PACKAGES LIMITED
ANNUAL REPORT 2015

Building Blocks for a Sustainable Future

About the Cover

On our cover this year, we delve into the social, economic and environmental implications of sustainability. To us, sustainability is a product of well thought decisions and responsible actions – that represent building blocks for creating sound economic value and giving back to the communities we are a part of.

Now with another year drawing to a close, we reiterate our commitment to build a sustainable future – one that stands on our promise of increased efficiency, balanced growth and healthier ecosystems for all.

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Company Profile

Historical Overview

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

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

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

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

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

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

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

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

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

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

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

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

In 2005, the Company embarked upon its Paper & Board expansion plan at a new site 'Bulleh Shah Paper Mill (currently Bulleh Shah Packaging (Private) Limited), almost tripling its capacity from 100,000 tons per annum to 300,000 tons per annum. Capacity expansion at Bulleh Shah Paper Mill 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 capitalised 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.

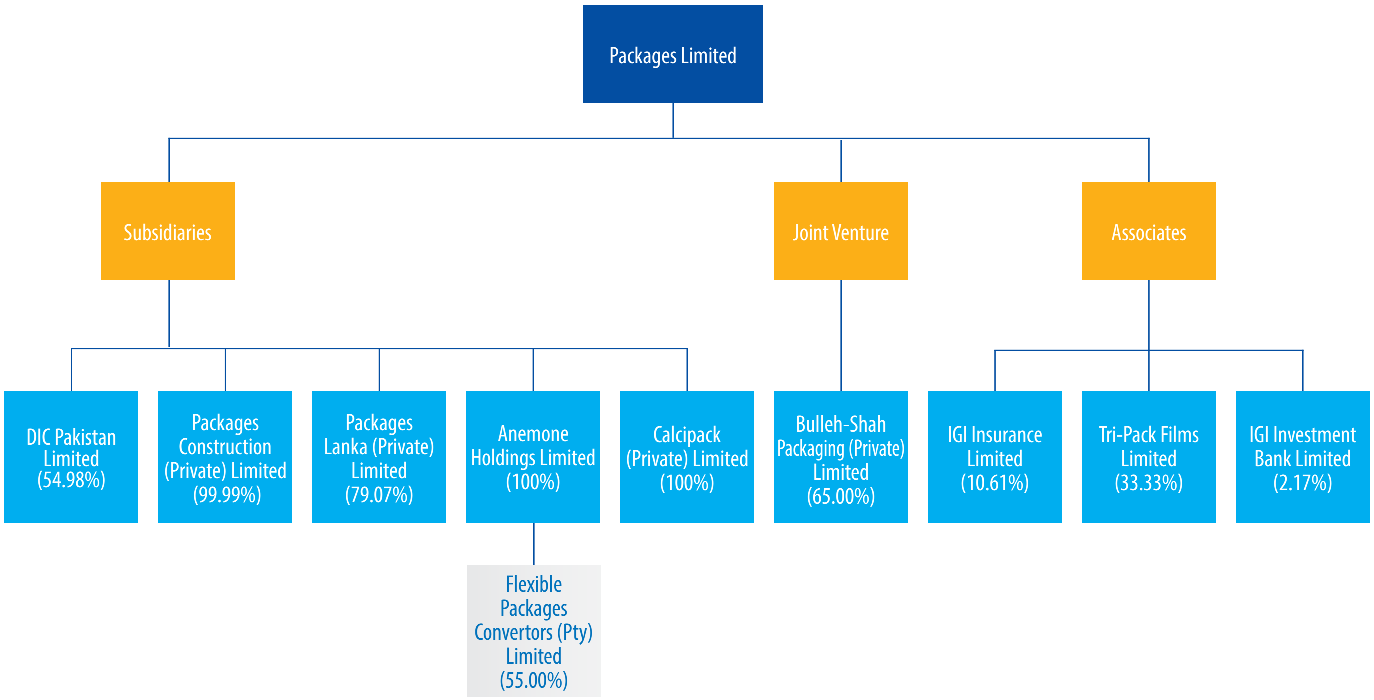
During 2011, a lamination machine was installed in the flexible department at a cost of PKR 96 million. This was Pakistan's first high speed solvent-less automatic lamination machine. It has turret winders for automatic reel and a capacity of 450 meters per minute.

The rebuild project of Paper Machine PM-6, installed at Bulleh Shah Paper Mill, was completed in the second quarter of 2011 leading to capacity expansion of 30,000 tons. The machine started commercial operations with enhanced capability of producing high value added liquid packaging and bleached board. Moreover, the Corrugator Machine in Kasur Plant was upgraded in 2011 to improve efficiency, reliability, enhance capacity and reduce waste. This upgrade activity resulted in increased capacity of 14%.

In 2012, the Company invested in a 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. In the same year, to enable continuous growth and technical development in the Paper & Paperboard segment, Packages signed a 50/50 Joint Venture agreement with Stora Enso OYJ Group of Finland in its 100% wholly owned subsidiary, Bulleh Shah Packaging (Private) Limited. The Joint Venture included Paper & Paperboard and Corrugated business operations at Kasur and Karachi. The Joint Venture Agreement with Stora Enso OYJ Group, signed in 2012, was implemented in 2013 and Packages completed the transfer of assets and related obligations of Paper & Paperboard and Corrugated business operations to Bulleh Shah Packaging (Private) Limited along with cash equity injection. 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.

During 2014, the Company invested in a new Offset Printing Line in continuation of its efforts to remain abreast of improved technological developments in the Packaging business. The new Offset Printing Line commenced its commercial operations during the first quarter of 2014 and had made available additional capacity to meet growing customer demands in the Folding Carton business.

As part of its asset and income diversification strategy, the Company, in May 2014 initiated development of a high quality retail mall at its Lahore land through its wholly owned subsidiary, Packages Construction (Private) Limited.

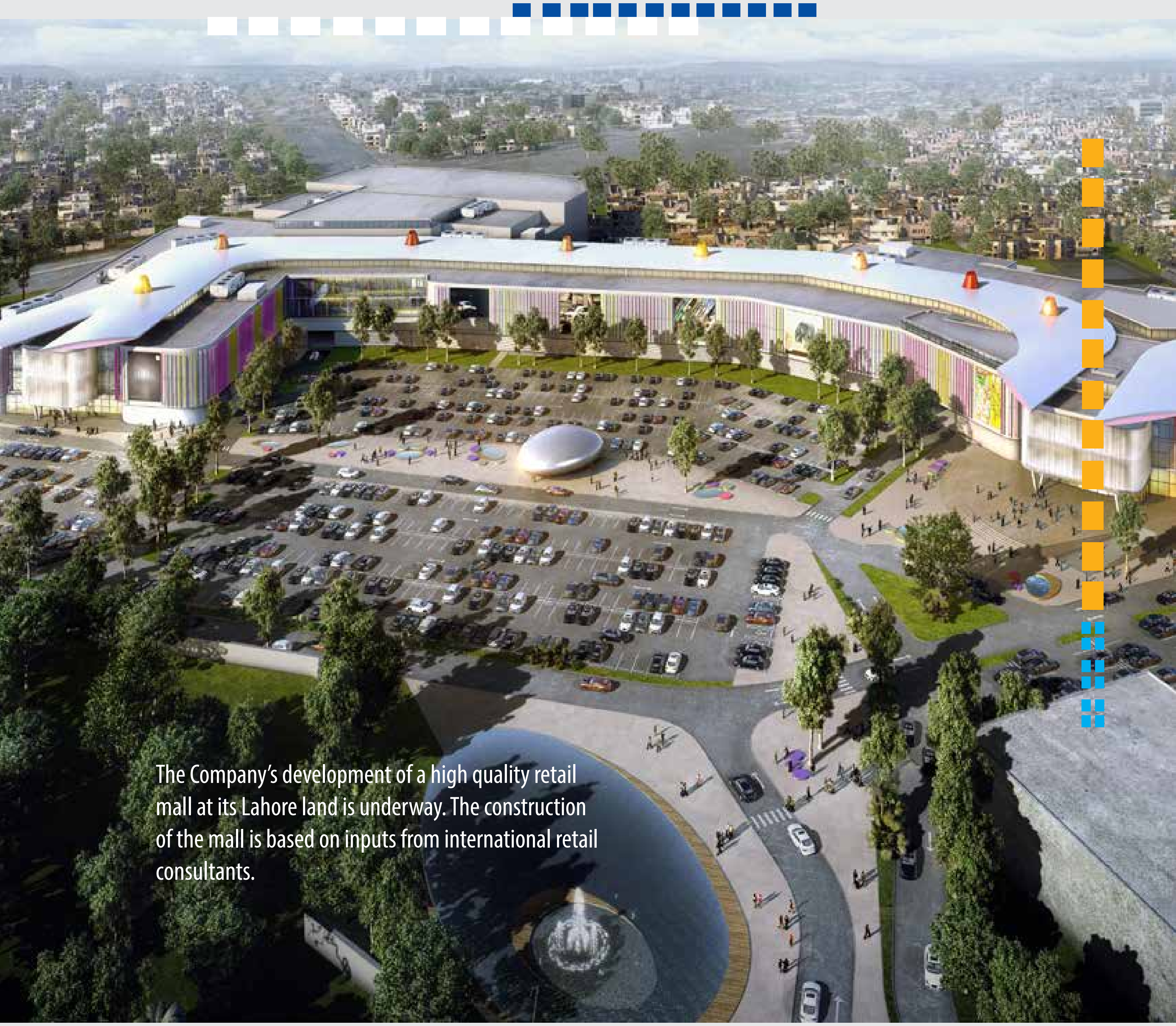


Year 2015

In 2015, as a part of its continuing efforts towards technological up gradation, the Company invested in a new toilet roll line to cater to the growing demand. A new brand by the name of "Maxob" produced on this machine has been launched during the year.

In line with strategy to diversify and enter into new high growth markets, in June 2015, the Company completed the acquisition of 55% share in the operation of a flexible packaging company in South Africa.

Further, during 2015, the Board of Directors resolved to start a 50/50 joint venture with Omya Group of Switzerland. The joint venture will set up a production facility to supply a range of high quality ground calcium carbonate products.



The Company's development of a high quality retail mall at its Lahore land is underway. The construction of the mall is based on inputs from international retail consultants.

Company Information

Board of Directors

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

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

Rizwan Ghani
(General Manager)
(Executive Director)

Jari Latvanen
(Non-Executive Director)

Josef Meinrad Mueller
(Non-Executive Director)

Muhammad Aurangzeb
(Independent Director)

Shamim Ahmad Khan
(Non-Executive Director)

Syed Aslam Mehdi
(Non-Executive Director)

Syed Shahid Ali
(Non-Executive Director)

Tariq Iqbal Khan
(Non-Executive Director)

Advisor

Syed Babar Ali

Chief Financial Officer

Khurram Raza Bakhtayari

Company Secretary

Adi J. Cawasji

Rating Agency

PACRA

Credit Rating

Long-term : AA
Short-term : A1+

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Legal Advisors

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

Shares Registrar

FAMCO Associates (Pvt.) Ltd
8-F, Next to Hotel Faran
Nursery, Block 6, P.E.C.H.S.
Shahrah-e-Faisal
Karachi-75400
PABX : (021) 34380101
: (021) 34380105
: (021) 34384621-3
Fax : (021) 34380106
Email : info.shares@famco.com.pk

Bankers & Lenders

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

Head Office & Works

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

Offices

Registered Office & Regional Sales Office

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

Regional Sales Office

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

Zonal Sales Offices

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

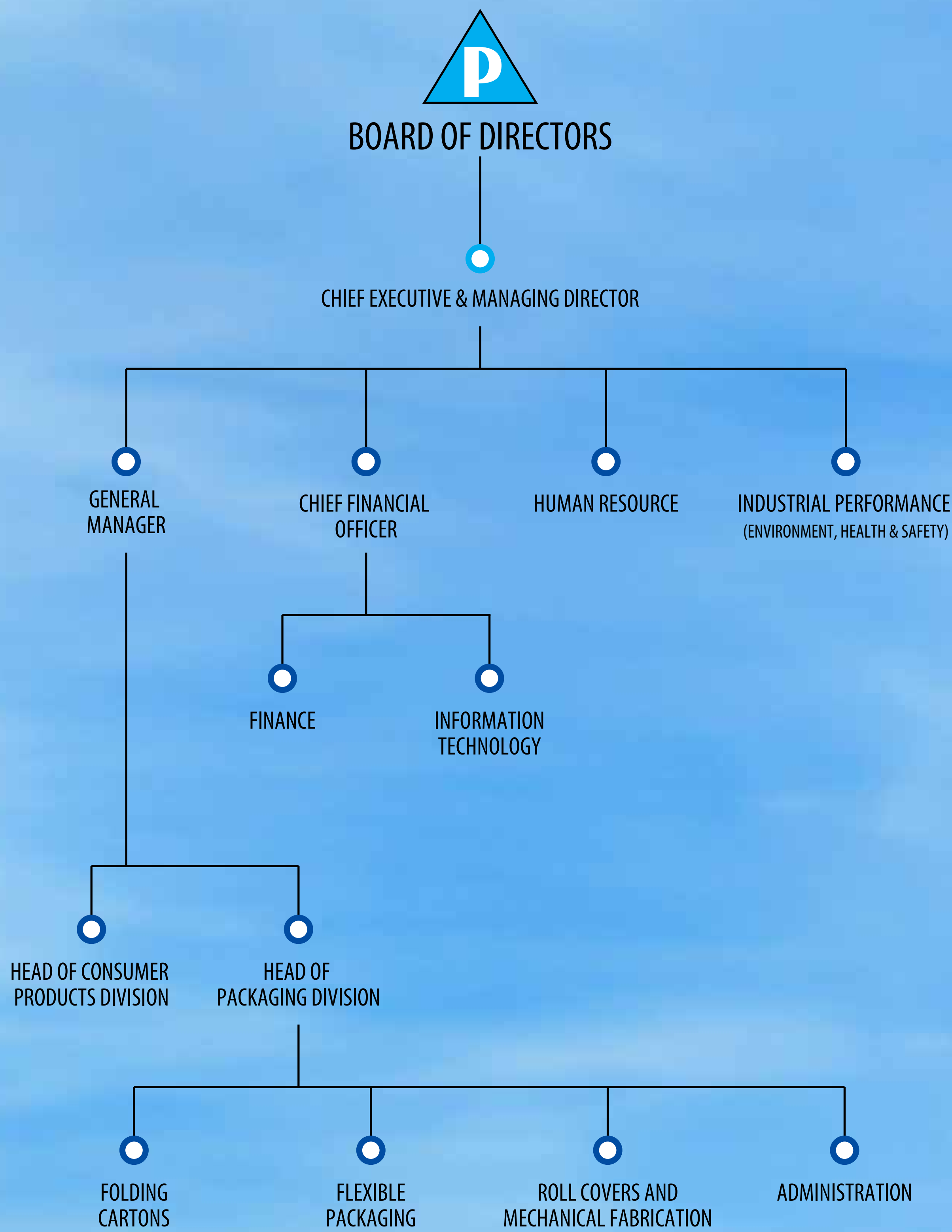
2nd Floor Sitara Tower
Bilal chowk, Civil Lines, Faisalabad
Pakistan
Tel : (041) 2602415
Fax : (041) 2629415

Web Presence

www.packages.com.pk

Packages Lanka (Private) Limited
Colombo, Sri Lanka

Organogram


BOARD OF DIRECTORS
CHIEF EXECUTIVE & MANAGING DIRECTOR
GENERAL MANAGER
CHIEF FINANCIAL OFFICER
HUMAN RESOURCE
INDUSTRIAL PERFORMANCE (ENVIRONMENT, HEALTH & SAFETY)
FINANCE
INFORMATION TECHNOLOGY
HEAD OF CONSUMER PRODUCTS DIVISION
HEAD OF PACKAGING DIVISION
FOLDING CARTONS
FLEXIBLE PACKAGING
ROLL COVERS AND MECHANICAL FABRICATION
ADMINISTRATION

Management Team

From Left to Right
(Sitting)

Syeda Henna Babar Ali
(Advisor Tissue Division)

Asghar Abbas
(Head of Packaging Division)

Syed Hyder Ali
(Chief Executive and Managing Director)

Rizwan Ghani
(General Manager)

Khurram Raza Bakhtayari
(Chief Financial Officer)

From Left to Right
(Standing)

Numan Noor
(Business Unit Manager - Folding Cartons)

Ather Ayub Khan
(Business Unit Manager - Roll Covers and Mechanical Fabrication)

Syed Asim Shamim
(Business Unit Manager - Flexible Packaging)

Shaheen Sadiq
(Head of Consumer Products Division)

Kaifee Siddiqui
(Head of Human Resource)

Sajjad Iftikhar
(Chief Investment Officer)

Nature of Business

Packaging Division

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

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

1. Folding Cartons
2. Flexible Packaging

Folding Cartons

With over 58 years of experience in providing reliable service and quality, Folding Carton business provides a wide range of carton board packaging products to various industry segments.

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

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

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

Flexible Packaging

To accommodate increasing demand for sophisticated packaging, Packages established a Flexible Packaging business unit in 1986 at its Lahore Plant. Flexible packaging business provides a one stop packaging solution by providing high quality detailed graphics in Flexographic and Rotogravure printing. Flexible packaging business also provides lamination for plastic films, 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. As 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.

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

Consumer Products Division

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

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

Brands

Key brands of Consumer Products Division are:

- **Rose Petal**
- **Tulip**
- **Maxob**
- **Double Horse**

Certifications

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

- **ISO 22000 : 2005 + PASS 223**
- **ISO 14001 : 2004**
- **ISO 18001 : 2007**
- **SMETA**
- **Halal (S.A.N.H.A)**

Packaging Division is also certified for URSA (Unilever Responsible Sourcing Audit) and Forest Stewardship Council (Chain of Custody) FSC CoC. The Company is heads on with implementation of Total Productive Maintenance (TPM) to achieve zero downtimes, defects and accidents.

Service Departments

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

Customer Services Department (CSD)

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

Pre-Press Department

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

Nature of Business

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

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

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

Research and Development (R&D)

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

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

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 rationalise the vendor base and to include quality vendors, vendor development has also become one of the integral activities of the division.

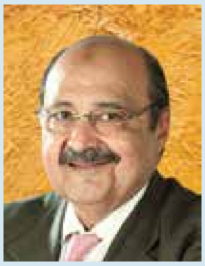
Entity Rating of Packages Limited

Long Term AA
Short Term A1+

Rated by: The Pakistan Credit Rating Agency Limited
Rating as on: June 2015

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

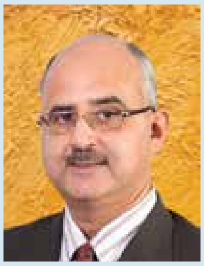
Board of Directors



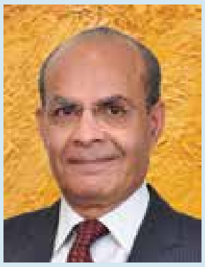
MR. TOWFIQ HABIB CHINOY

Mr. Towfiq Habib Chinoy, Non-executive Director, has been associated with the Company as Chairman of the Board of Directors since 2008. He is the Managing Director of International Steels Limited and holds chairmanship of Jubilee General Insurance Company Limited and HBL Asset Management Limited. He also holds directorship of IGI Investment Bank Limited. He is also the Chairman of the Board of Governors of Indus Valley School of Arts and Architecture and Trustee of Mohatta Palace Gallery Trust and Habib University Foundation.

SYED HYDER ALI



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

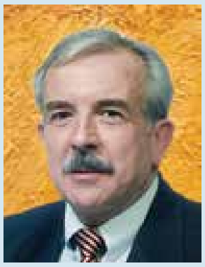


MR. RIZWAN GHANI

Mr. Rizwan Ghani joined the Company in 1982 and currently holds the position of Director and General Manager of the Company. He has a post graduate diploma in Business Studies from United Kingdom and has served as Managing Director of Packages Lanka (Private) Limited. Currently, he holds directorship of Packages Lanka (Private) Limited and Anemone Holdings Limited, Mauritius and is serving on the Board of Trustees of Packages Foundation.

MR. JARI LATVANEN

Mr. Jari Latvanen is associated with the Company as a Non-executive Director. He is a strategic leader and food industry specialist. He has got a solid track record in the food industry and is currently leading innovative and interactive organizations focusing on active consumer based marketing. He brings with him unique understanding of consumers and retailers from working with strong brands in the food industry. He has held various leadership positions within Nestlé i.e. Managing Director - Nestlé Czech Republic and Slovakia, Assistant Vice President - Zone Europe Nestlé, HQ Switzerland and Managing Director - Nestlé Sweden, Marketing Director - Nestlé Nordics. He has been Chief Executive Officer of Findus Nordic from 2010 to 2014. In year 2013, he was awarded with the prestigious Swedish Food Prize 2013 for managing the infamous horse meat scandal and acting as a whistle blower. He has also been awarded with White Guide Award and Taste Developer of the Year 2013.



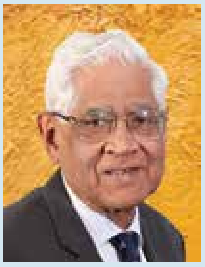
MR. JOSEF MEINRAD MUELLER

Mr. Josef Meinrad Mueller is associated with the Company as a Non-executive Director. He was born in Switzerland where he obtained his education including an MBA from IMD (formerly IMEDE) in Lausanne where he also served as an Executive-in-Residence. He has over 36 years of senior international management experience at the Nestle Group in developed and emerging markets. He is familiar with Pakistan where he served as Managing Director of Nestle Pakistan Limited during 1992-1995. Throughout his international career, he was entrusted with several senior leadership positions in different countries, including his important role as CEO and Chairman of Nestle in the Greater China Region. Following his retirement from the Nestle Group, Mr. Mueller continues to remain very active in the international business world as an independent business advisor.

MR. MUHAMMAD AURANGZEB

Mr. Muhammad Aurangzeb is an Independent Director of the Company and has over 27 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. He has also served on Boards of various business schools, Aga Khan Foundation and ABN AMRO Foundation. Presently, he is Executive Vice President Morgan Chase for whole of Asia.

MR. SHAMIM AHMAD KHAN



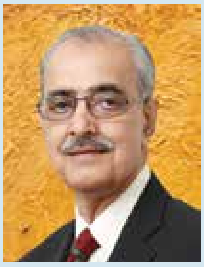
Mr. Shamim Ahmad Khan is associated with the Company as Non-executive Director. He has served various government organizations in different capacities namely Securities and Exchange Commission of Pakistan and Ministry of Commerce. He has also been engaged with consultancy assignments for Asian Development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

SYED ASLAM MEHDI

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

SYED SHAHID ALI

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



MR. TARIQ IQBAL KHAN

Mr. Tariq Iqbal Khan is associated with the Company as a Non-executive Director. He is a Fellow member of the Institute of Chartered Accountants of Pakistan, with diversified experience of more than 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 Gillette Pakistan Limited, International Steels Limited, Lucky Cement Limited, National Refinery Limited, Silk Bank Limited, Pakistan Oilfields Limited and FFC Energy Limited.

