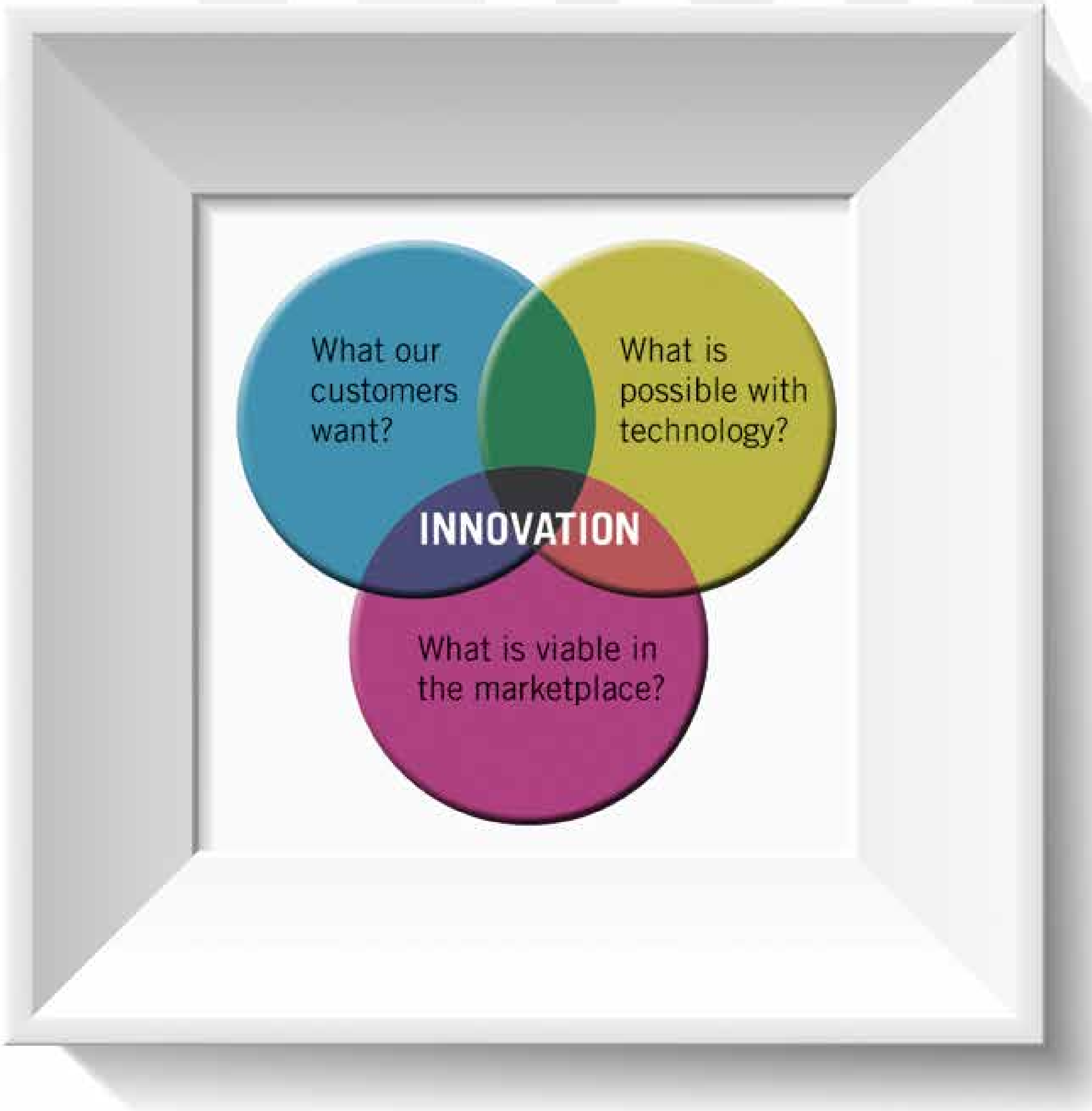
Annual Report of **Packages Limited** for the year ended December 31, 2013

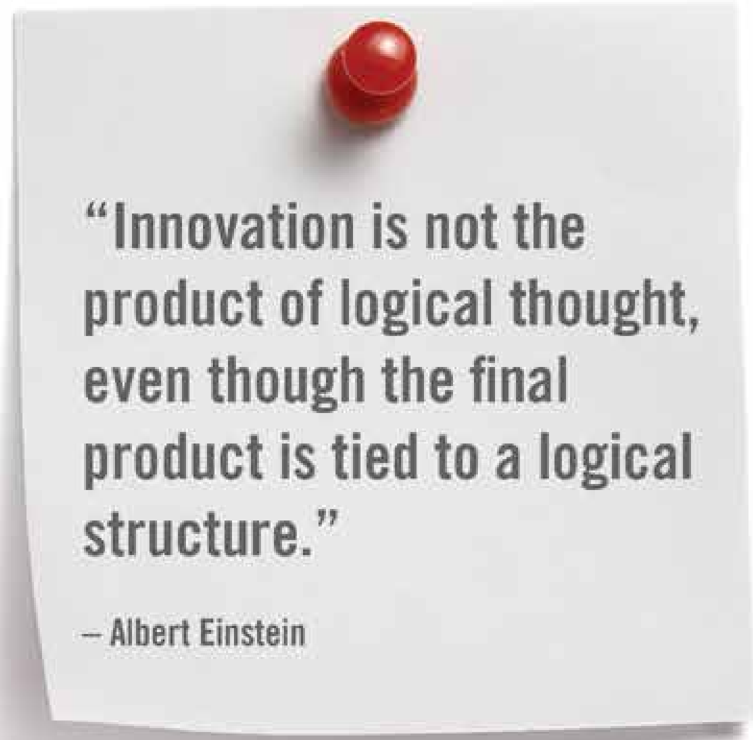
Innovation Drives

INNOV

"While market researchers describe how the world is, creative people describe how it could be. Their thinking is often so fresh that they zag even when they should zig. But without fresh thinking, there's no chance of progress."

– Marty Neumeier


What our customers want?
What is possible with technology?
INNOVATION
What is viable in the marketplace?


"Innovation is not the product of logical thought, even though the final product is tied to a logical structure."
– Albert Einstein

Contents


OVATION

Company Profile

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.

Historical Overview

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, KPK. This project, Tri-Pack Films Limited, commenced production in June 1995 with equity participation by Packages Limited, Mitsubishi Corporation, Altawfeek Company for Investment Funds, Saudi Arabia and general public. Packages Limited owns 33% of Tri-Pack Films Limited's equity.

In July, 1994, Coates Lorilleux Pakistan Limited (currently DIC Pakistan Limited), in which Packages Limited has 55% 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% 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 Flexo graphic 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' (curently 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 capitalized 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. With this capacity expansion, the Company is now in a position to take benefit from export potential of tissue products in the international market, particularly the Middle East.

During 2011, a lamination machine was installed in the flexible department at a cost of PKR 96 million. This is 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, 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 and involved initial equity participation by Stora Enso OYJ Group of 35% by way of subscription of right shares with a commitment to increase the shareholding to 50% at a later stage.

In the same year, Packages also invested in a New 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.

Year 2013

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. Packages now holds 65% equity in Bulleh Shah Packaging (Private) Limited. The joint venture partner, Stora Enso OYJ Group, is actively involved in providing technical expertise to further enhance the Paper & Paperboard and Corrugated business operations.

Company Information

Board of Directors

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

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

Alamuddin Bullo
(Non-Executive Director)

Khalid Yacob
(Executive Director)

Mats Nordlander
(Non-Executive Director)

Muhammad Aurangzeb
(Independent Director)

Shamim Ahmad Khan
(Non-Executive Director)

Syed Aslam Mehdi
(Executive Director)

Syed Shahid Ali
(Non-Executive Director)

Tariq Iqbal Khan
(Non-Executive Director)

Advisor

Syed Babar Ali

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

Bankers & Lenders

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
BankIslami Pakistan Limited
Barclays Bank PLC, Pakistan
Citibank N.A.
Deutsche Bank A.G.
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
International Finance Corporation (IFC)
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
Samba Bank Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Bank of Punjab
The Bank of Tokyo - Mitsubishi UFJ, Limited
United Bank Limited

Head Office & Works

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

Offices:

Registered Office & Regional Sales office

4th Floor, The Forum
Suite No. 416 - 422, G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan
PABX : (021) 35874047-49
: (021) 35378650-52
: (021) 35831618, 35833011
Fax : (021) 35860251

Regional Sales Office

2nd Floor, G.D. Arcade
73-E, Fazal-ul-Haq Road, Blue Area,
Islamabad-44000, Pakistan
PABX : (051) 2276765
: (051) 2276768
: (051) 2278632
Fax : (051) 2829411

Zonal Sales Offices

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

9th Floor State Life Building,
2-Liaquat Road,
Faisalabad - Pakistan
Tel : (041) 2540842
Fax : (041) 2540815

Web Presence

www.packages.com.pk

"Never before in history has innovation offered promise of so much to so many in so short a time."

– Bill Gates

“We can’t solve problems by using the same kind of thinking we used when we created them.”

– Albert Einstein

Organogram

- Board of Directors
  - Chief Executive & Managing Director
    - General Manager
      - Deputy General Manager
        - Marketing & Sales
        - Supply Management
      - Folding Cartons
      - Flexible Packaging
      - Consumer Products
      - Roll Cover & Mechanical Fabrication
      - Human Resource
      - Industrial Performance
      - Power Services
      - Quality Assurance and Research & Development
    - Chief Financial Officer
      - Finance
      - Enterprise Resource Planning

Business Divisions

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:

- **Folding Cartons**
- **Flexible Packaging**

Folding Cartons

With over 56 years of experience in providing reliable service and quality, Folding Cartons business provides a wide range of packaging products to tobacco, pharmaceutical, Fast Moving Consumer Goods, personal & home care and food industries.

Folding Cartons business is equipped with state of the art machinery and a dedicated and qualified workforce that is supported by strong backward and lateral integration. These factors contribute to provide high volumes and consistent quality at a competitive price for our customers.

The Folding Cartons business unit is divided into two main functions:

i) Planning and Development
ii) Operations

Planning and Development

The Folding Cartons business unit comprises of a fully dedicated team for planning and product development that remains in constant communication with the sales team and the customers.

The planning department is in constant contact with the sales team of Packages to assure the delivery of the produced cartons to the customers as per commitment. The smart allocation of jobs on the machines makes it possible to achieve these targets. The planning team also works for the raw material planning and procurement as per the production requirements.

The development team monitors the potential of market growth and assures client's satisfaction throughout the development process; which commences from the making of a blank sample at the start, through to the art proofing and finally reaching towards the bulk production. The team places immense focus on innovation, efficiency and hard work.

Operations

The Folding Cartons operations team works dedicatedly to meet the market's demand. The ever enthusiastic labor and a highly skillful management makes it possible to cater to the market efficiently and meet customer demands.

Folding Cartons operations are divided into the following departments;

- Rotogravure Printing
- Offset Printing
- Cutting & Creasing
- Folding & Gluing

Rotogravure Printing

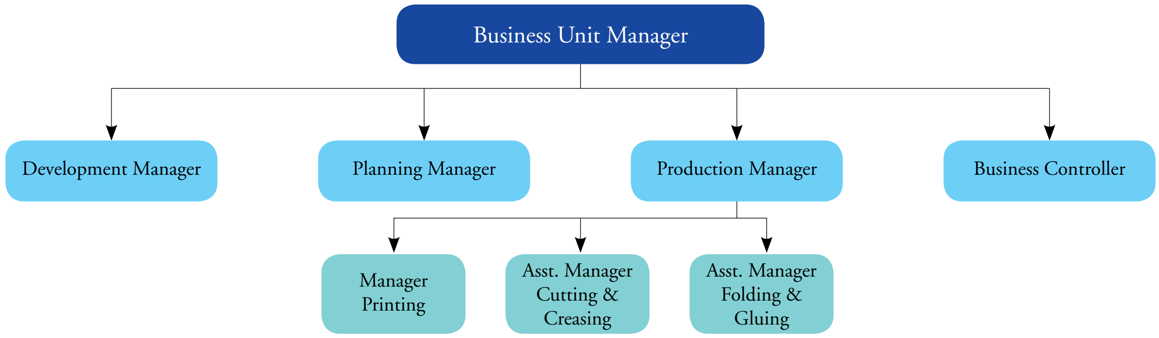
The Rotogravure process is a type of intaglio process in which the actual image is etched into the surface of a metallic cylinder. The image consists of tiny cells (or wells) engraved into the cylinder. The print quality of image using gravure is often superior to other printing processes and is the preferred method when large print runs are required.

Rotogravure printing primarily caters to the tobacco industry which has always been the biggest stakeholder for folding carton business. Two state-of-art machines, Lemanic 82-H and Riviera DR-67, have been installed to achieve in-line printing, conversion (embossing, rotary cutting and creasing) and quality inspection. These machines are fully capable of meeting the demands of the tobacco industry.

Offset Printing

Offset printing is a commonly used printing technique in which the image is transferred (or "offset") from a printing plate to a rubber blanket, then to the substrate (paper or board). It is the most commonly used method today, and has many advantages over other forms of printing, especially when printing of intricate designs is required.

Management Structure



The Folding Cartons business has the world's best sheet-feed offset printing presses, which has double coater (UV and Water base Varnish) option as its unique feature.

Cutting & Creasing:

The Folding Cartons business unit is capable of making the cutting-creasing dies by itself. The machines are from a most renowned maker – ELCEDE Germany. The integrated line starts its working from receiving the drawings from the development team, followed by the software designing and physical shaping of the cutting creasing rules.

Finally these rules are inserted into the imported timber that marks the completion of a die. These dies meet the international standards and considering their performance, a demand for these dies has already intrigued the local market.

The completed dies are then placed into the cutting creasing machines where the printed sheets are converted to cartons. The department is running a fleet of top line cutting creasing machines imported from a world known brand – BOBST.

The department is also capable of providing the Hot Foil Stamping on an automatic machine, whereby cartons get a glowing print, making them extremely unique when they are placed with different cartons on a market shelf.

In 2013, the Cutting and Creasing department procured a new Die-cutter Machine, EXPERT CUT 106PE from BOBST Switzerland at a total cost of PKR 105 million. This machine started its bulk production in March, 2013. This state of the art machine has been designed to maximize the productivity along with lowering the production costs compared to any previous model. Using a host of features, the new machine runs more consistently, cuts down the process waste and reduces the tooling cost by ensuring a consistent pressure throughout the die bed.

Folding & Gluing

The cut creased cartons are transferred to the Folding Gluing area where the fast running gluing machines glue these cartons.

The department is also capable of making paper cups of several sizes.

Market Segment

The increased focus of market on product differentiation and attractive packaging is driving demand for our products. The success of the business can easily be determined by witnessing the loyalty of the customers. The capabilities of the team are well understood by the market and thus all sorts of developmental work and packing modifications are addressed to us. Folding Cartons business works firmly to deliver the best carton board products that result in high value-added packaging for industries like:

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

Certifications

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

- ISO 9001
- ISO 14001
- ISO 18001
- HACCP
- ERP system (SAP)
- SEDEX
- PMI SA
- B.E.S.T
- FSSC 22000

The business unit outshines due to the aforementioned accreditations and the team is geared up to increase their certifications in future as well. Currently it is committed to Total Productive Maintenance (TPM) implementation to achieve zero downtimes, defects and accidents.

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, aluminum 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.

Operations

Flexible Packaging produces high quality packaging films and laminates providing Flexographic and Rotogravure Printing, Lamination, Extrusion, Slitting, Bag & Sleeve and Cone Making.

Flexographic printing line

On Flexographic line, up to eight colors flexographic printing can be done on paper, poly-coated paper and films. Packages has the ability to print real life images on materials like Polyethylene, OPP, Special paper and Polyester. Video Mounter System has eliminated the mis-registration from the print and the state of the art technology allows color accurate digital proof.

Rotogravure Printing Line

The Rotogravure printing line has upto ten colors and the latest in-house cylinder making and engraving facilities. These particularly suit food packaging where colorful package designs and preservation of food quality are important considerations.

Lamination

Flexible Packaging business unit has both solvent base and solvent less laminators that can laminate BOPP, Polyester, Al-foil, Met OPP, Met PET and Paper. The business unit also helps customers in developing cost effective laminates to match their needs.

Packages is honored to be the sole supplier of soap wrappers for the entire soap industry in Pakistan.

Extrusion

Flexible Packaging business unit has its own multi-layer extrusion facility that can extrude polyethylene of different grades and colors. Flexible Packaging business unit also has the biggest blown film extruder with the highest per hour capacity in Pakistan.

Slitting

The flexible line has efficient high speed slitting machines ready to be used on customer packing machines. These machines slits jumbo reels into smaller reels according to customer requirements.

Finishing

Bag & Sleeve making – Bag making is an integral part of the flexible line that provides a wide variety of bag constructions such as Side Seal, Double Side Seal, Bottom Seal, Three Side Seal, Bottom Gusset Bags and Side Gusset Bags.

Cone Making – There are five high speed machines which produce cones in all sizes. Packages is the exclusive producer of cones in Pakistan.

Market Segmentation

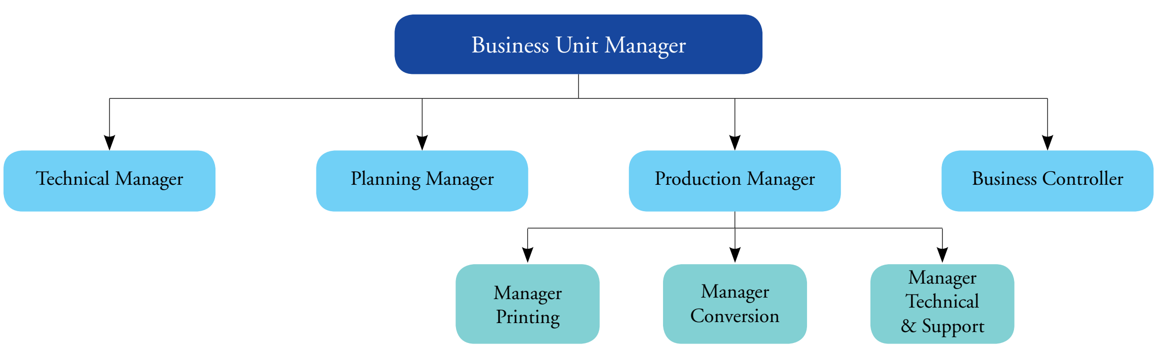
The Flexible Packaging business caters to a wide range of customers across industries including food, soaps & detergents, pharmaceuticals, pesticides and personal & home care.

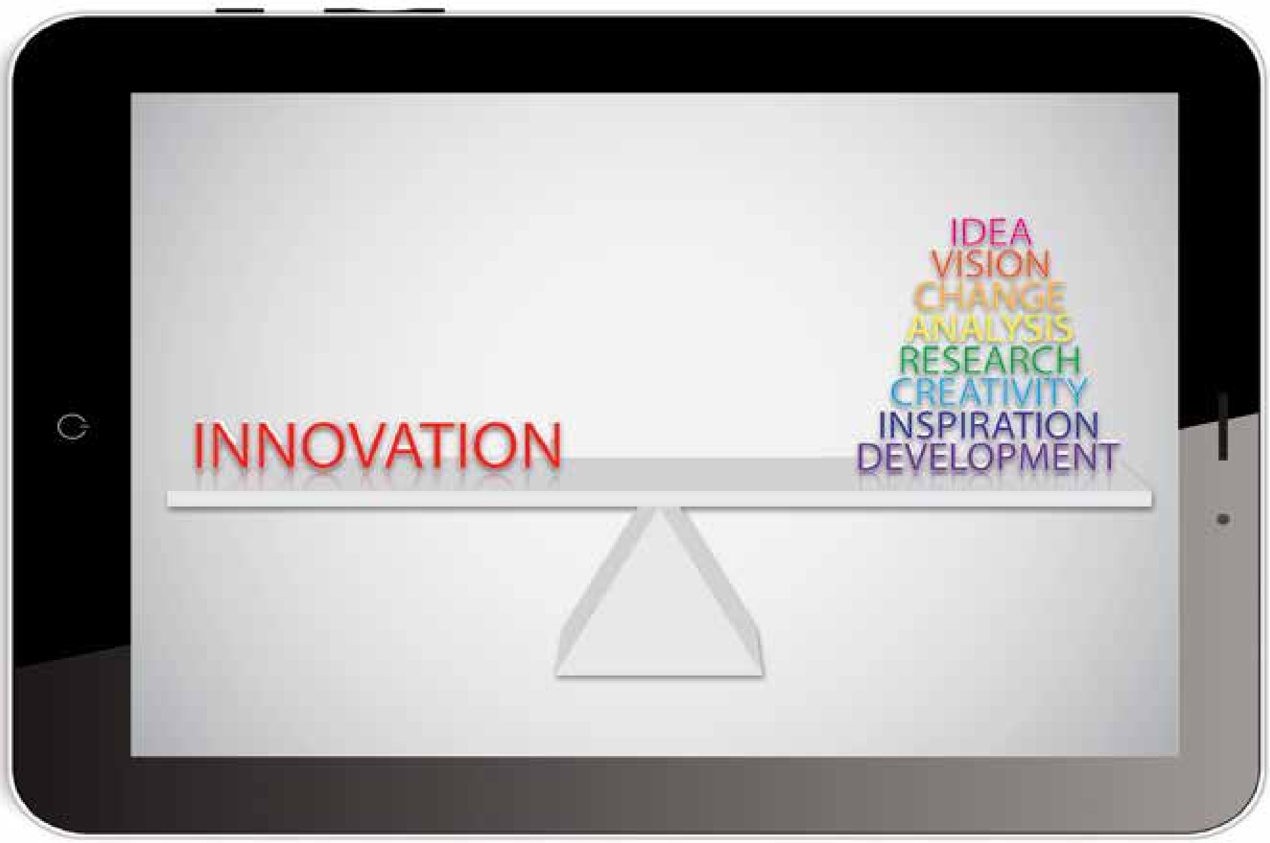
Certifications

As a part of an environmental friendly organization, Flexible Packaging business unit is also working on 4 R's of packaging i.e. Reduce, Re-use, Recycle and Recover.

Flexible Packaging business unit is a responsible organization certified for properly implementing Quality Management System ISO 9000, Environment Management System ISO 14000 and Hygiene Management System HACCP.

Management Structure





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 rolls, wet tissues, party packs, paper plates, cups and adult diapers. We provide consumers complete convenience with tissue and paper products for every occasion. With its high-quality tissue and consumer products, business unit makes life more comfortable for consumers every day.

Operations

Tissue manufacturing activity is carried out at Paper Machine (PM-9) with a production capacity of 100 tons per day.

Conversion includes making of facial box tissue, tissue rolls, napkins, party packs, kitchen rolls, pocket packs, paper cups and plates.

We place great emphasis on product development, after assessing the demands and needs of our consumers; continuously working on providing improved and innovative products to our consumers.

Brands

Key brands of Consumer Products Division are:

- Rose Petal
- Tulip
- Double Horse

Management Structure

Business Unit Manager

- Tissue Manufacturing Manager
- Maintenance Manager
- Tissue Conversion Manager
- Senior Brand Manager
- National Sales Manager
- Business Controller

Services

Packages believes that its entire operations have to be in line with the needs of the customer. 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 service does not end once the contract has been signed; our Customer Services Department (CSD) comprehensively monitors processes to ensure on-time delivery to the customer and follows new orders from Pre-Press up to final delivery to make sure our product exceeds customer's expectations. CSD also arranges development activities as well as technical support and after-sales support to customers. Customer complaints are followed by proper feedback and management reporting. With these activities, our customers are given due attention and the essential quick response all the time.

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 16 years and now has pre-press production designers and computer artists who make the soft copies of the designs. These halftone images and texts are simultaneously directed from computers to:

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

In the Art and Camera Department, Packages 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 of any printing technique like Gravure, Flexography and Offset without compromising the creative integrity of designs.

Combining know-how in the pre-press area, vector & raster data and the latest technology in hardware and software, our pre-press team is able to provide the highest possible service.

Research & Development

For many years Research & Development has led the way for Packages with focus on innovation. The rapid globalization of business is bringing about dramatic changes in packaging, challenging traditional ways and existing business models. Our belief that only timely innovations and continual development can help us survive in this competition is our strongest foothold.

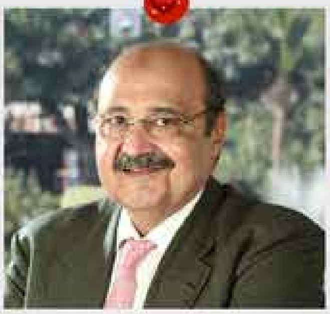
With rejuvenated vigor, the Research and Development department at Packages is working to gain competitive edge in its category. The mantra of collaborative working for business development has again helped in sustaining customers and confirming its dependency as reliable business partner. Its continuous interaction with customers makes it easier to understand their demands and comply accordingly and at the same time helping our units in process optimization, reducing costs and developing new packaging solutions. But this is not the end; customers need proactive measures, eco-friendly solutions, and compliance to international packaging regulations. Who else would understand and materialize it better than R&D because we know that keeping abreast with the latest developments and timely homework assures our existence in this competitive climate.

Supply Management

Supply Management function came into existence to provide one window operation to the Business Units encompassing material procurement, logistics (for incoming materials and outgoing finished goods), warehousing, miscellaneous services and waste sales. In order to rationalize the vendor base and to include quality vendors, vendor development has also become one of the integral activities of the division.

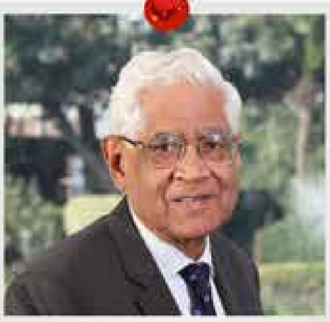

Entity Rating
of Packages Limited
Long-Term AA
Short-Term A1+
The Pakistan Credit Rating Agency Limited
Rating as on: June 2013
Rating Type
Rating
Comments
Long-Term
AA (Double A)
Very high credit quality. AA Ratings denote a very low expectation of credit risk. This indicates very strong capacity for 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.

Board of Directors

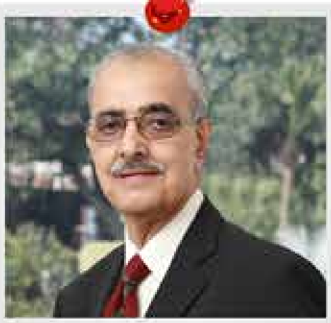


Mr. Towfiq Habib Chinoy

Mr. Khalid Yacob



Mr. Shamim Ahmad Khan



Mr. Tariq Iqbal Khan

Syed Hyder Ali

Mr. Muhammad Aurangzeb

Mr. Mats Nordlander

Syed Aslam Mehdi

Syed Shahid Ali

Mr. Alamuddin Bullo

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 holds chairmanship of Jubilee General Insurance Company Limited and HBL Asset Management Limited. He also holds directorship of Linde Pakistan Limited, IGI Investment Bank Limited, International Steels Limited, Jubilee Life Insurance Company Limited and Pakistan Center for Philanthropy. He is also serving as Trustee of Mohatta Palace Gallery Trust.

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 Insurance Limited, International Steels Limited, Nestle Pakistan Limited, Packages Lanka (Private) Limited, Sanofi-Aventis Pakistan Limited, KSB Pumps Company Limited, Tri-Pack Films Limited, Bulleh Shah Packaging (Private) Limited and Tetra Pak Pakistan Limited. He is also serving on the Board of several philanthropic, educational, charitable and business support organizations including Pakistan Centre for Philanthropy, National Management Foundation, Syed Maratib Ali Religious & Charitable Trust, Pakistan Business Council and Babar Ali Foundation. He is also board member of Ali Institute of Education, International Chamber of Commerce and Lahore University of Management Sciences.

Syed Aslam Mehdi

Syed Aslam Mehdi joined the Company in 1980 and currently holds the position of Director and General Manager of the Company. He has a Masters degree in Business Administration from Institute of Business Administration, Karachi and has served Packages Group Companies in various capacities over the years. Currently he also holds directorship of DIC Pakistan Limited, Bulleh Shah Packaging (Private) Limited and Packages Lanka (Private) Limited.

Mr. Khalid Yacob

Mr. Khalid Yacob joined Packages Limited in 1988 and currently holds the position of Director and Finance Manager of the Company. He is a fellow member of Institute of Chartered Accountants in England & Wales and Institute of Chartered Accountants of Pakistan and has been associated at senior management positions in A.F. Ferguson & Co, Chartered Accountants, Pakistan and Whinney Murray & Co, Chartered Accountants, Riyadh, Saudi Arabia. He has vast experience in financial planning and budgeting, financial forecasting and analysis, asset investment, taxation, computer services, client development and staff management. He also holds directorship of IGI Investment Bank Limited, Bulleh Shah Packaging (Private) Limited, Tri-Pack Films Limited and Tetra Pak Pakistan Limited.

Mr. Muhammad Aurangzeb

Mr. Muhammad Aurangzeb is an Independent Director of the Company and has over 25 years of banking experience. 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 of Directors of RBS Berhad. He has also served on Boards of various business schools, Aga Khan Foundation and ABN AMRO Foundation. Presently he is Executive Vice President of Morgan Chase for whole of Asia.

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 Insurance Limited, Ali Automobiles Limited, First Treet Manufacturing Modaraba, Global Econo Trade (Private) Limited, Multiple Auto Parts Industries (Private) Limited, Specialized Auto parts Industries (Private) Limited, 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. Shamim Ahmad Khan

Mr. Shamim Ahmad Khan is associated with the Company as Non-executive Director. He has served various government organizations in different capacities namely Securities and Exchange Commission of Pakistan and Ministry of Commerce. He has also been engaged with consultancy assignments for Asian Development Bank and other organizations. Currently, Mr. Khan holds directorship of Abbott Laboratories Pakistan Limited and IGI Insurance Limited and is a member of Advisory Committee of Centre for International Private Enterprise Pakistan.

Mr. Mats Nordlander

Mr. Nordlander is associated with the Company as a Non-executive Director. He is Executive Vice President at Renewable Packaging, also having Regional responsibility for Asia Pacific. He is also member of the Board of Directors of several Stora Enso subsidiaries. He did Diploma in Mechanical Engineering as well as a PED diploma from IMD business school. He is also member of the Stora Enso Group Executive Team since September 2007, member of Swedish Industrial Board of Axcel private equity fund, Vice Chairman of the Board of Swedish Forest Industrial Federation and also member of the Board of Industrikraft.

Mr. Alamuddin Bullo

Mr. Alamuddin Bullo is associated with the Company as a Non-executive Director. He is presently the Chairman of State Life Insurance Corporation of Pakistan. He is also a Director on the Board of Fauji Fertilizer Company Limited, The Hub Power Company Limited, Orix Leasing Pakistan Limited, Sui Northern Gas Company Limited, Pakistan Cables Limited and Security Papers Limited. He has held position in the District Management Group and was recently the Chief Secretary Azad Jammu and Kashmir.

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 40 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. He is currently a member on the Board of International Steels Limited, Lucky Cement Limited, National Refinery Limited, PICIC Insurance Company, Silkbank Limited, FFC Energy Limited and Gadoon Textile Mills Limited.

Management Committees

Executive Committee

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

Executive Committee is involved in day to day operations of the Company and is authorized to conduct every business except the businesses to be carried out by the Board of Directors as required by section 196 of the Companies Ordinance, 1984. The Executive Committee meets periodically to review operating performance of the Company against pre-defined objectives, commercial business decisions and investment and funding requirements.

Audit Committee

Shamim Ahmad Khan (Non-Executive Director)	Chairman
Alamuddin Bullo (Non-Executive Director)	Member
Mats Nordlander (Non-Executive Director)	Member
Muhammad Aurangzeb (Independent Director)	Member
Syed Aslam Mehdi (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 includes 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 judgmental areas;
- Significant adjustments resulting from the audit;
- The 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 characterized 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
Alamuddin Bullo (Non-Executive Director)	Member
Shamim Ahmad Khan (Non-Executive Director)	Member
Syed Hyder Ali (Executive Director)	Member
Syed Aslam Mehdi (Executive Director)	Member
Asma Javed	Secretary

This Committee is responsible for:

(i) Recommending human resource management policies to the Board;

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

(iii) Recommending to the Board the selection, evaluation, compensation (including retirements benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and

(iv) Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.

Business Strategy Committee

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

This Committee is responsible for:

a) Formulation of business strategy, review of risks and their mitigation plan;

b) Staying abreast of developments and trends in the Industry to assist the Board in planning for future capital intensive investments and growth of the Company;

c) Evaluation of proposed projects and funding thereof; and

d) Investment portfolio analysis and strategic business dimension.

System and Technology Committee

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

This Committee is responsible for:

a) Devising the I.T strategy within the organization to keep all information systems of the Company updated in a fast changing environment. This committee is also responsible for evaluating 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 up-gradation, technology improvements etc. with relevant cost benefit analysis.

Our 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 mobilization.

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, innovation, promotes individual growth, 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.

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 personnel 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 system 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.
7. Implementing individual accountability to comply with IMS requirements.

This policy is applicable to each individual whether employee, contractor/ sub-contractor, suppliers, visitors and all other stake holders of Company.

Quality Policy

Packages Limited is strongly committed to produce quality products that confirm 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.

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 conflicts of interest between their private financial activities and conduct of Company's 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.

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
- 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
- Zero defects

"Innovation is the specific instrument of entrepreneurship- the act that endows resources with a new capacity to create wealth."

– Peter Drucker

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 organization.

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 realises 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 organization 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.

Whistleblowing Policy

We are committed to high standards of ethical, moral and legal business conduct. In line with our commitment to open communication, this policy aims to provide an avenue for employees to raise concerns and reassurance that they will be protected from reprisals or victimization for whistleblowing.

This whistleblowing policy is intended to protect the staff if they raise concerns such as:

- incorrect financial reporting;
- unlawful activity;
- activities that are not in line with Packages' policy, including the Code of Conduct; or
- activities which otherwise amount to serious improper conduct.

During the year 2013, this Policy has been implemented, posters developed and displayed at different locations in the Company's premises including Lahore, Karachi and Islamabad offices and placed on the Company's website.

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.

Packages Limited Code of Conduct (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 as 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 law, regulations, statutory provisions, ethical integrity and fairness is a constant commitment and duty of all Packages employees and characterises the conduct of the organization.
- 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 labour 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 behaviours 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 characterized 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 behaviours 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.

Decade at a Glance

(Rupees in Million)	**2013**	2012	2011
Assets Employed:			
Fixed Assets at Cost	9,744	9,275	28,472
Accumulated Depreciation / Amortization	5,956	5,749	10,057
Net Fixed Assets	3,788	3,526	18,415
Other Non-Current Assets	41,122	20,893	16,402
Current Assets	8,359	7,030	8,841
Current Liabilities	5,331	4,482	3,442
Net Current and Other Non-Current Assets	44,150	23,441	21,800
Assets of Disposal Group	-	14,543	-
Net Assets Employed	47,938	41,510	40,215
Financed By:			
Paid up Capital	844	844	844
Reserves	39,640	28,173	26,666
Preference Shares / Convertible stock reserve	1,606	1,606	1,606
Shareholder's Equity	42,090	30,623	29,115
Deferred Liabilities	654	748	2,525
Long Term Finances	5,195	4,471	8,575
Total Non-Current Liabilities	5,848	5,219	11,100
Liabilities of Disposal Group	-	5,669	-
Total Funds Invested	47,938	41,510	40,215
Invoiced Sales- Gross	17,314 *	13,871*	13,797*
Materials Consumed	9,131*	7,407*	7,282*
Cost of Goods Sold	12,893*	10,270*	10,071*
Gross Profit	1,995*	1,475*	1,315*
Employees Remuneration	1,363*	1,018*	912*
Profit / (Loss) from Operations	997*	** 1011*	** 872*
Profit / (Loss) Before Tax	2,194*	2,378*	1,037*
Profit / (Loss) After Tax	1,796*	1,488*	161*
EBITDA from operations	1,268*	1,103*	896*
Key Ratios:			
Profitability			
Gross Profit Ratio (%)	11.52*	10.63*	9.53*
Profit before Tax (%)	12.67*	17.14*	7.52*
EBITDA Margin to Sales (%)	7.32*	7.96*	6.50*
Return on Assets (Rs.)	0.03*	0.05*	0.01*
Total Assets Turnover Ratio	0.33*	0.44*	0.32*
Fixed Assets Turnover Ratio	5.06*	4.42*	0.75*
Liquidity			
Current Ratio	1.57	1.57	2.57
Quick Ratio	1.07	1.03	0.96
Gearing			
Debt : Equity Ratio	11:89	15:85	24:76
Return on Equity (%)	4.27*	** 4.85*	** 0.55*
Investment			
Basic EPS (Rs.)	21.28*	17.64*	1.90*
Diluted EPS (Rs.)	20.01*	17.09*	1.90*
Price - Earning Ratio	12.81*	8.57*	43.43*
Interest Cover Ratio	3.61*	5.52*	3.16*
Dividend Yield (%)	2.93	2.98	1.81
Dividend Cover Ratio	2.66*	3.92*	1.27*
Cash dividend %	80.00	45.00	15.00
Stock dividend %	-	-	-
Break-up value per Ordinary share (Rs.)	479.78	343.89	326.02
Market Value per Ordinary Share - Year End (Rs.)	272.63	151.16	82.72
Cash Dividend per share	8.00	4.50	1.50

* Represents continuing operation.

