603
Buildings on leasehold land	39,575	–	–	39,575	13,712	1,982	–	15,694	23,881
	204,717	16,855	(15,466)	206,106	49,291	5,811	17,825	72,927	133,179

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

17.2 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 (2016: Rs. 6.149 million) and all present and future moveable fixed assets and buildings of Packages Construction (Private) Limited ("PCPL") in aggregate ("the Mortgaged Security"), have been mortgaged under a first exclusive equitable charge of Rs. 7,333 million (2016: Rs. 7,333 million) in favor of MCB Bank Limited against a term finance facility of upto Rs. 4,500 million (2016: Rs. 4,500 million) and a running finance facility of upto Rs. 1,000 million (2016: Rs. 1,000 million) provided to PCPL by MCB Bank Limited under a tri-partite agreement between the Company, MCB Bank Limited and PCPL. The Mortgaged Security has also been mortgaged under a first pari passu charge in favour of Allied Bank Limited against a term finance facility of upto Rs. 3,500 million (2016: Rs. 3,500 million) provided to PCPL by Allied Bank Limited under a tri-partite agreement between the Company, Allied Bank Limited and PCPL.

17.3 Fair value of the investment properties, based on the valuation carried out by an independent valuer, as at December 31, 2017 is Rs. 3,877.830 million (2016: Rs. 3,530.120 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 44.5.

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.

(Rupees in thousand)	Note	2017	2016
18. Intangible assets			
This represents computer softwares, website development costs and ERP system.			
Cost			
As at January 1		194,233	189,270
Additions during the year		–	4,963
As at December 31		194,233	194,233
Accumulated amortisation			
As at January 1		(184,367)	(168,541)
Amortisation for the year	18.1	(6,204)	(15,826)
As at December 31		(190,571)	(184,367)
Intangible assets under development		1,026	–
Book value as at December 31		4,688	9,866
18.1 The amortisation charge for the year has been allocated as follows:			
Cost of sales	27	5,411	9,768
Administrative expenses	28	793	6,058
		6,204	15,826
19. Investments			
These represent the long term investments in:			
Related parties - at cost	19.1	18,185,102	17,219,525
Others - available for sale	19.2	41,981,341	32,858,257
		60,166,443	50,077,782

(Rupees in thousand)	Note	2017	2016
19.1 Related parties - at cost			
Subsidiaries - unquoted			
DIC Pakistan Limited, Pakistan			
3,377,248 (2016: 3,377,248) fully paid ordinary shares of Rs. 10 each			
Equity held 54.98% (2016: 54.98%)		15,010	15,010
Packages Construction (Private) Limited, Pakistan			
302,500,000 (2016: 302,500,000) fully paid ordinary shares of Rs. 10 each			
Equity held 75.16% (2016: 75.16%)		3,019,090	3,019,090
Packages Lanka (Private) Limited, Sri Lanka			
44,698,120 (2016: 44,698,120) shares of SL Rupees 10 each			
Equity held 79.07% (2016: 79.07%)		442,938	442,938
Anemone Holdings Limited, Mauritius			
1,534,055 (2016: 351,088) shares of USD 1 each			
Equity held 100.00% (2016: 100.00%)	19.1.1	161,623	36,675
Packages Power (Private) Limited, Pakistan			
2,500,000 (2016: 2,500,000) fully paid ordinary shares of Rs. 10 each			
Equity held 100.00% (2016: 100.00%)		25,000	25,000
Bulleh Shah Packaging (Private) Limited, Pakistan			
1,091,873,871 (2016: Nil) fully paid ordinary shares of Rs. 10 each			
Equity held 100.00% (2016: Nil)	19.1.2	10,807,230	–
		14,470,891	3,538,713
Joint ventures - unquoted			
Bulleh Shah Packaging (Private) Limited, Pakistan			
Nil (2016: 709,718,013) fully paid ordinary shares of Rs. 10 each			
Equity held Nil (2016: 65.00%)	19.1.2	–	9,973,652
OmyaPack (Private) Limited, Pakistan			
31,000,000 (2016: 31,000,000) fully paid ordinary shares of Rs. 10 each			
Equity held 50.00% (2016: 50.00%)		310,000	310,000
		310,000	10,283,652
Associates - quoted			
IGI Holdings Limited, Pakistan			
[Formerly IGI Insurance Limited]			
13,072,211 (2016: 13,022,093) fully paid ordinary shares of Rs. 10 each			
Equity held 10.46% (2016: 10.61%)			
Market value - Rs. 3,828.720 million (2016: Rs. 4,009.372 million)	19.1.3	896,311	878,378
Tri-Pack Films Limited, Pakistan			
12,933,333 (2016: 12,933,333) fully paid ordinary shares of Rs. 10 each			
Equity held 33.33% (2016: 33.33%)			
Market value - Rs. 1,808.985 million (2016: Rs. 3,797.744 million)		2,507,900	2,507,900
IGI Investment Bank Limited, Pakistan			
Nil (2016: 4,610,915) fully paid ordinary shares of Rs. 10 each			
Equity held Nil (2016: 2.17%)			
Market value - Nil (2016: Rs. 15.032 million)	19.1.3	–	10,882
		3,404,211	3,397,160
		18,185,102	17,219,525

19.1.1 During the year, the Company contributed USD 1.183 million (equivalent to PKR 124.948 million) (2016: Nil) 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 15.1.

19.1.2 The BOD, at their meeting held on July 26, 2017, resolved to purchase the remaining 35% shareholding held by Stora Enso South Asia Holdings AB ('Stora Enso') in BSPPL. The transaction was approved by the shareholders through a special resolution at the Extraordinary General Meeting of the Company dated August 28, 2017. Accordingly, consequent to execution of share purchase agreement with Stora Enso, BSPPL became a fully owned subsidiary of the Company on September 18, 2017.

19.1.3 The Company's investment in IGIHL is less than 20% 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 the company.

During the prior year, the boards of directors of IGIHL and IGI Investment Bank Limited ('IGIBL') approved Scheme of Amalgamation ('Amalgamation Scheme') under Sections 284 to 288 of the repealed Ordinance for the amalgamation of the entire undertaking, assets, entitlements and liabilities of IGIBL with and into IGIHL. In addition, the boards of directors of IGIHL and its wholly owned subsidiaries i.e. IGI General Insurance Limited and IGI Investments (Private) Limited have also approved Scheme of Arrangement ('Arrangement Scheme') under Sections 284 to 288 of the repealed Ordinance for the demerger of the insurance division and certain investments along with corresponding liabilities, if any, held by IGIHL into its two wholly-owned subsidiaries, IGI General Insurance Limited and IGI Investments (Private) Limited respectively, subsequent to the merger under Amalgamation Scheme.

Both Amalgamation Scheme and Arrangement Scheme were filed by these entities with Honorable Sindh High Court (the 'Court') in January 2017. The Court, through its order dated December 16, 2017, has sanctioned the Amalgamation Scheme and Arrangement Scheme. In terms of the Scheme, shares of IGIBL have been cancelled in lieu of issuance and allotment of fully paid up shares of IGIHL on the basis of swap ratio of 1:92 (i.e. one share of IGIHL for every ninety-two shares of IGIBL cancelled) to the shareholders of IGIBL. Consequently, 50,118 shares have been issued to the Company after the reporting date. The gain on exchange of shares computed as the difference between the market value of new shares of IGHL and the cost of shares of IGIBL in the books of the Company amounting to Rs. 7.050 million has been recognised in profit and loss account.

(Rupees in thousand)	Note	2017	2016
19.2 Others - available for sale			
Quoted			
Nestle Pakistan Limited			
3,649,248 (2016: 3,649,248) fully paid ordinary shares of Rs. 10 each			
Equity held 8.05% (2016: 8.05%)	19.2.1	41,966,316	32,843,232
Cost - Rs. 5,778.896 million (2016: Rs. 5,778.896 million)	& 19.2.2		
Unquoted	19.2.3		
Tetra Pak Pakistan Limited			
1,000,000 (2016: 1,000,000) fully paid non-voting	19.2.1		
ordinary shares of Rs. 10 each	& 19.2.4	10,000	10,000
Coca-Cola Beverages Pakistan Limited			
500,000 (2016: 500,000) fully paid ordinary shares of Rs. 10 each			
Equity held 0.14% (2016: 0.14%)		5,000	5,000
Pakistan Tourism Development Corporation Limited			
2,500 (2016: 2,500) fully paid ordinary shares of Rs. 10 each		25	25
Orient Match Company (Private) Limited			
1,900 (2016: 1,900) fully paid ordinary shares of Rs. 100 each		–	–
		15,025	15,025
		41,981,341	32,858,257

19.2.1 Nestle Pakistan Limited and Tetra Pak Pakistan Limited are associated undertakings of the Company as per the Companies Act, 2017. However, for the purpose of measurement, investments in others have been classified as available for sale as referred to in note 4.7.

19.2.2 As of December 31, 2017, an aggregate of 775,000 (2016: 775,000) shares of Nestle Pakistan Limited having market value Rs. 8,912.492 million (2016: 6,975.000 million) have been pledged in favor of HBL Pakistan. Out of aggregate shares pledged, 410,000 (2016: 410,000) shares are pledged against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 15.1 and the remaining 365,000 shares (2016: 365,000) are pledged against the term finance loan from HBL as referred to in note 6.1.2.

19.2.3 Unquoted investments are measured at cost less any identified impairment loss as it is not possible to apply any other valuation methodology.

19.2.4 These non-voting ordinary shares of Tetra Pak Pakistan Limited entitle the Company to receipt of dividend for a period of ten years starting from 2009 and ending in 2018, both years inclusive. These shares do not entitle the Company to any voting or other rights.

(Rupees in thousand)		Note	2017	2016
19.3	**Cumulative fair value gain on available-for-sale financial assets**			
	Balance as at beginning of the year		28,858,325	24,479,228
	Changes in fair value of available-for-sale financial assets		9,123,085	4,379,097
	Balance as at end of the year		37,981,410	28,858,325
20.	**Long term loans and deposits**			
	Considered good			
	Loans to employees	20.1	4,380	2,860
	Loan to Sui Northern Gas Pipelines Limited ('SNGPL')	20.2	–	16,400
	Security deposits		14,884	24,109
			19,264	43,369
	Current portion of long term loans and deposits			
	Loans to employees	24	(1,060)	(1,011)
	Loan to SNGPL	24	–	(16,400)
			(1,060)	(17,411)
			18,204	25,958

20.1 These represent interest free loans to employees for purchase of motor cycles and cycles and are repayable in monthly installments over a period of 60 to 260 months.

Loans to employees aggregating Rs. 3.977 million (2016: Rs. 2.394 million) are secured by joint registration of motor cycles in the name of employees and the Company. The remaining loans are unsecured.

20.2 This represented an unsecured loan given to SNGPL for the development of the infrastructure for the supply of natural gas to BSPPL, the subsidiary. Mark up was charged at the rate of 1.5% per annum and was received annually. The loan amount has been fully received during the current year.

(Rupees in thousand)	Note	2017	2016
21. Stores and spares			
Stores [including in transit Rs. 6.796 million (2016: Rs. 7.706 million)]		225,458	235,099
Spares [including in transit Rs. 2.566 million (2016: Rs. 7.434 million)]		203,463	167,047
	21.1	428,921	402,146
Provision for obsolete / slow moving stores and spares	21.2	(6,703)	–
		422,218	402,146

21.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

(Rupees in thousand)	Note	2017	2016
21.2 The movement in provision for obsolete / slow moving stores and spares during the year is as follows:			
Balance as at January 1		–	–
Provision for the year	27	6,703	–
Balance as at December 31		6,703	–
22. Stock-in-trade			
Raw materials [including in transit Rs. 156.506 million (2016: Rs. 247.656 million)]		1,214,331	996,150
Work-in-process		218,569	219,626
Finished goods		552,232	569,898
	22.1	1,985,132	1,785,674
Provision for obsolete / slow moving stock-in-trade	22.2	(30,464)	(16,968)
		1,954,668	1,768,706

22.1 Finished goods costing Rs. 46.277 million (2016: Rs. 62.334 million) are being valued at net realisable value of Rs. 38.524 million (2016: Rs. 48.668 million).

(Rupees in thousand)	Note	2017	2016
22.2 The movement in provision for obsolete / slow moving stock-in-trade during the year is as follows:			
Balance as at January 1		16,968	2,813
Provision for the year	27	13,496	14,155
Balance as at December 31		30,464	16,968
23. Trade debts			
Considered good			
Related parties - unsecured	23.1	22,254	35,447
Others	23.2	2,369,961	2,136,519
		2,392,215	2,171,966
Considered doubtful		8,998	15,635
		2,401,213	2,187,601
Provision for doubtful debts	23.3	(8,998)	(15,635)
		2,392,215	2,171,966

(Rupees in thousand)	2017	2016
23.1 Related parties - unsecured		
Subsidiaries		
DIC Pakistan Limited	2,206	6,477
Packages Construction (Private) Limited	1,150	3,795
Bulleh Shah Packaging (Private) Limited	13,892	–
Chantler Packages Inc.	1,023	–
Joint ventures		
OmyaPack (Private) Limited	234	–
Bulleh Shah Packaging (Private) Limited	–	22,445
Associate		
Tri-Pack Films Limited	3,749	2,730
	22,254	35,447

23.2 Others include trade debts of Rs. 565.729 million (2016: Rs. 220.387 million) which are secured by way of inland letters of credit.

(Rupees in thousand)	Note	2017	2016
23.3 The movement in provision for doubtful debts during the year is as follows:			
Balance as at January 1		15,635	25,037
Reversal during the year	31	(4,232)	(4,248)
Bad debts written off		(2,405)	(5,154)
Balance as at December 31		8,998	15,635
24. Loans, advances, deposits, prepayments and other receivables			
Current portion of loans to employees	20	1,060	1,011
Current portion of loan receivable from SNGPL - considered good	20	–	16,400
Advances - considered good			
To employees	24.1	8,025	11,731
To suppliers	24.2	17,166	11,326
		25,191	23,057
Due from related parties - unsecured	24.3	128,222	532,334
Trade deposits - considered good		45,500	45,081
Prepayments	24.4	47,898	36,486
Balances with statutory authorities			
Customs duty		16,109	20,591
Sales tax recoverable		128,216	97,879
Sales tax refundable	24.5	292,214	292,214
		436,539	410,684
Mark up receivable on loan to SNGPL		–	13
Other receivables		44,458	16,556
		728,868	1,081,622

24.1 Included in advances to employees are amounts due from executives of Rs. 2.770 million (2016: Rs. 1.428 million).

(Rupees in thousand)	Note	2017	2016
24.2 Advances to suppliers			
Considered good		17,166	11,326
Considered doubtful		1,000	1,000
		18,166	12,326
Provision for doubtful advances	24.2.1	(1,000)	(1,000)
		17,166	11,326

24.2.1 The movement in provision for doubtful advances during the year is as follows:

	2017	2016
Balance as at January 1	1,000	1,000
Provision during the year	–	–
Balance as at December 31	1,000	1,000

	2017	2016
24.3 Due from related parties - unsecured		
Subsidiaries		
DIC Pakistan Limited	22,420	17,189
Packages Lanka (Private) Limited	6,353	6,090
Packages Construction (Private) Limited	29,600	16,734
Flexible Packages Convertors (Proprietary) Limited	14,225	9,122
Packages Power (Private) Limited	–	1,528
Bulleh Shah Packaging (Private) Limited	41,766	–
Joint ventures		
OmyaPack (Private) Limited	3,480	108
Bulleh Shah Packaging (Private) Limited	–	469,760
Associates		
Tri-Pack Films Limited	2,205	2,335
IGI Holdings Limited (formerly IGI Insurance Limited)	3,990	6,421
IGI Finex Securities Limited	81	47
IGI Life Insurance Limited	4,102	3,000
	128,222	532,334

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

24.4 Prepayments include Rs. 15.389 million (2016: Rs. 10.155 million) made to IGI Life Insurance Limited, a related party.

24.5 The Deputy Commissioner Inland Revenue ('DCIR') in his order dated June 24, 2015 alleged that the Company has 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. During last year, the Taxation Authorities adjusted an amount of Rs. 292.214 million from income tax refunds of the Company against the said sales tax order.

The Appellate Tribunal of Inland Revenue ('ATIR') through order dated August 28, 2017 has decided the case in favor of the Company. The Company has already filed an application before the respective authorities to give effect to the order.

(Rupees in thousand)		Note	2017	2016
25.	**Income tax receivable**			
	Income tax refundable		2,663,874	2,089,852
	Income tax recoverable	25.1	36,013	36,013
			2,699,887	2,125,865

25.1 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 Income Tax Ordinance, 1979. The tax credit amounting to Rs. 36.013 million on its capital expenditure for these years was refused on the grounds that such expenditure represented an extension of the Company's undertaking which did not qualify for tax credit under this section in view of the Company's location. The assessments for these years were revised by the ITO on these grounds and taxes reassessed were adjusted against certain sales tax refunds and the tax credits previously determined by the ITO and set off against the assessments framed for these years.

The Company had filed an appeal against the revised orders of the ITO before the 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 has 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), had issued notices under section 65 of the Income Tax Ordinance, 1979 and the Company had filed a writ petition against the aforesaid notices with the High Court of Sindh, 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 order 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 the facts.

25.2 In respect of tax year 2014, the department has, 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 has not accepted the Company's contention for non-taxation of the transfer of paper and paperboard and corrugated business segments to Bulleh Shah Packaging (Private) Limited under section 97 of the Income Tax Ordinance, 2001. Such transfer has been taxed as capital gain on the value of assets transferred. The matter is currently being contested before the Commissioner Inland Revenue (Appeals) ['CIR(A)'].

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, have also been made by the department in respect of previous tax years, through orders framed during the year.

The Company is contesting the above orders before CIR(A) and has not made any provision against the above demand or disallowances as the management is confident that the ultimate outcome of the appeals would be in favor of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

25.3 In respect of tax year 2016, the department has, 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 thereby reducing the tax refundable claimed by the Company from Rs. 331.817 million to Rs. 328.320 million. The Company is in the process of filing appeal before Appellate Tribunal against the CIR(A)'s disallowance and has not made any provision against the above disallowance as the management is confident that the ultimate outcome of the appeal would be in favor of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

(Rupees in thousand)	Note	2017	2016
26. Cash and bank balances			
At banks:			
On saving accounts	26.1	82,056	7,638
On current accounts	26.2	95,672	79,195
		177,728	86,833
In hand [including USD 8,684 (2016: USD 1,412) and Nil (2016: EUR 500)]		4,479	3,779
		182,207	90,612

26.1 The balances in saving accounts bear mark up which ranges from 3.75% to 4.00% (2016: 3.75% to 5.75%) per annum.

26.2 Included in these are total restricted funds of Rs. 1.332 million (2016: Rs. 1.332 million) held as payable to TFC holders.

(Rupees in thousand)	Note	2017	2016
27. Cost of sales			
Materials consumed		10,226,365	9,299,156
Salaries, wages and amenities	27.1 & 27.2	1,385,379	1,337,069
Travelling and conveyance		27,895	29,739
Fuel and power		681,020	556,119
Production supplies consumed		384,994	469,634
Rent, rates and taxes	27.3 & 28.4	73,494	32,433
Insurance		39,053	37,286
Provision for obsolete / slow moving stores and spares	21.2	6,703	–
Provision for obsolete / slow moving stock-in-trade	22.2	13,496	14,155
Repairs and maintenance		315,505	345,496
Packing expenses		310,467	312,072
Depreciation on owned assets	16.1.4	616,076	564,242
Depreciation on assets subject to finance lease	16.2.1	817	565
Amortisation of intangible assets	18.1	5,411	9,768
Technical fees and royalty		31,661	30,047
Other expenses		224,445	218,205
		14,342,781	13,255,986
Opening work-in-process		219,626	210,945
Closing work-in-process		(218,569)	(219,626)
Cost of goods manufactured	27.4	14,343,838	13,247,305
Opening stock of finished goods		564,573	538,591
		14,908,411	13,785,896
Closing stock of finished goods		(538,888)	(564,573)
		14,369,523	13,221,323

(Rupees in thousand)		2017	2016
27.1	Salaries, wages and amenities include following in respect of retirement benefits:		
	Defined benefit plan		
	Gratuity fund	21,362	15,165
	Defined contribution plans		
	Provident fund	22,634	19,626
	Pension fund	29,207	27,342
	Other benefit plan		
	Accumulating compensated absences	25,014	78,026
		98,217	140,159

27.2 Salaries, wages and amenities include Rs. 310.090 million (2016: Rs. 315.487 million) in respect of labour contractors for services rendered during the year.

27.3 Rent, rates and taxes include operating lease rentals amounting to Rs. 30.573 million (2016: Rs. 28.221 million).

27.4 Cost of goods manufactured includes Rs. 1,792.496 million (2016: Rs. 1,751.024 million) for stores and spares consumed and Rs. 11.831 million (2016: Rs. 23.128 million), Rs. 1.220 million (2016: Rs. 1.017 million) and Rs. 0.851 million (2016: Rs. 4.267 million) for raw materials, stores and spares and finished goods directly written off respectively.

(Rupees in thousand)		Note	2017	2016
28.	**Administrative expenses**			
	Salaries, wages and amenities	28.1& 28.2	587,924	563,948
	Travelling and conveyance		24,645	26,466
	Rent, rates and taxes	28.3 & 28.4	86,925	53,210
	Insurance		17,054	15,263
	Printing, stationery and periodicals		18,559	17,540
	Postage, telephone and telex		16,581	16,095
	Motor vehicles running		10,228	7,407
	Computer charges		24,911	19,120
	Professional services	28.5	60,259	54,332
	Repairs and maintenance		23,998	18,266
	Depreciation on owned assets	16.1.4	34,131	26,422
	Depreciation on assets subject to finance lease	16.2.1	4,684	4,621
	Amortisation of intangible assets	18.1	793	6,058
	Depreciation on investment properties	17.1	5,555	5,811
	Other expenses		93,651	62,833
			1,009,898	897,392

(Rupees in thousand)		2017	2016
28.1	Salaries, wages and amenities include following in respect of retirement benefits:		
	Defined benefit plans		
	Gratuity fund	9,067	6,323
	Pension fund	1,199	2,227
	Defined contribution plans		
	Provident fund	9,605	8,504
	Pension fund	12,395	11,848
	Other benefit plan		
	Accumulating compensated absences	11,439	33,810
		43,705	62,712

28.2 Salaries, wages and amenities include Rs. 63.492 million (2016: Rs. 50.945 million) in respect of labour contractors for services rendered during the year.

28.3 Rent, rates and taxes include operating lease rentals amounting to Rs. 48.940 million (2016: Rs. 42.308 million).

28.4 In June 2017, Walton Cantonment Board concluded its assessment for property tax payable by the Company relating to June 2014 to June 2017 resulting in a demand of Rs. 47.910 million which has been charged in the current year. Out of the total amount Rs. 39.983 million has been charged to administrative expenses and Rs. 7.927 million has been charged to cost of sales.

(Rupees in thousand)		2017	2016
28.5	**Professional services**		
	The charges for professional services include the following in respect of auditors' services for:		
	Statutory audit	3,132	2,900
	Half yearly review	968	880
	Tax services	8,910	10,500
	Workers' profit participation fund audit, management staff pension and gratuity fund audit, audit of consolidated financial statements and other certification charges	4,574	3,000
	Out of pocket expenses	871	650
		18,455	17,930

28.6 Administrative expenses include Rs. 50.235 million (2016: Rs. 88.618 million) in respect of stores and spares consumed.

(Rupees in thousand)	Note	2017	2016
29. Distribution and marketing costs			
Salaries, wages and amenities	29.1 & 29.2	358,072	308,372
Travelling and conveyance		41,623	32,052
Rent, rates and taxes	29.3	8,430	9,708
Freight and distribution		200,231	149,466
Insurance		32,631	30,815
Advertisement and sales promotion		421,924	356,884
Depreciation on owned assets	16.1.4	13,009	10,569
Bad debts written off		18,764	–
Other expenses		34,754	23,684
		1,129,438	921,550

29.1 Salaries, wages and amenities include following in respect of retirement benefits:

	2017	2016
Defined benefit plan		
Gratuity fund	5,522	3,418
Defined contribution plans		
Provident fund	5,850	4,434
Pension fund	7,549	6,178
Other benefit plan		
Accumulating compensated absences	5,327	17,630
	24,248	31,660

29.2 Salaries, wages and amenities include Rs. 46.394 million (2016: Rs. 45.553 million) in respect of labour contractors for services rendered during the year.

29.3 Rent, rates and taxes represent operating lease rentals.

29.4 Distribution and marketing costs include Rs. 3.618 million (2016: Rs. 22.997 million) in respect of stores and spares consumed.

(Rupees in thousand)	Note	2017	2016
30. Other operating expenses			
Workers' profit participation fund	13.5	377,540	358,855
Workers' welfare fund	13.6 & 30.1	17,065	7,351
Exchange loss - net		36,163	226
Donations	30.2	65,011	25,930
		495,779	392,362

30.1 As explained in note 4.1, the Company has opted for group taxation during the current year. Consequently, the workers' welfare fund expense is based on the Company's share of the consolidated results of the Group.

30.2 The Company made a donation of Rs. 64.856 million (2016: Rs. 25.610 million) to its related party, 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	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.

(Rupees in thousand)	Note	2017	2016
31. Other income			
Income from financial assets			
Income on bank deposits		2,879	10,254
Capital gain on disposal of Government securities		3,177	–
Gain on exchange of shares in associates	19.1.3	7,050	–
Interest on loan to SNGPL		278	471
Reversal of provision for doubtful debts	23.3	4,232	4,248
		17,616	14,973
Income from non-financial assets			
Rental income from investment properties [including Rs. 110.129 million million (2016: Rs. 80.598 million) from related parties]		114,637	85,137
Profit on disposal of owned assets		14,315	55,173
		128,952	140,310
Others			
Management and technical fee from related parties		44,131	36,179
Insurance commission from related party		4,958	5,501
Liabilities no longer payable written back		7,488	23,174
Reversal of provision for workers' welfare fund	13.6	7,351	150,606
Others [including Rs. 15.683 million (2016: Rs. 16.271 million) from related parties]		16,631	19,555
		80,559	235,015
		227,127	390,298
32. Finance costs			
Interest and mark up including commitment charges on:			
Long term finances - secured		193,571	183,419
Finances under mark up arrangements - secured		71,671	35,716
Liabilities against assets subject to finance lease		1,057	1,161
Return on preference shares / convertible stock		155,550	136,553
Premium on redemption of preference shares / convertible stock		–	909,582
Loan handling charges		–	16,654
Commission on bank guarantees		21,067	21,424
Bank charges		2,579	2,996
		445,495	1,307,505

(Rupees in thousand)		Note	2017	2016
33.	**Investment income**			
	Dividend income from related parties	33.1	301,784	417,014
	Dividend income from others		5,972,121	6,054,991
			6,273,905	6,472,005
33.1	**Dividend income from related parties**			
	Subsidiaries			
	DIC Pakistan Limited		57,413	217,832
	Packages Lanka (Private) Limited		115,038	97,094
	Associates			
	IGI Holdings Limited [Formerly IGI Insurance Limited]		–	52,088
	Tri-Pack Films Limited		129,333	50,000
			301,784	417,014
34.	**Taxation**			
	Current			
	Current year		656,102	882,245
	Prior years		207,668	374,252
			863,770	1,256,497
	Deferred	8.2	76,133	109,265
		34.1	939,903	1,365,762

34.1 As explained in note 4.1, the Company's provision for tax (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. 383.717 million (2016: Nil) in the tax expense of the Company for the year.