Management Committees

Executive Committee

Syed Hyder Ali *(Executive Director)*	Chairman
Rizwan Ghani *(Executive Director)*	Member

Executive Committee is involved in day to day operations of the Company and is authorised to conduct every business except the businesses to be carried out by the Board 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. The Executive Committee is also responsible for formulation of business strategy, review of risks and their mitigation plan.

Audit Committee

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

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

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

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

b) Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
   - Major 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 characterised by fraud, corruption and abuse of power and management's response there to;

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
Syed Hyder Ali *(Executive Director)*	Member
Shamim Ahmad Khan *(Non-Executive Director)*	Member
Syed Aslam Mehdi *(Non-Executive Director)*	Member
Mr. Tariq Iqbal Khan *(Non-Executive Director)*	Member
Mr. Kaifee Siddiqui *(Head of Human Resource)*	Secretary

This Committee is responsible for:

a) Recommending human resource management policies to the Board;

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

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

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

System and Technology Committee

Rizwan Ghani *(Executive Director)*	Chairman
Khurram Raza Bakhtayar *(Chief Financial Officer)*	Member
Suleman Javed *(Manager ERP)*	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 Enterprise Resource Planning (ERP) solutions and data archiving solutions to achieve Company's overall goal towards Green Office Project;

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

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

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

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, and innovation, promotes individual growth and rewards initiative and performance.

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

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

Policies

Integrated Management System (IMS) Policy

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

We are committed to achieving this by:

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

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

Quality Policy

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

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

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

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

Total Productive Maintenance (TPM) Policy

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

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

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

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

Whistle blowing Policy

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 whistle blowing.

This whistle blowing 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.

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 realise this encourages innovation and develops character.

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

Our People

The success of any 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.

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

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

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

Packages Limited Code of Conduct 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 organisation.

The Company' s business and activities have to be carried out in a transparent, honest and fair way, in good faith and in full compliance. Any form of discrimination, corruption, forced or child labor is rejected. Particular attention is paid to the acknowledgment and safeguarding of the dignity, freedom and equality of human beings.

All employees, without any distinction or exception whatsoever, respect the principles and contents of the Code in their actions and behaviors while performing their functions according to their responsibilities, because compliance with the Code is fundamental for the quality of their working and professional performance. Relationships among employees, at all levels, must be characterised by honesty, fairness, cooperation, loyalty and mutual respect.

The belief that one is acting in favor or to the advantage of the Company can never, in any way, justify – not even in part – any behavior that conflicts with the principles and content of the Code.

The Code aims at guiding the "Packages team" with respect to standards of conduct expected in areas where improper activities could result in adverse consequences to the company, harm its reputation or diminish its competitive advantage.

Every employee is expected to adhere to, and firmly inculcate in his / her everyday conduct, this mandatory framework; any contravention or deviation will be regarded as misconduct and may attract disciplinary action in accordance with the Company service rules and relevant laws.

Statement of Ethical Practices

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

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

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

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

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

Decade at a Glance

(Rupees in Million)	2015	2014	2013
Assets Employed:			
Fixed Assets at Cost	10,036	9,835	9,744
Accumulated Depreciation / Amortisation	6,055	5,973	5,956
Net Fixed Assets	3,981	3,861	3,788
Other Non-Current Assets	45,037	47,445	41,122
Current Assets	7,918	8,548	8,359
Current Liabilities	4,904	5,130	5,331
Net Current and Other Non-Current Assets	48,051	50,864	44,150
Assets of Disposal Group	-	-	-
Net Assets Employed	52,031	54,725	47,938
Financed By:			
Paid up Capital	884	864	844
Reserves	45,593	47,567	39,640
Preference Shares / Convertible stock reserve	1,310	1,572	1,606
Shareholder's Equity	47,786	50,003	42,090
Deferred Liabilities	488	467	654
Long Term Finances	3,757	4,255	5,195
Total Non-Current Liabilities	4,245	4,722	5,848
Liabilities of Disposal Group	-	-	-
Total Funds Invested	52,031	54,725	47,938
Invoiced Sales - Gross	18,711	17,627	17,314*
Materials Consumed	9,005	9,131	9,131*
Cost of Goods Sold	12,664	12,873	12,893*
Gross Profit	3,361	2,215	1,995*
Employees Remuneration	1,732	1,521	1,363*
Profit / (loss) from Operations	1,828	947	997*
Profit / (loss) before Tax	3,803	2,750	2,194*
Profit / (loss) after Tax	3,295	2,536	1,796*
EBITDA (from operations)	2,497	1,383	1,268*
Key Ratios:			
Profitability			
Gross Profit Ratio (%)	20.98	14.68	13.40*
Profit before Tax (%)	23.73	18.22	14.74*
EBITDA Margin to Sales (%)	15.58	9.16	8.51*
Total Assets Turnover Ratio	0.28	0.25	0.28*
Fixed Assets Turnover Ratio	4.27	4.18	4.35*
Liquidity			
Current Ratio	1.61	1.67	1.57
Quick Ratio	1.15	1.13	1.07
Gearing			
Debt : Equity Ratio	8:92	8:92	11:89
Return on Equity (%)	6.90	5.07	4.27*
Investment			
Basic EPS (Rs.)	37.42	29.89	21.28*
Diluted EPS (Rs.)	33.62	26.59	20.01*
Price - Earning Ratio	15.56	22.70	12.81*
Interest Cover Ratio	7.08	4.67	3.61*
Dividend Yield (%)	2.58	1.32	2.93
Dividend Cover Ratio	2.46	3.23	2.66*
Cash Dividend %	150.00	90.00	80.00
Stock Dividend %	-	-	-
Break-up Value per Ordinary share (Rs.)	519.99	554.26	479.78
Market Value per Ordinary Share - Year End (Rs.)	582.11	678.29	272.63
Cash Dividend per Share	15.00	9.00	8.00

* Represents continuing operation

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

2012	2011	2010	2009	2008	2007	2006
9,275	28,472	27,749	26,887	25,789	23,691	18,217
5,749	10,057	9,101	7,605	6,323	5,502	4,984
3,526	18,415	18,649	19,282	19,466	18,189	13,233
20,893	16,402	12,442	8,347	8,645	10,413	6,026
7,030	8,841	8,534	7,979	6,923	4,837	3,414
4,482	3,442	2,421	1,743	5,617	1,965	2,312
23,441	21,800	18,555	14,583	9,952	13,285	7,128
14,543	-	-	-	-	-	-
41,510	40,215	37,204	33,865	29,418	31,473	20,361
844	844	844	844	844	734	699
28,173	26,666	24,480	20,967	15,429	17,437	12,974
1,606	1,606	1,606	1,606	-	-	-
30,623	29,115	26,930	23,417	16,273	18,171	13,673
748	2,525	2,317	2,478	841	956	688
4,471	8,575	7,956	7,971	12,304	12,347	6,000
5,219	11,100	10,274	10,448	13,145	13,302	6,688
5,669	-	-	-	-	-	-
41,510	40,215	37,204	33,865	29,418	31,473	20,361
13,871*	13,797*	21,837	16,533	14,301	10,540	9,028
7,407*	7,282*	10,211	8,685	7,639	5,108	4,247
10,270*	10,071*	17,733	13,736	11,281	7,829	6,552
1,475*	1,315*	803	307	943	1,199	1,295
1,018*	912*	1,502	1,229	1,033	835	758
**1,011*	**872*	(104)	** (384)	405	588	758
2,378*	1,037*	(317)	5,770	(308)	4,633	6,348
1,488*	161*	(332)	4,064	(196)	4,326	6,101
1,103*	896*	1,242	719	955	1,167	1,098
12.56*	11.55*	4.33	2.19	7.72	13.28	16.50
20.25*	9.11*	(1.71)	41.08	(2.52)	51.31	80.90
9.40*	7.87*	6.70	5.12	7.81	12.93	14.00
0.37*	0.26*	0.47	0.39	0.35	0.27	0.35
3.75*	0.62*	1.04	0.73	1.08	0.87	2.54
1.57	2.57	3.52	4.58	1.23	2.46	1.48
1.03	0.96	1.57	1.72	0.43	0.97	0.55
15:85	24:76	23:77	25:75	44:56	40:60	30:70
**4.85*	**0.55*	(1.23)	** (13.05)	(1.20)	** 4.39	**14.80
17.64*	1.90*	(3.94)	48.16	(2.32)	58.96	87.30
17.09*	1.90*	(3.94)	44.72	(2.32)	-	-
8.57*	43.43*	(32.65)	2.99	(34.98)	6.17	2.41
5.52*	3.16*	0.74	5.55	0.81	13.84	92.93
2.98	1.81	2.53	2.26	-	-	2.86
3.92*	1.27*	(1.21)	14.82	-	-	14.55
45.00	15.00	32.50	32.50	-	-	60.00
-	-	-	-	-	15.00	5.00
343.89	326.02	300.12	258.49	192.85	247.65	195.66
151.16	82.72	128.61	144.00	81.19	363.80	210.00
4.50	1.50	3.25	3.25	-	-	6.00

Horizontal & Vertical Analysis
Balance Sheet

HORIZONTAL ANALYSIS

(Rupees in Million)

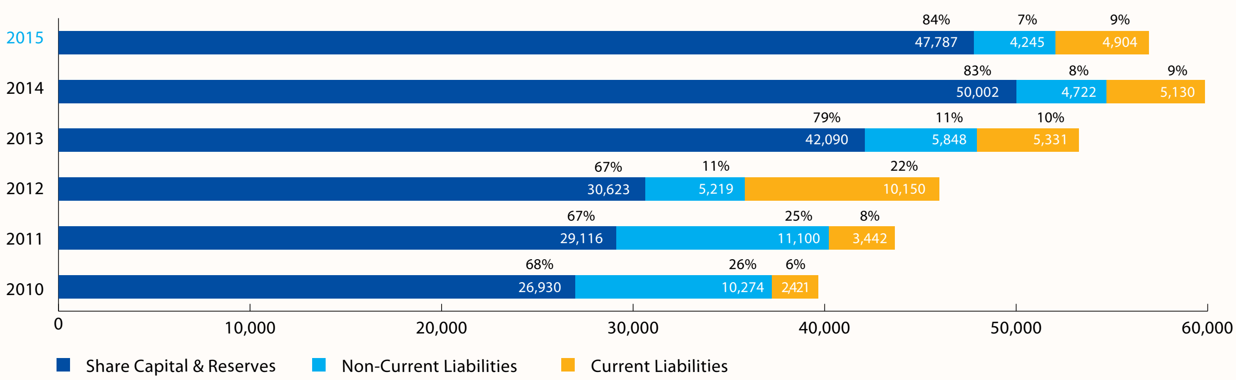
Equity & Liabilities	2015 Rs.	15 vs 14 %	2014 Rs.	14 vs 13 %	2013 Rs.	13 vs 12 %	2012 Re-stated Rs.	12 vs 11 %	2011 Re-stated Rs.	11 vs 10 %	2010 Rs.
Share Capital & Reserves											
Issued, subscribed and paid up capital	884	2.34	864	2.35	844	-	844	-	844	-	844
Reserves	41,878	(6.45)	44,766	17.64	38,054	22.46	31,075	10.28	28,179	16.35	24,219
Preference shares / convertible stock reserve	1,310	(16.65)	1,572	(2.14)	1,606	-	1,606	-	1,606	-	1,606
Unappropriated profit / (loss)	3,715	32.64	2,801	76.60	1,586	(154.65)	(2,902)	91.80	(1,513)	(679.69)	261
Non-Current Liabilities											
Long term finances	3,729	(11.81)	4,229	(18.20)	5,170	15.63	4,471	(47.86)	8,575	7.77	7,957
Deferred tax	246	(15.95)	293	(42.92)	513	60.31	320	(83.64)	1,956	(9.78)	2,168
Liabilities against assets subject to finance lease	28	7.66	26	7.02	24	100.00	-	-	-	-	-
Retirement benefits	40	100.00	-	(100.00)	1	(99.81)	307	(24.57)	407	243,612.57	0.17
Deferred liabilities	202	15.46	175	24.70	140	15.70	121	(25.31)	162	8.72	149
Current Liabilities											
Current portion of long-term liabilities	392	91.64	205	0.34	204	(79.60)	1,000	162.47	381	2,621.43	14
Finances under mark up arrangements - secured	884	(29.95)	1,263	(16.83)	1,518	87.64	809	1.63	796	464.54	141
Derivative financial instruments	-	-	-	(100.00)	27	(83.64)	165	100.00	-	-	-
Trade and other payables	3,278	4.24	3,145	3.04	3,052	54.38	1,977	14.21	1,731	(3.51)	1,794
Accrued finance cost	349	(32.52)	518	(2.33)	530	-	530	(0.75)	534	13.14	472
Liabilities directly associated with non-current assets classified as held-for-sale	-	-	-	-	-	(100.00)	5,669	100.00	-	-	-
Total	56,936	(4.88)	59,854	12.36	53,269	15.82	45,992	5.35	43,658	10.18	39,625

VERTICAL ANALYSIS

(Rupees in Million)

Equity & Liabilities	2015 Rs.	2015 %	2014 Rs.	2014 %	2013 Rs.	2013 %	2012 Re-stated Rs.	2012 Re-stated %	2011 Re-stated Rs.	2011 Re-stated %	2010 Rs.	2010 %
Share Capital & Reserves												
Issued, subscribed and paid up capital	884	1.55	864	1.44	844	1.58	844	1.84	844	1.93	844	2.13
Reserves	41,878	73.55	44,766	74.79	38,054	71.44	31,075	67.57	28,179	64.54	24,219	61.12
Preference shares / convertible stock reserve	1,310	2.30	1,572	2.63	1,606	3.01	1,606	3.49	1,606	3.68	1,606	4.05
Unappropriated profit / (loss)	3,715	6.52	2,801	4.68	1,586	2.98	(2,902)	(6.31)	(1,513)	(3.47)	261	0.66
Non-Current Liabilities												
Long term finances	3,729	6.55	4,229	7.07	5,170	9.71	4,471	9.72	8,575	19.64	7,957	20.08
Deferred tax	246	0.43	293	0.49	513	0.96	320	0.70	1,956	4.48	2,168	5.47
Liabilities against assets subject to finance lease	28	0.05	26	0.04	24	0.05	-	-	-	-	-	-
Retirement benefits	40	0.07	-	-	1	0.00	307	0.67	407	0.93	0.17	0.00
Deferred liabilities	202	0.35	175	0.29	140	0.26	121	0.26	162	0.37	149	0.38
Current Liabilities												
Current portion of long-term liabilities	392	0.69	205	0.34	204	0.38	1,000	2.17	381	0.87	14	0.04
Finances under mark up arrangements - secured	884	1.55	1,263	2.11	1,518	2.85	809	1.76	796	1.82	141	0.36
Derivative financial instruments	-	-	-	-	27	0.05	165	0.36	-	-	-	-
Trade and other payables	3,278	5.76	3,145	5.25	3,052	5.73	1,977	4.30	1,731	3.96	1,794	4.53
Accrued finance cost	349	0.61	518	0.86	530	0.99	530	1.15	534	1.22	472	1.19
Liabilities directly associated with non-current assets classified as held-for-sale	-	-	-	-	-	-	5,669	12.33	-	-	-	-
Total	56,936	100.00	59,854	100.00	53,269	100.00	45,992	100.00	43,658	100.00	39,625	100.00

Equity and Liabilities (Rupees in Million)



HORIZONTAL ANALYSIS

(Rupees in Million)

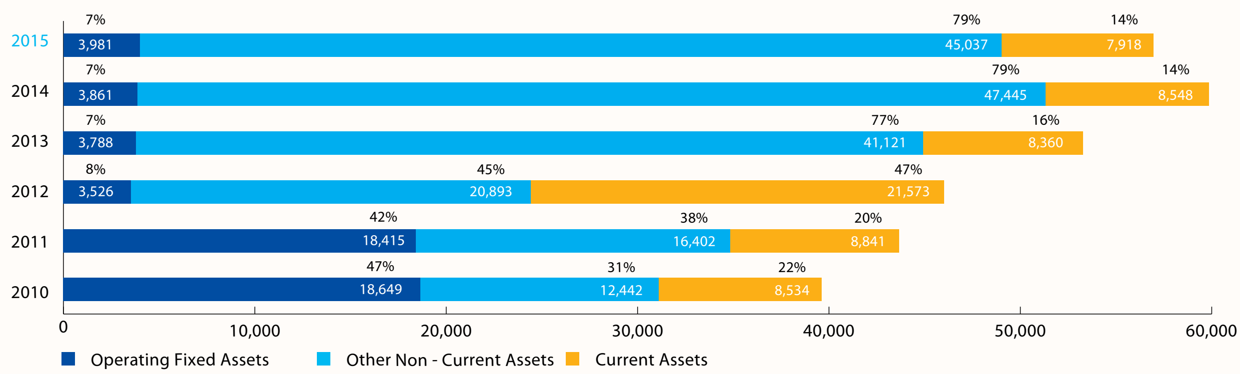
Assets	2015 Rs.	15 vs 14 %	2014 Rs.	14 vs 13 %	2013 Rs.	13 vs 12 %	2012 Re-stated Rs.	12 vs 11 %	2011 Re-stated Rs.	11 vs 10 %	2010 Rs.
Non-current assets											
Property, plant and equipment	3,804	3.21	3,686	0.57	3,665	5.96	3,459	(81.15)	18,346	(1.45)	18,615
Intangible assets	21	(45.45)	37	15.63	32	(21.95)	41	5.13	39	1,850.00	2
Investment property	155	12.63	138	51.65	91	250.00	26	(13.33)	30	(6.25)	32
Investments	44,998	(4.88)	47,304	15.24	41,048	97.38	20,796	27.68	16,288	33.30	12,219
Long term loans and deposits	39	(25.95)	53	(20.90)	67	(30.93)	97	(12.61)	111	(13.95)	129
Retirement benefits	-	(100.00)	88	1,366.67	6	100.00	-	(100.00)	3	(96.84)	95
Current Assets											
Stores and spares	488	(1.00)	493	(13.36)	569	23.16	462	(52.81)	979	(6.76)	1,050
Stock-in-trade	1,780	(20.21)	2,231	8.04	2,065	8.12	1,910	(57.80)	4,526	23.36	3,669
Trade debts	1,781	16.64	1,527	(5.91)	1,623	(28.82)	2,280	29.25	1,764	7.36	1,643
Loans, advances, deposits, prepayments and other receivables	1,346	(25.09)	1,797	6.27	1,691	309.44	413	(9.23)	455	71.70	265
Income tax receivable	2,421	7.70	2,248	3.31	2,176	35.75	1,603	70.35	941	22.85	766
Cash and bank balances	102	(59.63)	252	6.78	236	(34.81)	362	105.68	176	(84.56)	1,140
Non-current assets classified as held-for-sale	-	-	-	-	-	(100.00)	14,543	100.00	-	-	-
Total	56,936	(4.88)	59,854	12.36	53,269	15.82	45,992	5.35	43,658	10.18	39,625

VERTICAL ANALYSIS

(Rupees in Million)

Assets	2015 Rs.	2015 %	2014 Rs.	2014 %	2013 Rs.	2013 %	2012 Re-stated Rs.	2012 Re-stated %	2011 Re-stated Rs.	2011 Re-stated %	2010 Rs.	2010 %
Non-current assets												
Property, plant and equipment	3,804	6.68	3,686	6.16	3,665	6.88	3,459	7.52	18,346	42.02	18,615	46.97
Intangible assets	21	0.04	37	0.06	32	0.06	41	0.09	39	0.09	2	0.01
Investment property	155	0.27	138	0.23	91	0.17	26	0.06	30	0.07	32	0.08
Investments	44,998	79.03	47,304	79.03	41,048	77.06	20,796	45.22	16,288	37.31	12,219	30.84
Long term loans and deposits	39	0.07	53	0.09	67	0.13	97	0.21	111	0.25	129	0.33
Retirement benefits	-	-	88	0.15	6	0.01	-	-	3	0.01	95	0.24
Current Assets												
Stores and spares	488	0.86	493	0.82	569	1.07	462	1.00	979	2.24	1,050	2.65
Stock-in-trade	1,780	3.13	2,231	3.73	2,065	3.88	1,910	4.15	4,526	10.37	3,669	9.26
Trade debts	1,781	3.13	1,527	2.55	1,623	3.05	2,280	4.96	1,764	4.04	1,643	4.15
Loans, advances, deposits, prepayments and other receivables	1,346	2.36	1,797	3.00	1,691	3.17	413	0.90	455	1.04	265	0.67
Income tax receivable	2,421	4.25	2,248	3.76	2,176	4.08	1,603	3.49	941	2.16	766	1.93
Cash and bank balances	102	0.18	252	0.42	236	0.44	362	0.79	176	0.40	1,140	2.88
Non-current assets classified as held-for-sale	-	-	-	-	-	-	14,543	31.62	-	-	-	-
Total	56,936	100	59,854	100	53,269	100	45,992	100	43,658	100	39,625	100

Assets (Rupees in Million)



Horizontal & Vertical Analysis

Profit and Loss Account

HORIZONTAL ANALYSIS

(Rupees in Million)