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

2010	2009	2008	2007	2006	2005	2004
27,749	26,887	25,789	23,691	18,217	10,925	7,578
9,101	7,605	6,323	5,502	4,984	4,633	4,277
18,648	19,282	19,466	18,189	13,233	6,292	3,301
12,442	8,347	8,645	10,413	6,026	770	749
8,534	7,979	6,923	4,837	3,414	4,559	2,425
2,421	1,743	5,617	1,965	2,312	2,336	1,749
18,555	14,583	9,952	13,285	7,128	2,993	1,425
-	-	-	-	-	-	-
37,204	33,865	29,418	31,473	20,361	9,285	4,726
844	844	844	734	699	699	475
24,480	20,967	15,429	17,437	12,974	7,037	3,716
1,606	1,606	-	-	-	-	-
26,930	23,417	16,273	18,171	13,673	7,736	4,192
2,317	2,478	841	956	688	547	527
7,956	7,971	12,304	12,347	6,000	1,001	6
10,274	10,448	13,145	13,302	6,688	1,548	534
-	-	-	-	-	-	-
37,204	33,865	29,418	31,473	20,361	9,285	4,726
21,837	16,533	14,301	10,540	9,028	8,163	6,893
10,211	8,685	7,639	5,108	4,247	3,521	2,710
17,733	13,736	11,281	7,829	6,552	5,746	4,678
803	307	943	1,199	1,295	1,353	1,309
1,502	1,229	1,033	835	758	651	576
(104)	(384)**	405	588	758	902	789
(317)	5,770	(308)	4,633	6,348	1,330	1,187
(332)	4,064	(196)	4,326	6,101	1,015	958
1,242	719	955	1,167	1,098	1,217	1,246
3.68	1.86	6.60	11.38	14.34	16.57	18.98
(1.45)	34.90	(2.15)	43.96	70.31	16.29	17.21
5.68	14.91	6.68	11.08	12.17	14.91	18.07
(0.01)	0.11	(0.01)	0.13	0.27	0.09	0.15
0.55	0.46	0.41	0.32	0.40	0.70	1.06
1.22	0.86	1.26	1.01	2.92	2.70	2.32
3.52	4.58	1.23	2.46	1.48	1.95	1.39
1.57	1.72	0.43	0.97	0.55	1.30	0.54
23:77	25:75	44:56	40:60	30:70	11:89	00:100
(1.23)	(13.05)**	(1.20)	4.39**	14.80**	13.12	22.84
(3.94)	48.16	(2.32)	58.96	87.30	16.24	19.68
(3.94)	44.72	(2.32)	-	-	-	-
(32.65)	2.99	(34.98)	6.17	2.41	12.44	10.10
0.74	5.55	0.81	13.84	92.93	9.18	9.93
2.53	2.26	-	-	2.86	2.97	4.27
(1.21)	14.82	-	-	14.55	2.42	2.37
32.50	32.50	-	-	60.00	60.00	85.00
-	-	-	15.00	5.00	-	-
300.12	258.49	192.85	247.65	195.66	110.71	88.18
128.61	144.00	81.19	363.80	210.00	202.00	198.85
3.25	3.25	-	-	6.00	6.00	8.50

Horizontal & Vertical Analysis
Balance Sheet

Horizontal Analysis

(Rupees in Million)

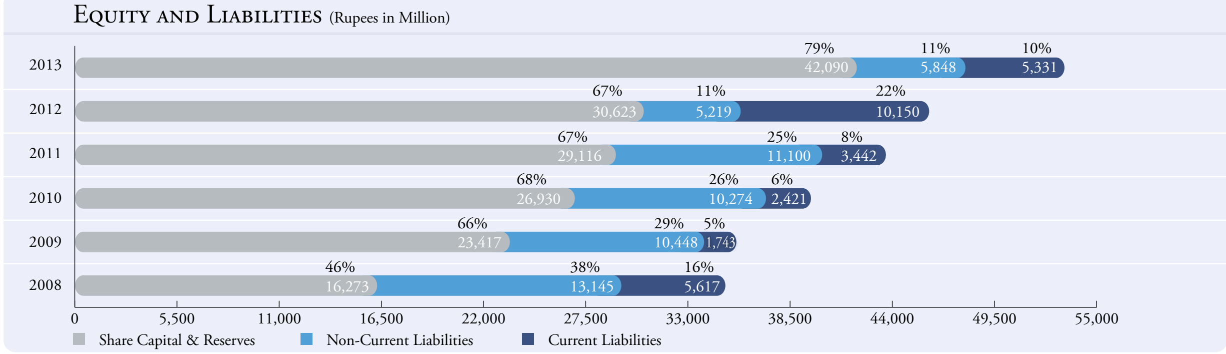
EQUITY & LIABILITIES	2013 Rs.	13 vs 12 %	2012 Re-stated Rs.	12 vs 11 %	2011 Re-stated Rs.	11 vs 10 %	2010 Rs.	10 vs 09 %	2009 Rs.	09 vs 08 %	2008 Rs.	08 vs 07 %
SHARE CAPITAL & RESERVES												
Issued Subscribed and Paid Up Capital	844	-	844	-	844	-	844	-	844	-	844	14.99
Reserves	38,054	22.46	31,075	10.28	28,179	16.35	24,219	41.64	17,099	9.44	15,625	19.18
Preference shares / convertible stock reserve	1,606	-	1,606	-	1,606	-	1,606	-	1,606	100.00	-	-
Accumulated profit / (loss)	1,586	(154.65)	(2,902)	91.80	(1,513)	(679.69)	261	(93.25)	3,868	(2,073.47)	(196)	(104.53)
NON-CURRENT LIABILITIES												
Long-term finances	5,170	15.63	4,471	(47.86)	8,575	7.77	7,957	(0.16)	7,970	(35.22)	12,304	(0.34)
Deferred income tax liabilities	513	60.31	320	(83.64)	1,956	(9.78)	2,168	(7.86)	2,353	218.83	738	(14.39)
Liabilities against assets subject to finance lease	24	100.00	-	-	-	-	-	-	-	-	-	-
Retirement benefits	0.58	(99.81)	307	(24.57)	407	243,612.57	0.17	100.00	-	-	-	-
Deferred liabilities	140	15.70	121	(25.31)	162	8.72	149	19.20	125	21.36	103	9.57
CURRENT LIABILITIES												
Current portion of long-term finances	204	(79.60)	1,000	162.47	381	2,621.43	14	100.00	-	(100.00)	550	100.00
Finances under mark up arrangements - secured	1,518	87.64	809	1.63	796	464.54	141	63.95	86	(96.68)	2,588	545.39
Derivative financial instruments	27	(83.64)	165	100.00	-	-	-	-	-	-	-	-
Trade and other payables	3,052	54.38	1,977	14.21	1,731	(3.51)	1,794	27.51	1,407	18.53	1,187	(16.88)
Accrued Finance Cost	530	-	530	(0.75)	534	13.14	472	88.80	250	(9.09)	275	102.21
Liabilities directly associated with non-current assets classified as held for sale	-	(100.00)	5,669	100.00	-	-	-	-	-	(100.00)	1,017	100.00
TOTAL	53,269	15.82	45,992	5.35	43,658	10.18	39,625	11.28	35,608	1.64	35,035	4.77

Vertical Analysis

(Rupees in Million)

EQUITY & LIABILITIES	2013 Rs.	2013 %	2012 Re-stated Rs.	2012 Re-stated %	2011 Re-stated Rs.	2011 Re-stated %	2010 Rs.	2010 %	2009 Rs.	2009 %	2008 Rs.	2008 %
SHARE CAPITAL & RESERVES												
Issued Subscribed and Paid Up Capital	844	1.58	844	1.84	844	1.93	844	2.13	844	2.37	844	2.41
Reserves	38,054	71.44	31,075	67.57	28,179	64.54	24,219	61.12	17,099	48.02	15,625	44.60
Preference shares / convertible stock reserve	1,606	3.01	1,606	3.49	1,606	3.68	1,606	4.05	1,606	4.51	-	-
Accumulated profit / (loss)	1,586	2.98	(2,902)	(6.31)	(1,513)	(3.47)	261	0.66	3,868	10.86	(196)	(0.56)
NON-CURRENT LIABILITIES												
Long-term finances	5,170	9.71	4,471	9.72	8,575	19.64	7,957	20.08	7,970	22.38	12,304	35.12
Deferred income tax liabilities	513	0.96	320	0.70	1,956	4.48	2,168	5.47	2,353	6.61	738	2.11
Liabilities against assets subject to finance lease	24	0.05	-	-	-	-	-	-	-	-	-	-
Retirement benefits	1	0.00	307	0.67	407	0.93	0.17	0.00	-	-	-	-
Deferred liabilities	140	0.26	121	0.26	162	0.37	149	0.38	125	0.35	103	0.29
CURRENT LIABILITIES												
Current portion of long-term finances	204	0.38	1,000	2.17	381	0.87	14	0.04	-	-	550	1.57
Finances under mark up arrangements - secured	1,518	2.85	809	1.76	796	1.82	141	0.36	86	0.24	2,588	7.39
Derivative financial instruments	27	0.05	165	0.36	-	-	-	-	-	-	-	-
Trade and other payables	3,052	5.73	1,977	4.30	1,731	3.96	1,794	4.53	1,407	3.95	1,187	3.39
Accrued Finance Cost	530	0.99	530	1.15	534	1.22	472	1.19	250	0.70	275	0.78
Liabilities directly associated with non-current assets classified as held for sale	-	-	5,669	12.33	-	-	-	-	-	-	1,017	2.90
TOTAL	53,269	100.00	45,992	100.00	43,658	100.00	39,625	100.00	35,608	100.00	35,035	100.00

Equity and Liabilities (Rupees in Million)



Horizontal Analysis

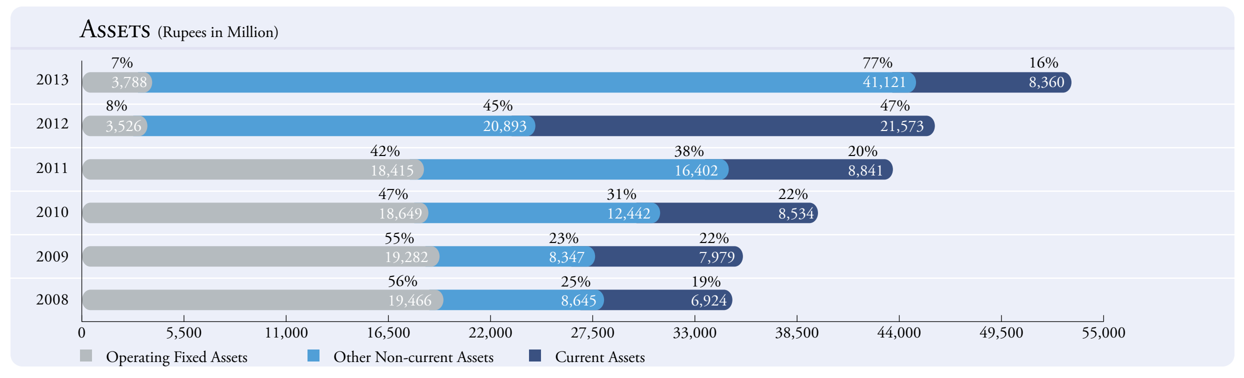
(Rupees in Million)

ASSETS	2013 Rs.	13 vs 12 %	2012 Re-stated Rs.	12 vs 11 %	2011 Re-stated Rs.	11 vs 10 %	2010 Rs.	10 vs 09 %	2009 Rs.	09 vs 08 %	2008 Rs.	08 vs 07 %
NON-CURRENT ASSETS												
Property, plant and equipment	3,665	5.96	3,459	(81.15)	18,346	(1.45)	18,615	(3.18)	19,227	(1.11)	19,442	7.04
Intangible assets	32	(21.95)	41	5.13	39	1,850.00	2	100.00	-	-	-	-
Investment property	91	250.00	26	(13.33)	30	(6.25)	32	(41.82)	55	120.00	25	(3.85)
Investments	41,048	97.38	20,796	27.68	16,288	33.30	12,219	50.87	8,099	(3.15)	8,362	(17.04)
Long- term loans and deposits	67	(30.93)	97	(12.61)	111	(13.95)	129	(7.86)	140	(10.26)	156	(36.07)
Retirement benefits	6	100.00	-	(100.00)	3	(96.84)	95	(12.04)	108	(15.63)	128	45.45
CURRENT ASSETS												
Stores and spares	569	23.16	462	(52.81)	979	(6.76)	1,050	20.55	871	3.57	841	17.46
Stock-in-trade	2,065	8.12	1,910	(57.80)	4,526	23.36	3,669	(10.56)	4,102	12.32	3,652	65.55
Trade debts	1,623	(28.82)	2,280	29.25	1,764	7.36	1,643	(6.22)	1,752	15.04	1,523	18.15
Loans, advances, deposits, prepayments and other receivables	1,691	309.44	413	(9.23)	455	71.70	265	29.90	204	(30.38)	293	(12.54)
Income Tax Receivable	2,176	35.75	1,603	70.35	941	22.85	766	28.96	594	48.87	399	110.00
Cash and bank balances	236	(34.81)	362	105.68	176	(84.56)	1,140	150.00	456	129.15	199	97.03
Non-current assets classified as held for sale	-	(100.00)	14,543	100.00	-	-	-	-	-	(100.00)	15	100.00
TOTAL	53,269	15.82	45,992	5.35	43,658	10.18	39,625	11.28	35,608	1.64	35,035	4.78

Vertical Analysis

(Rupees in Million)

ASSETS	2013 Rs.	2013 %	2012 Re-stated Rs.	2012 %	2011 Re-stated Rs.	2011 %	2010 Rs.	2010 %	2009 Rs.	2009 %	2008 Rs.	2008 %
NON-CURRENT ASSETS												
Property, plant and equipment	3,665	6.88	3,459	7.52	18,346	42.02	18,615	46.97	19,227	54.00	19,442	55.50
Intangible assets	32	0.06	41	0.09	39	0.09	2	0.01	-	-	-	-
Investment property	91	0.17	26	0.06	30	0.07	32	0.08	55	0.15	25	0.07
Investments	41,048	77.06	20,796	45.22	16,288	37.31	12,219	30.84	8,099	22.74	8,362	23.87
Long- term loans and deposits	67	0.13	97	0.21	111	0.25	129	0.33	140	0.39	156	0.45
Retirement benefits	6	0.01	-	-	3	0.01	95	0.24	108	0.30	128	0.37
CURRENT ASSETS												
Stores and spares	569	1.07	462	1.00	979	2.24	1,050	2.65	871	2.45	841	2.40
Stock-in-trade	2,065	3.88	1,910	4.15	4,526	10.37	3,669	9.26	4,102	11.52	3,652	10.42
Trade debts	1,623	3.05	2,280	4.96	1,764	4.04	1,643	4.15	1,752	4.92	1,523	4.35
Loans, advances, deposits, prepayments and other receivables	1,691	3.17	413	0.90	455	1.04	265	0.67	204	0.57	293	0.84
Income Tax Receivable	2,176	4.08	1,603	3.49	941	2.16	766	1.93	594	1.67	399	1.14
Cash and bank balances	236	0.44	362	0.79	176	0.40	1,140	2.88	456	1.28	199	0.57
Non-current assets classified as held for sale	-	-	14,543	31.62	-	-	-	-	-	-	15	0.04
TOTAL	53,269	100	45,992	100	43,658	100	39,625	100	35,608	100	35,035	100



Horizontal & Vertical Analysis
Profit and Loss Account

Horizontal Analysis

(Rupees in Million)

	2013 Rs.	13 vs 12 %	2012 Re-stated Rs.	12 vs 11 %	2011 Represented Rs.	11 vs 10 %	2010 Rs.	10 vs 09 %	2009 Rs.	09 vs 08 %	2008 Rs.
Local sales	17,245	24.89	13,808	0.62	13,723	(33.38)	20,598	30.57	15,776	15.17	13,698
Export sales	69	9.52	63	(14.86)	74	(94.03)	1,239	63.67	757	25.54	603
Gross sales	17,314	24.82	13,871	0.54	13,797	(36.82)	21,837	32.08	16,533	15.61	14,301
Sales tax and excise duty	(2,405)	13.98	(2,110)	(11.83)	(2,393)	(26.75)	(3,267)	32.48	(2,466)	19.94	(2,056)
Commission	(21)	31.25	(16)	(11.11)	(18)	(47.06)	(34)	47.83	(23)	15.00	(20)
Net sales	14,888	26.76	11,745	3.15	11,386	(38.57)	18,536	31.99	14,044	14.88	12,225
Cost of sales	(12,893)	25.54	(10,270)	1.98	(10,071)	(43.21)	(17,733)	29.10	(13,736)	21.75	(11,282)
Gross profit	1,995	35.25	1,475	12.17	1,315	63.76	803	160.71	308	(67.34)	943
Administrative expenses	(588)	82.61	(322)	12.20	(287)	(43.84)	(511)	9.19	(468)	(8.59)	(512)
Distribution and marketing costs	(586)	46.50	(400)	3.63	(386)	(33.33)	(579)	30.41	(444)	22.65	(362)
Projects expenditure	-	-	-	(100.00)	(56)	1,300.00	(4)	100.00	-	-	-
Other operating expenses	(154)	396.77	(31)	675.00	(4)	(73.33)	(15)	(87.39)	(119)	100.00	-
Other operating income	329	13.84	289	(0.34)	290	43.56	202	(47.53)	385	14.58	336
Profit / (Loss) from operations	996	(1.48)	1,011	15.94	872	(938.46)	(104)	(69.23)	(338)	(183.46)	405
Finance costs	(845)	60.04	(528)	9.09	(484)	(60.00)	(1,210)	(5.32)	(1,278)	(23.10)	(1,662)
Investment income	2,043	33.18	1,534	47.50	1,040	4.31	997	(89.14)	9,180	867.33	949
Reversal of Impairment/ (impairment)											
on investments	-	(100.00)	361	(192.33)	(391)	100.00	-	(100.00)	(1,794)	100.00	-
Profit / (Loss) before tax	2,194	(7.74)	2,378	129.32	1,037	(427.13)	(317)	(105.49)	5,770	(1,973.38)	(308)
Taxation	(398)	(55.28)	(890)	1.60	(876)	5,740.00	(15)	(99.12)	(1,706)	(1,623.21)	112
Profit / (Loss) for the year from											
Continuing operations	1,796	20.70	1,488	824.22	161	(148.49)	(332)	(108.17)	4,064	(2,173.47)	(196)
Loss for the year from											
Discontinued operations	(249)	93.66	(3,929)	(127.24)	(1,729)	(100.00)					
Profit / (loss) for the year	1,547	163.38	(2,441)	(55.68)	(1,568)	(372.29)	(332)	(108.17)	4,064	(2,173.47)	(196)
Basic earnings / (loss) per share											
- From Continuing operations	21.28		17.64		1.90						
- From Discontinued operations	(2.95)		(46.56)		(20.48)						
- From profit / (loss) for the year	18.33		(28.92)		(18.58)		3.94		48.16		2.32
Diluted earnings / (loss) per share											
- From Continuing operations	20.01		17.09		1.90						
- From Discontinued operations	(2.95)		(46.56)		(20.48)						
- From profit / (loss) for the year	17.06		(29.47)		(18.58)		3.94		48.16		

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

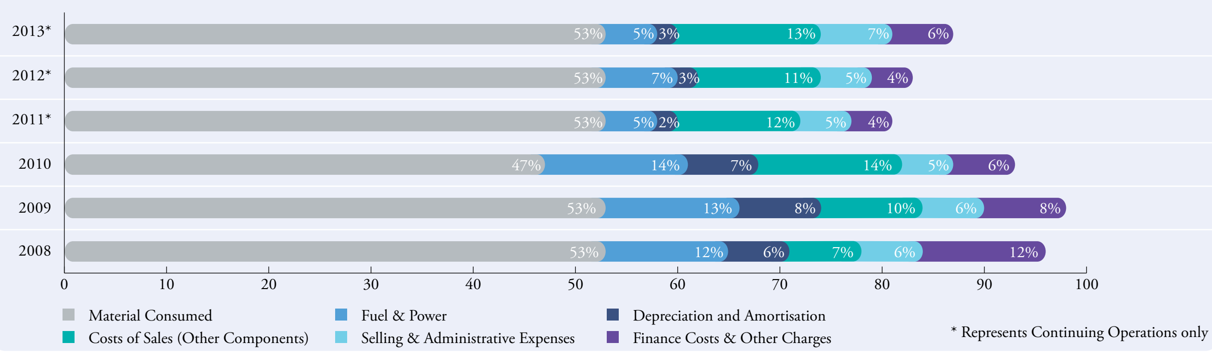
Vertical Analysis

(Rupees in Million)

	2013		2012 Re-stated		2011 Represented		2010		2009		2008	
	Rs.	**%**	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Local sales	17,245	99.60	13,808	99.55	13,723	99.46	20,598	94.33	15,776	95.42	13,698	95.78
Export sales	69	0.40	63	0.45	74	0.54	1,239	5.67	757	4.58	603	4.22
Gross sales	17,314	100.00	13,871	100.00	13,797	100.00	21,837	100.00	16,533	100.00	14,301	100.00
Sales tax and excise duty	(2,405)	(13.89)	(2,110)	(15.21)	(2,393)	(17.34)	(3,267)	(14.96)	(2,466)	(14.92)	(2,056)	(14.38)
Commission	(21)	(0.12)	(16)	(0.12)	(18)	(0.13)	(34)	(0.16)	(23)	(0.14)	(20)	(0.14)
Net sales	14,888	85.99	11,745	84.67	11,386	82.53	18,536	84.88	14,044	84.95	12,225	85.48
Cost of sales	(12,893)	(74.47)	(10,270)	(74.04)	(10,071)	(72.99)	(17,733)	(81.21)	(13,736)	(83.08)	(11,282)	(78.89)
Gross profit	1,995	11.52	1,475	10.63	1,315	9.53	803	3.68	308	1.86	943	6.59
Administrative expenses	(588)	(3.40)	(322)	(2.32)	(287)	(2.08)	(511)	(2.34)	(468)	(2.83)	(512)	(3.58)
Distribution and marketing costs	(586)	(3.38)	(400)	(2.88)	(386)	(2.80)	(579)	(2.65)	(444)	(2.69)	(362)	(2.53)
Projects expenditure	-	-	-	-	(56)	(0.41)	(4)	(0.02)	-	-	-	-
Other operating expenses	(154)	(0.89)	(31)	(0.22)	(4)	(0.03)	(15)	(0.07)	(119)	(0.72)	-	-
Other operating income	329	1.90	289	2.08	290	2.10	202	0.93	385	2.33	336	2.35
Profit / (Loss) from operations	996	5.75	1,011	7.29	872	6.32	(104)	(0.48)	(338)	(2.04)	405	2.83
Finance costs	(845)	(4.88)	(528)	(3.81)	(484)	(3.51)	(1,210)	(5.54)	(1,278)	(7.73)	(1,662)	(11.62)
Investment income	2,043	11.80	1,534	11.06	1,040	7.54	997	4.57	9,180	55.53	949	6.64
Reversal of Impairment/ (impairment) on investments	-	-	361	2.60	(391)	(2.83)	-	-	(1,794)	(10.85)	-	-
Profit / (Loss) before tax	2,194	12.67	2,378	17.14	1,037	7.52	(317)	(1.45)	5,770	34.90	(308)	(2.15)
Taxation	(398)	(2.30)	(890)	(6.42)	(876)	(6.35)	(15)	(0.07)	(1,706)	(10.32)	112	0.78
Profit / (Loss) for the year from Continuing operations	1,796	10.37	1,488	10.73	161	1.17	(332)	(1.52)	4,064	24.58	(196)	(1.37)
Loss for the year from Discontinued operations	(249)		(3,929)		(1,729)		-	-	-	-	-	-
Profit / (loss) for the year	1,547		(2,441)		(1,568)		(332)	(1.52)	4,064	24.58	(196)	(1.37)
Basic earnings / (loss) per share												
- From Continuing operations	21.28		17.64		1.90							
- From Discontinued operations	(2.95)		(46.56)		(20.48)							
- From profit / (loss) for the year	18.33		(28.92)		(18.58)		3.94		48.16		2.32	
Diluted earnings / (loss) per share												
- From Continuing operations	20.01		17.09		1.90							
- From Discontinued operations	(2.95)		(46.56)		(20.48)							
- From profit / (loss) for the year	17.06		(29.47)		(18.58)		3.94		48.16		-	

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

Major Expenses (as % of sales) (Rupees in Million)



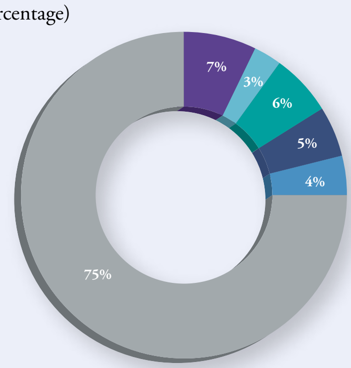
* Represents Continuing Operations only

Value Added and its Distribution

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

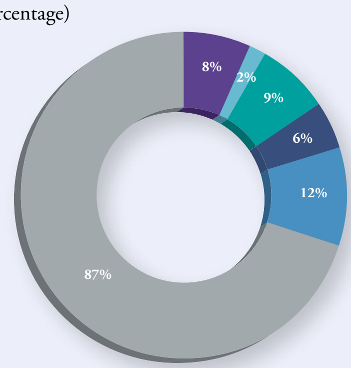
(Rupees in thousand)	2013		2012 Re-stated		2011	
Wealth Generated						
Sales	20,712,895		25,934,550		24,543,691	
Dividend Income	2,043,111		1,534,440		1,037,255	
Other Income-net of Impairment	380,164		(3,924,330)		(33,825)	
	23,136,170	100%	23,544,660	100%	25,547,121	100%
Wealth Distributed						
Bought-in-materials & Services	17,439,557	75%	20,462,939	87%	22,419,506	87%
To Employees						
Remuneration, benefits and facilities	1,632,963	7%	1,955,438	8%	1,772,035	7%
To Government						
Income Tax, Sales Tax, Custom & Excise Duties, Workers' Funds, EOBI & Social Security Contribution, Professional & Local Taxes	1,405,733	6%	2,132,850	9%	1,438,222	6%
To Providers of Capital						
Cash dividend to the ordinary shareholders	675,036	3%	379,708	2%	126,569	1%
Finance Costs	1,090,129	5%	1,505,875	6%	1,485,310	6%
Retained / (Utilized) for Re-investment & Future Growth	892,752	4%	(2,892,150)	-12%	(1,694,521)	-7%
	23,136,170	100%	23,544,660	100%	25,547,121	100%

Wealth Generated & Distubution - 2013
(Percentage)



- Bought-in-materials & Services – 75%
- Retained for Re-investment & Future Growth – 4%
- Finance Cost – 5%
- Government – 6%
- Shareholders – 3%
- Employees – 7%

Wealth Generated & Distubution - 2012
(Percentage)



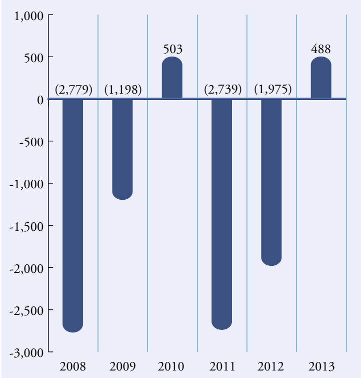
- Bought-in-materials & Services – 87%
- Utilized from Revenue Reserves – (12%)
- Finance Cost – 6%
- Government – 9%
- Shareholders – 2%
- Employees – 8%

Sources and Application of Funds

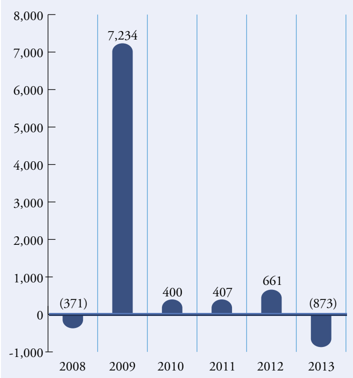
Over the last six years

(Rupees in thousand)	**2013**	2012	2011	2010	2009	2008
Cash flow from operating activities						
Cash generated from / (used in) operations	2,530,095	395,637	(810,780)	2,048,790	618,112	(708,816)
Finance cost paid	(1,090,306)	(1,509,395)	(1,423,001)	(988,292)	(1,479,667)	(1,800,985)
Taxes paid	(548,880)	(758,677)	(431,528)	(490,263)	(285,615)	(220,937)
Payments for accumulating compensated absences	(81,855)	(28,670)	(10,524)	(16,805)	(6,971)	(12,268)
Retirement benefits paid	(320,767)	(73,960)	(62,831)	(50,488)	(44,236)	(35,564)
Net cash generated from / (used in) operating activities	488,287	(1,975,065)	(2,738,664)	502,942	(1,198,377)	(2,778,570)
Cash flow from investing activities						
Fixed capital expenditure	(824,797)	(1,234,627)	(1,225,371)	(633,758)	(972,975)	(2,447,617)
Investment - net	(2,274,953)	4	3,035	50,968	(10,000)	-
Advance against disposal of investments	-	-	-	-	-	1,017,150
Net decrease in long-term loans and deposits	11,499	13,768	17,556	11,148	15,525	89,064
Proceeds from disposal of property, plant and equipment	69,982	113,764	190,023	25,034	23,543	21,252
Proceeds from assets written off due to fire	102,003	233,463	384,563	-	-	-
Proceeds from disposal of investments	-	-	-	-	7,865,000	-
Dividends received	2,043,111	1,534,440	1,037,255	946,292	313,087	948,879
Net cash (used in) / generated from investing activities	(873,155)	660,812	407,061	399,684	7,234,180	(371,272)
Cash flow from financing activities						
Re-payment of long-term finances - secured	(1,100,000)	(5,485,714)	(14,286)	-	(7,354,400)	-
Proceeds from long-term finances - secured	1,000,000	2,000,000	1,000,000	-	-	-
Liabilities against assets subject to finance lease - net	27,884	-				
Proceeds from issuance of preference shares / convertible stock - net	-	-	-	-	4,076,452	-
Proceeds from Ijarah finance	-	-	-	-	-	1,061,208
Dividend paid	(378,218)	(126,044)	(273,574)	(272,938)	-	-
Net cash (used in) / generated from financing activities	(450,334)	(3,611,758)	712,140	(272,938)	(3,277,948)	1,061,208
Net (decrease) / increase in cash and cash equivalents	(835,202)	(4,926,011)	(1,619,463)	629,688	2,757,855	(2,088,634)
Cash and cash equivalents at the beginning of the year	(5,546,562)	(620,551)	998,912	369,224	(2,388,631)	(299,997)
Cash and cash equivalents transferred	5,100,000	-				
Cash and cash equivalents at the end of the year	(1,281,764)	(5,546,562)	(620,551)	998,912	369,224	(2,388,631)

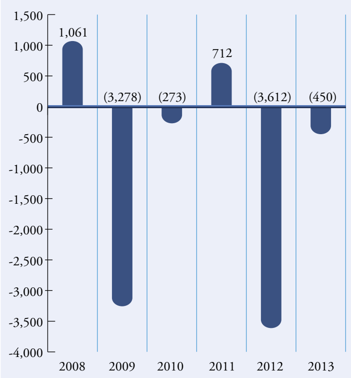
Operating Activities
(Rupees in Million)



Investing Activities
(Rupees in Million)



Financing Activities
(Rupees in Million)



Corporate Social Responsibility

Corporate Social Responsibility (CSR) is about capacity building for sustainable livelihoods. It respects cultural differences and finds the business opportunities in building the skills of employees, the community and the Government. In a nutshell, CSR is about business "giving back to society". Packages activities in the field of CSR are an important part of corporate sustainability. As successful members of the community, we have a responsibility to help those that are less fortunate and contribute to the common good. CSR practice at Packages is an evidence of commitment to its stakeholders. On daily basis, we strive to safeguard the health and well being of our employees, neighbours and customers, as well as the communities in which we live, work and operate. Our work is based on the Code of Conduct, which provides the basis for our approach to such issues as environment, health and safety, employee relations, human rights, business ethics and community involvement.

Environment

Packages aims to increase the quality of life for people at all levels of society, conserve energy and preserve precious environmental resources. The idea is to go "Green" in Pakistan. Moreover, we strive to minimize energy consumption and wherever possible, use environment friendly sources of energy.

Packages is 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 offices. With its help, workplaces are able to reduce their burden on the environment, achieve savings and slow down environmental changes.

We have already phased out CFC's (Chlorofluorocarbon's) gases according to Montreal Protocol and have been reducing the consumption of HCFC's by replacing them with approved gases to control the greenhouse effect.

We have conducted detailed energy audits that identify projects that can efficiently use, reduce or recycle energy. Packages is also working on proper utilisation of solar technology and as a first step the Company has replaced all its street lights with solar backed LED lights. Production lights were also replaced by more efficient LED systems. Moreover, the Company is also embarking on solar solutions for its offices to further reduce its energy costs.

Packages strives for outstanding Environmental performance and health and safety records by not only ensuring strict regulatory compliance, but also by developing operational practices. The prime areas focused in 2013 were Food Safety, Fire Safety, Customer Audits and Training and Development.

Other than certifications, Packages was also awarded the Fire Safety Award 2013 given by National Forum for Environment and Health (NFEH) and the Environmental Excellence Award 2013 presented by NFEH.

Being an ardent supporter of environmental friendly initiatives, Packages started off its environmental campaign 'DARE TO CARE' with full vigor and zest. This campaign was launched as a part of the Earth Day Celebrations with 192 countries around the globe as a gesture to combat environment change and deforestation.

Our management gathered on 22nd April 2013 to rekindle the spirit of environmental concern amongst each other and give back to mother earth by replenishing its natural resources.

The campaign aimed to encourage employees across Packages to make small changes to their working habits to positively impact the environment and to promote the idea of sustainable way of working.

The campaign had an array of activities: A Plantation Drive, Scavenger Hunt, Setting up a Green Corner, Junk Modeling Competition and Nature Photography Competition.

Health and safety

Sound environmental practices are an important component of Packages corporate culture. On daily basis we strive to safeguard the health and well being of our employees, neighbors and customers, as well as the communities where we live, work and in which we operate.

One of the corporate objectives of the Company is to provide safe and healthy work place to its employees and other stakeholders. The provision of a safe working environment is of paramount importance at Packages. Safety statistics fill an important function in the Company's health and safety activities and form the basis of risk analysis and continuous improvements.

Our main procedures in safety include a comprehensive risk assessment and control procedure, permit to work, log out tag out, incident reporting, emergency response, and compliance evaluation procedures. All new entrants go through safety orientation program and sign an affidavit of their awareness. We carry both external and internal trainings regarding occupational health and safety.

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 minimizing the risks of injuries and accidents.

Society

It's our mission to create opportunities so people can live better. We consider it our responsibility to make a positive impact in the communities we serve. Whether it's through the grants we provide to various organizations that share our mission or through the inspiring volunteer efforts, we are passionate about helping people live better.

Packages visualises a clear connection between the growth of the Company and the strength of the communities where we operate. We strive to contribute to societal welfare through providing educational opportunities, employment, sponsoring various events, promoting culture, arts and organizing events and awareness campaigns.

Community welfare schemes

Making a difference is important to all of us at Packages. We are proud of our 56-year history of corporate giving, supporting groups working for progressive social change in various arenas. We offered our contributions to various hospitals, trusts and non-profit organizations during the year.

Promoting Traditional Mela Culture

Packages is an organization which always looks forward to arrange different events to promote traditional activities within the society. Women and children Mela is one of these activities which Packages has been organizing for the last many years. The objective of this event is to provide entertainment to the family members of our employees and the residents of our vicinity keeping in view the cultural aspect of our society. More than 1,000 families participate in this event every year and enjoy the real taste of a "Mela".

Rose Festival

Promotion of natural beauty always remains at top priority in Packages and the prime example of it is the most famous and colorful event, "The Packages Rose Festival". We conduct this event in our gardens every year where there are more than three hundred types of Roses bloom their beautiful colors to welcome the distinguished guests from local community, customers, vendors and employees. A display of different kinds of peacocks is an essential part of this event where these beautiful birds attract the audience, especially children, by making arch of their naturally colored wings.

Sports Activities

The Management believes in the maxim, "A healthy body has a healthy mind" and therefore promotion of sports always plays a vital role in our CSR initiatives. To carry out all these sports activities, we have in house sports complex. Some of these activities aim 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

Besides this, Packages offers sports facilities for its 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 competition.

Human Capital

Employee Initiatives

Our greatest asset is our employees. We are committed to attracting, retaining, and developing the highest quality and most dedicated work force. So 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 work environment free of any form of discrimination.

Trainings

Packages has both local and international training programs for its employees. Employee training needs are periodically reviewed, various in-house and customized training programs are arranged for production, marketing, human resource, supply management and finance personnel.

In continuation to Company's efforts for capacity building of top talent, we organized Certificate Program in Business Management in collaboration with Lahore University of Management Sciences (LUMS). The objective of this programme is to provide essential management knowledge, skills and tools that will enhance performance and prepare individuals for higher roles & responsibilities. It also focuses on developing competencies necessary to respond to changing business environment.

Packages is also recognised as a training organization as it is one of the platinum rated training providers for "Association of Chartered Accountants-UK". We also provide necessary apprenticeships to industrial diploma holders in our production departments.

Healthcare and Fitness facilities

The health and welfare of our employees has always been a matter of utmost importance and significance at Packages. We provide comprehensive medical coverage to our executive employees and their families in our medical centre i.e. an operation theatre, a pathology laboratory and a pharmacy.

The Company also invested in a sports complex for indoor games such as Badminton, Squash and Table . and a Gymnasium with state of the art fitness equipment for its employees.

During the year 2013, the Company has also established a fitness gym for it's non-executive employees to provide them with better fitness opportunities.

Fair Price Shop

Packages has also established a fair price shop for its employees to facilitate them in the purchase of their grocery items. Packages is spending a good amount of money as subsidy on the pulses for the workers. Fair Price shop is also offering other general stores and clothing items on no profit no loss basis to employees. Workers may get these items on monthly credit as well.

Scholarships

We offer merit scholarships to the children of our employees to appreciate their talent and promote healthy competition in the form of monitory reimbursements 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. Company bears all expenses of theses employees pertaining to this religious offering.

Long Service Awards

Packages gives awards to its employees as a token of appreciation for their continued association with the Company based on their services.

Corporate Calendar

Major Events and Meetings	Date
Audit Committee and BOD meetings to consider annual accounts of the Company for the year ended December 31, 2012	March 18, 2013
Transfer of assets and related obligations of Paper & Paperboard and Corrugated Boxes businesses of the Company to Bulleh Shah Packaging (Private) Limited	April 01, 2013
Audit Committee and BOD meetings to consider quarterly accounts of the Company for the quarter ended March 31, 2013	April 23, 2013
Annual General Meeting of shareholders to consider annual accounts of the Company for the year ended December 31, 2012 and dividend announcement	April 30, 2013
Induction of Stora Enso OYJ as joint venture partner of Packages Limited in Bulleh Shah Packaging (Private) Limited	May 31, 2013
Audit Committee and BOD meetings to consider half yearly accounts of the Company for the period ended June 30, 2013	August 26, 2013
Audit Committee and BOD meetings to consider quarterly accounts of the Company for the period ended September 30, 2013	October 25, 2013

Notice of Annual General Meeting

Notice is hereby given that the 59th Annual General Meeting of Packages Limited will be held on Thursday, April 3, 2014 at 10.30 a.m. at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi to transact the following ordinary business :-

1. To confirm the Minutes of the 58th Annual General Meeting of the Company held on April 30, 2013.
2. To receive and adopt the Audited Financial Statements of the Company for the year ended December 31, 2013 together with the Directors' and Auditors' Reports thereon.
3. To consider and approve the payment of cash dividend for the year ended December 31, 2013 as recommended by the Board of Directors -
    a) to the preference share/ convertible stock holder (International Finance Corporation) at the rate of Rs. 19 (10%) per preference share/convertible stock of Rs. 190 in terms of the Subscription Agreement between Packages Limited and International Finance Corporation; and
    b) to the ordinary shareholders at the rate of Rs. 8 (80%) per ordinary share of Rs. 10.
4. To appoint Auditors for the year 2014 and to fix their remuneration.

By Order of the Board

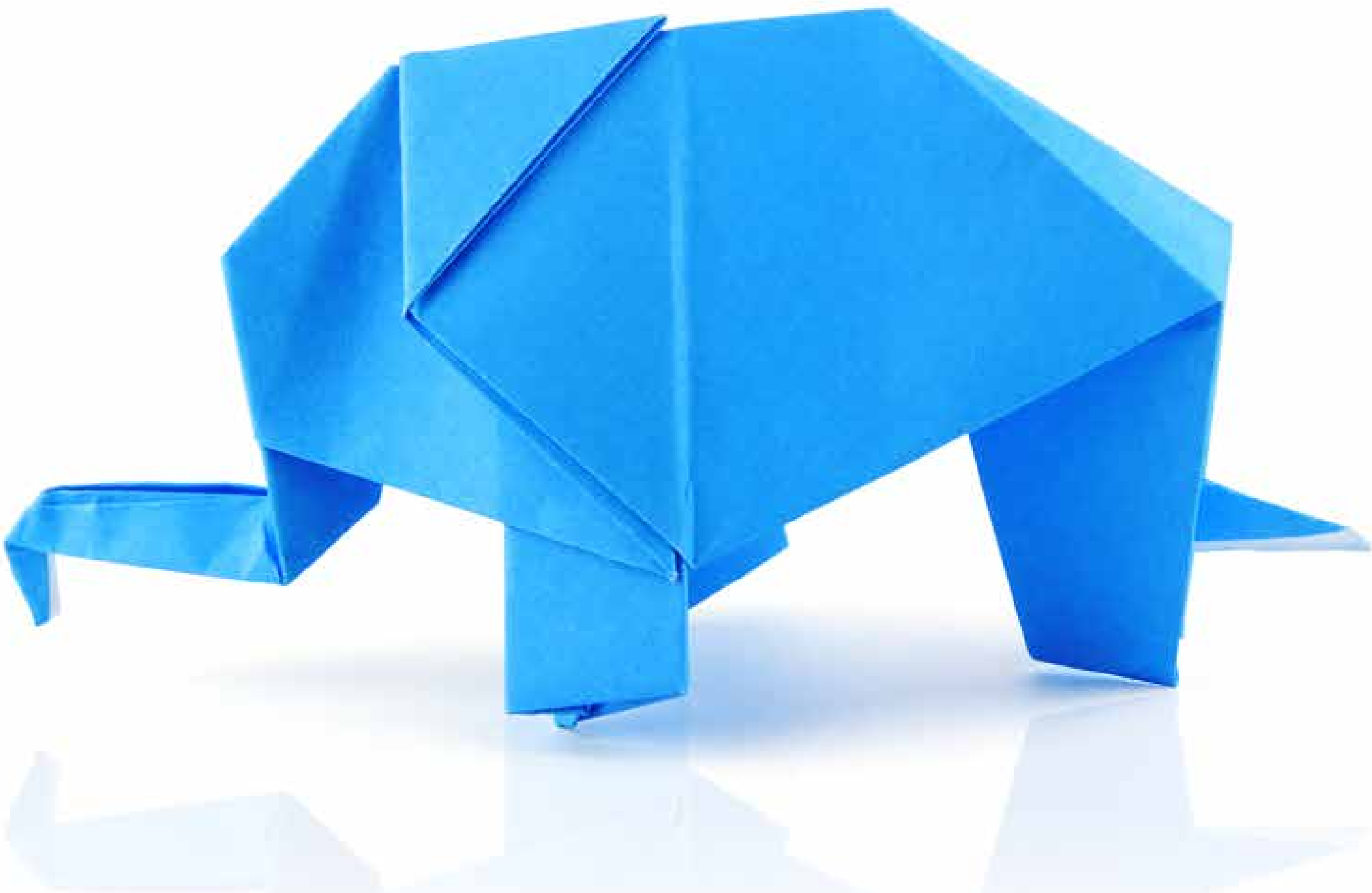
Karachi	Adi J. Cawasji
February 19, 2014	Company Secretary

Notes :

1. The Share Transfer Books of the Company will remain closed from March 20, 2014 to April 3, 2014 (both days inclusive) and the final dividend will be paid to the shareholders whose names will appear in the Register of Members on March 19, 2014.
2. A member entitled to attend and vote at the meeting may appoint a proxy in writing to attend the meeting and vote on the member's behalf. A Proxy need not be a member of the Company.
3. Duly completed forms of proxy must be deposited with the Company Secretary 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 not later than 48 hours before the time appointed for the meeting.
4. Shareholders (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s FAMCO Associates (Pvt.) Limited, 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400. All the Shareholders holding their shares through the CDC are requested to please update their addresses and Zakat status with their Participants. This will assist in the prompt receipt of Dividend.
5. As instructed by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No.EMD/D-II/Misc/2009-1342 dated April 4, 2013 dividend warrants cannot be issued without insertion of CNIC numbers. Thus, all those shareholders holding physical shares who have not submitted their valid CNICs are requested to send a photocopy of their valid CNIC/National Tax Numbers along with the folio numbers to the Company's Shares Registrar. No dividend will be payable unless the CNIC Number is printed on the dividend warrants, therefore, please provide the Company with your CNIC Numbers, failing which the Company will not be responsible if it is not able to pay the dividends.
6. In order to make the process of payment of cash dividend more efficient, SECP vide its Circular No.8(4) SM/CDC 2008 dated April 5, 2013 has issued instructions so that the shareholders can get their dividend credited in their respective bank accounts electronically without any delay. The shareholders may, therefore, authorize the Company to credit the dividend directly to their bank account for all future dividends declared by the Company. Accordingly, all non-CDC shareholders are requested to send their bank account details to the Company's Shares Registrar at the address given above. Shareholders who hold shares with Participant/ Central Depository Company of Pakistan Limited (CDC) are advised to provide the mandate to the concerned Stock Broker /Central Depository Company of Pakistan Limited (CDC).
7. Any individual beneficial owner of the Central Depository Company, 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 copy of board of directors' resolution/power of attorney and/or all such documents required under Circular No.1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan for the purpose.
8. Form of proxy is attached in the Annual Report and should be witnessed by two persons whose names, addresses and CNIC Numbers are mentioned on the forms.

"There is no doubt that creativity is the most important human resource of all. Without creativity, there would be no progress, and we would be forever repeating the same patterns."

– Edward de Bono



Directors' Report
to the Shareholders

بسم الله الرحمن الرحيم

The Board of Directors is pleased to submit its Annual Report along with the audited financial statements of the Company for the year ended December 31, 2013.