34.2 Through the Finance Act, 2017, an amendment has been made to section 5A of the Income Tax Ordinance, 2001 whereby 'tax on undistributed reserves' has been substituted by 'tax on undistributed profits'. As per the amended provision, income tax at the rate of 7.5% of accounting profit before tax for tax year 2017 and onwards is applicable where the Company does not distribute at least 40% of its after tax profits, whether in the form of cash or bonus shares, within nine months of the end of tax year 2017, i.e. September 30, 2017, and within six months of the end of tax year 2018 and onwards. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution expires. The Company has already distributed 40% of its after tax profits for the tax year 2017.

(Percentage)		2017	2016
34.3	**Tax charge reconciliation**		
	Numerical reconciliation between the average effective tax rate and the applicable tax rate		
	Applicable tax rate	30.00	31.00
	Tax effect of:		
	Amounts that are not deductible for tax purposes	0.58	0.36
	Amounts that are exempt for tax purposes	(0.22)	(0.83)
	Amounts that are chargeable to tax at different rates	(14.52)	(17.32)
	Group taxation as explained in note 4.1	(5.36)	–
	Change in prior years' tax	2.79	5.38
	Deferred tax asset not recognised on minimum tax available for carry forward	0.90	2.24
	Tax credits utilised	(1.04)	(1.21)
		(16.87)	(11.38)
	Average effective tax rate charged to profit and loss account	13.13	19.62

35. As referred to in note 6.2, in addition to the preferred right of return at the rate of 10 percent per annum, either in cash or ordinary shares on a non-cumulative basis till the date of settlement of preference shares / convertible stock, the preference shareholders also have the right to share the excess amount with the ordinary shareholders on an as-converted basis in case the amount of dividend per share paid to an ordinary shareholder exceeds that paid to a preference shareholder. Since ordinary dividend of Rs. 25.00 per share was approved for the year ended December 31, 2016, which exceeded the preferred return for that year, the additional preference dividend to be paid to the preference shareholders has been distributed to the preference shareholders as participating dividend and charged directly to the equity.

36. Remuneration of Chief Executive, Directors and Executives

36.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, Executive Directors and Executives of the Company are as follows:

	Chief Executive		Executive Directors		Executives	
(Rupees in thousand)	2017	2016	2017	2016	2017	2016
Short term employee benefits						
Managerial remuneration	27,221	22,668	9,800	6,953	215,629	175,749
Housing	12,482	9,453	3,780	2,589	90,706	73,498
Utilities	3,079	2,101	844	595	30,168	23,866
Bonus	24,479	21,972	8,253	6,845	112,086	109,377
Leave passage	4,817	8,456	717	962	5,327	4,017
Medical expenses	4,181	5,295	44	61	4,469	3,418
	76,259	69,945	23,438	18,005	458,385	389,925
Post employment benefits						
Contribution to provident, gratuity and pension funds	8,867	7,404	2,957	2,026	39,655	33,551
	85,126	77,349	26,395	20,031	498,040	423,476
Number of persons	1	1	2	2	125	102

The Company also provides the Chief Executive, Executive Directors and certain Executives with Company maintained cars, free transport and utilities.

36.2. Premium charged in the financial statements in respect of directors' indemnity insurance policy, purchased by the Company during the year, amounted to Rs. 0.753 million (2016: Rs. 0.753 million).

36.3 Remuneration to Non-Executive Directors

Aggregate amount charged in the financial statements for the year for fee to 5 directors (2016: 5 directors) is Rs. 4.550 million (2016: Rs. 4.425 million).

37. Transactions with related parties

The related parties comprise of subsidiaries, joint ventures, associates, directors, key management personnel and staff retirement plans. 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 36. Other significant transactions and balances with related parties are disclosed elsewhere, except for the following:

Relationship with the Company	Nature of transactions	2017	2016
		(Rupees in thousand)	
i. Subsidiaries	Purchase of goods and services	2,307,435	1,055,816
	Sale of goods and services	136,062	121,214
	Sale of operating fixed assets	2,403	1,339
	Dividend income	172,451	314,926
	Rental and other income	60,214	25,448
	Management and technical fee received	44,131	36,179
ii. Joint ventures	Purchase of goods and services	1,861,762	2,272,575
	Sale of goods and services	49,577	84,208
	Purchase of property, plant and equipment	–	1,244
	Sale of owned assets	1,144	9,781
	Rental and other income	48,065	65,589
iii. Associates	Purchase of goods and services	1,139,171	1,025,714
	Sale of goods and services	19,287	3,563
	Purchase of property, plant and equipment	–	615
	Insurance premium paid	161,056	155,064
	Commission earned	4,958	5,501
	Insurance claims received	26,167	333
	Rental and other income	14,582	5,833
	Dividend income	129,333	102,088
	Dividend paid	607,740	322,832
iv. Retirement obligations	Expense charged in respect of retirement plans	124,388	105,065
	Dividend paid	70,811	42,486
v. Key management personnel	Salaries and other employee benefits	168,378	133,261
	Dividend paid	57,182	34,309

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

38. Capacity and production - tons

	Capacity		Actual production	
	2017	2016	2017	2016
Paper and paperboard produced	41,400	41,400	13,861	14,353
Paper and paperboard converted	52,855	50,800	41,851	36,890
Plastics all sorts converted	24,500	24,500	20,143	20,995

The variance of actual production from capacity is primarily on account of production planned as per market demand.

		2017	2016
39.	**Number of employees**		
	Total number of employees as at December 31	1,510	1,497
	Average number of employees during the year	1,504	1,490

40. Rates of exchange

Liabilities in foreign currencies have been translated into Pak Rupees at USD 0.9050 (2016: USD 0.9542), Euro 0.7588 (2016: Euro 0.9065), CHF 0.8857 (2016: CHF 0.9741), GBP 0.7768 (2016: GBP 0.7768), equal to Rs. 100. Assets in foreign currencies have been translated into Pak Rupees at USD 0.9066 (2016: USD 0.9560) equal to Rs. 100.

(Rupees in thousand)		Note	2017	2016
41.	**Cash generated from operations**			
	Profit before tax		7,156,201	6,961,491
	Adjustments for non-cash items:			
	Depreciation on owned assets	16.1.4	663,216	601,233
	Depreciation on assets subject to finance lease	16.2.1	5,501	5,186
	Depreciation on investment properties	17	5,555	5,811
	Capital gain on disposal of Government securities	31	(3,177)	–
	Gain on exchange of shares in associates	31	(7,050)	–
	Liabilities no longer payable written back	31	(7,488)	(23,174)
	Amortisation on intangible assets	18	6,204	15,826
	Provision for accumulating compensated absences	10	41,780	129,466
	Provision for retirement benefits	9	37,150	27,133
	Exchange loss - net	30	36,163	226
	Reversal of provision for doubtful debts	31	(4,232)	(4,248)
	Provision for obsolete / slow moving stock-in-trade	27	13,496	14,155
	Provision for obsolete / slow moving stores and spares	27	6,703	–
	Capital work-in-progress charged to profit and loss account	16.3	9,443	5,952
	Profit on disposal of owned assets	31	(14,315)	(55,173)
	Reversal of provision for workers' welfare fund	31	(7,351)	(150,606)
	Finance costs	32	445,495	1,307,505
	Dividend income	33	(6,273,905)	(6,472,005)
	Profit before working capital changes		2,109,389	2,368,778
	Effect on cash flow due to working capital changes:			
	(Increase) / decrease in stores and spares		(26,775)	24,186
	(Increase) / decrease in stock-in-trade		(199,458)	11,471
	Increase in trade debts		(216,017)	(447,109)
	(Increase) / decrease in loans, advances, deposits, prepayments and other receivables		(54,049)	604,518
	Increase / (decrease) in trade and other payables		636,548	(261,399)
			140,249	(45,385)
			2,249,638	2,323,393
42.	**Cash and cash equivalents**			
	Cash and bank balances	26	182,207	90,612
	Finances under mark up arrangements - secured	12	(299,596)	(1,377,033)
			(117,389)	(1,286,421)

			2017	2016
43.	**Earnings per share**			
43.1	**Basic earnings per share**			
	Profit for the year	Rupees in thousand	6,216,298	5,595,729
	Participating dividend on preference shares	Rupees in thousand	(45,000)	–
		Rupees in thousand	6,171,298	5,595,729
	Weighted average number of ordinary shares	Numbers	89,379,504	89,379,504
	Basic EPS	Rupees	69.05	62.61
43.2	**Diluted earnings per share**			
	Profit for the year	Rupees in thousand	6,216,298	5,595,729
	Return on preference shares / convertible stock - net of tax	Rupees in thousand	127,314	107,332
			6,343,612	5,703,061
	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 EPS	Rupees	65.02	58.45

44. Financial risk management

44.1 Financial risk factors

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

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) Foreign exchange risk

Foreign exchange 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 foreign exchange risk arising from various currency exposures, primarily with respect to the USD and the Euro. 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 Company's functional currency.

At December 31, 2017, 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. 36.140 million higher / lower (2016: Rs. 29.030 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, 2017, 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. 13.165 million higher / lower (2016: Rs. 32.930 million higher / lower), mainly as a result of foreign exchange gains / losses on translation of Euro-denominated financial assets and liabilities.

(ii) Price risk

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 available-for-sale. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Board.

The Company's quoted investments classified under available-for-sale investments in equity of other entities are publicly traded on Pakistan Stock Exchange Limited.

The table below summarises the impact of increases / decreases of the KSE-100 index on the Company'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 Company's equity instruments moved according to the historical correlation with the index:

	Impact on post - tax profit		Impact on other components of equity	
(Rupees in thousand)	**2017**	**2016**	**2017**	**2016**
Pakistan Stock Exchange Limited	–	–	3,566,469	2,791,675

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 available-for-sale. As at December 31, 2017 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 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.

At December 31, 2017, 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. 24.545 million (2016: Rs. 21.171 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 Board. The utilisation of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

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:

(Rupees in thousand)	2017	2016
Long term loans and deposits	18,204	25,958
Trade debts	2,392,215	2,171,966
Loans, advances, deposits and other receivables	235,346	621,710
Balances with banks	177,728	86,833
	2,823,493	2,906,467

As of December 31, 2017, trade debts of Rs. 731.480 million (2016: Rs. 403.323 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:

(Rupees in thousand)	2017	2016
Neither past due nor impaired	1,660,735	1,768,733
Past due but not impaired		
Up to 90 days	668,151	278,151
90 to 180 days	40,066	84,895
181 to 365 days	23,263	40,187
	731,480	403,233
	2,392,215	2,171,966

The management estimates the recoverability of trade debts on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Company when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amount written off, are credited directly to profit and loss account.

The aging analysis of trade debts from related parties as at balance sheet date is as follows:

(Rupees in thousand)	2017	2016
Neither past due nor impaired	10,240	19,234
Past due but not impaired		
Up to 90 days	10,373	5,121
90 to 180 days	1	8,575
181 to 365 days	1,640	2,517
	12,014	16,213
	22,254	35,447

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

(Rupees in thousand)	Rating Short term	Rating Long term	Rating Agency	2017	2016
Askari Bank Limited	A1+	AA+	PACRA	52	–
Bank Al-Habib Limited	A1+	AA+	PACRA	1,659	–
Citibank N.A.	P1	A1	Moody's	480	341
Deutsche Bank AG	P2	Baa2	Moody's	–	185
Dubai Islamic Bank (Pakistan) Limited	A1	AA-	JCR-VIS	22	36
Habib Bank Limited	A1+	AAA	JCR-VIS	48,811	44,017
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	15	–
JS Bank Limited	A1+	AA-	PACRA	50	681
MCB Bank Limited	A1+	AAA	PACRA	142	416
Meezan Bank Limited	A1+	AAA	JCR-VIS	143	4,253
National Bank of Pakistan	A1+	AAA	PACRA	337	12,709
Samba Bank Limited	A1	AA	JCR-VIS	1,332	1,332
Standard Chartered Bank Pakistan Limited	A1+	AAA	PACRA	124,685	22,805
The Bank of Punjab	A1+	AA	PACRA	–	58
				177,728	86,833

(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 42) 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 balance sheet 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 balance sheet 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)	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At December 31, 2017					
Long term finances	3,575,520	1,321,420	1,321,450	–	932,650
Liabilities against assets subject to finance lease	26,084	12,889	3,225	9,970	–
Finances under mark up arrangements - secured	299,596	299,596	–	–	–
Trade and other payables	3,104,993	3,104,993	–	–	–
Accrued finance cost	189,760	189,760	–	–	–
	7,195,953	4,928,658	1,324,675	9,970	932,650

(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, 2016					
Long term finances	4,146,940	571,420	946,420	1,696,450	932,650
Liabilities against assets subject to finance lease	33,369	7,312	13,342	12,715	–
Finances under mark-up arrangements - secured	1,377,033	1,377,033	–	–	–
Trade and other payables	2,847,914	2,847,914	–	–	–
Accrued finance cost	221,730	221,730	–	–	–
	8,626,986	5,025,409	959,762	1,709,165	932,650

44.2 Financial instruments by categories

The carrying values of following financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at reporting date.

(Rupees in thousand)	Available for sale	Loans and receivables	Total
Financial assets as at December 31, 2017			
Long term loans and deposits	–	18,204	18,204
Trade debts	–	2,392,215	2,392,215
Loans, advances, deposits and other receivables	–	235,346	235,346
Investments	41,981,341	–	41,981,341
Balances with banks	–	177,728	177,728
	41,981,341	2,823,493	44,804,834

(Rupees in thousand)	Available for sale	Loans and receivables	Total
Financial assets as at December 31, 2016			
Long term loans and deposits	–	25,958	25,958
Trade debts	–	2,171,966	2,171,966
Loans, advances, deposits and other receivables	–	621,710	621,710
Investments	32,858,257	–	32,858,257
Balances with banks	–	86,833	86,833
	32,858,257	2,906,467	35,764,724

(Rupees in thousand)	At amortised cost 2017	2016
Financial liabilities		
Long term finances	3,575,520	4,146,940
Liabilities against assets subject to finance lease	26,084	33,369
Finances under mark up arrangements - secured	299,596	1,377,033
Trade and other payables	3,104,993	2,847,914
Accrued finance cost	189,760	221,730
	7,195,953	8,626,986

44.3 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.

44.4 Capital risk 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 6 less cash and cash equivalents as disclosed in note 42. Total capital is calculated as equity as shown in the balance sheet plus net debt. The gearing ratio as at year end is as follows:

(Rupees in thousand)	Note	2017	2016
Long term finances	6	2,254,100	3,575,520
Current portion of long term finances	11	1,321,420	571,420
Cash and cash equivalents	42	117,389	1,286,421
Net debt		3,692,909	5,433,361
Total equity		65,665,762	52,784,470
Total capital		69,358,671	58,217,831
Gearing ratio		5%	9%

In accordance with the terms of agreements with certain lenders of long term finances, the Company is required to comply with certain financial covenants. The Company has complied with these covenants throughout the reporting period.

44.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

Specific valuation techniques used to value financial instruments include:

- 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 significant assets that are measured at fair value:

(Rupees in thousand)	Level 1	Level 2	Level 3	Total
At December 31, 2017				
Assets				
Recurring fair value measurement of available for sale investments	41,966,316	–	–	41,966,316

(Rupees in thousand)	Level 1	Level 2	Level 3	Total
At December 31, 2016				
Assets				
Recurring fair value measurement of available for sale investments	32,843,232	–	–	32,843,232

Valuation techniques used to measure fair values

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet 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 measure fair value of an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.
There were no other material Level 1, 2 or 3 assets or liabilities during current or prior year.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

45. Date of authorisation for issue

These financial statements were authorised for issue on February 28, 2018 by the Board of Directors.

46. Non-adjusting events after the balance sheet date

The Board of Directors has proposed a final cash dividend for the year ended December 31, 2017 of Rs. 30.00 per share (2016: Rs. 25.00 per share), amounting to Rs. 2,681.385 million (2016: Rs. 2,234.487 million) at their meeting held on February 28, 2018 for approval of the members at the Annual General Meeting to be held on April 19, 2018. Reference to the ordinary dividend proposed by the Board and the rights of IFC as detailed in note 6.2, the Board has further proposed such amount of additional preference dividend to be paid to IFC as per the terms of subscription agreement.

47. Corresponding figures

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant reclassification has been made.

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

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2017

DIRECTORS' **REPORT**

On The Consolidated Financial Statements For The Year Ended December 31, 2017

We are happy over the operational performance of subsidiaries of Packages Limited during the year. Comparison of annual audited results for the year 2017 as against year 2016 is as follows:

(Rupees in thousand)	2017	2016
Invoiced Sales – Net	31,891	24,496
Profit from operations	2,290	2,744
Share of (loss) / profit in associates and joint venture	207	(291)
Investment income	5,972	6,055
Profit after tax	10,800	5,352

During the year 2017, the Group achieved net sales of Rs. 31,891 million against net sales of Rs. 24,496 million achieved during last year which is an increase of 30%. The Group posted an operating profit of Rs. 2,290 million compared to Rs. 2,744 million generated during the last year representing a decrease of 17%. The decline in profitability of certain subsidiaries is due to different factors but the main reason is increase in cost of raw material and conversion costs combined with inflationary fixed costs increases. However, the management of these subsidiaries are taking steps to address this issue through better product mix and controlling fixed costs.

During the year 2017, investment income has declined by Rs. 83 million over corresponding period of 2016 mainly due to difference in timing of the declaration of dividends.

An important development during the year was the purchase of the remaining 35% shareholding held by Stora Enso in Bulleh Shah Packaging (Private) Limited ("BSPPL") with the approval of the Board. The transaction was approved by the shareholders through a special resolution at the Extraordinary General Meeting of the Company dated August 28, 2017. Accordingly, BSPPL became a fully owned subsidiary of the Company on September 18, 2017. The consolidated financial statements include a net positive impact of Rs. 4,965 million on profit and loss, owing to deemed disposal and 100% acquisition of the subsidiary.

A brief review of the operational performance of the Group entities 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. 3,868 million during the year 2017 as compared to Rs. 3,699 million of last year representing sales growth of 5%. The Company has generated profit before tax of Rs. 455 million during the year 2017 as against Rs. 575 million of 2016, this decline in profitability is mainly due to increased cost of raw material. Moving forward, the company will continue its focus on improving operating results through volume growth, tighter cost control, product diversification, price rationalization and better working capital management.

PACKAGES LANKA (PRIVATE) LIMITED

Packages Lanka (Private) Limited is a Sri Lanka based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging. The Company has achieved sale of SLR 2,206 million during the year 2017 as compared to SLR 2,003 million of 2015 representing growth of 10%. The Company has generated profit before tax of SLR 251 million in the year 2017 as compared to SLR 314 million of 2016. This decrease in profit is mainly due to growing competition as well as increase in raw material. Moving forward, the Company will focus on improving operating results through tighter operating cost control, 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. 18,351 million during the year ended December 31, 2017 as compared Rs. 16,298 million during 2016 representing sales growth of 13%. The Company has recorded operating profit of Rs. 544 million during the year 2017 as compared to Rs. 222 million in 2016 with an increase of 2.5 times resulting from sales growth and operational efficiencies. The company has also filed an application against anti-dumping practices in the market.

FLEXIBLE PACKAGES CONVERTORS (PTY) LIMITED

Flexible Packages Convertors (PTY) Limited is a South Africa based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging. The company achieved net sales revenue of South African Rands ("Rands") 493 million during the year ended December 31, 2017 as compared Rands 493 million during 2016. The Company has recorded profit before tax of Rands 15 million in current year as compared to Rands 21 million in 2016 which is primarily on account of investment made in human resources to further develop the business.

PACKAGES CONSTRUCTION (PRIVATE) LIMITED

Packages Construction (Private) Limited is a subsidiary of Packages Limited. It is primarily engaged in the business of all types of construction activities and development of real estate. It is currently operating the real estate project titled “Packages Mall”. Packages Mall was inaugurated on April 20th, 2017 and the customer response has been encouraging. The Company has achieved sale of Rs. 1,702 million during the year 2017. The Company has generated profit from operations of Rs. 81 million during the year.

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

Investment in 100% Subsidiary (Anemone Holdings Limited)

Your Company contributed Rs. 124.948 million (equivalent to USD 1.183 million) as equity in Anemone Holdings Limited, Mauritius (“AHL”) for the purposes of financing debt. AHL is a special purpose vehicle established in 2015 for the acquisition of operations of a flexible packaging company in South Africa as disclosed to the Stock Exchange and the directors reports of the respective year.

PACKAGES POWER (PRIVATE) LIMITED

The Company has incorporated Packages Power (Private) Limited as a wholly owned subsidiary of Packages Limited for the purpose of setting up a 3.1 MW hydropower project as advertised by the Punjab Power Development Board (PPDB). Accordingly, an initial equity injection of Rs. 25 million was made on December 13, 2016. Subsequently 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.

OMYAPACK (PRIVATE) LIMITED

As part of asset and income diversification strategy, the JV Company, Omya Pack (Private) Limited will set up a state of the art production facility in Kasur, Punjab and will be positioned to supply a range of high quality ground calcium carbonate products specifically tailored to meet local and regional markets, primary users being the paper, paints and pharmaceutical industries. The construction of the plant is in its final phases and commercial production is expected to commence from Q2-2018.

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, February 28, 2018

(Towfiq Habib Chinoy)
Chairman
Lahore, February 28, 2018

سال مختتمہ 31 دسمبر 2017 کے لئے مجموعی مالیاتی حسابات پر ڈائریکٹرز کی رپورٹ

ہم سال رواں کے دوران پیکیجز لمیٹڈ کے ذیلی اداروں کی آپریشنل کارکردگی پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ سال 2017 کے لئے سالانہ آڈٹ شدہ مجموعی نتائج سال 2016 کے مقابلے میں درج ذیل رہے۔

	2017	2016
	(روپے ملین میں)	
انوائسڈ سیلز - خالص	31,891	24,496
آپریشنز سے حاصل منافع جات	2,290	2,744
منسلکہ اداروں اور مشترکہ منصوبوں میں شیئرز کا (نقصان) / منافع	207	(291)
سرمایہ کاری سے آمدنی	5,972	6,055
منافع بعد از ٹیکس	10,800	5,352

سال 2017 کے دوران گروپ نے 31,891 ملین روپے کی خالص سیلز حاصل کی اس کے برخلاف گزشتہ سال کے دوران 24,496 ملین روپے کی سیلز حاصل کی گئی تھی جس سے 30 فیصد کا اضافہ ظاہر ہوا۔ گروپ نے 2017 کے دوران آپریشنز سے 2,290 ملین روپے کا منافع حاصل کیا جبکہ گزشتہ سال کے دوران 2,744 ملین روپے کا منافع حاصل کیا گیا تھا جو کہ 17 فیصد کی کمی ظاہر کرتا ہے۔ چند ذیلی اداروں کے منافع جات میں کمی کی مختلف وجوہات ہیں تاہم بنیادی وجہ خام مال کے نرخوں میں اضافہ اور کنورژن کاسٹ کے ساتھ افراط زر کی طے شدہ مالیت میں اضافہ ہے۔ تاہم ان ذیلی اداروں کی انتظامیہ مصنوعات کے بہتر امتزاج اور طے شدہ اخراجات پر کنٹرول کے ذریعے اس مسئلے پر قابو پانے کے اقدامات کررہی ہے۔

سال 2017 کے دوران، سرمایہ کاری کی آمدنی میں 2016 کی اسی مدت کے مقابلے میں 83 ملین روپے تک کی کمی آئی جس کی بنیادی وجہ منافع منقسمہ کے اعلان کے اوقات میں فرق تھا۔

سال کے دوران ایک اہم پیشرفت بورڈ کی منظوری سے بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ ("BSPPL") میں اسٹیورا اینسو کے ذریعے موجود باقیماندہ 35 فیصد شیئر ہولڈنگ کی خریداری تھی۔ اس منتقلی کی منظوری شیئر ہولڈرز کی جانب سے کمپنی کے غیر معمولی اجلاس عام منعقدہ 28 اگست 2017 میں ایک خصوصی قرارداد کے ذریعے دی گئی تھی۔ اس کے مطابق، BSPPL 18 ستمبر 2017 کو کمپنی کا مکمل ملکیتی ذیلی ادارہ بن گئی۔ 2.493 ملین کے نفع و نقصان پر خالص مثبت اثرات مجموعی مالیتی حسابات میں بعد از دستیابی لاگت شامل ہیں جو بوجہ فروخت اور ذیلی ادارے کا 100 فیصد حصول ہے۔

گروپ کے اداروں کی آپریشنل کارکردگی کا مختصر جائزہ درج ذیل کے مطابق 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 2017 کے دوران 3,868 ملین روپے کی خالص سیلز حاصل کی، اس کے مقابلے میں گزشتہ سال یہ حجم 3,699 ملین روپے تھا جس سے 5 فیصد شرح نمو ظاہر ہوئی۔ کمپنی نے سال 2017 کے دوران 455 ملین روپے کا منافع قبل از ٹیکس حاصل کیا جو 2016 میں 575 ملین روپے تھا۔ منافع جات میں کمی کی وجہ خام مال کے نرخوں میں اضافہ تھا۔ آگے بڑھتے ہوئے، کمپنی والیوم گروتھ، اخراجات پر سخت انتظامی کنٹرول، پروڈکٹ کی توسیع، پرائس راشنلائزیشن اور بہتر ورکنگ کیپٹل انتظام 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 فلیکسیبل پیکیجنگ کی تیاری میں مصروف عمل ہے۔ کمپنی نے سال 2017 کے دوران 2,206 ملین سری لنکن روپے کی سیلز حاصل کی جو 2016 میں 2,003 ملین سری لنکن روپے تھی جس سے 10 فیصد کی گروتھ ظاہر ہوتی ہے۔ کمپنی نے سال 2017 میں 251 ملین سری لنکن روپے کا منافع قبل از ٹیکس حاصل کیا جو کہ 2016 میں 314 ملین سری لنکن روپے تھا۔ منافع میں یہ کمی بنیادی طور پر بڑھتی ہوئی مسابقت اور خام مال کے نرخوں میں اضافے 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 2017 کو ختم ہونے والے سال کے دوران 18,351 ملین روپے کی سیلز حاصل کی اس کے مقابلے میں 2016 کے دوران 16,289 ملین روپے تھی جس سے 13 فیصد کی سیلز گروتھ ظاہر ہوتی ہے۔ کمپنی نے سال 2017 کے دوران 544 ملین روپے کا آپریٹنگ منافع کمایا جو 2016 میں 222 ملین روپے تھا۔ سیلز گروتھ اور آپریشنل کارکردگی کی بدولت نتائج میں 2.5 گنا بہتری اور اضافہ دیکھنے میں آیا۔ کمپنی نے مارکیٹ میں رائج اینٹی - ڈمپنگ طریقہ کار کے خلاف بھی درخواست دائر کی 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 میں مصروف عمل ہے۔ کمپنی نے 31 دسمبر 2017 کو ختم ہونے والے سال کے دوران 493 ملین جنوبی افریقی رینڈز ("رینڈز") کا خالص سیلز ریونیو حاصل کیا جو 2016 میں 493 ملین رینڈز تھا۔ کمپنی نے سال رواں میں 15 ملین رینڈز کا منافع قبل از ٹیکس حاصل کیا جو سال 2016 میں 21 ملین رینڈز تھا جس کی وجہ کاروبار میں توسیع کے لئے انسانی وسائل کے ضمن میں کی جانے والی سرمایہ کاری تھی۔

پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ

پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ پیکیجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر تمام اقسام کی تعمیراتی سرگرمیوں اور ریئل اسٹیٹ کے فروغ کے کاروبار میں سرگرم عمل ہے۔ اس وقت یہ ریئل اسٹیٹ پروجیکٹ ''پیکیجز مال'' کے نام سے آپریٹ کررہا ہے۔ پیکیجز مال کا افتتاح 20 اپریل 2017 کو کیا گیا اور صارفین کا حوصلہ افزا ردعمل سامنے آیا۔ کمپنی نے سال 2017 کے دوران 1,702 ملین روپے کی سیلز حاصل کی، سال کے دوران آپریشنز سے 81 ملین روپے کا منافع حاصل کیا۔

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

100 فیصد ذیلی ادارے (انیون ہولڈنگز لمیٹڈ) میں سرمایہ کاری

آپ کی کمپنی نے 124.948 ملین روپے (1.183 ملین امریکی ڈالر) بطور ایکویٹی انیون ہولڈنگز لمیٹڈ، ماریشیس ("AHL") میں ڈیبٹ فائننسگ کے مقاصد کے لئے شراکت داری کی۔ اے ایچ ایل 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 جیسا کہ اسٹاک ایکسچینج کے لئے متعلقہ سال کی ڈائریکٹرز کی رپورٹس میں ظاہر کیا گیا ہے۔

پیکیجز پاور (پرائیویٹ) لمیٹڈ

پیکیجز پاور (پرائیویٹ) لمیٹڈ 3.1 میگاواٹ ہائیڈرو پاور پروجیکٹ کے قیام کے مقصد کے لئے بنایا گیا۔ پیکیجز لمیٹڈ کا ایک مکمل ملکیتی ذیلی ادارہ ہے جیسا کہ پروجیکٹ کی تشہیر پنجاب پاور ڈیولپمنٹ بورڈ (پی پی ڈی بی) کی جانب سے کی گئی۔ اس کے مطابق دسمبر 2016 میں 25 ملین کی ابتدائی سرمایہ کاری اس میں لگائی گئی، بعدازاں کمپنی نے مطلوبہ جائزوں اور اجازت ناموں کے ساتھ اور متعلقہ سرکاری حکام کے ساتھ رابطہ کاری کے تحت پروجیکٹ کو آگے بڑھایا ہے۔

اومیا پیک (پرائیویٹ) لمیٹڈ

اثاثہ جات اور آمدنی کو توسیع دینے کی حکمت عملی کے پیش نظر ہے وہ کمپنی اومیا پیک (پرائیویٹ) لمیٹڈ قصور، پنجاب میں ایک جدید ترین پروڈکشن سہولت قائم کرے گی اور انتہائی اعلیٰ معیار کی گراؤنڈ کیلشیم کاربونیٹ پروڈکٹس کی ایک وسیع تر رینج فراہم کرنے کی پوزیشن میں ہوگی جو خصوصی طور پر مقامی اور علاقائی مارکیٹوں کے لئے پیپر، پینٹس اور فارماسیوٹیکل صنعتوں کے بنیادی استعمال کنندگان کی طلب پوری کرنے کے لئے تیار کی گئی ہے۔ پلانٹ کی تعمیر حتمی مراحل میں ہے اور تجارتی پیداوار کا متوقع طور پر 2018 کی دوسری سہ ماہی سے آغاز ہوجائے گا۔

Syed Hyder Ali

(سید حیدر علی)
چیف ایگزیکٹو اور مینجنگ ڈائریکٹر
لاہور،
لاہور، 28 فروری، 2018

(توفیق حبیب چنائے)
چیئرمین
لاہور، 28 فروری، 2018

AUDITORS' REPORT
TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Packages Limited (the 'holding company') and its subsidiary companies (hereinafter referred to as 'the Group') as at December 31, 2017 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the holding company and its subsidiary companies, except for Packages Lanka (Private) Limited, Anemone Holdings Limited and Flexible Packages Convertors (Proprietary) Limited which were audited by other firms of auditors, whose report has been furnished to us and our opinion in so far as it relates to the amounts included for such companies, is based solely on the report of such other auditors. These consolidated financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Group's share of net comprehensive income from investments accounted for under equity method amounting to Rs. 4,994.046 million as shown in the consolidated statement of comprehensive income and in the notes 24.2 and 24.3 to the consolidated financial statements includes income amounting to Rs. 5,010.181 million, that represents the Group's share in one of its associates, which is based on unaudited financial statements of the associate.

Except for the effects, if any, of the matter referred to in the preceding paragraph, in our opinion the consolidated financial statements present fairly the financial position of Packages Limited and its subsidiary companies as at December 31, 2017 and the results of their operations for the year then ended.

A.F. Ferguson & Co.
Chartered Accountants
Lahore, March 13, 2018

Name of engagement partner:
Muhammad Masood

CONSOLIDATED **BALANCE SHEET**

as at December 31, 2017

(Rupees in thousand)	Note	2017	2016
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2016: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (2016: 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 (2016: 89,379,504) ordinary shares of Rs. 10 each	5	893,795	893,795
8,186,842 (2016: 8,186,842) 10% non-voting preference shares / convertible stock of Rs. 190 each	6	606,222	606,222
Reserves		62,382,915	49,350,660
Equity portion of loan from shareholder of the Parent Company	7	171,187	77,991
Un-appropriated profit		11,087,931	1,879,569
Capital and reserves attributable to owners of the Parent Company		75,142,050	52,808,237
Non-controlling interest		2,117,100	1,950,579
TOTAL EQUITY		77,259,150	54,758,816
NON-CURRENT LIABILITIES			
Long term finances	6	14,626,258	10,306,006
Loan from shareholder of the Parent Company - unsecured	8	409,380	–
Liabilities against assets subject to finance lease	9	49,391	73,851
Security deposits	10	277,655	–
Deferred income	11	107,889	–
Deferred taxation	12	2,565,506	802,529
Retirement benefits	13	516,586	102,825
Deferred liabilities	14	525,282	349,437
		19,077,947	11,634,648
CURRENT LIABILITIES			
Current portion of non-current liabilities	15	3,427,251	828,884
Short term loan from shareholder of the Parent Company - unsecured	16	–	462,930
Finances under mark up arrangements - secured	17	5,091,722	1,918,079
Trade and other payables	18	7,512,233	5,126,373
Accrued finance costs	19	495,278	313,512
Provision for taxation		22,176	66,199
		16,548,660	8,715,977
CONTINGENCIES AND COMMITMENTS	20	–	–
		112,885,757	75,109,441

(Rupees in thousand)	Note	2017	2016
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	21	25,992,806	6,550,076
Investment properties	22	12,342,428	10,922,713
Intangible assets	23	286,621	164,294
Investments accounted for under equity method	24	9,802,130	13,867,035
Other long term investments	25	41,981,048	32,857,963
Long term loans and deposits	26	157,208	39,858
		90,562,241	64,401,939
CURRENT ASSETS			
Stores and spares	27	1,707,667	453,479
Stock-in-trade	28	8,439,160	2,846,446
Trade debts	29	5,946,606	3,561,210
Loans, advances, deposits, prepayments and other receivables	30	1,138,978	1,131,050
Income tax receivable	31	4,002,315	2,303,516
Cash and bank balances	32	1,088,790	411,801
		22,323,516	10,707,502
		112,885,757	75,109,441

The annexed notes 1 to 57 form an integral part of these consolidated financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

CONSOLIDATED PROFIT AND LOSS **ACCOUNT**

for the year ended December 31, 2017

(Rupees in thousand)		Note	2017	2016
Revenue		33	31,891,199	24,495,674
Cost of sales and services		34	(25,852,219)	(19,061,596)
Gross profit			6,038,980	5,434,078
Administrative expenses		35	(1,715,650)	(1,428,118)
Distribution and marketing costs		36	(1,691,770)	(1,225,621)
Other operating expenses		37	(588,067)	(444,213)
Other income		38	246,421	407,504
Profit from operations			2,289,914	2,743,630
Finance costs		39	(1,175,701)	(1,494,508)
Investment income		40	5,972,121	6,054,991
Gains and losses relating to business combinations		54	4,965,355	–
Share of profit / (loss) of investments accounted for under equity method - net of tax		24.2	206,530	(290,862)
Profit before taxation			12,258,219	7,013,251
Taxation		41	(1,458,435)	(1,661,744)
Profit for the year			10,799,784	5,351,507
Attributable to:				
Equity holders of the Parent Company			10,673,355	5,139,901
Non-controlling interest			126,429	211,606
			10,799,784	5,351,507
Earnings per share attributable to equity holders of the Parent Company during the year				
Basic	Rupees	50	118.91	57.51
Diluted	Rupees	50	110.70	53.78

The annexed notes 1 to 57 form an integral part of these consolidated financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

for the year ended December 31, 2017

(Rupees in thousand)	Note	2017	2016
Profit for the year		10,799,784	5,351,507
Other comprehensive (loss) / income:			
Items that will not be reclassified to consolidated profit and loss account			
Remeasurement of retirement benefit obligations	13	(265,019)	(37,663)
Tax effect	12.4	79,503	10,202
		(185,516)	(27,461)
Items that may be reclassified subsequently to consolidated profit and loss account			
Changes in fair value of available for sale financial assets	25.5	9,123,085	4,379,097
Exchange differences on translating foreign subsidiaries		180,789	163,679
Share of other comprehensive income / (loss) of investments accounted for under equity method - net of tax	24.3	4,787,516	(28,915)
		14,091,390	4,513,861
Other comprehensive income for the year - net of tax		13,905,874	4,486,400
Total comprehensive income for the year		24,705,658	9,837,907
Attributable to:			
Equity holders of the Parent Company		24,478,375	9,545,384
Non-controlling interest		227,283	292,523
		24,705,658	9,837,907

The annexed notes 1 to 57 form an integral part of these consolidated financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

CONSOLIDATED STATEMENT OF **CHANGE IN EQUITY**

for the year ended December 31, 2017

	Issued, subscribed and paid up capital		Reserves									Capital and reserves		
			Capital reserves							Revenue reserves				
(Rupees in thousand)	Ordinary Share capital	Preference Share/ convertible stock reserve	Share Premium	Exchange differences on translation of foreign subsidiaries	Fair value reserve	Other reserves relating to associates and joint ventures	Transaction with non-controlling interest	Equity portion of short term loan from shareholder of the Parent Company	Capital Redemption reserve	General reserve	Accumulated profit	Total	Non-controlling interest	Total
Balance as on December 31, 2015	883,795	1,309,682	3,588,769	(239,195)	24,479,228	(32,842)	–	46,596	–	13,810,333	4,316,773	48,163,139	929,138	49,092,277
Appropriation of funds														
Transferred to general reserve account	–	–	–	–	–	–	–	–	–	1,500,000	(1,500,000)	–	–	–
Share of other reserves of investments accounted for under equity method	–	–	–	–	–	(4,297)	–	–	–	–	–	(4,297)	–	(4,297)
Transaction with preference shareholders														
Redemption of preference shares / convertible stock (8,500,000 preference shares of Rs. 190 each)	–	(629,412)	–	–	–	–	–	–	1,615,000	–	(4,709,181)	(3,723,593)	–	(3,723,593)
Total transactions with owners, recognised directly in equity														
Final dividend for the year ended December 31, 2015 Rs. 15.00 per share	–	–	–	–	–	–	–	–	–	–	(1,340,693)	(1,340,693)	–	(1,340,693)
Dividends relating to 2015 paid to non - controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(256,665)	(256,665)
Conversion of preference shares / convertible stock into ordinary share capital (1,000,000 ordinary shares of Rs. 10 each)	10,000	(74,048)	177,969	–	–	–	–	–	–	–	–	113,921	–	113,921
Equity portion of short term loan from shareholder of the Parent Company (note - 16)	–	–	–	–	–	–	–	31,395	–	–	–	31,395	8,564	39,959
Interest acquired in subsidiary by non - controlling interest (note 53.3)	–	–	–	–	–	–	22,981	–	–	–	–	22,981	977,019	1,000,000
	10,000	(74,048)	177,969	–	–	–	22,981	31,395	–	–	(1,340,693)	(1,172,396)	728,918	(443,478)
Total comprehensive income for the year ended December 31, 2016														
Profit for the year	–	–	–	–	–	–	–	–	–	–	5,139,901	5,139,901	211,606	5,351,507
Other comprehensive income:														
Surplus on remeasurement of available for sale financial assets	–	–	–	–	4,379,097	–	–	–	–	–	–	4,379,097	–	4,379,097
Exchange differences on translation of foreign subsidiaries	–	–	–	82,532	–	–	–	–	–	–	–	82,532	81,147	163,679
Other comprehensive loss of investments accounted for under equity method	–	–	–	–	–	(28,915)	–	–	–	–	–	(28,915)	–	(28,915)
Remeasurement of retirement benefit liability - net of tax	–	–	–	–	–	–	–	–	–	–	(27,231)	(27,231)	(230)	(27,461)
Total comprehensive income / (loss) for the year	–	–	–	82,532	4,379,097	(28,915)	–	–	–	–	5,112,670	9,545,384	292,523	9,837,907
Balance as on December 31, 2016	893,795	606,222	3,766,738	(156,663)	28,858,325	(66,054)	22,981	77,991	1,615,000	15,310,333	1,879,569	52,808,237	1,950,579	54,758,816
Appropriation of funds														
Transfer from general reserve	–	–	–	–	–	–	–	–	–	(1,000,000)	1,000,000	–	–	–
Transaction with preference shareholders														
Participating dividend on preference shares - note 42	–	–	–	–	–	–	–	–	–	–	(45,000)	(45,000)	–	(45,000)
Total transactions with owners, recognised directly in equity														
Final dividend for the year ended December 31, 2016 Rs. 25.00 per share	–	–	–	–	–	–	–	–	–	–	(2,234,487)	(2,234,487)	–	(2,234,487)
Dividends relating to 2016 paid to non - controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(104,273)	(104,273)
Equity portion of long term loan from shareholder of the holding company	–	–	–	–	–	–	–	68,110	–	–	–	68,110	22,510	90,620
Equity portion of short term loan from shareholder of the holding company	–	–	–	–	–	–	–	25,086	–	–	–	25,086	8,291	33,377
Non-controlling interests on acquisition of subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	12,710	12,710
	–	–	–	–	–	–	–	93,196	–	–	(2,234,487)	(2,141,291)	(60,762)	(2,202,053)
Total comprehensive income for the year ended December 31, 2017														
Profit for the year	–	–	–	–	–	–	–	–	–	–	10,673,355	10,673,355	126,429	10,799,784
Other comprehensive income:														
Surplus on remeasurement of available for sale financial assets	–	–	–	–	9,123,085	–	–	–	–	–	–	9,123,085	–	9,123,085
Exchange differences on translation of foreign subsidiaries	–	–	–	79,925	–	–	–	–	–	–	–	79,925	100,864	180,789
Other comprehensive loss of investments accounted for under equity method	–	–	–	3,424	–	4,784,092	–	–	–	–	–	4,787,516	–	4,787,516
Remeasurement of retirement benefit liability - net of tax	–	–	–	–	–	–	–	–	–	–	(185,506)	(185,506)	(10)	(185,516)
Total comprehensive income for the year	–	–	–	83,349	9,123,085	4,784,092	–	–	–	–	10,487,849	24,478,375	227,283	24,705,658
Share of gains recognised directly in equity from investments accounted for under equity method - net of tax	–	–	–	–	–	41,729	–	–	–	–	–	41,729	–	41,729
Balance as on December 31, 2017	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

The annexed notes 1 to 57 form an integral part of these consolidated financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

CONSOLIDATED CASH FLOW **STATEMENT**

for the year ended December 31, 2017

(Rupees in thousand)	Note	2017	2016
Cash flows from operating activities			
Cash generated from operations	48	4,097,722	3,742,716
Finance cost paid		(982,234)	(854,379)
Income tax paid		(2,023,783)	(1,558,656)
Acquisition-related costs of business combinations paid		(57,323)	–
Payments for accumulating compensated absences		(24,196)	(25,530)
Retirement benefits paid		(26,829)	(18,679)
Net cash inflow from operating activities		983,357	1,285,472
Cash flows from investing activities			
Fixed capital expenditure		(4,386,117)	(7,192,206)
Net investments in equity securities		–	(674,016)
Acquisitions under business combinations, net of cash and cash equivalents		(4,831,904)	–
Investments made in government securities		(1,599,994)	–
Proceeds from disposal of government securities		1,603,171	–
Net (increase) / decrease in long term loans and deposits		(35,025)	526
Proceeds from disposal of operating fixed assets		110,180	109,627
Dividends received		6,107,412	6,158,514
Net cash outflow from investing activities		(3,032,278)	(1,597,555)
Cash flows from financing activities			
Proceeds from long term finances - secured		2,604,853	7,939,350
Repayment of long term finances - secured		(664,205)	(1,953,690)
Redemption of preference shares		–	(5,601,500)
Transactions with non-controlling interest		–	1,000,000
Repayment of liabilities against assets subject to finance lease - net		(17,528)	(244,417)
Dividends paid to equity holders of Parent Company		(2,221,580)	(1,335,268)
Participating dividend on preference shares paid		(45,000)	–
Dividends paid to non-controlling interest		(104,273)	(256,665)
Net cash outflow from financing activities		(447,733)	(452,190)
Net decrease in cash and cash equivalents		(2,496,654)	(764,273)
Cash and cash equivalents at the beginning of the year		(1,506,278)	(742,005)
Cash and cash equivalents at the end of the year	49	(4,002,932)	(1,506,278)

The annexed notes 1 to 57 form an integral part of these consolidated financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

1. Legal status and nature of business

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

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

During the year, Packages Lanka (Private) Limited , a subsidiary of Packages Limited, incorporated a wholly owned subsidiary in Canada named Linnaea Holdings Inc. ('Linnaea'), which ultimately incorporated a wholly owned subsidiary, Chantler Packages Inc. ('CPI') in Canada, to acquire the flexible packaging business operations of Chantler Packaging Inc. The transaction was settled on July 1 2017 for a total consideration of CAD 600,000 resulting in Linnaea becoming 80% shareholder of CPI.

Furthermore, on September 18, 2017, the Parent Company has purchased 35% shareholding held by Stora Enso South Asia Holdings AB ('Stora Enso') in Bulleh Shah Packaging (Private) Limited ("BSPPL"), previously a joint venture of the Group. Further details of the business combination have been disclosed in note 54.1.

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

2. Basis of preparation

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. During the year, the Companies Ordinance, 1984 (hereinafter referred to as the 'Ordinance') has been repealed after the enactment of the Companies Act, 2017. However, as allowed by the Securities and Exchange Commission of Pakistan ('SECP') vide Circular No. 23/2017 dated October 4, 2017 and further clarified by the Institute of Chartered Accountants of Pakistan through its Circular No. 17/2017 dated October 06, 2017, companies whose financial year, closes on or before December 31, 2017, shall prepare financial statements in accordance with the provisions of the repealed Ordinance. Accordingly, these consolidated financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board ('IASB') as are notified under the repealed Ordinance, provisions of and directives issued under the repealed Ordinance. Wherever the requirements of the repealed Ordinance or directives issued by SECP differ with the requirements of IFRSs, the requirements of the repealed Ordinance or the requirements of the said directives prevail.

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 approved accounting standards are effective for accounting periods beginning on January 1, 2017 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:

International Accounting Standard ('IAS') 7, 'Cash flow statements: Disclosure initiative' (effective for periods beginning on or after January 1, 2017). This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financing activities in the statement of cash flows. The amendment only covers balance sheet items for which cash flows are classified as financing activities. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need not be provided. The Group's current accounting treatment is already in line with the requirements of this standard.

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 approved accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2018, 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, except for the following:

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

IFRS 15, 'Revenue from contracts with customers': (effective for periods beginning on or after January 1, 2018). This standard has been 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 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 is yet to assess the full impact of the standard.

IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. It is unlikely that the interpretation will have any significant impact on the Group's consolidated financial statements.

Amendments to IAS 40, 'Investment property' relating to transfers of investment property (effective for periods beginning on or after 1 January 2018). These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use, there should be an assessment of whether the property meets the definition. This change must be supported by evidence. It is unlikely that the interpretation will have any significant impact on the Group's consolidated financial statements.

IFRS 16, 'Leases': (effective for periods beginning on or after January 1, 2019). However, this standard is yet to be notified by the SECP. This standard replaces the current guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. The Group is yet to assess the full impact of this standard.

IFRIC 23, 'Uncertainty over income tax treatments': (effective for periods beginning on or after 1 January 2019). This IFRIC clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The IFRIC explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The IFRIC applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The Group is yet to assess the full impact of the interpretation.

3. Basis of measurement

3.1 These consolidated financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

3.2. Critical accounting estimates and judgements

The Group's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies that the management considers critical because of their complexity, judgment and estimation involved in their application and impact on these consolidated financial statements. Judgments and estimates are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are as follows:

i) Estimated useful lives and residual values of property, plant and equipment - note 4.3 & 21
ii) Estimated useful lives and residual values of investment properties - note 4.3 & 22
iii) Employee retirement and other service benefit obligations- note 4.8, 13 & 14
iv) Provision for taxation - note 4.2, 12, 13

4. Significant accounting policies

The 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 unrealised gains on transactions between group companies are eliminated. Unrealised 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 interest in the results and equity of subsidiaries are shown separately in the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet 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 profit and loss account. 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 profit and loss account.

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 balance sheet.

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 balance sheet.

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 profit and loss account, 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.

Unrealised 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. Unrealised 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 profit and loss account.

e) Changes in ownership interests

The Group treats transactions with non-controlling interest 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 interest to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest 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 profit and loss account. 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 profit and loss account.

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 profit and loss account 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 BSPPL (together the 'Taxation 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. Consequently, the Taxation Group will now be taxed as one fiscal unit for the tax year 2018.

Current

Provision of 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 financial statements and the corresponding tax basis used in the computation of the taxable profit. 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 shall 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 balance sheet date. Deferred tax is charged or credited in the consolidated profit and loss account, 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.

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 text credits and tax losses which are assessed at Group level. Any adjustments in the current and deferred taxes of the Parent Company on account of group taxation are credited or charged to consolidated profit and loss account in the year in which they arise.

4.3 Property, plant and equipment

4.3.1 Operating fixed assets

4.3.1.1 Owned assets

Owned assets, except freehold land, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. 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 4.23 and borrowing costs as referred to in note 4.21. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation on all owned assets is charged to consolidated profit and loss account 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:

Buildings	2.50%	to	20.00%
Plant and machinery	3.33%	to	50.00%
Other equipments	5.00%	to	33.33%
Furniture and fixtures	10.00%	to	33.33%
Vehicles	15.00%	to	33.33%

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 value of its owned assets as at December 31, 2017 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 off.

The Group assesses at each balance sheet date whether there is any indication that asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in consolidated profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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 profit and loss account 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.

4.3.1.2 Assets subject to finance lease

Assets acquired under a finance lease are depreciated over the estimated useful life of the asset on a straight-line method at the rate of 20.00% per annum. Depreciation of leased assets is charged to consolidated profit and loss account.

Residual values and the useful lives of leased assets 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 leased assets as at December 31, 2017 has not required any adjustment as its impact is considered insignificant.

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.

4.4 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 an 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 profit and loss account 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 20.00% 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 off.

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, 2017 has not required any adjustment as its impact is considered insignificant.

The Group assesses at each balance sheet date whether there is any indication that investment properties may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognised in consolidated profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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 interest 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 Softwares

Expenditure incurred to acquire computer softwares 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 balance sheet 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, 2017 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 off.

The Group assesses at each balance sheet date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying amounts exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in consolidated profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.6 Leases

(1) The Group is the lessee:

Finance leases

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. At inception, finance leases are capitalised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease as referred to in note 9. The liabilities are classified as current and long term depending upon the timing of the payment.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The interest element of the rental is charged to consolidated profit and loss account over the lease term.

Operating leases

Leases, including Ijarah financing, where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to consolidated profit and loss account on a straight-line basis over the lease / Ijarah term unless another systematic basis is representative of the time pattern of the Group's benefit.

(2) The Group is the lessor:

Operating leases

Properties leased / licensed out under operating leases are included in investment properties in the consolidated balance sheet as referred to in note 22. See note 4.19 for the recognition of rental income / license fee. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

The Group makes payments to agents for services in connection with negotiating lease contracts with the Group's lessees. The letting fees are capitalised within the carrying amount of the related investment properties and amortised 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 interest 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 profit and loss account 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 profit and loss account.

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 profit and loss account.

4.8 Employee retirement and other service benefit obligations

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:

4.8.1 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 is an approved funded defined benefit gratuity plan for all permanent employees of the Parent Company and BSPPL 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 percent per annum of basic salaries. The latest actuarial valuation for the gratuity scheme was carried out as at December 31, 2017. The actual return on plan assets during the year was Rs. 39.656 million (2016: Rs. 37.642 million). The employees of the Parent Company and BSPPL are entitled to gratuity payments on basis of their service with the Group.

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:

Per annum	2017	2016
Discount rate	8.25%	8.0%
Expected rate of increase in salary level	8.25%	8.0%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table
Expected rate of return	8.25%	8.0%

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. 35.413 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 consolidated profit and loss account.

(b) Pension plan

Management and executive staff hired before January 01, 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 01, 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 01, 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 of Parent Company and BSPL hired before January 01, 2016; and

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

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In respect of the defined contribution plan, the Parent Company contributes 20% of members' monthly basic salary to the scheme; whereas, an employee may or may not opt to contribute 6% of his monthly basic salary to the scheme.

Bulleh Shah Packaging (Private) Limited

In respect of the defined contribution plan, BSPPL contributes 20% of members' monthly basic salary to the scheme; whereas, an employee may or may not opt to contribute 6% of his monthly basic salary to the scheme.

The obligation in respect of the defined benefit plan is determined by the Fund's actuary at each year end. Any funding gap identified by the Fund's actuary is paid by the Parent Company and BSPPL from time to time. The last actuarial valuation was carried out as at December 31, 2017.

Per annum	2017	2016
Discount rate	8.25%	8.0%
Expected rate of increase in pension level	1.00%	1.00%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table
Expected rate of return	8.25%	8.00%

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 profit and loss account.

Pension fund is a multi-employer plan formed by the Group in collaboration with Tri Pack Films Limited, an associate. 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.

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to consolidated profit and loss account. The most recent valuation was carried out as at December 31, 2017 using the Projected Unit Credit Method.

The amount recognised in the consolidated balance sheet represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the consolidated profit and loss account 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:

Per annum	2017	2016
Discount rate	8.25%	8.00%
Expected rate of increase in salary level	8.25%	8.00%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table

4.8.2 Defined contribution plan

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 profit and loss account 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 percent per annum (2016: 10.00 percent 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 4.8.1 (b) above.

BSPPL operates a recognised / approved contributory provident fund for its permanent employees. Equal monthly contributions at the rate of 10.00 percent per annum (2016: 10.00 percent 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 4.8.1 (b) above.

Employees of Packages Lanka (Private) Limited 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 12.0% and 3.0% 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 balance sheet date. For items which are slow-moving and/or identified as obsolete, adequate provision is made in the consolidated financial statements based on the management estimate for any excess book value over estimated realisable value on a regular basis.