	2015	15 vs 14	2014	14 vs 13	2013	13 vs 12	2012	12 vs 11 Re-stated	2011	11 vs 10 Re-stated	2010
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.
Continuing operations											
Local sales	18,683	6.26	17,582	1.95	17,245	24.89	13,808	0.62	13,723	(33.38)	20,598
Export sales	28	(37.70)	45	(34.12)	69	9.52	63	(14.86)	74	(94.03)	1,239
Gross sales	18,711	6.15	17,627	1.81	17,314	24.82	13,871	0.54	13,797	(36.82)	21,837
Sales tax and excise duty	(2,657)	5.63	(2,516)	4.60	(2,405)	13.98	(2,110)	(11.83)	(2,393)	(26.75)	(3,267)
Commission	(29)	18.91	(24)	16.49	(21)	31.25	(16)	(11.11)	(18)	(47.06)	(34)
Net sales	16,025	6.21	15,087	1.34	14,888	26.76	11,745	3.15	11,386	(38.57)	18,536
Cost of sales	(12,664)	(1.63)	(12,873)	(0.16)	(12,893)	25.54	(10,270)	1.98	(10,071)	(43.21)	(17,733)
Gross profit	3,361	51.79	2,215	11.00	1,995	35.25	1,475	12.17	1,315	63.76	803
Administrative expenses	(753)	(4.38)	(787)	33.89	(588)	82.61	(322)	12.20	(287)	(43.84)	(511)
Distribution and marketing costs	(678)	16.87	(580)	(1.01)	(586)	46.50	(400)	3.63	(386)	(33.33)	(579)
Project expenditure	-	-	-	-	-	-	-	(100.00)	(56)	1,300.00	(4)
Other operating expenses	(347)	56.38	(222)	44.14	(154)	396.77	(31)	675.00	(4)	(73.33)	(15)
Other operating income	244	(24.25)	322	(2.08)	329	13.84	289	(0.34)	290	43.56	202
Profit / (loss) from operations	1,828	92.91	947	(4.88)	996	(1.48)	1,011	15.94	872	(938.46)	(104)
Finance costs	(643)	(14.44)	(752)	(11.06)	(845)	60.04	(528)	9.09	(484)	(60.00)	(1,210)
Investment income	2,618	2.51	2,554	25.00	2,043	33.18	1,534	47.50	1,040	4.31	997
Reversal of impairment / (impairment) on investments	-	-	-	-	-	(100.00)	361	(192.33)	(391)	100.00	-
Profit / (loss) before tax	3,803	38.30	2,750	25.32	2,194	(7.74)	2,378	129.32	1,037	(427.13)	(317)
Tax	(507)	137.83	(213)	(46.43)	(398)	(55.28)	(890)	1.60	(876)	5,740.00	(15)
Profit / (loss) for the year from Continuing operations	3,295	29.93	2,536	41.22	1,796	20.70	1,488	824.22	161	(148.49)	(332)
Loss for the year from Discontinued operations	-	-	-	-	(249)	93.66	(3,929)	(127.24)	(1,729)	(100.00)	-
Profit / (loss) for the year	3,295	29.93	2,536	63.95	1,547	163.38	(2,441)	(55.68)	(1,568)	(372.29)	(332)
Basic earnings / (loss) per share											
- From Continuing operations	37.42		29.89		21.28		17.64		1.90		
- From Discontinued operations	-		-		(2.95)		(46.56)		(20.48)		
- From profit / (loss) for the year	37.42		29.89		18.33		(28.92)		(18.58)		3.94
Diluted earnings / (loss) per share											
- From Continuing operations	33.62		26.59		20.01		17.09		1.90		
- From Discontinued operations	-		-		(2.95)		(46.56)		(20.48)		
- From profit / (loss) for the year	33.62		26.59		17.06		(29.47)		(18.58)		3.94

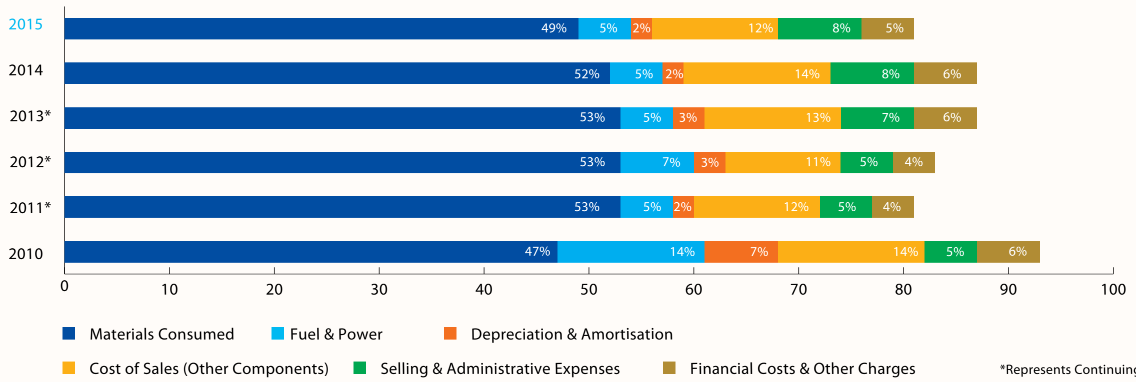
The financial information is based upon audited financial results of the company of respective periods unless represented in accordance with applicable financial reporting framework.

VERTICAL ANALYSIS
(Rupees in Million)

	2015		2014		2013		2012 Re-stated		2011 Re-stated		2010	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Continuing operations												
Local sales	18,683	99.85	17,582	99.74	17,245	99.60	13,808	99.55	13,723	99.46	20,598	94.33
Export sales	28	0.15	45	0.26	69	0.40	63	0.45	74	0.54	1,239	5.67
Gross sales	18,711	100.00	17,627	100.00	17,314	100.00	13,871	100.00	13,797	100.00	21,837	100.00
Sales tax and excise duty	(2,657)	(14.20)	(2,516)	(14.27)	(2,405)	(13.89)	(2,110)	(15.21)	(2,393)	(17.34)	(3,267)	(14.96)
Commission	(29)	(0.16)	(24)	(0.14)	(21)	(0.12)	(16)	(0.12)	(18)	(0.13)	(34)	(0.16)
Net sales	16,025	85.64	15,087	85.59	14,888	85.99	11,745	84.67	11,386	82.53	18,536	84.88
Cost of sales	(12,664)	(67.68)	(12,873)	(73.03)	(12,893)	(74.47)	(10,270)	(74.04)	(10,071)	(72.99)	(17,733)	(81.21)
Gross profit	3,361	17.96	2,215	12.56	1,995	11.52	1,475	10.63	1,315	9.53	803	3.68
Administrative expenses	(753)	(4.02)	(787)	(4.47)	(588)	(3.40)	(322)	(2.32)	(287)	(2.08)	(511)	(2.34)
Distribution and marketing costs	(678)	(3.62)	(580)	(3.29)	(586)	(3.38)	(400)	(2.88)	(386)	(2.80)	(579)	(2.65)
Project expenditure	-	-	-	-	-	-	-	-	(56)	(0.41)	(4)	(0.02)
Other operating expenses	(347)	(1.86)	(222)	(1.26)	(154)	(0.89)	(31)	(0.22)	(4)	(0.03)	(15)	(0.07)
Other operating income	244	1.30	322	1.83	329	1.90	289	2.08	290	2.10	202	0.93
Profit / (loss) from operations	1,828	9.77	947	5.37	996	5.75	1,011	7.29	872	6.32	(104)	(0.48)
Finance costs	(643)	(3.44)	(752)	(4.26)	(845)	(4.88)	(528)	(3.81)	(484)	(3.51)	(1,210)	(5.54)
Investment income	2,618	13.99	2,554	14.49	2,043	11.80	1,534	11.06	1,040	7.54	997	4.57
Reversal of impairment / (impairment) on investments	-	-	-	-	-	-	361	2.60	(391)	(2.83)	-	- *
Profit / (loss) before tax	3,803	20.32	2,750	15.60	2,194	12.67	2,378	17.14	1,037	7.52	(317)	(1.45)
Tax	(507)	(2.71)	(213)	(1.21)	(398)	(2.30)	(890)	(6.42)	(876)	(6.35)	(15)	(0.07)
Profit / (loss) for the year from Continuing operations	3,295	17.61	2,536	14.39	1,796	10.37	1,488	10.73	161	1.17	(332)	(1.52)
Loss for the year from Discontinued operations	-	-	-	-	(249)	-	(3,929)	-	(1,729)	-	-	
Profit / (loss) for the year	3,295	17.61	2,536	14.39	1,547	8.93	(2,441)	(17.60)	(1,568)	(11.36)	(332)	(1.52)
Basic earnings/ (loss) per share												
- From Continuing operations	37.42		29.89		21.28		17.64		1.90			
- From Discontinued operations	-		-		(2.95)		(46.56)		(20.48)			
- From profit / (loss) for the year	37.42		29.89		18.33		(28.92)		(18.58)		3.94	
Diluted earnings / (loss) per share												
- From Continuing operations	33.62		26.59		20.01		17.09		1.90			
- From Discontinued operations	-		-		(2.95)		(46.56)		(20.48)			
- From profit / (loss) for the year	33.62		26.59		17.06		(29.47)		(18.58)		3.94	

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

Profit and Loss - Breakup of Major Expenses as % of Sales



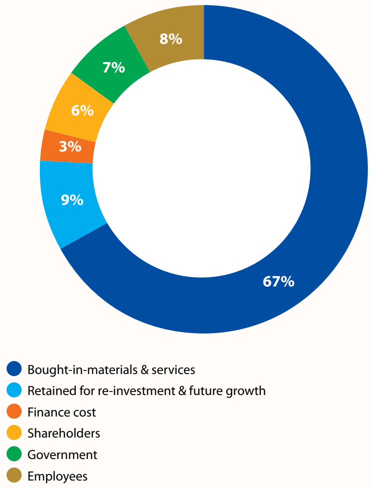
*Represents Continuing Operations only

Value Added and Its Distribution

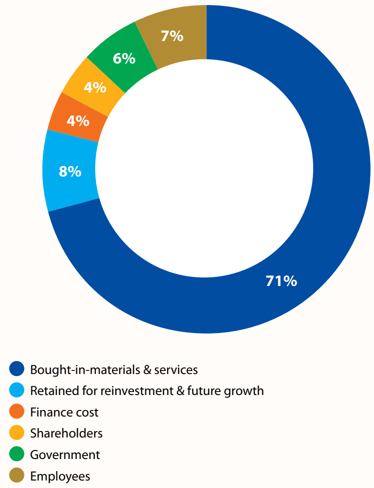
The statement below shows value added by the operations of the Company and its distribution to the stakeholders

(Rupees in thousand)	2015		2014		2013	
Wealth Generated						
Sales	18,711,298		17,627,358		20,712,895	
Dividend Income	2,617,891		2,553,678		2,043,111	
Other Income	244,022		322,147		380,164	
	21,573,211	100%	20,503,183	100%	23,136,170	100%
Wealth Distributed						
Bought-in-materials & Services	14,358,651	67%	14,481,180	71%	17,439,557	75%
To Employees						
Remuneration, benefits and facilities	1,732,494	8%	1,520,773	7%	1,632,963	7%
To Government						
Income Tax, Sales Tax, Custom & Excise Duties, Workers' Funds, EOBI & Social Security Contribution, Professional & Local Taxes	1,448,365	7%	1,159,540	6%	1,405,733	6%
To Providers of Capital						
Cash dividend to the ordinary shareholders	1,340,693	6%	786,416	4%	675,036	3%
Finance Costs	643,032	3%	751,551	4%	1,090,129	5%
Retained for Reinvestment & Future Growth / (Utilized from reserves)	2,049,976	9%	1,803,723	8%	892,752	4%
	21,573,211	100%	20,503,183	100%	23,136,170	100%

Wealth Generated & Distribution - 2015 (Percentage)



Wealth Generated & Distribution - 2014 (Percentage)

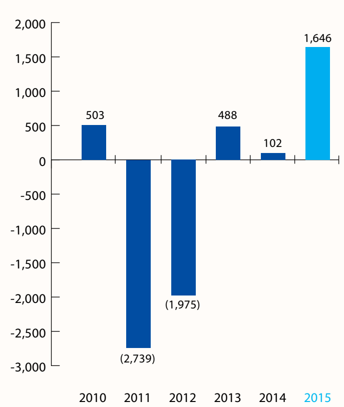


Sources and Application of Funds

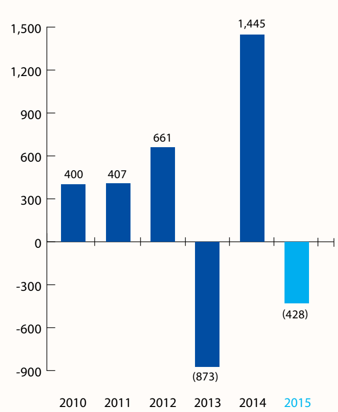
Over the last six years

(Rupees in thousand)	2015	2014	2013	2012	2011	2010
Cash flow from operating activities						
Cash generated from / (used in) operations	3,182,034	1,432,406	2,530,095	395,637	(810,780)	2,048,790
Finance costs paid	(811,384)	(764,241)	(1,090,306)	(1,509,395)	(1,423,001)	(988,292)
Taxes paid	(686,226)	(535,873)	(548,880)	(758,677)	(431,528)	(490,263)
Payments for accumulating compensated absences	(23,533)	(17,079)	(81,855)	(28,670)	(10,524)	(16,805)
Retirement benefits paid	(15,329)	(13,450)	(320,767)	(73,960)	(62,831)	(50,488)
Net cash generated from / (used in) operating activities	1,645,562	101,763	488,287	(1,975,065)	(2,738,664)	502,942
Cash flow from investing activities						
Fixed capital expenditure	(713,480)	(629,738)	(824,797)	(1,234,627)	(1,225,371)	(633,758)
Investment - net	(2,437,175)	(600,000)	(2,274,953)	4	3,035	50,968
Net decrease in long-term loans and deposits	13,311	14,448	11,499	13,768	17,556	11,148
Proceeds from disposal of property, plant and equipment	91,023	106,792	69,982	113,764	190,023	25,034
Proceeds from assets written off due to fire	-	-	102,003	233,463	384,563	-
Dividends received	2,617,891	2,553,678	2,043,111	1,534,440	1,037,255	946,292
Net cash (used in) / generated from investing activities	(428,430)	1,445,180	(873,155)	660,812	407,061	399,684
Cash flow from financing activities						
Re-payment of long-term finances - secured	(200,000)	(600,000)	(1,100,000)	(5,485,714)	(14,286)	-
Proceeds from long-term finances	-	-	1,000,000	2,000,000	1,000,000	-
Liabilities against assets subject to finance lease - net	(7,038)	(3,599)	27,884	-	-	-
Dividend paid	(782,731)	(671,684)	(378,218)	(126,044)	(273,574)	(272,938)
Net cash (used in) / generated from financing activities	(989,769)	(1,275,283)	(450,334)	(3,611,758)	712,140	(272,938)
Net increase / (decrease) in cash and cash equivalents	227,363	271,660	(835,202)	(4,926,011)	(1,619,463)	629,688
Cash and cash equivalents at the beginning of the year	(1,010,104)	(1,281,764)	(5,546,562)	(620,551)	998,912	369,224
Cash and cash equivalents transferred to joint venture	-	-	5,100,000	-	-	-
Cash and cash equivalents at the end of the year	(782,741)	(1,010,104)	(1,281,764)	(5,546,562)	(620,551)	998,912

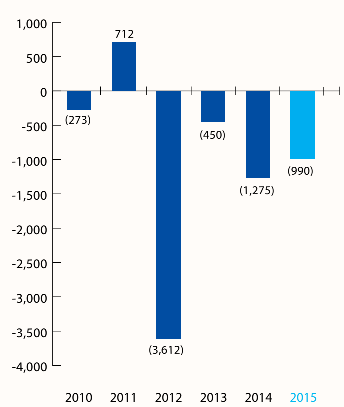
Operating Activities
(Rupees in Million)



Investing Activities
(Rupees in Million)



Financing Activities
(Rupees in Million)



Corporate Social Responsibility

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

Our commitment to our stakeholders and the community are exemplified through our Corporate Social Responsibility (CSR) activities.

Environment

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

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

We routinely conduct energy audits to identify projects that can efficiently use, reduce or recycle energy. Replacement of factory's conventional lights with energy efficient & environment friendly lights is an ongoing process as is installation of solar panels. Lux Monitoring and Motion Sensors are also being installed in phases to reduce energy cost. Lux sensors are being used to measure the amount of available daylight and adjust the light levels accordingly to reduce unnecessary energy consumption by utilising natural light resources while ensuring appropriate light levels are maintained.

Through these activities, we demonstrate our commitment to the community to protect the environment.

Health and Safety

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

Our main procedures in safety include comprehensive risk assessment and controls, permit to work, log out tag out, near miss reporting, incident reporting, emergency response, and compliance evaluation procedures. All newly hired employees go through safety orientation programs and sign an affidavit of their awareness. We routinely conduct trainings, both internal and external, regarding occupational health and safety, dengue prevention, road safety, safe removal of waste, first aid and fire safety. In 2015, amongst other trainings, an EHS awareness theater production was carried out for our employees to create awareness about the importance of environment and health related issues through a candid and relatable platform. During the year, road safety violation tickets (within the factory) were introduced as well as area specific hazard and control posters.

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

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

Society

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

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

Community Welfare Schemes

In our 58 years as a corporate citizen, we have consistently and consciously tried to make a difference in the society by our corporate giving, assistance in community development and supporting groups; aiming for a progressive social change and the up-lift of the community at large. During the year, we formed 'Packages Foundation' through which we have offered our contributions and assistance to a number of hospitals and trusts and various non-profit organizations.

Rose Festival

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

Corporate Social Responsibility

Promoting Traditional 'Mela' Culture

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

Sports Activities

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

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

Human Capital

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

Trainings

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

During the year, the Company has launched an online learning management system. This system is designed to allow employees easy access to available internal and external trainings being arranged by the management. The training calendar is published at the beginning of the year so that employees may plan their attendance in advance.

The Company also holds a recreational training at the end of each year primarily for sales team and allied personnel from various departments as a team building exercise and to freshen up the employees after the whole year's hard work.

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

Fair Price Shop

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

Scholarships

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

Hajj Facility

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

Long Service Awards

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

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, 2014	February 25, 2015
Annual General Meeting of shareholders to consider annual accounts of the Company for the year ended December 31, 2014 and dividend announcement	April 16, 2015
Audit Committee and BOD meetings to consider quarterly accounts of the Company for the quarter ended March 31, 2015 and to consider approval to start 50/50 joint venture with Omya Group of Switzerland	April 22, 2015
Completion of the acquisition of 55% shareholding of Flexible Packages Convertors (Proprietary) Limited	June 01, 2015
Audit Committee meeting to consider half yearly accounts of the Company for the period ended June 30, 2015	August 19, 2015
BOD meeting to consider half yearly accounts of the Company for the period ended June 30, 2015	August 20, 2015
Audit Committee and BOD meetings to consider quarterly accounts of the Company for the period ended September 30, 2015	October 19, 2015
Incorporation of CalciPack (Private) Limited as a wholly-owned subsidiary of Packages Limited	November 13, 2015
BOD meeting to consider approval of investment in the right shares offered by Tri-Pack Films Limited	December 30, 2015

Notice of Annual General Meeting

Notice is hereby given that the 61st Annual General Meeting of Packages Limited will be held on Monday, April 25, 2016 at 10.30 a.m. at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi to transact the following business:

1. To confirm the minutes of the Extraordinary General Meeting of the Company held on January 21, 2016;

2. To receive and adopt the Audited Accounts of the Company for the year ended December 31, 2015 together with the Directors and Auditors Reports thereon;

3. To consider and approve the payment of cash dividend for the year ended December 31, 2015 as recommended by the Board of Directors:

    a) to the preference share/convertible stock holder (International Finance Corporation) at the rate of Rs. 19.00 (10%) per preference share/convertible stock of Rs. 190 in terms of the Subscription Agreement between Packages Limited and International Finance Corporation;

    b) to the ordinary shareholders at the rate of Rs. 15.00 (150%) per ordinary share of Rs. 10; and

4. To appoint Auditors for the year 2016 and to fix their remuneration

By Order of the Board

Adi J. Cawasji
Company Secretary

Karachi
February 25, 2016

Notes:

1. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from April 18, 2016 to April 25, 2016 (both days inclusive). Transfers received in order at the office of the Company's Registrars, Messrs FAMCO ASSOCIATES (PVT.) LIMITED, 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400 by close of business on April 15, 2016 will be treated in time for payment of the final dividend to the transferees.

2. Participation in the Annual General Meeting

All members entitled to attend and vote at the Meeting, are entitled to appoint another person in writing as their proxy to attend and vote on their behalf. A proxy need not be a member of the Company. A corporate entity, being a member, may appoint any person, regardless whether they are a member or not, as its proxy. In case of corporate entities, a resolution of the Board of Directors / Power of Attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted to the Company along with a completed proxy form. The proxy holders are requested to produce their national CNICs or original passports at the time of the Meeting.

In order to be effective, duly completed and signed proxy forms must be received at the Company's Registered Office at 4th Floor, The Forum, Suite # 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi-75600 at least 48 hours before the time of the Meeting.

3. Notice to Shareholders who have not provided their CNICs

As directed by the SECP through its Circular No.EMD/D-II/Misc/2009-1342 dated April 4, 2013, dividend warrants cannot be issued without valid CNICs. All shareholders holding physical shares who have not submitted their valid CNICs are requested to send attested copies of their valid CNICs along with their folio numbers to the Company's Shares Registrar. In the absence of a shareholder's valid CNIC, the Company will be constrained to withhold dispatch of dividend to such shareholders.

4. Deduction of Income Tax from Dividend

(i) The Government of Pakistan through Finance Act, 2015 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

(a) For filers of income tax returns: 12.5%

(b) For non-filers of income tax returns: 17.5 %

To enable the Company to make tax deduction on the amount of cash dividend @12.5% instead of 17.5%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL, otherwise tax on their cash dividend will be deducted @17.5% instead @12.5%.

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

Contact persons:

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

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

(iii) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or its Share Registrar i.e. Messrs FAMCO ASSOCIATES (PVT.) LIMITED. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

5. Payment of Dividend Electronically (E-Mandate)

In order to enable a more efficient method of cash dividend, through its Circular No.8(4) SM/CDC 2008 of April 5, 2013, the SECP has announced an e-dividend mechanism where shareholders can get their dividend credited directly into their respective bank accounts electronically by authorising the Company to do so. Accordingly, all non-CDC shareholders are requested to send their bank account details to the Company's Registrar. Shareholders who hold shares with CDC or Participants / Stock Brokers, are advised to provide the mandate to CDC or their Participants / Stock Brokers.

6. Audited Financial Statements through E-Mail

SECP through its Notification SRO 787(I)/2014 dated September 8, 2014, has allowed the circulation of Audited Financial Statements along with the Notice of Annual General Meeting to the members of the Company through email. Therefore, all members who wish to receive the soft copy of Annual Report are requested to send their email addresses. The consent form for electronic transmission can be downloaded from the Company's website:

www.packages.com.pk

The Company shall, however, provide hard copy of the Audited Financial Statements to its shareholders, on request, free of cost, within seven days of receipt of such request.

The Company shall place the financial statements and reports on the Company's website: www.packages.com.pk at least twenty one (21) days prior to the date of the Annual General Meeting in terms of SRO 634(I)/2014 dated July 10, 2014 issued by the SECP.

7. Change of Address and Non-Deduction of Zakat Declaration Form

Physical shareholders are requested to notify any change in their addresses immediately and if applicable provide their non-deduction of Zakat Declaration Form to the Company's Shares Registrar, Messrs FAMCO ASSOCIATES (PVT.) LIMITED. Furthermore, if not provided earlier, members holding shares in CDC / Participants accounts are also requested to update their addresses and if applicable, to provide their non-deduction of Zakat Declaration Form to CDC or their Participants / Stock Brokers.