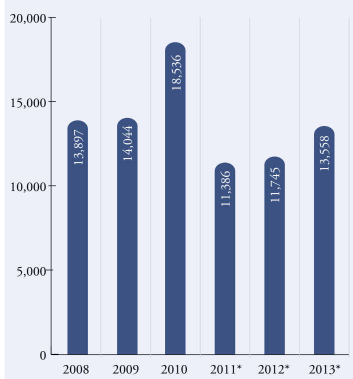
Your Company has performed well during the current year. As you were informed last year, subsequent to the consummation of the joint venture with Stora Enso OYJ Group of Finland, the Company's operations have been divided into Continuing and Discontinued Operations for financial reporting purposes. Paper and Paperboard and Corrugated businesses have been recognised as Discontinued Operations with respect to Packages Limited.
The results of Continuing Operations include Folding Cartons, Flexible Packaging and Consumer Products Divisions that will operate as part of Packages Limited on a stand-alone basis.

Financial Performance

(Rupees in million)	2013	2012 Re-stated
Continuing Operations		
Net Sales	13,558	11,745
EBITDA - operations	1,268	1,103
Depreciation & amortisation	(446)	(350)
EBIT – operations	822	753
Finance costs – operations	(75)	(116)
	747	637
Finance costs – business related activities	(770)	(412)
Other operating income / expenses – net	175	258
Investment income	2,043	1,534
Reversal of impairment charged on investments	-	361
Earnings before tax	2,195	2,378
Taxation	(399)	(890)
Earnings after tax - Continuing Operations	1,796	1,488
Basic earnings per share – Rupees	21.28	17.64
Discontinued Operations		
Loss after tax	(249)	(3,929)
Basic loss per share – Rupees	(2.95)	(46.56)

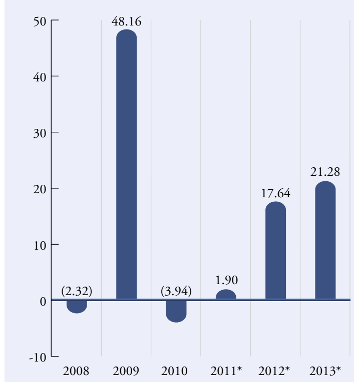
Continuing operations have achieved net sales of Rs. 13,558 million in 2013 against net sales of Rs. 11,745 million of last year representing sales growth of 15%. This sale excludes Rs. 1,330 million of materials imported on behalf of Bulleh Shah Packaging (Private) Limited (BSPL) and transferred to it at cost as part of the transitional arrangement.

Invoiced Sales - Net
(Rupees in Million)



* Represents Continuing Operations only

Earning Per Share
(Rupees)



* Represents Continuing Operations only

The operations have generated Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of Rs. 1,268 million during 2013 against Rs. 1,103 million of 2012 resulting in an increase of Rs. 165 million mainly due to revenue growth, better product mix and production efficiencies.

Consumer Products Division

Consumer Products Division has registered sales of Rs. 2,545 million during the year 2013 as compared to Rs. 2,064 million of 2012 representing sales growth of 23%. EBITDA of the Division has also improved by Rs. 41 million during 2013 over 2012 values. The Division is continuing with its marketing and distribution efforts to further expand its market share.

Packaging Operations

Packaging Operations have achieved net sales of Rs. 10,720 million during 2013 as compared to Rs. 9,414 million of 2012 representing sales growth of 14%. EBITDA has also improved by Rs. 114 million i.e. 10% during 2013 over 2012 values. The Company is continuing with its focus on revenue growth, better product mix, production efficiencies and higher capacity utilisation to improve operating results of this segment.

As part of its efforts to remain abreast of improved technological developments in the Packaging business, the Company is investing into a New Offset Printing Line that is expected to be operational during first quarter of 2014 and will provide additional capacity to meet growing customer demands in the Folding Cartons business.

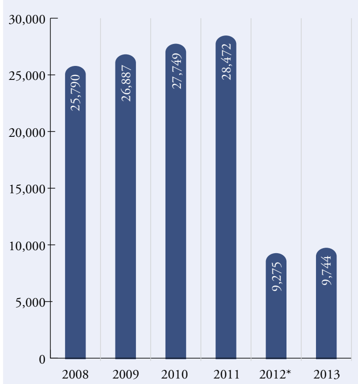
In 2013, the Company has also invested into a new flexo graphic plate making machine that has offered more flexibility in the flexible packaging business. Moreover, the flexible business has also now been shifted to latest digital proof press that has revolutionised new product developments with lower lead time and higher accuracy.

Production Statistics

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

	2013	2012
Consumer Products produced - tons	9,367	8,698
Carton Board & Consumer Products converted - tons	30,154	27,107
Plastics all sorts converted - tons	16,041	14,494

Fixed Assets
(Rupees in Million)



* Represents Continuing Operations only

Investment Income

Investment income has increased by Rs. 509 million during 2013 over 2012 values that is indicative of improved operational performance of the investee companies.

Finance costs

The finance cost has increased by Rs. 317 million during 2013 over 2012 values due to long term finance facility of Rs. 2,000 million availed towards the end of 2012 to finance strategic capital expenditure.

Change in Accounting Policy

In 2013, the Company has changed its accounting policy in respect of recognition of actuarial losses arising from retirement benefit plans in pursuance of amendments in International Accounting Standard 19 'Employee Benefits'. This accounting policy change is effective from financial year beginning on or after January 1, 2013. As a result of this change, the Company has recognised a cumulative charge of Rs. 233.586 million net of taxes to the opening balance of accumulated profit/(loss) and retirement benefits including pension fund and gratuity fund.

The Company has also converted its Pension Fund with effect from January 1, 2013 from the defined benefit plan to defined contribution plan for all its employees active as on December 31, 2012 with no impact on the pensioners appearing in pensioners' list as of that date.

The Company has contributed Rs. 276.459 million and Rs. 30.350 million during the year towards the pension fund and gratuity fund respectively to meet the funding gap as advised by the Company's Actuary.

Discontinued Operations

The year 2013 marks the beginning of a joint venture (JV) with "Stora Enso OYJ Group" (Stora Enso) of Finland which was consummated in May 2013. This JV is called "Bulleh Shah Packaging (Private) Limited" ('BSPL') and its operations include Paper & Paperboard and Corrugated Boxes businesses. Stora Enso is amongst the top five paper and board companies in the world. Your Company believes that the joint venture will enable sustained growth and technological up gradation.

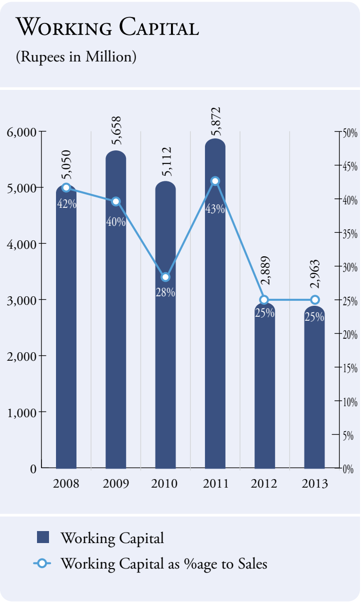
Paper & Paperboard and Corrugated Boxes businesses have been recognised as Discontinued Operations with respect to Packages Limited in the financial statements in accordance with applicable financial reporting framework. The process of transfer of assets and related obligations of Paper & Paperboard and Corrugated Boxes businesses of the Company to BSPL was completed during the first half of 2013 along with cash equity injection for financing future investment projects of BSPL.

After implementation of the joint venture agreement with Stora Enso, your Company now holds 65% equity in BSPL. Stora Enso (SE) has made direct equity investment of US$ 38.95M in BSPL and is also providing technical expertise to further streamline the Paper & Paperboard and Corrugated Boxes. BSPL has commenced its commercial operations with effect from April 1, 2013 and achieved net sales of Rs. 10,237 million during first nine months of its operations till December 31, 2013 with an EBITDA of Rs. 1,122 million. The financial results of BSPL have been accounted for in consolidated financials of Packages Limited in accordance with applicable financial reporting framework.

We are hopeful that with the support of a leading international paper manufacturer, we would be able to achieve higher levels of growth.

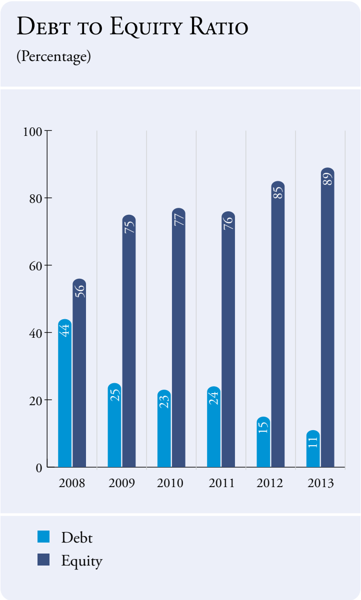
Financial Management

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 being regularly monitored.



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 and Packages Lanka (Private) Limited.

The Board is satisfied that there are no short or long-term financial constraints including access to credit and a strong balance sheet with December 2013 net debt : equity ratio at 11:89.



Risk Mitigation

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.

Current & Quick Ratio

* Represents Continuing Operations only

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 transactions 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.

Contribution to National Exchequer

Your Company is a noteworthy contributor to the national economy and has contributed Rs. 1,405.7 million during the year 2013 to the national exchequer on account of sales tax, income tax, import duties and statutory levies.

Environment Health & Safety

Your Company is striving to meet the best environmental, health and safety standards by developing best operational practices. The prime areas focused in 2013 were: food safety, fire safety and training and development.

We are also making progress in our focus areas of behavior based safety and risk control by minimizing the risks of injuries and accidents.

Your Company won the Fire Safety Award 2013 given by National Forum for Environment and Health (NFEH) and the Environmental Excellence Award 2013 presented by NFEH.

The Company achieved a milestone in November 2013 after being certified for the Food Safety System Certification. Packages is the second packaging company in Pakistan to get this certification. FSSC 22000:2010 is an International Standard developed for the certification of Food Safety Management Systems for food manufacturers. It combines the requirements of ISO 22000:2005 (Food Safety Management Systems requirements) and PAS 223 (prerequisite programs on food safety for food manufacturing). FSSC is the part of the world's fastest growing Global Food Safety Initiative (GFSI) certification program accredited by The Consumer Goods Forum- TCGF.

Packages achieved another milestone in 2013 and became eligible as the regional supplier of the British American Tobacco after getting certified for the 'BEST'. BEST stands for "Business Enabler Survey Tool" which was established by British American Tobacco Company (BAT) for the assessment of their suppliers.

EHS department carried out more than 30 training sessions. Some of the significant areas covered by the training are as follows;

1. Behavior Based Safety
2. Incident Reporting and Investigation
3. Permit to Work
4. Hazard Identification and Risk Assessment and Control
5. TPM
6. Integrated Management System
7. FSSC – ISO 22000 & PAS 223
8. Working at Height

Corporate Social Responsibility

The Company's CSR policy is driven by the imperative need to positively touch the lives of its stakeholders, with special emphasis on the indigent communities of the society. Your Company has distinguished itself as a good neighbor and has also worked hard to be an employer of choice.

In order to institutionalize the CSR efforts, the Board of Directors of your Company has approved establishment of "Packages Foundation" which would identify and work on projects in the areas of education, health and culture.

Retirement Funds

There are three retirement funds currently being operated by the Company namely Provident Fund, Gratuity Fund and Pension Fund.

The value of investments of provident, gratuity and pension funds based on their audited accounts as on December 31, 2013 were the following:

Provident Fund	**Rs. 1,361.466 million**
Gratuity Fund	**Rs. 280.321 million**
Pension Fund	**Rs. 1,354.105 million**

With effect from January 1, 2013, the Board of Trustees of the Pension Fund converted the defined benefit plan to defined contribution plan for all its employees active as on December 31, 2012 subject to necessary regulatory approvals. The conversion scheme was approved by the taxation authorities on February 22, 2013 and respective employees consent with the conversion scheme was also obtained during the year 2013. There has been no effect of such conversion on the pensioners appearing in pensioner's list of the Fund as of December 31, 2012. Such conversion has been accounted for in accordance with provisions of relevant financial reporting framework.

Auditors

The present auditors M/s A.F. Ferguson & Co., Chartered Accountants retire and offer themselves for reappointment. They have confirmed achieving satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) and 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, 2014, at a fee to be mutually agreed.

Appropriation

In view of the positive financial results of the Company during the year 2013, the Board of Directors of the Company has recommended cash dividend of 80 percent (i.e. Rs. 8 per share). Accordingly, the following appropriations have been made:

(Rupees in thousand)	
Total Comprehensive Income for the year 2013 after appropriation of preference dividend/ return of Rs. 412.050 M	1,567,788
Accumulated profit brought forward	17,928
Available for appropriation	1,585,716
Transfer to General Reserve	700,000
Cash Dividend	675,036
To be carried forward to 2014	210,680

Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Karachi, Lahore and Islamabad Stock Exchanges in their Listing Regulations have been adopted by the Company and have been duly complied with. A Statement to this effect is annexed to the Report.

Material Changes

There have been no material changes since December 31, 2013 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, 2013.

Changes in the Composition of Board and its Audit Committee

During the year 2013, two casual vacancies arose on the Board of Directors of the Company which were duly filled by the Board as follows:

1. Mr. Wazir Ali Khoja, nominee of National Investment Trust Limited, resigned from the Board of Directors of the Company on June 14, 2013 and Mr. Tariq Iqbal Khan was nominated by National Investment Trust Limited on the Board of Directors of the Company in his place.
2. Mr. Shahid Aziz Siddiqui, nominee of State Life Insurance Corporation of Pakistan, resigned from the Board of Directors of the Company on September 23, 2013 and Mr. Alamuddin Bullo was nominated by State Life Insurance Corporation of Pakistan on the Board of Directors of the Company in his place.

The Board wishes to place on record its appreciation of the valuable services rendered by outgoing Directors during the tenure of their office and welcomes the new Directors who will hold office for the remainder of the term of outgoing members.

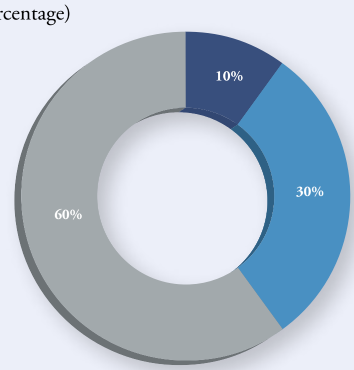
The Board has decided to induct Mr. Alamuddin Bullo, a non-executive Director, as a member of the Audit Committee.

Meetings of Board of Directors

During the year 2013, four Board meetings were held and the number of meetings attended by each Director is given hereunder:-

Name of Director	No. of meetings attended
Mr. Towfiq Habib Chinoy - Chairman	4
Syed Hyder Ali - Chief Executive	4
Mr. Alamuddin Bullo *(Appointed on September 23, 2013)*	*1*
Mr. Shahid Aziz Siddiqui *(Resigned on September 23, 2013)*	*1*
Mr. Khalid Yacob	4
Mr. Mats Nordlander	Nil
Mr. Muhammad Aurangzeb	2
Mr. Shamim Ahmad Khan	4
Syed Aslam Mehdi	4
Syed Shahid Ali	2
Mr. Tariq Iqbal Khan *(Appointed on June 14, 2013)*	*1*
Mr. Wazir Ali Khoja *(Resigned on June 14, 2013)*	*1*

Board Composition
(Percentage)



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, which comprises of one Independent Director, four Non-Executive Directors and one Executive Director.

During the year, four (4) meetings of the Audit Committee were held. The attendance of each Member is given hereunder:

Name of member	No. of meetings attended
Mr. Shamim Ahmad Khan-Chairman	4
Mr. Alamuddin Bullo *(Appointed on September 23, 2013)*	*1*
Mr. Shahid Aziz Siddiqui *(Resigned on September 23, 2013)*	*1*
Mr. Mats Nordlander	Nil
Mr. Muhammad Aurangzeb	2
Syed Aslam Mehdi	4
Syed Shahid Ali	2

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

The Audit Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations and Code of Corporate Governance.

Corporate and Financial Reporting Framework

- The financial statements together with the notes thereon have been drawn up by the management in conformity with the Companies Ordinance, 1984. These Statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored and is being continuously reviewed by the internal audit function.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the Best Practices of Corporate Governance, as detailed in the Listing Regulations.
- The key operating and financial data for the last ten years is annexed.

The Directors, CEO, CFO, Company Secretary, Head of Internal Audit, other executive employees and their spouses or minor children did not carry out any trade in the shares of the Company during the year. For the purpose of this regulation, executives are considered as those employees having annual basic salary of more than Rs. 500,000/-; being the threshold for the year 2013 set by the Board.

Pattern of Shareholding

A statement of the pattern of shareholding of different classes of shareholders as at December 31, 2013 is included in the annexed shareholders' information.

Future Outlook

The management remains confident that the economy would improve in the future and the Company shall be able to maintain its market position. It is expected that the trend of shift from unpacked to packed products would gain accelerated momentum with growing middle class, urbanization and a changing life style.

Consumer Products Division is striving to not only regain its market share but also to enhance the market size through advertisement, extensive trade and distribution program. The Division is also actively focusing on its Away From Home (AFH) category.

With the start-up of new offset printing line during first quarter of 2014, the Company is confident of getting deeper penetration into this segment of packaging business.

The Company is also evaluating various options for reduction of its energy costs and has already embarked on installation of a solar solution for its offices.

Despite the rising raw material prices and electricity and gas shortages, your Company is improving shareholder's value through tight cost control, product and process optimisation, price rationalisation and efficient working capital management.

In respect of Paper & Paperboard and Corrugated Boxes businesses, the management believes that the new joint venture shall bring considerable value to its shareholders.

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.

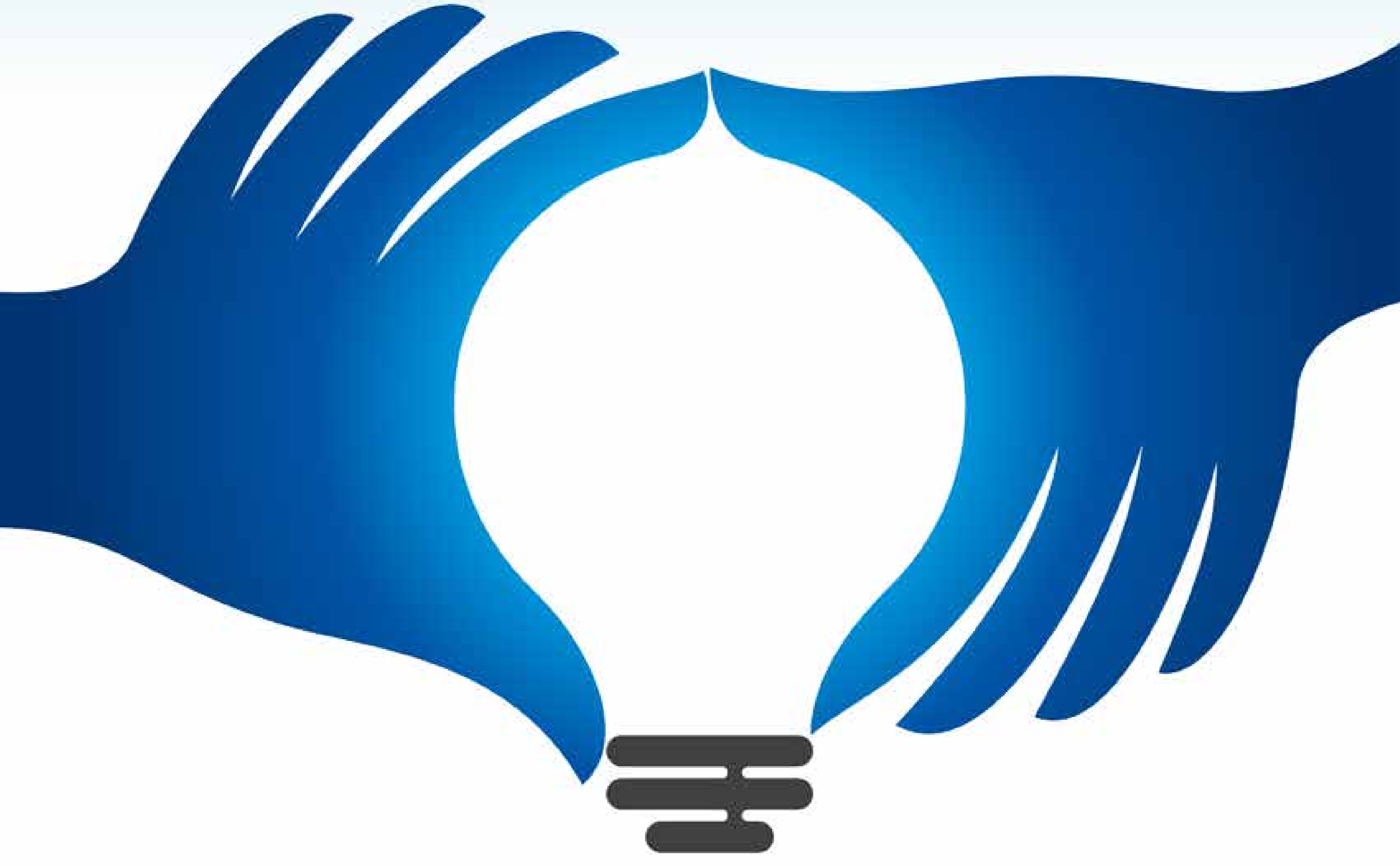
The management also wishes to express its gratitude to all the Company's employees who have worked tirelessly and delivered outstanding performance in the backdrop of the economic recession and a difficult business situation. We appreciate their hard work, loyalty and dedication.

(Towfiq Habib Chinoy)
Chairman

Lahore, February 19, 2014

(Syed Hyder Ali)
Chief Executive & Managing Director

Lahore, February 19, 2014



"You see things; and you say, 'Why?' But I dream things that never were; and I say, 'Why not'?"

– George Bernard Shaw

Shareholders' Information

Registered Office

4th Floor, The Forum
Suite # 416-422, G-20, Block 9
Khayaban-e-Jami, Clifton
Karachi-75600
PABX :(21) 35831618
:(21) 35831664
:(21) 35833011
:(21) 35874047 - 49
Fax :(21) 35860251

Shares Registrar

FAMCO Associates (Pvt.) Limited
8-F, Next to Hotel Faran
Nursery, Block 6, P.E.C.H.S.,
Shahrah-e-Faisal
Karachi-75400
PABX :(21) 34380101-2
Fax :(21) 34380106

Listing on Stock Exchanges

Packages equity shares are listed on Karachi, Lahore and Islamabad Stock Exchanges.

Listing Fees

The annual listing fee for the financial year 2013-14 has been paid to all the three stock exchanges within the prescribed time limit.

Stock Code

The stock code for dealing in equity shares of Packages at KSE, LSE and ISE is PKGS.

Shares Registrar

Packages' shares department is operated by FAMCO Associates (Pvt.) Limited and serves about 3,765 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
PABX :(21) 35831618
:(21) 35831664
:(21) 35833011
Fax :(21) 35860251
Mr. Ovais Khan
PABX :(21) 34380101-2
Fax :(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	30 days after receipt	30 days after receipt
Transmission of shares	30 days after receipt	30 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	15 minutes

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 Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

Dematerialisation of Shares

The equity shares of the Company are under the dematerialisation category. As of date 73.85% of the equity shares of the Company have been dematerialized by the shareholders.

Dividend Announcement

The board of directors of the Company has recommended for the financial year ended December 31, 2013 payment of cash dividend as follows -

a) to the preference share/convertible stock holder (International Finance Corporation) at the rate of Rs. 19.00 (10%) per preference share/ convertible stock of Rs. 190.00 in terms of the Subscription Agreement between Packages Limited and International Finance Corporation (2012: 10% or Rs. 19.00 per preference share/ convertible stock of Rs. 190.00).

b) to the ordinary shareholders at the rate of 80 % (Rs. 8 per ordinary share of Rs. 10.00) subject to approval by the ordinary shareholders of the Company at the Annual General Meeting (2012: cash dividend 45%).

Book Closure Dates

The Register of Members and Share Transfer Books of the Company will remain closed from March 20, 2014 to April 3, 2014 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 will be paid well before the statutory time limit of 30 days:

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

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

Withholding of Tax & Zakat on Ordinary Dividend

As per the provisions of the Income Tax Ordinance, 2001, Income Tax is deductible at source by the Company at the rate of 10% wherever applicable.

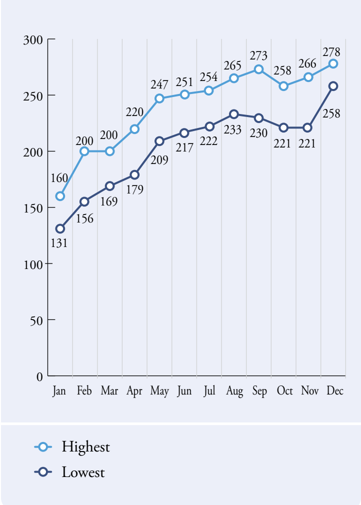
Zakat is also deductible at source from the ordinary dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for non-deduction.

Dividend Warrants

Cash dividends are paid through dividend warrants addressed to the ordinary shareholders whose names appear in the Register of Shareholders at the date of book closure. Ordinary shareholders are requested to deposit those warrants into their bank accounts, at their earliest, thus helping the Company to clear the unclaimed dividend account.

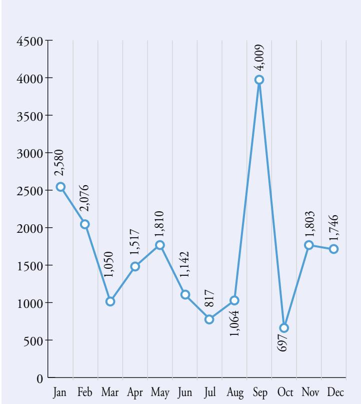
Share Price Movement

(Share Price on the KSE (Rupees / Share))



Trading Volume

(Volume of shares traded on the KSE (in thousand))



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 158 of the Companies Ordinance, 1984, 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.

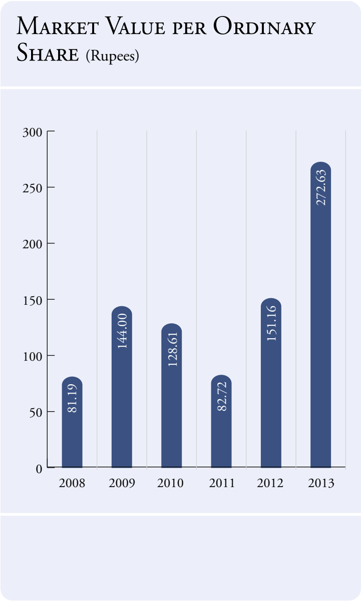
Since the fundamental voting principle in a company is "One Share-One Vote", voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

Proxies

Pursuant to Section 161 of the Companies Ordinance, 1984 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.



"A business has to be evolving, it has to be fun, and it has to exercise your creative interests."

– Richard Branson

Pattern of Shareholding

The shareholding pattern of the equity share capital of the Company as at December 31, 2013 is as follows:

Shareholding From	Shareholding To	Numbers of Shareholders	Total shares held
1	100	1,964	32,740
101	500	629	176,913
501	1,000	304	240,885
1,001	5,000	490	1,161,437
5,001	10,000	122	894,894
10,001	15,000	49	604,378
15,001	20,000	30	530,254
20,001	25,000	26	595,392
25,001	30,000	20	550,501
30,001	35,000	10	327,745
35,001	40,000	10	377,045
40,001	45,000	10	425,259
45,001	50,000	10	480,243
50,001	55,000	3	155,575
55,001	60,000	3	169,714
60,001	65,000	2	124,167
65,001	70,000	2	131,332
70,001	75,000	2	141,938
75,001	80,000	2	152,413
80,001	85,000	2	164,088
90,001	95,000	3	275,176
95,001	100,000	6	590,647
105,001	110,000	1	109,391
110,001	115,000	3	339,959
115,001	120,000	1	117,700
120,001	125,000	2	248,800
125,001	130,000	1	126,183
130,001	135,000	2	265,636
145,001	150,000	1	149,916
150,001	155,000	3	457,949
155,001	160,000	2	318,098
160,001	165,000	1	161,746
165,001	170,000	1	165,009
180,001	185,000	1	184,000
190,001	195,000	1	190,473
195,001	200,000	2	395,584
205,001	210,000	2	412,160
210,001	215,000	1	211,480

Shareholding From	Shareholding To	Numbers of Shareholders	Total shares held
220,001	225,000	1	221,210
260,001	265,000	3	787,023
265,001	270,000	1	265,960
275,001	280,000	1	276,734
285,001	290,000	2	577,290
300,001	305,000	1	304,718
305,001	310,000	1	307,820
325,001	330,000	1	328,500
370,001	375,000	1	375,000
400,001	405,000	1	403,055
440,001	445,000	1	440,806
450,001	455,000	1	450,033
465,001	470,000	1	465,867
515,001	520,000	1	517,329
530,001	535,000	1	533,853
545,001	550,000	2	1,096,978
575,001	580,000	1	576,600
820,001	825,000	1	821,714
860,001	865,000	1	864,887
875,001	880,000	1	876,285
990,001	995,000	1	990,641
1,105,001	1,110,000	1	1,108,779
1,195,001	1,200,000	1	1,198,668
1,405,001	1,410,000	1	1,408,108
1,655,001	1,660,000	1	1,659,979
1,790,001	1,795,000	1	1,791,159
2,115,001	2,120,000	1	2,117,500
2,125,001	2,130,000	1	2,127,253
2,285,001	2,290,000	1	2,287,175
2,500,001	2,505,000	1	2,501,663
3,095,001	3,100,000	1	3,097,030
3,160,001	3,165,000	1	3,160,607
3,255,001	3,260,000	1	3,256,676
3,915,001	3,920,000	1	3,917,505
4,575,001	4,580,000	1	4,578,528
5,395,001	5,400,000	1	5,396,650
21,130,001	21,135,000	1	21,133,101
TOTAL		3,765	84,379,504

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)		
Gurmani Foundation	1	1,198,668
IGI Insurance Limited	1	21,133,101
Jubilee Life Insurance Company Limited	1	30,601
Babar Ali Foundation	1	3,097,030
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 :	10	28,291,823
ii. Mutual Funds (name wise details)		
CDC - Trustee ABL Stock Fund	1	117,700
CDC - Trustee AKD Index Tracker Fund	1	7,217
CDC - Trustee Al Meezan Mutual Fund	1	546,978
CDC - Trustee APIF - Equity Sub Fund	1	23,700
CDC - Trustee Askari Equity Fund	1	14,500
CDC - Trustee Atlas Islamic Stock Fund	1	100,000
CDC - Trustee First Capital Mutual Fund	1	2,500
CDC - Trustee HBL - Stock Fund	1	550,000
CDC - Trustee JS Islamic Fund	1	123,800
CDC - Trustee JS Islamic Pension Savings Fund-Equity Account	1	18,000
CDC - Trustee JS Pension Savings Fund - Equity Account	1	23,700
CDC - Trustee KSE Meezan Index Fund	1	45,300
CDC - Trustee MCB Dynamic Allocation Fund	1	71,300
CDC - Trustee MCB Dynamic Stock Fund	1	99,000
CDC - Trustee Meezan Balanced Fund	1	190,473
CDC - Trustee Meezan Islamic Fund	1	2,127,253
CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	1	205,551
CDC - Trustee NIT-Equity Market Opportunity Fund	1	21,482
CDC - Trustee Pak Strategic Allocation Fund	1	38,600
CDC - Trustee Pakistan Capital Market Fund	1	30,000
CDC - Trustee Pakistan Stock Market Fund	1	132,000
CDC - Trustee UBL Sharia Stock Fund	1	261,400
CDC - Trustee UBL Stock Advantage Fund	1	265,000
CDC - Trustee Unit Trust of Pakistan	1	113,100
CDC- Trustee First Habib Islamic Balanced Fund	1	17,000
CDC- Trustee HBL Islamic Stock Fund	1	125,000
CDC- Trustee Pak. Int. Element Islamic Asset Allocation Fund	1	25,000
CDC- Trustee Pakistan Premier Fund	1	76,000
MC FSL - Trustee JS Growth Fund	1	576,600
MCBFSL - Trustee ABL Islamic Stock Fund	1	98,100
MCBFSL- Trustee UIRSF-Equity Sub Fund	1	17,000
MCBFSL- Trustee URSF-Equity Sub Fund	1	22,000
MCFSL- Trustee Askari Islamic Asset Allocation Fund	1	1,400
National Bank of Pakistan-Trustee Department NI(U)T Fund	1	4,578,528
Trustee - Pakistan Islamic Pension Fund - Equity Sub Fund	1	18,500
Trustee - Pakistan Pension Fund - Equity Sub Fund	1	16,000
Total :	36	10,699,682

Shareholders' category	Number of shareholders	Number of shares held
iii. Directors and their spouse(s) and minor children (name wise details)		
Khalid Yacob	1	1,023
Muhammad Aurangzeb	1	500
Shamim Ahmad Khan	1	603
Syed Aslam Mehdi	1	9,781
Syed Hyder Ali	1	2,287,175
Syed Shahid Ali	1	290,000
Towfiq Habib Chinoy	1	20,071
Total :	**7**	**2,609,153**
iv. Executives	11	5,165,169
v. Public Sector Companies and Corporations	3	4,739,419
vi. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	30	4,526,250
vii. Shareholders Holding five percent or more Voting Rights in the Company (name wise details)		
IGI Insurance Limited	1	21,133,101
Stora Enso AB, Sweden	1	5,396,650
National Bank Of Pakistan-Trustee Department NI(U)T Fund	1	4,578,528
Total :	**3**	**31,108,279**

	Shareholders' category	Number of shareholders	Number of shares held	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	7	2,609,153	3.09
2	Associated Companies, undertakings and related parties	10	28,291,823	33.53
3	NIT and ICP	1	4,578,528	5.43
4	Banks Development Financial Institutions, Non Banking Financial Institutions	17	3,153,733	3.74
5	Insurance Companies	11	6,091,603	7.22
6	Modarabas and Mutual Funds	37	6,123,413	7.26
7	Shareholder holding 10%	1	21,133,101	25.05
8	General Public:			
	a. Local	3,561	19,310,852	22.88
	b. Foreign	4	621,048	0.73
9	Others	117	13,599,351	16.12

Statement of Compliance
with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 35 of Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges 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 Syed Aslam Mehdi Mr. Khalid Yacob
Non-Executive Directors	Mr. Towfiq Habib Chinoy Mr. Alamuddin Bullo Mr. Mats Nordlander Mr. Shamim Ahmad Khan Syed Shahid Ali Mr. Tariq Iqbal Khan

The independent director meets the criteria of independence under clause i(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.
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 member of stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies that occurred on the Board on June 14, 2013 and September 23, 2013 were 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. Mr. Towfiq Habib Chinoy and Mr. Tariq Iqbal Khan have obtained certification under the directors training program which meets the criteria specified by the Securities and Exchange Commission of Pakistan. Mr. Shamim Ahmad Khan has been specifically exempted by the Securities and Exchange Commission of Pakistan from the directors training program because of his distinguished career as a senior official of the Government of Pakistan, founding Chairman of the Securities and Exchange Commission of Pakistan and vast experience on the boards of numerous listed companies. As per clause (xi) of the Code, Syed Hyder Ali, Mr. Khalid Yacob and Syed Shahid Ali are exempted from the directors training program because of having more than 14 years of education and over 15 years of experience on the board of listed companies.
10. The Board had approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment as determined by the

CEO. However, there was no new appointment 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, one executive director and four 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. 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 (HR&R) Committee. It comprises of five members, of whom three are non-executive directors, including the Chairman.
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 exchanges.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the Code have been complied with.

(Towfiq Habib Chinoy)
Chairman

Lahore: February 19, 2014

Review Report to the Members
on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Packages Limited ('The Company') to comply with the Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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's 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.

Regulation 35(x) of the Listing Regulations requires the Company to place before the Board of Directors for their consideration and approval 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, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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 of Corporate Governance as applicable to the Company for the year ended December 31, 2013.

A.F. Ferguson & Co.
Chartered Accountants
Lahore, February 19, 2014

Name of engagement partner:
Asad Aleem Mirza

Auditors' Report to the Members

We have audited the annexed balance sheet of Packages Limited as at December 31, 2013 and the related profit and loss account, statement of comprehensive income, statement of changes in equity and cash flow statement 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 except for the changes resulted on initial application of standards, amendments, or an interpretation to the existing standards as stated in note 2.2.1 and change in accounting policy as referred to in note 4.7to the annexed financial statements, with which we concur;

   (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, statement of changes in equity and cash flow statement 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, 2013 and of the profit, total comprehensive income, changes in equity and its cash flows 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, February 19, 2014

Name of engagement partner:
Asad Aleem Mirza


"Creativity is contagious. Pass it on."
– Albert Einstein

Financial Statements

For the year ended December 31, 2013

Balance Sheet
as at December 31, 2013

(Rupees in thousand)	Note	2013	2012 (Re-stated)	2011 (Re-stated)
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Authorised capital				
150,000,000 (2012: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000	1,500,000
22,000,000 (2012: 22,000,000) 10% non-voting cumulative preference shares / convertible stock of Rs. 190 each		4,180,000	4,180,000	4,180,000
Issued, subscribed and paid up capital				
84,379,504 (2012: 84,379,504) ordinary shares of Rs. 10 each	5	843,795	843,795	843,795
Reserves	6	38,054,142	31,075,416	28,179,067
Preference shares / convertible stock reserve	7	1,605,875	1,605,875	1,605,875
Accumulated profit / (loss)		1,585,716	(2,902,364)	(1,513,353)
		42,089,528	30,622,722	29,115,384
NON-CURRENT LIABILITIES				
Long-term finances	7	5,170,577	4,470,577	8,575,339
Liabilities against assets subject to finance lease	8	24,182	–	–
Deferred income tax liabilities	9	513,563	320,089	1,955,932
Retirement benefits	10	578	306,808	406,830
Deferred liabilities	11	139,576	121,061	161,795
		5,848,476	5,218,535	11,099,896
CURRENT LIABILITIES				
Current portion of long-term liabilities	12	203,702	1,000,000	380,952
Finances under mark up arrangements - secured	13	1,517,638	808,942	796,227
Derivative financial instruments	14	27,272	164,559	–
Trade and other payables	15	3,052,362	1,977,498	1,731,255
Accrued finance costs	16	530,324	530,501	534,021
		5,331,298	4,481,500	3,442,455
Liabilities of disposal group classified as held for sale	17	–	5,669,197	–
CONTINGENCIES AND COMMITMENTS	18	–	–	–
		53,269,302	45,991,954	43,657,735

(Rupees in thousand)	Note	2013	2012	2011
			(Re-stated)	(Re-stated)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	19	3,665,286	3,459,115	18,346,058
Investment property	20	90,838	25,473	29,943
Intangible assets	21	32,185	41,411	38,888
Investments	22	41,048,030	20,795,660	16,288,141
Long-term loans and deposits	23	67,006	97,105	110,873
Retirement benefits	10	6,540	–	3,094
		44,909,885	24,418,764	34,816,997
CURRENT ASSETS				
Stores and spares	24	568,593	461,625	978,741
Stock-in-trade	25	2,064,901	1,909,807	4,525,757
Trade debts	26	1,622,809	2,279,915	1,764,577
Loans, advances, deposits, prepayments and other receivables	27	1,691,387	412,866	454,548
Income tax receivable	28	2,175,853	1,603,306	941,439
Cash and bank balances	29	235,874	362,380	175,676
		8,359,417	7,029,899	8,840,738
Assets of disposal group classified as held for sale	17	–	14,543,291	–
		53,269,302	45,991,954	43,657,735

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

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

Profit and Loss Account
for the year ended December 31, 2013

(Rupees in thousand)		Note	2013	2012 (Re-stated)
Continuing operations				
Local sales			17,245,668	13,808,154
Export sales			68,615	63,220
			17,314,283	13,871,374
Less: Sales tax and excise duty			2,405,078	2,110,315
Commission			21,348	15,769
			2,426,426	2,126,084
Net sales			14,887,857	11,745,290
Cost of sales		30	(12,892,590)	(10,270,143)
Gross profit			1,995,267	1,475,147
Administrative expenses		31	(587,636)	(321,836)
Distribution and marketing costs		32	(586,466)	(399,987)
Other operating expenses		33	(153,971)	(30,888)
Other income		34	329,377	288,492
Profit from operations			996,571	1,010,928
Finance costs		35	(845,253)	(528,371)
Investment income		36	2,043,111	1,534,453
Reversal of impairment on investments		37	–	361,161
Profit before tax			2,194,429	2,378,171
Taxation		38	(398,617)	(890,089)
Profit for the year from continuing operations			1,795,812	1,488,082
Loss for the year from discontinued operations		17.2	(249,103)	(3,929,101)
Profit / (loss) for the year			1,546,709	(2,441,019)
Basic earnings / (loss) per share				
From Continuing operations	Rupees	46	21.28	17.64
From Discontinued operations	Rupees	46	(2.95)	(46.56)
From profit / (loss) for the year	Rupees		18.33	(28.92)
Diluted earnings / (loss) per share				
From Continuing operations	Rupees	46	20.01	17.09
From Discontinued operations	Rupees	46	(2.95)	(46.56)
From profit / (loss) for the year	Rupees		17.06	(29.47)

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

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Syed Aslam Mehdi
Director

Statement of Comprehensive Income
for the year ended December 31, 2013

(Rupees in thousand)	2013	2012 (Re-stated)
Profit / (loss) for the year	1,546,709	(2,441,019)
Other comprehensive income:		
Items that will not be re-classified to profit or loss		
Re-measurement of retirement benefits liability / (asset)	23,421	(78,852)
Tax effect	(2,342)	7,429
	21,079	(71,423)
Items that may be re-classified subsequently to profit or loss		
Surplus on re-measurement of available for sale financial assets	10,278,726	4,146,349
Other comprehensive income for the year - net of tax	10,299,805	4,074,926
Total comprehensive income for the year	11,846,514	1,633,907
Attributable to:		
Continuing operations	12,095,617	5,563,008
Discontinued operations	(249,103)	(3,929,101)
	11,846,514	1,633,907

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

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Syed Aslam Mehdi
Director

Statement of Changes in Equity
for the year ended December 31, 2013

(Rupees in thousand)	Share capital	Share premium	Fair value reserve	General reserve	Preference shares / convertible stock reserve	Accumulated (loss) / profit	Total
Balance as on December 31, 2011	843,795	2,876,893	9,141,841	16,160,333	1,605,875	(1,080,744)	29,547,993
Effect of change in accounting policy (note - 4.7.4)	-	-	-	-	-	(432,609)	(432,609)
Balance as on December 31, 2011 re-stated	843,795	2,876,893	9,141,841	16,160,333	1,605,875	(1,513,353)	29,115,384
Appropriation of funds							
Transferred to profit and loss account	-	-	-	(1,250,000)	-	1,250,000	-
Total transactions with owners, recognised directly in equity							
Final dividend for the year ended December 31, 2011							
Rs. 1.50 per share	-	-	-	-	-	(126,569)	(126,569)
Total comprehensive income for the year ended December 31, 2012							
Loss for the year	-	-	-	-	-	(2,441,019)	(2,441,019)
Other comprehensive income:							
Surplus on re-measurement of available for sale financial assets	-	-	4,146,349	-	-	-	4,146,349
Re-measurement of retirement benefit asset / liability						(71,423)	(71,423)
Total comprehensive income / (loss) for the year	-	-	4,146,349	-	-	(2,512,442)	1,633,907
Balance as on December 31, 2012 re-stated	843,795	2,876,893	13,288,190	14,910,333	1,605,875	(2,902,364)	30,622,722
Appropriation of funds							
Transferred to profit and loss account	-	-	-	(3,300,000)	-	3,300,000	-
Total transactions with owners, recognised directly in equity							
Final dividend for the year ended December 31, 2012							
Rs. 4.50 per share	-	-	-	-	-	(379,708)	(379,708)
Total comprehensive income for the year ended December 31, 2013							
Profit for the year	-	-	-	-	-	1,546,709	1,546,709
Other comprehensive income:							
Surplus on re-measurement of available for sale financial assets	-	-	10,278,726	-	-	-	10,278,726
Re-measurement of retirement benefit asset / liability	-	-	-	-	-	21,079	21,079
Total comprehensive income for the year	-	-	10,278,726	-	-	1,567,788	11,846,514
Balance as on December 31, 2013	843,795	2,876,893	23,566,916	11,610,333	1,605,875	1,585,716	42,089,528

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

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

Cash Flow Statement

for the year ended December 31, 2013

(Rupees in thousand)	Note	2013	2012
Cash flows from operating activities			
Cash generated from operations	44	2,530,095	395,637
Finance cost paid		(1,090,306)	(1,509,395)
Taxes paid		(548,880)	(758,677)
Payments for accumulating compensated absences		(81,855)	(28,670)
Retirement benefits paid		(320,767)	(73,960)
Net cash generated from / (used in) operating activities		488,287	(1,975,065)
Cash flows from investing activities			
Fixed capital expenditure		(824,797)	(1,234,627)
Investments - net		(2,274,953)	4
Net decrease in long-term loans and deposits		11,499	13,768
Proceeds from disposal of property, plant and equipment		69,982	113,764
Proceeds from assets written off due to fire		102,003	233,463
Dividends received		2,043,111	1,534,440
Net cash (used in) / generated from investing activities		(873,155)	660,812
Cash flows from financing activities			
Repayment of long-term finances - secured		(1,100,000)	(5,485,714)
Proceeds from long-term finances		1,000,000	2,000,000
Liabilities against assets subject to finance lease - net		27,884	-
Dividends paid		(378,218)	(126,044)
Net cash used in financing activities		(450,334)	(3,611,758)
Net decrease in cash and cash equivalents		(835,202)	(4,926,011)
Cash and cash equivalents at the beginning of the year		(5,546,562)	(620,551)
Cash and cash equivalents transferred		5,100,000	-
Cash and cash equivalents at the end of the year	45	(1,281,764)	(5,546,562)

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

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Syed Aslam Mehdi
Director

1. Legal status and nature of business

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

The Company entered into 50/50 Joint Venture Agreement (the "JV Agreement") on September 17, 2012 with 'Stora Enso OYJ Group' ('Stora Enso') of Finland in its wholly owned subsidiary Bulleh Shah Packaging (Private) Limited ('BSPL'). The Joint Venture includes Paper & Paperboard and Corrugated business operations at Kasur and Karachi and involves initial equity participation of Stora Enso of 35% by way of subscription of right shares with a commitment to increase the shareholding to 50% at a later stage subject to certain conditions being met. The agreed value for 100% of the Joint Venture Company is USD 107.5 million on a cash and debt free basis with additional equity to be subscribed by Stora Enso through right shares in the Joint Venture Company of USD 17.5 million, based on the financial results of second half of 2012 and first half of 2013. Packages Limited shall continue to hold minimum 50% ownership and future profits of the Joint Venture.