4.10 Stock-in-trade

All stocks except for stock-in-transit are stated at the lower of cost and net realisable value. Cost of raw materials is determined using the moving average cost method. Cost of work-in-process and finished goods comprises direct production costs such as raw materials, consumables and labour as well as production overheads such as employee wages, depreciation, maintenance, etc. The production overheads based on normal operating capacity are measured based on a standard cost method, which is reviewed regularly to ensure relevant measures of utilisation, production lead time etc.

Stock-in-transit is stated at cost comprising invoice value plus other charges paid thereon till the balance sheet date.

If the expected sales price less completion costs and costs to execute sales (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 balance sheet 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 subsidiaries, associates and joint ventures

Investments in equity instruments of associates and joint ventures are accounted for using equity method of accounting as referred to in note 4.1 (d).

4.12 Financial instruments

4.12.1 Financial assets

4.12.1.1 Classification

The Group classifies its financial assets in the following categories: at fair value through consolidated 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 balance sheet 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 balance sheet.

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 balance sheet 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.

4.12.1.2 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 profit and loss account. 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 profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated profit and loss account 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 profit and loss account as gains and losses from investment securities. Dividends on available for sale equity instruments are recognised in the consolidated profit and loss account when the Group's right to receive payments is established.

The Group assesses at each balance sheet 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 profit and loss account. Impairment losses recognised in the consolidated profit and loss account on equity instruments are not reversed through the consolidated profit and loss account. Impairment testing of trade debts and other receivables is described in note 4.13.

4.12.2 Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised 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 recognised in the consolidated profit and loss account.

4.12.3 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 realise the assets and to settle the liabilities simultaneously.

4.13 Trade debts and other receivables

Trade debts are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade debts and other receivables are recognised initially at invoice amount, which approximates fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment is established when there is objective evidence that the Group 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 recognised in the consolidated profit and loss account. Trade debts, considered irrecoverable, are written off as and when identified. Subsequent recoveries of amounts previously written off are credited to the consolidated profit and loss account.

Exchange gains and losses arising in respect of trade and other receivables in foreign currency are added to the carrying amount of receivables.

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated balance sheet at cost. For the purpose of cash flow statement, 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 balance sheet, finances under mark-up arrangements are included in current liabilities.

4.15 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.

4.16 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 profit and 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 balance sheet 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.

4.17 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.

4.18 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 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 profit and loss account.

Amounts accumulated in equity are recognised in consolidated profit and loss account 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.

4.19 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 at the time the Group has transferred the significant risks and rewards of ownership of goods, which is considered to be at the time of dispatch of goods and performance of services;

(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.

4.20 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group 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 balance sheet 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 profit and loss account. 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 profit and loss account 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:

(a) assets and liabilities for each consolidated balance sheet item presented are translated at the closing rate at the date of that consolidated balance sheet;
(b) income and expenses for each item of consolidated profit and loss account 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
(c) 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.

4.21 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially 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 profit and loss account in the period in which they are incurred.

4.22 Dividend and other appropriations

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').

4.23 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.

4.24 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.

4.25 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and 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. Restructuring provisions include lease termination penalties and employee termination payments and such other costs that are necessarily entailed by the restructuring and not associated with on-going activities of the Group. 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 balance sheet date and adjusted to reflect the current best estimate.

4.26 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.

4.27 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.

4.28 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

2017 (Number of shares)	2016 (Number of shares)		Note	2017 (Rupees in thousand)	2016 (Rupees in thousand)
		Ordinary shares of Rs. 10 each as at the beginning of the year			
33,603,295	33,603,295	- fully paid in cash		336,033	336,033
148,780	148,780	- fully paid for consideration other than cash		1,488	1,488
5,000,000	4,000,000	- fully paid against conversion of preference shares / convertible stock		50,000	40,000
50,627,429	50,627,429	- fully paid bonus shares		506,274	506,274
89,379,504	88,379,504			893,795	883,795
–	1,000,000	Issuance of shares upon conversion of preference shares / convertible stock	5.1	–	10,000
		Ordinary shares of Rs. 10 each as at the end of the year			
33,603,295	33,603,295	- fully paid in cash		336,033	336,033
148,780	148,780	- fully paid for consideration other than cash		1,488	1,488
5,000,000	5,000,000	- fully paid against conversion of preference shares / convertible stock		50,000	50,000
50,627,429	50,627,429	- fully paid bonus shares		506,274	506,274
89,379,504	89,379,504			893,795	893,795

5.1 Last year, under the terms of redemption / conversion of preference shares / convertible stock mentioned in note 6.9, the Group, converted 1 million preference shares / convertible stock of Rs. 190 each held by International Finance Corporation, Washington D.C, USA ('IFC') into 1 million fully paid ordinary shares of Rs. 10 each.

5.2 24,653,801 (2016: 24,309,601) ordinary shares of the Parent Company are held by IGI Holdings Limited (IGIHL)[Formerly IGI Insurance Limited], an associate.

(Rupees in thousand)	Note	2017	2016
6. Long term finances			
These are composed of:			
Local currency loans - secured			
Long term finance facility I	6.1	1,142,870	1,714,290
Long term finance facility II	6.2	1,500,000	1,500,000
Long term finance facility III	6.3	4,495,649	4,482,547
Long term finance facility IV	6.4	3,491,223	993,003
Long term finance facility V	6.5	4,935,000	–
		15,564,742	8,689,840
Foreign currency loans - secured			
Term finance loan I	6.6	875,754	916,960
Term finance loan II	6.7	552,403	452,090
Term finance loan III	6.8	62,651	121,012
		1,490,808	1,490,062
Preference shares / convertible stock - unsecured	6.9	932,650	932,650
		17,988,200	11,112,552
Current portion shown under current liabilities	15	(3,361,942)	(806,546)
		14,626,258	10,306,006

6.1 Long term finance facility I

This loan has been obtained from Meezan Bank Limited under the Islamic mode of finance as a Musharika. It is 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. The balance is repayable in 4 equal semi-annual installments ending on December 28, 2019. The loan carries mark-up at the rate of six month Karachi Inter Bank Offer Rate ("KIBOR") plus 0.10 percent per annum. The effective mark-up charged during the year ranges from 6.24 percent to 6.31 percent per annum (2016: 6.18 percent to 6.77 percent per annum).

6.2 Long term finance facility II

This represents a Term Finance Facility (the 'Facility') of Rs. 11 billion obtained from Habib Bank Limited to finance the redemption of preference shares issued to IFC. The Facility is secured against pledge of Nestle Pakistan Limited's shares owned by the Parent Company under a "Share Pledge Agreement". During last year, 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 is entitled to make drawdowns of the remaining Facility within 18 months of the first drawdown date. The Facility carries mark up at the rate of six month KIBOR plus 0.25 percent per annum and is payable in 4 equal semi annual installments commencing on March 8, 2018 and ending on September 8, 2019. The effective mark-up rate charged during the year ranges from 6.30 percent to 6.40 percent per annum (2016: 6.30 percent per annum).

6.3 Long term finance facility III

This represents term finance facility of Rs. 4,500 million from MCB Bank Limited. As at December 31, 2017 the Group has availed Rs. 4,500 million (2016: Rs. 4,500 million) against term finance. The loan carries mark up at annual rate of six month KIBOR plus 0.14 percent per anum and 0.40 percent per anum during first and last three and half years respectively during the tenure of the loan. Mark up 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 in seven semi annual installments commencing from September 30, 2019. This facility is secured to the extent of Rs. 7,333.334 million against the following:

First exclusive charge over all present and future movable fixed assets of the Group's subsidiary, namely, Packages Construction (Private) Limited ('PCPL') 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 PCPL 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.

6.4 Long term finance facility IV

This represents term finance facility of Rs. 3,500 million from Allied Bank Limited. As at December 31, 2017 the Group has availed Rs. 1,000 million against term finance. The loan carries mark up at six month KIBOR plus 0.275 percent per annum. The tenure of the loan is seven years and it is repayable after a grace period of three and half years in seven semi-annual installments commencing from February 10, 2020. The loan is secured to the extent of Rs. 4,667 million against the following:

First pari passu charge over all present and future movable fixed assets and buildings of PCPL 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.

6.5 Long term finance facility V

This represents the loan availed by Group against aggregate facility of Rs. 7,000 million obtained from a consortium of commercial banks led by MCB Bank Limited. It is secured by an aggregate sum of Rs. 9,333 million by a first priority charge on the hypothecated assets of BSPPL of at least the charge amount and a first priority mortgage of title deeds of the immovable properties of at least the charge amount. It carries mark up at six month KIBOR plus 0.45 percent per annum (2016: Nil). The balance is repayable in 6 equal semi annual installments ending on September 2020. The effective mark up charged during the year ranges from 6.50 per cent to 6.60 percent per annum (2016: Nil).

Under the terms of this loan facility, BSPPL is required to comply with certain financial covenants. BSPPL has complied with those covenants throughout the year, except for the 'Minimum debt service coverage ratio.'

6.6 Term finance loan I

This represents 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, Flexible Packages Convertors (Proprietary) Limited ('FPC'). This facility is provided against a guarantee in the form of a Standby Letter of Credit ('SBLC') issued by Habib Bank Limited Pakistan ('HBL Pakistan') in favor of HBL Bahrain as referred to in note 20.1. SBLC is secured against pledge of Nestle Pakistan Limited shares owned by the Parent Company. It carries mark up at the rate of London Inter Bank offer Rate ('LIBOR') plus 5.25 percent per annum and the balance USD 8.8 million is payable in 10 equal semi annual installments started from November 2017 and ending in May 2022.

6.7 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.

6.8 Term finance loan III

This term loan has been obtained from MCB Bank Limited Sri Lanka and is repayable over seven years including two years grace period.

6.9 Preference shares / convertible stock - unsecured

During the year 2009, the Parent Company issued 10 percent 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 Parent 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 percent 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 balance sheet as follows:

(Rupees in thousand)	Note	2017	2016
Face value of preference shares / convertible stock			
[8,186,842 (2016: 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	6.9.1	(606,222)	(606,222)
Liability component - classified under long term finances	6.9.2	932,650	932,650
Accrued return on preference shares / convertible stock classified under accrued finance cost	19	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 percent till perpetuity which represents the rate of similar instrument with no associated equity component. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity as preference shares / convertible stock.

6.9.1 Movement in equity component - classified under capital and reserves

2017 (Number of shares)	2016 (Number of shares)		Note	2017 (Rupees in thousand)	2016 (Rupees in thousand)
8,186,842	17,686,842	Equity component at the beginning of the year		606,222	1,309,682
–	–	Transfer from liability component	6.9.2	–	113,921
		Conversion into:	5.1		
–	(1,000,000)	ordinary share capital		–	(10,000)
–	–	share premium		–	(177,969)
–	(1,000,000)			–	(74,048)
–	(8,500,000)	Redemption of preference shares	6.9.3	–	(629,412)
8,186,842	8,186,842	Equity component at the end of the year		606,222	606,222

(Rupees in thousand)	Note	2017	2016
6.9.2 Movement in liability component			
Liability component of 8,186,842 (2016: 17,686,842) preference shares as at the beginning of the year		932,650	2,014,895
Transfer to equity component upon conversion of Nil (2016: 1,000,000) preference shares into ordinary shares	6.9.1	–	(113,921)
Redemption of Nil (2016: 8,500,000) preference shares	6.9.3	–	(968,324)
Liability component of 8,186,842 (2016: 8,186,842) preference shares as at the end of the year		932,650	932,650

6.9.3 Last year, under the terms of redemption / conversion of preference shares / convertible stock mentioned in note 6.9, IFC exercised its right to redeem 8.5 million preference shares / convertible stock of Rs. 190 each into cash. The mutually agreed redemption consideration was allocated to liability and equity portions in the same manner as was used for separation of these components at the time of initial recognition at the prevailing market rates and both were extinguished in the same ratio.

7. Equity portion of loans 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. On 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, are classified directly in equity as a capital contribution of the shareholder of the Parent Company.

(Rupees in thousand)	Note	2017	2016
Opening balance		77,991	46,596
Equity portion of long term loan at initial recognition	8	90,620	–
Equity portion of short term loan at renegotiation(s)	16	33,377	39,959
Amount attributable to NCI		(30,801)	(8,564)
Closing balance		171,187	77,991

8. Loan from shareholder of the Parent Company - unsecured

Transferred from short term loan	16	500,000	–
Equity portion of loan at initial recognition	7	(90,620)	–
		409,380	–

8.1 This loan has been obtained from Syed Babar Ali, shareholder of the Parent Company and is interest free. The loan is payable on December 31, 2019. It is being carried at amortised cost using a market interest rate of 10.50 percent for a similar instrument.

(Rupees in thousand)	Note	2017	2016
9. Liabilities against assets subject to finance lease			
Present value of minimum lease payments		81,993	96,189
Current maturity shown under current liabilities	15	(32,602)	(22,338)
		49,391	73,851

Interest rate used as discounting factor ranges from 6.42 percent to 10.72 percent per annum (2016: 6.28 percent to 10.72 percent per annum). Taxes, repairs and insurance costs are borne by the lessee.

The amount of the future payment of the lease as shown in the consolidated balance sheet and the period in which these payments will become due are as follows:

(Rupees in thousand)	Minimum lease payments	Future finance charge	Present value of lease liability 2017	Present value of lease liability 2016
Not later than one year	38,534	5,932	32,602	22,338
Later than one year and not later than five years	54,362	4,971	49,391	73,851
	92,896	10,903	81,993	96,189

10. Security deposits

These represent interest free security deposits from tenant's and are repayable on cancellation / withdrawal of the license / lease agreement or on cessation of business with PCPL. Gross value received from tenants as at year end is Rs. 418.251 million. These have been carried at amortised cost using a market interest rate of 10 percent for a similar instrument. The gain on initial recognition is recognised as deferred income and would spread over the license lease term.

(Rupees in thousand)	Note	2017	2016
Gross proceeds from tenants		418,251	–
Deferred income	11	(140,596)	–
		277,655	–
11. Deferred income			
Deferred income recognised	10	140,596	–
Income to be recognised in the following year classified under current liabilities	15	(32,707)	–
		107,889	–
12. Deferred tax			
The liability for deferred tax comprises temporary differences relating to:			
Accelerated tax depreciation		2,480,498	841,170
Unused tax losses		(965,476)	–
Fair value gain on acquisition of subsidiary		899,608	–
Investments in associates and joint ventures		372,000	155,000
Minimum tax available for carry forward	12.1	–	(52,925)
Provision for accumulating compensated absences		(154,534)	(104,832)
Others		(66,590)	(35,884)
		2,565,506	802,529

12.1 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 Group has not recognised deferred tax asset of Rs. 214.823 million (2016: Nil), set to lapse in the accounting year 2022, in respect of minimum tax available for carry forward arisen after the formation of the Taxation Group as referred to in note 4.2, as sufficient taxable profits would not be available to the Taxation Group to utilise these in the foreseeable future. Deferred tax asset has also not been recognised on aggregate minimum taxes prior to the formation of the Taxation Group amounting to Rs. 801.931 million (2016: Rs. 859.940 million) as the same can not be realised against the taxable profits of the Taxation Group. However, in case the Parent Company and BSPPL opt out of the Taxation Group, these minimum tax credits will become available for realisation against the taxable profits of the Parent Company and BSPPL. Out of these minimum tax credits, Rs. 262.042 million, Rs. 166.389 million, Rs. 157.677 million and Rs. 215.823 million are set to lapse by December 31, 2018, December 31, 2019, December 31, 2020 and December 31, 2021 respectively.

12.2 The unabsorbed depreciation loss of Rs. 3,218.255 million (2016: Rs. 3,218.255 million) is available for set off against income of BSPPL under separate return for indefinite period. However, it is not available for set off against the Group Taxation model. Therefore, no deferred tax asset has been recongised on this loss.

12.3 For the purpose of current taxation unused tax losses available for carry forward to PCPL are Rs. 852.604 million (2016: Rs. 223.912 million). PCPL has not recognised any related deferred tax asset based on prudence principal as sufficient tax profits would not be available to set these off in the foreseeable future. Tax loses amounting to Rs. 0.112 million, Rs. 39.678 million, Rs. 74.285 million, Rs. 94.745 million and Rs. 105.759 million are set to lapse by years ending on December 31, 2020, 2021, 2022, 2023 and 2024 respectively.

(Rupees in thousand)	Note	2017	2016
12.4 The gross movement in net deferred tax liability during the year is as follows:			
Opening balance		802,529	693,332
Acquisition of subsidiary		1,466,019	–
Charged to consolidated profit and loss account	41	328,550	78,499
Credited to consolidated other comprehensive income		(79,503)	(10,202)
Exchange loss		47,911	40,900
Closing balance		2,565,506	802,529

(Rupees in thousand)	Note	2017	2016
13. Retirement benefits			
Classified under non-current liabilities			
Funded			
Pension fund	13.1	181,715	14,983
Gratuity fund	13.1	317,539	72,321
		499,254	87,304
Unfunded			
Staff gratuity	13.2	17,332	15,521
		516,586	102,825

(Rupees in thousand)	Pension fund 2017	Pension fund 2016	Gratuity fund 2017	Gratuity fund 2016
13.1 Amounts recognised in consolidated balance sheet				
The amounts recognised in the consolidated balance sheet are as follows:				
Fair value of plan assets	521,244	691,464	510,715	416,664
Present value of defined benefit obligation	(702,959)	(706,447)	(828,254)	(488,985)
Liability as at December 31	(181,715)	(14,983)	(317,539)	(72,321)
13.1.1 Movement in net liability for retirement benefits				
Net liability as at January 1	(14,983)	(24,744)	(72,321)	(15,681)
Acquisition of subsidiary	–	–	(127,089)	–
Charged to consolidated profit and loss account	(1,199)	(2,227)	(43,028)	(24,906)
Net remeasurement for the year recorded in consolidated other comprehensive income ('OCI')	(165,533)	11,988	(99,421)	(49,651)
Contribution by the Group	–	–	24,320	17,917
Net liability as at December 31	(181,715)	(14,983)	(317,539)	(72,321)

(Rupees in thousand)	Pension fund 2017	2016	Gratuity fund 2017	2016
13.1.2 Movement in present value of defined benefit obligation				
Present value of defined benefit obligation as at January 1	706,447	651,753	488,985	378,247
Acquisition of subsidiary	–	–	267,305	–
Service cost	–	–	36,506	24,301
Interest cost	53,604	55,520	42,303	31,668
Benefits paid	(72,795)	(69,723)	(35,127)	(49,806)
Actuarial (gains) / losses from change in financial assumptions	(19,902)	42,316	121	39,529
Experience adjustments	35,605	26,581	28,161	65,046
Present value of defined benefit obligation as at December 31	702,959	706,447	828,254	488,985

(Rupees in thousand)	Pension fund 2017	2016	Gratuity fund 2017	2016
13.1.3 Movement in fair value of plan assets				
Fair value as at January 1	691,464	627,009	416,664	362,566
Acquisition of subsidiary	–	–	140,216	–
Interest income on plan assets	52,405	53,293	35,781	31,063
Group contributions	–	–	24,320	17,917
Benefits paid	(72,795)	(69,723)	(35,127)	(49,806)
Return on plan assets, excluding interest income	(149,830)	80,885	(71,139)	54,924
Fair value as at December 31	521,244	691,464	510,715	416,664

13.1.4 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 funds as advised by the actuary.

(Rupees in thousand)	Pension fund 2017	2016	Gratuity fund 2017	2016
13.1.5 Amounts recognised in the consolidated profit and loss account				
Current service cost	–	–	36,506	24,301
Interest cost for the year	53,604	55,520	42,303	31,668
Interest income on plan asset	(52,405)	(53,293)	(35,781)	(31,063)
Net expense charged to consolidated profit and loss account	1,199	2,227	43,028	24,906

(Rupees in thousand)	Pension fund 2017	2016	Gratuity fund 2017	2016
13.1.6 Remeasurements charged to consolidated OCI				
Actuarial (gains) / losses from change in financial assumptions	(19,902)	42,316	121	39,529
Experience adjustments	35,605	26,581	28,161	65,046
Return on plan assets, excluding interest income	149,830	(80,885)	71,139	(54,924)
Total remeasurements charged / (credited) to consolidated OCI	165,533	(11,988)	99,421	49,651

(Rupees in thousand)	Pension fund 2017	2016	Gratuity fund 2017	2016
13.1.7 Plan assets				
Plan assets are comprised as follows:				
Debt instruments	225,959	248,235	226,631	164,204
Shares and units of mutual funds	277,562	426,910	264,056	246,284
Cash at banks	14,751	16,319	20,028	6,176
Others	2,972	–	–	–
	521,244	691,464	510,715	416,664

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

(Rupees in thousand)	2017	2016	2015	2014	2013
As at December 31					
Present value of defined benefit obligation	(702,959)	(706,447)	(651,753)	(641,863)	(568,285)
Fair value of plan assets	521,244	691,464	627,009	700,115	567,707
(Deficit) / surplus	(181,715)	(14,983)	(24,744)	58,252	(578)
Experience adjustment on obligation	5%	4%	-5%	2%	1%
Experience adjustment on plan assets	-28%	12%	-11%	24%	2%

Fair value of plan assets includes ordinary shares of the Parent Company, whose fair value as at December 31, 2017 is Rs. 336.507 million (2016: Rs. 561.064 million).

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

(Rupees in thousand)	2017	2016	2015	2014	2013
As at December 31					
Present value of defined benefit obligation	(828,254)	(488,985)	(378,247)	(309,873)	(275,115)
Fair value of plan assets	510,715	416,664	362,566	339,502	281,655
(Deficit) / surplus	(317,539)	(72,321)	(15,681)	29,629	6,540
Experience adjustment on obligation	3%	13%	6%	13%	9%
Experience adjustment on plan assets	14%	13%	1%	21%	14%

Fair value of plan assets include ordinary shares of the Parent Company, whose fair value as at December 31, 2017 is Rs. 53.274 million (2016: Rs. 88.825 million).

(Rupees in thousand)	2017	2016
13.2 Unfunded retirement benefits - staff gratuity		
As at the beginning of the year	15,521	13,266
Interest cost	1,842	1,300
Charge for the year	1,804	1,717
Payments made during the year	(2,508)	(1,181)
Actuarial loss	66	1,000
Exchange adjustment	607	(581)
As at the end of the year	17,332	15,521

(Rupees in thousand)	2017 Pension fund	2017 Gratuity fund
13.3 Sensitivity analysis		
Year end sensitivity analysis on defined benefit obligation:		
Discount rate + 100 bps	655,962	(336,881)
Discount rate - 100 bps	756,636	1,525,192
Salary increases / indexation + 100 bps	756,816	1,550,818
Salary increases / indexation - 100 bps	655,265	(375,835)

(Rupees in thousand)	Note	2017	2016
14. Deferred liabilities			
This represents provision made to cover the obligation for accumulating compensated absences.			
Opening balance		349,437	234,990
Acquisition of subsidiary		133,908	–
Charged to consolidated profit and loss account	14.2	66,133	140,558
		549,478	375,548
Payments made during the year		(24,196)	(26,111)
Closing balance	14.1	525,282	349,437
14.1 Movement in liability for accumulating compensated absences			
Present value of obligation as at January 1		349,437	234,990
Acquisition of subsidiary		133,908	–
Current service cost		29,039	8,906
Interest cost on defined benefit obligation		29,337	19,974
Benefits paid during the year		(24,196)	(26,111)
Remeasurement during the year		7,757	111,678
Present value of obligation as at December 31		525,282	349,437
14.2 Charges during the year			
Current service cost		29,039	8,906
Interest cost		29,337	19,974
Remeasurement during the year		7,757	111,678
Expense charged to the consolidated profit and loss account		66,133	140,558

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

(Rupees in thousand)	2017	2016	2015	2014	2013
As at December 31					
Present value of accumulating compensated absences	525,282	349,437	234,990	201,030	156,415
Actuarial remeasurements	7,757	111,678	30,679	32,372	17,568

(Rupees in thousand)	2017 Accumulating compensated absenses
14.4 Sensitivity analysis	
Year end sensitivity analysis on defined benefit obligation are as follows:	
Discount rate + 100 bps	448,568
Discount rate - 100 bps	531,957
Salary increases + 100 bps	532,176
Salary increases - 100 bps	447,635

(Rupees in thousand)	Note	2017	2016
15. Current portion of non-current liabilities			
Current portion of long term finances - secured	6	3,361,942	806,546
Current portion of liabilities against assets subject to finance lease	9	32,602	22,338
Current portion of deferred income	11	32,707	–
		3,427,251	828,884
16. Short term loan from shareholder of the Parent Company - unsecured			
Loan is recognised in the consolidated balance sheet as follows:			
Opening balance		462,930	478,110
Equity portion of loan at renegotiations	7	(33,377)	(39,959)
Fair value of the loan at initial recognition		429,553	438,151
Interest accrued during the year		70,447	24,779
		500,000	462,930
Transferred to long term	8	(500,000)	
Closing balance		–	462,930

(Rupees in thousand)	Note	2017	2016
17. Finances under mark up arrangements - secured			
Running finances - secured	17.1	3,001,722	1,038,079
Bills discounted - secured	17.2	–	–
Short term finances - secured	17.3	2,090,000	880,000
		5,091,722	1,918,079

17.1 Running finances - secured

Short term running finances available from a consortium of commercial banks under mark-up arrangements amount to Rs. 18,240 million (2016: Rs. 9,922 million). The rates of mark-up are based on KIBOR plus spread and range from 6.13% to 7.40% (2016: 6.19% to 7.74%) 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 7.38% to 9.03% (2016: 7.43% to 9.44%) 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.

17.2 Bills discounted - secured

Facilities for discounting of export / inland bills of Rs. 631 million (2016: Rs. 631 million) are available to the Group as a sub-limit of the running finance facilities referred to in note 17.1. 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 17.1, on the specific bills discounted. The facility has not been availed in the current year.

17.3 Short term finances - secured

Facilities for obtaining short term finances of Rs. 16,365 million (2016: Rs. 8,665 million) are available to the Group as a sub-limit of the running finance facilities referred to in note 17.1. The rates of mark-up are based on KIBOR plus spread ranging from 6.04% to 6.28% (2016: 6.03% to 6.55%) per annum or part thereof on the balances outstanding.

17.4 Letters of credit and bank guarantees

Of the aggregate facilities of Rs. 16,109 million (2016: Rs. 7,909 million) for opening letters of credit (including Rs. 11,359 million available to Group as sub-limit of the sublimit of running finance facilities referred to in note 17.1) and Rs. 1,867 million (2016: Rs. 849 million) for guarantees, the amounts utilised at December 31, 2017 were Rs. 2,974 million (2016: Rs. 660 million) and Rs. 1,208 million (2016: Rs. 248 million) respectively. The facilities for guarantee are secured by second hypothecation charge over stores, spares, stock-in-trade and trade debts.