8. Video Conference Facility

Form (English and Urdu) is attached in the Annual Report. Please fill out and submit to registered address of the Company 10 days before holding of the Annual General Meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.

9. Guidelines for CDC Account Holders

CDC account holders will have to follow the guidelines with respect to attending the Meeting and appointing of Proxies as issued by the Securities and Exchange Commission of Pakistan through its Circular 1 of January 26, 2000.

10. Form of Proxy

Form of proxy in English and Urdu is attached in the Annual Report and should be witnessed by two persons whose names, addresses and CNIC Numbers are mentioned on the forms.

Directors' Report to the Shareholders

بســـــمِ اللهِ الرَّحمٰنِ الرَّحِيمْ

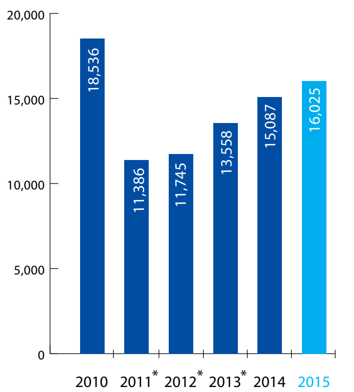
The Directors of the Company have the pleasure in submitting their Annual Report along with the audited financial statements of the Company for the year ended December 31, 2015.

Financial Performance

Your Company has performed well during the current year and the summarized financial performance is as follows:

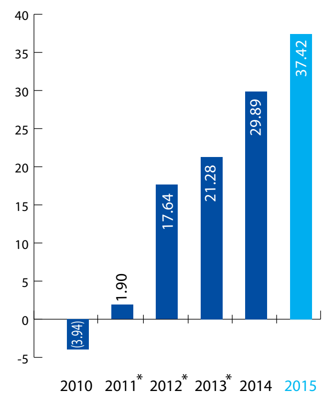
	2015	2014
	Rupees in million	
Net sales from Operations	16,025	15,087
EBITDA – operations	2,497	1,383
Depreciation & amortization	(567)	(536)
EBIT – operations	1,931	847
Finance costs	(643)	(752)
Other operating (expenses) / income – net	(103)	100
Investment income	2,618	2,554
Earnings before tax	3,802	2,749
Tax	(507)	(213)
Earnings after tax	3,295	2,536
Basic Earnings per share – Rupees	37.42	29.89

Invoiced Sales - Net
(Rupees in Million)

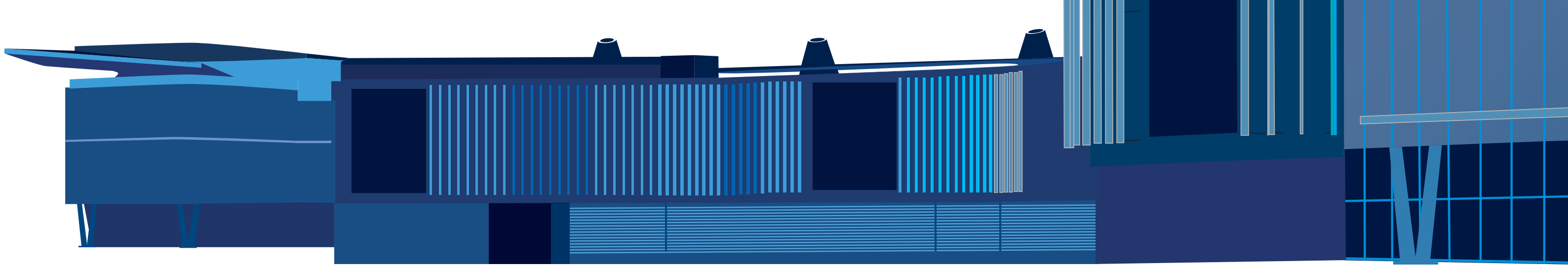


* Represents Continuing Operations only

Earnings per Share
(Rupees)



* Represents Continuing Operations only



Operations have achieved net sales of Rs. 16,025 million in 2015 against net sales of Rs. 15,087 million of last year representing sales growth of 6%.

The operations generated Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of Rs. 2,497 million during 2015 against Rs. 1,383 million of 2014 resulting in an increase of Rs. 1,115 million. The improvement in earnings is primarily due to prudent management of raw material costs, lower fuel and energy costs and production efficiencies.

The Company actively focused on strengthening its working capital cycle during 2015 and took initiatives to rationalise inventory levels and trade debtors. The working capital as a percentage to sales ratio improved to 13% as at December 31, 2015 compared to 16% as at December 31, 2014. Continued improvements in working capital efficiency resulted in positive cash flow generation from operations.

Packaging Division

Packaging Operations have achieved net sales of Rs. 12,618 million during 2015 as compared to Rs. 12,272 million of 2014 representing sales growth of 3%. EBITDA also improved by Rs. 638 million i.e. 49% over 2014 values. The Company is continuing with its focus on revenue growth, better product mix, saving in fuel and energy costs, production efficiencies and higher capacity utilization to improve operating results of this business segment.

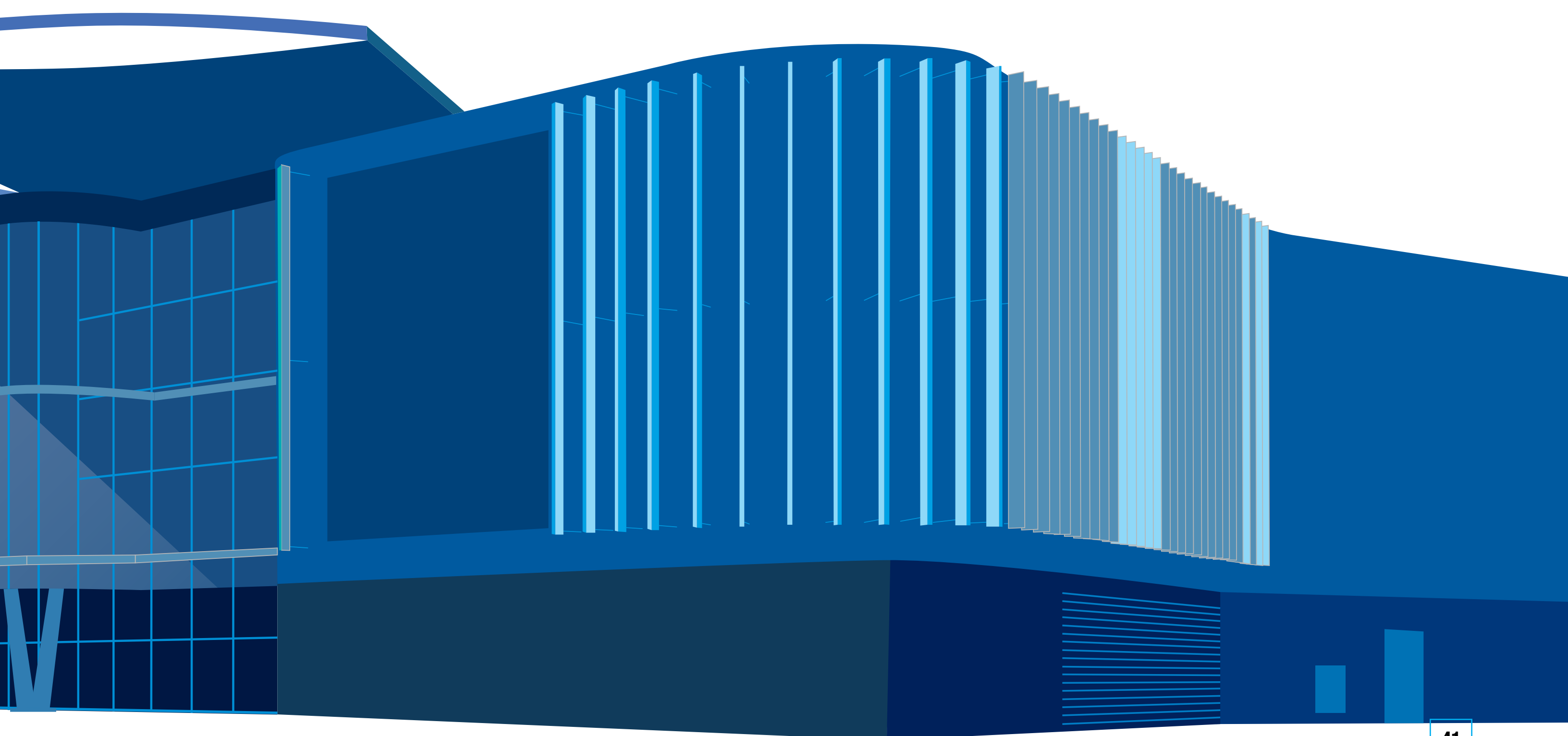
As a part of its continuing efforts towards technological up gradation your Company has committed to make an investment of Rs. 310 million in a new offset printing line having double coating capability in continuation of its efforts to remain abreast of improved technological developments in the Packaging business. The new line will commence its operations by the third quarter of 2016 and will add additional capacity and capability to meet growing customer demand in the folding cartons business. Your Company has also committed to make an investment of Rs 140 million in their pre-press department for a state of the art engraving machine and cylinder making line. This investment is in line with the Company's efforts to provide its customers with the highest quality of printing.

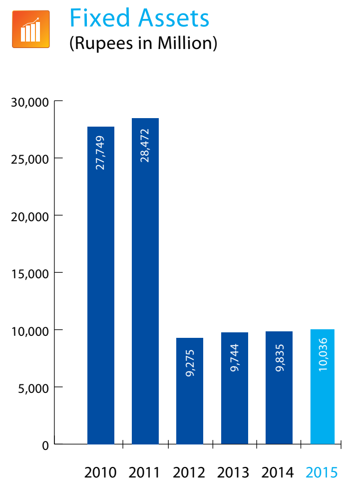
Consumer Products Division

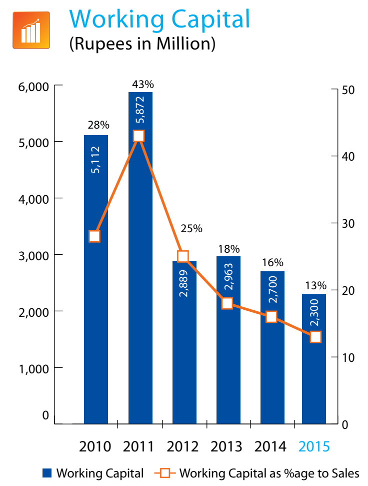
Consumer Products Division achieved sales of Rs. 3,245 million during the year 2015 as compared to Rs. 2,709 million of 2014 representing sales growth of 20%.

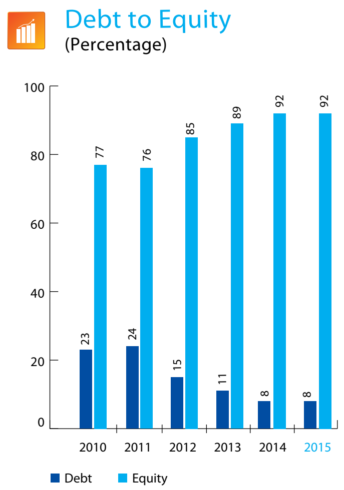
The Division's EBITDA increased by Rs. 496 million in 2015 compared to 2014 values resulting from revenue growth, improved capacity utilisation, operating cost control initiatives and overall lower fuel and energy costs.

The Company invested in a new toilet roll line to cater to the growing demand. A new brand by the name of Maxob produced on this machine has been launched during the year.









Production Statistics

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

	2015	2014
Consumer Products produced - tons	11,131	10,116
Carton Board & Consumer Products converted - tons	34,510	32,511
Plastics all sorts converted - tons	17,463	17,553

Investment Income

Investment income has increased by Rs. 64 million during 2015 over 2014 that is indicative of improved operational performance of the investee companies.

Finance Costs

The finance cost has decreased by Rs. 109 million during 2015 over 2014 mainly due to reduced mark up rates, reduced debt levels owing to better working capital management and conversion of preference shares by IFC as explained below.

Conversion of Preference Shares

During the year, 2,000,000 preference shares issued to IFC were converted into ordinary shares.

This has decreased finance cost of the Company by Rs. 19 million for the year 2015 as no return on preference shares/convertible stock is payable on the converted shares in accordance with the terms of the subscription agreement signed with IFC in 2009.

During the year, 2000,000 preference share to IFC one were converted into ordinary shares. This has decreased finance cost of the Company by Rs. 19 million for the year 2015 as no return on preference shares / convertible stock is payable on the converted shares in accordance with the terms of the subscription agreement signed with IFC in 2009. On February 2, 2016 IFC exercised its right to convert 1,000,000 preference shares / convertible stock of rupees 190 each into 1,000,000 ordinary shares of Rs. 10 each. This conversion is expected to take place prior to book closure date and therefore, its effect has been taken in the dividend appropriation.

Acquisition of operations of Flexible Packaging Company in South Africa

During the year, the Company completed its acquisition of the operations of a flexible packaging company in South Africa in line with its strategy to diversify and enter into new high growth markets. The management believes that the acquisition shall be advantageous to its shareholders.

Financial Management

The Company's continued focus on managing optimal levels of inventory and trade receivables, sound business performance, operating efficiencies and cost savings across the organisation helped generate positive cash flows.

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

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

Capital expenditure is managed carefully through a rigorous evaluation of profitability and risks and regular project review for delivery on time and at budgeted cost. Large capital expenditure is further backed by long-term contracts so as to minimise cash flow risk to the business. Capital expenditure during 2015 was at Rs. 713 million.

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

The Board is satisfied that there are no short or long-term financial constraints including access to credit and a strong balance sheet with December 2015 with net debt : equity ratio at 8: 92.

Risk Mitigation

The Board of Directors and the Audit Committee of the Board regularly review the risk matrix in terms of impact and probability of occurrence. The senior management team, led by the Chief Executive Officer is responsible for risk mitigation measures. The Company's ability to continually assess market conditions and then react decisively, allows the Company to manage risks responsibly and take opportunities to strengthen the position of the Company when they arise.

Credit Risk

All financial assets of the Company, except cash in hand, are subject to credit risk. The Company believes that it is not exposed to major concentration of credit risk. Exposure is managed through application of credit limits to its customers and diversification of its investment portfolio placed with 'A' ranked banks and financial institutions.

Liquidity Risk

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

Interest Rate Risk

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

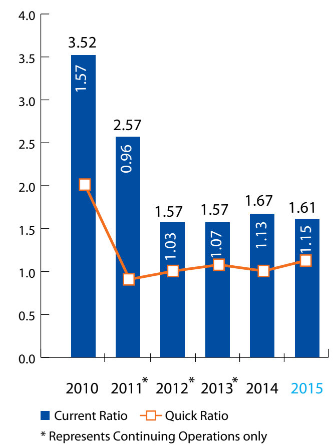
Foreign Exchange Risk

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

Capital Management

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

Current & Quick Ratio



Contribution to National Exchequer

Your Company is a noteworthy contributor to the national economy and has contributed Rs. 1,448.4 million during the year 2015 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 of focus in 2015 continued to be food safety, fire safety and training and development.

During the year the Company got re-certifications for the following:

- SMETA
- URSA
- FSC COC
- HALAL CERTIFICATION (stage 1 complete)
- ISO 26000

Your Company is also focusing on behavior based safety and risk control which enables minimizing the risks of injuries and accidents.

Campaigns are an integral part of the environmental, health and safety initiatives; significant campaigns of 2015 include the following:

- Food Safety Campaign
- Measles Campaign
- "Sub Keh Do" Campaign
- Dengue Prevention Campaign
- Driver and Road Safety Campaign

Corporate Social Responsibility (CSR)

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

As per decision of the Board of Directors, Packages Foundation was incorporated on June 12, 2015. The primary objective of the Foundation is to contribute towards the health, education and other charitable and welfare causes. The Company is making contributions / donations to Packages Foundation for carrying out its social work, The Company donated Rs. 10.416 million towards various causes in the current year.

Retirement Funds

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

The value of investments of provident, gratuity and Management staff pension funds based on their audited accounts as on December 31, 2015 were the following:

Provident Fund	Rs. 2,131.396 million
Gratuity Fund	Rs. 362.197 million
Pension Fund	Rs. 1,752.322 million

Appropriation

In view of the financial results of the Company for the year 2015, the Board of directors of the Company has recommended cash dividend of 150 percent (i.e. Rs. 15 per share). Accordingly, the following appropriations have been made:

	Rupees in thousand
Total comprehensive income for the year 2015 after appropriation of preference dividend / return	3,200,163
Un-appropriated profit brought forward	514,403
Available for appropriation	3,714,566
Transfer to General reserve	(1,500,000)
Cash dividend	(1,340,693)
To be carried forward to 2016	873,873

Auditors

The present auditors M/s A.F Ferguson & Co., Chartered Accountants retire and offer themselves for re-appointment. 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 re-appointment as Auditors of the Company for the year ending December 31, 2016, at a fee to be mutually agreed.

Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance as set out by the Pakistan Stock Exchange in its 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, 2015 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, 2015.

Changes in the Composition of Board and its Audit Committee

During the year 2015, Mr. Veli Jussi Olavi Potka, nominee of Stora Enso AB of Finland resigned and Mr. Jari Latvanen, another nominee of Stora Enso AB, was appointed in his place. The Board wishes to record its appreciation of the valuable services rendered by the outgoing Director and welcomes the new Director who will hold office for the remainder of the term of the outgoing member.

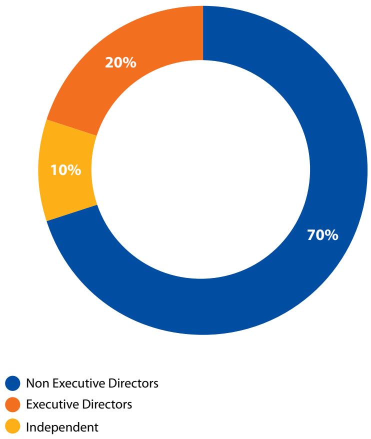
Meetings of Board of Directors

During the year 2015, five (5) 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)	5
Mr. Josef Meinrad Mueller	1
Mr. Rizwan Ghani	5
Mr. Veli-Jussi Olavi Potka (Resigned on 7 July 2015)	2
Mr. Jari Latvanen (Appointed on 7 July 2015)	1
Mr. Muhammad Aurangzeb	2
Mr. Shamim Ahmad Khan	5
Syed Aslam Mehdi	4
Syed Shahid Ali	3
Mr. Tariq Iqbal Khan	4

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

Board Composition
(Percentage)



Audit Committee

An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance, which comprises of four Non-Executive and one independent Director.

Four (4) meetings of the Audit Committee were held during the year 2015. The attendance of each Member is given hereunder –

Name of Member	No. of meetings attended
Mr. Tariq Iqbal Khan (Chairman)	3
Mr. Muhammad Aurangzeb (Independent)	1
Mr. Shamim Ahmad Khan (Non-Executive)	4
Syed Shahid Ali (Non-Executive)	3
Syed Aslam Mehdi (Non-Executive)	4

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.
- Trading of Shares by Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouses and minor children:

Purchase of shares	No. of shares
Chief Executive Officer	Nil
Director	30,000
Chief Financial Officer	Nil
Company Secretary	Nil
Spouses	Nil
Sale of Shares	**Nil**

Pattern of Shareholding

A statement of the pattern of shareholding of certain class of shareholders as at December 31, 2015, whose disclosure is required under the reporting framework, is included in the annexed shareholders' information.

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

Future Outlook

The management believes that economic activity will show further improvement that will lead to increased consumption of consumer goods and hence more packaging demand. For 2016, on the back of deflation, the management strategy is to focus on achieving double digit volume growth. Furthermore, the Company will continue to focus on cost efficiencies, price rationalisation and product mix realignment.

Growth is expected in the tissue market owing to increased awareness relating to hygiene. The Company is taking steps to enhance market share and improve market penetration and will continue to focus on targeted growth initiatives, innovation, brand building and cost saving programs.

As part of its asset and income diversification strategy, the Company's development of a high quality retail mall at its Lahore land through its wholly owned subsidiary, Packages Construction (Private) Limited is underway.

The construction of the mall is based on inputs from international retail consultants. Space is being leased out with a tenancy mix aimed to appeal to a wide cross section of the market including major anchor tenants, cinemas, food courts, international brand specialty shops, local brands and retailers. The mall is expected to be operational in the last quarter of 2016.

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 challenging economic and business environment. We appreciate their hard work, loyalty and dedication.