Pursuant to the Agreement, the Company, during the year, transferred the assets and corresponding liabilities of its Kasur and Karachi operations to BSPL along with certain cash contribution. Upon initial equity participation of 35% by Stora Enso in BSPL, the Company has derecognised its investment in BSPL owing to loss of control and recognised an investment in jointly controlled entity, with Stora Enso as the Joint Venture partner.

As a result, the Company's operations have been divided into Continuing and Discontinued operations in accordance with the requirements of International Financial Reporting Standard (IFRS) 5, 'Non-current assets held for sale and Discontinued operations'. Paper and Paperboard and Corrugated businesses have been classified as Discontinued operations because these form part of the Joint Venture. Continuing operations include Folding Cartons, Flexible Packaging and Consumer Products businesses.

Moreover, the Company also closed down its Paper and Paperboard operations in Lahore, in addition to the above mentioned transaction, during the prior year.

The Paper and Paperboard operations in Lahore have also been classified as a discontinued operation as reflected in note 17.2 of these financial statements, in accordance with the requirements of IFRS 5. This has not been classified as held for sale as it does not meet the criteria for being classified as held for sale under IFRS 5.

The figures of the prior period have been represented in accordance with the requirements of IFRS 5, wherever relevant.

2. Basis of preparation

2.1 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 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 Amendments to published standards effective in current year

New and amended standards, and interpretations mandatory for the first time for the financial year beginning January 1, 2013:

Annual improvements to IFRSs 2011 are applicable on accounting periods beginning on or after January 1, 2013. This set of amendments includes changes to five standards: IFRS 1, 'First time adoption', IAS 1, 'Financial statement presentation', IAS

16, 'Property, plant and equipment', IAS 32, 'Financial instruments; Presentation' and IAS 34, 'Interim financial reporting'. The application of these amendments have no material impact on the Company's financial statements.

- IFRS 7 (Amendments), 'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 1, 2013. The amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The application of this amendment has no material impact on the Company's financial statements.

- IFRS 10 - 'Consolidated financial statements' is applicable on accounting periods beginning on or after January 1, 2013. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The company has yet to assess the impact of these changes on its financial statements.

- IFRS 11 - 'Joint arrangements' is applicable on accounting periods beginning on or after January 1, 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The application of these amendments has no material impact on the Company's financial statements.

- IFRS 12 - 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 1, 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The application of this standard has no material impact on the Company's financial statements.

- Amendments to IFRS 10, 11 and 12 on transition guidance are applicable on accounting periods beginning on or after January 1, 2013. These amendments also provide additional transition relief in IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The application of this amendment has no material impact on the Company's financial statements.

- IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 1, 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. Application of this standard has no material impact on the Company's financial statements.

- IAS 1 (Amendments), 'Financial statement presentation' regarding other comprehensive income. This is applicable on accounting periods beginning on or after July 01, 2012. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendments do not address which items are presented in OCI. The application of this amendment has no material impact on the Company's financial statements.

- IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after January 1, 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. IAS 19 (revised) amends the accounting for employment benefits. The Company has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Company has been explained in note 4.7.

- IAS 27 (Revised 2011), 'Separate financial statements' is applicable on accounting periods beginning on or after January 1, 2013. It includes the provisions on separate financial statements that are left after the control provisions of IAS 27 which have been included in the new IFRS 10. The application of this standard has no material impact on the Company's financial statements.

- IAS 28 (Revised 2011), 'Associates and joint ventures' is applicable on accounting periods beginning on or after January 1, 2013. It includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 11. The application of this standard has no material impact on the Company's financial statements.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2014 or later periods, but the Company has not early adopted them:

- IFRS 9 - 'Financial instruments' - classification and measurement. This is applicable on accounting periods beginning on or after January 1, 2015. This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, 'Financial instruments: Recognition and measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. The Company shall apply these amendments from January 1, 2014 and does not expect to have a material impact on its financial statements.

- Annual improvements 2012 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards: IFRS 2, 'Share-based payment', IFRS 3, 'Business Combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and IAS 39, Financial instruments – Recognition and measurement'.

- Annual improvements 2013 applicable for annual periods beginning on or after July 1, 2014. The amendments include changes from the 2011-13 cycle of the annual improvements project that affect 4 standards: IFRS 1, 'First time adoption', IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'.

- IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after July 1, 2014.These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Company does not expect to have a material impact on its financial statements from this amendment.

- IAS 32 (Amendments), 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 1, 2014. These amendments update the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Company shall apply these amendments from January 1, 2014 and does not expect to have a material impact on its financial statements.

- IAS 36 (Amendment), 'Impairment of assets' on recoverable amount disclosures is applicable on accounting period beginning on or after January 1, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Company shall apply these amendments from January 1, 2014 and does not expect to have a material impact on its financial statements.

- IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' on novation of derivatives is applicable on accounting period beginning on or after January 1, 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria. The Company shall apply these amendments from January 1, 2014 and does not expect to have a material impact on its financial statements.

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

3. Basis of measurement

3.1 These 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 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 the management considers critical because of their complexity, judgment and estimation involved in their application and their 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 of property, plant and equipment - note 4.2
ii) Provision for employees' retirement benefits - note 4.7 & 10
iii) Loss recognised on the re-measurement of assets of disposal group - note 17.1.2
iv) Provision for taxation - note 38

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

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 tax 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 bases 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 equity in which case it is included in equity.

4.2 Property, plant and equipment

Property, plant and equipment, 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 4.17 and borrowing costs as referred to in note 4.20.

Depreciation on all property, plant and equipment is charged to profit on the 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	2.5%	to	20%
- Plant and machinery	6.25%	to	33.33%
- Other equipments	10%	to	33.33%
- Furniture and fixtures	10%	to	20%
- Vehicles	20%		

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 value of its property, plant and equipment as at December 31, 2013 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to property, plant and equipment 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 property, plant and equipment 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.

Capital work-in-progress is stated at cost less any identified impairment loss.

4.3 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the Company comprises land and buildings and is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on buildings is charged to profit on the straight line method so as to write off the depreciable amount of building over its estimated useful life at the rates ranging from 3.33% to 6.67% per annum. Depreciation on additions to investment property 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 value of its investment property as at December 31, 2013 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 property 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 and SAP Enterprise Resource Planning (ERP) System 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 a period of three to five years.

Development costs 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.

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. Asset subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. 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 over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of the asset on a straight-line method at the rates given in note 4.2. Depreciation of leased assets is charged to profit and loss account.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

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 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 property as referred to in note 20. 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.

Investments in equity instruments of subsidiaries, associates and joint ventures

Investments in subsidiaries and associates where the Company has significant influence are measured at cost in the Company's financial statements. Cost in relation to investments made in foreign currency is determined by translating the consideration paid in foreign currency into Pak rupees at exchange rates prevailing on the date of transactions.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27 'Consolidated and Separate Financial Statements'. Investments in associates, and joint ventures, in the consolidated financial statements, are being accounted for using the equity method.

At each balance sheet date, the Company reviews the carrying amounts of the investments in subsidiaries and associates 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. In making an estimate of recoverable amount of these investments, the management considers future stream of cash flows and an estimate of the terminal value of these investments. 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 on investments in subsidiaries and associates are reversed through the profit and loss account.

Other investments

The other investments made by the Company are classified for the purpose of measurement into the following categories:

Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost and at subsequent reporting dates measured at amortised cost using the effective yield method.

Available for sale

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

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available are measured at cost as it is not possible to apply any other valuation methodology. Unrealised gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

All purchases and sales of investments are recognised on the trade date which is the date that the Company commits to purchase or sell the investment. Cost of purchase includes transaction cost.

At each balance sheet date, the Company reviews the carrying amounts of the investments 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. Impairment losses are recognised as expense in the profit and loss account. In respect of 'available for sale' financial assets, cumulative impairment loss less any impairment loss on that financial asset previously recognised in profit and loss account, 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.

4.7 Employee retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

4.7.1 Defined benefit plans

(a) Gratuity plan

There is an approved funded defined benefit gratuity plan for all employees. 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, 2013. The actual return on plan assets during the year was Rs. 64.008 million. The actual return on plan assets represent the difference between the fair value of plan assets at the beginning of the year and end of the year adjustments for contributions made by the Company as reduced by benefits paid during the year.

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:

Discount rate 12.5 percent per annum;
Expected rate of increase in salary level 10.5 percent per annum;
Expected mortality rate SLIC (2001-2005) mortality table; and
Expected rate of return 11 percent per annum.

Plan assets include long-term Government bonds, equity instruments of listed companies and term deposits with banks. Return on Government bonds and debt is at fixed rates, however, due to increased volatility of share prices in recent months, there is no clear indication of return on equity shares, therefore, it has been assumed that the yield on equity shares would match the return on debt.

The Company is expected to contribute Rs. 13.17 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 recognized immediately in income.

(b) Pension Plan

All the executive staff participates in the pension plan of the Company. On December 26, 2012, the Board of Trustees of the pension fund decided to convert the Defined Benefit Plan to Defined Contribution Plan for all its active employees with effect from January 1, 2013 with no impact on the pensioners appearing on the pensioners' list as of that date. The proposed scheme was approved for implementation by the Commissioner Inland Revenue on February 22, 2013 and employees consent to the proposed scheme was sought and obtained.

Consequently, the pension plan / fund currently operate two different plans for its employees:
- Defined contribution plan for all active employees; and
- Defined benefit plan for pensioners who have retired before December 31, 2012.

In respect of the defined contribution plan, the Company contributes 20% of members' monthly salary to the scheme; whereas, an employee may or may not opt to contribute 6% of his monthly 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 Company from time to time. The last actuarial valuation was carried out as at December 31, 2013.

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 recognized immediately in income.

(c) Accumulating compensated absences

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

The Company uses the valuation performed by an independent actuary as the present value of its accumulating compensated absences.

Projected unit credit method, using the following significant assumptions, has been used for valuation of accumulating compensated absences:

Discount rate 12.5 percent per annum;
Expected rate of increase in salary level 10.5 percent per annum; and
Expected mortality rate SLIC (2001-2005) mortality table.

4.7.2 Defined contribution plan

There is an approved contributory provident fund for all employees. Equal monthly contributions are made by the Company and the employees to the fund. The nature of contributory pension fund has been explained in note 4.7.1 (b) above.

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

As per the Joint Venture agreement with Stora Enso, all accumulated balances due and payable to the employees in respect of pension, gratuity and provident fund maintained with Company as a consequence of cessation of their employment with Company were transferred by Company's Funds to BSPL's Funds or directly paid to the employees. This has been treated as a settlement as per IAS 19 - Employee Benefits.

4.7.3 Pension plan is a multi-employer plan formed by the Company in collaboration with Tri Pack Films Limited and DIC Pakistan Limited. Similarly, Gratuity plan is also a multi-employer plan formed by the Company in collaboration with DIC Pakistan Limited. Contribution by the companies is based on the respective number of employees of each company. Packages reports its proportionate share of the plan's commitments, managed assets and costs, in accordance with guidance provided by IAS 19 - Employee Benefits, regarding defined benefit plans, based on the number of its employees participating in the plans.

4.7.4 Change in Accounting Policy

During the year, the Company has changed its accounting policy in respect to recognition of actuarial gains and losses, past service costs and expected return on plan assets, whereby with effect from current year, the Company has recognized:

Actuarial gains and losses as they occur in other comprehensive income, instead of past policy, where actuarial gains and losses were recognised as income or expense in accordance with minimum recommended approach under the previous standard IAS 19 - 'Employees benefits';

All past service costs at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or termination benefits, instead of past policy, where the past service costs were recognised on a straight line basis over the average period until the benefits became vested and if the benefits were already vested, following introduction of or change in scheme, past service costs were recognised immediately in profit and loss account; and

Interest on net defined benefit obligation (net of plan assets) in profit and loss account, which is calculated using the discount rate used to measure the defined benefit obligation or asset, and expected return on plan assets will no longer be recognised in profit and loss account.

The change has been accounted for in accordance with the requirements of IAS 19 - Employee Benefits (Revised), as required under IAS 8 - Accounting Policies, Change in Accounting Estimates and Errors such a change to be applied retrospectively. Due to the change in accounting policy, the Company has presented as at the beginning of the earliest comparative period i.e. January 1, 2012 and related notes in accordance requirement of IAS 1 - Presentation of Financial Statements (Revised).

Had there been no change in the accounting policy due to recognition of actuarial gains and losses on defined benefit plans in accordance with IAS 19 (Revised), the following would have been the impact as of January 1, 2012, December 31, 2012 and for the year then ended:

(Rupees in thousand)	Gratuity	Pension	**Total**
As of January 1, 2012			
Employee benefit liability would have been lower by	-	394,472	394,472
Employee benefit asset would have been higher by	86,205	-	86,205
Deferred tax liability would have been higher by	8,621	39,447	48,068
Accumulated loss would have been lower by	77,584	355,025	432,609
As of and for the year ended December 31, 2012			
Employee benefit liability would have been higher by	16,847	-	16,847
Employee benefit asset would have been lower by	-	204,290	204,290
Deferred tax liability would have been lower by	1,685	20,429	22,114
Net effect	15,162	183,861	199,023
Loss for the year would have been higher by	28,800	241,647	270,447
Other comprehensive income would have been higher by	13,638	57,786	71,424
Accumulated loss would have been higher by	15,162	183,861	199,023
Basic and diluted earnings would have been lower by:			
- Continuing operations			1.67
- Discontinued operations			1.54
			3.21

4.8 Stores and spares

Stores and spares are valued at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Provision is made in the financial statements for obsolete and slow moving stores and spares based on management estimate.

4.9 Stock-in-trade

Stock of raw materials, except for those in transit, work-in-process and finished goods are valued principally at the lower of cost and net realisable value. Cost of raw materials is determined using the weighted 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 are measured based on a standard cost method, which is reviewed regularly to ensure relevant measures of utilisation, production lead time etc.

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

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.

4.10 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include loans, investments, trade and other debts, cash and bank balances, borrowings, trade and other payables, accrued expenses and unclaimed dividends. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.11 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.

4.12 Trade debts

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 are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, 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 balance sheet, finances under mark up arrangements are included in current liabilities.

4.14 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.

4.15 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 income statement 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.

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

4.16 Trade and other payables

Trade 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.

Liabilities for creditors and other costs payable are initially recognised at cost which is the fair value of the consideration to be paid in future for goods and/ or services, whether or not billed to the Company and subsequently measured at amortised cost using the effective interest method.

4.17 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 ongoing 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 affect 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.

4.18 Revenue recognition

Revenue is recognised on dispatch of goods or on the performance of services.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Dividend income and entitlement of bonus shares are recognised when right to receive such dividend and bonus shares is established.

4.19 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognised in the profit and loss account. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

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

4.21 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are approved.

4.22 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 re-measured subsequent to initial recognition except on conversion or expiry.

4.23 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when:

(i) the Company has a present legal or constructive obligation as a result of past events;
(ii) it is probable that an outflow of resources shall be required to settle the obligation; and
(iii) the amount has been reliably estimated.

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 Company. 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.

5. Issued, subscribed and paid up capital

2013 (Number of shares)	2012 (Number of shares)		2013 (Rupees in thousand)	2012 (Rupees in thousand)
33,603,295	33,603,295	Ordinary shares of Rs. 10 each fully paid in cash	336,033	336,033
148,780	148,780	Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	1,488	1,488
50,627,429	50,627,429	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	506,274	506,274
84,379,504	84,379,504		843,795	843,795

21,133,101 (2012: 21,082,601) ordinary shares of the Company are held by IGI Insurance Limited, an associated undertaking.

(Rupees in thousand)	Note	2013	2012
6. Reserves			
Movement in and composition of reserves is as follows:			
Capital			
Share premium	6.1	2,876,893	2,876,893
Fair value reserve			
At the beginning of the year		13,288,190	9,141,841
Fair value gain during the year		10,278,726	4,146,349
	6.2	23,566,916	13,288,190
		26,443,809	16,165,083
Revenue			
General reserve			
At the beginning of the year		14,910,333	16,160,333
Transferred to profit and loss account		(3,300,000)	(1,250,000)
		11,610,333	14,910,333
		38,054,142	31,075,416

6.1 This reserve can be utilised by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

6.2 As referred to in note 4.6 this represents the unrealised gain on remeasurement of investments at fair value and is not available for distribution. This shall be transferred to profit and loss account on derecognition of investments.

(Rupees in thousand)	Note	2013	2012
7. Long-term finances			
These are composed of:			
Local currency loans - secured			
Term Finance Loan	7.1.1	900,000	1,000,000
Long Term Finance Facility	7.1.2	2,000,000	2,000,000
		2,900,000	3,000,000
Preference shares / convertible stock - unsecured	7.2	2,470,577	2,470,577
		5,370,577	5,470,577
Current portion shown under current liabilities	12	(200,000)	(1,000,000)
		5,170,577	4,470,577

7.1 Local currency loans - secured

7.1.1 Term Finance Loan

During the current year, the Company has prepaid its Term Finance Loan of Rs. 1,000 million availed from Bank Al-Habib Limited having Bank Al-Habib Limited own source component of Rs. 578 million (2012: Rs. 578 million) and State Bank of Pakistan's long term finance facility component of Rs. 422 million (2012: Rs. 422 million) using long term loan of Rs. 1,000 million from Bank Al-Habib Limited. This loan is secured by a ranking charge of Rs. 1,273 million (2012: Rs.1,400 million) over present and future fixed assets of the Company located at Lahore excluding land and buildings. It carries mark up at the rate of six months KIBOR plus 0.65 percent per annum and is repayable in 10 equal semi-annual installments started on November 19, 2013 and ending on May 19, 2018. The effective mark up charged during the year ranges from 9.81 percent to 10.18 percent per annum.

7.1.2 Long Term Finance Facility

This loan has been obtained from Meezan Bank Limited under the Islamic mode of finance as a Musharika. It is secured by a ranking charge over all present and future fixed assets of the Company located at Lahore and Kasur excluding land and building located at Lahore amounting to Rs. 2,500 million. It carries mark up at six month KIBOR plus 0.65 percent per annum and is payable in 7 equal semi-annual installments starting on December 31, 2016 and ending on December 31, 2019. The effective mark up charged during the year ranges from 9.74 percent to 10.07 percent per annum.

7.2 Preference shares / convertible stock - unsecured

During the year 2009, the Company issued 10 percent local currency non-voting cumulative preference shares / convertible stock at the rate of Rs. 190 per share amounting to USD 50 million equivalent to PKR 4,120.5 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, in 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 cumulative basis till December 31, 2013 and thereafter, these shall become non-cumulative till the date of settlement of preference shares / convertible stock either in cash or ordinary shares.

Preference shares / convertible stock are recognised in the balance sheet as follows:

(Rupees in thousand)	**2013**	2012
Face value of preference shares / convertible stock	4,120,500	4,120,500
Transaction costs	(44,048)	(44,048)
	4,076,452	4,076,452
Equity component - classified under capital and reserves	(1,605,875)	(1,605,875)
Liability component - classified under long-term finances	2,470,577	2,470,577
Accrued return on preference shares / convertible stock classified under accrued finance cost	412,050	412,050

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 reserve.

(Rupees in thousand)	Note	2013	2012
8. Liabilities against assets subject to finance lease			
Present value of minimum lease payments		27,884	-
Current maturity shown under current liabilities	12	(3,702)	-
		24,182	-

Interest rate used as discounting factor ranges from 9.44 percent to 9.99 percent per annum (2012: Nil). Taxes, repairs, replacements and insurance costs are borne by the lessee.

The amount of the future lease payment 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 charges	Present value of lease liability 2013	Present value of lease liability 2012
Not later than one year	5,441	1,739	3,702	-
Later than one year and not later than five years	28,397	4,215	24,182	-
	33,838	5,954	27,884	-

(Rupees in thousand)	2013	2012 (Re-stated)
9. Deferred income tax liabilities		
The liability for deferred taxation comprises temporary differences relating to:		
Accelerated tax depreciation	564,728	551,041
Unused tax losses	-	(132,163)
Provision for accumulating compensated absences	(48,588)	(63,829)
Provision for doubtful debts	(11,870)	(18,508)
Preference shares / convertible stock transaction cost - liability portion	9,293	9,267
Net losses on retirement benefits	-	(25,719)
	513,563	320,089

9.1 The Company has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 746.705 million (2012: Rs. 566.842 million) and Nil (2012: Rs. 261.474 million) available to the Company under section 113 and section 65B of the Income Tax Ordinance, 2001 ('Ordinance') respectively and unused tax losses of Rs. 377.609 million (2012: Nil) in view of the management's estimate that the Company may not be able to offset these against tax liability arising in respect of relevant business profits of future periods, before these expire / lapse. Tax credits under section 113 of the Ordinance amounting to Rs. 68.813 million, Rs. 183.823 million, Rs. 203.917 million, Rs. 111.577 million and Rs. 178.574 are set to lapse by the end of years ending on December 31, 2014, 2015, 2016, 2017 and 2018 respectively.

(Rupees in thousand)	2013	2012
		(Re-stated)

10. Retirement benefits

Classified under non-current liabilities		
Pension fund	578	276,458
Gratuity fund	-	30,350
	578	306,808
Classified under non-current assets		
Gratuity fund	6,540	-

(Rupees in thousand)	Pension Fund 2013	2012	Gratuity Fund 2013	2012
		(Re-stated)		(Re-stated)
The amounts recognized in the balance sheet are as follows:				
Fair value of plan assets	567,707	305,573	281,655	341,021
Present value of defined benefit obligation	(568,285)	(582,031)	(275,115)	(371,371)
(Liability) / asset as at December 31	(578)	(276,458)	6,540	(30,350)
Net (liability) / asset as at January 1	(276,458)	(406,830)	(30,350)	3,094
(Charge) / income to profit and loss account	(15,205)	136,074	(16,213)	(34,254)
Gain / (loss) charged to OCI	14,628	(63,796)	8,793	(15,056)
Contribution by the Company	276,457	58,094	44,310	15,866
Net (liability) / asset as at December 31	(578)	(276,458)	6,540	(30,350)
The movement in the present value of defined benefit obligation is as follows:				
Present value of defined benefit obligation as at January 1	582,031	1,092,581	371,371	314,074
Service cost	-	31,488	15,311	18,448
Interest cost	60,425	132,649	31,628	35,664
Benefits paid	(65,433)	(62,772)	(167,685)	(57,528)
Settlements	-	(553,090)	-	-
Curtailment / settlement (gain) / loss	-	(196,267)	-	17,182
Loss from change in demographic assumptions	32,276	-	-	43,531
Gain from change in financial assumptions	(48,601)	-	-	-
Experience losses	7,587	137,442	24,490	-
Present value of defined benefit obligation as at December 31	568,285	582,031	275,115	371,371

(Rupees in thousand)	Pension Fund 2013	Pension Fund 2012 (Re-stated)	Gratuity Fund 2013	Gratuity Fund 2012 (Re-stated)
The movement in fair value of plan assets is as follows:				
Fair value as at January 1	305,573	685,750	341,021	317,168
Expected return on plan assets	45,220	86,516	30,726	37,044
Company contributions	276,459	58,094	44,308	15,866
Employee contributions	-	17,428	-	-
Benefits paid	(65,432)	(62,772)	(167,685)	(57,528)
Settlements	-	(553,090)	-	-
Experience gains	5,887	73,647	33,285	28,471
Fair value as at December 31	567,707	305,573	281,655	341,021
The amounts recognised in the profit and loss account are as follows:				
Current service cost	-	31,488	15,311	18,448
Interest cost for the year	60,425	132,649	31,628	35,664
Expected return on plan assets	(45,220)	(86,516)	(30,726)	(37,044)
Contribution made by the employees	-	(17,429)	-	-
(Gain) / loss on curtailment / settlement recognised	-	(196,266)	-	17,186
Total included in salaries, wages and amenities	15,205	(136,074)	16,213	34,254
Plan assets are comprised as follows:				
Debt	158,390	133,829	174,634	263,133
Equity	191,317	471,744	104,543	71,210
Cash	218,000	253,090	2,478	6,678
	567,707	858,663	281,655	341,021
Settlements	-	(553,090)	-	-
	567,707	305,573	281,655	341,021

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)	2013	2012	2011	2010	2009
As at December 31					
Present value of defined benefit obligation	568,285	582,031	1,092,581	890,215	767,086
Fair value of plan assets	567,707	305,573	685,750	649,568	592,086
Deficit	(578)	(276,458)	(406,831)	(240,647)	(175,000)
Experience adjustment on obligation	1%	13%	11%	5%	6%
Experience adjustment on plan assets	2%	11%	-10%	0%	5%

Fair value of plan assets include ordinary shares of the Company, whose fair value as at December 31, 2013 is Rs. 179.946 million (2012: Rs. 99.771 million).

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

(Rupees in thousand)	2013	2012 (Re-stated)	2011	2010	2009
As at December 31					
Present value of defined benefit obligation	275,115	371,371	314,074	285,349	247,893
Fair value of plan assets	281,655	341,021	317,168	304,449	303,425
Surplus/(deficit)	6,540	(30,350)	3,094	19,100	55,532
Experience adjustment on obligation	9%	14%	-1%	9%	5%
Experience adjustment on plan assets	14%	9%	-5%	-3%	-1%

Fair value of plan assets include ordinary shares of the Company, whose fair value as at December 31, 2013 is Rs. 28.488 million (2012: Rs. 15.795 million).

(Rupees in thousand)	2013 Pension	2013 Gratuity
Year end sensitivity analysis on defined benefit obligation:		
Discount rate + 100 bps	531,292	(18,622)
Discount rate - 100 bps	610,599	21,355
Indexation + 100 bps	617,747	21,560
Indexation - 100 bps	524,773	(19,098)

(Rupees in thousand)	2013	2012
11. Deferred liabilities		
This represents provision made to cover the obligation for accumulating compensated absences		
Opening balance	183,865	161,795
Provision for the year	64,198	50,740
	248,063	212,535
Payments made during the year	(20,131)	(28,670)
Payments made to employees of discontinued operations	(61,724)	-
	(81,855)	(28,670)
Liability transferred to BSPL	(26,632)	-
	139,576	183,865
Settlement to be made for employees of discontinued operations shown under accrued liabilities	-	(62,804)
Closing balance	139,576	121,061

(Rupees in thousand)	Note	2013	2012
12. Current portion of long-term liabilities			
Current portion of long-term finances - secured	7	200,000	1,000,000
Current portion of liabilities against assets subject to finance lease	8	3,702	-
		203,702	1,000,000
13. Finances under mark up arrangements - secured			
Running finances - secured	13.1	1,017,638	225,883
Bills discounted - secured	13.2	-	-
Short-term finances - secured	13.3	500,000	583,059
		1,517,638	808,942

13.1 Running finances - secured

Short-term running finances available from a consortium of commercial banks under mark up arrangements amount to Rs. 7,560 million (2012: Rs. 7,790 million). The rates of mark-up range from Re. 0.2468 to Re. 0.3055 per Rs. 1,000 per diem 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 Re. 0.2962 to Re. 0.5753 per Rs. 1,000 per diem or part thereof on the balances unpaid. The aggregate running finances are secured by hypothecation of stores, spares, stock-in-trade and trade debts.

13.2 Bills discounted - secured

Facilities for discounting of export / inland bills of Rs. 531 million (2012: Rs. 581 million) are available to the Company as a sub-limit of the running finance facilities referred to in note 13.1. 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 13.1, on the specific bills discounted. The facility is unavailed as at year end.

13.3 Short-term finances - secured

Facilities for obtaining short-term finances of Rs. 6,735 million (2012: Rs. 6,565 million) are available to the Company as a sub-limit of the running finance facilities referred to in note 13.1. The rates of mark-up range from Re. 0.2362 to Re. 0.2819 per Rs. 1,000 per diem or part thereof on the balances outstanding.

13.4 Letters of credit and bank guarantees

Of the aggregate facility of Rs. 6,039 million (2012: Rs. 6,733 million) for opening letters of credit and Rs. 1,294 million (2012: Rs. 1,294 million) for guarantees, the amount utilised at December 31, 2013 was Rs. 320.934 million (2012: Rs. 852.874 million) and Rs. 154.84 million (2012: Rs. 606.653 million) respectively. Of the facility for guarantees, Rs. 1,294 million (2012: Rs. 1,294 million) is secured by second hypothecation charge over stores, spares, stock-in-trade and trade debts.

14. Derivative financial instruments

Liability in respect of arrangements under the JV Agreement

This represents amount in respect of arrangements under the JV Agreement between the Company and Stora Enso referred to in note 1; which provide Stora Enso the right, in case certain conditions specified in the JV Agreement are not met, and obligates Stora Enso, in case certain conditions specified in the JV Agreement are met, to subscribe to the share capital of BSPL. A key condition of such right and obligation relates to the Joint Venture achieving specified EBITDA, to which the subscription price is also linked. At recognition last year, it was included in the loss recognised on re-measurement of the disposal group classified as held for sale referred to in note 17.1.2. The gain on re-measurement of this derivative during the current period has been included in other income of continuing operations as referred to in note 34.

(Rupees in thousand)	Note	2013	2012
15. Trade and other payables			
Trade creditors	15.1	815,961	863,366
Accrued liabilities	15.2	466,657	668,542
Bills payable		1,433,633	171,271
Retention money payable		-	59,250
Sales tax payable		13,839	80,061
Advances from customers	15.3	88,971	49,623
Payable to employees' retirement benefit funds	15.4	11,817	15,480
Deposits - interest free repayable on demand		8,523	11,136
TFCs payable		1,387	1,387
Unclaimed dividends		13,938	12,448
Workers' profit participation fund		106,636	-
Workers' welfare fund		40,522	-
Others		50,478	44,934
		3,052,362	1,977,498

15.1 Trade creditors include amount due to related parties Rs. 309.680 million (2012: Rs. 170.458 million)

15.2 Accrued liabilities include amounts in respect of related parties Rs. 24.624 million (2012: Rs. 15.788 million).

15.3 Advances from customers include amounts from related party Rs. 0.798 million (2012: Rs. 0.911 million).

(Rupees in thousand)	Note	2013	2012
15.4 Payable to employees' retirement benefit funds			
Employees' provident fund	15.4.1	6,122	7,849
Employees' gratuity fund		978	1,334
Management staff pension fund		4,717	6,297
		11,817	15,480
15.4.1 Employees' provident fund			
(i) Size of the fund		1,276,724	1,129,180
(ii) Cost of investments made		644,772	806,415
(iii) Fair value of investments	15.4.2	1,247,101	1,086,636
(iv) Percentage of investments made		97.68%	96.23%

15.4.2 Fair value of investments

	2013		2012	
	Rupees in thousand	%age of size of the Fund	Rupees in thousand	%age of size of the Fund
Break up of investments				
Equity shares of listed companies	738,591	57.85%	415,010	36.75%
Mutual funds	151,229	11.85%	198,466	17.58%
National Saving Bonds	-	0.00%	18,341	1.62%
Izafa Certificates	108,989	8.54%	97,904	8.67%
Pakistan Investment Bonds	115,436	9.04%	114,778	10.16%
Term Finance Certificates	28,558	2.24%	90,242	7.99%
Term Deposit Receipts with banks	57,172	4.48%	75,364	6.67%
Treasury Bills	47,126	3.69%	76,531	6.78%
	1,247,101	97.68%	1,086,636	96.23%

15.4.3 The investments by the Provident Fund Trust have been made in accordance with the provisions of section 227 of the Ordinance and the Rules formulated for this purpose.

(Rupees in thousand)	2013	2012
16. Accrued finance cost		
Accrued mark up / return on:		
Long-term local currency loans - secured	98,751	49,438
Preference shares / convertible stock - unsecured	412,050	412,050
Finances under mark up arrangements - secured	19,523	69,013
	530,324	530,501

17. Disposal group classified as held for sale and Discontinued operations

As more fully explained in note 1 to these financial statements, the disposal group comprised of the Paper & Paperboard and Corrugated business operations at Kasur and Karachi. The assets and liabilities of disposal group were separately classified as held for sale last year as identified in note 17.1. In connection with this, the profit and loss account for these operations has also been separately classified as a discontinued operation in note 17.2. During the year, assets along with liabilities were transferred to BSPL.

17.1 Assets and liabilities of disposal group classified as held for sale

(Rupees in thousand)	Note	2013	2012
a) Assets classified as held for sale			
Operating assets	17.1.1	-	10,249,450
Capital work-in-progress		-	162,365
Intangible assets		-	10,021
Stores and spares		-	695,153
Stock-in-trade		-	3,426,302
Total assets of the disposal group		-	14,543,291
b) Liabilities directly associated with assets classified as held for sale			
Deferred income tax liabilities	17.1.3	-	551,513
Short-term finances - secured		-	5,100,000
Other payables		-	17,684
Total liabilities of the disposal group		-	5,669,197
17.1.1 Operating assets			
Opening balance		10,249,450	-
Assets of disposal group classified as held for sale as at September 30, 2012		-	14,672,768
Net book value of additions / transfers in		113,580	32,402
Net book value of deletions / transfers out		(1,176)	(1,591)
		10,361,854	14,703,579
Loss recognised on the re-measurement of assets of disposal group	17.1.2	-	(4,454,129)
		10,361,854	10,249,450
Assets transferred out to BSPL during the year		(10,361,854)	-
		-	10,249,450

17.1.2 Loss recognised on the re-measurement of assets of disposal group

This represents the difference between the carrying values of net assets to be transferred to BSPL and the estimated fair value thereof in the form of Company's interest in the Joint Venture, net of the amount as described in note 14.

(Rupees in thousand)	2013	2012

17.1.3 Deferred income tax liabilities

The liability for deferred taxation comprises temporary differences relating to:

Accelerated tax depreciation	-	2,011,843
Un-absorbed tax depreciation	-	(1,460,330)
	-	551,513

The tax losses as at December 31, 2013 transferable to BSPL are estimated approximately at Nil (2012: Rs. 4,172.371 million).

17.1.4 Commitments in respect of disposal group classified as held for sale

(i) Letters of credit and contracts for capital expenditure Nil (2012: Rs. 2.242 million).

(ii) Letters of credit and contracts other than for capital expenditure Nil (2012: Rs. 369.488 million).

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

(Rupees in thousand)	2013	2012
Not later than one year	-	346
Later than one year and not later than five years	-	268
	-	614

17.2 Profit and loss account - Discontinued operations

(Rupees in thousand)	Note	Paper & Paperboard and Corrugated business operations at Kasur and Karachi 2013	2012 (Re-stated)	Paper & Paperboard operations at Lahore 2013	2012 (Re-stated)	Total 2013	2012 (Re-stated)
Local sales		2,942,776	10,039,377	-	42,002	2,942,776	10,081,379
Export sales		7,213	27,642	-	-	7,213	27,642
		2,949,989	10,067,019	-	42,002	2,949,989	10,109,021
Less: Sales tax and excise duty		381,372	1,357,088	-	3,523	381,372	1,360,611
Commission		-	34	-	-	-	34
		381,372	1,357,122	-	3,523	381,372	1,360,645
		2,568,617	8,709,897	-	38,479	2,568,617	8,748,376
Sales to Continuing operations		448,623	1,954,155	-	-	448,623	1,954,155
		3,017,240	10,664,052	-	38,479	3,017,240	10,702,531
Cost of sales		(2,839,762)	(10,043,601)	(8,664)	(294,164)	(2,848,426)	(10,337,765)
Gross profit / (loss)		177,478	620,451	(8,664)	(255,685)	168,814	364,766
Administrative expenses	17.2.1	(112,929)	(321,442)	(440)	(40,879)	(113,369)	(362,321)
Distribution and marketing costs		(62,146)	(179,094)	(222)	(16,718)	(62,368)	(195,812)
Other operating expenses		(5,065)	(38,472)	(2,781)	(15,942)	(7,846)	(54,414)
Other income		1,151	36,729	49,636	7,963	50,787	44,692
(Loss) / profit from operations		(1,511)	118,172	37,529	(321,261)	36,018	(203,089)
Finance cost		(244,876)	(974,093)	-	(3,411)	(244,876)	(977,504)
(Loss) / profit before tax from Discontinued operations		(246,387)	(855,921)	37,529	(324,672)	(208,858)	(1,180,593)
Taxation		(26,000)	139,811	(14,245)	113,828	(40,245)	253,639
(Loss) / profit after tax from Discontinued operations		(272,387)	(716,110)	23,284	(210,844)	(249,103)	(926,954)
Loss before tax recognised on the re-measurement of assets of disposal group		-	(4,618,688)	-	-	-	(4,618,688)
Taxation		-	1,616,541	-	-	-	1,616,541
Loss after tax recognised on the re-measurement of assets of disposal group		-	(3,002,147)	-	-	-	(3,002,147)
(Loss) / profit for the year from Discontinued operations		(272,387)	(3,718,257)	23,284	(210,844)	(249,103)	(3,929,101)

17.2.1 Included in administrative expenses of Paper & Paperboard and Corrugated business operations at Kasur and Karachi is an amount of Rs. 21.093 million (2012: Rs. 5.613 million) and Nil (2012: Rs. 7.338 million) on account of legal and professional services and travelling respectively in respect of transaction referred to in note 1 to these financial statements.