(Rupees in thousand)	Note	2017	2016
18. Trade and other payables			
Trade creditors	18.1	3,790,051	2,227,002
Accrued liabilities	18.2 & 18.3	1,960,100	1,272,892
Bills payable		171,940	417,723
Retention money payable		169,450	188,401
Sales tax payable		6,398	47,253
Federal excise duty payable		3,590	3,789
VAT Payable		11,939	–
Advances from customers	18.4	151,710	215,458
Payable to retirement funds	18.5	17,165	15,948
Deposits - interest free repayable on demand		13,035	6,922
Profit payable on term finance certificate ('TFC')		1,387	1,387
Unclaimed dividends		39,307	26,400
Workers' profit participation fund	18.6	803,402	487,351
Workers' welfare fund	18.7	27,413	19,540
Operating lease rentals		76,875	57,169
Others	18.8	268,471	139,138
		7,512,233	5,126,373

(Rupees in thousand)	2017	2016
18.1 Trade creditors include amount due to related parties as follows:		
Joint venture		
Bulleh Shah Packaging (Private) Limited	–	179,316
Associates		
Tri-Pack Films Limited	47,504	46,530
IGI Holdings Limited [Formerly IGI Insurance Limited]	12,247	6,367
IGI Life Insurance Limited	3,597	3,470
Other Related Parties		
DIC Asia Pacific Pte Limited	9,088	36,385
DIC Corporation Tokyo	–	3,616
DIC Corporation Japan	9,463	–
DIC Fine Chemicals Pvt Limited	–	186
DIC India Limited	15,149	8,814
DIC Malaysia SDN. BHD	1,771	364
Sun Chemical S.A.	697	3,521
Sun Chemical S.P.A.	–	113
PT Pardic Jaya Chemicals, Indonesia	22,971	–
Nantong DIC Color Company Limited	1,464	–
Coates Screen Inks GMBH	22	22
	123,973	288,704
18.2 Accrued liabilities include amounts due to related parties as follows:		
Joint venture		
Bulleh Shah Packaging (Private) Limited	–	411
Associate		
IGI Holdings Limited [Formerly IGI Insurance Limited]	7,267	1,155
Other related parties		
Tetra Pak Pakistan Limited	1,875	1,987
DIC Asia Pacific Pte Limited	41,173	37,891
	50,315	41,444

18.3 Included in accrued liabilities is a provision for Rs. 492.195 million (2016: Nil) 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. 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 Honorable Lahore High Court ('LHC'). Subsequent to year end, the LHC has set aside the decision of Oil and Gas Regulatory Authority ('OGRA') dated January 14, 2016, declaring the BSPPL as an industrial power user. Consequently, BSPPL has reversed the provision in respect of LPS recorded on differential of applicable tariff rate.

18.4 Included in advances from customers, Rs. 0.432 million (2016: Rs. 0.544 million) is due to Tri-Pack Films Limited, an associate.

(Rupees in thousand)	Note	2017	2016
18.5 Payable to retirement funds			
Employees' provident fund	18.5.1	9,685	7,978
Employees' gratuity fund		1,787	1,545
Management staff pension fund		5,693	6,425
		17,165	15,948

(Rupees in thousand)		Note	2017	2016
18.5.1	**Employees' provident fund**			
	Size of the fund - total assets		2,698,458	2,918,181
	Cost of investments made out of provident fund		1,412,891	861,963
	Fair value of investments made out of provident fund	18.5.2	2,641,928	2,890,075
	Percentage of investments made out of provident fund		97.91%	99.04%

		2017		2016	
		Rupees in thousand	% age of investment	Rupees in thousand	% age of investment
18.5.2	**Break-up of value of investments**				
	Equity shares of listed companies	1,396,593	52.86%	2,117,688	73.27%
	Listed debt securities	76,337	2.89%	–	0.00%
	Mutual funds	468,683	17.74%	318,533	11.02%
	Government securities	249,548	9.45%	94,503	3.27%
	Term Deposit Receipts with banks	261,302	9.89%	303,831	10.51%
	Bank balances	111,940	4.24%	2,063	0.08%
	Others	77,525	2.93%	53,457	1.85%
		2,641,928	100.00%	2,890,075	100.00%

18.5.3 The investments out of the employees' provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and rules formulated for this purpose. The figures are based on the audited financial statements of the employees' provident fund of the Parent Company and the un-audited financial statements of employees' provident fund of BSPPL.

(Rupees in thousand)		Note	2017	2016
18.6	**Workers' profit participation fund**			
	Opening balance		487,351	202,337
	Refund claimed		2,320	1,879
	Provision for the year	37	401,994	388,535
			891,665	592,751
	Payments made during the year		(88,263)	(105,400)
	Closing balance		803,402	487,351
18.7	**Workers' welfare fund**			
	Opening balance		19,540	186,485
	Provision for the year	37	26,054	19,547
	Reversal of excess provision of prior years	38	(7,351)	(150,606)
			38,243	55,426
	Payments made during the year		(9,092)	(35,886)
	Closing balance		29,151	19,540

18.8 Others include due to related parties amounting to Rs. 13.367 million (2016: Rs. 3.268 million).

(Rupees in thousand)		2017	2016
19.	**Accrued finance costs**		
	Accrued mark up / return on:		
	Long term local currency loans - secured	290,138	135,583
	Long term foreign currency loans - secured	6,150	5,497
	Preference shares / convertible stock - unsecured	155,550	155,550
	Finances under mark up arrangements - secured	43,440	16,882
		495,278	313,512

20. Contingencies and commitments

20.1 Contingencies in respect of:

(i) Claims against the Group by ex-employees not acknowledged as debts amounting to Rs. 28.294 million (2016: Rs. 14.861 million).

(ii) Guarantee issued in favor of Excise and Taxation Officer amounting to Rs. 1.624 million (2016: 1.624 million).

(iii) Post dated cheques not provided in the consolidated financial statements furnished by the Group in favour of the Collector of Customs against custom levies aggregated to Nil (2016: Rs. 19.632 million) in respect of goods imported.

(iv) Standby letter of credit issued by Habib Bank Limited, Pakistan ('HBL Pakistan') in favor of Habib Bank Limited, Bahrain ('HBL Bahrain') on behalf of the Parent Company amounting to Rs. 1,223.503 million (2016: Rs. 1,231.116 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL') (wholly-owned subsidiary of the Parent Company). The standby letter of credit is secured against pledge of Nestle Pakistan Limited's shares owned by the Parent Company

(v) Letters of guarantees issued to various parties aggregating to Rs. 189.474 million (2016: Rs. 246.146 million).

(vi) During the year the Walton Cantonment Board ('WCB') issued a notice to PCPL requiring payment of commercialisation fee of Rs. 544 million. The Group challenged the demand of WCB before the 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 forty days and further directed that no coercive to be taken against the Group in the meanwhile.

WCB conducted a hearing on May 9, 2017 and representative of WCB could not justify the charging of commercialisation fee and sought time to produce statutory documents permitting the reason for imposing such fee. The Group's legal counsel continuously followed up with WCB for statutory instrument, however WCB did not respond to those requests. In view of the foregoing and lapse of the deadline of LHC, the management considers that there are strong grounds to support the Group's stance and thus no provision has been made in these consolidated financial statements.

20.2 Commitments in respect of:

(i) Letters of credit and contracts for capital expenditure Rs. 558.812 million (2016: Rs. 870.599 million).

(ii) Letters of credit and contracts for other than for capital expenditure Rs. 2,587.985 million (2016: Rs. 511.677 million).

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

(Rupees in thousand)	Note	2017	2016
Not later than one year		175,359	98,799
Later than one year and not later than five years		480,532	457,006
Later than five years		15,628	77,946
		671,519	633,751

There are no commitments with related parties.

21. Property, plant and equipment

	Note	2017	2016
Operating fixed assets			
Owned assets	21.1	23,787,270	6,288,589
Assets subject to finance lease	21.2	84,248	91,099
		23,871,518	6,379,688
Capital work-in-progress	21.3	1,999,477	108,659
Major spare parts and stand-by equipment	21.4	121,811	61,729
		25,992,806	6,550,076

21.1 Owned assets

(Rupees in thousand)	2017 Cost as at December 31, 2016	Acquisition of subsidiary	Exchange differences	Additions / (deletions)	Transfer in	Cost as at December 31, 2017	Accumulated depreciation as at December 31, 2016	Exchange differences	Depreciation charge / (deletions) for the year	Transfer in	Accumulated depreciation as at December 31, 2017	Book value as at December 31, 2017
Freehold land	236,207	349,156	4,476	121,247	61,953	773,039	–	–	–	–	–	773,039
				–	–				–	–		
Buildings on freehold land	629,071	2,947,241	3,153	49,168	34,855	3,663,488	214,280	604	82,414	32,035	329,333	3,334,155
				–	–				–	–		
Buildings on leasehold land	242,684	–	5,879	6,784	15,833	271,180	132,048	1,358	13,155	2,565	149,126	122,054
				–	–				–	–		
Plant and machinery	10,047,411	14,051,384	352,111	685,330	–	24,939,960	5,158,859	73,462	1,316,631	–	6,372,002	18,567,958
				(196,276)	–				(176,950)	–		
Other equipments (computers, lab												
equipments and other office equipments)	1,193,035	107,382	27,750	206,744	–	1,517,181	834,264	21,139	186,083	–	1,024,931	492,250
				(17,730)	–				(16,555)	–		
Furniture and fixtures	77,221	9,026	3,386	64,548	–	153,549	45,527	989	13,918	–	59,810	93,739
				(632)	–				(624)	–		
Vehicles	383,482	115,262	801	143,599	1,549	549,679	135,544	508	44,962	557	145,604	404,075
				(95,014)	–				(35,967)	–		
	12,809,111	17,579,451	397,556	1,277,420	114,190	31,868,076	6,520,522	98,060	1,657,163	35,157	8,080,806	23,787,270
				(309,652)	–				(230,096)	–		

(Rupees in thousand)	2016 Cost as at December 31, 2015	Exchange adjustment on opening cost	Additions / (deletions)	Transfer in / (out)	Cost as at December 31, 2016	Accumulated depreciation as at December 31, 2015	Exchange adjustment on opening accumulated depreciation	Depreciation charge / (deletions) for the year	Transfer in / (out) (note 18.2)	Accumulated depreciation as at December 31, 2016	Book value as at December 31, 2016
Freehold land	171,158	(5,198)	22,951	47,296	236,207	–	–	–	–	–	236,207
			–	–				–	–		
Buildings on freehold land	580,275	(3,336)	52,132	–	629,071	191,825	(382)	22,837	–	214,280	414,791
			–	–				–	–		
Buildings on leasehold land	268,856	5,020	638	–	242,684	136,238	530	13,105	–	132,048	110,636
			–	(31,830)				–	(17,825)		
Plant and machinery	8,805,381	173,592	1,314,684	713,291	10,047,411	5,418,612	5,893	606,747	64,028	5,158,859	4,888,552
			(959,537)	–				(936,421)	–		
Other equipments (computers, lab											
equipments and other office equipments)	1,076,258	4,070	184,242	–	1,193,035	747,558	1,161	154,976	–	834,264	358,771
			(71,535)	–				(69,431)	–		
Furniture and fixtures	69,171	2,704	6,131	–	77,221	39,095	288	6,895	–	45,527	31,694
			(785)	–				(751)	–		
Vehicles	325,496	251	105,597	–	383,482	119,777	(42)	35,385	–	135,544	247,938
			(47,862)	–				(19,576)	–		
	11,296,595	177,103	1,686,375	760,587	12,809,111	6,653,105	7,448	839,945	64,028	6,520,522	6,288,589
			(1,079,719)	(31,830)				(1,026,179)	(17,825)		

21.1.1 Owned assets include assets amounting to Rs. 52.800 million (2016: Rs. 70.059 million) of the Group which are not in operation.

21.1.2 The cost of fully depreciated assets which are available for use as at December 31, 2017 is Rs. 3,444.478 million (2016: Rs. 2,453.082 million).

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

(Rupees in thousand)	Note	2017	2016
Cost of sales and services	34	1,554,145	782,214
Administrative expenses	35	75,635	42,281
Distribution and marketing costs	36	20,495	15,450
Investment property under construction		6,888	–
		1,657,163	839,945

21.1.5 Disposal of owned assets

Detail of owned assets disposed off during the year is as follows:

(Rupees in thousand)		2017				
Particulars of assets	**Sold to**	**Cost**	**Accumulated depreciation**	**Book value**	**Sales proceeds**	**Mode of disposal**
Plant and machinery	**Assets written off**	42,392	39,776	2,616	–	Scrapped
	Outsider - Related party					
	Bulleh Shah Packaging (Private) Limited	3,780	3,524	256	256	Negotiation
	Outsider					
	Sunlyn (Pty) Ltd	18,060	2,789	15,271	19,646	Negotiation
Other Equipments	**Assets written off**	5,182	4,615	567	–	Written off
	Outsider - Related parties					
	Omya Pack (Private) Limited	104	52	52	61	Negotiation
	Bulleh Shah Packaging (Private) Limited	98	22	76	76	- do -
Vehicles	**Employees**					
	Abdul Rehman	750	450	300	418	Company Policy
	Adi J. Cawasji	1,286	965	321	322	- do -
	Adnan Tufail	1,050	620	430	485	- do -
	Akhtar Bashir	1,003	592	411	590	- do -
	Akhtar Javed	1,145	687	458	731	- do -
	Ameer Taimoor Ali	1,019	102	917	901	- do -
	Anis Ahmed	1,495	897	598	1,013	- do -
	Arslan Bashir	1,297	156	1,141	1,126	- do -
	Ather Ayub Khan	3,742	1,197	2,545	3,116	- do -
	Ayesha Siddiq	800	328	472	524	- do -
	Bilal Ahmad	683	225	458	494	- do -
	Fazal Ahmad	1,760	422	1,338	1,412	- do -
	Ghani Shah	601	360	241	283	- do -
	Gohar Ali Shahzad	1,788	179	1,609	1,592	- do -
	Hammas Ali Naik	1,391	83	1,308	1,391	- do -
	Hina Jamil	860	516	344	464	- do -
	Kamal Bariq	650	390	260	291	- do -
	Kashif Ahmed	1,560	686	874	982	- do -
	Mehreen Zafar	1,057	338	719	651	- do -
	Mian Javaid Iqbal	1,555	933	622	1,197	- do -
	Mohammad Abbas	850	502	348	456	- do -
	Mudassar Anjum	1,788	197	1,591	1,547	- do -
	Muhammad Ahmad	1,534	307	1,227	1,393	- do -
	Muhammad Ashiq	1,640	361	1,279	1,403	- do -
	Muhammad Farhan	2,383	1,215	1,168	1,830	- do -
	Muhammad Rizwan	1,438	863	575	963	- do -
	Muhammad Usman	1,191	703	488	697	- do -
	Mumtaz Ali	1,020	469	551	646	- do -
	Munir Alam Shah	708	14	694	626	- do -
	Musab Mukhtar Malik	1,112	378	734	792	- do -
	Mustansar Bashir	1,973	1,184	789	1,380	- do -
	Nauman Noor	1,548	807	741	982	- do -
	Nazish Siddique	707	424	283	314	- do -
	Raheel Shakeel	1,014	162	852	897	- do -
	Raja Asad	1,807	199	1,608	1,653	- do -
	Rizwan Ahmed Butt	923	554	369	488	- do -
	Samreen Saleem	647	369	278	288	- do -
	Shahid Islam	700	175	525	430	- do -
	Shahida Naeem	1,680	1,008	672	1,021	- do -
	Shoaib Nangiana	1,365	819	546	769	- do -
	Subbayal Najeeb	1,039	218	821	820	- do -
	Subhan Zahid	2,017	-	2,017	2,017	- do -
	Syed Baqir Ali Shah	1,498	629	869	939	- do -
	Syed Imran Adil	749	449	300	396	- do -
	Syed Rizwan Ali	708	71	637	650	- do -
	Syed Zia Ul Hassan	1,642	147	1,495	1,453	- do -
	Syeda Zehra Qaiser	825	495	330	435	- do -
	Tahira Yasmeen	1,275	701	574	832	- do -
	Umer Shabbir	678	61	617	678	- do -
	Carried forward	130,742	73,890	56,852	64,382	

(Rupees in thousand)				2017		
Particulars of assets	**Sold to**	**Cost**	**Accumulated depreciation**	**Book value**	**Sales proceeds**	**Mode of disposal**
	Brought forward	130,742	73,890	56,852	64,382	
	Usaid Faizi	1,014	51	963	894	- do -
	Usman Tahir	707	424	283	316	- do -
	Uzair Haseeb	688	89	599	585	- do -
	Waqas Munir	2,448	612	1,836	1,999	- do -
	Zeeshan Akram	1,000	360	640	694	- do -
	Zeeshan Akram	1,667	83	1,584	1,667	- do -
	Zia Ur Rehman	683	198	485	431	- do -
	Rafiq Shahid	1,742	923	819	1,147	- do -
	Usman Malik	550	330	220	247	- do -
	Shiraz Khan	732	439	293	327	- do -
	Muhammad Abbas	688	248	440	424	- do -
	Muhammad Naeem Chohan	1,662	582	1,080	1,279	- do -
	Salman Hassan	1,014	193	821	897	- do -
	Arslan Shahid	915	388	527	628	- do -
	Ihtasham Ashraf	652	385	267	292	- do -
	Tahir Mahmood	1,125	675	450	547	- do -
	Ehtisham Qureshi	1,425	855	570	748	- do -
	Amad Rafiq	1,260	529	731	830	- do -
	Shahzad Naeem	1,657	381	1,276	1,512	- do -
	Usman Tahir	1,073	386	687	800	- do -
	Outsiders - related parties					
	IGI Holdings Limited [Formerly: IGI Insurance Limited (associate)]	1,811	670	1,141	1,313	Insurance Claim Settlement
	Omya Pack (Private) Limited (joint venture)	1,686	354	1,332	1,600	Company policy
	Omya Pack (Private) Limited (joint venture)	1,099	176	923	978	Negotiation
	Bulleh Shah Packaging (Private) Limited (subsidiary)	1,533	46	1,487	1,487	Negotiation
	Outsiders					
	Farid Khan	1,394	836	558	1,260	Negotiation
	We buy Cars	7,691	6,422	1,270	2,938	Negotiation
	Mian Tariq	1,340	1,005	335	1,107	Auction
	Rizwan Butt	1,340	1,005	335	1,085	Auction
Other assets with book value less than Rs 50,000		137,489	137,066	422	12,746	
		309,652	230,096	79,556	105,595	

(Rupees in thousand)				2016		
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
Plant and machinery	**Outsider**					
	5 Star Enterprises	832,494	822,514	9,980	47,327	Negotiation
	MaShaAllah Engineering Company	2,229	1,876	353	51	- do -
	Muhammad Israil	414	314	100	99	- do -
Other Equipments	**Assets written off**	651	282	369	-	Written Off
	Employees					
	Seema Riaz	137	53	84	75	Negotiation
	Outsiders - related party					
	IGI Holdings Limited [Formerly IGI Insurance Limited]	111	28	83	52	Claim Settlement
	Outsider					
	Muhammad Amin	1,015	85	930	436	Negotiation
Vehicles	**Employees**					
	Abdullah Ikhlaq	1,804	397	1,407	1,451	Company Policy
	Ali Raza Madni	683	41	642	581	- do -
	Asad Javed	1,046	324	722	738	- do -
	Carried forward	840,584	825,914	14,670	50,810	

(Rupees in thousand)				2016		
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
	Brought forward	840,584	825,914	14,670	50,810	
	Asma Yousaf	1,673	452	1,221	1,194	- do -
	Ata u Noor	1,639	754	885	1,173	- do -
	Ayesha Khalid	554	332	222	256	- do -
	Ayesha Tariq	683	41	642	604	- do -
	Bilal Naeem	1,057	137	920	764	- do -
	Dr. Asad Ali	1,200	720	480	787	- do -
	Hafiz Awais Ahmad	743	431	312	411	- do -
	Humayun Munir	640	371	269	315	- do -
	Imran Aziz Salaria	1,021	327	694	720	- do -
	Ismail Cheema	550	297	253	247	- do -
	Jamshaid Iqbal	735	441	294	405	- do -
	Jazib Faizi	1,013	608	405	630	- do -
	Khalid Bashir	748	441	307	413	- do -
	Mudassar Anjum	1,628	98	1,530	1,490	- do -
	Muhammad Ali	1,325	596	729	812	- do -
	Muhammad Azm Uddin	683	123	560	493	- do -
	Muhammad Bilal Ashraf	525	315	210	237	- do -
	Muhammad Umar	437	169	268	431	- do -
	Muhammad Umer Farooq	688	227	461	424	- do -
	Muhammad Yousaf	541	303	238	243	- do -
	Nadeem Bhatty	1,662	133	1,529	1,435	- do -
	Omer Iqbal	1,054	253	801	827	- do -
	Saad Imran Butt	1,034	165	869	819	- do -
	Sagheer Ahmed	955	573	382	579	- do -
	Sajjad Hussain Malik	979	558	421	604	- do -
	Sameeha Fazeel	1,418	199	1,219	1,244	- do -
	Sh Waqas Ahmad	700	105	595	507	- do -
	Shafique Shakir	677	508	169	303	- do -
	Shahzad Ahmed	680	211	469	418	- do -
	Shahzad Murtaza	533	304	229	244	- do -
	Suleman Javed	1,700	1,003	697	1,069	- do -
	Syed Izzat Hassan	1,111	527	584	628	- do -
	Talha Ahmed Iftikhar	622	355	267	346	- do -
	Tanveer Akhtar	700	140	560	507	- do -
	Usama Pervaiz	1,527	31	1,496	1,527	- do -
	Usman Munir	1,518	228	1,290	1,340	- do -
	Wali Haider	892	-	892	892	- do -
	Asad Javaid	1,325	994	331	526	- do -
	Farkhanda Imran	862	517	345	661	Negotiation
	Khalid Mahmood	1,263	947	316	1,176	- do -
	Outsiders					
	Muhammad Mohsin	1,340	1,005	335	1,180	Negotiation
	Muhammad Nadeen Farooqi	1,009	353	656	815	- do -
	Muhammad Israil	650	488	162	14	- do -
Other assets with book value less than Rs 50,000		196,841	183,485	13,356	29,107	Negotiation
		1,079,719	1,026,179	53,540	109,627	

21.2 Assets subject to finance lease

(Rupees in thousand)	2017 Cost as at December 31, 2016	Exchange differences	Additions / (deletions)	Transfer (out)	Cost as at December 31, 2017	Accumulated depreciation as at December 31, 2016	Exchange differences	Deprecation charge / (deletions) for the year	Transfer (out)	Accumulated depreciation as at December 31, 2017	Book value as at December 31, 2017
Vehicles	79,782	4,971	5,685	–	77,184	26,707	2,408	11,277	–	32,715	44,469
			(11,705)	(1,549)	–	–	–	(7,120)	(557)		
Plant and equipment	41,107	7,110	–	–	48,217	3,083	1,068	4,287	–	8,438	39,779
			–	–				–	–		
	120,889	12,081	5,685	–	125,401	29,790	3,476	15,564	–	41,153	84,248
			(11,705)	(1,549)				(7,120)	(557)		

(Rupees in thousand)	2016 Cost as at December 31, 2015	Exchange differences	Additions / (deletions)	Transfer in / (out)	Cost as at December 31, 2016	Accumulated depreciation as at December 31, 2015	Exchange differences	Deprecation charge / (deletions) for the year	Transfer (out)	Accumulated depreciation as at December 31, 2016	Book value as at December 31, 2016
Vehicles	74,717	6,391	6,583	–	79,782	12,024	1,341	15,878	–	26,707	53,075
			(7,909)					(2,536)	–		
Plant and equipment	624,548	91,130	38,720	–	41,107	29,666	4,394	33,051	–	3,083	38,024
			(713,291)					–	(64,028)		
	699,265	97,521.00	45,303	–	120,889	41,690	5,735	48,929	–	29,790	91,099
			(7,909)	(713,291)				(2,536)	(64,028)		

(Rupees in thousand)	Note	2017	2016
21.2.1 Depreciation charge for the year has been allocated as follows:			
Cost of sales and services	34	5,104	33,616
Administrative expenses	35	7,572	9,967
Distribution and marketing costs	36	2,888	5,346
		15,564	48,929

21.3 Capital work-in-progress

(Rupees in thousand)	2017 Balance as at December 31, 2016	Acquisition of subsidiary	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 as at December 31, 2017
Civil works	4,050	4,473	–	145,085	–	657	(144)	(23,937)	–	(7,072)	123,112
Plant and machinery	65,657	858,254	2,043	1,430,207	–	47,092	(9,299)	(639,421)	–	–	1,754,533
Advances to suppliers	38,952	7,884	–	_	179,015	(47,749)	_	(55,734)	(536)	–	121,832
	108,659	870,611	2,043	1,575,292	179,015	–	(9,443)	(719,092)	(536)	(7,072)	1,999,477

(Rupees in thousand)	2016 Balance as at December 31, 2015	Acquisition of subsidiary	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 as at December 31, 2016
Civil works	11,229	–	–	32,493	–	–	–	(39,672)	–	–	4,050
Plant and machinery	202,281	–	(33)	982,122	–	6,257	(5,952)	(1,119,018)	–	–	65,657
Advances to suppliers	23,851	–	–	–	44,627	(6,257)	–	(23,269)	–	–	38,952
	237,361	–	(33)	1,014,615	44,627	–	(5,952)	(1,181,959)	–	–	108,659

(Rupees in thousand)	Note	2017	2016
21.4 Major spare parts and stand-by equipment			
Balance at the beginning of the year		61,729	60,954
Acquisition of subsidiary		54,887	–
Additions during the year		8,506	3,308
Transfers made during the year		(3,311)	(2,533)
Balance at the end of the year		121,811	61,729
22. Investment properties			
Developed	22.1	12,342,428	115,082
Under development	22.2	–	10,807,631
		12,342,428	10,922,713

22.1 Developed

	2017										
(Rupees in thousand)	Cost as at December 31, 2016	Acquisition of subsidiary	Transfer from under construction property	Additions	Transfer out	Cost as at December 31, 2017	Accumulated depreciation as at December 31, 2016	Depreciation charge for the year	Transfer out	Transfer in depreciation as at December 31, 2017	Book value as at December 31, 2017
Land	68,101	18,744	–	–	(61,953)	24,892	–	–	–	–	24,892
Buildings on freehold land	83,540	–	7,593,817	18,187	(27,783)	7,667,761	51,149	193,167	(32,035)	212,281	7,455,480
Buildings on leasehold land	16,743	–	–	–	(15,833)	910	2,153	831	(2,565)	419	491
Mall equipment	–	–	34,594	5,575	–	40,169	–	5,151	–	5,151	35,018
External development	–	–	1,174,159	4,200	–	1,178,359	–	26,078	–	26,078	1,152,281
HVAC system	–	–	1,363,841	3,747	–	1,367,588	–	120,754	–	120,754	1,246,834
Electrical system	–	–	2,598,486	32,886	–	2,631,372	–	203,940	–	203,940	2,427,432
	168,384	18,744	12,764,897	64,595	(105,569)	12,911,051	53,302	549,921	(34,600)	568,623	12,342,428

	2016										
(Rupees in thousand)	Cost as at December 31, 2015	Acquisition of subsidiary	Transfer from under construction property	Additions	Transfer in / out	Cost as at December 31, 2016	Accumulated depreciation as at December 31, 2015	Depreciation charge for the year	Transfer in	Transfer in depreciation as at December 31, 2016	Book value as at December 31, 2016
Land	115,397	–	–	–	(47,296)	68,101	–	–	–	–	68,101
Buildings on freehold land	34,855	–	–	16,855	31,830	83,540	29,915	3,409	17,825	51,149	32,391
Buildings on leasehold land	16,743	–	–	–	–	16,743	1,068	1,085	–	2,153	14,590
	166,995	–	–	16,855	(15,466)	168,384	30,983	4,494	17,825	53,302	115,082

(Rupees in thousand)	Note	2017	2016
22.1.1 Depreciation charge for the year has been allocated as follows:			
Cost of sales and services	34.3	545,903	–
Administrative expenses	35	4,018	4,494
		549,921	4,494

22.1.2 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, 2017 is Rs 2,742.454 million (2016: Rs 3,915.224 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 52.4.