(Towfiq Habib Chinoy)
Chairman
Karachi, February 25, 2016

(Syed Hyder Ali)
Chief Executive & Managing Director
Karachi, February 25, 2016

کو منافع منقسمہ کے تصرف پر اثر انداز کر دیا گیا ہے۔

جنوبی افریقہ میں فلیکس ایبل پیکیجنگ کمپنی کے آپریشنز کا حصول

سال کے دوران کمپنی نے جنوبی افریقہ میں ایک فلیکس ایبل پیکیجنگ کمپنی کے آپریشنز کی ذمے داری سنبھالی جو کمپنی کی جانب سے نئی اعلیٰ گروتھ کی حامل مارکیٹوں میں داخل ہونے اور کاروبار کو مختلف سمتوں میں ڈالنے کی حکمت عملی کا حصہ تھی۔ انتظامیہ اس امر پر یقین رکھتی ہے کہ یہ کاروبار شیئر ہولڈرز کے لئے مزید مفید ثابت ہوگا۔

فنانشل مینجمنٹ

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

کمپنی ایک موثر کیش فلو مینجمنٹ سسٹم کی حامل ہے اور اس مقام پر کیش ان فلوز اور آئوٹ فلوز پر ریگولر بنیاد پر واضح کیا اور سختی کے ساتھ مانیٹر کیا جاتا ہے۔

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

کیپٹل اخراجات منافع جات اور خطرات کی کڑی جانچ پڑتال کے ذریعے انتہائی احتیاط کے ذریعے طے کئے جاتے ہیں اور بروقت ڈلیوری اور طے شدہ لاگت کے لئے پراجیکٹ کا باقاعدگی سے جائزہ لیا جاتا ہے۔ وسیع تر کیپٹل اخراجات مزید طویل مدتی کنٹریکٹس کے ذریعے ممکن ہوتے ہیں تاکہ کاروبار میں کیش فلو کے خطرے کو کم کیا جائے۔ 2015میں کیپٹل اخراجات 713ملین روپے تھے۔

کمپنی کا انویسٹمنٹ پورٹ فولیو شفاف انداز میں مختلف سمتوں میں موڑا گیا جیسا کہ نیسلے پاکستان لمیٹڈ، ٹرائی پیک فلمز لمیٹڈ، ٹیٹرا پیک پاکستان لمیٹڈ، بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ، ڈی آئی سی پاکستان لمیٹڈ، پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ، پیکیجز لنکا (پرائیویٹ) لمیٹڈ اور اینی مون ہولڈنگز (پرائیویٹ) لمیٹڈ میں ایکویٹی شراکت سے واضح ہوتا ہے۔

بورڈ اس امر پر مطمئن ہے کہ کوئی مختصر یا طویل مدتی مالیاتی پابندی بشمول کریڈٹ تک رسائی موجود نہیں ہے اور دسمبر 2015کے ساتھ ایک مضبوط بیلنس شیٹ مع خالص قرضہ ایکویٹی تناسب 8:92پر ہے۔

خطرات میں کمی

بورڈ آف ڈائریکٹرز اور بورڈ کی آڈٹ کمیٹی وقوعہ کے اثرات اور منافع کے ضمن میں خطرات کے میٹرکس کا باقاعدگی سے جائزہ لیتی ہے۔ چیف ایگزیکٹو آفیسر کی زیر قیادت سینئر انتظامی ٹیم خطرات میں کمی کے پیمانوں کے لئے ذمے دار ہے۔ مارکیٹ کی صورتحال کا مستقل جائزہ لینے کے لئے کمپنی کی صلاحیت اور اس کے بعد موثر ردعمل کمپنی کو خطرات سے نمٹنے کی اجازت دینے کے ساتھ ضرورت کے مطابق کمپنی کی پوزیشن مستحکم بنانے کے مواقع دیتا ہے۔

کریڈٹ کے خطرات

کمپنی کے تمامتر مالیاتی اثاثہ جات ماسوائے زیرگردش نقد رقم کریڈٹ رسک سے مشروط ہیں۔ کمپنی اس امر پر یقین رکھتی ہے کہ کریڈٹ رسک کے اہم ماخذ کو ایکسپوز نہیں کیا جاتا۔ ایکسپوزر اس کے صارفین کے لئے کریڈٹ کی حدود کے نفاذ اور 'اے' رینک کے حامل بینکس اور مالیاتی اداروں کے ساتھ اس کے انویسٹمنٹس پورٹ فولیو کی ڈائیور سیفکیشن کے ذریعے ممکن بنایا گیا ہے۔

لیکویڈیٹی کے خطرات

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

شرح سود کے خطرات

متغیر ریٹ کی طویل مدتی فنانسنگ "پری پے منٹ آپشن" کے انعقاد کے ذریعے شرح سود کے خطرات کے برخلاف ظاہر نہیں کی جاتی جوکہ بنیادی شرح سود میں کسی بھی منفی اقدام کے تحت استعمال کیا جاسکتا ہے۔

غیر ملکی زرمبادلہ کے خطرات

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

کیپٹل مینجمنٹ

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

قومی خزانے میں شراکت

آپ کی کمپنی قومی خزانے کے لئے ایک بڑی شراکت دار ہے اور سال 2015کے دوران کمپنی نے سیلز ٹیکس، انکم ٹیکس، درآمدی ڈیوٹیوں اور اسٹیچوٹری لیویز کے ضمن میں قومی خزانے میں 1,448.4ملین روپے جمع کرائے۔

ماحولیات، صحت اور تحفظ

آپ کی کمپنی بہترین آپریشنل طریقہ کار کو فروغ دینے کے ذریعے بہترین ماحولیاتی صحت اور تحفظ کے اسٹینڈرڈز پر پورا اترنے کے لئے کوشاں ہے۔ 2015میں توجہ کے نمایاں شعبے فوڈ سیفٹی، فائر سیفٹی، ٹریننگ اور ڈیولپمنٹ رہے۔

سال کے دوران کمپنی نے درج ذیل کے لئے ری سرٹیفکیشن حاصل کیا:

- (SMETA) ایس ایم ای ٹی اے
- (URSA) یو آر ایس اے
- (FSC COC) ایف ایس سی سی او سی
- (حلال سرٹیفکیشن (مرحلہ 1مکمل
- ISO 26000

آپ کی کمپنی رویوں میں مبنی سیفٹی اور رسک کنٹرول پر بھی توجہ دے رہی ہے جس سے زخمی ہونے اور حادثات کے خطرات کو کم کرنے میں مدد ملے گی۔

ماحولیاتی صحت اور تحفظ کے اقدامات کے ایک مربوط حصہ کے طور پر مختلف انداز کی مہم کو ضروری تصور کیا جاتا ہے۔ 2015کی نمایاں مہم میں درج ذیل شامل ہیں:-

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

بسم اللہ الرحمٰن الرحیم

کمپنی کے ڈائریکٹرز سال مختتمہ 31دسمبر 2015کے لئے اپنی سالانہ رپورٹ بشمول کمپنی کے آڈٹ شدہ مالیاتی حسابات جمع کراتے ہوئے فخر محسوس کررہے ہیں۔

مالیاتی کارکردگی

آپ کی کمپنی نے سال رواں کے دوران بہترین کارکردگی کا مظاہرہ کیا اور مختصراً مالیاتی کارکردگی درج ذیل کے مطابق رہی۔

(روپے ملین میں)	2015	2014
آپریشنز سے خالص سیلز	16,025	15,087
EBITDA آپریشنز	2,497	1,383
فرسودگی اور کساد بازاری	(567)	(536)
EBIT آپریشنز	1,931	847
فنانس کی لاگت	(643)	(752)
دیگر آپریٹنگ(اخراجات)/ آمدنی خالص	(103)	100
سرمایہ کاری کی آمدنی	2,618	2,554
آمدنی قبل از ٹیکس	3,802	2,749
ٹیکس	(507)	(213)
آمدنی بعد از ٹیکس	3,295	2,536
بنیادی آمدنی فی شیئر- روپے	37.42	29.89

آپریشنز سے 2015میں 16,025ملین روپے کی خالص سیلز حاصل کی گئی جبکہ گزشتہ سال 15,087ملین روپے کی خالص سیلز رہی تھی جس سے 6فیصد اضافہ ظاہر ہوا۔

آپریشنز سے 2015کے دوران آمدنی قبل از منافع، ٹیکس، فرسودگی اور کساد بازاری(EBITDA) 2,497ملین روپے رہی جوکہ 2014میں1,383ملین روپے تھی۔ نتیجتاً 1,115ملین روپے کا اضافہ ہوا۔ آمدنی میں بنیادی طور پر بہتری خام مال کی لاگت کے موثر انتظام، ایندھن اور انرجی کے نرخوں میں کمی اور پیداواری صلاحیت کی بدولت آئی۔

کمپنی نے موثر طور پر 2015کے دوران اپنے ورکنگ کیپٹل سائیکل کو مستحکم بنانے پر توجہ دی اور معقول انوینٹری پیمانوں اور ٹریڈ ڈیبٹرز کے لئے اقدامات کئے۔ سیلز کے تناسب کے لئے فیصدی شرح کے مطابق ورکنگ کیپٹل 31دسمبر 2014میں 16فیصد تھی جوکہ 31دسمبر 2015 میں بہتر ہوکر 13فیصد ہوگئی۔ ورکنگ کیپٹل میں مستقل بہتری آنے سے آپریشنز میں بھی کیش فلو جنریشن میں مثبت اثرات ظاہر ہوئے۔

پیکیجنگ ڈویژن

پیکیجنگ آپریشن نے 2015کے دوران 12,618ملین روپے کا خالص سیلز حاصل کیا جبکہ 2014میں یہ حجم 12,272ملین روپے تھا اور اس طرح 3فیصد کی سیلز گروتھ حاصل ہوئی۔ EBITDA میں بھی 638ملین روپے تک بہتری آئی یعنی 2014کی ویلیوز پر 49فیصد اضافہ ہوا۔ کمپنی نے کاروبار کے اس شعبے میں آپریٹنگ نتائج کو مزید بہتر بنانے کے لئے ریونیو گروتھ، بہترین پروڈکٹ مکس، فیول اور انرجی کی لاگت میں بچت، پروڈکشن کی بہتر کارکردگی اور کیپسٹی یوٹیلائزیشن میں اضافہ پر مسلسل توجہ دے رہی ہے۔

ٹیکنالوجیکل اپ گریڈیشن کے ضمن میں اپنی مسلسل کوششوں کے طور پر آپ کی کمپنی نے ایک نئی آفسیٹ پرنٹنگ لائن میں 310ملین روپے کی سرمایہ کاری کا وعدہ کیا ہے جس سے پیکیجنگ بزنس میں بہترین تیکنیکی ترقی کی کوشش برقرار رکھنے کے تسلسل کے ساتھ ڈبل کوٹنگ کی صلاحیت بھی حاصل ہوگی۔ اس نئی لائن کے باقاعدہ آپریشنز کا آغاز 2016کی تیسری سہ ماہی تک ہوجائے گا اور فولڈنگ کارٹنز کے بزنس میں صارف کی بڑھتی ہوئی طلب کو پورا کرنے کے لئے اضافی گنجائش اور صلاحیت کا اضافہ ہوگا۔ آپ کی کمپنی نے اپنے پری- پریس ڈپارٹمنٹ میں ایک جدید ترین اینگر یونگ مشین اور سیلنڈر میکنگ لائن کے لئے 140ملین روپے کی سرمایہ کاری کا فیصلہ بھی کیا ہے۔ یہ سرمایہ کاری اپنے صارفین کو پرنٹنگ کی بہترین کوالٹی کی فراہمی کے لئے کمپنی کی کوششوں کا حصہ ہے۔

کنزیومر پروڈکٹس ڈویژن

کنزیومر پروڈکٹس ڈویژن نے 2015کے دوران 3,245ملین روپے کی سیلز حاصل کی جبکہ 2014میں یہ حجم 2,709ملین روپے تھا جس سے 20فیصد سیلز گروتھ ظاہر ہوتی ہے۔

ڈویژن کے EBITDA 2015میں سال 2014کی ویلیوز کے مقابلے میں 496ملین روپے تک کا اضافہ ہوا جو ریونیو گروتھ، بہتر کیپسٹی یوٹیلائزیشن، آپریٹنگ لاگت پر کنٹرول کے اقدامات اور مجموعی طور پر فیول اور انرجی کی لاگت میں کمی کے باعث ممکن ہوسکا۔

کمپنی نے بڑھتی ہوئی طلب کو پورا کرنے کے لئے نئی ٹوائیلٹ رول لائن میں بھی سرمایہ کاری کی۔ سال کے دوران اس نئی مشین پر بنے ہوئے ایک نئے برانڈ میکسوب (MAXOB) کو مارکیٹ میں متعارف کرایا گیا۔

پروڈکشن کے اعداد و شمار

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

	2015	2014
اشیائے صارف		
تیار کردہ- ٹنز	11,131	10,116
کارٹن بورڈ اور کنزیومر پروڈکٹس- کنورٹڈ- ٹنز	34,510	32,511
پلاسٹک تمام اقسام کنورٹڈ- ٹنز	17,463	17,553

انویسٹمنٹ آمدنی

انویسٹمنٹ آمدنی میں سال 2015کے دوران سال 2014کے مقابلے میں 64ملین روپے کا اضافہ ہوا جو سرمایہ کار کمپنیوں کی بہترین آپریشنل کارکردگی کا اظہار ہے۔

فنانس کے اخراجات

فنانس کے اخراجات سال 2015کے دوران 2014میں 109ملین روپے تک کم ہوگئے جو بنیادی طور پر شرح سود میں کمی، بہتر ورکنگ کیپٹل مینجمنٹ کے باعث قرضوں کے حجم میں کمی اور آئی ایف سی کی جانب ترجیحی شیئرز کی منتقلی، جیسا کہ ذیل میں وضاحت کردی گئی ہے، کے باعث ممکن ہوئی۔

ترجیحی شیئرز کی منتقلی

سال رواں کے دوران آئی ایف سی کو جاری کردہ 2,000,000ترجیحی شیئرز عمومی شیئرز میں منتقل کئے گئے۔ اس سےسال2015کیلئےکمپنی کی فنانسنگ لاگت میں سال 19ملین روپے تک کی کمی آئی کیونکہ سال 2009میں آئی ایف سی کے ساتھ طے کردہ سبسکرپشن معاہدے کی شرائط کے مطابق منتقل کردہ شیئرز پر ترجیحی شیئرز / مستقل شدہ اسٹاک پر کوئی منافع قابل ادائیگی نہیں ہوتا۔ 2فروری 2016کو آئی ایف سی نے اپنے اختیارات کو بروئے کار لاتے ہوئے 190روپے مالیت کے 1,000,000ترجیحی شیئرز/ منتقل شدہ اسٹاک کو ہر ایک 10روپے مالیت کے 1,000,000عمومی شیئرز میں منتقل کیا۔ یہ منتقلی کتاب کی بندش کی تاریخ سے پہلے متوقع ہے لہٰذا اس کے اثرات

ممبرکانام	شرکت کردہ اجلاس کی تعداد
جناب طارق اقبال (چیئرمین)	3
جناب محمد اورنگ زیب(آزاد)	1
جناب شمیم احمد خان (نان ایگزیکوٹیو)	4
سید شاہد علی (نان ایگزیکوٹیو)	3
سید اسلم مہدی (نان ایگزیکوٹیو)	4

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

آڈٹ کمیٹی اپنے ٹرمز آف ریفرنس کی حامل ہے جن کا تعین لسٹنگ ریگولیشنز اور کوڈ آف کارپوریٹ گورنینس میں فراہم کردہ رہنما ہدایات کے مطابق بورڈ آف ڈائریکٹرز کی جانب سے کیا گیا ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

• مالیاتی حسابات مع ان پر نوٹس کمپنیز آرڈیننس 1984 کے عین مطابق مینجمنٹ کی جانب سے تیار کئے گئے ہیں۔ یہ حسابات شفاف انداز میں کمپنی کے ضروری امور، آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کو ظاہر کرتے ہیں۔

• کمپنی کی جانب سے اکاؤنٹس کی باقاعدہ بکس کو تیار کیا جاتا ہے۔

• موزوں ترین اکاؤنٹنگ پالیسیاں مستقل طور پر مالیاتی حسابات کی تیاری میں لاگو کی جاتی ہیں اور اکاؤنٹنگ کے تخمینہ جات مناسب اور درست فیصلے پر منحصر ہوتے ہیں۔

•بین الاقوامی اکاؤنٹنگ اسٹینڈرڈز، جیسا کہ پاکستان میں نافذ العمل ہیں، کو مالیاتی حسابات کی تیاری کے لئے لاگو کیا جاتا ہے۔

•اندرونی کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور موثر طور پر نافذ العمل اور زیر نگرانی ہونے کے ساتھ انٹرنل آڈٹ فنکشن کے ذریعے مستقل طور پر اس کا جائزہ لیا جاتا ہے۔

•کمپنی کی صلاحیت کے بارے میں اس حوالےسے کوئی شبہ نہیں کہ یہ چلتا ہوا کاروباری ادارہ ہے۔

• کارپوریٹ گورنینس کے بہترین طریقہ کار، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل دی گئی ہے کی کوئی خلاف ورزی نہیں کی گئی ہے۔

• گزشتہ دس سالوں کے لئے بنیادی آپریٹنگ اور مالیاتی تفصیل منسلک ہے۔

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

شیئرز کی خریداری	شیئرز کی تعداد
چیف ایگزیکٹو آفیسر	کوئی نہیں
ڈائریکٹر	30,000
چیف فنانشل آفیسر	کوئی نہیں
کمپنی سیکریٹری	کوئی نہیں
شریک حیات	کوئی نہیں
شیئرز کی فروخت	**کوئی نہیں**

شیئر ہولڈنگ کا پیٹرن

شیئر ہولڈرز کی مختلف کلاس کی شیئر ہولڈنگ کے پیٹرن کا ایک اسٹیٹمنٹ بمطابق 31دسمبر 2015، جس کا اظہار رپورٹنگ فریم ورک کے تحت ضروری ہے، شیئر ہولڈرز کی معلومات کے منسلکہ ضمیمہ میں شامل کردیا گیا ہے۔

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

مستقبل پر نظر

انتظامیہ اس امر پر یقین رکھتی ہے کہ معاشی سرگرمی مزید بہتری ظاہر کرے گی کیونکہ اشیائے صارف کی طلب اور کھپت بڑھ رہی ہے اور پیکیجنگ مصنوعات کی مانگ میں بھی مزید اضافہ ہوگا۔ 2016کے لئے ڈی فلیشن کے پس منظر پر انتظامی حکمت عملی میں دو ہندسوں پر مشتمل ویلیو میٹرک گروتھ کے حصول پر توجہ مرکوز کی جائے گی۔ مزید برآں ڈویژن لاگت پر کنٹرول، پرائس راشنلائزیشن اور پروڈکٹ مکس ری الائنمنٹ پر بھی توجہ دینے کا سلسلہ جاری رکھے گا۔

حفظان صحت کے اصولوں کے بارے میں بڑھتی ہوئی آگاہی کو مدنظر رکھنے کے باعث ٹشو کی مارکیٹ میں قابل قدر گروتھ کی توقع ہے۔ کمپنی مارکیٹ شیئر میں اضافے اور مارکیٹ میں اثرورسوخ بڑھانے کے لئے کئی اقدامات کررہی ہے اور اہداف کے مطابق ترقی کے حصول کے لئے اقدامات، نئی مصنوعات، برانڈ بلڈنگ اور باکفایت پروگراموں پر توجہ کا سلسلہ جاری رکھا جائے گا۔

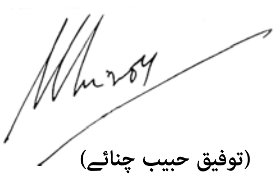
اپنے اثاثہ جات اور آمدنی کو مختلف سمتوں میں توسیع دینے کی حکمت عملی کے حصے کے طور پر کمپنی کا لاہور میں ایک اعلیٰ معیار کا ریٹیل مال زیر تکمیل ہے جو مکمل طور پر اس کے ذیلی ادارے پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ کے ذریعے پایہ تکمیل تک پہنچایا جارہا ہے۔

مال کی تعمیر بین الاقوامی ریٹیل کنسلٹینٹس کی مشاورت سے جاری ہے۔ جگہ کو کرایہ داری کے امتزاج کے ساتھ لیز پر دیا گیا ہے جو مارکیٹ کے وسیع تر شعبہ جات بشمول اہم اینکر کرایہ دار، سینماز، فوڈ کورٹس، انٹرنیشنل برانڈ، بالخصوص دکانیں، لوکل برانڈز اور ریٹیلرز کے لئے کشش کا باعث ہوگا۔ یہ مال متوقع طور پر 2016کی آخری سہ ماہی میں آپریشنل ہوجائے گا۔

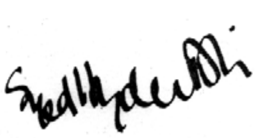
کمپنی کا اسٹاف اور صارفین

انتظامیہ کمپنی کے اسٹیک ہولڈرز بالخصوص اپنے صارفین کی اپنی مصنوعات اور سروسز پر مکمل اعتماد کے لئے ان کی مشکور ہے۔

انتظامیہ اس امر پر بھی اپنی خوشی کا اظہار کرتی ہے کہ کمپنی کے تمام ملازمین نے چیلنجنگ اقتصادی اور کاروباری ماحول میں اپنی غیر معمولی کارکردگی اور انتھک محنت کا اظہار کیا۔ ہم ان کی کاوشوں، محنت، ایمانداری اور عزم کو خراج تحسین پیش کرتے ہیں۔



(توفیق حبیب چنائے)
چیئرمین
کراچی، فروری 25، 2016



(سید حیدر علی)
چیف ایگزیکٹو و منیجنگ ڈائریکٹر
کراچی، فروری 25، 2016

• فوڈ سیفٹی کمپین
• خسرہ کی آگاہی مہم
• "سب کہہ دو" مہم
• ڈینگی سے تحفظ کی مہم
• ڈرائیور اور روڈ سیفٹی مہم

کارپوریٹ سوشل ریسپانسیبلیٹی (CSR)

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

بورڈ آف ڈائریکٹرز کے فیصلے کے مطابق پیکیجز فائونڈیشن کو 12جون 2015کو تشکیل دیا گیا فائونڈیشن کا بنیادی مقصد صحت، تعلیم اور دیگر امداد و سماجی مقاصد کے ضمن میں معاونت فراہم کرنا ہے۔کمپنی اپنے سماجی کاموں کی انجام دہی کے لئے پیکیجز فاونڈیشن کو روپے فراہم کرتی رہی۔ کمپنی نے سال2015 میں امداد دیتے ہوئے مختلف کاموں کے لیے 10.416 ملین پاکستانی روپے فراہم کیے۔

ریٹائرمنٹ فنڈز

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

پراویڈنٹ، گریجویٹی اور پنشن فنڈز کی سرمایہ کاریوں کی مالیت 31دسمبر 2015کو ان کے آڈٹ شدہ اکائونٹس کے مطابق درج ذیل تھی۔

پراویڈنٹ فنڈ	2,131.396	ملین روپے
گریجویٹی فنڈ	362.197	ملین روپے
پنشن فنڈ	1,752.322	ملین روپے

تصرف (Appropriation)

سال 2015کے لئے کمپنی کے مالیاتی نتائج کے پیش نظر کمپنی کے بورڈ آف ڈائریکٹرز نے 150فیصد نقد منافع منقسمہ (یعنی 15روپے فی شیئر) کی سفارش کی ہے لہٰذا درج ذیل تناسب حاصل کیے گئے۔

	روپے ہزاروں میں
سال2015 کے لئے336.050 ملین روپے کے ترجیحی منافع منقسمہ /منافع کے تناسب کے بعد مجموعی جامع آمدنی غیر مختص شدہ منافع	3,200,163
جو آئندہ کیلئے شامل کیا گیا	514,403
تناسب کیلئے دستیاب	3,714,566
جنرل ریزرو کے لئے منتقلی	(1,500,000)
نقد منافع منقسمہ	(1,340,693)
2016 کے لئے منتقل کردہ	873,873

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکائونٹنٹس سبکدوش ہورہے ہیں اور انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ انہوں نے انسٹی ٹیوٹ آف چارٹرڈ اکائونٹینٹس آف پاکستان (ICAP) کی جانب سے اطمینان بخش ریٹنگ حاصل کی ہے اور انٹرنیشنل فیڈریشن آف اکائونٹینٹ کے ضابطہ اخلاق پر مشتمل گائیڈ لائنز کی مکمل پاسداری کی ہے جو کہ (ICAP) کی جانب سے رائج کی گئی تھیں جیسا کہ آڈٹ کمیٹی کی جانب سے تجویز کیا۔ اس کے مطابق بورڈ آف ڈائریکٹرز نے 31دسمبر 2016کو ختم ہونے والے سال کے لئے باہمی طور پر طے کردہ معاوضے پر کمپنی کے آڈیٹرز کی حیثیت سے ان کی دوبارہ تقرری کی سفارش کی ہے۔