17.3 Cash flows from Discontinued operations

(Rupees in thousand)	Paper & Paperboard and Corrugated business operations at Kasur and Karachi 2013	2012	Paper & Paperboard operations at Lahore 2013	2012	Total 2013	2012
Cash flows from operating activities	718,136	(523,873)	13,130	162,046	731,266	(361,827)
Cash flows from investing activities	(81,289)	(173,772)	36,611	49,160	(44,678)	(124,612)
Cash flows from financing activities	-	(5,485,714)	-	-	-	(5,485,714)
Total cash flows	636,847	(6,183,359)	49,741	211,206	686,588	(5,972,153)

18. Contingencies and commitments

18.1. Contingencies

(i) Claims against the Company not acknowledged as debts Rs. 19.550 million (2012: Rs. 25.860 million).

(ii) Post dated cheques not provided in the financial statements have been furnished by the Company in favor of the Collector of Customs against custom levies aggregated to Rs. 393.075 million (2012: Rs. 217.102 million) in respect of goods imported.

18.2. Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 174.284 million (2012: Rs. 81.017 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs. 381.552 million (2012: Rs. 618.740 million).

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

(Rupees in thousand)	2013	2012
Not later than one year	255,256	170,192
Later than one year and not later than five years	228,369	495,581
	483,625	665,773

There are no commitments with related parties.

19. Property, plant and equipment

	Note	2013	2012
Owned assets	19.1	3,270,563	3,068,122
Assets subject to finance lease	19.2	28,349	-
Capital work-in-progress	19.3	366,374	390,993
		3,665,286	3,459,115

19.1 Owned assets

	2013										
(Rupees in thousand)	Cost as at December 31, 2012	Additions / (deletions)	Transfer in / (out) (note 20)	Assets of disposal group classified as held for sale	Cost as at December 31, 2013	Accumulated depreciation as at December 31, 2012	Depreciation charge / (deletions) for the year	Transfer in / (out) (note 20)	Assets of disposal group classified as held for sale	Accumulated depreciation as at December 31, 2013	Book value as at December 31, 2013
Freehold land	206,322	-	-	-	147,571	-	-	-	-	-	147,571
		-	(58,751)				-	-			
Buildings on freehold land	333,450	177,249	-	1,735	475,749	128,566	16,955	-	-	120,228	355,521
		(1,830)	(34,855)				(1,311)	(23,982)			
Buildings on leasehold land	180,553	35,735	5,131	-	221,419	89,632	6,921	3,714	-	100,267	121,152
		-					-	-			
Plant and machinery	7,217,202	268,813	-	-	7,289,458	4,899,860	338,817	-	-	5,047,057	2,242,401
		(196,557)	-				(191,620)	-			
Other equipments (computers, lab equipments and other office equipments)	468,221	211,268	-	(1,166)	669,553	361,933	52,545	-	(817)	405,302	264,251
		(8,770)	-				(8,359)	-			
Furniture and fixtures	13,370	-	-	-	13,320	12,651	320	-	-	12,921	399
		(50)	-				(50)	-			
Vehicles	244,186	62,791	-	(34,081)	230,537	102,540	24,603	-	(12,349)	91,269	139,268
		(42,359)	-				(23,525)	-			
	8,663,304	755,856	5,131	(33,512)	9,047,607	5,595,182	440,161	3,714	(13,166)	5,777,044	3,270,563
		(249,566)	(93,606)				(224,865)	(23,982)			

(Rupees in thousand)	Cost as at December 31, 2011	Additions / (deletions)	Transfer in (note 20)	Assets of disposal group classified as held for sale	Cost as at December 31, 2012	Accumulated depreciation as at December 31, 2011	Depreciation charge / (deletions) for the year	Transfer in (note 20)	Assets of disposal group classified as held for sale	Accumulated depreciation as at December 31, 2012	Book value as at December 31, 2012
	2012										
Freehold land	311,489	-	-	(105,167)	206,322	-	-	-	-	-	206,322
		-					-				
Buildings on freehold land	3,143,215	8,236	-	(2,818,001)	333,450	518,783	89,669	-	(479,886)	128,566	204,884
		-					-				
Buildings on leasehold land	167,545	3,072	9,936	-	180,553	76,232	6,305	7,095	-	89,632	90,921
		-					-				
Plant and machinery	23,672,350	711,401	-	(16,899,351)	7,217,202	8,774,709	1,062,638	-	(4,738,318)	4,899,860	2,317,342
		(267,198)					(199,169)				
Other equipments (computers, lab equipments and other office equipments)	495,048	56,443	-	(78,374)	468,221	361,694	50,922	-	(46,001)	361,933	106,288
		(4,896)					(4,682)				
Furniture and fixtures	19,318	-	-	(5,923)	13,370	14,716	729	-	(2,769)	12,651	719
		(25)					(25)				
Vehicles	317,572	69,334	-	(87,875)	244,186	160,028	32,227	-	(54,949)	102,540	141,646
		(54,845)					(34,766)				
	28,126,537	848,486	9,936	(19,994,691)	8,663,304	9,906,162	1,242,490	7,095	(5,321,923)	5,595,182	3,068,122
		(326,964)					(238,642)				

19.1.1 Owned assets include assets amounting to Rs. 28.304 million (2012: Rs. 43.498 million) of the Company which are not in operation.

19.1.2 The cost of fully depreciated assets which are still in use as at December 31, 2013 is Rs. 3,295.723 million (2012: Rs. 3,785.491 million).

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

		Continuing operations		Discontinued operations Paper & Paperboard and Corrugated business at Kasur and Karachi		Discontinued operations Paper & Paperboard at Lahore		Total	
(Rupees in thousand)	Note	2013	2012	2013	2012	2013	2012	2013	2012
Cost of sales	30	405,011	327,956	-	852,967	8,664	34,003	413,675	1,214,926
Administrative expenses	31	18,857	10,858	-	7,493	440	1,140	19,297	19,491
Distribution and marketing costs	32	6,967	5,757	-	1,595	222	721	7,189	8,073
		430,835	344,571	-	862,055	9,326	35,864	440,161	1,242,490

19.1.4 Disposal of owned assets

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

(Rupees in thousand)		2013				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
Buildings	**Outsiders**					
	Muhammad Younis and Company	1,830	1,311	519	541	Negotiation
Plant and machinery	**Outsiders**					
	M. Younis and Co. Jutt Brothers, Al - Irfan Business Corporation	8,742	3,806	4,936	2,525	Negotiation
Other equipments	**Outsiders - related party**					
	IGI Insurance Limited	107	9	98	80	Insurance Claim
Vehicles	**Employees**					
	Abid Ali	652	334	318	401	Company Policy
	Aqeel Ahmad Qazi	1,401	406	995	1,350	Negotiation
	Babar Hussain	1,690	101	1,588	1,690	Company Policy
	Iftikhar Ahmed	1,226	123	1,103	1,069	-do-
	Imran Iqbal	415	296	119	197	-do-
	Imran Saeed	480	240	240	251	-do-
	Jahanzaib Khan	363	272	91	755	Negotiation
	Jawad Khurram Rizvi	482	271	211	251	Company Policy
	Khalid Mahmood	845	391	454	531	-do-
	Khalid Mahmood Butt	868	651	217	217	-do-
	Khalid Yacob	1,534	1,150	383	1,148	Negotiation
	Mahmood Ahmed Bhatti	672	27	645	672	Company Policy
	Mansoor Hassan Bhatti	851	628	223	415	-do-
	Mashkoor Hussain Qureshi	658	477	181	316	-do-
	Mian Abdul Rasheed Shaheen	553	415	138	306	-do-
	Mian Mobin Javed	508	381	127	245	-do-
	Moeez Karim	911	683	228	875	Negotiation
	Mubarik Ali	1,312	722	590	954	Company Policy
	Muhammad Akmal	1,015	736	279	682	-do-
	Muhammad Ilyas	620	112	508	532	-do-
	Muhammad Mubashir Rasheed	604	109	495	445	-do-
	Nasir Islam	652	481	171	390	-do-
	Naveed Waheed Malik	621	435	186	186	-do-
	Qayyuum Nadeem	649	19	630	652	-do-
	Rahim Danish Khan	590	443	148	330	-do-
	Rohan Ahmed Mumtaz	585	111	474	428	-do-
	Saad Arshad Siddiqui	707	106	601	511	-do-
	Sabih Ahmed Jilani	652	489	163	390	-do-
	Syed Muhammad Umair	1,753	308	1,445	1,528	-do-
	Tayyab Malik	533	393	140	293	-do-
	Zubda Mehmood	2,015	514	1,501	1,735	-do-
	Outsiders					
	Bilal Ahmed	1,520	1,117	404	1,475	Negotiation
	Malik Safdar Iqbal	735	551	184	448	-do-
	Tajammal Hussain	599	450	150	490	-do-
	Rizwan Ahmad Khan	821	411	411	700	-do-
	Amjad Hussain	965	212	752	874	-do-
	Khair Agencies Karachi	943	141	801	900	-do-
	Bismillah Traders	3,971	2,688	1,282	344	-do-
	Ini Logistics	3,839	3,583	256	593	-do-
Other assets with book value less than Rs. 50,000		199,077	198,762	313	39,794	Negotiation
		249,566	224,865	24,698	68,509	

(Rupees in thousand)				2012		
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
Plant and machinery	Outsiders					
	Pak Board Mill, Muhammad Amin Dogar, Jutt Brothers, Boss Links	181,508	113,479	68,029	46,502	Negotiation
Other equipments	Outsiders					
	M/s. Iqbal Jutt	650	509	141	173	Negotiation
Vehicles	Employees					
	Abida Akram	477	346	131	253	Company Policy
	Adnan Tufail	402	296	106	192	-do-
	Ali Hassan Siddique	495	142	353	358	-do-
	Ali Usman Awan	725	278	447	568	-do-
	Amad Ud Din	579	326	253	212	-do-
	Amir Janjua	979	710	269	590	-do-
	Ammarah Javed Agha	581	93	488	498	-do-
	Aqeel Qazi	900	675	225	860	-do-
	Arslan Tauheed Abbasi	495	99	396	421	-do-
	Asma Yousaf	476	345	131	247	-do-
	Ataunnoor Ahmad	381	285	96	169	-do-
	Athar Riaz	615	454	161	365	-do-
	Attia Jamal	617	463	154	337	-do-
	Ayaz Haseeb	360	270	90	160	-do-
	Babar Hussain	849	637	212	556	-do-
	Behram Nazir	414	233	181	219	-do-
	Faraz Zafar	707	64	643	601	-do-
	Farhan M.Jaffer	716	105	611	629	-do-
	Farid Ahmad	1,269	555	714	980	-do-
	Haseeb Riaz	519	97	422	420	-do-
	Hassan Ahmed Mughal	384	245	139	202	-do-
	Iftikhar Ahmad	705	529	176	439	-do-
	Iftikhar Ahmad	1,232	462	770	875	-do-
	Ijaz Ahmad	988	580	408	629	-do-
	Ishtiaq Ur Rehman	385	231	154	203	-do-
	Jananzeb Khan	1,157	868	289	807	-do-
	Kamal Bariq	401	291	110	191	-do-
	Kamran Jamshed	850	425	425	485	-do-
	Khalid Bin Yousaf	700	236	464	515	-do-
	Khalid Mehmood	800	340	460	572	-do-
	Majeed Ghani	585	307	278	362	-do-
	Mian Javaid Iqbal	820	595	225	532	-do-
	Mudussar Anjum	384	259	125	177	-do-
	Muhammad Tariq	427	320	107	207	-do-
	Muhammad Ahmad	665	283	382	450	-do-
	Muhammad Amin	374	266	108	169	-do-
	Muhammad Anis	643	113	530	511	-do-
	Muhammad Faraz	396	262	134	208	-do-
	Muhammad Usman Akram	480	222	258	256	-do-
	Mustansar Bashir	475	339	136	251	-do-
	Naeem Shaukat	1,000	300	700	821	-do-
	Nauman Majeed Khan	1,318	264	1,054	952	-do-
	Naveed Ehsaan	859	268	591	689	-do-
	Omer Qureshi	366	275	91	138	-do-
	Rameez Jahangir	754	68	686	646	-do-
	Rana Sher Afghan	610	130	480	465	-do-
	Carried forward	212,472	128,939	83,533	67,062	

(Rupees in thousand)		2012				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
	Brought forward	212,472	128,939	83,533	67,062	
Vehicles	Sajjad Iftikhar	576	425	151	255	Company Policy
	Samreen Saleem	362	258	104	161	-do-
	Shabir Hussain	564	310	254	353	-do-
	Shahida Naeem	940	693	247	630	-do-
	Shoaib Nangiana	571	428	143	589	Negotiation
	Shoaib Saleem	479	317	162	255	Company Policy
	Syed Ahmad Mujtaba	360	270	90	160	-do-
	Syed Babar Hussain	549	99	450	460	-do-
	Tahir Mahmood	380	285	95	174	-do-
	Usman Ghani	660	289	371	446	-do-
	Usman Tahir	463	168	295	286	-do-
	Zaid Ashraf Nizami	498	137	361	361	-do-
	Outsiders					
	IGI Insurance Limited, a related party	4,706	1,621	3,085	4,329	Insurance Claim
	Maswar Subhani	1,072	804	268	725	Negotiation
	Maheen Saqib	916	687	229	800	-do-
Other assets with book value less than Rs. 50,000		204,045	203,970	75	36,718	
		429,613	339,700	89,913	113,764	

19.2 Assets subject to finance lease

(Rupees in thousand)	2013						
	Cost as at December 31, 2012	Additions	Cost as at December 31, 2013	Accumulated depreciation as at December 31, 2012	Depreciation charge for the year	Accumulated depreciation as at December 31, 2013	Book value as at December 31, 2013
Vehicles	-	28,897	28,897	-	548	548	28,349
	-	28,897	28,897	-	548	548	28,349

19.2.1 Depreciation charge for the year has been allocated to cost of sales.

(Rupees in thousand)	2013	2012
19.3 Capital work-in-progress		
Civil works	174,826	172,830
Plant and machinery [including in transit Nil (2012: Rs. 95.652 million)]	139,391	197,731
Others	224	246
Advances	51,933	20,186
	366,374	390,993

20. Investment property

(Rupees in thousand)	Cost as at December 31, 2012	Transfer in / (out)	Cost as at December 31, 2013	Accumulated depreciation as at December 31, 2012	Depreciation charge for the year	Transfer in / (out)	Accumulated depreciation as at December 31, 2013	Book value as at December 31, 2013
2013								
Land	8,594	58,751	67,345	-	-	-	-	67,345
Buildings on freehold land	6,296	34,855	41,151	4,404	420	23,982	28,806	12,345
Buildings on leasehold land	28,872	(5,131)	23,741	13,885	2,422	(3,714)	12,593	11,148
	43,762	88,475	132,237	18,289	2,842	20,268	41,399	90,838

(Rupees in thousand)	Cost as at December 31, 2011	Transfer out	Cost as at December 31, 2012	Accumulated depreciation as at December 31, 2011	Depreciation charge for the year	Transfer out	Accumulated depreciation as at December 31, 2012	Book value as at December 31, 2012
2012								
Land	8,594	-	8,594	-	-	-	-	8,594
Buildings on freehold land	6,296	-	6,296	3,984	420	-	4,404	1,892
Buildings on leasehold land	38,808	(9,936)	28,872	19,771	1,209	(7,095)	13,885	14,987
	53,698	(9,936)	43,762	23,755	1,629	(7,095)	18,289	25,473

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

20.2 Fair value of the investment property, based on the valuation carried out by an independent valuer, as at December 31, 2013 is Rs. 768.898 million (2012: Rs. 153.334 million).

(Rupees in thousand)	Note	2013	2012
21. Intangible assets			
This represents computer software and ERP system.			
Cost			
As at January 1		176,651	165,620
Additions		2,108	11,668
Deletions		(9,424)	(637)
As at December 31		169,335	176,651
Accumulated amortisation			
As at January 1		(135,240)	(126,732)
Amortization for the year	21.1	(11,335)	(9,145)
Deletions		9,425	637
As at December 31		(137,150)	(135,240)
		32,185	41,411

21.1 The amortisation charge for the year has been allocated as follows:

	Note	2013	2012
Continuing operations			
Cost of sales	30	2,599	194
Administrative expenses	31	8,736	4,789
		11,335	4,983
Discontinued operations			
Administrative expenses		-	4,162
		11,335	9,145

(Rupees in thousand)	Note	2013	2012

22. Investments

	Note	2013	2012
These represent the long-term investments in:			
Related parties	22.1	13,481,183	3,507,540
Others	22.3	27,566,847	17,288,120
		41,048,030	20,795,660

22.1 Related parties

	Note	2013	2012
Subsidiaries - unquoted			
Bulleh Shah Packaging (Private) Limited			
Nil (2012: 900) fully paid ordinary shares of Rs. 10 each			
Equity held Nil (2012: 100.00%)		-	9
DIC Pakistan Limited			
3,377,248 (2012: 3,377,248) fully paid ordinary shares of Rs. 10 each			
Equity held 54.98% (2012: 54.98%)		15,010	15,010
Packages Construction (Private) Limited			
2,500,000 (2012: 2,500,000) fully paid ordinary shares of Rs. 10 each			
Equity held 99.99% (2012: 99.99%)		19,090	19,090
Packages Lanka (Private) Limited			
44,698,120 (2012: 44,698,120) shares of SL Rupees 10 each			
Equity held 79.07% (2012: 79.07%)		442,938	442,938
		477,038	477,047
Joint Venture - unquoted			
Bulleh Shah Packaging (Private) Limited			
709,718,013 (2012: Nil) fully paid ordinary shares of Rs. 10 each			
Equity held 65.00% (2012: Nil)		9,973,652	-
Associates - quoted			
IGI Insurance Limited	22.2		
11,838,267 (2012: 11,838,267) fully paid ordinary shares of Rs. 10 each			
Equity held 10.61% (2012: 10.61%)		878,378	878,378
Market value - Rs. 1,945.974 million (2012: Rs. 1,139.788 million)			
Tri-Pack Films Limited			
10,000,000 (2012: 10,000,000) fully paid ordinary shares of Rs. 10 each		2,141,233	2,141,233
Equity held 33.33% (2012: 33.33%)			
Market value - Rs. 1,976.1 million (2012: Rs. 1,920 million)			
IGI Investment Bank Limited	22.2		
4,610,915 (2012: 4,610,915) fully paid ordinary shares of Rs. 10 each			
Equity held 2.17% (2012: 2.17%)		10,882	10,882
Market value - Rs. 7.700 million (2012: Rs. 10.882 million)			
		3,030,493	3,030,493
		13,481,183	3,507,540

22.2 The Company's investment in IGI Insurance Limited and IGI Investment Bank Limited is less than 20% but they are considered to be associates as per the requirement of IAS 28 'Investments in Associates' because the Company has significant influence over the financial and operating policies of these companies through representation on the board of directors of these companies.

(Rupees in thousand)		Note	2013	2012
22.3	**Others**			
	Quoted			
	Nestle Pakistan Limited	22.4		
	3,649,248 (2012: 3,649,248) fully paid ordinary shares of Rs. 10 each			
	Equity held 8.05% (2012: 8.05%)		27,551,822	17,273,095
	Market value - Rs. 27,551.822 million (2012: Rs. 17,273.095 million)			
	Unquoted			
	Tetra Pak Pakistan Limited	22.4		
	1,000,000 (2012: 1,000,000) fully paid non-voting shares of Rs. 10 each		10,000	10,000
	Coca-Cola Beverages Pakistan Limited			
	500,000 (2012: 500,000) fully paid ordinary shares of Rs. 10 each			
	Equity held 0.14% (2012: 0.14%)		5,000	5,000
	Pakistan Tourism Development Corporation Limited			
	2,500 (2012: 2,500) fully paid ordinary shares of Rs. 10 each		25	25
	Orient Match Company Limited			
	1,900 (2012: 1,900) fully paid ordinary shares of Rs. 100 each		-	-
			15,025	15,025
			27,566,847	17,288,120

22.4 Nestle Pakistan Limited and Tetra Pak Pakistan Limited are associated undertakings as per the Companies Ordinance, 1984, however, for the purpose of measurement, investments in others have been classified as available for sale as referred to in note 4.6.

(Rupees in thousand)		Note	2013	2012
23.	**Long-term loans and deposits**			
	Considered good			
	Loans to employees	23.1	4,634	5,269
	Loan to SNGPL	23.2	65,600	82,000
	Security deposits		14,433	27,454
			84,667	114,723
	Less: Receivable within one year			
	Loans to employees	27	1,261	1,218
	Loan to SNGPL	27	16,400	16,400
			17,661	17,618
			67,006	97,105

23.1 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. 2.659 million (2012: Rs. 3.008 million) are secured by joint registration of motor cycles in the name of employees and the Company. The remaining loans are unsecured.

23.2 This represents an unsecured loan given to Sui Northern Gas Pipelines Limited (SNGPL) for the development of the infrastructure for the supply of natural gas to the Joint Venture entity (BSPL). Mark up is charged at the rate of 1.5% per annum and is received annually. The remaining amount is receivable in 4 annual installments.

(Rupees in thousand)	2013	2012
24. Stores and spares		
Stores [including in transit Rs. 9.260 million (2012: Rs. 6.328 million)]	337,526	261,120
Spares [including in transit Rs. 1.810 million (2012: Rs. 4.511 million)]	231,067	200,505
	568,593	461,625

24.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable and are net of an amount of Nil (2012: Rs. 1.452 million) in respect of provision for slow moving stores and spares.

(Rupees in thousand)	2013	2012
25. Stock-in-trade		
Raw materials [including in transit Rs. 253.644 million (2012: Rs. 194.250 million)].	1,316,332	970,058
Work-in-process	222,373	243,018
Finished goods	526,196	696,731
	2,064,901	1,909,807

25.1 Finished goods with a cost Rs. 25.267 million (2012: Rs. 27.090 million) are being valued at net realisable value of Rs. 22.087 million (2012: Rs. 23.864 million).

(Rupees in thousand)	Note	2013	2012
26. Trade debts			
Considered good			
Related parties - unsecured	26.1	68,964	16,311
Others	26.2	1,553,845	2,263,604
		1,622,809	2,279,915
Considered doubtful		36,922	54,550
		1,659,731	2,334,465
Provision for doubtful debts	26.3	(36,922)	(54,550)
		1,622,809	2,279,915

	2013	2012
26.1 Related parties - unsecured		
Subsidiary		
DIC Pakistan Limited	7,330	4,190
Joint Venture		
Bulleh Shah Packaging (Private) Limited	41,909	-
Associate		
Tri-Pack Films Limited	19,725	12,121
	68,964	16,311

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

26.2 Others include debts of Rs. 172.458 million (2012: Rs. 264.286 million) which are secured by way of bank guarantees and inland letters of credit.

(Rupees in thousand)		Note	2013	2012
26.3	**The movement in provision during the year is as follows:**			
	Balance as at January 1		54,550	42,269
	Provision (written back) / for the year		(2,064)	12,281
	Bad debts written off		(15,564)	-
	Balance as at December 31		36,922	54,550
27.	**Loans, advances, deposits, prepayments and other receivables**			
	Current portion of loans to employees	23	1,261	1,218
	Current portion of loan receivable from SNGPL	23	16,400	16,400
	Advances - considered good			
	To employees	27.1	10,615	22,514
	To suppliers		41,702	40,729
			52,317	63,243
	Due from related parties - unsecured	27.2	1,466,388	14,700
	Trade deposits		85,018	108,633
	Prepayments		19,422	22,134
	Balances with statutory authorities			
	Customs duty		5,103	6,937
	Sales tax recoverable		17,791	13,970
			22,894	20,907
	Mark-up receivable on			
	Loan to SNGPL		54	64
	Term deposits and saving accounts		85	348
			139	412
	Insurance claim receivable in respect of assets written off due to fire from IGI Insurance Limited - an associate		-	89,412
	Other receivables		27,548	75,807
			1,691,387	412,866

27.1 Included in advances to employees are amounts due from executives of Rs. 0.714 million (2012: Rs. 6.615 million).

(Rupees in thousand)		2013	2012
27.2	**Due from related parties - unsecured**		
	Subsidiaries		
	DIC Pakistan Limited	13,173	9,966
	Packages Lanka (Private) Limited	14,291	3,692
	Bulleh Shah Packaging (Private) Limited	-	698
	Joint Venture		
	Bulleh Shah Packaging (Private) Limited	1,437,067	-
	Associates		
	Tri-Pack Films Limited	605	63
	IGI Insurance Limited	1,252	281
		1,466,388	14,700

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

(Rupees in thousand)	Note	2013	2012
28. Income tax receivable			
Income tax refundable		2,139,840	1,567,293
Income tax recoverable	28.1	36,013	36,013
		2,175,853	1,603,306

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

The Company had filed an appeal against the revised orders of the ITO before the Commissioner of Income Tax (Appeals) [CIT(A)], Karachi. 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 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 Rs. 36.013 million represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the assessments.

(Rupees in thousand)	Note	2013	2012
29. Cash and bank balances			
At banks:			
On saving account	29.1	56,315	259,947
On current accounts [including USD 674(2012: USD 1,042)]	29.2	174,130	96,628
		230,445	356,575
In hand		5,429	5,805
		235,874	362,380

29.1 The balances in saving accounts bear mark-up which ranges from 6.0 % to 9.25% (2012: 5.0% to 11.65%) per annum.

29.2 Included in these are total restricted funds of Rs. 1.332 million (2012: Rs. 1.332 million) held as payable to TFC holders.

(Rupees in thousand)	Note	2013	2012
			(Re-stated)
30. Cost of sales			
Materials consumed		9,131,266	7,406,733
Salaries, wages and amenities	30.1	874,407	755,895
Travelling		23,305	12,278
Fuel and power		899,376	920,546
Production supplies		305,690	232,923
Excise duty and sales tax		3,843	754
Rent, rates and taxes	30.2	264,795	313,037
Insurance		36,916	26,714
Repairs and maintenance		303,071	306,975
Packing expenses		194,760	42,044
Depreciation on owned assets	19.1.3	405,011	327,956
Depreciation on assets subject to finance lease	19.2.1	548	-
Amortisation of intangible assets	21.1	2,599	194
Technical fee and royalty		10,394	7,440
Other expenses	30.3	131,449	110,193
		12,587,430	10,463,682
Opening work-in-process		245,126	250,247
Closing work-in-process		(222,374)	(245,126)
Cost of goods produced		12,610,182	10,468,803
Opening stock of finished goods		808,604	609,944
		13,418,786	11,078,747
Closing stock of finished goods		(526,196)	(808,604)
		12,892,590	10,270,143

Cost of goods produced includes Rs. 1,875.078 million (2012: Rs. 1,168.420 million) for stores and spares consumed, Rs. 29.038 million (2012: Rs. 36.838 million) and Rs. 4.701 million (2012: Rs. 2.672 million) for raw material and stores and spares written off respectively.

(Rupees in thousand)	2013	2012
		(Re-stated)
30.1 Salaries, wages and amenities		
Salaries, wages and amenities include following in respect of retirement benefits:		
Pension		
Current service cost	-	4,257
Net interest on net defined benefit liability / (asset)	6,168	13,968
Curtailment / settlement	-	(59,422)
	6,168	(41,197)
Gratuity		
Current service cost	7,734	7,024
Net interest on net defined benefit liability / (asset)	455	(525)
Curtailment / settlement	-	6,542
	8,189	13,041

In addition to above, salaries, wages and amenities include Rs. 15.410 million (2012: Rs. 16.390 million), Rs. 24.412 million (2012: Nil) and Rs. 23.153 million (2012: Rs. 20.222 million) in respect of provident fund contribution, pension fund contribution by the Company and accumulating compensated absences respectively.

30.2 Rent, rates and taxes include operating lease / Ijarah rentals amounting to Rs. 263.459 million (2012: Rs. 303.095 million).

30.3 Other expenses include provision for slow moving stores and spares amounting to Nil (2012: Rs. 1.452 million).

(Rupees in thousand)	Note	2013	2012
			(Re-stated)
31. Administrative expenses			
Salaries, wages and amenities	31.1	327,287	155,368
Travelling		23,108	15,438
Rent, rates and taxes	31.2	21,206	9,917
Insurance		9,459	4,970
Printing, stationery and periodicals		17,437	12,578
Postage, telephone and telex		14,225	9,603
Motor vehicles running		17,350	12,438
Computer charges		17,615	9,237
Professional services	31.3	26,590	28,663
Repairs and maintenance		14,201	7,837
Depreciation on owned assets	19.1.3	18,857	10,858
Amortization of intangible assets	21.1	8,736	4,789
Depreciation on investment property	20.1	2,842	1,629
Other expenses		68,723	38,511
		587,636	321,836

Administrative expenses include Rs. 79.875 million (2012: Rs. 56.536 million) for stores and spares consumed.

(Rupees in thousand)	2013	2012
		(Re-stated)
31.1 Salaries, wages and amenities		
Salaries, wages and amenities include following in respect of retirement benefits:		
Pension		
Current service cost	-	1,785
Net interest on net defined benefit liability / (asset)	3,724	5,857
Curtailment / settlement	-	(24,919)
	3,724	(17,277)
Gratuity		
Current service cost	2,695	2,272
Net interest on net defined benefit liability / (asset)	159	(170)
Curtailment / settlement	-	2,116
	2,854	4,218

In addition to above, salaries, wages and amenities include Rs. 5.768 million (2012: Rs. 5.297 million), Rs. 9.137 million (2012: Nil) and Rs. 8.666 million (2012: Rs. 5.028 million) in respect of provident fund contribution, pension fund contribution by the Company and accumulating compensated absences respectively.

31.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 9.754 million (2012: Rs. 8.157 million).

(Rupees in thousand)	2013	2012
31.3 Professional services		
The charges for professional services include the following in respect of auditors' services for:		
Statutory audit	2,400	2,400
Half yearly review	750	750
Tax services	2,556	3,300
Workers' profit participation fund audit, management staff pension and gratuity fund audit, audit of consolidated financial statements and other certification charges	779	758
Out of pocket expenses	449	410
	6,934	7,618

Charges for professional services rendered by the auditors relating to the discontinued operations amount to Rs. 5.843 million (2012: Rs. 1.018 million).

(Rupees in thousand)	Note	2013	2012 (Re-stated)
32. Distribution and marketing costs			
Salaries, wages and amenities	32.1	161,095	106,389
Travelling		22,202	18,721
Rent, rates and taxes	32.2	6,660	8,374
Freight and distribution		150,439	109,786
Insurance		16,646	4,981
Advertising		174,119	96,870
Depreciation on owned assets	19.1.3	6,967	5,757
Provision for doubtful debts		-	12,281
Other expenses		48,338	36,828
		586,466	399,987

Distribution and marketing costs include Rs. 6.637 million (2012: Rs. 4.042 million) for stores and spares consumed.

(Rupees in thousand)	2013	2012 (Re-stated)
32.1 Salaries, wages and amenities		
Salaries, wages and amenities include following in respect of retirement benefits:		
Pension		
Current service cost	-	824
Net interest on net defined benefit liability / (asset)	1,746	2,703
Curtailment / settlement	-	(11,501)
	1,746	(7,974)
Gratuity		
Current service cost	1,289	1,033
Net interest on net defined benefit liability / (asset)	76	(77)
Curtailment / settlement	-	963
	1,365	1,919

In addition to above, salaries, wages and amenities include Rs. 2.839 million (2012: Rs. 2.434 million), Rs. 4.497 million (2012: Nil) and Rs. 4.266 million (2012: Rs. 3.476 million) in respect of provident fund contribution, pension fund contribution by the Company and accumulating compensated absences respectively.

32.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 6.660 million (2012: Rs. 6.572 million).

(Rupees in thousand)	Note	2013	2012
33. Other operating expenses			
Worker's profit participation fund		104,621	-
Workers' welfare fund		39,756	-
Exchange loss - net		8,842	30,128
Donations	33.1	752	760
		153,971	30,888

33.1 None of the directors and their spouses had any interest in any of the donees during the year.

(Rupees in thousand)	Note	2013	2012
34. Other income			
Income from financial assets			
Income on bank deposits		20,200	9,912
Interest on loan to SNGPL		1,220	1,463
Gain on re-measurement of financial instrument		137,287	-
		158,707	11,375
Income from non-financial assets			
Management and technical fee [including Rs. 21.054 million (2012: Rs. 16.751 million) from related parties]		21,054	35,919
Insurance commission from related party		6,175	1,873
Rental income from investment property [including Rs. 52.251 million (2012: Rs. 14.121 million) from related parties]	34.1	56,861	35,092
Profit on disposal of property, plant and equipment		11,505	29,722
Net gain on insurance claim of assets written off due to fire	34.2	9,478	150,084
Scrap sales		80	90
Provisions and unclaimed balances written back		40,853	22,429
Others [including Rs. 10.670 million (2012:Nil) from related parties)		24,664	1,908
		170,670	277,117
		329,377	288,492

34.1 The expenses relating directly to the income from investment property amount to Rs. 2.842 million (2012: Rs. 1.629 million).

34.2 During 2011, a fire incident at the tissue conversion line and stores damaged certain items of property, plant and equipment, stores & spares and stock-in-trade. The Company filed the insurance claim in respect of these assets. The insurer appointed a surveyor who completed his survey during 2013 and assessed the claim at Rs. 723.135 million including the business interruption claim of Rs. 54.629 million. Out of the total claim the Company received Rs. 627.733 million in previous years and Rs. 95.402 million in current year.

34.3 The future minimum lease payments receivable under non-cancellable operating leases are as follows:

(Rupees in thousand)	2013	2012
Not later than one year	42,806	12,517
Later than one year and not later than five years	45,412	11,320
	88,218	23,837

(Rupees in thousand)	Note	2013	2012
35. Finance costs			
Interest and mark up including commitment charges on			
Long-term finances - secured		278,761	-
Finances under mark up arrangements - secured		143,954	103,917
Liabilities against assets subject to finance lease		132	-
Return on preference shares / convertible stock		412,050	412,050
Loan handling charges		6,464	10,732
Bank charges		3,892	1,672
		845,253	528,371
36. Investment income			
Dividend income from related parties	36.1	153,201	310,470
Dividend income from others		1,889,910	1,223,970
Gain on sale of short-term investments		-	13
		2,043,111	1,534,453
36.1 Dividend income from related parties			
Subsidiaries			
DIC Pakistan Limited		-	27,356
Packages Lanka (Private) Limited		29,524	23,923
Associates			
IGI Insurance Limited		23,677	59,191
Tri-Pack Films Limited		100,000	200,000
		153,201	310,470

(Rupees in thousand)	2013	2012
37. Reversal of Impairment on investments		
Associates - quoted		
IGI Insurance Limited	-	354,890
IGI Investment Bank Limited	-	6,271
	-	361,161

(Rupees in thousand)	2013	2012 (Re-stated)
38. Taxation		
Current		
Current year	115,611	68,000
Prior years	(112,668)	(16,190)
	2,943	51,810
Deferred	395,674	838,279
	398,617	890,089

The provision for current taxation represents tax under ‘Final Tax Regime’ and minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001.

For the purposes of current taxation, the tax losses available for carry forward as at December 31, 2013 are estimated approximately at Rs. 377.609 million (2012: Rs. 4,549.980 million). Unused tax losses available to the continuing operations of the Company amount to Rs. 377.609 million (2012: Rs. 377.609 million).

(Rupees in thousand)	2013	2012 (Re-stated)
38.1 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	34.00	35.00
Tax effect of amounts that are:		
Not deductible for tax purposes	0.47	2.57
Exempt for tax purposes	(0.33)	(6.25)
Chargeable to tax at different rates	(12.17)	(0.02)
Effect of change in prior years' tax	(5.13)	(0.73)
Tax credits and losses in respect of which no deferred tax asset has been recognised	8.94	6.26
Tax credits	(8.30)	-
Tax effect under presumptive tax regime and others	0.68	0.60
	(15.84)	2.43
Average effective tax rate charged to profit and loss account	18.16	37.43

39. Remuneration of Chief Executive, Directors and Executives

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

(Rupees in thousand)	Chief Executive 2013	Chief Executive 2012	Directors 2013	Directors 2012	Executives 2013	Executives 2012
Short-term employee benefits						
Managerial remuneration	11,541	10,020	17,056	14,805	103,287	127,180
Housing	4,558	3,960	7,026	6,106	51,287	63,957
Utilities	1,013	880	1,561	1,357	11,111	14,112
Bonus	2,955	2,567	4,555	3,959	38,819	49,439
Leave passage	3,795	1,927	2,943	1,633	3,692	4,766
Medical expenses	1,669	2,512	336	376	1,490	314
Club expenses	25	60	155	140	-	-
Others	-	-	-	-	20,741	22,271
	25,556	21,926	33,632	28,376	230,427	282,039
Post employment benefits						
Contribution to provident, gratuity and pension funds	3,495	3,037	3,617	3,530	27,242	34,046
Other long-term benefits						
Accumulating compensated absences	1,177	1,205	753	770	18,509	11,508
	30,228	26,168	38,002	32,676	276,178	327,593
Number of persons	1	1	2	2	80	99

The Company also provides the Chief Executive and some of the Directors and Executives with free transport and residential telephones.

39.2 Remuneration to other directors

Aggregate amount charged in the financial statements for the year for fee to 7 directors (2012: 7 directors) is Rs. 1,150,000 (2012: Rs. 935,000).

40. Transactions with related parties

The related parties comprise subsidiaries, joint venture, associates, directors, key management personnel and post employment benefit 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 and key management personnel is disclosed in note 39. Other significant transactions with related parties are as follows:

(Rupees in thousand)		2013	2012 (Re-stated)
Relationship with the Company	**Nature of transactions**		
i. Subsidiaries	Purchase of goods and services	1,208,266	811,579
	Sale of goods and services	722,790	24,703
	Assets and liabilities transferred	7,698,689	-
	Equity contribution in cash	2,274,953	-
	Investments made	-	9
	Dividend income	29,524	51,279
	Rental and other income	24,515	14,121
	Management and technical fee	21,054	16,751
ii. Joint Venture	Purchase of goods and services	1,346,221	-
	Sale of goods and services	974,908	-
	Rental and other income	38,406	-
iii. Associates	Purchase of goods and services	979,067	815,352
	Sale of goods and services	54,630	83,151
	Insurance premium	143,934	200,952
	Commission earned	8,459	8,248
	Insurance claims received	105,125	237,547
	Dividend income	123,677	259,191
iv. Post employment benefit plans	Expense / (income) charged in respect of retirement benefit plans	114,227	(66,927)

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

41. Capacity and production - tons

	Capacity		Actual production	
	2013	2012	2013	2012
Paper and paperboard produced	98,900	271,400	38,314	148,055
Paper and paperboard converted	75,235	158,069	52,610	106,322
Plastics all sorts converted	20,000	20,000	16,041	14,494

The variance of actual production from capacity is primarily on account of the product mix.

		2013	2012

42. Number of employees

		2013	2012
Total number of employees as at December 31, 2013		1,595	2,596
Average number of employees during the year		2,096	2,719

43. Rates of exchange

Liabilities in foreign currencies have been translated into PAK Rupees at USD 0.9506 (2012: USD 1.0299), EURO 0.6892 (2012: EURO 0.7794), CHF 0.8442 (2012: CHF 0.9409), SEK 6.1087 (2012: SEK 6.6979), GBP 0.5768 (2012: GBP 0.6373), CAD 1.0124 (2012:Nil), SGD 1.2028 (2012:Nil) and YEN Nil (2012: YEN 88.5269) equal to Rs. 100. Assets in foreign currencies have been translated into PAK Rupees at USD 0.9524 (2012: USD 1.0320) ,EURO Nil (2012: EURO 0.7809) and GBP Nil (2012: GBP 0.6387) equal to Rs. 100.

44. Cash generated from operations

(Rupees in thousand)	Note	2013	2012 (Re-stated)
Profit / (loss) before tax including Discontinued operations		1,985,571	(3,421,110)
Adjustments for:			
Loss recognised on the re-measurement of assets of disposal group	17.2	-	4,618,688
Depreciation on owned assets	19.1.3	440,161	1,242,490
Depreciation on assets subject to finance lease	19.2	548	-
Depreciation on investment property	20	2,842	1,629
Amortisation on intangible assets	21.1	11,335	9,145
Gain on re-measurement of financial instrument	34	(137,287)	-
Reversal of impairment on investments in associates	37	-	(361,161)
Provision for accumulating compensated absences	11	64,198	50,740
Provision for retirement benefits	10	31,418	(101,820)
Provision (written back) / for doubtful debts	26.3	(2,064)	12,281
Net profit on disposal of owned assets		(44,105)	(23,851)
Net gain on insurance claim of assets written off due to fire	34	(9,478)	(150,084)
Finance costs		1,090,129	1,505,875
Gain on sale of short-term investments	36	-	(13)
Dividend income	36	(2,043,111)	(1,534,440)
Profit before working capital changes		1,390,157	1,848,369
Effect on cash flow due to working capital changes:			
Increase in stores and spares		(150,592)	(178,037)
Decrease / (increase) in stock-in-trade		871,866	(810,352)
Decrease / (increase) in trade debts		659,170	(527,619)
Decrease / (increase) in loans, advances, deposits, prepayments and other receivables		45,460	(41,697)
(Decrease) / increase in trade and other payables		(285,966)	104,973
		1,139,938	(1,452,732)
		2,530,095	395,637

45. Cash and cash equivalents

	Note	2013	2012
Cash and bank balances	29	235,874	362,380
Finances under mark up arrangements - secured	13	(1,517,638)	(808,942)
Short-term finances - secured	17.1	-	(5,100,000)
		(1,281,764)	(5,546,562)

(Rupees in thousand)		2013	2012 (Re-stated)
46. Earnings / (loss) per share			
46.1 Basic earnings per share - Continuing operations			
Profit for the year from Continuing operations	Rupees in thousand	1,795,812	1,488,082
Weighted average number of ordinary shares	Numbers	84,379,504	84,379,504
Earnings per share	Rupees	21.28	17.64
46.2 Basic loss per share - Discontinued operations			
Loss for the year from Discontinued operations	Rupees in thousand	(249,103)	(3,929,101)
Weighted average number of ordinary shares	Numbers	84,379,504	84,379,504
Loss per share	Rupees	(2.95)	(46.56)
46.3 Diluted earnings per share - Continuing operations			
Profit for the year from Continuing operations	Rupees in thousand	1,795,812	1,488,082
Return on preference shares / convertible stock - net of tax	Rupees in thousand	326,925	324,421
		2,122,737	1,812,503
Weighted average number of ordinary shares	Numbers	84,379,504	84,379,504
Weighted average number of notionally converted preference shares / convertible stock	Numbers	21,686,842	21,686,842
		106,066,346	106,066,346
Diluted earnings per share	Rupees	20.01	17.09

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

47. Financial risk management

47.1 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 Board of Directors. The Company'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 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 US dollar 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, 2013, 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. 7.870 million higher / lower (2012: Rs. 9.497 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, 2013, 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. 102.227 million higher / lower (2012: Rs. 10.098 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 of Directors.