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 52.4. Fair value of such investment properties has been determined to be Rs 17,611 million (Rs 15,362 million).

Valuation techniques used to derive level 3 fair values

The Group has determined the fair value of as on December 31, 2017 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 balance sheet date are as follows:

	2017	2016
Gross buildable area (sq ft)	–	1,185,369
Estimated costs to complete (Rs in million)	–	12,451
Gross rentable area (sq ft)	581,553	555,370
Rent rates assumed per sq ft (Rs)	75 – 1,000	75–450
Inflation in rent and operating costs	1.90% – 7.50%	7.50%
Discount rate (%)	14.00%	14.00%
Fair value (Rs in million)	17,611	15,362

22.2 Investment property - under development

This represented the under-construction “Packages Mall” Real Estate project:

(Rupees in thousand)		Balance as at December 31, 2016	Additions / adjustments during the year	Transferred to developed property	Balance as at December 31, 2017
Civil works		7,576,585	1,490,011	(9,066,596)	–
Equipments		1,299,242	140,123	(1,439,365)	–
Unallocated expenditure	22.2.1 & 22.2.2	1,593,204	665,425	(2,258,629)	–
Advances to suppliers		261,223	(260,916)	(307)	–
Advances against services		77,377	(77,377)	–	–
		10,807,631	1,957,266	(12,764,897)	–

22.2.1 This also includes salaries, wages and benefits of Rs. 58.19 million capitalised during the year.

22.2.2 This also represents borrowing costs capitalised during the year, aggregating to Rs. 171.228 million in respect of finance cost on long term finances as referred to in note 6 and long term loan from shareholder of the Parent Company as referred in note 8.

(Rupees in thousand)	Note	Goodwill	Computer software and ERP System	Total
23. Intangible assets				
Year ended December 31, 2017				
Cost				
As at January 1, 2017		152,505	213,599	366,104
Acquisition of subsidiary		–	87,207	87,207
Additions during the year		–	21,658	21,658
Exchange differences		26,375	582	26,957
As at December 31, 2017		178,880	323,046	501,926
Accumulated amortisation				
As at January 1, 2017		–	(201,810)	(201,810)
Amortisation for the year	23.2	–	(14,521)	(14,521)
As at December 31, 2017		–	(216,331)	(216,331)
Intangible assets under development		–	1,026	1,026
Book value as at December 31, 2017		178,880	107,741	286,621
Year ended December 31, 2016				
Cost				
As at January 1, 2016		125,636	208,340	333,976
Additions during the year		–	5,188	5,188
Exchange differences		26,869	71	26,940
As at December 31, 2016		152,505	213,599	366,104
Accumulated amortisation				
As at January 1, 2016		–	(183,539)	(183,539)
Amortisation for the year	23.2	–	(18,271)	(18,271)
As at December 31, 2016		–	(201,810)	(201,810)
Book value as at December 31, 2016		152,505	11,789	164,294

23.1 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, South African project

The recoverable amount of the subsidiary is determined on the discounted cash flow basis.

The Company 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 31 December 2015, an impairment test is performed annually.

Percentage		2017	2016
The key assumptions used for the discounted cash flow calculation are as follows:			
Internal rate of return (IRR)		26.74%	26.74%
Discount rate (pre-tax)		15.00%	15.00%
Growth rate		10.00%	10.00%

(Rupees in thousand)	Note	2017	2016
23.2 The amortisation charge for the year has been allocated as follows:			
Cost of sales and services	34	7,571	9,768
Administrative expenses	35	6,950	8,503
		14,521	18,271
24. Investments accounted for using the equity method			
24.1 Amounts recognised in consolidated balance sheet			
Investments in associates	24.4	9,470,360	4,390,677
Investment in joint ventures	24.5	331,770	9,476,358
		9,802,130	13,867,035
24.2 Amounts recognised in consolidated profit and loss account			
Investments in associates	24.4	393,608	357,945
Investment in joint ventures	24.5	(187,078)	(648,807)
		206,530	(290,862)
24.3 Amounts recognised in consolidated other comprehensive income			
Investments in associates	24.4	4,797,426	(1,524)
Investment in joint ventures	24.5	(9 960)	(27,391)
		4,787,516	(28,915)
24.4 Investments in associates			
Cost			
Opening balance		3,421,278	3,421,278
Disposal of interest in associate on exchange of shares		(35,000)	–
Closing balance		3,386,278	3,421,278
Post acquisition share of profits and reserves net of impairment losses			
Opening balance		969,399	719,363
Share of profit from associates - net of tax		393,608	357,945
Share of other comprehensive income / (loss) - net of tax		4,797,476	(1,524)
Share of other reserves of associates		–	(4,297)
Gain on exchange of shares of associate		17,932	–
Reversal of accumulated loss		35,000	–
Dividends received during the year		(129,333)	(102,088)
Closing balance		6,084,082	969,399
Balance as on December 31		9,470,360	4,390,677

(Rupees in thousand)	Note	2017	2016
24.4.1 Investments in equity instruments of associates - Quoted			
Tri-Pack Films Limited, Pakistan			
12,933,333 (2016: 12,933,333) fully paid ordinary shares of Rs. 10 each			
Equity held 33.33% (2016: 33.33%)			
Market value - Rs. 1,808.985 million (2016: Rs. 3,797.744 million)		3,075,353	3,023,783
IGI Holdings Limited, Pakistan			
(formerly IGI Insurance Limited)			
13,072,211 (2016: 13,022,093) fully paid ordinary shares of Rs. 10 each			
Equity held 10.46% (2016: 10.61%)			
Market value - Rs. 3,828.720 million (2016: Rs. 4,009.372 million)	24.4.1.1	6,395,007	1,366,894
IGI Investment Bank Limited, Pakistan			
Nil (2016: 4,610,915) fully paid ordinary shares of Rs. 10 each			
Equity held Nil (2016: 2.17%)			
Market value - Nil (2016: Rs. 15.032 million)	24.4.1.1	–	–
		9,470,360	4,390,677

24.4.1.1 The Group's investment in IGI Holdings Limited ('IGIHL') [Formerly IGI Insurance Limited] is less than 20% but it is considered to be an associate as per the requirement of IAS 28 'Investments in Associates' because the Group has significant influence over the financial and operating policies through representation on the board of directors of the company.

During the prior year, the boards of directors of IGIHL and IGI Investment Bank Limited ('IGIBL') approved Scheme of Amalgamation ('Amalgamation Scheme') under Sections 284 to 288 of the repealed Ordinance for the amalgamation of the entire undertaking, assets, entitlements and liabilities of IGIBL with and into IGIHL. In addition, the boards of directors of IGIHL and its wholly owned subsidiaries i.e. IGI General Insurance Limited and IGI Investments (Private) Limited have also approved Scheme of Arrangement ('Arrangement Scheme') under Sections 284 to 288 of the repealed Ordinance for the demerger of the insurance division and certain investments along with corresponding liabilities, if any, held by IGIHL into its two wholly-owned subsidiaries, IGI General Insurance Limited and IGI Investments (Private) Limited respectively, subsequent to the merger under Amalgamation Scheme.

Both Amalgamation Scheme and Arrangement Scheme were filed by these entities with Honorable Sindh High Court (the 'Court') in January 2017. The Court, through its order dated December 16, 2017, has sanctioned the Amalgamation Scheme and Arrangement Scheme. In terms of the Scheme, shares of IGIBL have been cancelled in lieu of issuance and allotment of fully paid up shares of IGIHL on the basis of swap ratio of 1:92 (i.e. one share of IGIHL for every ninety-two shares of IGIBL cancelled) to the shareholders of IGIBL. Consequently, 50,118 shares have been issued to the Parent Company after the reporting date. The gain on exchange of shares computed as the difference between the market value of new shares of IGIHL and the cost of shares of IGIBL in the books of the Group amounting to Rs. 17.932 million has been recognised in consolidated profit and loss account.

(Rupees in thousand)	Note	2017	2016
24.5 Investment in joint ventures			
Cost			
Opening balance		10,329,991	10,022,642
Joint venture - OmyaPack (Private) Limited, Pakistan			
Cost of investment		–	310,000
Reserves on date of transfer		–	(2,651)
		–	307,349
Interest in joint venture transferred to interest in subsidiary - Bulleh Shah Packaging (Private) Limited, Pakistan			
Cost of investment		9,973,651	–
Reserves on date of transfer		(990,330)	–
		(8,983,321)	–
Closing balance		1,346,670	10,329,991
Post acquisition share of loss and reserves			
Opening balance		(853,633)	(176,000)
Share of loss from joint ventures - net of tax		(187,078)	(648,807)
Share of other comprehensive loss from joint ventures - net of tax		(9,960)	(27,391)
Share of gains recognised directly in equity from joint ventures - net of tax		41,729	–
Dividends received during the year		(5,958)	(1,435)
Closing balance		(1,014,900)	(853,633)
Balance as on December 31	24.5.1	331,770	9,476,358

		2017	2016
24.5.1 Investments in equity instruments of joint ventures - Unquoted			
Bulleh Shah Packaging (Private) Limited, Pakistan Nil (2016: 709,718,013) fully paid ordinary shares of Rs. 10 each Equity held Nil (2016: 65.00%)		–	9,151,720
Plastic Extrusions (Proprietary) Limited, South Africa 500 (2016: 500) fully paid ordinary shares of ZAR 1 each Equity held 50.00% (2016: 50.00%)		24,081	17,571
OmyaPack (Private) Limited, Pakistan 31,000,000 (2016: 31,000,000) fully paid ordinary shares of Rs. 10 each Equity held 50.00% (2016: 50.00%)		307,689	307,067
		331,770	9,476,358

(Rupees in thousand)	Note	2017	2016
25. Other long term investments			
Quoted			
Nestle Pakistan Limited			
3,649,248 (2016: 3,649,248) fully paid ordinary shares of Rs. 10 each			
Equity held 8.05% (2016: 8.05%)	25.1 & 25.2	41,966,317	32,843,232
Cost - Rs. 5,778.896 million (2016: Rs. 5,778.896 million)			
Unquoted	25.3		
Tetra Pak Pakistan Limited			
1,000,000 (2016: 1,000,000) fully paid non-voting ordinary shares of R.s 10 each	25.1 & 25.4	10,000	10,000
Coca-Cola Beverages Pakistan Limited			
500,000 (2016: 500,000) fully paid ordinary shares of Rs. 10 each Equity held 0.14% (2016: 0.14%)		4,706	4,706
Pakistan Tourism Development Corporation Limited			
2,500 (2016: 2,500) fully paid ordinary shares of Rs. 10 each		25	25
Orient Match Company (Private) Limited			
1,900 (2016: 1,900) fully paid ordinary shares of Rs. 100 each		–	–
		14,731	14,731
		41,981,048	32,857,963

25.1 Nestle Pakistan Limited and Tetra Pak Pakistan Limited are associated undertakings of the Parent Company as per the Companies Act, 2017. However, for the purpose of measurement, investments in others have been classified as available for sale as referred to in note 4.12.1.1.

25.2 As of December 31, 2017, an aggregate of 775,000 (2016: 775,000) shares of Nestle Pakistan Limited having market value Rs. 8,912.492 million (2016: 6,975.000 million) have been pledged in favor of HBL Pakistan. Out of aggregate shares pledged, 410,000 (2016: 410,000) shares are pledged against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 20.1 and the remaining 365,000 shares (2016: 365,000) are pledged against the term finance loan from HBL as referred to in note 6.6.

25.3 Unquoted investments are measured at cost less any identified impairment loss as it is not possible to apply any other valuation methodology.

25.4 These non-voting ordinary shares of Tetra Pak Pakistan Limited entitle the Parent Company to receipt of dividend for a period of ten years starting from 2009 and ending in 2018, both years inclusive. These shares do not entitle the Parent Company to any voting or other rights.

(Rupees in thousand)	2017	2016
25.5 Cumulative fair value gain on available for sale financial assets		
Balance as at beginning of the year	28,858,325	24,479,228
Changes in fair value of available for sale financial assets	9,123,085	4,379,097
Balance as at end of the year	37,981,410	28,858,325

(Rupees in thousand)	Note	2017	2016
26. Long term loans and deposits			
Considered good			
Loans to employees	26.1	5,395	3,494
Loan to Sui Northern Gas Pipelines Limited ('SNGPL')	26.2	–	16,400
Security deposits	26.3	153,247	37,601
		158,642	57,495
Current portion of long term loans and deposits			
Loans to employees	30	(1,434)	(1,237)
Loan to SNGPL	30	–	(16,400)
		(1,434)	(17,637)
		157,208	39,858

26.1 These represent interest free loans to employees for purchase of motor cycles and cycles and are repayable in monthly installments over a period of 60 to 260 months.

Loans to employees aggregating Rs. 3.977 million (2016: Rs. 2.394 million) are secured by joint registration of motor cycles in the name of employees and the Parent Company. The remaining loans are unsecured.

26.2 This represents an unsecured loan given to SNGPL for the development of the infrastructure for the supply of natural gas to BSPL, the subsidiary. Mark up is charged at the rate of 1.5% per annum and is received annually. The loan amount has been fully received during the current year.

26.3 These represent interest free security deposits with SNGPL amounting to Rs. 31.600 million and Lahore Electric Supply Company amounting to Rs. 14.4 million and are refundable to Group subsidiary namely, PCPL on cancellation / withdrawal of the connections.

(Rupees in thousand)	Note	2017	2016
27. Stores and spares			
Stores [including in transit Rs. 34.174 million (2016: Rs. 7.706 million)]		734,814	238,064
Spares [including in transit Rs. 23.943 million (2016: Rs. 7.434 million)]		979,556	215,415
	27.1	1,714,370	453,479
Provision for obsolete / slow moving stores and spares	27.2	(6,703)	–
		1,707,667	453,479

27.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable.

(Rupees in thousand)	Note	2017	2016
27.2 The movement in provision for obsolete / slow moving stores and spares during the year is as follows:			
Balance as at January 1		–	–
Provision for the year	27	6,703	–
Balance as at December 31		6,703	–

(Rupees in thousand)		Note	2017	2016
28.	**Stock-in-trade**			
	Raw materials [including in transit Rs. 1,142.92 million (2016: Rs. 313.876 million)]	28.1	4,180,635	1,724,365
	Work-in-process	28.2	405,698	393,587
	Finished goods	28.3 & 28.4	3,848,924	722,187
	Goods purchased for resale	28.5	44,490	29,355
			8,479,747	2,869,494
	Provision for obsolete / slow moving stock in trade	28.6	(40,587)	(23,048)
			8,439,160	2,846,446

28.1 Raw materials amounting to Rs. 67.000 million (2016: Rs. 7.213 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.

28.2 Work-in-process amounting to Rs. 9.200 million (2016: Rs. 7.030 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.

28.3 Finished goods amounting to Rs. 0.1902 million (2016: Rs. 0.152 million) are in the possession of various vendors of the Group that are yet to be sold by the Group to these vendors.

28.4 Finished goods with a cost of Rs. 606.380 million (2016: Rs. 62.334 million) are being valued at net realisable value ('NRV') of Rs. 526.590 million (2016: Rs. 48.668 million).

28.5 Goods purchased for resale of Rs. 4.804 million (2016: Nil) are carried at their NRV amounting to Rs. 4.410 million (2016: Nil) and the resulting NRV write down expense amounting to Rs. 0.430 million (2016: Nil) has been charged to cost of sales and services.

(Rupees in thousand)		Note	2017	2016
28.6	The movement in provision for obsolete / slow moving stock-in-trade during the year is as follows:			
	Opening balance		23,048	4,393
	Provision for the year		20,013	20,235
	Stocks written off against provision		(2,474)	(1,580)
	Closing balance		40,587	23,048
29.	**Trade debts**			
	Considered good			
	Related parties - unsecured	29.1	77,203	57,278
	Others	29.2	5,869,403	3,503,932
			5,946,606	3,561,210
	Considered doubtful		86,248	34,351
			6,032,854	3,595,561
	Provision for doubtful debts	29.3	(86,248)	(34,351)
			5,946,606	3,561,210

(Rupees in thousand)		2017	2016
29.1	**Related parties - unsecured**		
	Joint ventures		
	Bulleh Shah Packaging (Private) Limited	–	27,962
	Plastic Extrusions (Proprietary) Limited	10,456	26,586
	OmyaPack (Private) Limited	234	–
	Associate		
	Tri-Pack Films Limited	4,310	2,730
	Other related parties		
	Tetra Pak Pakistan Limited	52,959	–
	Ceylon Tea Services Limited	6,959	–
		74,918	57,278

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

29.2 Others include trade debts of Rs. 565.729 million (2016: Rs. 220.387 million) which are secured by way of inland letters of credit.

(Rupees in thousand)		Note	2017	2016
29.3	The movement in provision during the year is as follows:			
	Balance as at January 1		34,351	27,622
	Acquisition of subsidiaries		28,914	–
	Provision for the year		21,218	13,066
	Bad debts written off		(3,014)	(6,337)
	Exchange loss		4,779	–
	Balance as at December 31		86,248	34,351
30.	**Loans, advances, deposits, prepayments and other receivables**			
	Current portion of loans to employees	26	1,434	1,237
	Current portion of loan receivable from SNGPL	26	–	16,400
	Advances - considered good			
	To employees	30.1	16,334	12,013
	To suppliers	30.2	96,053	16,760
			112,387	28,773
	Due from related parties - unsecured	30.3	23,182	482,711
	Trade deposits - considered good		77,302	55,125
	Security deposits		18,139	10,413
	Prepayments	30.4	70,989	57,410
	Balances with statutory authorities			
	Customs duty		31,738	20,591
	Sales tax recoverable		129,398	99,446
	Sales tax refundable	30.5	292,214	292,214
	Export rebate recoverable		13,785	5,437
			467,135	417,688
	Other receivables - considered good		368,410	61,293
			1,138,978	1,131,050

30.1 Included in advances to employees are amounts due from executives of Rs. 9.016 million (2016: Rs. 1.428 million).

(Rupees in thousand)		Note	2017	2016
30.2	**Advances to suppliers**			
	Considered good		96,053	16,760
	Considered doubtful		1,000	1,000
			97,053	17,760
	Provision for doubtful advances	30.2.1	(1,000)	(1,000)
			96,053	16,760
30.2.1	The movement in provision for doubtful advances during the year is as follows:			
	Balance as at January 1		1,000	1,000
	Provision during the year		–	–
	Balance as at December 31		1,000	1,000
30.3	**Due from related parties - unsecured**			
	Joint ventures			
	Bulleh Shah Packaging (Private) Limited		–	469,760
	OmyaPack (Private) Limited		8,080	108
	Associates			
	IGI Finex Securities Limited		81	47
	IGI Holdings Limited [Formely: IGI insurance Limited]		4,719	6,421
	IGI Life Insurance Limited		4,199	3,000
	Tri-Pack Films Limited		2,542	2,335
	Others			
	DIC Asia Pacific Pte Limited		2,267	1,040
	Packages Foundation		617	–
	Tetra Pak Pakistan Limited		677	–
			23,182	482,711

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

30.4 Prepayments include Rs. 15.389 million (2016: Rs. 10.155 million) made to IGI Life Insurance Limited, a related party and Rs 2.622 million (2016: Nil) made to IGI Holdings Limited (formerly IGI insurance Limited), an associate.

30.5 The Deputy Commissioner Inland Revenue ('DCIR') in his order dated June 24, 2015 alleged that the Group has 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 alongwith levy of default surcharge and penalty. During last year, the Taxation Authorities adjusted an amount of Rs. 292.214 million from income tax refunds of the Group against the said sales tax order.

The Appellate Tribunal of Inland Revenue ('ATIR') through order dated August 28, 2017 has decided the case in favour of the Group. The Group has already filed an application before the respective authorities to give effect to the order.

(Rupees in thousand)		Note	2017	2016
31.	**Income tax receivable**			
	Income tax refundable	31.1	3,966,302	2,267,503
	Income tax recoverable	31.2	36,013	36,013
			4,002,315	2,303,516

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

The Parent Company had filed an appeal against the revised orders of the ITO before the 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 has 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), had issued notices under section 65 of the Income Tax Ordinance, 1979 and the Parent Company had filed a writ petition against the aforesaid notices with the High Court of Sindh, the outcome of which is still pending.

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

31.2 In respect of tax year 2014, the department has, 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 has not accepted the Parent Company's contention for non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL under section 97 of the Income Tax Ordinance, 2001. Such transfer has been taxed as capital gain on the value of assets transferred. The matter is currently being contested before the Commissioner Inland Revenue (Appeals) ['CIR(A)'].

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, have also been made by the department in respect of previous tax years, through orders framed during the year.

The Parent Company is contesting the above orders before CIR(A) and has not made any provision against the above demand or disallowances as the management is confident that the ultimate outcome of the appeals would be in favour of the Parent Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

31.3 In respect of tax year 2016, the department has, against taxable income of Rs. 1,157.926 million as per return filed by the Parent Company, assessed a taxable income of Rs. 2,437.836 million and amended the deemed order for the year raising a tax demand of Rs. 464.187 million. The Parent Company being aggrieved of the said order filed the appeal before CIR(A). CIR(A), through order dated December 11, 2017, has accepted all the contentions of the Parent Company except the allowability of provision for workers' profit participation fund on payment rather than accrual basis thereby reducing the tax refundable claimed by the Parent Company from Rs. 331.817 million to Rs. 328.320 million. The Parent Company is in the process of filing appeal before Appellate Tribunal against the CIR(A)'s disallowance and has not made any provision against the above disallowance as the management is confident that the ultimate outcome of the appeal would be in favor of the Parent Company, inter alia on the basis of the advice of the tax consultant and the relevant law and the facts.

(Rupees in thousand)		Note	2017	2016
32.	**Cash and bank balances**			
	At banks:			
	On deposit accounts [including nill (2016: ZAR 0.318 million) and nill (2016: SLR 20 million)]	32.1	350	105,452
	On saving accounts	32.2	683,981	7,638
	On current accounts [including USD 0.472 million USD (2016: USD 0.114 million) and SLR 37.898 million (2016: SLR 98.153 million)]	32.3	396,947	294,387
			1,081,278	407,477
	In hand [including USD 8,684 (2016: USD 1,412) and EUR Nil (2016: EUR 500)]		7,512	4,324
			1,088,790	411,801

32.1 The balances in deposit accounts bear mark up which is nill (2016: 4.0% to 10.0%) per annum.

32.2 The balances in saving accounts bear mark up which ranges from 3.75% to 5.50% (2016: 3.75% to 5.75%) per annum.

32.3 Included in these are total restricted funds of Rs. 1.332 million (2016: Rs. 1.332 million) held as payable to TFC holders.

(Rupees in thousand)		Note	2017	2016
33	**Revenue**			
	The group derives the following types of revenue:			
	Sale of goods	33.1	30,189,322	24,495,674
	Services	33.2	1,701,877	–
	Total Revenue		31,891,199	24,495,674
33.1	**Sale of goods**			
	Local sales			
	Own manufactured		33,541,623	27,075,230
	Purchased for resale		338,041	215,810
			33,879,664	27,291,040
	Export sales		699,997	612,004
			34,579,661	27,903,044
	Sales tax		(4,371,619)	(3,360,556)
	Commission		(18,720)	(46,814)
			(4,390,339)	(3,407,370)
	Net sales		30,189,322	24,495,674
33.2	**Services**			
	License fee	33.2.1	909,456	–
	Service and management charges	33.2.2	693,198	–
	Advertisements and parking income	33.2.3	99,223	–
			1,701,877	–

(Rupees in thousand)		2017	2016
33.2.1	The future aggregate minimum rentals / license receivable under non - cancellable operating leases are as follows:		
	Not later than one year	1,935,246	–
	Later than one year and not later than five years	6,494,551	–
		8,429,797	–

Variable license fee recognised during the year as income were Rs. 63.651 million.

33.2.2 This includes Rs. 544.239 million chargeable to sales tax and it is exclusive of sales tax of Rs. 96.203 million.

33.2.3 This includes Rs. 61.065 million chargeable to sales tax and it is exclusive of sales tax of Rs. 17.962 million.

(Rupees in thousand)		Note	2017	2016
34	**Cost of sales and services**			
	Cost of sales - own manufactured	34.1	24,222,490	18,916,373
	Cost of sales - purchased for resale	34.2	239,593	145,223
	Cost of services	34.3	1,390,136	–
			25,852,219	19,061,596
34.1	**Cost of sales - own manufactured**			
	Materials consumed		16,944,962	13,715,148
	Salaries, wages and amenities	34.1.1 & 34.1.2	2,280,406	1,759,647
	Travelling and conveyance		57,485	41,334
	Fuel and power	34.1.3	1,619,481	704,663
	Production supplies consumed		558,690	491,800
	Rent, rates and taxes	34.1.4 & 34.1.5	72,033	35,530
	Insurance		84,275	53,496
	Repairs and maintenance		589,745	452,453
	Packing expenses		524,527	430,832
	Depreciation on owned assets	21.1.4	1,554,145	782,214
	Depreciation on assets subject to finance lease	21.2.1	5,104	33,616
	Amortisation of intangible assets	23.2	7,571	9,768
	Technical fee and royalty	34.1.6	115,144	113,710
	Provision for slow moving stock in trade	28.6	20,013	20,862
	Provision for slow moving stores and spares	27.2	6,703	–
	Material handling charges		40,887	–
	Medical expenses		11,703	–
	Other expenses		378,297	343,782
			24,871,171	18,988,855
	Opening work-in-process		393,587	324,838
	Acquisition of subsidiary		12,289	–
	Closing work-in-process		(405,698)	(393,587)
	Cost of goods manufactured	34.1.7	24,871,349	18,920,106
	Opening stock of finished goods		700,525	696,792
	Acquisition of subsidiary		2,486,196	–
			28,058,070	19,616,898
	Closing stock of finished goods		(3,835,580)	(700,525)
			24,222,490	18,916,373

(Rupees in thousand)		2017	2016
34.1.1	Salaries, wages and amenities include following in respect of retirement benefits:		
	Defined benefit plans		
	Gratuity fund	27,041	15,165
	Defined contribution plans		
	Provident fund	28,180	19,626
	Pension fund	38,443	27,342
	Other benefit plan	–	–
	Accumulating compensated absences	30,388	84,067
		124,052	146,200

34.1.2 Salaries, wages and amenities include Rs. 310.090 million (2016: Rs. 315.487 million) in respect of labour contractors for services rendered during the year.

34.1.3 This includes the reversal of provision recorded against the LPS on rate differential of Rs. 159.680 million (2016: Nil) .

34.1.4 Rent, rates and taxes include operating lease rentals amounting to Rs. 30.573 million (2016: Rs. 28.221 million).

34.1.5 Technical fee and royalty includes fee for services charged by DIC Asia Pacific Pte Limited, a related party amounting to Rs. 74.302 million (2016: Rs. 77.601 million).

34.1.6 Cost of goods manufactured includes Rs. 2,065.338 million (2016: Rs. 1,751.024 million) for stores and spares consumed, Rs. 28.184 million (2016: Rs. 23.128 million), Rs. 2.543 million (2016: Rs. 1.017 million) and Rs. 0.851 million (2016: Rs. 4.267 million) for raw material, stores and spares and finished goods written off respectively.