کارپوریٹ گورنینس کے ضابطہ پر عملدرآمد

پاکستان اسٹاک ایکسچینج کی جانب سے ان کی لسٹنگ ریگولیشنز میں کارپوریٹ گورنینس کے ضوابط کی شرائط درج کی گئی ہیں جنھیں کمپنی کی جانب سے رائج کیا جاچکا ہے اور ان پر باقاعدہ عملدرآمد کیا جارہا ہے۔ اس سلسلے میں ایک اسٹیٹمنٹ رپورٹ کے ساتھ منسلک ہے۔

ضروری ترامیم

31 دسمبر2015سے اب تک کوئی ضروری ترامیم نہیں کی گئیں اور نہ کمپنی نے کوئی نیا معاہدہ کیا ہے جوکہ سال مختتمہ 31دسمبر 2015کے لئے کمپنی کے آڈٹ شدہ مالیاتی حسابات میں درج مالیاتی پوزیشن کے علاوہ اس تاریخ تک کسی بھی مالیاتی پوزیشن پر اثر انداز ہوگا۔

بورڈ اور اس کی آڈٹ کمیٹی کی تشکیل میں تبدیلیاں

سال 2015کے دوران فن لینڈ کی اسٹورا انیسو اے بی کے نامزد کردہ مسٹر ویلی جوسی اولاوی پوٹکا نے استعفیٰ دیدیا اور ان کی جگہ اسٹورا انیسو اے بی نے مسٹر یاری لیٹوانین کو نامزد کیا۔ بورڈ کی خواہش ہے کہ سبکدوش ہونے والے ڈائریکٹر کی قابل قدر خدمات کو خراج تحسین پیش کرنے اور جانے والے ممبر کی جگہ آفس سنبھالنے والے نئے ڈائریکٹر کے لئے خیرمقدمی کلمات ریکارڈ کئے جائیں۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال 2015کے دوران بورڈ کے پانچ (5) اجلاس منعقد کئے گئے اور ہر ایک ڈائریکٹر کی جانب سے اجلاس میں شرکت کی تفصیل درج ذیل کے مطابق ہے۔

نمبر شمار	ڈائریکٹر کا نام	شرکت کردہ اجلاسوں کی تعداد
1	جناب توفیق حبیب چنائے (چیئرمین)	4
2	سید حیدر علی (چیف ایگزیکٹو)	5
3	جناب جوزف مینرڈ میولر	1
4	جناب رضوان غنی	5
5	جناب ویلی-جوسی اولاوی پوٹکا (7جولائی 2015کو مستعفی ہو گئے)	2
6	جناب یاری لیٹوانین (7 جولائی 2015) کو تقرری ہوئی	1
7	جناب محمد اورنگ زیب	2
8	جناب شمیم احمد خان	5
9	سید اسلم مہدی	4
10	سید شاہد علی	3
11	جناب طارق اقبال خان	4

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

آڈٹ کمیٹی

بورڈ کی ایک آڈٹ کمیٹی کارپوریٹ گورنینس کے ضابطہ کے نفاذ سے موجود ہے جو چار نان-ایگزیکٹو اور ایک آزاد ڈائریکٹر پر مشتمل ہے۔

سال 2015کے دوران آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے اور اس میں ہر ایک ڈائریکٹر کی حاضری درج ذیل کے مطابق رہی:-

Shareholders' Information

Registered Office

4th Floor, The Forum
Suite # 416-422, G-20, Block 9
Khayaban-e-Jami, Clifton
Karachi-75600
Tel. # 92 21 35831618 / 35831664
35833011 35874047 - 49
Fax # 92 21 35860251

Shares Registrar

FAMCO Associates (Pvt.) Ltd
8-F, Next to Hotel Faran
Nursery, Block 6, P.E.C.H.S
Shahrah-e-Faisal
Karachi-75400
Tel. # 92 21 34380101-5
92 21 34384621-3
Fax # 92 21 34380106

Listing on Stock Exchange

Packages equity shares are listed on the Pakistan Stock Exchange.

Listing Fees

The annual listing fee for the financial year 2015-16 has been paid to the stock exchange within the prescribed time limit.

Stock Code

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

Shares Registrar

Packages' shares department is operated by FAMCO Associates (Pvt.) Ltd and serves around 3,766 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 dematerialisation of shares, share transfers, transmissions, issue of duplicate / re-validated dividend warrants, issue of duplicate / replaced share certificates, change of address and other related matters.

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

Contact persons:

Mr. S.M. Munawar Moosvi
Tel. # 92 21 35831618 / 35831664 / 35833011
Fax # 92 21 35860251

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

Service Standards

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

	For requests received through post	Over the counter
Transfer of shares	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.

Shareholders' Information

Dematerialisation of Shares

The equity shares of the Company are under the dematerialisation category. As of date 73.02% of the equity shares of the Company have been dematerialised by the shareholders.

Dividend Announcement

The Board of Directors of the Company has recommended for the financial year ended December 31, 2015 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 (2014: 10% or Rs. 19.00 per preference share / convertible stock of Rs. 190.00).

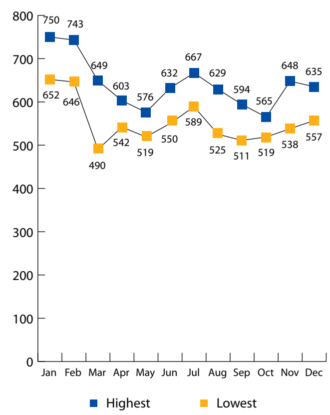
b) to the ordinary shareholders at the rate of 150% (Rs. 15.00 per ordinary share of Rs. 10.00) subject to approval by the ordinary shareholders of the Company at the Annual General Meeting (2014: cash dividend at the rate of 90% or Rs. 9.00 per ordinary share).

Book Closure Dates

The Register of Members and Share Transfer Books of the Company will remain closed from April 18, 2016 to April 25, 2016 both days inclusive.

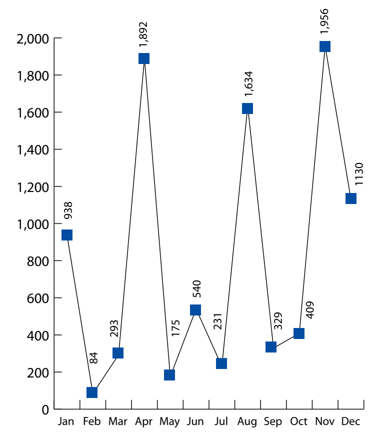
Share Price Movement

(Share price on PSX (Rupees / Share))



Trading Volume

(Volume of share traded on the KSE (in thousands))



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:

a) **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.

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

Withholding of Tax & Zakat on Ordinary Dividend

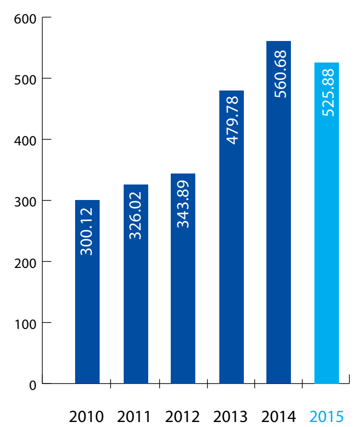
As per the provisions of Section 150 of the Income Tax Ordinance, 2001, Income Tax is deductible at source on dividend payable by the Company at the rate of 12.5% for filers of income tax returns, wherever applicable, and at the rate of 17.5% for non-filers of income tax returns.

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

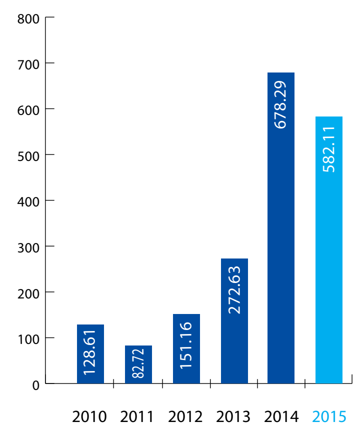
Dividend Warrants

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.

Break-up Value Per Ordinary Share (Rupees)



Market Value Per Share (Rupees)



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 the 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 (48) 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.

Pattern of Shareholding

The shareholding pattern of the equity share capital of the Company as at December 31, 2015 is as follows:

Shareholding From	Shareholding To	Number of shareholders	Total shares held
1	100	1,835	37,096
101	500	715	204,129
501	1,000	310	242,800
1,001	5,000	503	1,178,820
5,001	10,000	125	914,974
10,001	15,000	56	684,018
15,001	20,000	27	480,798
20,001	25,000	24	549,462
25,001	30,000	21	588,310
30,001	35,000	13	424,180
35,001	40,000	11	418,972
40,001	45,000	15	637,301
45,001	50,000	8	385,009
50,001	55,000	7	367,096
55,001	60,000	5	289,248
60,001	65,000	2	124,167
65,001	70,000	5	340,732
70,001	75,000	1	70,638
75,001	80,000	1	76,413
80,001	85,000	2	161,588
90,001	95,000	3	274,176
95,001	100,000	7	689,066
100,001	105,000	2	202,100
105,001	110,000	2	214,691
110,001	115,000	2	226,859
125,001	130,000	2	252,183
130,001	135,000	1	133,636
135,001	140,000	1	136,999
150,001	155,000	2	302,950
155,001	160,000	3	478,098
160,001	165,000	1	161,746
165,001	170,000	1	166,150
180,001	185,000	1	184,000
185,001	190,000	1	185,850
190,001	95,000	1	193,484
195,001	200,000	3	595,584
205,001	210,000	1	206,609
220,001	225,000	1	221,210
255,001	260,000	1	259,300
265,001	270,000	1	265,960
270,001	275,000	1	273,390
275,001	280,000	1	276,734
285,001	290,000	1	287,290
300,001	305,000	2	608,597
305,001	310,000	1	307,820
325,001	330,000	1	326,252
345,001	350,000	1	350,000
385,001	390,000	1	389,000
390,001	395,000	1	393,000
400,001	405,000	1	403,055
410,001	415,000	1	414,100
440,001	445,000	1	440,806
450,001	455,000	1	451,801
505,001	510,000	1	509,200
530,001	535,000	1	533,853
535,001	540,000	1	535,373
555,001	560,000	1	556,000
615,001	620,000	1	616,300
635,001	640,000	1	639,935
665,001	670,000	1	666,879
685,001	690,000	1	689,078
695,001	700,000	1	697,603
820,001	825,000	1	821,714
860,001	865,000	2	1,726,137
895,001	900,000	1	897,750
965,001	970,000	1	968,500
990,001	995,000	1	990,641
1,015,001	1,020,000	1	1,016,263
1,195,001	1,200,000	1	1,198,668
1,660,001	1,665,000	1	1,660,479
1,790,001	1,795,000	1	1,791,159
2,070,001	2,075,000	1	2,075,000
2,285,001	2,290,000	1	2,287,175
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
4,240,001	4,245,000	1	4,240,078
4,850,001	4,855,000	1	4,851,903
5,395,001	5,400,000	1	5,396,650
21,130,001	21,135,000	1	21,133,101
TOTAL		3,766	88,379,504

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	2	21,522,101
	BABAR ALI FOUNDATION	1	3,097,030
	PACKAGES LIMITED EMPLOYEES' GRATUITY FUND	2	104,494
	PACKAGES LIMITED EMPLOYEES' PROVIDENT FUND	2	2,067,893
	PACKAGES LIMITED MANAGEMENT STAFF PENSION FUND	2	660,036
	Total:	10	28,650,222
ii.	Mutual Funds (name wise details)		
	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1	1,800
	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	700
	CDC - TRUSTEE ABL STOCK FUND	1	126,000
	CDC - TRUSTEE AKD INDEX TRACKER FUND	1	6,539
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	689,078
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	897,750
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	28,500
	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	10,600
	CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	45,000
	CDC - TRUSTEE APF-EQUITY SUB FUND	1	7,500
	CDC - TRUSTEE APIF - EQUITY SUB FUND	1	11,000
	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	35,000
	CDC - TRUSTEE ASKARI EQUITY FUND	1	33,000
	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND	1	50,000
	CDC - TRUSTEE ATLAS STOCK MARKET FUND	1	70,000
	CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	1	15,000
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	7,400
	CDC - TRUSTEE FIRST HABIB STOCK FUND	1	9,300
	CDC - TRUSTEE HBL - STOCK FUND	1	160,000
	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	9,400
	CDC - TRUSTEE HBL MULTI - ASSET FUND	1	27,150
	CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	8,450
	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	185,850
	CDC - TRUSTEE MCB PAKISTAN ISLAMIC STOCK FUND	1	80,500
	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	861,250
	CDC - TRUSTEE MEEZAN BALANCED FUND	1	535,373
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	4,851,903
	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1	451,801
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	4,240,078
	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	95,800
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	29,982
	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND	1	53,150
	CDC - TRUSTEE PAKISTAN SARMAYA MEHFOOZ FUND	1	43,600
	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	53,650
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	393,000
	CDC - TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	42,800
	CDC - TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	1	6,100

Shareholders' category		Number of shareholders	Number of shares held
	CDC - TRUSTEE HBL ISLAMIC STOCK FUND	1	49,800
	CDC - TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	1	69,400
	MCFSL - TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	27,000
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	166,150
	Total:	41	14,486,354
iii.	Directors and their spouse(s) and minor children (name wise details)		
	MUHAMMAD AURANGZEB	1	500
	RIZWAN GHANI	1	100
	SHAMIM AHMAD KHAN	1	603
	SYED ASLAM MEHDI	1	9,781
	SYED HYDER ALI	1	2,287,175
	SYED SHAHID ALI SHAH	1	2,000
	TOWFIQ HABIB CHINOY	1	50,071
	Total:	7	2,350,230
iv.	Executives	11	5,009,125
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	35	4,487,790
vii.	Shareholders holding five percent or more voting rights in the Listed Company (name wise details)		
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	4,851,903
	IGI INSURANCE LIMITED	1	21,133,101
	STORA ENSO AB	1	5,396,650
	Total:	3	31,381,654

	Shareholders' category	No. of shareholders	No. of shares	Percentage
1	Directors, Chief Executive Officer, and their spouses and minor children	7	2,350,230	2.66
2	Associated Companies, undertakings and related parties	10	28,650,222	32.42
3	Banks Development Financial Institutions, Non Banking Financial Institutions	18	2,718,747	3.08
4	Insurance Companies	13	5,940,048	6.72
5	Modarabas and Mutual Funds	43	14,487,113	16.39
6	Shareholder holding 10%	1	21,133,101	23.91
7	General Public:			
	a. Local	3,539	19,492,471	22.05
	b. Foreign	6	7,008,339	7.93
8	Others	130	7,732,334	8.75
	Total (excluding: shareholder holding 10%)	3,766	88,379,504	100.00

Share Price and Volume

The monthly high and low prices and the volume of shares traded on the Stock Exchange during the financial year 2015 are as under:

Month	Share price on the PSX (Rs.) Highest	Lowest	Volume of shares traded
January	750.00	652.00	937,650
February	742.99	646.00	84,450
March	648.95	490.39	292,550
April	602.59	542.10	1,892,250
May	576.00	519.10	175,100
June	631.85	550.00	539,550
July	667.00	589.00	230,650
August	628.90	525.00	1,634,100
September	594.00	511.05	329,200
October	564.99	519.25	408,600
November	648.00	538.00	1,956,350
December	634.50	556.50	1,130,150

Statement of Compliance

With the Code of Corporate Governance for the year ended December 31, 2015

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No 5.19 of the Pakistan Stock Exchange 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 Aurangzeb	Mr. Muhammad
Executive Directors	Syed Hyder Ali Mr. Rizwan Ghani
Non-Executive Directors	Mr. Towfiq Habib Chinoy Mr. Josef Meinrad Mueller Syed Aslam Mehdi Mr. Shamim Ahmad Khan Syed Shahid Ali Mr. Tariq Iqbal Khan Mr. Jari Latvanen

The Independent Director meets the criteria of independence under clause 5.19.1 (b) of the Code.

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

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

4. A casual vacancy that occurred on the Board on July 7, 2015 was filled up by the Directors on the same day.

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

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

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

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Company arranged one orientation course for its Directors during the year to apprise them of their duties and responsibilities. As per clause 5.19.7 of the Code, eight directors meet the certification requirements, while the remaining two directors need to obtain the certification under the directors training program which meets the criteria specified by the Securities and Exchange Commission of Pakistan by June 2016.

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. No new appointments of CFO, Company Secretary and Head of Internal Audit have been made during the year.

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

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

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

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

15. The Board has formed an Audit Committee. It comprises of five members including one Independent 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 as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of five members, of whom four are non-executive directors, including the Chairman.

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

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

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

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

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

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

(Towfiq Habib Chinoy)
Chairman
Karachi, February 25, 2016

Review Report to the Members

on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code') prepared by the Board of Directors of Packages Limited ('the Company') for the year ended December 31, 2015 to comply with the Listing Regulation No. 5.19 of the Pakistan Stock Exchange, where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm›s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2015.

A.F. Ferguson & Co.
Chartered Accountants
Lahore, March 11, 2016

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, 2015 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 to 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, 2015 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, March 11, 2016

Name of engagement partner:
Asad Aleem Mirza

Financial Statements

For the year ended December 31, 2015

BALANCE SHEET
as at December 31, 2015

(Rupees in thousand)	Note	2015	2014
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2014: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (2014: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each		4,180,000	4,180,000
Issued, subscribed and paid up capital			
88,379,504 (2014: 86,379,504) ordinary shares of Rs. 10 each	5	883,795	863,795
Reserves	6	41,878,330	44,766,414
Preference shares / convertible stock reserve	7	1,309,682	1,571,699
Accumulated profit		3,714,566	2,800,819
		47,786,373	50,002,727
NON-CURRENT LIABILITIES			
Long term finances	7	3,729,181	4,228,815
Liabilities against assets subject to finance lease	8	27,653	25,685
Deferred tax	9	246,120	292,841
Retirement benefits	10	40,425	-
Deferred liabilities	11	201,576	174,581
		4,244,955	4,721,922
CURRENT LIABILITIES			
Current portion of long term liabilities	12	392,285	204,696
Finances under mark up arrangements - secured	13	884,481	1,262,596
Trade and other payables	14	3,278,124	3,144,680
Accrued finance costs	15	349,282	517,634
		4,904,172	5,129,606
CONTINGENCIES AND COMMITMENTS	16	-	-
		56,935,500	59,854,255

(Rupees in thousand)	Note	2015	2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	17	3,804,477	3,685,677
Investment property	18	155,426	137,787
Intangible assets	19	20,729	37,652
Investments	20	44,997,518	47,304,365
Long term loans and deposits	21	39,247	52,558
Retirement benefits	10	-	87,881
		49,017,397	51,305,920
CURRENT ASSETS			
Stores and spares	22	488,061	492,967
Stock-in-trade	23	1,780,177	2,230,500
Trade debts	24	1,781,022	1,527,372
Loans, advances, deposits, prepayments and other receivables	25	1,346,088	1,797,214
Income tax receivable	26	2,421,015	2,247,790
Cash and bank balances	27	101,740	252,492
		7,918,103	8,548,335
		56,935,500	59,854,255

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

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Rizwan Ghani
Director

PROFIT AND LOSS ACCOUNT
for the year ended December 31, 2015

(Rupees in thousand)		Note	2015	2014
Local sales			18,682,977	17,581,898
Export sales			28,321	45,460
			18,711,298	17,627,358
Less: Sales tax and excise duty			2,657,232	2,515,545
Commission			29,089	24,463
			2,686,321	2,540,008
Net sales			16,024,977	15,087,350
Cost of sales		28	(12,663,569)	(12,872,825)
Gross profit			3,361,408	2,214,525
Administrative expenses		29	(752,730)	(787,249)
Distribution and marketing costs		30	(677,944)	(580,062)
Other operating expenses		31	(347,105)	(221,968)
Other income		32	244,022	322,147
Profit from operations			1,827,651	947,393
Finance costs		33	(643,032)	(751,551)
Investment income		34	2,617,891	2,553,678
Profit before tax			3,802,510	2,749,520
Tax		35	(507,094)	(213,216)
Profit for the year			3,295,416	2,536,304
Earnings per share				
Basic	Rupees	43	37.42	29.89
Diluted	Rupees	43	33.62	26.59

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

Towfiq Habib Chinoy Chairman	Syed Hyder Ali Chief Executive & Managing Director	Rizwan Ghani Director

STATEMENT OF COMPREHENSIVE INCOME
for the year ended December 31, 2015

(Rupees in thousand)	2015	2014
Profit for the year	3,295,416	2,536,304
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefits liability / asset	(136,067)	82,823
Tax effect	40,814	(28,988)
	(95,253)	53,835
Items that may be reclassified subsequently to profit or loss		
(Deficit) / surplus on remeasurement of available for sale financial assets	(4,744,022)	5,656,334
Other comprehensive (loss) / income for the year - net of tax	(4,839,275)	5,710,169
Total comprehensive (loss) / income for the year	(1,543,859)	8,246,473

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

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Rizwan Ghani
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2015

(Rupees in thousand)	Share capital	Share premium	Fair value reserve	General reserve	Preference shares / convertible stock reserve	Accumulated profit	Total
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
Appropriation of funds							
Transferred to general reserve account	–	–	–	700,000	–	(700,000)	–
Total transactions with owners, recognised directly in equity							
Final dividend for the year ended December 31, 2013 Rs. 8.00 per share	–	–	–	–	–	(675,036)	(675,036)
Conversion of preference shares / convertible stock into ordinary share capital (2,000,000 ordinary shares of Rs. 10 each)	20,000	355,938	–	–	(34,176)	–	341,762
	20,000	355,938	–	–	(34,176)	(675,036)	(333,274)
Total comprehensive income for the year ended December 31, 2014							
Profit for the year	–	–	–	–	–	2,536,304	2,536,304
Other comprehensive income:							
Surplus on remeasurement of available for sale financial assets	–	–	5,656,334	–	–	–	5,656,334
Remeasurement of retirement benefit asset / liability – net of tax	–	–	–	–	–	53,835	53,835
Total comprehensive income for the year	–	–	5,656,334	–	–	2,590,139	8,246,473
Balance as on December 31, 2014	863,795	3,232,831	29,223,250	12,310,333	1,571,699	2,800,819	50,002,727
Appropriation of funds							
Transferred to general reserve account	–	–	–	1,500,000	–	(1,500,000)	–
Total transactions with owners, recognised directly in equity							
Final dividend for the year ended December 31, 2014 Rs. 9.00 per share	–	–	–	–	–	(786,416)	(786,416)
Conversion of preference shares / convertible stock into ordinary share capital (2,000,000 ordinary shares of Rs. 10 each)	20,000	355,938	–	–	(262,017)	–	113,921
	20,000	355,938	–	–	(262,017)	(786,416)	(672,495)
Total comprehensive income for the year ended December 31, 2015							
Profit for the year	–	–	–	–	–	3,295,416	3,295,416
Other comprehensive income:							
Deficit on remeasurement of available for sale financial assets	–	–	(4,744,022)	–	–	–	(4,744,022)
Remeasurement of retirement benefit asset / liability – net of tax	–	–	–	–	–	(95,253)	(95,253)
Total comprehensive (loss) / income for the year	–	–	(4,744,022)	–	–	3,200,163	(1,543,859)
Balance as on December 31, 2015	883,795	3,588,769	24,479,228	13,810,333	1,309,682	3,714,566	47,786,373

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

Towfiq Habib Chinoy Chairman	Syed Hyder Ali Chief Executive & Managing Director	Rizwan Ghani Director

CASH FLOW STATEMENT
for the year ended December 31, 2015

(Rupees in thousand)	Note	2015	2014
Cash flows from operating activities			
Cash generated from operations	41	3,182,034	1,432,406
Finance cost paid		(811,384)	(764,241)
Taxes paid		(686,226)	(535,873)
Payments for accumulating compensated absences		(23,533)	(17,079)
Retirement benefits paid		(15,329)	(13,450)
Net cash generated from operating activities		1,645,562	101,763
Cash flows from investing activities			
Fixed capital expenditure		(713,480)	(629,738)
Investments - net		(2,437,175)	(600,000)
Net decrease in long term loans and deposits		13,311	14,448
Proceeds from disposal of property, plant and equipment		91,023	106,792
Dividends received		2,617,891	2,553,678
Net cash (used in) / generated from investing activities		(428,430)	1,445,180
Cash flows from financing activities			
Repayment of long term finances - secured		(200,000)	(600,000)
Liabilities against assets subject to finance lease - net		(7,038)	(3,599)
Dividend paid		(782,731)	(671,684)
Net cash used in financing activities		(989,769)	(1,275,283)
Net increase in cash and cash equivalents		227,363	271,660
Cash and cash equivalents at the beginning of the year		(1,010,104)	(1,281,764)
Cash and cash equivalents at the end of the year	42	(782,741)	(1,010,104)

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

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Rizwan Ghani
Director

1. Legal status and nature of business

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

The Company also holds investment in companies engaged in the manufacture and sale of inks, flexible packaging material, paper, paperboard and corrugated boxes, biaxially oriented polypropylene (BOPP) film and cast polypropylene (CPP) film, and companies engaged in insurance and real estate business.