The Company's investments in equity of other entities that are publicly traded are included in all of the following three stock exchanges; Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange.

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)	**2013**	2012	**2013**	2012
Karachi Stock Exchange	-	-	2,286,801	1,520,032

Post-tax profit for the year would increase / decrease as a result of gains / losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase / decrease as a result of gains / losses on equity securities classified as available for sale.

(iii) Cash flow and fair value interest rate risk

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, 2013, 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. 37.043 million (2012: Rs. 43.908 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, 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 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 and which are neither past due nor impaired are as under:

(Rupees in thousand)	**2013**	2012
Long-term loans and deposits	67,006	97,105
Trade debts	919,011	1,496,835
Loans, advances, deposits, prepayments and other receivables	1,596,754	306,582
Balances with banks	230,445	356,575
	2,813,216	2,257,097

As of December 31, 2013, trade receivables of Rs. 703.798 million (2012: Rs. 783.080 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)	**2013**	2012
Up to 90 days	618,681	665,418
90 to 180 days	48,710	67,139
181 to 365 days	36,407	50,523
	703,798	783,080

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 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 receivables from related parties as at balance sheet date is as follows:

(Rupees in thousand)	2013	2012
Up to 90 days	41,515	3,231
90 to 180 days	16,734	6,063
181 to 365 days	982	62
	59,231	9,356

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	2013	2012
Bank Al-Habib Limited	A1+	AA+	PACRA	-	4
Bank Islami Pakistan Limited	A1	A	PACRA	9	10
Barclay's Bank PLC Pakistan	A-1	A	S & P	14,208	254
Citibank N.A.	P-2	A3	Moody's	1,279	792
Deutsche Bank A.G.	A-1	A	S & P	2,543	-
Dubai Islamic Bank (Pakistan) Limited	A-1	A	JCR-VIS	5	551
Faysal Bank Limited	A1+	AA	PACRA	581	229
Habib Bank Limited	A-1+	AAA	JCR-VIS	607	1,381
HSBC Bank Middle East Limited	P-1	A2	Moody's	130	10,570
JS Bank Limited	A1	A+	PACRA	50	50
MCB Bank Limited	A1+	AAA	PACRA	71	954
Meezan Bank Limited	A-1+	AA	JCR-VIS	102,043	1,289
National Bank of Pakistan	A-1+	AAA	JCR-VIS	15,889	113,189
NIB Bank Limited	A1+	AA-	PACRA	41,195	164,805
Samba bank	A-1	AA-	JCR-VIS	1,332	1,332
Silk Bank Limited	A-2	A-	JCR-VIS	2	2
Soneri Bank Limited	A1+	AA-	PACRA	-	38
Standard Chartered Bank Pakistan Limited	A1+	AAA	PACRA	50,386	60,809
The Bank of Punjab	A1+	AA-	PACRA	115	316
The Bank of Tokyo Mitsubishi UFJ, Limited	A-1	A+	S & P	-	
United Bank Limited	A-1+	AA+	JCR-VIS	-	
				230,445	356,575

(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 45) 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 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)	At December 31, 2013 Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long-term finances	200,000	200,000	485,710	2,014,290
Liabilities against assets subject to finance lease	3,702	3,955	20,227	-
Finances under mark up arrangements - secured	1,517,638	-	-	-
Trade and other payables	3,052,362	-	-	-
Accrued finance cost	530,324	-	-	-
	5,304,026	203,955	505,937	2,014,290

(Rupees in thousand)	At December 31, 2012 Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long-term finances	1,000,000	200,000	942,870	857,130
Short-term finances - secured	5,100,000	-	-	-
Finances under mark up arrangements - secured	808,942	-	-	-
Trade and other payables	1,995,182	-	-	-
Accrued finance cost	530,501	-	-	-
	9,434,625	200,000	942,870	857,130

47.2 Financial instruments by categories

The carrying values of all 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)	2013	2012
Financial assets		
Loans and receivables		
Long-term loans and deposits	67,006	97,105
Trade debts	1,622,809	2,279,915
Loans, advances, deposits, prepayments and other receivables	1,596,754	306,582
Balances with banks	235,874	362,380
	3,522,443	3,045,982
Financial liabilities		
At amortised cost		
Long-term finances - secured	2,900,000	3,000,000
Liabilities against assets subject to finance lease	27,884	-
Finances under mark up arrangements - secured	1,517,638	5,908,942
Trade and other payables	3,052,362	1,995,182
Accrued finance cost	530,324	530,501
	8,028,208	11,434,625

47.3 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 7 less cash and cash equivalents as disclosed in note 45. 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)	2013	2012
Long-term finances	5,170,577	4,470,577
Current portion of long term finances	200,000	1,000,000
Cash and cash equivalents	1,281,764	5,546,562
Net debt	6,652,341	11,017,139
Total equity	42,089,528	30,622,722
Total capital	48,741,869	41,639,861
Gearing ratio	14%	26%

47.4 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company are the current bid prices.

The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IAS 39. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

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.

48. Date of authorisation for issue

These financial statements were authorised for issue on February 19, 2014 by the Board of Directors of the Company.

49. Non-Adjusting events after the balance sheet date

The Board of Directors has proposed a final cash dividend for the year ended December 31, 2013 of Rs. 8.00 per share (2012: Rs. 4.50 per share), amounting to Rs. 675.036 million (2012: Rs. 379.708 million) at its meeting held on February 19, 2014 for approval of the members at the Annual General Meeting to be held on April 03, 2014. The Board has also recommended to transfer Rs. 700 million from accumulated profit to general reserves (2012: Rs. 3,300 million from general reserves to accumulated profit).

50. Corresponding figures

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

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

Consolidated Financial Statements

For the year ended December 31, 2013

Directors' Report
on the Consolidated Financial Statements
For The Year Ended December 31, 2013

بِسْمِ ٱللَّهِ ٱلرَّحْمَٰنِ ٱلرَّحِيمِ

The Directors of Packages Limited are pleased to present the audited consolidated financial statements of the Group for the year ended December 31, 2013.

Continuing operations

During the year 2013, Continuing Operations have achieved net sales of Rs. 16,685 million against net sales of Rs. 14,270 million achieved during last year indicating sales growth of 17%. This sale excludes Rs. 743 million of materials imported on behalf of "Bulleh Shah Packaging (Private) Limited 'BSPL' and transferred to it at cost as a transitional arrangement subsequent to its recognition as jointly controlled entity.

Continued Operations have achieved Profit from operations of Rs. 1,373 million during 2013 as against that of Rs. 1,224 million achieved during 2012 representing an increase of Rs. 149 million i.e. 12%. Investment income has also increased by Rs. 665 million during 2013 that is indicative of improved operational performance of the investee companies.

In 2013, the Group has also changed its accounting policy in respect of recognition of actuarial losses arising from retirement benefit plans in pursuance of amendments in International Accounting Standard 19 'Employee Benefits' that are effective from financial years beginning on or after January 1, 2013 and recognized a cumulative charge of Rs. 235.551 million net of taxes to the opening balance of accumulated profit/(loss) and retirement benefits including pension fund and gratuity fund.

Group results

The comparison of annual audited results for the year 2013 as against year 2012 is as follows:

(Rupees in million)	2013	2012 Re-stated
Continuing operations:		
Invoiced Sales – Net	16,685	14,270
Profit from operations	1,373	1,224
Share of profit in associates and joint venture	181	209
Reversal of impairment on investments	11	632
Investment income	1,889	1,224
Profit after tax	2,034	2,232
Discontinued operations:		
Operating Loss after tax	(213)	(883)
Loss on re-measurement of Disposal Group after tax	-	(3,002)

Discontinued operations

Paper & Paperboard and Corrugated Boxes businesses have been recognized as Discontinued Operations in these financial statements in accordance with applicable financial reporting framework. The process of transfer of assets and related obligations of Paper & Paperboard and Corrugated Boxes businesses of the Company to Bulleh Shah Packaging (Private) Limited was completed during the first half of 2013 along with cash equity injection for financing future investment projects of BSPL. After Implementation of the joint venture agreement with Stora Enso A.B of Sweden, the Parent Company now holds 65% equity in BSPL. Stora Enso (SE) has made direct equity investment of US$ 38.95M in BSPL and is also actively providing technical expertise to further streamline the operations.

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

Bulleh Shah Packaging (Private) Limited

Bulleh Shah Packaging (Private) Limited is a non-listed private limited company. It is principally engaged in the manufacturing and conversion of Paper & paperboard products. The entity has started its commercial operations in April 2013 upon transfer of Paper & Paperboard and Corrugated Boxes businesses from Packages Limited. The Company has achieved sales of Rs. 10,237 million during first nine months of its commercial operations till December 31, 2013 with profit before tax of Rs. 181 million that is indicative of stabilising mill operations and timely price rationalisation with customers.
As part of management's strategy to overcome the power shortage and to supply uninterrupted power to the operations, the Company has also signed the contract for bio-mass boiler which is expected to

be in operation during first half of 2015. Moving forward, the Management will also continue its focus on tighter cost controls and operational efficiencies to further improve the Company's operating results.

DIC Pakistan Limited

DIC Pakistan Limited is a non-listed public limited subsidiary of Packages Limited. It is principally engaged in manufacturing, processing and selling of industrial inks. The Company has achieved net sales of Rs. 2,650 million during the year 2013 as compared to Rs. 2,188 million of last year representing sales growth of 21%. The Company has generated profit before tax of Rs. 249 million during the year 2013 as against Rs. 130 million of 2012 resulting from sales growth and operational efficiencies. Moving forward, the Company will continue its focus on improving operating results through tighter operating 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 solutions. The Company has achieved turnover of SLR 1,522 million during the year 2013 as compared to SLR 1,423 million of 2012. The Company has generated profit before tax of SLR 51 million in the year 2013 as compared to SLR 92 million of 2012. This decline in profit is mainly attributable to increase in depreciation charge and finance cost resulting from capitalisation of new printing line towards the end of the year 2012. With installation of new printing line, the management is confident of consolidating its market share in the increasingly competitive local market and will be able to recover investment costs through enhanced sales.

(Towfiq Habib Chinoy)
Chairman

Lahore, February 19, 2014

(Syed Hyder Ali)
Chief Executive & Managing Director

Lahore, February 19, 2014

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 (the Group) as at December 31, 2013 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Packages Limited and its subsidiary companies except for Packages Lanka (Private) Limited which was audited by other firm of auditors, whose report has been furnished to us and our opinion in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these 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.

As stated in notes 2.2.1 and 4.9 to the annexed consolidated financial statements, the Group has changed its accounting policies on initial application of standards, amendments or interpretations to existing standards and employee retirement benefits respectively.

The Group's share of net income from investments accounted for under equity method of Rs. 180.543 million shown in the consolidated profit and loss account and note 22.2 to the consolidated financial statements include profit of Rs. 177.332 million, representing Group's share in three of its associates, based on unaudited financial statements of these associates.

Except for the effect, 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 (the Group) as at December 31, 2013 and the results of their operations for the year then ended.

A.F. Ferguson & Co.
Chartered Accountants
Lahore, February 19, 2014

Name of engagement partner:
Asad Aleem Mirza

Consolidated Balance Sheet

as at December 31, 2013

(Rupees in thousand)	Note	2013	2012 (Re-stated)	2011 (Re-stated)
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Authorised capital				
150,000,000 (2012: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000	1,500,000
22,000,000 (2012: 22,000,000) 10% non-voting cumulative preference shares / convertible stock of Rs. 190 each		4,180,000	4,180,000	4,180,000
Issued, subscribed and paid up capital				
84,379,504 (2012: 84,379,504) ordinary shares of Rs. 10 each	5	843,795	843,795	843,795
Reserves	6	38,067,817	31,073,668	28,173,732
Preference shares / convertible stock reserve	7	1,605,875	1,605,875	1,605,875
Accumulated profit / (loss)		2,309,000	(2,374,452)	(1,716,513)
		42,826,487	31,148,886	28,906,889
NON-CONTROLLING INTEREST		332,354	252,201	225,047
		43,158,841	31,401,087	29,131,936
NON-CURRENT LIABILITIES				
Long-term finances	7	5,450,180	4,687,220	8,575,339
Liabilities against assets subject to finance lease	8	24,182	–	–
Deferred income tax liabilities	9	666,917	471,436	2,584,776
Retirement benefits	10	578	306,808	406,830
Deferred liabilities	11	166,125	141,887	179,971
		6,307,982	5,607,351	11,746,916
CURRENT LIABILITIES				
Current portion of long-term liabilities	12	203,702	1,000,000	380,952
Finances under mark up arrangements - secured	13	2,028,303	1,251,463	1,170,227
Derivative financial instruments	14	27,272	164,559	–
Trade and other payables	15	3,277,679	2,162,205	1,831,937
Accrued finance costs	16	533,801	543,187	542,031
Provision for taxation		–	–	13,832
		6,070,757	5,121,414	3,938,979
Liabilities of disposal group classified as held for sale	17	–	5,669,197	–
CONTINGENCIES AND COMMITMENTS	18	–	–	–
		55,537,580	47,799,049	44,817,831

(Rupees in thousand)	Note	2013	2012	2011
			(Re-stated)	(Re-stated)
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	19	4,227,472	4,020,733	18,685,332
Investment property	20	68,790	2,108	5,261
Intangible assets	21	39,083	50,053	49,834
Investments accounted for under equity method	22	13,678,892	3,610,048	3,018,181
Other long-term investments	23	27,566,553	17,287,826	13,141,477
Long-term loans and deposits	24	67,684	97,747	111,424
Retirement benefits	10	6,540	–	3,094
		45,655,014	25,068,515	35,014,603
CURRENT ASSETS				
Stores and spares	25	626,264	507,521	1,013,766
Stock-in-trade	26	2,821,293	2,484,123	5,029,241
Trade debts	27	2,099,989	2,667,931	2,109,537
Loans, advances, deposits, prepayments and other receivables	28	1,747,648	446,758	466,564
Income tax receivable	29	2,236,296	1,664,333	983,800
Cash and bank balances	30	351,076	416,577	200,320
		9,882,566	8,187,243	9,803,228
Assets of disposal group classified as held for sale	17	–	14,543,291	–
		55,537,580	47,799,049	44,817,831

The annexed notes 1 to 53 form an integral part of these financial statements.

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

Consolidated Profit and Loss Account
for the year ended December 31, 2013

(Rupees in thousand)		Note	2013	2012
				(Re-stated)
Continuing operations				
Local sales			19,573,830	16,452,568
Export sales			488,914	165,167
			20,062,744	16,617,735
Less: Sales tax and excise duty			2,600,678	2,331,665
Commission			33,921	16,456
			2,634,599	2,348,121
Net sales			17,428,145	14,269,614
Cost of sales		31	(14,785,637)	(12,355,563)
Gross profit			2,642,508	1,914,051
Administrative expenses		32	(717,058)	(436,425)
Distribution and marketing costs		33	(675,674)	(475,098)
Other operating expenses		34	(183,310)	(47,870)
Other income		35	306,932	269,148
Profit from operations			1,373,398	1,223,806
Finance costs		36	(936,715)	(589,102)
Investment income		37	1,889,910	1,223,983
Reversal of impairment on investments in associates		38	11,055	631,848
Share of profits of investments accounted for under equity method - net of tax		22.2	180,543	209,148
Profit before tax			2,518,191	2,699,683
Taxation		39	(484,126)	(466,720)
Profit for the year from continuing operations			2,034,065	2,232,963
Loss for the year from discontinued operations - attributable to equity holders of the Parent Company		17.2	(213,292)	(3,885,186)
Profit / (loss) for the year			1,820,773	(1,652,223)
Attributable to:				
Equity holders of the Parent Company			1,739,685	(1,709,947)
Non-controlling interest			81,088	57,724
			1,820,773	(1,652,223)
Earnings per share from Continuing and Discontinued operations attributable to equity holders of the Parent Company				
Combined basic earnings / (loss) per share				
From Continuing operations	Rupees	47	23.15	25.78
From Discontinued operations	Rupees	47	(2.53)	(46.04)
From profit / (loss) for the year	Rupees		20.62	(20.26)
Combined diluted earnings / (loss) per share				
From Continuing operations	Rupees	47	21.50	23.57
From Discontinued operations	Rupees	47	(2.53)	(46.04)
From profit / (loss) for the year	Rupees		18.97	(22.47)

The annexed notes 1 to 53 form an integral part of these financial statements.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Syed Aslam Mehdi
Director

Consolidated Statement of Comprehensive Income

for the year ended December 31, 2013

(Rupees in thousand)	2013	2012 (Re-stated)
Profit / (loss) for the year	1,820,773	(1,652,223)
Other comprehensive income:		
Items that will not be re-classified to profit or loss		
Re-measurement of retirement benefits liability / (asset)	25,817	(78,852)
Tax effect	(2,342)	7,429
	23,475	(71,423)
Items that may be re-classified subsequently to profit or loss		
Surplus on re-measurement of available for sale financial assets	10,278,726	4,146,349
Exchange differences on translating foreign subsidiary	33,316	(8,189)
Share of other comprehensive (loss) / income of investments accounted for under equity method - net of tax	(10,920)	10,062
	10,301,122	4,148,222
Other comprehensive income for the year - net of tax	10,324,597	4,076,799
Total comprehensive income for the year	12,145,370	2,424,576
Attributable to:		
Equity holders of the Parent Company	12,057,309	2,368,566
Non-controlling interest	88,061	56,010
Total comprehensive income for the year	12,145,370	2,424,576
Total comprehensive income attributable to equity holders of the Parent Company arising from:		
Continuing operations	12,270,601	6,253,752
Discontinued operations	(213,292)	(3,885,186)
	12,057,309	2,368,566

The annexed notes 1 to 53 form an integral part of these financial statements.

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

Consolidated Statement of Changes in Equity

for the year ended December 31, 2013

(Rupees in thousand)	Share capital	Share premium	Exchange difference on translation of foreign subsidiary	Fair value reserve	General reserve	Preference shares / convertible stock reserve	Other reserves relating to associates and joint venture	Accumulated (loss) / profit	Total	Non-controlling interest	Total equity
	Attributable to equity holders of the Parent Company										
Balance as on December 31, 2011	843,795	2,876,893	22,916	9,141,841	16,160,333	1,605,875	(17,511)	(1,283,904)	29,350,238	225,047	29,575,285
Effect of change in accounting policy (note - 4.9.4)	-	-	-	-	-	-	(10,740)	(432,609)	(443,349)	-	(443,349)
Balance as on December 31, 2011 - re-stated	843,795	2,876,893	22,916	9,141,841	16,160,333	1,605,875	(28,251)	(1,716,513)	28,906,889	225,047	29,131,936
Appropriation of funds											
Transferred to consolidated profit and loss account	-	-	-	-	(1,250,000)	-	-	1,250,000	-	-	-
Transactions with owners recognised directly in equity											
Final dividend for the year ended December 31, 2011 Rs. 1.50 per share	-	-	-	-	-	-	-	(126,569)	(126,569)	-	(126,569)
Dividends relating to 2011 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(28,856)	(28,856)
Total contributions by and distributions to equity holders of the Parent Company	-	-	-	-	-	-	-	(126,569)	(126,569)	(28,856)	(155,425)
Total comprehensive income for the year ended December 31, 2012											
(Loss) / profit for the year	-	-	-	-	-	-	-	(1,709,947)	(1,709,947)	57,724	(1,652,223)
Other comprehensive income:											
Exchange difference on translation of foreign subsidiary	-	-	(6,475)	-	-	-	-	-	(6,475)	(1,714)	(8,189)
Re-measurement of retirement benefits liability / (asset)	-	-	-	-	-	-	-	(71,423)	(71,423)	-	(71,423)
Other reserves of investments accounted for under equity method	-	-	-	-	-	-	10,062	-	10,062	-	10,062
Surplus on re-measurement of available for sale financial assets	-	-	-	4,146,349	-	-	-	-	4,146,349	-	4,146,349
Total comprehensive (loss) / income for the year	-	-	(6,475)	4,146,349	-	-	10,062	(1,781,370)	2,368,566	56,010	2,424,576
Balance as on December 31, 2012 - re-stated	843,795	2,876,893	16,441	13,288,190	14,910,333	1,605,875	(18,189)	(2,374,452)	31,148,886	252,201	31,401,087
Appropriation of funds											
Transferred to consolidated profit and loss account	-	-	-	-	(3,300,000)	-	-	3,300,000	-	-	-
Transactions with owners recognised directly in equity											
Final dividend for the year ended December 31, 2012 Rs. 4.50 per share	-	-	-	-	-	-	-	(379,708)	(379,708)	-	(379,708)
Dividends relating to 2012 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(7,908)	(7,908)
Total contributions by and distributions to equity holders of the Parent Company	-	-	-	-	-	-	-	(379,708)	(379,708)	(7,908)	(387,616)
Total comprehensive income for the year ended December 31, 2013											
Profit for the year	-	-	-	-	-	-	-	1,739,685	1,739,685	81,088	1,820,773
Other comprehensive income:											
Exchange difference on translation of foreign subsidiary	-	-	26,343	-	-	-	-	-	26,343	6,973	33,316
Surplus on re-measurement of available for sale financial assets	-	-	-	10,278,726	-	-	-	-	10,278,726	-	10,278,726
Other reserves of investments accounted for under equity method	-	-	-	-	-	-	(10,920)	-	(10,920)	-	(10,920)
Re-measurement of retirement benefits liability / (asset)	-	-	-	-	-	-	-	23,475	23,475	-	23,475
Total comprehensive income / (loss) for the year	-	-	26,343	10,278,726	-	-	(10,920)	1,763,160	12,057,309	88,061	12,145,370
Balance as on December 31, 2013	843,795	2,876,893	42,784	23,566,916	11,610,333	1,605,875	(29,109)	2,309,000	42,826,487	332,354	43,158,841

The annexed notes 1 to 53 form an integral part of these financial statements.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Syed Aslam Mehdi
Director

Consolidated Cash Flow Statement

for the year ended December 31, 2013

(Rupees in thousand)	Note	2013	2012
Cash flows from operating activities			
Cash generated from operations	45	2,795,194	642,790
Finance cost paid		(1,196,737)	(1,565,450)
Taxes paid		(651,163)	(845,303)
Payments for accumulating compensated absences and staff gratuity		(82,618)	(30,041)
Retirement benefits paid		(318,371)	(73,960)
Net cash generated from / (used in) operating activities		546,305	(1,871,964)
Cash flows from investing activities			
Fixed capital expenditure		(917,127)	(1,514,505)
Investments - net		(2,274,953)	13
Net decrease in long-term loans and deposits		11,463	13,677
Proceeds from disposal of property, plant and equipment		71,663	115,147
Proceeds from assets written off due to fire		102,003	233,463
Dividends received		2,013,587	1,483,161
Net cash (used in) / generated from investing activities		(993,364)	330,956
Cash flows from financing activities			
Repayment of long-term finances - secured		(1,037,040)	(5,485,714)
Proceeds from long-term finances		1,000,000	2,216,643
Liabilities against assets subject to finance lease - net		27,884	-
Dividends paid to equity holders of Parent Company		(378,218)	(126,044)
Dividends paid to non-controlling interest		(7,908)	(28,856)
Net cash used in financing activities		(395,282)	(3,423,971)
Net decrease in cash and cash equivalents		(842,341)	(4,964,979)
Cash and cash equivalents at the beginning of the year		(5,934,886)	(969,907)
Cash and cash equivalents transferred		5,100,000	-
Cash and cash equivalents at the end of the year	46	(1,677,227)	(5,934,886)

The annexed notes 1 to 53 form an integral part of these financial statements.

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

1. Legal status and nature of business

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

- Packaging: Representing manufacture and sale of 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.

The Parent Company entered into 50/50 Joint Venture Agreement (the "JV Agreement") on September 17, 2012 with 'Stora Enso OYJ Group' ('Stora Enso') of Finland in its wholly owned subsidiary Bulleh Shah Packaging (Private) Limited ('BSPL'). The Joint Venture includes Paper & Paperboard and Corrugated business operations at Kasur and Karachi and involves initial equity participation of Stora Enso of 35% by way of subscription of right shares with a commitment to increase the shareholding to 50% at a later stage subject to certain conditions being met. The agreed value for 100% of the Joint Venture Company is USD 107.5 million on a cash and debt free basis with additional equity to be subscribed by Stora Enso through right shares in the Joint Venture Company of USD 17.5 million, based on the financial results of second half of 2012 and first half of 2013. The Parent Company shall continue to hold minimum 50% ownership and future profits of the Joint Venture.

Pursuant to the Agreement, the Parent Company, during the year, transferred the assets and corresponding liabilities of its Kasur and Karachi operations to BSPL along with certain cash contribution. Upon initial equity participation of 35% by Stora Enso in BSPL, the Parent Company has derecognised its investment in BSPL owing to loss of control and recognised an investment in jointly controlled entity, with Stora Enso as the joint venture partner.

As a result, the Group's operations have been divided into Continuing and Discontinued operations in accordance with the requirements of International Financial Reporting Standard (IFRS) 5, 'Non-current assets held for sale and discontinued operations'. Paper and Paperboard and Corrugated businesses have been classified as discontinued operations because these form part of the Joint Venture. Continuing operations include Folding Cartons, Flexible Packaging and Consumer Products businesses.

Moreover, the Parent Company also closed down its Paper and Paperboard operations in Lahore, in addition to the above mentioned transaction, during the prior year.

The Paper and Paperboard operations in Lahore have also been classified as a discontinued operation as reflected in note 17.2 of these financial statements, in accordance with the requirements of IFRS 5. This has not been classified as held for sale as it does not meet the criteria for being classified as held for sale under IFRS 5.

The figures of the prior period have been represented in accordance with the requirements of IFRS 5, wherever relevant.

2. Basis of preparation

2.1 These consolidated financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Companies Ordinance, 1984 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 financial statements covering annual periods, beginning on or after the following dates:

2.2.1 Amendments to published standards effective in current year

New and amended standards, and interpretations mandatory for the first time for the financial year beginning January 01, 2013:

- Annual improvements to IFRSs 2011 are applicable on accounting periods beginning on or after January 1, 2013. This set of amendments includes changes to five standards: IFRS 1, 'First time adoption', IAS 1, 'Financial statement presentation', IAS 16, 'Property plant and equipment', IAS 32, 'Financial instruments; Presentation' and IAS 34, 'Interim financial reporting'. The application of these amendments have no material impact on the Group's financial statements.

- IFRS 7 (Amendments), 'Financial instruments: Disclosures', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 01, 2013. The amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The application of this amendment has no material impact on the Group's financial statements.

- IFRS 10 - 'Consolidated financial statements' is applicable on accounting periods beginning on or after January 01, 2013. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. The Group has not adopted this IFRS yet as it is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The Group has yet to assess the impact of these changes on its financial statements.

- IFRS 11 - 'Joint arrangements' is applicable on accounting periods beginning on or after January 01, 2013. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group has not adopted this IFRS yet as it is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The Group has yet to assess the impact of these changes on its financial statements.

- IFRS 12 - 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group has not adopted this IFRS yet as it is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The Group has yet to assess the impact of these changes on its financial statements.

- Amendments to IFRS 10, 11 and 12 on transition guidance are applicable on accounting periods beginning on or after January 01, 2013. These amendments also provide additional transition relief in IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The application of this amendment has no material impact on the Group's financial statements.

- IFRS 13 - 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 01, 2013. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group has not adopted this IFRS yet as it is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The Group has yet to assess the impact of these changes on its financial statements.

- IAS 1 (Amendments), 'Financial statement presentation' regarding other comprehensive income. This is applicable on accounting periods beginning on or after July 01, 2012. The main change resulting from these amendments is a requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendments do not address which items are presented in OCI. The application of this amendment has no material impact on the Group's financial statements.

- IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after January 01, 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. IAS 19 (revised) amends the accounting for employment benefits. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. The impact on the Group has been explained in note 4.9.

- IAS 27 (Revised 2011), 'Separate financial statements' is applicable on accounting periods beginning on or after January 1, 2013. It includes the provisions on separate financial statements that are left after the control provisions of IAS 27 which have been included in the new IFRS 10. The application of this standard has no material impact on the Group's financial statements. The Group has not adopted the revised IAS 27 yet as new IFRS 10 is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The Group has yet to assess the impact of these changes on its financial statements.

- IAS 28 (Revised 2011), 'Associates and joint ventures' is applicable on accounting periods beginning on or after January 1, 2013. It includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 11. The Group has not adopted the revised IAS 28 yet as new IFRS 11 is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The Group has yet to assess the impact of these changes on its financial statements.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after January 1, 2014 or later periods, but the Group has not early adopted them:

- IFRS 9 - 'Financial instruments' - classification and measurement. This is applicable on accounting periods beginning on or after January 01, 2015. This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, 'Financial instruments: Recognition and measurement'. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. The Group shall apply these amendments from January 01, 2014 and does not expect to have a material impact on its financial statements.

- Annual improvements 2012 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect seven standards: IFRS 2, 'Share-based payment', IFRS 3, 'Business Combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and IAS 39, Financial instruments – Recognition and measurement'.

- Annual improvements 2013 applicable for annual periods beginning on or after July 1, 2014. The amendments include changes from the 2011-13 cycle of the annual improvements project that affect four standards: IFRS 1, 'First time adoption', IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'.

- IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after July 1, 2014.These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Group does not expect to have a material impact on its financial statements from this amendment.

- IAS 32 (Amendments), 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 01, 2014. These amendments update the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Group shall apply these amendments from January 01, 2014 and does not expect to have a material impact on its financial statements.

- IAS 36 (Amendment), 'Impairment of assets' on recoverable amount disclosures is applicable on accounting period beginning on or after January 01, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The Group shall apply these amendments from January 01, 2014 and does not expect to have a material impact on its financial statements.

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

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

3. Basis of measurement

3.1 These 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 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 the management considers critical because of their complexity, judgment and estimation involved in their application and their 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 of property, plant and equipment - note 4.3
ii) Provision for employees' retirement benefits - note 4.9 & 10
iii) Loss recognised on the re-measurement of assets of disposal group - note 17.1.2
iv) Provision for taxation - note 39

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 Principles of consolidation

a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control.

De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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 re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in consolidated profit and loss account.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in consolidated profit and loss account or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in consolidated profit and loss account.

Inter company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – i.e. as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured 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 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 consolidated profit and loss account.

d) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to consolidated profit and loss account where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated profit and loss account, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated profit and loss account.

e) Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The Group's interest in joint venture represents the jointly controlled entity. The Group accounts for joint venture investments under the equity method which is consistent with the Group's treatment of associates.

4.2 Taxation

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 tax 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 bases 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 equity in which case it is included in equity.

Provision is not made for taxation which would become payable if retained profits of subsidiaries were distributed to the Parent Company, as it is not the intention to distribute more than the dividends, the tax on which is included in the financial statements.

4.3 Property, plant and equipment

Property, plant and equipment, 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. Property, plant and equipment acquired under finance leases are capitalized at the lease's commencement at the lower of the present value of minimum lease payments under the lease arrangements and the fair value of the leased property. 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 4.19 and borrowing costs as referred to in note 4.22.

Depreciation on all property, plant and equipment is charged to profit on the 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	2.5%	to	20%
- Plant and machinery	6.25%	to	33.33%
- Other equipments	10%	to	33.33%
- Furniture and fixtures	10%	to	20%
- Vehicles			20%

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 property, plant and equipment as at December 31, 2013 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to property, plant and equipment 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 property, plant and equipment 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 Group 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.

Capital work-in-progress is stated at cost less any identified impairment loss.

4.4 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the Group comprises land and buildings and is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on buildings is charged to profit on the straight line method so as to write off the depreciable amount of building over its estimated useful life at the rates ranging from 3.33% to 6.67% per annum. Depreciation on additions to investment property 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 value of its investment property as at December 31, 2013 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 property 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.

4.5 Intangible assets

Expenditure incurred to acquire computer software and SAP Enterprise Resource Planning (ERP) System 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 a period of three to five years.

Development costs 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.

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 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. Asset subject to finance lease are initially recognised at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss.

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease. 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 over the lease term.

Assets acquired under a finance lease are depreciated over the useful life of the asset on a straight-line method at the rates given in note 4.3. Depreciation of leased assets is charged to consolidated profit and loss account.

Depreciation on additions to leased assets is charged from the month in which an asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

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 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

Assets leased out under operating leases are included in investment property as referred to in note 20. 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.

4.7 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary / associate at the date of acquisition. Goodwill on acquisitions 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.

4.8 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.

Investments in equity instruments of associates and joint ventures

Investments in equity instruments of associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates and joint ventures includes goodwill (net of any accumulated impairment loss) identified on acquisition. The Group's share of its associates' and joint venture's post-acquisition profits or losses is recognised in the consolidated profit and loss account, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture. Unrealised gains on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Other investments

The other investments made by the Group are classified for the purpose of measurement into the following categories:

Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost and at subsequent reporting dates measured at amortised cost using the effective yield method.

Available for sale

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

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealised gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

All purchases and sales of investments are recognised on the trade date which is the date that the Group commits to purchase or sell the investment. Cost of purchase includes transaction cost.

At each balance sheet date, the Group reviews the carrying amounts of the investments 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. Impairment losses are recognised as an expense in the consolidated profit and loss account. In respect of 'available for sale' financial assets, cumulative impairment loss less any impairment loss on that financial asset previously recognised in consolidated profit and loss account, 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.

4.9 Employee retirement benefits

The main features of the schemes operated by the Group for its employees are as follows:

4.9.1 Defined benefit plans

(a) Gratuity plan

There is an approved funded defined benefit gratuity plan for all employees. 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, 2013. The actual return on plan assets during the year was Rs. 64.008 million. The actual return on plan assets represent the difference between the fair value of plan assets at the beginning of the year and end of the year adjustments for contributions made by the Group as reduced by benefits paid during the year.

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:

Discount rate 12.5 percent per annum;
Expected rate of increase in salary level 10.5 percent per annum;
Expected mortality rate SLIC (2001-2005) mortality table; and
Expected rate of return 11 percent per annum.

Plan assets include long-term Government bonds, equity instruments of listed companies and term deposits with banks. Return on Government bonds and debt is at fixed rates. However, due to increased volatility of share prices in recent months, there is no clear indication of return on equity shares, therefore, it has been assumed that the yield on equity shares would match the return on debt.

The Group is expected to contribute Rs. 13.17 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 recognized immediately in consolidated profit and loss account.

(b) Pension Plan

All the executive staff participates in the pension plan of the Group. 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.

Consequently, the pension plan / fund currently operates two different plans for its employees:
- Defined contribution plan for all active employees; and
- Defined benefit plan for pensioners who have retired before December 31, 2012.

In respect of the defined contribution plan, the Group contributes 20% of members' monthly salary to the scheme; whereas, an employee may or may not opt to contribute 6% of his monthly 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 Group from time to time. The last actuarial valuation was carried out as at December 31, 2013.

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 the consolidated profit and loss account.

(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 executives and workers are entitled to earned annual leaves and medical leaves on the basis of their service with the Group. 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 to executives.

The Group uses the valuation performed by an independent actuary as the present value of its accumulating compensated absences.

Projected unit credit method, using the following significant assumptions, has been used for valuation of accumulating compensated absences:

Discount rate 12.5 percent per annum;
Expected rate of increase in salary level 10.5 percent per annum; and
Expected mortality rate SLIC (2001-2005) mortality table.

4.9.2 Defined contribution plan

There is an approved contributory provident fund for all employees. Equal monthly contributions are made by the Group and the employees to the fund. The nature of contributory pension fund has been explained in note 4.9.1 (b) above.

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

As per the Joint Venture agreement with Stora Enso, all accumulated balances due and payable to the employees in respect of pension, gratuity and provident fund maintained with Parent Company as a consequence of cessation of their employment with Parent Company were transferred by Parent Company's Funds to BSPL's Funds or directly paid to the employees. This has been treated as a settlement as per IAS 19 - Employee Benefits.

4.9.3 Pension plan is a multi-employer plan formed by the Parent Company in collaboration with Tri Pack Films Limited and DIC Pakistan Limited. Similarly, Gratuity plan is also a multi-employer plan formed by the Parent Company in collaboration with DIC Pakistan Limited. Contribution by the companies is based on the respective number of employees of each Group. Each Group Company reports its proportionate share of the plan's commitments, managed assets and costs, in accordance with guidance provided by IAS 19 - Employee Benefits, regarding defined benefit plans, based on the number of its employees participating in the plans.

4.9.4 Change in Accounting Policy

During the year, the Group has changed its accounting policy in respect to recognition of actuarial gains and losses, past service costs and expected return on plan assets, whereby with effect from current year, the Group has recognized:

Actuarial gains and losses as they occur in other comprehensive income, instead of past policy, where actuarial gains and losses were recognised as an income or expense in accordance with minimum recommended approach under the previous standard IAS 19 - Employees benefits;

All past service costs at the earlier of when the ammendment or curtailment occurs and when the Group has recognised related restructuring or termination benefits, instead of past policy, where the past service costs were recognised on a straight line basis over the average period until the benefits became vested and if the benefits were already vested, following introduction of or change in scheme, past service costs were recognised immediately in consolidated profit and loss account; and

Interest on net defined benefit obligation (net of plan assets) in consolidated profit and loss account, which is calculated using the discount rate used to measure the defined benefit obligation or asset, and expected return on plan assets will no longer be recognised in consolidated profit and loss account.

The change has been accounted for in accordance with the requirements of IAS 19 - Employee Benefits (Revised), as required under IAS 8 - Accounting Policies, Change in Accounting Estimates and Errors such a change to be applied retrospectively. Due to the change in accounting policy, the Group has presented as at the beginning of the earliest comparative period i.e. January 01, 2012 and related notes in accordance with the requirement of IAS 1 - Presentation of Financial Statements (Revised).

Had there been no change in the accounting policy due to recognition of actuarial gains and losses on defined benefit plans in accordance with IAS 19 (Revised), the following would have been the impact as of January 01, 2012, December 31, 2012 and for the year then ended:

	Group		Associates	Total
(Rupees in thousands)	Gratuity	Pension	Pension	
As of January 01, 2012				
Employee benefit liability would have been lower by	-	394,472	-	394,472
Employee benefit asset would have been higher by	86,205	-	-	86,205
Deferred tax liability would have been higher by	8,621	39,447	-	48,068
Investments accounted for under equity method would have been lower by	-	-	10,740	10,740
Net effect	77,584	355,025	10,740	443,349
Accumulated loss would have been lower by	77,584	355,025	-	432,609
Other reserves of associates would have been lower by	-	-	10,740	10,740
As of and for the year ended December 31, 2012				
Employee benefit liability would have been higher by	16,847	-	-	16,847
Employee benefit asset would have been lower by	-	204,290	-	204,290
Deferred tax liability would have been lower by	1,685	20,429	-	22,114
Investments accounted for under equity method would have been higher by	-	-	8,775	8,775
Net effect	15,162	183,861	8,775	207,798
Loss for the year would have been higher by	28,800	241,647	16,224	286,671
Other comprehensive income would have been higher by	13,638	57,786	7,449	78,873
Accumulated loss would have been higher by	15,162	183,861	16,224	215,247
Other reserves of associates would have been lower by	-	-	7,449	7,449
Basic and diluted earnings would have been lower by:				
- Continuing operations				1.86
- Discontinued operations				1.54
				3.40

4.10 Stores and spares

Stores and spares are valued at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Provision is made in the consolidated financial statements for obsolete and slow moving stores and spares based on management estimate.

4.11 Stock-in-trade

Stock of raw materials, except for those in transit, work-in-process and finished goods are valued principally at the lower of cost and net realisable value. Cost of raw materials is determined using the weighted 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 are measured based on a standard cost method, which is reviewed regularly to ensure relevant measures of utilisation, production lead time etc.

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

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.

4.12 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument and derecognised when the Group loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is included in the consolidated profit and loss account for the year.

Financial instruments carried on the consolidated balance sheet include loans, investments, trade and other debts, cash and bank balances, borrowings, trade and other payables, accrued expenses and unclaimed dividends. All financial assets and liabilities are initially measured at cost, which is the fair value of consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value or cost as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.13 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 Group intends either to settle on a net basis or to realise the assets and to settle the liabilities simultaneously.

4.14 Trade debts

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 are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

4.15 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 cash in hand, demand deposits, 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 balance sheet, finances under mark up arrangements are included in current liabilities.

4.16 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.

4.17 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 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.

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

4.18 Trade and other payables

Trade 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.

Liabilities for creditors and other costs payable are initially recognised at cost which is the fair value of the consideration to be paid in future for goods and / or services, whether or not billed to the Group and subsequently measured at amortised cost using the effective interest method.

4.19 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 ongoing 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 the consolidated profit and loss account in the periods when the hedged item shall affect 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.

4.20 Revenue recognition

Revenue is recognised on dispatch of goods or on the performance of services.

Return on deposits is accrued on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

Dividend income and entitlement of bonus shares are recognised when right to receive such dividend and bonus shares is established.

4.21 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the consolidated balance sheet date. Foreign exchange gains and losses on translation are recognised in the consolidated profit and loss account. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on 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.

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 balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each 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 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 other comprehensive income.

The financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

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

4.23 Dividend

Dividend distribution to the Group's shareholders is recognised as a liability in the period in which the dividends are approved.

4.24 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 re-measured subsequent to initial recognition except on conversion or expiry.

4.25 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 Board of Directors of the Parent Company.