(Rupees in thousand)		Note	2017	2016
34.2	**Cost of sales - purchased for resale**			
	Purchases		254,728	145,883
	Opening stock of goods purchased for resale		29,355	28,695
	Closing stock of goods purchased for resale		(44,490)	(29,355)
			239,593	145,223
34.3	**Cost of services**			
	Salaries, wages and benefits		95,734	–
	Depreciation on investment properties	22.1	545,903	–
	Fuel and power		325,053	–
	Rent, rates and taxes		164,285	–
	Insurance		30,665	–
	Consultancy		12,680	–
	Mall operating expenses		215,816	–
			1,390,136	–

(Rupees in thousand)		Note	2017	2016
35.	**Administrative expenses**			
	Salaries, wages and amenities	35.1 & 35.2	968,795	831,824
	Travelling and conveyance		51,770	44,920
	Rent, rates and taxes	35.3 & 35.4	180,287	138,636
	Insurance		27,108	23,464
	Printing, stationery and periodicals		27,283	27,459
	Postage, telephone and telex		28,730	24,207
	Medical expenses		1,735	–
	Entertainment expenses		452	–
	Motor vehicles running		13,943	9,370
	Computer charges		26,953	20,193
	Training expenses		2,823	–
	Professional services	35.5	132,240	112,198
	Consultancy and transaction advisory fee	35.6	3,926	9,241
	Repairs and maintenance		29,898	22,406
	Depreciation on owned assets	21.1.4	75,635	42,281
	Depreciation on assets subject to finance lease	21.2.1	7,572	9,967
	Amortisation of intangible assets	23.2	6,950	8,503
	Depreciation on investment properties	22.1	4,018	4,494
	Security services		3,821	3,986
	Other expenses		121,711	94,969
			1,715,650	1,428,118

		2017	2016
35.1	Salaries, wages and amenities include following in respect of retirement benefits		
	Defined benefit plans		
	Gratuity fund	10,167	6,323
	Pension fund	1,199	2,227
	Defined contribution plans		
	Provident fund	10,680	10,106
	Pension fund	14,185	14,569
	Other benefit plan		
	Accumulating compensated absences	12,480	37,373
		48,711	70,598

35.2 Salaries, wages and amenities include Rs. 63.492 million (2016: Rs. 50.945 million) in respect of labour contractors for services rendered during the year.

35.3 Rent, rates and taxes include operating lease rentals amounting to Rs. 48.940 million (2016: Rs. 42.308 million).

35.4 In June 2017, Walton Cantonment Board concluded its assessment for property tax payable by the Parent Company relating to June 2014 to June 2017 resulting in a demand of Rs. 47.910 million which has been charged in the current year. Out of the total amount Rs. 39.983 million has been charged to administrative expenses and Rs. 7.927 million has been charged to cost of sales and services.

(Rupees in thousand)	2017	2016
35.5 Professional services		
The charges for professional services include the following in respect of auditors' services for:		
Statutory audit	11,320	7,098
Half yearly review	2,611	2,194
Tax services	14,566	14,371
Workers' profit participation fund audit, management staff pension and gratuity fund audit, audit of consolidated financial statements and other certification charges	5,331	3,095
Out of pocket expenses	1,561	992
	35,389	27,750

35.6 Administrative expenses include Rs. 55.699 million (2016: Rs. 88.618 million) for stores and spares consumed.

(Rupees in thousand)	Note	2017	2016
36. Distribution and marketing costs			
Salaries, wages and amenities	36.1 & 36.2	559,916	435,866
Travelling and conveyance		101,579	79,434
Rent, rates and taxes	36.3	8,430	9,708
Freight and distribution		334,169	227,264
Insurance		41,147	36,272
Electricity		947	–
Postage,telephone and telex		580	–
Advertisement and sales promotion		522,828	376,423
Depreciation on owned assets	21.1.4	20,495	15,450
Depreciation on assets subject to finance lease	21.2.1	2,888	5,346
Repairs and maintenance		602	–
Provision for doubtful debts - net	29.3	21,218	13,066
Bad debts written off		19,834	–
Other expenses		57,137	26,792
		1,691,770	1,225,621

	2017	2016
36.1 Salaries, wages and amenities include following in respect of retirement benefits:		
Defined benefit plan		
Gratuity fund	5,819	3,418
Defined contribution plans		
Provident fund	6,140	5,116
Pension fund	8,033	7,337
Other benefit plan		
Accumulating compensated absences	5,608	19,118
	25,600	34,989

36.2 Salaries, wages and amenities include Rs. 46.394 million (2016: Rs. 45.553 million) in respect of labour contractors for services rendered during the year.

36.3 Rent, rates and taxes include operating lease rentals amounting to Rs. 8.430 million (2016: Rs. 9.668 million).

36.4 Distribution and marketing costs include Rs. 3.995 million (2016: Rs. 22.997 million) for stores and spares consumed.

(Rupees in thousand)		Note	2017	2016
37.	**Other operating expenses**			
	Worker's profit participation fund	18.6	401,994	388,535
	Workers' welfare fund	18.7 & 37.1	26,054	19,547
	Exchange loss - net		95,008	6,370
	Advance written off		–	3,705
	Donations	37.2	65,011	25,930
	CSR Project		–	126
			588,067	444,213

37.1 As explained in note 4.2, the Parent Company and BSPPL has opted for Group Taxation during the current year. Consequently, the workers' welfare fund expense is based on the Parent Company's share of the consolidated results of the Taxation Group.

37.2 The Parent Company made a donation of Rs. 64.856 million (2016: Rs. 25.610 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	Directors of the Company	Interest in donee
Packages Foundation	Syed Hyder Ali	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.

(Rupees in thousand)		Note	2017	2016
38.	**Other income**			
	Income from financial assets			
	Income on bank deposits		21,328	13,769
	Capital gain on disposal of Government securities		3,177	–
	Income on term deposits		–	5,748
	Interest charged on trade and other receivables		4,348	2,837
	Interest on loan to SNGPL		278	471
			29,131	22,825
	Income from non-financial assets			
	Rental income from investment property		54,423	59,689
	Profit on disposal of owned assets		26,039	56,087
	Service fees		4,488	–
	Scrap sales		14,003	12,968
			98,953	128,744
	Others			
	Insurance commission from related party		7,669	6,093
	Liabilities no longer payable written back		20,786	25,277
	Insurance claims received		–	15,282
	Exchange gain		–	1,195
	Gain on exchange of shares of associates	24.4	17,932	–
	Reversal of provision for workers' welfare fund	18.7	7,351	150,606
	Rebate income	38.1	43,524	26,277
	Others	38.2	21,075	31,205
			118,337	255,935
			246,421	407,504

38.1 This includes indent commission income aggregating Rs. 0.805 million (2016 : Rs. 0.657 million) charged to Sun Chemicals Limited, DIC India Limited and DIC Asia Pacific Pte Ltd, related parties (associated companies).

38.2 This includes compensation of Nil (2016 : Rs. 0.73 million) charged to DIC Asia Pacific Pte Limited (associated company) against not providing material as per required specifications.

(Rupees in thousand)	Note	2017	2016
39. Finance costs			
Interest and mark up including commitment charges on			
Long term finances - secured			
Local currency		610,435	183,419
Foreign currency		78,763	58,051
Finances under mark up arrangements - secured		204,385	94,617
Liabilities against assets subject to finance lease		57,970	58,474
Loan from shareholder of Parent Company		33,377	–
Return on preference shares / convertible stock		155,550	136,553
Premium on redemption of preference shares / convertible stock	6.9.3	–	909,582
Loan handling charges		–	16,654
Commission on guarantees		21,067	21,424
Bank charges		14,154	15,734
		1,175,701	1,494,508

40. This represents dividend income from other long term investments as referred in note 25.

(Rupees in thousand)	Note	2017	2016
41. Taxation			
Current			
Current year	41.1	939,443	1,160,613
Prior years		190,442	422,632
		1,129,885	1,583,245
Deferred		328,550	78,499
		1,458,435	1,661,744

41.1 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 net of investment tax credit available to the Taxation Group by virtue of investment in plant and machinery. The Group taxation has resulted in a reduction of Rs 69.471 million (2016: Nil) in the tax expense of the Taxation Group for the year.

Percentage		2017	2016
41.2	**Tax charge reconciliation**		
	Numerical reconciliation between the average effective tax rate and the applicable tax rate		
	Applicable tax rate	30.00	31.00
	Tax effect of amounts that are:		
	Associates and joint ventures results reported net of tax	(10.13)	2.50
	Differences in overseas taxation rates	(0.01)	(0.28)
	Asset for share transaction of foreign subsidiary	–	(0.03)
	Not deductible for tax purposes	0.42	0.53
	Deductible for tax purposes	(0.20)	(0.13)
	Exempt for tax purposes	(0.13)	(0.82)
	Chargeable to tax at different rates	(8.48)	(17.19)
	Effect of change in prior years' tax	1.49	6.05
	Group taxation as explained in note 4.2	(2.55)	–
	Tax credits and losses in respect of which no deferred tax asset has been recognised	(0.62)	2.11
	Tax effect under presumptive tax regime and others	0.23	0.72
	Tax credits and losses recognised during the year	–	0.43
	Deferred tax asset not recognised	2.06	–
	Minimum tax	0.16	–
	Effect of allowance against property income	(0.34)	–
	Investment tax credit	–	(1.20)
		(18.10)	(7.31)
	Average effective tax rate charged to consolidated profit and loss account	11.90	23.69

42. As referred to in note 6.9, in addition to the preferred right of return at the rate of 10 percent per annum, either in cash or ordinary shares on a non-cumulative basis till the date of settlement of preference shares / convertible stock, the preference shareholders also have the right to share the excess amount with the ordinary shareholders on an as-converted basis in case the amount of dividend per share paid to an ordinary shareholder exceeds that paid to a preference shareholder. Since ordinary dividend of Rs. 25.00 per share was approved for the year ended December 31, 2016, which exceeded the preferred return for that year, the additional preference dividend to be paid to the preference shareholders has been distributed to the preference shareholders as participating dividend and charged directly to the equity.

43. Remuneration of Chief Executive, Directors and Executives

43.1 The aggregate amount charged in the consolidated financial statements for the year for remuneration, including certain benefits, to the Chief Executive, Executive Directors and Executives of the Group are as follows:

	Chief Executive		Executive Directors		Executives	
(Rupees in thousand)	2017	2016	2017	2016	2017	2016
Short term employee benefits						
Managerial remuneration	27,221	22,668	9,800	6,953	463,357	318,218
Housing	12,482	9,453	3,780	2,589	142,251	103,141
Utilities	3,079	2,101	844	595	45,624	31,120
Bonus	24,479	21,972	8,253	6,845	164,147	135,134
Leave passage	4,817	8,456	717	962	12,776	7,594
Medical expenses	4,181	5,295	44	61	9,336	1,065
	76,259	69,945	23,438	18,005	837,491	596,272
Post employment benefits						
Contribution to provident, gratuity and pension funds	8,867	7,404	2,957	2,026	72,307	51,117
	85,126	77,349	26,395	20,031	909,798	647,457
Number of persons	1	1	2	2	282	146

The Group also provides the Chief Executive, Executive Directors and certain Executives with Group maintained cars, free transport and utilities.

43.2 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 (2016: Rs. 0.753 million)

43.3 Aggregate amount charged in the consolidated financial statements for the year for fee to 5 directors (2016: 5 directors) is Rs 4.550 million (2016: Rs 4.425 million).

44. Transactions with related parties

The related parties comprise joint ventures, associates, directors, key management personnel, post employment benefit plans and other related parties. 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 43. Other significant transactions with related parties are as follows:

Relationship with the Group	Nature of transactions	2017	2016
		(Rupees in thousand)	
i. Joint Ventures	Purchase of goods & services	2,095,076	2,305,555
	Sale of goods & services	341,632	386,071
	Dividend income	5,958	1,435
	Purchase of property, plant & equipment	–	1,244
	Rental income	48,065	65,589
	Sale of Property, plant & equipment	1,144	9,781
ii. Associates	Purchase of goods & services	1,141,722	1,041,308
	Sale of goods & services	21,950	3,563
	Purchase of Property, plant & equipment	–	615
	Dividend income	129,333	102,088
	Insurance premium paid	247,866	177,285
	Rental and other income	16,255	5,833
	Insurance claims received	25,601	569
	Commission earned	6,799	6,093
	Dividend paid	607,740	
	Investment	–	366,667
	Issuance of share capital	–	1,000,000
iii. Other related parties	Purchase of goods & services	464,255	146,114
	Sale of goods & services	–	710
	Dividend paid	47,009	178,358
	Commission earned	1,224	–
	Commission expense	14,463	–
	Royalty and technical fee - expense	74,342	77,601
	Rebate received	–	752
	Donations of Parent Company	64,857	25,610
iv. Retirement obligations	Expense charged in respect of retirement benefit plans	124,388	129,877
	Dividend paid	70,811	42,486
(v) Key management personnel	Salaries and other employee benefits	168,378	133,261
	Dividend paid	57,182	34,309

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.

45. Capacity and production

	Capacity 2017	Capacity 2016	Actual production 2017	Actual production 2016
Paper and paperboard produced tons	281,400	41,400	65,832	14,353
Paper and paperboard converted tons	50,800	50,800	36,890	36,890
Plastics all sorts converted tons	43,700	43,700	20,995	36,621
Inks produced - tons	15,194	13,158	9,925	9,649
Flexible packaging material - meters '000'	90,000	90,000	79,658	72,726
Corrugator	96,000	–	21,904	–

The variance of actual production from capacity is primarily on account of production planned as per market demand.

	2017	2016
46. Number of employees		
Total number of employees as at December 31	3,483	2,065
Average number of employees during the year	3,363	2,044

47. Rates of exchange

Liabilities in foreign currencies have been translated into PKR at USD 0.9050 (2016: USD 0.9542), EURO 0.7588 (2016: EURO 0.9065), CHF 0.8857 (2016: CHF 0.9741), SEK 7.4627 (2016: SEK 8.6881), GBP 0.6724 (2016: GBP 0.7768), SGD 1.2096 (2016: SGD 1.3801), YEN 102.0721 (2016: YEN 90.0901), SLR 138.4658 (2016:146.4340) and ZAR 11.1607 (2016: 7.2038) equal to Rs. 100. Assets in foreign currencies have been translated into PKR at USD 0.90662 (2016: USD 0.9560), SLR 139.15948 (2016: 146.4340) and ZAR 11.21202 (2016: 7.2038) equal to Rs. 100.

(Rupees in thousand)	Note	2017	2016
48. Cash generated from operations			
Profit before tax		12,258,219	7,013,251
Adjustments for:			
Depreciation on owned assets	21.1.4	1,650,275	839,945
Depreciation on assets subject to finance lease	21.2.1	15,564	48,929
Depreciation on investment property	22.1	549,921	4,494
Amortization on intangible assets	23.2	14,521	18,271
Provision for accumulating compensated absences	14	66,133	140,558
Provision for retirement benefits	13	47,873	30,150
Provision for doubtful debts	29.3	21,218	13,066
Net exchange adjustments		(40,524)	(102,742)
Profit on disposal of operating fixed assets	38	(26,039)	(56,087)
Reversal of provision for workers' welfare fund	38	(7,351)	(150,606)
Liabilities no longer payable written back	38	(20,786)	(25,277)
Gain on exchange of shares of associates	38	(17,932)	–
Capital work-in-progress charged to consolidated profit and loss account	21.3	9,443	5,592
Advances written off		–	3,705
Finance costs	39	1,175,701	1,494,508
Provision for obsolete / slow moving stores and spares	27.2	6,703	–
Provision for obsolete / slow moving stock in trade	28.6	20,013	20,862
Dividend income	40	(5,972,121)	(6,054,991)
Gains and losses relating to business combinations	54	(4,965,355)	–
Share of (loss) / profit of investments accounted for under equity method - net of tax	24.2	(206,530)	290,862
Profit before working capital changes		4,578,946	3,534,850

(Rupees in thousand)	2017	2016
Effect on cash flow due to working capital changes:		
(Increase) / decrease in stores and spares	(132,986)	24,341
Increase in stock-in-trade	(700,891)	(131,100)
Increase in trade debts	(853,980)	(746,512)
Decrease in loans, advances, deposits, prepayments and other receivables	103,289	569,208
Increase in rental security deposits	418,251	–
Increase in trade and other payables	685,093	512,791
	(481,224)	207,866
	4,097,722	3,742,716

(Rupees in thousand)		Note	2017	2016
49. Cash and cash equivalents				
Cash and bank balances		32	1,088,790	411,801
Finances under mark up arrangements - secured		17	(5,091,722)	(1,918,079)
			(4,002,932)	(1,506,278)
50. Earnings per share				
50.1 Basic earnings per share				
Profit for the year	Rupees in thousand		10,673,355	5,139,901
Participating dividend on preference shares	Rupees in thousand		(45,000)	–
	Rupees in thousand		10,628,355	5,139,901
Weighted average number of ordinary shares	Numbers		89,379,504	89,379,504
Basic earnings per share	Rupees		118.91	57.51
50.2 Diluted earnings per share				
Profit for the year	Rupees in thousand		10,673,355	5,139,901
Return on preference shares / convertible stock - net of tax	Rupees in thousand		127,314	107,332
			10,800,669	5,247,233
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		110.70	53.78

51. 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	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 Paper 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 Paper Board		Unallocated		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Total revenue	20,707,051	18,206,462	4,374,835	3,848,427	3,868,353	3,690,144	1,701,878	–	2,804,947	–	288,505	343,947	33,745,569	26,088,980
Intersegment revenue	(1,387,440)	(439,522)	(129,920)	(11,504)	(1,043,229)	(934,562)	–	(66,434)	(1,437,625)	–	(141,319)	(141,284)	(4,139,533)	(1,593,306)
Revenue from external customers	19,319,611	17,766,940	4,244,915	3,836,923	2,825,124	2,755,582	1,701,878	(66,434)	1,367,322	–	147,186	202,663	29,606,036	24,495,674
Percentage of revenue	65%	73%	14%	16%	10%	11%	6%	0%	5%	0%	0%	1%	100%	100%
Interest revenue	2,041	2,241	–	–	–	–	16,005	7,410	–	–	3,560	13,174	21,606	22,825
Interest expense	(356,389)	(170,220)	(20,758)	(8,070)	(30,522)	(22,698)	(367,393)	–	(87,891)	–	(368,698)	(1,293,520)	(1,231,651)	(1,494,508)
Depreciation and amortisation	(1,231,431)	(619,695)	(127,138)	(107,012)	(29,591)	(27,266)	(562,701)	(2,900)	(398,898)	–	(141,171)	(154,766)	(2,490,930)	(911,639)
Segment profit / (loss) before tax	1,407,453	1,755,626	669,960	659,715	455,641	551,728	(286,548)	(90,235)	(93,633)	–	5,240,026	4,818,904	7,392,899	7,695,738
Segment taxation	(106,493)	(214,119)	(12,084)	(30,089)	(130,069)	(223,035)	(81,010)	(4,990)	(15,250)	–	(895,512)	(1,237,018)	(1,240,418)	(1,709,251)
Segment profit / (loss) after tax	1,300,960	1,541,506	657,876	629,626	325,572	328,693	(367,558)	(95,225)	(108,883)	–	4,344,514	3,581,887	6,152,481	5,986,487
%age of profit / (loss) after tax	21%	26%	11%	11%	5%	5%	-6%	-2%	-2%	0%	71%	60%	100%	100%
Segment assets	21,923,522	9,790,948	1,849,118	1,603,568	1,781,752	1,485,012	13,518,943	11,030,559	15,900,473	–	6,722,694	1,178,369	61,696,502	25,088,456
Segment liabilities	3,256,886	884,615	215,559	119,048	211,309	278,271	264,349	96,772	1,485,524	–	30,335,550	18,981,614	35,769,177	20,360,320

(Rupees in thousand)		2017	2016
51.1	**Reconciliation of segment profit**		
	Total profit for reportable segments	7,392,899	7,695,738
	Net income / (loss) from associates and joint ventures	197,486	(394,385)
	Intercompany adjustment	(297,521)	(288,102)
	Gains relating to business combination	4,965,355	–
	Profit before tax as per consolidated profit and loss account	12,258,219	7,013,251

(Rupees in thousand)		2017	2016
51.2	**Reconciliation of segment assets**		
	Total assets for reportable segments	61,696,502	25,088,456
	Intersegment assets	(9,039,584)	(3,549,300)
	Other corporate assets	60,228,839	53,570,285
	Total assets as per consolidated balance sheet	112,885,757	75,109,441

Segment assets are measured in the same way as in the 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 available for sale financial assets, held to maturity investments 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.

(Rupees in thousand)		2017	2016
51.3	**Reconciliation of reportable segment liabilities**		
	Total liabilities for reportable segments	5,433,627	1,378,706
	Intersegment liabilities	(142,574)	(9,695)
	Unallocated liabilities	30,335,550	18,981,614
	Total liabilities as per consolidated balance sheet	35,626,603	20,350,625

Segment liabilities are measured in the same way as in the 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.

(Rupees in thousand)		2017	2016
51.4	**Reconciliation of segment taxation**		
	Total tax expense for reportable segments	(1,240,418)	(1,709,251)
	Intercompany adjustment	(218,018)	(47,507)
	Tax as per consolidated profit and loss account	(1,458,436)	(1,756,758)

(Rupees in thousand)		2017	2016
51.5	**Reconciliation of segment profit after tax**		
	Total profit after tax for reportable segments	6,152,481	5,986,487
	Intercompany adjustment for (loss) before tax	(100,034)	(682,487)
	Gains relating to business combinations	4,965,355	–
	Intercompany adjustment for taxation	(218,018)	47,507
	Profit as per consolidated profit and loss account	10,799,784	5,351,507

51.6 Information by geographical area

(Rupees in thousand)	Revenue 2017	Revenue 2016	Non - current assets 2017	Non - current assets 2016
Afghanistan	29,042	30,274	–	–
Bahrain	213,800	162,802	–	–
Bangladesh	9,885	5,193	–	–
Oman	9,682	9,005	–	–
Pakistan	26,177,220	19,316,938	36,217,834	15,329,786
Indonesia	–	–	–	–
Sri Lanka	1,448,398	1,347,791	553,539	417,560
South Africa	3,915,746	3,540,016	–	1,563,384
Kenya	76,554	80,681	–	–
Mauritius	–	–	–	170,075
Malaysia	–	668	–	–
Canada	4,696	–	–	–
UK	1,111	1,611	–	–
UAE	5,065	696	–	–
	31,891,199	24,495,674	36,771,373	17,480,805

Sales are allocated to geographical areas according to the country of receiving the goods or providing services.

51.7 Information about major customers

Included in the total revenue is revenue from four (2016: four) customers of the Group from the packaging (2016: packaging) segment which represents approximately Rs. 8,548.273 million (2016: Rs. 6,035.433 million) of the Group's total revenue. The Group's revenue from other segments is earned from a large mix of customers.

52. Financial risk management

52.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise 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 Board of Directors. 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) Foreign exchange risk

Foreign exchange 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 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, 2017, if the Rupee had strengthened / weakened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been Rs. 86.248 million higher / lower (2016: Rs. 37.836 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, 2017, if the 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. 49.581 million higher / lower (2016: Rs. 32.587 million) higher / lower, mainly as a result of foreign exchange gains / losses on translation of Euro-denominated financial assets and liabilities.

At December 31, 2017, 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. 72.165 million (2016: Rs. 71.184 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, 2017, 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. 15.748 million higher / lower (2016: 10.253 million higher / lower) , mainly as a result of foreign exchange gains / losses on translation of Rand-denominated financial assets and liabilities.

At December 31, 2017, if the Rupee had strengthened / weakened by 10% against the Swedish Krona with all other variables held constant, post-tax profit for the year would have been Rs. 0.056 million (2016: NIL) higher / lower, mainly as a result of foreign exchange gains / losses on translation of Krona-denominated financial assets and liabilities.

(ii) Price risk

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 available for sale. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the board of directors.

The Group's quoted investments in equity of other entities are publicly traded on Pakistan Stock Exchange.

The table below summarises 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	
(Rupees in thousand)	**2017**	**2016**	**2017**	**2016**
Pakistan Stock Exchange	–	–	3,566,469	2,791,675

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 available for sale. As at December 31, 2017 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.

At December 31, 2017, 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. 104.33 million (2016: Rs. 23.730 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, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to distributors and wholesale and retail 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 board. The utilisation of credit limits is regularly monitored and major sales to retail customers are settled in cash. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

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:

(Rupees in thousand)	2017	2016
Long term loans and deposits	157,208	39,858
Trade debts	5,946,606	3,561,210
Loans, advances, deposits, prepayments and other receivables	488,467	627,179
Balances with banks	1,081,278	407,477
	7,673,559	4,635,724

As of December 31, 2017, trade receivables of Rs. 2,336.837 million (2016: Rs. 698.007 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:

(Rupees in thousand)	2017	2016
Neither past due nor impaired	3,609,769	2,863,203
Past due but not impaired:		
Up to 90 days	2,154,768	491,704
90 to 180 days	157,657	120,744
181 to 366 days	24,412	85,559
	2,336,837	698,007
	5,946,606	3,561,210

The management estimates the recoverability of trade receivables on the basis of financial position and past history of its customers based on the objective evidence that it shall not receive the amount due from the particular customer. The provision is written off by the Group when it expects that it cannot recover the balance due. Any subsequent repayments in relation to amount written off, are credited directly to consolidated profit and loss account.

The aging analysis of trade receivables from related parties as at balance sheet date is as follows:

(Rupees in thousand)	2017	2016
Neither past due nor impaired	62,904	35,548
Past due but not impaired:		
Up to 90 days	10,373	10,638
90 to 180 days	1	8,575
181 to 366 days	1,640	2,517
	12,014	21,730
	74,918	57,278

The credit quality of Group's bank balances can be assessed with reference to external credit ratings as follows:

(Rupees in thousand)	Rating Short term	Rating Long term	Rating Agency	2017	2016
Allied Bank Limited	A1+	AA+	PACRA	47,746	1,252
Askari Bank Limited	A1+	AA+	PACRA	52	–
Bank Al-Habib Limited	A1+	AA+	PACRA	1,659	–
Citibank N.A.	P1	A1	Moody's	480	341
Commercial Bank of Ceylon Limited Sri Lanka	AA-	–	Fitch	6	7
Deutsche Bank AG	P2	Baa2	Moody's	980	240
Dubai Islamic Bank (Pakistan) Limited	A1	AA-	JCR-VIS	22	36
Faysal Bank Limited	A-1+	AA	JCR-VIS	49,366	60,742
First National Bank South Africa	–	BBB	JCR-VIS	12,961	6,547
Habib Bank Limited	A1+	AAA	JCR-VIS	461,756	44,181
Habib Bank Limited Mauritius	A	–	JCR-VIS	350	8,943
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	15	–
Hatton Bank Limited Sri Lanka	–	AA-	Fitch	7,206	14,034
JS Bank Limited	A1+	AA-	PACRA	50	681
MCB Bank Limited	A1+	AAA	PACRA	284,976	145,124
MCB Bank Limited South Africa	A+	–	ICRA	49,882	47,537
Meezan Bank Limited	A1+	AAA	JCR-VIS	143	4,253
National Bank of Pakistan	A1+	AAA	PACRA	28,708	28,526
NDB Bank	A+	-	Fitch	8,853	20,788
Samba Bank Limited	A1	AA	JCR-VIS	1,332	1,332
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	124,685	22,805
The Bank of Punjab	A1+	AA-	PACRA	–	58
United Bank Limited	A1+	AAA	JCRVIS	50	50
				1,081,278	407,477

(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 44) 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 balance sheet 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 balance sheet 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)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	At December 31, 2017			
Long term finances	3,361,942	1,321,450	12,372,158	932,650
Liabilities against assets subject to		–	–	
finance lease	32,602	3,225	46,166	–
Security deposits		–	277,655	
Long term loan from shareholder of the		–		
Parent Company - unsecured		–	409,380	
Finances under mark up				
arrangements - secured	5,091,722	–	–	–
Trade and other payables	7,512,233	–	–	–
Accrued finance cost	495,278	–	–	–
	16,493,777	1,324,675	13,105,359	932,650

(Rupees in thousand)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	At December 31, 2016			
Long term finances	806,546	5,917,794	3,188,714	1,199,498
Liabilities against assets subject to				
finance lease	22,338	13,342	60,509	–
Finances under mark up	–	–		
arrangements - secured	1,918,079	–	–	–
Short term loan from shareholder of				
Parent Company - unsecured	462,930	–	–	–
Trade and other payables	5,126,373	–	–	–
Accrued finance cost	313,512	–	–	–
	8,649,778	5,931,136	3,249,223	1,199,498

52.2 Financial instruments by categories

The carrying values of following financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at reporting date.