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 01, 2015:

Annual improvements 2012 are applicable for annual periods beginning on or after July 01, 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'. The application of these amendments has no material impact on the Company's financial statements.

Annual improvements 2013 are applicable for annual periods beginning on or after July 01, 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'. The application of these amendments has no material impact on the Company's financial statements.

IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after July 01, 2014. These 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 application of these amendments 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 01, 2015. 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 application of this standard has no material impact on the Company's financial statements.

IFRS 11, 'Joint arrangements' is applicable on accounting periods beginning on or after January 01, 2015. 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 arrangements: 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 application of this standard has no material impact on the Company's financial statements.

IFRS 12, 'Disclosures of interests in other entities' is applicable on accounting periods beginning on or after January 01, 2015. 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 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 01, 2015. These amendments also provide additional transition relief in IFRS 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 these amendments has no material impact on the Company's financial statements.

Amendments to IFRS 10, 11 and IAS 27 on consolidation for investment entities are applicable on accounting periods beginning on or after January 01, 2015. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made in IFRS 12, 'Disclosures of interests in other entities' to introduce disclosures that an investment entity needs to make. The application of these amendments has no material impact on the Company's financial statements.

IFRS 13, 'Fair value measurement' is applicable on accounting periods beginning on or after January 01, 2015. 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 IFRS. The requirements, which are largely aligned between IFRS 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 IFRS or US GAAP. The application of this standard has no material impact on the Company's financial statements expect for certain additional fair value disclosures as provided in note 44.4.

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 01, 2016 or later periods, but the Company has not early adopted them:

Annual improvements 2014 are applicable for annual periods beginning on or after January 01, 2016. The amendments include changes from the 2012-14 cycle of the annual improvements project that affect 4 standards: IFRS 5, 'Non current assets held for sale and discontinued operations' regarding methods of disposal, IFRS 7, 'Financial instruments: Disclosures' with consequential amendments to IFRS 1 regarding servicing contracts, IAS 19, 'Employee benefits' regarding discount rates and IAS 34, 'Interim financial reporting' regarding disclosure of information. The Company shall apply these amendments from January 01, 2016 and does not expect to have a material impact on its financial statements.

Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture', regarding bearer plants are applicable on accounting periods beginning on or after January 01, 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16 instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. These amendments do not have a material impact on the Company's financial statements.

Amendments to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' are applicable on accounting periods beginning on or after January 01, 2016. IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The Company shall apply these amendments from January 01, 2016 and does not expect to have a material impact on its financial statements.

IAS 27 (Amendments), 'Separate financial statements' are applicable on accounting periods beginning on or after January 1, 2016. These provide entities the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Company shall apply these amendments from January 01, 2016 and has not yet evaluated whether it shall change its accounting policy to avail this option.

IFRS 9, 'Financial instruments' - classification and measurement 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 requirements of IAS 39 . 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. 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 9, 'Financial instruments' is applicable on accounting periods beginning on or after January 01, 2018. IASB has published the complete version of IFRS 9, 'Financial Instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. 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.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' are applicable on accounting periods beginning on or after January 01, 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, whether it is housed in a subsidiary or not. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The Company shall apply these amendments from January 01, 2016 and does not expect to have a material impact on its financial statements.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' are applicable on accounting periods beginning on or after January 01, 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The Company shall apply these amendments from January 01, 2016 and does not expect to have a material impact on its financial statements.

IFRS 11 (Amendment), 'Joint arrangements' on acquisition of an interest in a joint operation is applicable on accounting periods beginning on or after 01 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The Company shall apply this amendment from January 01, 2016 and does not expect to have a material impact on its financial statements.

IFRS 14, 'Regulatory deferral accounts' is applicable on accounting periods beginning on or after January 01, 2016. This standard permits first time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. The Company shall apply this standard from January 01, 2016 and does not expect to have a material impact on its financial statements.

IFRS 15, 'Revenue from contracts with customers' is applicable on accounting periods beginning on or after January 01, 2017. This is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. The Company shall apply this standard from January 01, 2017 and does not expect to have a material impact on its financial statements.

Amendments to IAS 1, 'Presentation of financial statements' on the disclosure initiative are applicable on annual periods beginning on or after January 01, 2016, subject to EU endorsement. These amendments are part of the IASB initiative to improve presentation and disclosure in financial reports. The Company has yet to assess the impact of these amendments on its financial statements.

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 that the management considers critical because of their complexity, judgment and estimation involved in their application and impact on these financial statements. Judgments and estimates are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

i) Estimated useful life of property, plant and equipment – note 4.2
ii) Provision for employees' retirement benefits – note 4.7 & 10
iii) Provision for tax – note 35

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 Tax

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.

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.

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, 2015 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, 2015 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.

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.

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 18. 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 rate prevailing on the date of transaction.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27, '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

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. Changes in fair value of 'available for sale' investments are recognised in other comprehensive income until derecognised or impaired, when the accumulated fair value adjustments, recognised in other comprehensive income are transferred to the profit and loss account.

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, 2015. The actual return on plan assets during the year was 29.8 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 9.0 percent per annum;
Expected rate of increase in salary level 8.0 percent per annum;
Expected mortality rate SLIC (2001-2005) mortality table with one year setback; and
Expected rate of return 9.0 percent per annum.

Plan assets include long term government bonds, equity instruments of listed companies, units of mutual funds, izafa certificates and term deposit 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. 16.926 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 management and 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 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 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, 2015.

Discount rate 9.0 percent per annum;
Expected rate of increase in pension level 4.0 percent per annum;
Expected mortality rate SLIC (2001-2005) mortality table with one year setback; and
Expected rate of return 9.0 percent per annum.

Plan assets include long term government bonds, equity instruments of listed companies, units of mutual funds, term finance certificates, izafa certificates and term deposit 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.

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.

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

(c) Accumulating compensated absences

The 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.

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 9.0 percent per annum;
Expected rate of increase in salary level 8.0 percent per annum; and
Expected mortality rate SLIC (2001-2005) mortality table with one year setback.

4.7.2 Defined contribution plan

There is an approved contributory provident fund for all employees. Equal monthly contributions at the rate of 10.0 percent per annum of basic salaries 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.

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 labor 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 on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items.

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

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

4.18 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 remeasured subsequent to initial recognition.

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

2015 (Number of shares)	2014 (Number of shares)		2015 (Rupees in thousand)	2014 (Rupees in thousand)
		Ordinary shares of Rs. 10 each as at the beginning of the year		
33,603,295	33,603,295	– fully paid in cash	336,033	336,033
148,780	148,780	– fully paid for consideration other than cash	1,488	1,488
2,000,000	–	– fully paid against conversion of preference shares / convertible stock	20,000	–
50,627,429	50,627,429	– fully paid bonus shares	506,274	506,274
86,379,504	84,379,504		863,795	843,795
2,000,000	2,000,000	Issuance of shares upon conversion of preference shares / convertible stock – note 5.1	20,000	20,000
		Ordinary shares of Rs. 10 each as at the end of the year		
33,603,295	33,603,295	– fully paid in cash	336,033	336,033
148,780	148,780	– fully paid for consideration other than cash	1,488	1,488
4,000,000	2,000,000	– fully paid against conversion of preference shares / convertible stock	40,000	20,000
50,627,429	50,627,429	– fully paid bonus shares	506,274	506,274
88,379,504	86,379,504		883,795	863,795

5.1 Under the terms of redemption / conversion of preference shares / convertible stock mentioned in note 7.2, the Company, during the year converted 2,000,000 (2014: 2,000,000) preference shares / convertible stock of Rs. 190 each held by International Finance Corporation, Washington D.C, USA ('IFC') into 2,000,000 (2014: 2,000,000) fully paid ordinary shares of Rs. 10 each.

5.2 21,522,101 (2014: 21,133,101) ordinary shares of the Company are held by IGI Insurance Limited, an associated undertaking.

6. Reserves

Movement in and composition of reserves is as follows:

(Rupees in thousand)	Note	2015	2014
Capital			
Share premium			
At the beginning of the year		3,232,831	2,876,893
Conversion of preference shares / convertible stock	6.1	355,938	355,938
	6.2	3,588,769	3,232,831
Fair value reserve			
At the beginning of the year		29,223,250	23,566,916
Fair value (loss) / gain during the year		(4,744,022)	5,656,334
	6.3	24,479,228	29,223,250
		28,067,997	32,456,081
Revenue			
General reserve			
At the beginning of the year		12,310,333	11,610,333
Transferred from profit and loss account		1,500,000	700,000
		13,810,333	12,310,333
		41,878,330	44,766,414

6.1 This represents share premium at the rate of Rs. 177.97 (2014: Rs. 177.97) per share in respect of the transaction referred to in note 5.1 above.

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

6.3 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	2015	2014
7. Long term finances			
These are composed of:			
Local currency loans - secured			
Term finance loan	7.1.1	100,000	300,000
Long term finance facility	7.1.2	2,000,000	2,000,000
		2,100,000	2,300,000
Preference shares / convertible stock - unsecured	7.2	2,014,895	2,128,815
		4,114,895	4,428,815
Current portion shown under current liabilities	12	(385,714)	(200,000)
		3,729,181	4,228,815

7.1 Local currency loans - secured

7.1.1 Term finance loan

During the current year, the Company has made a re-payment of Rs. 200 million towards the term finance loan availed from Bank Al-Habib Limited. This loan is secured by a pari passu charge of Rs. 1,273 million (2014: 1,273 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 Karachi Inter Bank Offer Rate ('KIBOR') plus 0.2 percent per annum to six months KIBOR plus 0.65 percent per annum (2014: KIBOR plus 0.65 percent per annum). The balance is repayable on May 19, 2016. The effective mark up charged during the year ranges from 7.20 percent to 10.82 percent per annum (2014: 9.81 percent to 10.82 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 pari passu 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 months KIBOR plus 0.25 percent per annum (2014: six months KIBOR plus 0.65 percent per annum) and is payable in 7 equal semi-annual installments starting on December 28, 2016 and ending on December 28, 2019. The effective mark up charged during the year ranges from 7.26 percent to 9.89 percent per annum (2014: 10.81 percent to 10.82 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 non-cumulative basis 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)	Note	2015	2014
Face value of preference shares / convertible stock			
[17,686,842 (2014: 19,686,842) shares of Rs. 190 each]		3,360,500	3,740,500
Transaction costs		(35,923)	(39,986)
		3,324,577	3,700,514
Equity component - classified under capital and reserves	7.2.1	(1,309,682)	(1,571,699)
Liability component - classified under long term finances		2,014,895	2,128,815
Accrued return on preference shares / convertible stock			
classified under accrued finance cost		336,050	355,047

7.2.1 Movement in equity component - classified under capital and reserves

		2015	2014
Opening balance		1,571,699	1,605,875
Transfer from long term finances to capital and			
reserves [1,000,000 shares (2014: 3,000,000 shares)]		113,921	341,762
Conversion into ordinary share capital and share			
premium [2,000,000 shares (2014: 2,000,000 shares)]		(375,938)	(375,938)
Closing balance		1,309,682	1,571,699

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.

During the year, IFC exercised its right to convert 1,000,000 (2014: 3,000,000) preference shares / convertible stock of Rs. 190 into 1,000,000 (2014: 3,000,000) ordinary shares of Rs. 10 each. Consequently, the Company converted 2,000,000 (2014: 2,000,000) preference shares / convertible stock during the year of which 1,000,000 (2014: Nil) preference shares / convertible stock pertain to the right exercised by IFC in the previous year. Accordingly, the liability portion pertaining to 1,000,000 (2014: 3,000,000) preference shares / convertible stock converted into ordinary shares has been transferred to capital and reserves.

(Rupees in thousand)	Note	2015	2014

8. Liabilities against assets subject to finance lease

	Note	2015	2014
Present value of minimum lease payments		34,224	30,381
Current maturity shown under current liabilities	12	(6,571)	(4,696)
		27,653	25,685

Interest rate used as discounting factor ranges from 6.96 per cent to 10.72 per cent per annum (2014: 9.99 per cent to 10.72 per cent per annum). 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:

(Rupees in thousand)	Minimum lease payments	Future finance charge	Present value of lease liability 2015	Present value of lease liability 2014
Not later than one year	7,966	1,395	6,571	4,696
Later than one year and not later than five years	28,999	1,346	27,653	25,685
	36,965	2,741	34,224	30,381

9. Deferred tax

(Rupees in thousand)	Note	2015	2014
The liability for deferred tax comprises temporary differences relating to:			
Accelerated tax depreciation		462,907	558,430
Unused tax losses		–	(199,491)
Minimum tax available for carry forward	9.1	(122,079)	–
Alternate corporate tax available for carry forward		(33,787)	–
Provision for accumulating compensated absences		(60,312)	(60,881)
Provision for doubtful debts		(7,491)	(13,239)
Preference shares / convertible stock transaction cost – liability portion		6,882	8,022
		246,120	292,841

9.1 The Divisional Bench of Sindh High Court in an order dated May 7, 2013 in case of another company has interpreted section 113(2)(c) of the Income Tax Ordinance, 2001 ('Ordinance') in the manner that the benefit of carry forward of minimum tax paid is not available if otherwise no tax was payable by the Company due to taxable loss.

Taking a prudent view on the matter the Company has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 436.93 million (2014: Rs. 811.446 million) available under section 113 of the Ordinance. Tax credits under section 113 of the Ordinance amounting to Rs. 203.917 million, Rs. 110.934 million and Rs. 122.079 million are set to lapse by the end of years ending on December 31, 2016, 2017 and 2020 respectively.

(Rupees in thousand)	2015	2014
10. Retirement benefits		
Classified under non-current assets		
Pension fund	–	58,252
Gratuity fund	–	29,629
	–	87,881
Classified under non-current liabilities		
Pension fund	24,744	–
Gratuity fund	15,681	–
	40,425	–

(Rupees in thousand)	Pension Fund 2015	Pension Fund 2014	Gratuity Fund 2015	Gratuity Fund 2014
The amounts recognised in the balance sheet are as follows:				
Fair value of plan assets	627,009	700,115	362,566	339,502
Present value of defined benefit obligation	(651,753)	(641,863)	(378,247)	(309,873)
(Liability) / asset as at December 31	(24,744)	58,252	(15,681)	29,629
Net asset / (liability) as at January 1	58,252	(578)	29,629	6,540
Income / (charge) to profit and loss account	6,117	(72)	(13,685)	(14,282)
(Loss) / gain recorded in OCI	(89,113)	58,902	(46,954)	23,921
Contribution by the Company	–	–	15,329	13,450
Net (liability) / asset as at December 31	(24,744)	58,252	(15,681)	29,629
The movement in the present value of defined benefit obligation is as follows:				
Present value of defined benefit obligation as at January 1	641,863	568,285	309,873	275,115
Service cost	–	–	18,005	16,152
Interest cost	63,837	66,808	30,860	31,339
Benefits paid	(67,785)	(67,639)	(31,006)	(45,424)
Benefits due but not paid	–	–	(923)	(3,379)
Loss from change in demographic assumptions	–	3,144	–	–
Loss from change in financial assumptions	43,903	62,212	–	–
Experience adjustments	(30,065)	9,053	51,438	36,070
Present value of defined benefit obligation as at December 31	651,753	641,863	378,247	309,873

(Rupees in thousand)	Pension Fund 2015	Pension Fund 2014	Gratuity Fund 2015	Gratuity Fund 2014
The movement in fair value of plan assets is as follows:				
Fair value as at January 1	700,115	567,707	339,502	281,655
Expected return on plan assets	69,954	66,736	35,180	33,209
Company contributions	–	–	15,329	13,450
Benefits paid	(67,785)	(67,639)	(31,006)	(45,424)
Benefits due but not paid	–	–	(923)	(3,379)
Experience (loss) / gain	(75,275)	133,311	4,484	59,991
Fair value as at December 31	627,009	700,115	362,566	339,502
The amounts recognised in the profit and loss account are as follows:				
Current service cost	–	–	18,005	16,152
Interest cost for the year	63,837	66,808	30,860	31,339
Expected return on plan assets	(69,954)	(66,736)	(35,180)	(33,209)
Net (income) / expense included in salaries, wages and amenities	(6,117)	72	13,685	14,282
Plan assets are comprised as follows:				
Debt	291,528	250,081	144,192	14,802
Equity	333,161	393,815	216,271	220,812
Cash	2,320	56,219	2,103	103,888
	627,009	700,115	362,566	339,502

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)	2015	2014	2013	2012	2011
As at December 31					
Present value of defined benefit obligation	651,753	641,863	568,285	582,031	1,092,581
Fair value of plan assets	627,009	700,115	567,707	305,573	685,750
(Deficit) / surplus	(24,744)	58,252	(578)	(276,458)	(406,831)
Experience adjustment on obligation	–5%	2%	1%	13%	11%
Experience adjustment on plan assets	–11%	24%	2%	11%	–10%

Fair value of plan assets include ordinary shares of the Company, whose fair value as at December 31, 2015 is Rs. 384.214 million (2014: Rs. 447.696 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)	2015	2014	2013	2012	2011
As at December 31					
Present value of defined benefit obligation	378,247	309,873	275,115	371,372	314,074
Fair value of plan assets	362,566	339,502	281,655	341,022	317,168
(Deficit) / surplus	(15,681)	29,629	6,540	(30,350)	3,094
Experience adjustment on obligation	6%	13%	9%	14%	-1%
Experience adjustment on plan assets	1%	21%	14%	9%	-5%

Fair value of plan assets include ordinary shares of the Company, whose fair value as at December 31, 2015 is Rs. 60.827 million (2014: Rs. 70.877 million).

(Rupees in thousand)	2015	
	Pension	Gratuity
Year end sensitivity analysis on defined benefit obligation:		
Discount rate + 100 bps	608,531	350,030
Discount rate - 100 bps	701,114	410,723
Indexation + 100 bps	708,393	410,963
Indexation - 100 bps	601,768	349,325

(Rupees in thousand)	Note	2015	2014
11. Deferred liabilities			
This represents provision made to cover the obligation for accumulating compensated absences			
Opening balance		174,581	139,576
Provision for the year		50,528	52,084
		225,109	191,660
Payments made during the year		(23,533)	(17,079)
Closing balance		201,576	174,581
12. Current portion of long term liabilities			
Current portion of long term finances - secured	7	385,714	200,000
Current portion of liabilities against assets subject to finance lease	8	6,571	4,696
		392,285	204,696

(Rupees in thousand)		Note	2015	2014
13.	**Finances under mark up arrangements – secured**			
	Running finances – secured	13.1	534,481	862,596
	Bills discounted – secured	13.2	–	–
	Short term finances – secured	13.3	350,000	400,000
			884,481	1,262,596

13.1 Running finances – secured

Short term running finances available from a consortium of commercial banks under mark up arrangements amount to Rs. 7,910 million (2014: Rs. 7,910 million). The rates of mark-up range from Re 0.1780 to Re 0.2980 (2014: Re 0.2638 to Re 0.3134) 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 0.2136 to Re 0.3636 (2014: Re 0.3165 to Re 0.3823) 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 (2014: Rs. 531 million) are available to the Company as a sub-limit of the running finance facilities referred to in note 13.1. Markup 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 has not been availed in the current year.

13.3 Short term finances – secured

Facilities for obtaining short term finances of Rs. 6,635 million (2014: Rs. 6,635 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 0.1698 to Re 0.2715 (2014: Re 0.2690 to Re 0.2858) 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. 6,339 million (2014: Rs. 6,589 million) for opening letters of credit and Rs. 794 million (2014: Rs. 994 million) for guarantees, the amount utilised as at December 31, 2015 was Rs. 443.744 million (2014: Rs. 162.553 million) and Rs. 267.208 million (2014: Rs. 199.652 million) respectively. Of the facility for guarantees, Rs. 794 million (2014: Rs. 1,294 million) is secured by second hypothecation charge over stores, spares, stock-in-trade and trade debts.