4.26 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when:

(i) the Group has a present legal or constructive obligation as a result of past events;
(ii) it is probable that an outflow of resources shall be required to settle the obligation; and
(iii) the amount has been reliably estimated.

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.

5. Issued, subscribed and paid up capital

2013 (Number of shares)	2012 (Number of shares)		2013 (Rupees in thousand)	2012 (Rupees in thousand)
33,603,295	33,603,295	Ordinary shares of Rs. 10 each fully paid in cash	336,033	336,033
148,780	148,780	Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	1,488	1,488
50,627,429	50,627,429	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	506,274	506,274
84,379,504	84,379,504		843,795	843,795

21,133,101 (2012: 21,082,601) ordinary shares of the Parent Company are held by IGI Insurance Limited, an associated undertaking.

(Rupees in thousand)	Note	2013	2012
			(Re-stated)
6. Reserves			
Movement in and composition of reserves is as follows:			
Capital			
Share premium	6.1	2,876,893	2,876,893
Exchange difference on translation of foreign subsidiary			
At the beginning of the year		16,441	22,916
Exchange difference for the year		26,343	(6,475)
		42,784	16,441
Fair value reserve			
At the beginning of the year		13,288,190	9,141,841
Fair value gain during the year		10,278,726	4,146,349
	6.2	23,566,916	13,288,190
		26,486,593	16,181,524
Revenue			
General reserve			
At the beginning of the year		14,910,333	16,160,333
Transferred to consolidated profit and loss account		(3,300,000)	(1,250,000)
		11,610,333	14,910,333
Other reserves relating to associates and Joint Ventures			
At the beginning of the year		(18,189)	(28,251)
(Loss) / income during the year		(10,920)	10,062
		(29,109)	(18,189)
		11,581,224	14,892,144
		38,067,817	31,073,668

6.1 This reserve can be utilised by the Parent Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

6.2 As referred to in note 4.8 this represents the unrealised gain on remeasurement of investments at fair value and is not available for distribution. This shall be transferred to the consolidated profit and loss account on derecognition of investments.

(Rupees in thousand)	Note	2013	2012
7. Long-term finances			
These are composed of:			
Local currency loans - secured			
Term Finance Loan	7.1.1	900,000	1,000,000
Long Term Finance Facility	7.1.2	2,000,000	2,000,000
Term Loan	7.1.3	279,603	216,643
		3,179,603	3,216,643
Preference shares / convertible stock - unsecured	7.2	2,470,577	2,470,577
		5,650,180	5,687,220
Current portion shown under current liabilities	12	(200,000)	(1,000,000)
		5,450,180	4,687,220

7.1 Local currency loans - secured

7.1.1 Term Finance Loan

During the current year, the Parent Company has prepaid its Term Finance Loan of Rs. 1,000 million availed from Bank Al-Habib Limited having Bank Al-Habib Limited own source component of Rs. 578 million (2012: Rs. 578 million) and State Bank of Pakistan's long term finance facility component of Rs. 422 million (2012: Rs. 422 million) using long term loan of Rs. 1,000 million from Bank Al-Habib Limited. This loan is secured by a ranking charge of Rs. 1,273 million (2012: Rs. 1,400 million) over present and future fixed assets of the Parent Company located at Lahore excluding land and buildings. It carries mark up at the rate of six month KIBOR plus 0.65 percent per annum and is repayable in 10 equal semi-annual installments started on November 19, 2013 and ending on May 19, 2018. The effective mark up charged during the year ranges from 9.81 percent to 10.18 percent per annum.

7.1.2 Long Term Finance Facility

This loan has been obtained from Meezan Bank Limited under the Islamic mode of finance as a Musharika. It is secured by a ranking charge over all present and future fixed assets of the Parent Company located at Lahore and Kasur excluding land and buildings located at Lahore amounting to Rs. 2,500 million. It carries mark up at six month KIBOR plus 0.65 percent per annum and is repayable in 7 equal semi-annual installments starting from December 31, 2016 and ending on December 31, 2019. The effective mark up charged during the year ranges from 9.74 percent to 10.07 percent per annum.

7.1.3 Term Loan

Term loan has been obtained from MCB Bank Limited Sri Lanka and is repayable over seven years including two years grace period.

7.2 Preference shares / convertible stock - unsecured

During the year 2009, the Parent Company issued 10 percent local currency non-voting cumulative preference shares / convertible stock at the rate of Rs. 190 per share amounting to USD 50 million equivalent to PKR 4,120.5 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, in 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 cumulative basis till December 31, 2013 and thereafter, these shall become non-cumulative till the date of settlement of preference shares / convertible stock either in cash or ordinary shares.

Preference shares / convertible stock are recognised in the balance sheet as follows:

(Rupees in thousand)	**2013**	2012
Face value of preference shares / convertible stock	4,120,500	4,120,500
Transaction costs	(44,048)	(44,048)
	4,076,452	4,076,452
Equity component - classified under capital and reserves	(1,605,875)	(1,605,875)
Liability component - classified under long-term finances	2,470,577	2,470,577
Accrued return on preference shares / convertible stock classified under accrued finance cost	412,050	412,050

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 reserve.

(Rupees in thousand)	Note	2013	2012
8. Liabilities against assets subject to finance lease			
Present value of minimum lease payments		27,884	-
Current maturity shown under current liabilities	12	(3,702)	-
		24,182	-

Interest rate used as discounting factor ranges from 9.44 percent to 9.99 percent per annum (2012: Nil). Taxes, repairs, replacements 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:

	Minimum lease	Future finance	Present value of lease liability	
(Rupees in thousand)	payments	charge	2013	2012
Not later than one year	5,441	1,739	3,702	-
Later than one year and not later than five years	28,397	4,215	24,182	-
	33,838	5,954	27,884	-

(Rupees in thousand)	2013	2012
		(Re-stated)
9. Deferred income tax liabilities		
The liability for deferred taxation comprises temporary differences relating to:		
Accelerated tax depreciation	590,924	570,758
Unused tax losses	-	(132,405)
Provision for accumulating compensated absences	(54,482)	(68,252)
Provision for doubtful debts	(12,202)	(19,308)
Preference shares / convertible stock transaction cost - liability portion	9,293	9,267
Provision for slow moving items	(391)	(3,135)
Provision for doubtful receivables	(693)	(1,270)
Investments in associates and Joint Ventures	164,000	165,000
Exchange difference	-	1,198
Effect of qualifying payment	(28,367)	(23,675)
Provision for unfunded defined benefit plan	(1,165)	(1,023)
Net losses on retirement benefits	-	(25,719)
	666,917	471,436

9.1 The Group has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 746.705 million (2012: Rs. 566.842 million) and Nil (2012: Rs. 261.474 million) available to the Parent Company under section 113 and section 65B of the Income Tax Ordinance, 2001 ('Ordinance') respectively and unused tax losses of Rs. 377.609 million (2012: Nil) in view of the management's estimate that the Parent Company may not be able to offset these against tax liability arising in respect of relevant business profits of future periods, before these expire / lapse. Tax credits under section 113 of the Ordinance amounting to Rs. 68.813 million, Rs. 183.823 million, Rs. 203.917 million, Rs. 111.577 million and Rs. 178.574 are set to lapse by the end of years ending on December 31, 2014, 2015, 2016, 2017 and 2018 respectively.

(Rupees in thousand)	2013	2012
		(Re-stated)
10. Retirement benefits		
Classified under non-current liabilities		
Pension fund	578	276,458
Gratuity fund	-	30,350
	578	306,808
Classified under non-current assets		
Gratuity fund	6,540	-

	Pension Fund		Gratuity Fund	
(Rupees in thousand)	2013	2012	2013	2012
		(Re-stated)		(Re-stated)
The amounts recognised in the consolidated balance sheet are as follows:				
Fair value of plan assets	567,707	305,573	281,655	341,021
Present value of defined benefit obligation	(568,285)	(582,031)	(275,115)	(371,371)
(Liability) / asset as at December 31	(578)	(276,458)	6,540	(30,350)
Net (liability) / asset as at January 1	(276,458)	(406,830)	(30,350)	3,094
(Charge) / income to consolidated profit and loss account	(15,205)	136,074	(16,213)	(34,254)
Gain / (loss) charged to consolidated OCI	14,628	(63,796)	8,793	(15,056)
Contribution by the Group	276,457	58,094	44,310	15,866
Net (liability) / asset as at December 31	(578)	(276,458)	6,540	(30,350)
The movement in the present value of defined benefit obligation is as follows:				
Present value of defined benefit obligation as at January 1	582,031	1,092,581	371,371	314,074
Service cost	-	31,488	15,311	18,448
Interest cost	60,425	132,649	31,628	35,664
Benefits paid	(65,433)	(62,772)	(167,685)	(57,528)
Settlements	-	(553,090)	-	-
Curtailment / settlement (gain) / loss	-	(196,267)	-	17,182
Loss from change in demographic assumptions	32,276	-	-	43,531
Gain from change in financial assumptions	(48,601)	-	-	-
Experience losses	7,587	137,442	24,490	-
Present value of defined benefit obligation as at December 31	568,285	582,031	275,115	371,371

(Rupees in thousand)	Pension Fund 2013	2012 (Re-stated)	Gratuity Fund 2013	2012 (Re-stated)
The movement in fair value of plan assets is as follows:				
Fair value as at January 1	305,573	685,750	341,021	317,168
Expected return on plan assets	45,220	86,516	30,726	37,044
Group contributions	276,459	58,094	44,308	15,866
Employee contributions	-	17,428	-	-
Benefits paid	(65,432)	(62,772)	(167,685)	(57,528)
Settlements	-	(553,090)	-	-
Experience gains	5,887	73,647	33,285	28,471
Fair value as at December 31	567,707	305,573	281,655	341,021
The amounts recognised in the consolidated profit and loss account are as follows:				
Current service cost	-	31,488	15,311	18,448
Interest cost for the year	60,425	132,649	31,628	35,664
Expected return on plan assets	(45,220)	(86,516)	(30,726)	(37,044)
Contribution made by the employees	-	(17,429)	-	-
(Gain) / loss on curtailment / settlement recognised	-	(196,266)	-	17,186
Total included in salaries, wages and amenities	15,205	(136,074)	16,213	34,254
Plan assets are comprised as follows:				
Debt	158,390	133,829	174,634	263,133
Equity	191,317	471,744	104,543	71,210
Cash	218,000	253,090	2,478	6,678
	567,707	858,663	281,655	341,021
Settlements	-	(553,090)	-	-
	567,707	305,573	281,655	341,021

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)	2013	2012	2011	2010	2009
As at December 31					
Present value of defined benefit obligation	568,285	582,031	1,092,581	890,215	767,086
Fair value of plan assets	567,707	305,573	685,750	649,568	592,086
Deficit	(578)	(276,458)	(406,831)	(240,647)	(175,000)
Experience adjustment on obligation	1%	13%	11%	5%	6%
Experience adjustment on plan assets	2%	11%	-10%	0%	5%

Fair value of plan assets include ordinary shares of the Parent Company, whose fair value as at December 31, 2013 is Rs. 179.946 million (2012: Rs. 99.771 million).

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

(Rupees in thousand)	2013	2012 (Re-stated)	2011	2010	2009
As at December 31					
Present value of defined benefit obligation	275,115	371,371	314,074	285,349	247,893
Fair value of plan assets	281,655	341,021	317,168	304,449	303,425
Surplus/(deficit)	6,540	(30,350)	3,094	19,100	55,532
Experience adjustment on obligation	9%	14%	-1%	9%	5%
Experience adjustment on plan assets	14%	9%	-5%	-3%	-1%

Fair value of plan assets include ordinary shares of the Parent Company, whose fair value as at December 31, 2013 is Rs. 28.488 million (2012: Rs. 15.795 million).

(Rupees in thousand)	2013 Pension	2013 Gratuity
Year end sensitivity analysis on defined benefit obligation:		
Discount rate + 100 bps	531,292	(18,622)
Discount rate - 100 bps	610,599	21,355
Indexation + 100 bps	617,747	21,560
Indexation - 100 bps	524,773	(19,098)

(Rupees in thousand)	Note	2013	2012
11. Deferred liabilities			
Accumulating compensated absences	11.1	156,415	133,359
Staff gratuity	11.2	9,710	8,528
		166,125	141,887

11.1 Accumulating compensated absences

This represents provision made to cover the obligation for accumulating compensated absences.

	2013	2012
Opening balance	196,163	172,022
Provision for the year	69,502	54,182
	265,665	226,204
Payments made during the year	(20,894)	(30,041)
Payments made to employees of discontinued operations	(61,724)	-
	(82,618)	(30,041)
Liability transferred to BSPL	(26,632)	-
	156,415	196,163
Settlement to be made for employees of discontinued operations shown under accrued liabilities	-	(62,804)
Closing balance	156,415	133,359

11.2 Staff gratuity

This represents staff gratuity of employees of Packages Lanka (Private) Limited and is unfunded.

(Rupees in thousand)	Note	2013	2012
12. Current portion of long-term liabilities			
Current portion of long-term finances - secured	7	200,000	1,000,000
Current portion of liabilities against assets subject to finance lease	8	3,702	-
		203,702	1,000,000
13. Finances under mark up arrangements - secured			
Running finances - secured	13.1	1,278,303	258,404
Bills discounted - secured	13.2	-	-
Short-term finances - secured	13.3	750,000	993,059
		2,028,303	1,251,463

13.1 Running finances - secured

Short-term running finances available from a consortium of commercial banks under mark up arrangements amount to Rs. 8,707 million (2012: Rs. 9,413 million). The rates of mark-up range from Re. 0.2468 to Re. 0.4658 per Rs. 1,000 per diem 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 Re. 0.2962 to Re. 0.5753 per Rs. 1,000 per diem or part thereof on the balances unpaid. The aggregate running finances are secured by hypothecation of stores, spares, stock-in-trade and trade debts.

13.2 Bills discounted - secured

Facilities for discounting of export / inland bills of Rs. 531 million (2012: Rs. 581 million) are available to the Group as a sub-limit of the running finance facilities referred to in note 13.1. 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 13.1, on the specific bills discounted. The facility is unavailed as at year end.

13.3 Short-term finances - secured

Facilities for obtaining short-term finances of Rs. 7,435 million (2012: Rs. 6,975 million) are available to the Group as a sub-limit of the running finance facilities referred to in note 13.1. The rates of mark up range from Re. 0.2362 to Re. 0.2819 per Rs. 1,000 per diem or part thereof on the balances outstanding.

13.4 Letters of credit and bank guarantees

Of the aggregate facility of Rs. 6,489 million (2012: Rs. 7,573 million) for opening letters of credit and Rs. 1,294 million (2012: Rs. 1,294 million) for guarantees, the amount utilised at December 31, 2013 was Rs. 400.997 million (2012: Rs. 895.964 million) and Rs. 154.84 million (2012: Rs. 606.653 million) respectively. Of the facility for guarantees, Rs. 1,294 million (2012: Rs. 1,294 million) is secured by second hypothecation charge over stores, spares, stock-in-trade and trade debts.

14. Derivative financial instruments

Liability in respect of arrangements under the JV Agreement

This represents amount in respect of arrangements under the JV Agreement between the Parent Company and Stora Enso referred to in note 1; which provides Stora Enso the right, in case certain conditions specified in the JV Agreement are not met, and obligates Stora Enso, in case certain conditions specified in the JV Agreement are met, to subscribe to the share capital of BSPL. A key condition of such right and obligation relates to the Joint Venture achieving specified EBITDA, to which the subscription price is also linked. At recognition last year, it was included in the loss recognised on re-measurement of the disposal group classified as held for sale referred to in note 17.1.2. The gain on re-measurement of this derivative during the current period has been included in other income of continuing operations as referred to in note 35.

(Rupees in thousand)	Note	2013	2012
15. Trade and other payables			
Trade creditors	15.1	863,539	865,735
Accrued liabilities	15.2	558,643	742,244
Bills payable		1,433,633	171,271
Retention money payable		-	59,250
Sales tax payable		13,839	84,007
Advances from customers	15.3	162,507	145,181
Payable to employees' retirement benefit funds	15.4	11,817	15,480
Deposits - interest free repayable on demand		8,523	11,136
TFCs payable		1,387	1,387
Unclaimed dividends		13,938	12,448
Workers' profit participation fund	15.5	105,995	-
Workers' welfare fund	15.6	45,598	2,911
Others		58,260	51,155
		3,277,679	2,162,205

15.1 Trade creditors include amount due to related parties Rs. 235.761 million (2012: Rs. 127.040 million)

15.2 Accrued liabilities include amounts in respect of related parties Rs. 76.134 million (2012: Rs. 34.508 million).

15.3 Advances from customers include amounts from related party Rs 0.798 million (2012: Rs 0.911 million).

(Rupees in thousand)	Note	2013	2012
15.4 Payable to employees' retirement benefit funds			
Employees' provident fund	15.4.1	6,122	7,849
Employees' gratuity fund		978	1,334
Management staff pension fund		4,717	6,297
		11,817	15,480
15.4.1 Employees' provident fund			
(i) Size of the fund		1,276,724	1,129,180
(ii) Cost of investments made		644,772	806,415
(iii) Fair value of investments	15.4.2	1,247,101	1,086,636
(iv) Percentage of investments made		97.68%	96.23%

15.4.2 Fair value of investments

	2013		2012	
	Rupees in thousand	%age of size of the Fund	Rupees in thousand	%age of size of the Fund
Break up of investments				
Equity shares of listed companies	738,591	57.85%	415,010	36.75%
Mutual funds	151,229	11.85%	198,466	17.58%
National Saving Bonds	-	0.00%	18,341	1.62%
Izafa Certificates	108,989	8.54%	97,904	8.67%
Pakistan Investment Bonds	115,436	9.04%	114,778	10.16%
Term Finance Certificates	28,558	2.24%	90,242	7.99%
Term Deposit Receipts with banks	57,172	4.48%	75,364	6.67%
Treasury Bills	47,126	3.69%	76,531	6.78%
	1,247,101	97.68%	1,086,636	96.23%

15.4.3 The investments by the Provident Fund Trust have been made in accordance with the provisions of section 227 of the Ordinance and the Rules formulated for this purpose.

(Rupees in thousand)	Note	2013	2012
15.5 Workers' profit participation fund			
Opening balance (receivable) / payable	28	(19)	124
Refund claimed		19	-
Provision for the year		119,995	6,981
		119,995	7,105
Payments made during the year		(14,000)	(7,124)
Closing balance payable / (receivable)		105,995	(19)
15.6 Workers' welfare fund			
Opening balance		2,911	3,596
Prior year adjustment		157	-
Provision for the year		45,598	3,000
		48,666	6,596
Payments made during the year		(3,068)	(3,685)
Closing balance		45,598	2,911
16. Accrued finance cost			
Accrued mark up / return on:			
Long-term local currency loans - secured		98,751	49,438
Preference shares / convertible stock - unsecured		412,050	412,050
Finances under mark up arrangements - secured		23,000	81,699
		533,801	543,187

17. Disposal group classified as held for sale and Discontinued operations

As more fully explained in note 1 to these consolidated financial statements, the disposal group comprised of the Paper & Paperboard and Corrugated business operations at Kasur and Karachi. The assets and liabilities of disposal group were separately classified as held for sale last year as identified in note 17.1. In connection with this, the profit and loss account for these operations has also been separately classified as a discontinued operation in note 17.2. During the year, assets along with liabilities were transferred to BSPL.

17.1 Assets and liabilities of disposal group classified as held for sale

(Rupees in thousand)	Note	2013	2012
a) Assets classified as held for sale			
Operating assets	17.1.1	-	10,249,450
Capital work-in-progress		-	162,365
Intangible assets		-	10,021
Stores and spares		-	695,153
Stock-in-trade		-	3,426,302
Total assets of the disposal group		-	14,543,291
b) Liabilities directly associated with assets classified as held for sale			
Deferred income tax liabilities	17.1.3	-	551,513
Short-term finances - secured		-	5,100,000
Other payables		-	17,684
Total liabilities of the disposal group		-	5,669,197
17.1.1 Operating assets			
Opening balance		10,249,450	-
Assets of disposal group classified as held for sale as at September 30, 2012		-	14,672,768
Net book value of additions / transfers in		113,580	32,402
Net book value of deletions / transfers out		(1,176)	(1,591)
		10,361,854	14,703,579
Loss recognised on the re-measurement of assets of disposal group	17.1.2	-	(4,454,129)
		10,361,854	10,249,450
Assets transferred out to BSPL during the year		(10,361,854)	-
		-	10,249,450

17.1.2 Loss recognised on the re-measurement of assets of disposal group

This represents the difference between the carrying values of net assets to be transferred to BSPL and the estimated fair value thereof in the form of Company's interest in the joint venture, net of the amount as described in note 14.

(Rupees in thousand)	2013	2012
17.1.3 Deferred income tax liabilities		
The liability for deferred taxation comprises temporary differences relating to:		
Accelerated tax depreciation	-	2,011,843
Un-absorbed tax depreciation	-	(1,460,330)
	-	551,513

The tax losses as at December 31, 2013 transferable to BSPL are estimated approximately at Nil (2012: Rs. 4,172.371 million).

17.1.4 Commitments in respect of disposal group classified as held for sale

(i) Letters of credit and contracts for capital expenditure Nil (2012: Rs. 2.242 million).

(ii) Letters of credit and contracts other than for capital expenditure Nil (2012: Rs. 369.488 million).

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

(Rupees in thousand)	2013	2012
Not later than one year	-	346
Later than one year and not later than five years	-	268
	-	614

17.2 Profit and loss account - Discontinued operations

		Paper & Paperboard and Corrugated business operations at Kasur and Karachi		Paper & Paperboard operations at Lahore		Total	
(Rupees in thousand)	Note	2013	2012 (Re-stated)	2013	2012 (Re-stated)	2013	2012 (Re-stated)
Local sales		5,148,848	10,039,377	-	42,002	5,148,848	10,081,379
Export sales		8,926	27,642	-	-	8,926	27,642
		5,157,774	10,067,019	-	42,002	5,157,774	10,109,021
Less: Sales tax and excise duty		680,314	1,357,088	-	3,523	680,314	1,360,611
Commission		-	34	-	-	-	34
		680,314	1,357,122	-	3,523	680,314	1,360,645
		4,477,460	8,709,897	-	38,479	4,477,460	8,748,376
Sales to Continuing operations		448,623	1,954,155	-	-	448,623	1,954,155
		4,926,083	10,664,052	-	38,479	4,926,083	10,702,531
Cost of sales		(4,519,311)	(9,999,686)	(8,664)	(294,164)	(4,527,975)	(10,293,850)
Gross profit / (loss)		406,772	664,366	(8,664)	(255,685)	398,108	408,681
Administrative expenses	17.2.1	(242,931)	(321,442)	(440)	(40,879)	(243,371)	(362,321)
Distribution and marketing costs		(97,330)	(179,094)	(222)	(16,718)	(97,552)	(195,812)
Other operating expenses		(9,154)	(38,472)	(2,781)	(15,942)	(11,935)	(54,414)
Other income		2,068	36,729	49,636	7,963	51,704	44,692
Profit / (loss) from operations		59,425	162,087	37,529	(321,261)	96,954	(159,174)
Finance cost		(250,636)	(974,093)	-	(3,411)	(250,636)	(977,504)
(Loss) / profit before tax from Discontinued operations		(191,211)	(812,006)	37,529	(324,672)	(153,682)	(1,136,678)
Taxation		(45,365)	139,811	(14,245)	113,828	(59,610)	253,639
(Loss) / profit after tax from Discontinued operations		(236,576)	(672,195)	23,284	(210,844)	(213,292)	(883,039)
Loss before tax recognised on the re-measurement of assets of disposal group		-	(4,618,688)	-	-	-	(4,618,688)
Taxation		-	1,616,541	-	-	-	1,616,541
Loss after tax recognised on the re-measurement of assets of disposal group		-	(3,002,147)	-	-	-	(3,002,147)
(Loss) / profit for the year from Discontinued operations		(236,576)	(3,674,342)	23,284	(210,844)	(213,292)	(3,885,186)

17.2.1 Included in administrative expenses of Paper & Paperboard and Corrugated business operations at Kasur and Karachi is an amount of Rs. 112.078 million (2012: Rs. 5.613 million) and Nil (2012: Rs. 7.338 million) on account of legal and professional services and travelling respectively in respect of transaction referred to in note 1 to these financial statements.

17.3 Cash flows from Discontinued operations

(Rupees in thousand)	Paper & Paperboard and Corrugated business operations at Kasur and Karachi 2013	2012	Paper & Paperboard operations at Lahore 2013	2012	Total 2013	2012
Cash flows from operating activities	620,943	(479,958)	13,130	162,046	634,073	(317,912)
Cash flows from investing activities	(204,801)	(173,772)	36,611	49,160	(168,190)	(124,612)
Cash flows from financing activities	536,594	(5,485,714)	-	-	536,594	(5,485,714)
Total cash flows	952,736	(6,139,444)	49,741	211,206	1,002,477	(5,928,238)

18. Contingencies and commitments

18.1. Contingencies

(i) Claims against the Group not acknowledged as debts Rs. 19.550 million (2012: Rs. 25.860 million).

(ii) Guarantee issued in favor of Excise and Taxation Officer amounting to Rs. 0.825 million (2012: Nil).

(iii) Post dated cheques not provided in the financial statements have been furnished by the Group in favour of the Collector of Customs against custom levies aggregated to Rs. 407.937 million (2012: Rs. 217.102 million) in respect of goods imported.

18.2. Commitments in respect of

(i) Letters of credit and contracts for capital expenditure Rs. 174.284 million (2012: Rs. 81.017 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs. 433.921 million (2012: Rs. 661.831 million).

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

(Rupees in thousand)	Note	2013	2012
Not later than one year		255,524	180,796
Later than one year and not later than five years		228,450	507,544
		483,974	688,340

There are no commitments with related parties.

19. Property, plant and equipment

	Note	2013	2012
Owned assets	19.1	3,832,749	3,629,740
Assets subject to finance lease	19.2	28,349	-
Capital work-in-progress	19.3	366,374	390,993
		4,227,472	4,020,733

19.1 Owned assets

(Rupees in thousand)	Cost as at December 31, 2012	Exchange Adjustment on opening cost	Additions / (deletions)	Transfer in / (out) (note 20)	Assets of disposal group classified as held for sale	Cost as at December 31, 2013	Accumulated depreciation as at December 31, 2012	Exchange adjustment on opening accumulated depreciation	Depreciation charge / (deletions) for the year	Transfer in / (out) (note 20)	Assets of disposal group classified as held for sale	Accumulated depreciation as at December 31, 2013	Book value as at December 31, 2013
2013													
Freehold land	245,153	9,434	-	-	-	195,836	-	-	-	-	-	-	195,836
			-	(58,751)									
Buildings on freehold land	432,273	4,942	177,998	-	1,735	564,407	166,945	301	20,331	-	-	146,428	417,979
			(17,686)	(34,855)					(17,167)	(23,982)			
Buildings on leasehold land	204,551	-	35,735	5,131	-	245,417	100,751	-	8,238	3,714	-	112,703	132,714
			-	-					-	-			
Plant and machinery	7,945,095	31,819	291,638	-	-	8,071,995	5,291,757	16,517	395,168	-	-	5,511,822	2,560,173
			(196,557)	-					(191,620)	-			
Other equipments (computers, lab equipments and other office equipments)	678,653	8,360	239,419	-	(1,166)	915,187	488,491	4,509	74,236	-	(817)	556,890	358,297
			(10,079)	-					(9,529)	-			
Furniture and fixtures	41,481	612	2,186	-	-	43,568	31,764	267	2,731	-	-	34,144	9,424
			(711)	-					(618)	-			
Vehicles	288,273	261	67,625	-	(34,081)	277,286	126,031	250	29,835	-	(12,349)	118,960	158,326
			(44,792)	-					(24,807)	-			
	9,835,479	55,428	814,601	5,131	(33,512)	10,313,696	6,205,739	21,844	530,539	3,714	(13,166)	6,480,947	3,832,749
			(269,825)	(93,606)					(243,741)	(23,982)			

(Rupees in thousand)	Cost as at December 31, 2011	Exchange Adjustment on opening cost	Additions / (deletions)	Transfer in / (out) (note 20)	Assets of disposal group classified as held for sale	Cost as at December 31, 2012	Accumulated depreciation as at December 31, 2011	Exchange adjustment on opening accumulated depreciation	Depreciation charge / (deletions) for the year	Transfer in / (out) (note 20)	Assets of disposal group classified as held for sale	Accumulated depreciation as at December 31, 2012	Book value as at December 31, 2012
2012													
Freehold land	351,131	(811)	-	-	(105,167)	245,153	-	-	-	-	-	-	245,153
								-					
Buildings on freehold land	3,236,086	(2,140)	16,328	-	(2,818,001)	432,273	554,838	(837)	92,830	-	(479,886)	166,945	265,328
							-	-					
Buildings on leasehold land	191,543	-	3,072	9,936	-	204,551	86,454	-	7,202	7,095	-	100,751	103,800
							-	-					
Plant and machinery	24,216,842	(385)	895,187	-	(16,899,351)	7,945,095	9,136,787	(5,530)	1,097,987	-	(4,738,318)	5,291,757	2,653,338
			(267,198)						(199,169)				
Other equipments (computers, lab equipments and other office equipments)	638,613	1,138	122,674	-	(78,374)	678,653	480,811	(1,769)	60,628	-	(46,001)	488,491	190,162
			(5,398)						(5,178)				
Furniture and fixtures	42,159	85	5,754	-	(5,923)	41,481	32,551	(81)	2,655	-	(2,769)	31,764	9,717
			(594)						(592)				
Vehicles	354,796	(129)	78,914	-	(87,875)	288,273	180,080	(88)	37,226	-	(54,949)	126,031	162,242
			(57,433)						(36,238)				
	29,031,170	(2,242)	1,121,929	9,936	(19,994,691)	9,835,479	10,471,521	(8,305)	1,298,528	7,095	(5,321,923)	6,205,739	3,629,740
			(330,623)						(241,177)				

19.1.1 Owned assets include assets amounting to Rs. 28.304 million (2012: Rs. 43.498 million) of the Group which are not in operation.

19.1.2 The cost of fully depreciated assets which are still in use as at December 31, 2013 is Rs. 3,381.337 million (2012: Rs. 3,862.098 million).

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

		Continuing operations		Discontinued operations Paper & Paperboard and Corrugated business at Kasur and Karachi		Discontinued operations Paper & Paperboard at Lahore		Total	
(Rupees in thousand)	Note	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Cost of sales	31	483,364	371,781	-	852,967	8,664	34,003	492,028	1,258,751
Administrative expenses	32	29,441	21,686	-	7,493	440	1,140	29,881	30,319
Distribution and marketing costs	33	8,408	7,142	-	1,595	222	721	8,630	9,458
		521,213	400,609	-	862,055	9,326	35,864	530,539	1,298,528

19.1.4 Disposal of owned assets

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

(Rupees in thousand)		2013				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
Buildings	**Outsiders**					
	Muhammad Younis and Company	1,830	1,311	519	541	Negotiation
Plant and machinery	**Outsiders**					
	M. Younis and Co, Jutt Brothers, Al - Irfan Business Corporation	8,742	3,806	4,936	2,525	Negotiation
Other equipments	**Outsiders - related party**					
	IGI Insurance Limited	107	9	98	80	Insurance Claim
	Outsiders - others					
	Bismillah Traders	336	266	70	36	Negotiation
Vehicles	**Employees**					
	Abid Ali	652	334	318	401	Group policy
	Alya Azer	1,218	342	876	1,013	-do-
	Aqeel Ahmad Qazi	1,401	406	995	1,350	Negotiation
	Babar Hussain	1,690	101	1,588	1,690	Group policy
	Iftikhar Ahmed	1,226	123	1,103	1,069	-do-
	Imran Iqbal	415	296	119	197	-do-
	Imran Saeed	480	240	240	251	-do-
	Jahanzaib Khan	363	272	91	755	Negotiation
	Jawad Khurram Rizvi	482	271	211	251	Group policy
	Khalid Mahmood	845	391	454	531	-do-
	Khalid Mahmood Butt	868	651	217	217	-do-
	Khalid Yacob	1,534	1,150	383	1,148	Negotiation
	Mahmood Ahmed Bhatti	672	27	645	672	Group policy
	Mansoor Hassan Bhatti	851	628	223	415	-do-
	Mashkoor Hussain Qureshi	658	477	181	316	-do-
	Mian Abdul Rasheed Shaheen	553	415	138	306	-do-
	Mian Mobin Javed	508	381	127	245	-do-
	Moeez Karim	911	683	228	875	Negotiation
	Mubarik Ali	1,312	722	590	954	Group policy
	Muhammad Akmal	1,015	736	279	682	-do-
	Muhammad Ilyas	620	112	508	532	-do-
	Muhammad Mubashir Rasheed	604	109	495	445	-do-
	Nasir Islam	652	481	171	390	-do-
	Naveed Waheed Malik	621	435	186	186	-do-
	Qayyuum Nadeem	649	19	630	652	-do-
	Rahim Danish Khan	590	443	148	330	-do-
	Rafiq Shahid	745	560	185	357	-do-
	Raza Sheikh	366	275	91	137	-do-
	Rohan Ahmed Mumtaz	585	111	474	428	-do-
	Saad Arshad Siddiqui	707	106	601	511	-do-
	Sabih Ahmed Jilani	652	489	163	390	-do-
	Syed Muhammad Umair	1,753	308	1,445	1,528	-do-
	Tayyab Malik	533	393	140	293	-do-
	Zubda Mehmood	2,015	514	1,501	1,735	-do-
	Outsiders					
	Bilal Ahmed	1,520	1,117	404	1,475	Negotiation
	Malik Safdar Iqbal	735	551	184	448	-do-
	Tajammal Hussain	599	450	150	490	-do-
	Rizwan Ahmad Khan	821	411	411	700	-do-
	Amjad Hussain	965	212	752	874	-do-
	Khair Agencies Karachi	943	141	801	900	-do-
	Bismillah Traders	3,971	2,688	1,282	344	-do-
	Ini Logistics	3,839	3,583	256	593	-do-
Other assets with book value less than Rs. 50,000		216,378	215,974	405	39,932	Negotiation
		197	164	33	-	Written off
		96	57	39	-	Group policy
		269,825	243,741	26,084	70,190	

(Rupees in thousand)				2012		
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
Plant and machinery	Outsiders					
	Pak Board Mill, Muhammad Amin Dogar, Jutt Brothers, Boss Links	181,508	113,479	68,029	46,502	Negotiation
Other equipments	Outsiders					
	M/s. Iqbal Jutt	650	509	141	173	Negotiation
Vehicles	Employees					
	Abida Akram	477	346	131	253	Group policy
	Adnan Tufail	402	296	106	192	-do-
	Ali Hassan Siddique	495	142	353	358	-do-
	Ali Usman Awan	725	278	447	568	-do-
	Amad Ud Din	579	326	253	212	-do-
	Amir Janjua	979	710	269	590	-do-
	Ammarah Javed Agha	581	93	488	498	-do-
	Arslan Tauheed Abbasi	495	99	396	421	-do-
	Asma Yousaf	476	345	131	247	-do-
	Ataunnoor Ahmad	381	285	96	169	-do-
	Athar Riaz	615	454	161	365	-do-
	Attia Jamal	617	463	154	337	-do-
	Ayaz Haseeb	360	270	90	160	-do-
	Babar Hussain	849	637	212	556	-do-
	Behram Nazir	414	233	181	219	-do-
	Faraz Zafar	707	64	643	601	-do-
	Farhan M.Jaffer	716	105	611	629	-do-
	Farid Ahmad	1,269	555	714	980	-do-
	Hassan Alam	685	163	522	530	-do-
	Haseeb Riaz	519	97	422	420	-do-
	Hassan Ahmed Mughal	384	245	139	202	-do-
	Iftikhar Ahmad	705	529	176	439	-do-
	Iftikhar Ahmad	1,232	462	770	875	-do-
	Ijaz Ahmad	988	580	408	629	-do-
	Ishtiaq Ur Rehman	385	231	154	203	-do-
	Jananzeb Khan	1,157	868	289	807	-do-
	Kamal Bariq	401	291	110	191	-do-
	Kamran Jamshed	850	425	425	485	-do-
	Khalid Bin Yousaf	700	236	464	515	-do-
	Khalid Mehmood	800	340	460	572	-do-
	Majeed Ghani	585	307	278	362	-do-
	Mian Javaid Iqbal	820	595	225	532	-do-
	Mubashir Ahmad Sheikh	845	412	433	519	-do-
	Mudussar Anjum	384	259	125	177	-do-
	Muhammad Tariq	427	320	107	207	-do-
	Muhammad Ahmad	665	283	382	450	-do-
	Muhammad Amin	374	266	108	169	-do-
	Muhammad Anis	643	113	530	511	-do-
	Muhammad Faraz	396	262	134	208	-do-
	Muhammad Usman Akram	480	222	258	256	-do-
	Mustansar Bashir	475	339	136	251	-do-
	Naeem Shaukat	1,000	300	700	821	-do-
	Nauman Majeed Khan	1,318	264	1,054	952	-do-
	Naveed Ehsaan	859	268	591	689	-do-
	Omer Qureshi	366	275	91	138	-do-
	Rameez Jahangir	754	68	686	646	-do-
	Rana Sher Afghan	610	130	480	465	-do-
	Carried forward	213,102	128,839	84,263	67,251	

(Rupees in thousand)		2012				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
	Brought forward	213,102	128,839	84,263	67,251	
Vehicles	Sajjad Iftikhar	576	425	151	255	Group policy
	Samreen Saleem	362	258	104	161	-do-
	Shabee	378	217	161	197	-do-
	Shabir Hussain	564	310	254	353	-do-
	Shahida Naeem	940	693	247	630	-do-
	Shoaib Nangiana	571	428	143	589	Negotiation
	Shoaib Saleem	479	317	162	255	Group policy
	Syed Ahmad Mujtaba	360	270	90	160	-do-
	Syed Babar Hussain	549	99	450	460	-do-
	Tahir Mahmood	380	285	95	174	-do-
	Usman Ghani	660	289	371	446	-do-
	Usman Tahir	463	168	295	286	-do-
	Zaid Ashraf Nizami	498	137	361	361	-do-
	Outsiders					
	Adnan Rafique Qureshi	900	675	225	860	Negotiation
	IGI Insurance Limited, a related party	4,706	1,621	3,085	4,329	Insurance Claim
	Maheen Saqib	916	687	229	800	Negotiation
	Maswar Subhani	1,072	804	268	725	-do-
Other assets with book value less than Rs. 50,000		205,796	205,713	83	36,855	
		433,272	342,235	91,037	115,147	

19.2 Assets subject to finance lease

(Rupees in thousand)	2013						
Particulars of assets	Cost as at December 31, 2012	Additions	Cost as at December 31, 2013	Accumulated depreciation as at December 31, 2012	Depreciation charge for the year	Accumulated depreciation as at December 31, 2013	Book value as at December 31, 2013
Vehicles	-	28,897	28,897	-	548	548	28,349

19.2.1 Depreciation charge for the year has been allocated to cost of sales.

(Rupees in thousand)	2013	2012
19.3 Capital work-in-progress		
Civil works	174,826	172,830
Plant and machinery [including in transit Nil (2012: Rs. 95.652 million)]	139,391	197,731
Others	224	246
Advances	51,933	20,186
	366,374	390,993

20. Investment property

(Rupees in thousand) Particulars of assets	Cost as at December 31, 2012	Transfer in / (out)	Cost as at December 31, 2013	Accumulated depreciation as at December 31, 2012	Depreciation charge for the year	Transfer in / (out)	Accumulated depreciation as at December 31, 2013	Book value as at December 31, 2013
2013								
Land	-	58,751	58,751	-	-	-	-	58,751
Buildings on freehold land	-	34,855	34,855	-	1,453	23,982	25,435	9,420
Buildings on leasehold land	6,040	-	909	3,932	72	-	290	619
		(5,131)				(3,714)		
	6,040	88,475	94,515	3,932	1,525	20,268	25,725	68,790

(Rupees in thousand) Particulars of assets	Cost as at December 31, 2011	Transfer out	Cost as at December 31, 2012	Accumulated depreciation as at December 31, 2011	Depreciation charge for the year	Transfer out	Accumulated depreciation as at December 31, 2012	Book value as at December 31, 2012
2012								
Land	-	-	-	-	-	-	-	-
Buildings on freehold land	-	-	-	-	-	-	-	-
Buildings on leasehold land	15,976	(9,936)	6,040	10,715	312	(7,095)	3,932	2,108
	15,976	(9,936)	6,040	10,715	312	(7,095)	3,932	2,108

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

20.2 Fair value of the investment property, based on the valuation carried out by an independent valuer, as at December 31, 2013 is Rs. 629.447 million (2012: Rs. 16.863 million).