(Rupees in thousand)	Available for sale	Loans and receivables	Total
Financial assets as at December 31, 2017			
Long term loans and deposits	–	157,208	157,208
Investments	41,981,048	–	41,981,048
Trade debts	–	5,946,606	5,946,606
Loans, advances, deposits, prepayments and other receivables	–	488,467	488,467
Balances with banks	–	1,081,278	1,081,278
	41,981,048	7,673,559	49,654,607

(Rupees in thousand)	Available for sale	Loans and receivables	Total
Financial assets as at December 31, 2016			
Long term loans and deposits	–	39,858	39,858
Investments	32,857,963	–	32,857,963
Trade debts	–	3,561,210	3,561,210
Loans, advances, deposits, prepayments and other receivables	–	627,179	627,179
Balances with banks	–	407,477	407,477
	32,857,963	4,635,724	37,493,687

(Rupees in thousand)	At amortised cost 2017	2016
Financial liabilities		
Long term finances	17,988,200	11,112,552
Liabilities against assets subject to finance lease	81,993	96,189
Security deposits	277,655	–
Long term loan from shareholder of the Parent Company - unsecured	409,380	–
Short term loan from shareholder of the Parent Company - unsecured	–	462,930
Finances under mark up arrangements - secured	5,091,722	1,918,079
Trade and other payables	7,512,233	5,126,373
Accrued finance cost	495,278	313,512
	31,856,461	19,029,635

52.3 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 6 less cash and cash equivalents as disclosed in note 44. Total capital is calculated as equity as shown in the balance sheet plus net debt. The gearing ratio as at year end is as follows:

(Rupees in thousand)	Note	2017	2016
Long term finances	6	14,626,258	10,306,006
Current portion of long term finances	15	3,361,942	806,546
Cash and cash equivalents	49	4,002,932	1,506,278
Net debt		21,991,132	12,618,830
Total equity		75,142,050	52,808,237
Total capital		97,133,182	65,427,067
Gearing ratio		23%	19%

52.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. The carrying values of all financial assets and liabilities reflected in these consolidated financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Specific valuation techniques used to value financial instruments include:

- 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:

	At December 31, 2017			
(Rupees in thousand)	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Recurring fair value measurement of available-for-sale investments	41,966,317	–	–	41,966,317

	At December 31, 2016			
(Rupees in thousand)	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement of available for sale investments	32,843,232	–	–	32,843,232

Valuation techniques used to measure fair values

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet 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 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.

There were no other material Level 1, 2 or 3 assets or liabilities during current or prior year.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

53. Interests in other entities

53.1 Subsidiaries

The Group's principal subsidiaries at 31 December 2017 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 by		Ownership interest held by non-controlling interests		Principal activities
		2017	2016	2017	2016	
Bulleh Shah Packaging (Private) Limited [BSPPL]	Pakistan	100.00%	0.00%	0.00%	0.00%	Manufacturing and sale of paper, paperboard and corrugated boxes.
Anemone Holdings Limited [AHL]	Mauritius	100.00%	100.00%	0.00%	0.00%	Intermediate holding company of FPCL
DIC Pakistan Limited [DIC]	Pakistan	54.98%	54.98%	45.02%	45.02%	Manufacturing and sale of inks
Flexible Packages Convertors (Proprietary) Limited [FPCL]	South Africa	55.00%	55.00%	45.00%	45.00%	Manufacturing and sale of flexible packaging
Packages Lanka (Private) Limited [PLL]	Sri Lanka	79.07%	79.07%	20.93%	20.93%	Manufacturing and sale of flexible packaging
Linnaea Holdings Inc. [LHI]	Canada	79.07%	0.00%	20.93%	0.00%	Intermediate holding company of [CPI]
Chantler Packaging Inc. [CPI]	Canada	63.26%	0.00%	36.74%	0.00%	Manufacturing and sale of flexible packaging
Packages Construction (Private) Limited [PCPL]	Pakistan	75.16%	75.16%	24.84%	24.84%	Development and construction of real estate
Packages Power (Private) Limited [PPPL]	Pakistan	100.00%	100.00%	0.00%	0.00%	Generation and sale of electricity

53.2 Non-controlling interests (NCI)

Set out below is summarised 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.

Summarised balance sheet (Rupees in thousand)	DIC Pakistan Limited		Flexible Packages Convertors (Proprietary) Limited		Package Lanka (Private) Limited		Packages Construction (Private) Limited	
	2017	2016	2017	2016	2017	2016	2017	2016
Current assets	1,633,220	1,347,961	1,486,356	1,067,014	691,083	572,876	1,084,566	205,238
Current liabilities	(795,084)	(730,770)	(1,354,627)	(1,092,762)	(503,325)	(251,694)	(1,076,675)	(1,661,141)
Current net assets / (liabilities)	838,136	617,191	131,729	(25,748)	187,758	321,182	7,891	(1,455,903)
Non - current assets	148,532	144,371	2,158,527	1,903,534	615,934	399,236	12,434,377	10,825,322
Non - current liabilities	(56,529)	(52,572)	(836,111)	(672,682)	(82,038)	(136,178)	(8,791,962)	(5,475,550)
Non - current net assets	92,003	91,799	1,322,416	1,230,852	533,896	263,058	3,642,415	5,349,772
Net assets	930,139	708,990	1,454,145	1,205,104	721,654	584,240	3,650,306	3,893,869
Accumulated NCI	418,749	318,563	654,327	542,206	136,607	122,573	906,736	967,237

Summarised statement of comprehensive income (Rupees in thousand)	DIC Pakistan Limited 2017	2016	Flexible Packages Convertors (Proprietary) Limited 2017	2016	Package Lanka (Private) Limited 2017	2016	Packages Construction (Private) Limited 2017	2016
Revenue	3,868,353	3,690,144	3,915,746	3,540,016	1,525,884	1,429,488	1,701,878	–
Profit / (loss) for the year	325,572	328,693	95,540	110,756	134,563	156,524	(367,561)	(95,225)
Other comprehensive income / (loss)	–	–	132,289	196,584	20,482	(36,053)	–	–
Total comprehensive income / (loss)	325,572	328,693	227,829	307,340	155,045	120,471	(367,561)	(95,225)
Total comprehensive income / (loss) allocated to NCI	146,573	147,353	42,993	138,303	28,164	25,215	(91,302)	(18,348)
Dividends paid to NCI	30,198	178,359	27,065	54,088	47,010	24,218	–	–

Summarised cash flow (Rupees in thousand)	DIC Pakistan Limited (Proprietary) Limited 2017	2016	Flexible Packages Convertors Limited 2017	2016	Package Lanka (Private) (Private) Limited 2017	2016	Packages Construction 2017	2016
(used in) / generated from operating activities	(7,352)	279,919	100,623	182,568	72,833	261,384	(34,659)	147,455
(used in) / generated from investing activities	(28,956)	(43,026)	(97,899)	69,429	(271,951)	(267,270)	(1,991,410)	(5,598,322)
(used in) / generated from financing activities	(104,423)	(396,191)	(70,793)	(339,606)	(59,831)	(67,980)	2,495,859	5,487,260
Net (decrease) / increase in cash and cash equivalents	(140,731)	(159,298)	(68,069)	(87,609)	(258,949)	(73,866)	469,790	36,393

53.3 Transactions with non-controlling interests

During the last year on March 3, 2016 and July 19, 2016, PCPL issued 75,000,000 and 25,000,000 ordinary shares of Rs. 10 each at par, which were not subscribed to by the Parent Company and consequently were issued to IGI Insurance Limited representing NCI. This resulted in reduction of interest in subsidiary by 24.84%, which had been recorded at its proportionate interest of the carrying value of the subsidiary. The difference between the amount by which the NCI was recorded and the fair value of the consideration received had been recognised directly in equity and attributed to the controlling interest.

(Rupees in thousand)	2017	2016
Consideration received	–	1,000,000
Recognition of NCI at proportionate share of net asset	–	(977,019)
Credit to equity	–	22,981

There were no transactions with non-controlling interests in 2017.

53.4 Interests in associates and joint ventures

Set out below are the associates and joint ventures of the Group as at December 31, 2017 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 2017	% of ownership interest 2016	Nature of relationship	Measurement method	Quoted fair value 2017	Quoted fair value 2016	Carrying amount 2017	Carrying amount 2016
Tri-Pack Films Limited [TPFL]	Pakistan	33.33%	33.33%	Associate	Equity method	1,808,985	3,797,774	3,075,353	3,023,783
IGI Holdings Limited [Formerly IGI Insurance Limited]	Pakistan	10.46%	10.61%	Associate	Equity method	3,828,720	4,009,372	6,395,007	1,366,894
IGI Investment Bank Limited [IGIIBL]	Pakistan	0.00%	2.17%	Associate	Equity method	–	15,032	–	–
Bulleh Shah Packaging (Private) Limited [BSPL]	Pakistan	0.00%	65.00%	Joint venture	Equity method	–	(*)	–	9,151,720
Plastic Extrusions (Proprietary) Limited [PEPL]	South Africa	50.00%	50.00%	Joint venture	Equity method	(*)	(*)	24,081	17,571
OmyaPack (Private) Limited [OPL]	Pakistan	50.00%	50.00%	Joint venture	Equity method	(*)	(*)	307,689	307,067
Total equity accounted investments								9,802,130	13,867,035

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.

IGI Investment Bank Limited is engaged in investment banking.

Bulleh Shah Packaging (Private) Limited is engaged in the manufacture and sale of paper, paperboard and corrugated boxes.

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. The Company has not yet commercially commenced operations.

(*) These are privately held entities for which no quoted price is available.

53.4.1 There are no commitments and contingent liabilities of the Group in respect of associates and joint ventures.

53.4.2 Summarised financial information for associates

The table below provides summarised 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:

Summarised balance sheet (Rupees in thousand)	Tri-Pack Films Limited 2017	2016	IGI Holdings Limited [Formerly IGI Insurance Limited 2017	2016
Current assets	5,011,279	4,792,064	(**)	(**)
Non-current assets	6,183,335	6,353,016		
Total assets	11,194,614	11,145,080	89,276,503	38,695,112
Current liabilities	(5,517,025)	(4,581,833)	(**)	(**)
Non-current liabilities	(1,723,120)	(2,762,429)		
Total liabilities	(7,240,145)	(7,344,262)	(26,071,168)	(23,872,314)
Net assets	3,954,469	3,800,818	63,205,335	14,822,798
Reconciliation to carrying amounts:				
Opening net assets	3,800,818	2,113,802	14,822,798	13,475,358
Profit for the year	572,642	754,482	2,418,815	1,796,553
Other comprehensive (loss) / income	(30,991)	(4,573)	45,963,722	41,645
Further issuance of shares	–	1,087,107	–	–
Dividends paid	(388,000)	(150,000)	–	(490,758)
Closing net assets	3,954,469	3,800,818	63,205,335	14,822,798
Group's share - %	33.33%	33.33%	10.46%	10.61%
Group's share	1,317,963	1,266,393	6,378,897	1,350,784
Goodwill	1,757,390	1,757,390	16,110	16,110
Carrying amount	3,075,353	3,023,783	6,395,007	1,366,894
Summarised statement of comprehensive income				
Revenue	12,255,793	11,778,067	10,690,132	8,601,883
Profit for the year	572,642	754,482	2,418,815	1,796,553
Other comprehensive (loss) / income	(30,991)	(4,573)	45,963,722	41,645
Total comprehensive income	541,651	749,909	48,382,537	1,838,198
Dividends received from associates	129,333	50,000	–	52,088

(**) The information related to IGI Holdings Limited [Formerly IGI Insurance Limited] for the year ended December 31, 2017 is un-audited. Further, the balance of IGIHL is presented according to the requirements of the Insurance Ordinance, 2000 and do not provide classification between current and non-current.

53.4.3 Summarised financial information for joint ventures

The table below provides summarised 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:

Summarised balance sheet (Rupees in thousand)	Bulleh Shah Packaging (Private Limited) 2017	2016	Omya Pack (Private Limited) 2017	2016
Current assets				
Cash and cash equivalents	–	92,903	308,498	607,753
Other current assets	–	7,511,683	57,723	2,513
Total current assets	–	7,604,586	366,221	610,266
Non-current assets	–	16,204,750	359,561	4,893
Current liabilities				
Financial liabilities (excluding trade payables)	–	(3,227,283)	(110,379)	(708)
Other current liabilities	–	(2,656,726)	–	(293)
Total current liabilities	–	(5,884,009)	(110,379)	(1,001)
Non-current liabilities				
Financial liabilities (excluding trade payables)	–	4,935,000	–	–
Other non-current liabilities	–	479,198	–	–
Total non-current liabilities	–	5,414,198	–	–
Net assets	–	12,511,129	615,403	614,158
Reconciliation to carrying amounts:				
Opening net assets	–	13,564,070	614,158	–
(Loss) / Profit for the year	–	(1,006,978)	1,245	(2,744)
Other comprehensive loss	–	(45,963)	–	–
Shares issued during the year	–	–	–	616,902
Closing net assets	–	12,511,129	615,403	614,158
Group's share - %	0.00%	65.00%	50.00%	50.00%
Group's share	–	8,131,589	307,689	307,067
Goodwill	–	1,020,131	–	–
Carrying amount	–	9,151,720	307,689	307,067
Summarised statement of comprehensive income				
Revenue	–	16,298,214	–	–
Interest income	–	–		3,910
Depreciation and amortization	–	1,471,240		5
Interest expense	–	477,725	–	–
Income tax income	–	(431,444)	–	(1,156)
(Loss) / Profit for the year	–	(1,006,978)	1,245	(2,744)
Other comprehensive loss	–	(45,963)	–	–
Total comprehensive loss / income	–	(1,052,941)	1,245	(2,744)

53.4.4.1 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:

(Rupees in thousand)	2017	2016
Aggregate carrying value of individually immaterial associates and joint ventures	24,081	17,571
Aggregate amounts of the Group's share of:		
Profit from continuing operations	9,044	6,218
Other comprehensive income	3,424	2,485
Total comprehensive income	12,468	8,703

53.4.4.2 Individually immaterial associates

In addition to the interests in associates disclosed above, the Group also had interests in individually immaterial associate, IGI Investment Bank Limited that was accounted for using the equity method and has been merged into IGI Holdings Limited [Formerly IGI Insurance Limited] during the year as explained in note 24.4.1.1.

54. Business combinations

54.1 Acquisition of Bulleh Shah Packaging (Private) Limited

Prior to September 18, 2017, the Parent Company held 65% of the share capital of BSPPL, a company principally engaged in the manufacturing and conversion of paper and paperboard products. The BOD of the Parent Company, at their meeting held on July 26, 2017, resolved to purchase the remaining 35% shareholding held by Stora Enso South Asia Holdings AB ('Stora Enso') in BSPPL. The transaction was approved by the shareholders through a special resolution at the Extraordinary General Meeting of the Parent Company dated August 28, 2017. Accordingly, consequent to execution of share purchase agreement with Stora Enso, BSPPL became a fully owned subsidiary of the Parent Company on September 18, 2017. Stora Enso divested its investment in BSPPL on account of the reason that BSPPL's asset base in Pakistan with its product mix and related future outlook had become a non-strategic fit in its consumer board portfolio due to changed global growth outlook. Whereas, the BOD of the Parent Company strongly believes in the future growth prospects of BSPPL and that it shall bring considerable benefits to the equity holders of the Parent Company.

Details of the purchase consideration, the net assets acquired and bargain purchase gain are as follows:

(Rupees in thousand)	
Cash	776,255
Fair value of equity interest held in BSPPL before the business combination	9,608,465
Total purchase consideration	10,384,720

The Group recognised a gain of Rs. 625.144 million as a result of measuring at fair value its 65% equity interest in BSPPL held before the business combination. The gain has been recognised in gains and losses relating to business combinations in the consolidated profit and loss account for the year ended December 31, 2017.

The assets and liabilities recognised as a result of the acquisition are as follows:

(Rupees in thousand)	Carrying amounts as at September 18, 2017	Fair value and other adjustments	Fair value as at at September 18, 2017
Assets			
Property, plant and equipment	15,011,735	3,493,214	18,504,949
Investment property	5,699	13,045	18,744
Intangible assets	87,207	–	87,207
Long term loans and deposits	88,686	–	88,686
Stores and spares	1,127,905	–	1,127,905
Stock-in-trade	4,911,836	–	4,911,836
Trade debts	1,874,842	(285,487)	1,589,355
Loans, advances, deposits, prepayments and other receivables	377,482	–	377,482
Income tax receivable	801,013	–	801,013
Cash and bank balances	89,071	–	89,071
	24,375,476	3,220,772	27,596,248
Liabilities			
Long term finances - secured	3,290,000	–	3,290,000
Deferred taxation	490,954	975,065	1,466,019
Retirement benefits	127,090	–	127,090
Deferred liabilities	133,908	–	133,908
Current portion of long term finances - secured	1,645,000	–	1,645,000
Finances under mark up arrangements - secured	4,084,367	–	4,084,367
Trade and other payables	2,294,349	(36,721)	2,257,628
Accrued finance cost	58,746	–	58,746
	12,124,414	938,344	13,062,758
Net assets acquired	12,251,062	2,282,428	14,533,490
Gain on bargain purchase			(4,148,770)
			10,384,720

Gain on bargain purchase has been recognised in gains and losses relating to business combinations in the consolidated profit and loss account for the year ended December 31, 2017.

Acquisition-related costs of Rs. 57.323 million have been recogised in gains and losses relating to business combinations in the consolidated profit and loss account for the year ended December 31, 2017.

Transaction recognised separately from business combination on account of elimination of net payable balance to BSPPL as at the date of acquisition amounting to Rs. 248.766 million has been recogised in gains and losses relating to business combinations in the consolidated profit and loss account for the year ended December 31, 2017.

The fair value of acquired trade receivables is Rs. 1,589.355 million. The gross contractual amount for trade receivables due is Rs. 1,618.269 million, of which Rs. 28.914 million is expected to be uncollectible. The fair value of all other acquired receivables is equal to their gross contractual amounts.

The carrying value of identifiable assets acquired and liabilities assumed, except investment property and freehold land, buildings and plant and machinery included in property, plant and equipment, approximate their fair values. The Parent Compay has carried fair valuation exercise and incorporated fair value adjustments in these consolidated financial statements.

There were no acquisitions in the year ended December 31, 2016.

The acquired business contributed revenues of Rs. 3,776.729 million and net loss of Rs. 187.416 million to the Group for the period from September 18, 2017 to December 31, 2017.

If the acquisition had occurred on January 1, 2017, consolidated pro-forma revenue and profit for the year ended December 31, 2017 would have been Rs. 43,886.468 million and Rs. 25,258.611 million respectively. These amounts have been calculated using BSPPL's revenues adjusted for intergroup sales and Group's share of BSPPL's total comprehensive loss and BSPPL's loss before acquisition date.

54.2 Other business combinations

Other business combinations which occurred during the current year, as referred to in note 1, are considered to be individually and collectively immaterial to the Group. Hence, the details of these business combinations have not been disclosed in these consolidated financial statements.

55. Date of authorisation for issue

These consolidated financial statements were authorised for issue on February 28, 2018 by the Board of Directors of the Parent Company.

56. Non-adjusting events after the balance sheet date

The Board of Directors of the Parent Company has proposed a final cash dividend for the year ended December 31, 2017 of Rs. 30.00 per share (2016: Rs. 25.00 per share), amounting to Rs. 2,681.385 million (2016: Rs. 2,234.487 million) at their meeting held on February 28, 2018 for approval of the members at the Annual General Meeting to be held on April 19, 2018. Reference to the ordinary dividend proposed by the Board of the Parent Company and the rights of IFC as detailed in note 6.2, the Board of the Parent Company has further proposed such amount of additional preference dividend to be paid to IFC as per the terms of subscription agreement.

57. Corresponding figures

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

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

VIDEO CONFERENCE 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 CONFERENCE CONSENT FORM

I/We, ____ of ______________________________________ being a member of

Packages Limited, holder of __________________ Ordinary shares as per Register Folio No. / CDC Accounts No. ________________

hereby opt for video-link facility at __________________.

____
Signature of member

AFFIX
CORRECT
POSTAGE

The Company Secretary
PACKAGES LIMITED
4th Floor, The Forum
Suite # 416 - 422
G-20, Block 9, Khayaban-e-Jami
Clifton, Karachi - 75600

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 ہوگئی 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 ________________

AFFIX
CORRECT
POSTAGE

The Company Secretary
PACKAGES LIMITED
4th Floor, The Forum
Suite # 416 - 422
G-20, Block 9, Khayaban-e-Jami
Clifton, Karachi - 75600

ELECTRONIC TRANSMISSION CONSENT

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

The Share Registrar
Date:___________________
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

AFFIX
CORRECT
POSTAGE

The Company Secretary
PACKAGES LIMITED
4th Floor, The Forum
Suite # 416 - 422
G-20, Block 9, Khayaban-e-Jami
Clifton, Karachi - 75600

الیکٹرونک منتقلی کا اجازت نامہ

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ ایس آر او 2014/(I)787 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 کردیں۔

برائے مہربانی آگاہ رہیں کہ سالانہ رپورٹس کی بذریعہ ای میل وصولی اختیاری ہے اور لازمی نہیں ہے۔

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 2014/(I)787 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 کردیے 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 کردوں گا/گی۔

ممبر/شیئر ہولڈر کے دستخط ____________________

AFFIX
CORRECT
POSTAGE

The Company Secretary
PACKAGES LIMITED
4th Floor, The Forum
Suite # 416 - 422
G-20, Block 9, Khayaban-e-Jami
Clifton, Karachi - 75600

FORM OF **PROXY**

63rd 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 Thursday, April 19, 2018 at 10.30 a.m. at Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi and at any adjournment thereof.

Signed this ____________ day of ____________ 2018

WITNESSES:

1. Signature : ____________________
   Name : ____________________
   Address : ____________________

   CNIC or
   Passport No. : ____________________

2. Signature : ____________________
   Name : ____________________
   Address : ____________________

   CNIC or
   Passport No.: ____________________

Signature

Please affix Rupees five revenue stamp

(Signature should agree with the specimen signature registered with the Company)

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.

AFFIX
CORRECT
POSTAGE

The Company Secretary
PACKAGES LIMITED
4th Floor, The Forum
Suite # 416 - 422
G-20, Block 9, Khayaban-e-Jami
Clifton, Karachi - 75600

تشکیل نیابت داری

63واں سالانہ اجلاسِ عام

میں/ ہم ____________________

ساکن ____________________ بطور پیکیجز 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 ____________

ساکن ____________ یا بصورت دیگر جناب ____________ ساکن ____________

کو اپنی جگہ بروز جمعرات مورخہ 19 اپریل 2018 بوقت 10:30 بجے صبح ، بمقام پیچ لگژری ہوٹل ، مولوی تمیز الدین خان روڈ ، 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 ____________ 2018

گواہان:

(1) دستخط: ____________

نام: ____________

پتہ: ____________

سی این آئی سی یا پاسپورٹ نمبر: ____________

برائے کرم پانچ روپے مالیت کے ریونیو ٹکٹ چسپاں کریں۔

دستخط

(دستخط کمپنی میں درج نمونے کے دستخط کے مطابق ہونے چاہئیں)

(2) دستخط: ____________

نام: ____________

پتہ: ____________

سی این آئی سی یا پاسپورٹ نمبر: ____________

نوٹ: پراکسیز کے موثر ہونے کے لئے 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 اور ان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کمپنی میں جمع کرائیں۔

AFFIX
CORRECT
POSTAGE

The Company Secretary
PACKAGES LIMITED
4th Floor, The Forum
Suite # 416 - 422
G-20, Block 9, Khayaban-e-Jami
Clifton, Karachi - 75600

PACKAGES LIMITED

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 alisted 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, 8F, Near Hotel Faran, Nursery, Block 6, P.E.S.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,
For PACKAGES LIMITED

(Adi J. Cawasji)
Company Secretary

SHAREHOLDER'S SECTIONS:
I hereby communicate to receive my future dividends directly in my Bank account as detailed below:

Name of shareholder : ______________________

Company name: Packages Limited

Folio No. / CDC Participant ID & A/C No. : ______________________

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.

______________________ CNIC No. ______________________

Shareholders Signature (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 instruction and / or due to any event beyond the control of the company.

Head Office, Sales Office & Works :
SHAHRAH-E-ROOMI, P.O. AMER SIDHU, LAHORE - 54760, PAKISTAN PH : 35811541-46, 35811191-94 CABLE : PACKAGE LAHORE FAX : (042) 35811195

Registered Office & Regional Sales office :
4TH FLOOR, THE FORUM, SUITE, # 416-422, G-20, BLOCK 9, KHAYABAN-E-JAMI, CLIFTON, KARACHI-75600, PAKISTAN. PH :35874047-49, 35378650-51, 35833011 FAX: (021) 35860251

Regional Sales Office;
G.D. ARECADE, 2ND FLOOR, 73E FAZAL-UL-HAQ ROAD, BLUE AREA, ISLAMABAD - 44000, PAKISTAN PH : 2348307-09, 2348306 FAX : (051) 2348310

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 کر کے 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/ پارٹیسپینٹ/سی ڈی سی اکاؤنٹ سروسز کو جمع کرانا ہوگا۔

آپ کا مخلص
برائے پیکیجز لمیٹڈ

(عدی جے کاؤسجی)
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 پارٹیسپینٹ آئی ڈی اور اکاؤنٹ نمبر	:	------------------ کمپنی کا نام: پیکیجز 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/ پارٹیسپینٹ/سی ڈی سی انویسٹر اکاؤنٹ سروسز کو مطلع کرتا رہوں گا۔

شیئر ہولڈر کے دستخط

سی این آئی سی نمبر: ------------------------
(کاپی منسلک کریں)

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 ذمے داری یا دعویٰ کے لئے بلواسطہ یا بلاواسطہ قطعی ذمے دار نہ ہوگی جو کسی غلطی، تاخیر ایسی کسی مالی 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 :
SHAHRAH-E-ROOMI, P.O. AMER SIDHU, LAHORE - 54760, PAKISTAN PH : 35811541-46, 35811191-94 CABLE : PACKAGES LAHORE FAX : (042) 35811195

Registered Office & Regional Sales Office :
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Regional Sales Office :
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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:

Packages Limited

www.packages.com.pk

Head Office

Shahrah-e-Roomi, P.O. Amer Sidhu
Lahore - 54760, Pakistan
Tel: +92 42 35811541-6
Fax: +92 42 35811195