(Rupees in thousand)	Note	2013	2012
21. Intangible assets			
This represents computer software and ERP system.			
Cost			
As at January 1		194,662	183,259
Additions		2,108	12,040
Deletions		(9,424)	(637)
As at December 31		187,346	194,662
Accumulated amortization			
As at January 1		(144,609)	(133,425)
Amortization for the year	21.1	(13,079)	(11,821)
Deletions		9,425	637
As at December 31		(148,263)	(144,609)
		39,083	50,053

21.1 The amortisation charge for the year has been allocated as follows:

	Note	2013	2012
Continuing operations			
Cost of sales	31	2,599	194
Administrative expenses	32	10,480	7,465
		13,079	7,659
Discontinued operations			
Administrative expenses		-	4,162
		13,079	11,821

(Rupees in thousand)	Note	2013	2012
			(Re-stated)
22. Investments accounted for using the equity method			
22.1 Amounts recognised in balance sheet			
Investments in associates	22.4	3,662,998	3,610,048
Investment in joint venture	22.5	10,015,894	-
		13,678,892	3,610,048
22.2 Amounts recognised in consolidated profit and loss account			
Investments in associates	22.4	177,332	209,148
Investment in joint venture	22.5	3,211	-
		180,543	209,148
22.3 Amounts recognised in other comprehensive income			
Investments in associates	22.4	(11,760)	10,062
Investment in joint venture	22.5	840	-
		(10,920)	10,062
22.4 Investments in associates			
Opening balance		3,610,048	3,018,181
Share of profit from associates - net of tax		177,332	209,148
Share of other comprehensive income - net of tax		(11,760)	10,06 2
Dividends received during the year		(123,677)	(259,191)
Reversal of impairment	38	11,055	631,848
Balance as on December 31	22.4.1	3,662,998	3,610,048

(Rupees in thousand)	Note	2013	2012
			(Re-stated)
22.4.1 Investments in equity instruments of associates - Quoted			
IGI Insurance Limited 11,838,267 (2012: 11,838,267) fully paid ordinary shares of Rs. 10 each Equity held 10.61% (2012: 10.61%) Market value - Rs. 1,945.974 million (2012: Rs. 1,139.788 million)	22.4.1.1	1,130,095	1,104,860
Tri-Pack Films Limited 10,000,000 (2012: 10,000,000) fully paid ordinary shares of Rs. 10 each Equity held 33.33% (2012: 33.33%) Market value - Rs. 1,976.1 million (2012: Rs. 1,920 million)		2,530,745	2,494,306
IGI Investment Bank Limited 4,610,915 (2012: 4,610,915) fully paid ordinary shares of Rs. 10 each Equity held 2.17% (2012: 2.17%) Market value - Rs. 7.700 million (2012: Rs. 10.882 million)	22.4.1.1	2,158	10,882
		3,662,998	3,610,048

22.4.1.1 The Group's investment in IGI Insurance Limited and IGI Investment Bank Limited is less than 20% but they are considered to be associates as per the requirement of IAS 28 'Investments in Associates' because the Group has significant influence over the financial and operating policies of these companies through representation on the board of directors of these companies.

The Group has recognised reversal of impairment losses in IGI Insurance Limited and IGI Investment Bank Limited during the year of Rs. Nil (2012: Rs. 616.203 million) and Rs. 11.055 million (2012: Rs. 15.645 million) respectively as referred to in note 38.

22.4.2 The Group's share of the result of its associates, all of which are incorporated in Pakistan, and its share of the assets (including goodwill) are as follows:

(Rupees in thousand) Name	Percentage interest held	Assets	Liabilities	Revenues	Profit / (loss)
December 31, 2013					
IGI Insurance Limited	10.61%	1,360,696	230,601	121,947	48,912
Tri-Pack Films Limited	33.33%	6,378,506	3,847,761	3,982,962	148,197
IGI Investment Bank Limited	2.17%	22,705	20,547	389	(19,777)
		7,761,907	4,098,909	4,105,298	177,332
December 31, 2012 - (Re-stated)					
IGI Insurance Limited	10.61%	1,345,656	240,796	115,314	24,361
Tri-Pack Films Limited	33.33%	5,554,815	3,060,509	3,413,169	194,161
IGI Investment Bank Limited	2.17%	66,647	55,765	7,526	(9,374)
		6,967,118	3,357,070	3,536,009	209,148

(Rupees in thousand)	Note	2013	2012
22.5 Investment in Joint Venture			
Opening balance		-	-
Interest in subsidiary transferred to interest in Joint Venture - BSPL			
Cost of investment		9,973,651	-
Reserves on date of transfer		38,192	-
		10,011,843	-
Share of profit from joint venture - net of tax		3,211	-
Share of other comprehensive income from Joint Venture - net of tax		840	-
Balance as on December 31	22.5.1	10,015,894	-
22.5.1 Investments in equity instruments of Joint venture - Unquoted			
Bulleh Shah Packaging (Private) Limited			
709,718,013 (2012: Nil) fully paid ordinary shares of Rs. 10 each			
Equity held 65.00% (2012: Nil)		10,015,894	-

22.5.2 **Interest in joint venture**

The Group has a 65% interest in a joint venture, BSPL. The following amounts represent the Group's 65% share of the assets and liabilities, income, expenses, profits and other results of the joint venture:

(Rupees in thousand)	2013	2012
Assets:		
Non-current assets	8,083,173	-
Current assets	4,420,157	-
	12,503,330	
Liabilities:		
Non-current liabilities	1,248,624	-
Current liabilities	2,258,943	-
	3,507,567	-
Net Assets	8,995,763	-
Income	5,202,852	-
Expenses	5,199,640	-
Profit for the year - net of tax	3,212	-
Other comprehensive income	840	-
Total comprehensive income	4,052	-
Proportionate interest in joint venture's commitments	2,258,119	-

There are no contingent liabilities relating to the Group's interest in the joint venture, and no contingent liabilities of the venture itself.

(Rupees in thousand)	Note	2013	2012
23. Other long-term investments			
Quoted			
Nestle Pakistan Limited	23.1		
3,649,248 (2012: 3,649,248) fully paid ordinary shares of Rs. 10 each Equity held 8.05% (2012: 8.05%) Market value - Rs. 27,551.822 million (2012: Rs. 17,273.095 million)		27,551,822	17,273,095
Unquoted			
Tetra Pak Pakistan Limited	23.1		
1,000,000 (2012: 1,000,000) fully paid non-voting shares of Rs. 10 each		10,000	10,000
Coca-Cola Beverages Pakistan Limited			
500,000 (2012: 500,000) fully paid ordinary shares of Rs. 10 each Equity held 0.14% (2012: 0.14%)		4,706	4,706
Pakistan Tourism Development Corporation Limited			
2,500 (2012: 2,500) fully paid ordinary shares of Rs. 10 each		25	25
Orient Match Group Limited			
1,900 (2012: 1,900) fully paid ordinary shares of Rs. 100 each		-	-
		14,731	14,731
		27,566,553	17,287,826

23.1 Nestle Pakistan Limited and Tetra Pak Pakistan Limited are associated undertakings as per the Companies Ordinance, 1984, however, for the purpose of measurement, investments in others have been classified as available for sale as referred to in note 4.8.

(Rupees in thousand)	Note	2013	2012
24. Long-term loans and deposits			
Considered good			
Loans to employees	24.1	4,974	5,847
Loan to SNGPL	24.2	65,600	82,000
Security deposits		14,883	27,754
		85,457	115,601
Receivable within one year			
Loans to employees	28	(1,373)	(1,349)
Loan to SNGPL	28	(16,400)	(16,400)
Security deposits		-	(105)
		(17,773)	(17,854)
		67,684	97,747

24.1 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. 2.999 million (2012: Rs. 3.481 million) are secured by joint registration of motor cycles in the name of employees and the Group. The remaining loans are unsecured.

24.2 This represents an unsecured loan given to Sui Northern Gas Pipelines Limited (SNGPL) for the development of the infrastructure for the supply of natural gas to Joint Venture (BSPL). Mark up is charged at the rate of 1.5% per annum and is received annually. The remaining amount is receivable in 4 annual installments.

(Rupees in thousand)	2013	2012
25. Stores and spares		
Stores [including in transit Rs. 9.260 million (2012: Rs. 6.328 million)]	341,146	268,468
Spares [including in transit Rs. 1.810 million (2012: Rs. 6.661 million)]	285,118	239,053
	626,264	507,521

25.1 Stores and spares include items which may result in fixed capital expenditure but are not distinguishable and are net of an amount of Nil (2012: Rs. 1.452 million) in respect of provision for slow moving stores and spares.

(Rupees in thousand)	2013	2012
26. Stock-in-trade		
Raw materials [including in transit Rs. 430.333 million (2012: Rs. 271.225 million)].	1,878,199	1,415,026
Work-in-process	342,748	336,734
Finished goods	601,462	741,319
	2,822,409	2,493,079
Provision for slow moving items	(1,116)	(8,956)
	2,821,293	2,484,123

26.1 Finished goods with a cost Rs. 25.267 million (2012: Rs. 27.090 million) are being valued at net realisable value of Rs. 22.087 million (2012: Rs. 23.864 million).

(Rupees in thousand)	Note	2013	2012
27. Trade debts			
Considered good			
Related parties - unsecured	27.1	66,700	27,930
Others	27.2	2,033,289	2,640,001
		2,099,989	2,667,931
Considered doubtful		40,735	59,546
		2,140,724	2,727,477
Provision for doubtful debts	27.3	(40,735)	(59,546)
		2,099,989	2,667,931

		2013	2012
27.1 Related parties - unsecured			
Associate			
Tri-Pack Films Limited		19,725	12,121
Joint Venture			
Bulleh Shah Packaging (Private) Limited		46,973	-
Other Related Parties			
DIC Asia Pacific Pte Ltd		-	15,809
DIC Lanka (Private) Limited		2	-
		66,700	27,930

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

27.2 Others include debts of Rs. 172.458 million (2012: Rs. 264.286 million) which are secured by way of bank guarantees and inland letters of credit.

(Rupees in thousand)	2013	2012
27.3 The movement in provision during the year is as follows:		
Balance as at January 1	59,546	45,059
Provision (written back) / for the year	(2,329)	16,073
Bad debts written off	(16,482)	(1,586)
Balance as at December 31	40,735	59,546

(Rupees in thousand)	Note	2013	2012
28. Loans, advances, deposits, prepayments and other receivables			
Current portion of loans to employees	24	1,373	1,349
Current portion of loan receivable from SNGPL	24	16,400	16,400
Advances - considered good			
To employees	28.1	11,061	22,632
To suppliers		48,131	44,109
		59,192	66,741
Due from related parties - unsecured	28.2	1,440,481	344
Trade deposits - considered good		92,386	109,918
Trade deposits - considered doubtful		-	1,650
		92,386	111,568
Security deposits		120	114
Prepayments		22,791	23,709
Balances with statutory authorities			
Customs duty		5,103	6,937
Sales tax recoverable		23,480	13,970
Octroi - considered doubtful		1,506	1,506
		30,089	22,413
Mark-up receivable on			
Loan to SNGPL		54	64
Term deposits and saving accounts		113	617
		167	681
Workers' profit participation fund		-	19
Insurance claim receivable in respect of assets written off due to fire from IGI Insurance Limited - an associate		-	89,412
Other receivables - considered good		86,155	117,638
Other receivables - considered doubtful		474	-
		86,629	117,638
		1,749,628	450,388
Provision against doubtful receivables		(1,980)	(3,630)
		1,747,648	446,758

28.1 Included in advances to employees are amounts due from executives of Rs 0.714 million (2012: Rs. 6.615 million).

(Rupees in thousand)	2013	2012
28.2 Due from related parties - unsecured		
Associates		
Tri-Pack Films Limited	605	63
IGI Insurance Limited	1,366	281
Joint Venture		
Bulleh Shah Packaging (Private) Limited	1,437,067	-
Other Related Parties		
DIC Asia Pacific Pte Ltd	1,245	-
DIC Corporation, Japan	198	-
	1,440,481	344

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

(Rupees in thousand)	Note	2013	2012
29. Income tax receivable			
Income tax refundable		2,200,283	1,628,320
Income tax recoverable	29.1	36,013	36,013
		2,236,296	1,664,333

29.1 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 Parent Company's undertaking which did not qualify for tax credit under this section in view of the Parent Company's location. The assessments for these years were revised by the ITO on these grounds and taxes reassessed were adjusted against certain sales tax refunds and the tax credits previously determined by the ITO and set off against the assessments framed for these years.

The Parent Company had filed an appeal against the revised orders of the ITO before the 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 Rs. 36.013 million represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the assessments.

(Rupees in thousand)	Note	2013	2012
30. Cash and bank balances			
At banks:			
On deposit accounts [including USD 7,361 (2012: USD 7,357)]		57,094	717
On saving account	30.1	8,500	268,347
On current accounts [including USD 191,978 (2012: USD 1,125)]	30.2	279,917	141,384
		345,511	410,448
In hand		5,565	6,129
		351,076	416,577

30.1 The balances in saving accounts bear mark-up which ranges from 6.0 % to 9.75% (2012: 5.0% to 12.70%) per annum.

30.2 Included in these are total restricted funds of Rs. 1.332 million (2012: Rs. 1.332 million) held as payable to TFC holders.

(Rupees in thousand)	Note	2013	2012
			(Re-stated)
31. Cost of sales			
Materials consumed		10,540,417	9,076,395
Salaries, wages and amenities	31.1	1,007,726	871,121
Travelling		32,663	22,395
Fuel and power		1,004,122	999,014
Production supplies		307,061	234,040
Excise duty and sales tax		3,843	754
Rent, rates and taxes	31.2	249,831	308,276
Insurance		39,420	28,846
Repairs and maintenance		353,327	360,800
Packing expenses		252,077	89,227
Depreciation on owned assets	19.1.3	483,364	371,781
Depreciation on assets subject to finance lease	19.2	548	-
Amortization of intangible assets	21.1	2,599	194
Technical fee and royalty		67,279	51,769
Other expenses	31.3	193,536	156,576
		14,537,813	12,571,188
Opening work-in-process		338,842	329,925
Closing work-in-process		(342,748)	(338,842)
Cost of goods produced		14,533,907	12,562,271
Opening stock of finished goods		853,192	646,484
		15,387,099	13,208,755
Closing stock of finished goods		(601,462)	(853,192)
		14,785,637	12,355,563

Cost of goods produced includes Rs. 1,875.078 million (2012: Rs. 1,204.113 million) for stores and spares consumed, Rs. 29.038 million (2012: Rs. 36.838 million) and Rs. 4.701 million (2012: Rs. 2.672 million) for raw material and stores and spares written off respectively.

(Rupees in thousand)	2013	2012
		(Re-stated)
31.1 Salaries, wages and amenities		
Salaries, wages and amenities include following in respect of retirement benefits:		
Pension		
Current service cost	-	4,257
Net interest on net defined benefit liability / (asset)	6,168	13,968
Curtailment / settlement	-	(59,422)
	6,168	(41,197)
Gratuity		
Current service cost	7,734	7,024
Net interest on net defined benefit liability / (asset)	455	(525)
Curtailment / settlement	-	6,542
	8,189	13,041

In addition to above, salaries, wages and amenities include Rs. 17.059 million (2012: Rs. 17.861 million), Rs. 27.238 million (2012: Rs. 21.870 million) and Rs. 25.999 million (2012: Rs. 21.870 million) in respect of provident fund contribution, pension fund contribution by the Group and accumulating compensated absences respectively.

31.2 Rent, rates and taxes include operating lease / ijarah rentals amounting to Rs. 273.009 million (2012: Rs. 303.095 million).

31.3 Other expenses include provision for slow moving stores and spares amounting to Nil (2012: Rs. 1.452 million).

(Rupees in thousand)	Note	2013	2012 (Re-stated)
32. Administrative expenses			
Salaries, wages and amenities	32.1	396,439	214,084
Travelling		31,896	22,804
Rent, rates and taxes	32.2	27,149	14,515
Insurance		10,031	5,326
Printing, stationery and periodicals		21,604	16,071
Electricity		1,513	863
Postage, telephone and telex		17,967	12,938
Motor vehicles running		18,316	13,509
Computer charges		17,615	9,237
Professional services	32.3	36,171	34,085
Repairs and maintenance		16,269	10,592
Depreciation on owned assets	19.1.3	29,441	21,686
Amortisation of intangible assets	21.1	10,480	7,465
Depreciation on investment property	20.1	1,525	312
Security services		4,135	2,981
Other expenses		76,507	49,957
		717,058	436,425

Administrative expenses include Rs. 79.875 million (2012: Rs. 56.536 million) for stores and spares consumed.

(Rupees in thousand)	2013	2012 (Re-stated)
32.1 Salaries, wages and amenities		
Salaries, wages and amenities include following in respect of retirement benefits:		
Pension		
Current service cost	-	1,785
Net interest on net defined benefit liability / (asset)	3,724	5,857
Curtailment / settlement	-	(24,919)
	3,724	(17,277)
Gratuity		
Current service cost	2,695	2,272
Net interest on net defined benefit liability / (asset)	159	(170)
Curtailment / settlement	-	2,116
	2,854	4,218

In addition to above, salaries, wages and amenities include Rs. 6.745 million (2012: Rs. 6.182 million), Rs. 10.812 million (2012: Nil) and Rs. 10.342 million (2012: Rs. 6.286 million) in respect of provident fund contribution, pension fund contribution by the Group and accumulating compensated absences respectively.

32.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 9.754 million (2012: Rs. 8.157 million).

(Rupees in thousand)	2013	2012
32.3 Professional services		
The charges for professional services include the following in respect of auditors' services for:		
Statutory audit	3,591	3,460
Half yearly review	1,200	1,150
Tax services	4,011	4,321
Workers' profit participation fund audit, management staff pension and gratuity fund audit, audit of consolidated financial statements and other certification charges	1,046	903
Out of pocket expenses	1,178	662
	11,026	10,496

Charges for professional services rendered by the auditors relating to the Discontinued operations amount to Rs. 5.843 million (2012: Rs. 1.018 million).

(Rupees in thousand)	Note	2013	2012
			(Re-stated)
33. Distribution and marketing costs			
Salaries, wages and amenities	33.1	188,027	129,761
Travelling		38,943	32,947
Rent, rates and taxes	33.2	8,232	9,684
Freight and distribution		171,853	126,960
Insurance		17,229	5,602
Electricity		1,009	581
Postage, telephone and telex		408	307
Advertising		178,884	100,577
Depreciation on owned assets	19.1.3	8,408	7,142
Repairs and maintenance		82	55
Provision for doubtful debts		-	16,073
Bad debts written off		1,613	2,328
Other expenses		60,986	43,081
		675,674	475,098

Distribution and marketing costs include Rs. 6.637 million (2012: Rs. 4.042 million) for stores and spares consumed.

(Rupees in thousand)	2013	2012
		(Re-stated)
33.1 Salaries, wages and amenities		
Salaries, wages and amenities include following in respect of retirement benefits:		
Pension		
Current service cost	-	824
Net interest on net defined benefit liability / (asset)	1,746	2,703
Curtailment / settlement	-	(11,501)
	1,746	(7,974)

(Rupees in thousand)	2013	2012 (Re-stated)
Gratuity		
Current service cost	1,289	1,033
Net interest on net defined benefit liability / (asset)	76	(77)
Curtailment / settlement	-	963
	1,365	1,919

In addition to above, salaries, wages and amenities include Rs. 3.292 million (2012: Rs. 2.816 million), Rs. 5.273 million (2012: Nil) and Rs. 5.048 million (2012: Rs. 4.012 million) in respect of provident fund contribution, pension fund contribution by the Group and accumulating compensated absences respectively.

33.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 8.036 million (2012: Rs. 6.572 million).

34. Other operating expenses

(Rupees in thousand)	Note	2013	2012
Worker's profit participation fund		117,980	6,981
Workers' welfare fund		44,832	3,000
Exchange loss - net		19,746	37,129
Donations	34.1	752	760
		183,310	47,870

34.1 None of the directors and their spouses had any interest in any of the donees during the year.

35. Other income

(Rupees in thousand)	Note	2013	2012
Income from financial assets			
Income on bank deposits		20,418	10,754
Interest on loan to SNGPL		1,220	1,463
Gain on re-measurement of financial instrument		137,287	-
		158,925	12,217
Income from non-financial assets			
Management and technical fee		-	19,168
Insurance commission from related party		6,684	2,405
Rental income from investment property	35.1	32,347	20,971
Profit on disposal of property, plant and equipment		11,803	29,981
Net gain on insurance claim of assets written off due to fire	35.2	9,478	150,084
Scrap sales		10,107	9,259
Provisions and unclaimed balances written back		47,322	22,900
Rebate income		5,573	221
Others		24,693	1,942
		148,007	256,931
		306,932	269,148

35.1 The expenses relating directly to the income from investment property amount to Rs. 1.525 million (2012: Rs. 0.312 million).

35.2 During 2011, a fire incident at the tissue conversion line and stores damaged certain items of property, plant and equipment, stores and spares and stock-in-trade. The Group filed the insurance claim in respect of these assets. The insurer appointed a surveyor who completed his survey during 2013 and assessed the claim at Rs. 723.135 million including the business interruption claim of Rs. 54.629 million. Out of the total claim the Group received Rs. 627.733 million in previous years and Rs. 95.402 million in current year.

35.3 The future minimum lease payments receivable under non-cancellable operating leases are as follows:

(Rupees in thousand)	2013	2012
Not later than one year	27,171	1,736
Later than one year and not later than five years	31,354	-
	58,525	1,736

36. Finance costs

(Rupees in thousand)	2013	2012
Interest and mark up including commitment charges on		
Long-term finances - secured	316,614	1,276
Finances under mark up arrangements - secured	196,219	161,713
Liabilities against assets subject to finance lease	132	-
Return on preference shares / convertible stock	412,050	412,050
Loan handling charges	6,464	10,732
Bank charges	5,236	3,331
	936,715	589,102

37. Investment income

(Rupees in thousand)	2013	2012
Dividend income	1,889,910	1,223,970
Gain on sale of short-term investments	-	13
	1,889,910	1,223,983

38. Reversal of Impairment on investments in associates

(Rupees in thousand)	2013	2012
Associates - quoted		
IGI Insurance Limited	-	616,203
IGI Investment Bank Limited	11,055	15,645
	11,055	631,848

39. Taxation

(Rupees in thousand)	2013	2012 (Re-stated)
Current		
Current year	196,612	119,582
Prior years	(107,282)	(13,644)
	89,330	105,938
Deferred	394,796	360,782
	484,126	466,720

The provision for current taxation represents tax under 'Final Tax Regime' and minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001.

For the purposes of current taxation, the tax losses available for carry forward as at December 31, 2013 are estimated approximately at Rs. 377.609 million (2012: Rs. 4,549.980 million). Unused tax losses available to the Continuing operations of the Group amount to Rs. 377.609 million (2012: Rs. 377.609 million).

(Rupees in thousand)	2013	2012 (Re-stated)
39.1 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	34.00	35.00
Tax effect of amounts that are:		
Associates and joint ventures results reported net of tax	(0.43)	(18.16)
Differences in overseas taxation rates	(0.35)	(0.59)
Not deductible for tax purposes	0.90	2.54
Deductible for tax purposes	(0.68)	(0.54)
Exempt for tax purposes	(0.29)	(5.54)
Chargeable to tax at different rates	(10.68)	(0.02)
Effect of change in prior years' tax	(4.25)	(0.58)
Tax credits and losses in respect of which no deferred tax asset has been recognised	7.88	5.55
Tax credits	(7.37)	-
Tax effect under presumptive tax regime and others	0.63	(0.37)
	(14.64)	(17.71)
Average effective tax rate charged to profit and loss account	19.36	17.29

40. Remuneration of Chief Executive, Directors and Executives

40.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, full time working Directors and Executives of the Group are as follows:

(Rupees in thousand)	Chief Executive 2013	2012	Directors 2013	2012	Executives 2013	2012
Short-term employee benefits						
Managerial remuneration	11,541	10,020	21,618	18,767	132,073	152,245
Housing	4,558	3,960	8,461	7,353	60,195	71,594
Utilities	1,013	880	1,880	1,634	13,259	15,995
Bonus	2,955	2,567	4,555	3,959	38,819	49,439
Leave passage	3,795	1,927	4,017	2,111	4,397	5,311
Medical expenses	1,669	2,512	336	468	1,588	638
Club expenses	25	60	155	140	21	18
Others	-	-	21	30	26,455	26,998
	25,556	21,926	41,043	34,462	276,807	322,238
Post employment benefits						
Contribution to provident, gratuity and pension funds	3,495	3,037	4,498	4,486	31,944	37,970
Other long-term benefits						
Accumulating compensated absences	1,177	1,205	1,124	1,132	20,381	11,801
	30,228	26,168	46,665	40,080	329,132	372,009
Number of persons	1	1	2	2	94	110

The Group also provides the Chief Executive and some of the Directors and Executives with free transport and residential telephones.

40.2 Remuneration to other directors

Aggregate amount charged in the consolidated financial statements for the year for fee to 7 directors (2012: 7 directors) is Rs. 1,150,000 (2012: Rs. 935,000).

41. Transactions with related parties

The related parties comprise associates, joint venture, directors, key management personnel and post employment benefit plans. 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 40. Other significant transactions with related parties are as follows:

(Rupees in thousand)		2013	2012 (Re-stated)
Relationship with the Group	**Nature of transactions**		
i. Joint Venture	Purchase of goods and services	1,350,602	-
	Sale of goods and services	1,020,432	-
	Rental Income	38,406	-
ii. Associates	Purchase of goods and services	987,885	815,352
	Sale of goods and services	62,536	83,151
	Insurance premium	214,832	209,194
	Commission earned	9,628	8,779
	Insurance claims received	137,657	237,547
	Dividend income	123,677	259,191
ii. Other related parties	Purchase of goods and services	202,317	236,344
	Sale of goods and services	30,509	79,519
	Royalty and technical fee - expense	51,862	39,766
iv. Post employment benefit plans	Expense / (income) charged in respect of retirement benefit plans	134,751	(58,436)

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

42. Capacity and production

	Capacity		Actual production	
	2013	2012	**2013**	2012
Paper and paperboard produced - tons	98,900	271,400	38,314	148,055
Paper and paperboard converted - tons	75,235	158,069	52,610	106,322
Plastics all sorts converted - tons	20,000	20,000	16,041	14,494
Inks produced - tons	11,060	7,100	7,316	5,133
Flexible packaging material - meters ‘000’	90,000	90,000	47,970	47,934

The variance of actual production from capacity is primarily on account of the product mix.

	2013	2012
43. Number of employees		
Total number of employees as at December 31, 2013	1,891	2,900
Average number of employees during the year	2,400	3,024

44. Rates of exchange

Liabilities in foreign currencies have been translated into PAK Rupees at USD 0.9506 (2012: USD 1.0299), EURO 0.6892 (2012: EURO 0.7794), CHF 0.8442 (2012: CHF 0.9409), SEK 6.1087 (2012: SEK 6.6979), GBP 0.5768 (2012: GBP 0.6373), CAD 1.0124 (2012:Nil), SGD 1.2028 (2012:Nil), YEN Nil (2012: YEN 88.5269) and SLR 123.7624 (2012: SLR 130.7702) equal to Rs. 100. Assets in foreign currencies have been translated into PAK Rupees at USD 0.9524 (2012: USD 1.0320) ,EURO Nil (2012: EURO 0.7809), GBP Nil (2012: GBP 0.6387) and SLR 123.7624 (2012: SLR 130.7702) equal to Rs. 100.

(Rupees in thousand)	Note	2013	2012 (Re-stated)
45. Cash generated from operations			
Profit / (loss) before tax including Discontinued operations		2,364,509	(3,055,683)
Adjustments for:			
Loss recognised on the re-measurement of assets of disposal group	17.2	-	4,618,688
Depreciation on owned assets	19.1.3	530,539	1,298,528
Depreciation on assets subject to finance lease	19.2	548	-
Depreciation on investment property	20	1,525	312
Amortisation on intangible assets	21.1	13,079	11,821
Gain on re-measurement of financial instrument	34	(137,287)	-
Reversal of impairment on investments in associates	38	(11,055)	(631,848)
Provision for accumulating compensated absences and staff gratuity	11	70,684	54,761
Provision for retirement benefits	10	31,418	(101,820)
Provision (written back) / for doubtful debts	27.3	(2,329)	16,073
Exchange adjustments		33,316	(8,189)
Net profit on disposal of owned assets		(44,403)	(24,110)
Net gain on insurance claim of assets written off due to fire	35	(9,478)	(150,084)
Finance costs		1,187,351	1,566,606
Gain on sale of short-term investments	37	-	(13)
Dividend income	37	(1,889,910)	(1,223,970)
Share of profit of investments accounted for under equity method		(218,735)	(209,148)
Profit before working capital changes		1,919,772	2,161,924
Effect on cash flow due to working capital changes:			
Increase in stores and spares		(162,367)	(188,908)
Decrease / (increase) in stock-in-trade		689,790	(881,184)
Decrease / (increase) in trade debts		570,271	(574,467)
Decrease / (increase) in loans, advances, deposits, prepayments and other receivables		23,091	(63,573)
(Decrease) / increase in trade and other payables		(245,363)	188,998
		875,422	(1,519,134)
		2,795,194	642,790
46. Cash and cash equivalents			
Cash and bank balances	30	351,076	416,577
Finances under mark up arrangements - secured	13	(2,028,303)	(1,251,463)
Short-term finances - secured	17.1	-	(5,100,000)
		(1,677,227)	(5,934,886)

(Rupees in thousand)		2013	2012 (Re-stated)
47. Combined earnings / (loss) per share			
47.1 Combined basic earnings per share - Continuing operations			
Profit for the year from continuing operations attributable to equity holders of the Parent Company	Rupees in thousand	1,952,977	2,175,239
Weighted average number of ordinary shares	Numbers	84,379,504	84,379,504
Combined basic earnings per share	Rupees	23.15	25.78
47.2 Combined basic loss per share - Discontinued operations			
Loss for the year from discontinued operations attributable to equity holders of the Parent Company	Rupees in thousand	(213,292)	(3,885,186)
Weighted average number of ordinary shares	Numbers	84,379,504	84,379,504
Combined basic loss per share	Rupees	(2.53)	(46.04)
47.3 Combined diluted earnings per share - Continuing operations			
Profit for the year from continuing operations attributable to equity holders of the Parent Company	Rupees in thousand	1,952,977	2,175,239
Return on preference shares / convertible stock - net of tax	Rupees in thousand	326,925	324,421
		2,279,902	2,499,660
Weighted average number of ordinary shares	Numbers	84,379,504	84,379,504
Weighted average number of notionally converted preference shares / convertible stock	Numbers	21,686,842	21,686,842
		106,066,346	106,066,346
Combined diluted earnings per share	Rupees	21.50	23.57

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

48. 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
Continuing operations	
Packaging	Manufacture and market packing products
Consumer Products Division	Manufacture and market consumer / tissue products
Ink	Manufacture and market industrial and commercial ink products
General & Others	Workshop and other general business
Discontinued operations	
Paper, Paperboard & Corrugated Business	Manufacture and market paper, paperboard and corrugated boxes

	Continuing operations								Sub Total		Discontinued operations		Total	
	Packing division		Consumer products Division		Ink division		General & other		Continuing operations		Paper, Paperboard & Corrugated boxes			
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
(Rupees in thousand)		**Re-stated**		**Re-stated**		**Re-stated**		**Re-stated**		**Re-stated**		**Re-stated**		**Re-stated**
Total revenue	12,301,145	10,713,311	2,553,371	2,075,587	2,650,387	2,188,239	1,851,071	690,390	19,355,974	15,667,527	4,926,083	10,702,531	24,282,057	26,370,058
Intersegment revenue	994,253	349,499	9,748	12,061	713,394	699,637	210,434	336,716	1,927,829	1,397,913	448,623	1,954,155	2,376,452	3,352,068
Revenue from external customers	11,306,892	10,363,812	2,543,623	2,063,526	1,936,993	1,488,602	1,640,637	353,674	17,428,145	14,269,614	4,477,460	8,748,376	21,905,605	23,017,990
Interest revenue	-	9,034	-	1,998	-	-	21,638	1,185	21,638	12,217	-	-	21,638	12,217
Interest expense	(507,817)	(426,840)	(9,409)	(92,829)	(45,525)	(53,259)	(373,964)	(16,174)	(936,715)	(589,102)	(250,636)	(977,504)	(1,187,351)	(1,566,606)
Depreciation and amortisation	422,390	289,411	65,310	49,067	25,015	27,347	23,650	42,755	536,365	408,580	177,404	902,081	713,769	1,310,661
Gain on sale of investments	-	-	-	-	-	-	-	13	-	13	-	-	-	13
Reversal of Impairment on investments in associates	-	-	-	-	-	-	11,055	631,848	11,055	631,848	-	-	11,055	631,848
Segment profit / (loss) before tax	912,963	732,824	(4,269)	90,449	248,742	129,650	1,323,301	1,891,350	2,480,737	2,844,273	(153,682)	(5,755,366)	2,327,055	(2,911,093)
Segment taxation	179,963	31,792	41,864	11,692	84,430	43,499	178,869	825,737	485,126	912,720	59,610	(1,870,180)	544,736	(957,460)
Segment profit / (loss) after tax	733,000	701,032	(46,133)	78,757	164,312	86,151	1,144,432	1,065,613	1,995,611	1,931,553	(213,292)	(3,885,186)	1,782,319	(1,953,633)
Segment assets	6,391,653	6,493,184	1,271,713	1,125,111	1,210,064	943,436	1,255,183	1,351,375	10,128,613	9,913,106	-	14,533,270	10,128,613	24,446,376

(Rupees in thousand)		2013	2012 (Re-stated)
48.1	**Reconciliation of segment profit**		
	Total profit for reportable segments	2,327,055	(2,911,093)
	Net income / (loss) from associates and joint ventures	56,866	(50,043)
	Intercompany adjustment	(19,412)	(94,547)
	Profit before tax	2,364,509	(3,055,683)
48.2	**Reconciliation of reportable segment assets**		
	Total assets for reportable segments	10,128,613	24,446,376
	Intersegment assets	32,912	20,069
	Other corporate assets	45,376,055	23,332,604
	Total assets	55,537,580	47,799,049
48.3	**Reconciliation of segment taxation**		
	Total tax expense for reportable segments	544,736	(957,460)
	Intercompany adjustment	(1,000)	(446,000)
	Taxation as per consolidated profit and loss account	543,736	(1,403,460)
48.4	**Reconciliation of segment profit after tax**		
	Total profit after tax for reportable segments	1,995,611	1,931,553
	Intercompany adjustment for profit before tax	37,454	(144,590)
	Intercompany adjustment for taxation	1,000	446,000
	Profit as per consolidated profit and loss account	2,034,065	2,232,963

48.5 Information by geographical area

	Revenue		Non - current assets	
(Rupees in thousand)	**2013**	2012	**2013**	2012
Afghanistan	57,629	63,220	-	-
Bahrain	74,518	-	-	-
Bangladesh	25,369	18,700	-	-
Pakistan	16,039,807	13,072,453	3,950,197	14,136,422
Singapore	22,398	78,728	-	-
Sri-Lanka	1,208,424	1,036,513	496,935	456,055
	17,428,145	14,269,614	4,447,132	14,592,477

Sales are allocated to geographical areas according to the country receiving the goods.

48.6 Information about major customers

Included in the total revenue is revenue from four (2012: two) customers of the Group from the packaging (2012: packaging) segment which represents approximately Rs. 7,095.199 million (2012: Rs. 5,801.113 million) of the Group's total revenue.

49. Financial risk management

49.1 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 and the Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities and net investments in foreign operations that are denominated in a currency that is not the Group's functional currency.

At December 31, 2013, 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. 3.506 million higher / lower (2012: Rs. 10.196 million higher / lower) mainly as a result of foreign exchange losses / gains on translation of US dollar-denominated financial assets and liabilities.

At December 31, 2013, 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. 102.257 million (2012: Rs. 10.098 million) higher / lower, mainly as a result of foreign exchange losses / gains on translation of Euro-denominated financial assets and liabilities.

At December 31, 2013, 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. 65.804 million (2012: Rs. 49.588 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.

(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 investments in equity of other entities that are publicly traded are included in all of the following three stock exchanges; Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange.

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 - profit		Impact on other components of	
(Rupees in thousand)	**2013**	2012	**2013**	2012
Karachi Stock Exchange	-	-	2,286,801	1,520,032

Post-tax profit for the year would increase / decrease as a result of gains / losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase / decrease as a result of gains / losses on equity securities classified as available for sale.

(iii) Cash flow and fair value interest rate risk

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, 2013, 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. 63.373 million (2012: Rs. 72.195 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, 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 and which are neither past due nor impaired are as under:

(Rupees in thousand)	2013	2012
Long-term loans and deposits	67,684	97,747
Trade debts	1,256,751	1,672,462
Loans, advances, deposits, prepayments and other receivables	1,635,576	333,895
Balances with banks	345,511	410,.448
	3,305,522	2,514,552

As of December 31, 2013, trade receivables of Rs. 843.235 million (2012: Rs. 995.469 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)	2013	2012
Up to 90 days	742,255	868,868
90 to 180 days	50,881	70,358
181 to 365 days	50,102	56,243
	843,238	995,469

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 profit and loss account.

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

(Rupees in thousand)	2013	2012
Up to 90 days	46,057	3,244
90 to 180 days	16,988	5,454
181 to 365 days	908	21
	63,953	8,719

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	2013	2012
Bank Alfalah Limited	A1+	AA	PACRA	10	10
Bank Al-habib Limited	A1+	AA+	PACRA	-	4
Bank Islami Pakistan Limited	A1	A	PACRA	9	10
Barclay's Bank PLC Pakistan	A-1	A	S & P	14,208	254
Citibank N.A.	P-2	A3	Moody's	1,288	792
Commercial Bank of Ceylon Limited Sri Lanka		AA	Fitch	8	-
Deutsche Bank A.G.	A-1	A	S & P	2,548	-
Dubai Islamic Bank (Pakistan) Limited	A-1	A	JCR-VIS	5	551
Faysal Bank Limited	A1+	AA	PACRA	43,371	229
Habib Bank Limited	A-1+	AAA	JCR-VIS	607	1,381
Habib Bank Limited Sri Lanka	A-1+	AAA	JCR-VIS	796	-
Hatton Bank Limited Sri Lanka		AA-	Fitch	1,680	-
HSBC Bank Middle East Limited	P-1	A2	Moody's	130	10,570
JS Bank Limited	A1	A+	PACRA	50	51
MCB Bank Limited	A1+	AAA	PACRA	306	968
MCB Bank Limited Sri Lanka	A1+	AAA	PACRA	49,966	30,531
Meezan Bank Limited	A-1+	AA	JCR-VIS	102,256	1,724
National Bank of Pakistan	A-1+	AAA	JCR-VIS	18,134	112,922
NDB Bank Plc		AA-	Fitch	5,743	717
NIB Bank Limited	A1+	AA-	PACRA	50,221	173,711
Samba Bank	A-1	AA-	JCR-VIS	1,332	14,857
Silk Bank Limited	A-2	A-	JCR-VIS	2	2
Soneri Bank Limited	A1+	AA-	PACRA	-	38
Standard Chartered Bank Pakistan Limited	A1+	AAA	PACRA	50,386	60,809
Standard Chartered Bank Sri Lanka		AAA	Fitch	1,309	-
The Bank of Punjab	A1+	AA-	PACRA	115	316
The Bank of Tokyo Mitsubishi UFJ, Limited	A-1	A+	S & P	1	-
United Bank Limited	A-1+	AA+	JCR-VIS	1,030	1
				345,511	410,448

(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 46) 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 5 years	Over 5 years
At December 31, 2013				
Long-term finances	200,000	269,901	695,413	2,014,290
Liabilities against assets				
subject to finance lease	3,702	3,955	20,227	-
Finances under mark up				
arrangements - secured	2,028,303	-	-	-
Trade and other payables	3,277,679	-	-	-
Accrued finance cost	533,801	-	-	-
	6,043,485	273,856	715,640	2,014,290

(Rupees in thousand)	Less than 1 year	Between 1 and 2 years	Between 2 5 years	Over 5 years
At December 31, 2012				
Long-term finances	1,000,000	-	857,130	1,359,513
Short-term finances - secured	5,100,000			
Finances under mark up				
arrangements - secured	1,251,463	-	-	-
Trade and other payables	2,179,889	-	-	-
Accrued finance cost	543,187	-	-	-
	10,074,539	-	857,130	1,359,513

49.2 Financial instruments by categories

The carrying values of all 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.

	Loans and receivables	
(Rupees in thousand)	**2013**	2012
Financial assets		
Long-term loans and deposits	67,684	97,747
Trade debts	2,099,989	2,667,931
Loans, advances, deposits, prepayments and other receivables	1,635,576	333,895
Balances with banks	351,076	416,577
	4,154,325	3,516,150

(Rupees in thousand)	At amortised cost 2013	2012
Financial liabilities		
Long-term finances - secured	3,179,603	3,216,643
Liabilities against assets subject to finance lease	27,884	-
Finances under mark up arrangements - secured	2,028,303	6,351,463
Trade and other payables	3,277,679	2,179,889
Accrued finance cost	533,801	543,187
	9,047,270	12,291,182

49.3 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 7 less cash and cash equivalents as disclosed in note 46. 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)	2013	2012
Long-term finances	5,450,180	4,687,220
Current portion of long term finances	200,000	1,000,000
Cash and cash equivalents	1,677,227	5,934,886
Net debt	7,327,407	11,622,106
Total equity	42,826,487	31,148,886
Total capital	50,153,894	42,770,992
Gearing ratio	15%	27%

49.4 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group are the current bid prices.

The financial instruments that are not traded in active market are carried at cost and are tested for impairment according to IAS 39. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

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.

50. Detail of subsidiaries

Name of the subsidiaries	Accounting year end	Percentage of holding	Country of incorporation
Packages Lanka (Private) Limited	December 31, 2013	79.07%	Sri-Lanka
DIC Pakistan Limited	December 31, 2013	54.98%	Pakistan
Packages Construction (Private) Limited	December 31, 2013	99.99%	Pakistan

51. Date of authorisation for issue

These financial statements were authorised for issue on February 19, 2014 by the Board of Directors of the Parent Company.

52. 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, 2013 of Rs. 8.00 per share (2012: Rs. 4.50 per share), amounting to Rs. 675.036 million (2012: Rs. 379.708 million) at its meeting held on February 19, 2014 for approval of the members at the Annual General Meeting to be held on April 03, 2014. The board has also recommended to transfer Rs. 700 million from accumulated profit to general reserves (2012: Rs. 3,300 million from general reserves to accumulated profit).

53. Corresponding figures

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

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

FORM OF PROXY
59TH ANNUAL GENERAL MEETING

I/We ____

of ______________________________ being a member of Packages Limited and

holder of ______________ Ordinary Shares as per Shares Register Folio No. ______________

(Number of Shares)

and / or CDC Participant I.D. No. ____________ and Sub Account No. ______________

here by appoint ______________ of ______________ or failing him / her ______________

of ____________ or failing him / her ____________ 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 3, 2014 at 10:30 a.m. at Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi and at any adjournment thereof.

Signed this ______________ day of ______________ 2014.

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 to be a member of the Company.

CDC Shareholders and their Proxies are requested to attach an attested photocopy of their Computerised National Identity Card or Passport with this proxy form before submission to the Company.

AFFIX
CORRECT
POSTAGE

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