(Rupees in thousand)		Note	2015	2014
14.	**Trade and other payables**			
	Trade creditors	14.1	1,231,903	1,118,642
	Accrued liabilities	14.2	459,326	379,448
	Bills payable		1,022,815	1,245,493
	Sales tax payable		22,691	2,467
	Advances from customers		49,069	54,691
	Payable to employees' retirement benefit funds	14.3	14,590	13,237
	Deposits - interest free repayable on demand		7,446	7,226
	TFCs payable		1,387	1,387
	Unclaimed dividends		20,975	17,290
	Workers' profit participation fund	14.4	204,216	147,665
	Workers' welfare fund	14.5	174,237	96,635
	Others		69,469	60,499
			3,278,124	3,144,680
14.1	**Trade creditors include amount due to related parties as follows:**			
	Subsidiary			
	DIC Pakistan Limited		88,640	69,584
	Joint venture			
	Bulleh Shah Packaging (Private) Limited		232,766	163,698
	Associates			
	Tri-Pack Films Limited		54,043	1,285
	IGI Insurance Limited		4,267	568
			379,716	235,135
14.2	**Accrued liabilities include amounts in respect of related parties as follows:**			
	Subsidiary			
	DIC Pakistan Limited		707	459
	Joint venture			
	Bulleh Shah Packaging (Private) Limited		-	764
	Associates			
	IGI Insurance Limited		175	-
			882	1,223
14.3	**Payable to employees' retirement benefit funds**			
	Employees' provident fund	14.3.1	7,347	6,808
	Employees' gratuity fund		1,293	1,149
	Management staff pension fund		5,950	5,280
			14,590	13,237

(Rupees in thousand)		Note	2015	2014
14.3.1	**Employees' provident fund**			
(i)	Size of the fund		2,152,893	2,311,341
(ii)	Cost of investments made		776,987	715,803
(iii)	Fair value of investments	14.3.2	2,125,249	2,297,324
(iv)	Percentage of investments made		98.72%	99.39%

14.3.2 Fair value of investments

	2015		2014	
	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	1,480,216	68.75%	1,719,020	74.37%
Mutual funds	206,866	9.61%	159,346	6.89%
Izafa certificates	160,217	7.44%	148,011	6.40%
Pakistan investment bonds	214,565	9.97%	213,169	9.22%
Term finance certificates	20,155	0.94%	28,524	1.23%
Term deposit receipts with banks	43,230	2.01%	–	0.00%
Treasury bills	–	0.00%	29,254	1.27%
	2,125,249	98.72%	2,297,324	99.39%

14.3.3 The investments of the employee's 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	2015	2014
14.4 Workers' profit participation fund			
Opening balance		147,665	106,636
Provision for the year	31	204,216	147,665
		351,881	254,301
Payments made during the year		(147,665)	(106,636)
Closing balance		204,216	147,665
14.5 Workers' welfare fund			
Opening balance		96,635	40,522
Provision for the year	31	77,602	56,113
Closing balance		174,237	96,635

(Rupees in thousand)	Note	2015	2014
15. Accrued finance costs			
Accrued markup / return on:			
Long term local currency loans – secured		7,000	148,704
Preference shares / convertible stock – unsecured		336,050	355,047
Finances under mark up arrangements – secured		6,232	13,883
		349,282	517,634

16. Contingencies and commitments

16.1 Contingencies

(i) Claims against the Company not acknowledged as debts Rs. 18.946 million (December 2014: Rs. 18.062 million).

(ii) Post dated cheques not provided in the financial information have been furnished by the Company in favor of the Collector of Customs against custom levies aggregated to Rs. 69.148 million (December 2014: Rs. 86.546 million) in respect of goods imported.

(iii) Standby letter of credit issued by Habib Bank Limited Pakistan in favor of Habib Bank Limited Bahrain on behalf of the Company amounting to USD 11.770 million (equivalent to PKR 1,232.781 million) [December 2014: Nil] as referred to in note 20.1.1.

16.2 Commitments

(i) Letters of credit and contracts for capital expenditure Rs. 295.519 million (December 2014: Rs. 51.002 million).

(ii) Letters of credit and contracts for other than for capital expenditure Rs. 223.465 million (December 2014: Rs. 209.069 million).

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

(Rupees in thousand)	2015	2014
Not later than one year	10,597	15,494
Later than one year and not later than five years	37,259	42,829
	47,856	58,323

There are no commitments with related parties.

(Rupees in thousand)	Note	2015	2014
17. Property, plant and equipment			
Owned assets	17.1	3,540,012	3,400,833
Assets subject to finance lease	17.2	35,248	30,830
Capital work in progress	17.3	229,217	254,014
		3,804,477	3,685,677

17.1 Owned assets

(Rupees in thousand)	2015 Cost as at December 31, 2014	Addition/ (deletions)	Transfer in / (out) (note 17.2) (note 18)	Cost as at December 31, 2015	Accumulated depreciation as at December 31, 2014	Depreciation charge / (deletions) for the year	Transfer in / (out) (note 17.2) (note 18)	Accumulated depreciation as at December 31, 2015	Book value as at December 31, 2015
Freehold land	116,730	26,641	–	137,297	–	–	–	–	137,297
		–	(6,074)			–	–		
Buildings on freehold land	496,082	2,376	–	498,458	140,062	19,972	–	160,034	338,424
		–	–			–	–		
Buildings on leasehold land	221,419	–	–	221,419	110,432	9,993	–	120,425	100,994
		–			–	–			
Plant and machinery	7,331,657	577,516	–	7,453,853	4,931,861	401,246	–	4,878,183	2,575,670
		(455,320)	–			(454,924)	–		
Other equipments (computers, lab equipments and other office equipments)	739,320	38,187	–	774,770	478,408	83,929	–	559,803	214,967
		(2,737)	–			(2,534)	–		
Furniture and fixtures	13,411	1,651	–	14,928	13,085	172	–	13,123	1,805
		(134)	–			(134)	–		
Vehicles	254,785	64,092	2,168	268,126	98,723	25,602	390	97,271	170,855
		(52,919)	–			(27,444)	–		
	9,173,404	710,463	2,168	9,368,851	5,772,571	540,914	390	5,828,839	3,540,012
		(511,110)	(6,074)			(485,036)	–		

(Rupees in thousand)	2014 Cost as at December 31, 2013	Addition / (deletions)	Transfer in / (out) (note 18)	Cost as at December 31, 2014	Accumulated depreciation as at December 31, 2013	Depreciation charge / (deletions) for the year	Transfer in / (out) (note 18)	Accumulated depreciation as at December 31, 2014	Book value as at December 31, 2014
Freehold land	147,571	19,731	–	116,730	–	–	–	–	116,730
		–	(50,572)			–	–		
Buildings on freehold land	475,749	20,485	–	496,082	120,228	19,906	–	140,062	356,020
		(152)	–			(72)	–		
Buildings on leasehold land	221,419	–	–	221,419	100,267	10,165	–	110,432	110,987
		–				–	–		
Plant and machinery	7,289,458	540,565	–	7,331,657	5,047,057	380,002	–	4,931,861	2,399,796
		(498,366)	–			(495,198)	–		
Other equipments (computers, lab equipments and other office equipments)	669,553	78,951	–	739,320	405,302	78,442	–	478,408	260,912
		(9,184)	–			(5,336)	–		
Furniture and fixtures	13,320	91	–	13,411	12,921	164	–	13,085	326
		–	–			–	–		
Vehicles	230,537	61,422	–	254,785	91,269	24,217	–	98,723	156,062
		(37,174)	–			(16,763)	–		
	9,047,607	721,245	–	9,173,404	5,777,044	512,896	–	5,772,571	3,400,833
		(544,876)	(50,572)			(517,369)	–		

17.1.1 Owned assets include assets amounting to Rs. 15.385 million (2014: Rs. 20.479 million) of the Company which are not in operation.

17.1.2 The cost of fully depreciated assets which are still in use as at December 31, 2015 is Rs. 3,253.862 million (2014: Rs. 2,986.551 million).

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

(Rupees in thousand)	Note	2015	2014
Cost of sales	28	510,634	485,716
Administrative expenses	29	23,092	20,767
Distribution and marketing costs	30	7,188	6,413
		540,914	512,896

17.1.4 Disposal of owned assets

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

(Rupees in thousand)		2015				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
Plant and machinery	**Outsider - related party**					
	Bulleh Shah Packaging (Private) Limited	912	627	285	109	Negotiation
	Outsider					
	Muhammad Ameen	5,296	5,186	110	1,295	Negotiation
Other Equipments	**Outsiders - related party**					
	IGI Insurance Limited	105	15	90	75	Claim Settlement
	Bulleh Shah Packaging (Private) Limited	79	20	59	65	Negotiation
Vehicles	**Employees**					
	Ahmed Ramzan	1,100	572	528	763	Company Policy
	Ammad Asif	1,275	536	739	906	- do -
	Asma Shahzad	750	405	345	471	- do -
	Athar Riaz	1,498	419	1,079	1,166	- do -
	Ather Ayub Khan	1,797	1,348	449	481	Negotiation
	Fahad Ali	490	368	122	218	Company Policy
	Farhan Munir	700	182	518	511	- do -
	Ghayyur Abbas	700	203	497	512	- do -
	Hammad Ahmed Butt	944	349	595	582	- do -
	Hassan Asif	1,640	1,046	594	1,197	- do -
	Imran Iqbal	1,548	341	1,207	1,218	- do -
	Khalid Aziz	493	364	129	221	- do -
	Rtd. Major Fazal Ahmed	1,778	76	1,702	1,760	Negotiation
	Maryam Nisar	813	325	488	562	Company Policy
	Mashkoor Hussain	1,498	390	1,108	1,173	- do -
	Moiz Ahmed	741	282	459	456	- do -
	Mudassir Anjum	1,111	455	656	779	- do -
	Mudassir Shafique	1,232	924	308	717	- do -
	Muhammad Akram	1,288	869	419	571	- do -
	Muhammad Amir Baig	1,770	142	1,628	1,771	- do -
	Muhammad Ashiq	630	449	181	333	- do -
	Muhammad Awais Jawaid	859	634	225	398	- do -
	Muhammad Latif	800	600	200	475	- do -
	Muhammad Siddique	1,232	924	308	709	- do -
	Muhammad Usman Akram	810	300	510	516	- do -
	Musa Naseer	878	648	230	414	- do -
	Musarrat Mumtaz	389	291	98	102	- do -
	Omar Javed	673	135	538	487	- do -
	Sagheer Hussain	505	366	139	230	- do -
	Sahil Zaheer	1,426	1,034	392	859	- do -
	Saifullah Zaheer	695	56	639	614	- do -
	Shamim Ahmed Khan	1,000	688	312	511	- do -
	Tanseer Asghar	511	370	141	235	- do -
	Tanveer Ahmed Awan	515	380	135	237	- do -
	Umer Mehmood	650	234	416	420	- do -
	Usman Anwar	1,250	645	605	884	- do -
	Usman Munir	750	367	383	462	- do -
	Zafar Mehmood	1,400	364	1,036	1,149	- do -
	Zubair Ahmed	467	350	117	178	- do -
	Outsiders - Related Party					
	Bulleh Shah Packaging (Private) Limited	900	198	702	702	Negotiation
	Tripack Films Limited	2,512	678	1,834	1,834	- do -
	Syed Aslam Mehdi	1,969	1,304	665	664	- do -
	Outsiders					
	Argosy Enterprises	1,279	959	320	1,102	Negotiation
	Asim Mumtaz	1,347	1,010	337	830	- do -
	Muhammad Sajid	678	88	590	562	- do -
	Qadeer Associates & Motors	1,169	876	293	990	- do -
	Riaz Motors	673	114	559	513	- do -
Other assets with book value less than Rs. 50,000		455,585	455,530	55	57,034	Negotiation
		511,110	485,036	26,074	91,023	

(Rupees in thousand)				2014		
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
Buildings on freehold land	Outsider					
	Muhammad Younis and Company	152	72	80	27	Negotiation
Plant and machinery	Outsider – related party					
	Bulleh Shah Packaging (Private) Limited	6,019	5,173	846	1,000	Negotiation
	Outsider					
	Muhammad Younis & Company	4,537	2,215	2,322	805	Negotiation
Other Equipments	Employee					
	Syed Aslam Mehdi	2,348	240	2,108	–	Company Policy
	Outsider					
	Malik Muhammad Younis	1,983	529	1,454	84	Negotiation
Vehicles	Employees					
	Ali Faraz	741	192	549	537	Company Policy
	Asad Ur Rehman	950	152	798	755	– do –
	Athar Rashid Butt	1,687	1,118	569	590	– do –
	Atif Raza	750	98	652	645	– do –
	Attia Jamal	1,035	290	745	832	– do –
	Faisal Mehmood	672	54	618	572	– do –
	Hamid Jameel	746	560	186	422	– do –
	Haroon Naseer	1,232	909	323	718	– do –
	Ishtiaq Ahmad	937	356	581	681	– do –
	Kamran Bashir	1,232	909	323	717	– do –
	Mian Abid Nisar Lodhi	783	196	587	498	– do –
	Mohayyundin Ahmad	700	473	227	399	– do –
	Muhammad Ahmad	1,110	425	685	870	– do –
	Muhammad Anwar	516	387	129	233	– do –
	Muhammad Bilal Tariq	555	183	372	352	– do –
	Muhammad Naveed	730	547	183	585	Negotiation
	Muhammad Zubair	960	684	276	496	Company Policy
	Musab Mukhtar	538	404	134	257	– do –
	Nasir Mehmood	628	455	173	325	– do –
	Raza Sanaullah	1,924	250	1,674	1,761	– do –
	Sajjad Iftikhar	1,690	389	1,301	1,256	– do –
	Salman Saleem	620	465	155	335	– do –
	Shafi Karim	822	462	360	528	Negotiation
	Shakir Zia	1,430	858	572	941	Company Policy
	Syed Asim Shamim	1,386	762	624	906	– do –
	Syed Shaukat Hussain	487	359	128	227	– do –
	Talal Bin Najam	620	186	434	397	– do –
	Waseem Ahmad	1,017	142	875	899	– do –
	Outsiders					
	Amir Saleem	387	290	97	318	Negotiation
	Aurangzeb	2,500	1,744	756	4,732	– do –
	Bank Al Habib	4,680	328	4,352	4,584	Sale and lease back
	Khair Agencies	657	85	572	575	Negotiation
	Muhammad Rashid Shakoor	874	656	218	720	– do –
	Nazim Hussain	730	547	183	642	– do –
Other assets with book value less than Rs. 50,000		493,511	493,225	286	75,571	Negotiation
		544,876	517,369	27,507	106,792	

17.2 Assets subject to finance lease

2015

(Rupees in thousand)	Cost as at December 31, 2014	Additions / (deletions)	Transfer (out) (note 17.1)	Cost as at December 31, 2015	Accumulated depreciation as at December 31, 2014	Depreciation charge / (deletions) for the year	Transfer (out) (note 17.1)	Accumulated depreciation as at December 31, 2015	Book value as at December 31, 2015
Vehicles	35,030	10,811	(2,168)	43,673	4,200	4,615	(390)	8,425	35,248
	35,030	10,811	(2,168)	43,673	4,200	4,615	(390)	8,425	35,248

2014

(Rupees in thousand)	Cost as at December 31, 2013	Additions / (deletions)	Transfer (out) (note 17.1)	Cost as at December 31, 2014	Accumulated depreciation as at December 31, 2013	Depreciation charge / (deletions) for the year	Transfer (out) (note 17.1)	Accumulated depreciation as at December 31, 2014	Book value as at December 31, 2014
Vehicles	28,897	6,133	–	35,030	548	3,652	–	4,200	30,830
	28,897	6,133	–	35,030	548	3,652	–	4,200	30,830

17.2.1 Depreciation charge for the year has been allocated as follows:

(Rupees in thousand)	Note	2015	2014
Cost of sales	28	1,090	1,039
Administrative expenses	29	3,264	2,548
Distribution and marketing costs	30	261	65
		4,615	3,652

17.3 Capital work-in-progress

		2015	2014
Civil works		11,229	40,084
Plant and machinery [including in transit Rs. 49.39 million (2014: Nil)]		194,137	207,041
Advance for procurement of land		17,593	1,000
Advances to suppliers		6,258	5,889
		229,217	254,014

18. Investment property

2015

(Rupees in thousand)	Cost as at December 31, 2014	Additions / (deletions)	Transfer in (note 17.1)	Cost as at December 31, 2015	Accumulated depreciation as at December 31, 2014	Depreciation charge / (deletions) for the year	Transfer in (note 17.1)	Accumulated depreciation as at December 31, 2015	Book value as at December 31, 2015
Land	117,917	–	6,074	123,991	–	–	–	–	123,991
Buildings on freehold land	41,151	–	–	41,151	32,955	2,624	–	35,579	5,572
Buildings on leasehold land	23,741	15,834	–	39,575	12,067	1,645	–	13,712	25,863
	182,809	15,834	6,074	204,717	45,022	4,269	–	49,291	155,426

2014

(Rupees in thousand)	Cost as at December 31, 2013	Additions / (deletions)	Transfer in (note 17.1)	Cost as at December 31, 2014	Accumulated depreciation as at December 31, 2013	Depreciation charge / (deletions) for the year	Transfer in (note 17.1)	Accumulated depreciation as at December 31, 2014	Book value as at December 31, 2014
Land	67,345	–	50,572	117,917	–	–	–	–	117,917
Buildings on freehold land	41,151	–	–	41,151	30,259	2,696	–	32,955	8,196
Buildings on leasehold land	23,741	–	–	23,741	11,140	927	–	12,067	11,674
	132,237	–	50,572	182,809	41,399	3,623	–	45,022	137,787

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

18.2 Land of the Company measuring 119 kanals 15 marlas and 62.25 sq.fts situated at Lahore having book value of Rs. 6.149 million and all present and future moveable fixed assets and buildings of Packages Construction (Private) Limited ('PCPL') in aggregate, have been mortgaged under a first exclusive equitable charge of Rs. 7,333.334 million in favor of MCB Bank Limited against a term finance facility of upto Rs. 4.5 billion and a running finance facility of upto Rs. 1 billion provided to PCPL by MCB Bank Limited under a tri-partite agreement between the Company, MCB Bank Limited and PCPL.

18.3 Fair value of the investment property, based on the valuation carried out by an independent valuer, as at December 31, 2015 is Rs. 2,954.139 million (2014: Rs. 2,298.274 million). The valuation is considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation. The different levels have been defined in note 44.4.

Valuation techniques used to derive level 2 fair values

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

(Rupees in thousand)	Note	2015	2014
19. Intangible assets			
This represents computer software and ERP system.			
Cost			
As at January 1		189,270	169,335
Additions		–	20,814
Deletions		–	(879)
As at December 31		189,270	189,270
Accumulated amortisation			
As at January 1		(151,618)	(137,150)
Amortisation for the year	19.1	(16,923)	(15,347)
Deletions		–	879
As at December 31		(168,541)	(151,618)
		20,729	37,652
19.1 The amortisation charge for the year has been allocated as follows:			
Cost of sales	28	9,733	7,329
Administrative expenses	29	7,190	8,018
		16,923	15,347
20. Investments			
These represent the long term investments in:			
Related parties	20.1	16,518,358	14,081,183
Others - Available for sale	20.2	28,479,160	33,223,182
		44,997,518	47,304,365

(Rupees in thousand)	Note	2015	2014
20.1 Related parties			
Subsidiaries - unquoted			
DIC Pakistan Limited			
3,377,248 (2014: 3,377,248) fully paid ordinary shares of Rs. 10 each			
Equity held 54.98% (2014: 54.98%)		15,010	15,010
Packages Construction (Private) Limited			
302,500,000 (2014: 52,500,000) fully paid ordinary shares of Rs. 10 each			
Equity held 99.99% (2014: 99.99%)		3,019,090	519,090
Share deposit money		-	100,000
Packages Lanka (Private) Limited			
44,698,120 (2014: 44,698,120) shares of SL Rupees 10 each			
Equity held 79.07% (2014: 79.07%)		442,938	442,938
Anemone Holdings Limited	20.1.1		
351,088 (2014: Nil) shares of US Dollar 1 each			
Equity held 100.00% (2014: 0.00%)		36,675	-
CalciPack (Private) Limited	20.1.2		
50,000 (2014: Nil) fully paid ordinary shares of Rs. 10 each			
Equity held 100.00% (2014: 0.00%)		500	-
		3,514,213	1,077,038
Joint venture - unquoted			
Bulleh Shah Packaging (Private) Limited			
709,718,013 (2014: 709,718,013) fully paid ordinary shares of Rs. 10 each Equity held 65.00% (2014: 65%)		9,973,652	9,973,652
Associates - quoted			
IGI Insurance Limited	20.1.3		
13,022,093 (2014: 13,022,093) fully paid ordinary shares of Rs. 10 each			
Equity held 10.61% (2014: 10.61%)		878,378	878,378
Market value - Rs. 3,080.636 million (2014: Rs. 3,523.518 million)			
Tri-Pack Films Limited			
10,000,000 (2014: 10,000,000) fully paid ordinary shares of Rs. 10 each			
Equity held 33.33% (2014: 33.33%)		2,141,233	2,141,233
Market value - Rs. 2,466.8 million (2014: Rs. 2,607.3 million)			
IGI Investment Bank Limited	20.1.3		
4,610,915 (2014: 4,610,915) fully paid ordinary shares of Rs. 10 each			
Equity held 2.17% (2014: 2.17%)		10,882	10,882
Market value - Rs. 7.239 million (2014: Rs. 10.928 million)			
		3,030,493	3,030,493
		16,518,358	14,081,183

20.1.1 On January 5, 2015, the Company incorporated a Special Purpose Vehicle ('SPV'), Anemone Holdings Limited ('AHL'), a wholly owned private limited company under the laws of Mauritius, and paid USD 100,000 (Equivalent to PKR 10.134 million) as initial equity contribution on February 4, 2015.

Subsequently, on June 1, 2015, AHL acquired 55% shareholding of Flexible Packages Converters (Proprietary) Limited ('FPC'), a limited liability company incorporated under the laws of South Africa. The acquisition amount of USD 8.542 million was funded by AHL through a finance facility from Habib Bank Limited, Offshore Banking Unit, Bahrain ('HBL Bahrain'). This facility was provided against a guarantee in the form of a Standby Letter of Credit ('SBLC') issued by Habib Bank Limited Pakistan ('HBL Pakistan') in favor of HBL Bahrain as referred to in note 16.1. SBLC is secured against pledge of Nestle Pakistan Limited shares owned by the Company as referred to in note 20.2.2.

The primary source of debt financing will be dividends from FPC. In the event that there is a shortfall between the dividends and obligations against the finance facility, this shortfall will be funded by Packages Limited. Consequently, on November 23, 2015, the Company further contributed USD 251,088 as equity, which AHL utilized to pay the interest amount due under the finance facility arrangement.

Furthermore, AHL also has the right to exercise a call option for the remaining 45% shares in FPC, subject to fulfilment of certain conditions, after completion of four years from the acquisition of FPC.

20.1.2 The board of directors in its meeting held on April 22, 2015 resolved to enter into 50/50 Joint Venture arrangement ('JV') with Omya Group of Switzerland ('Omya') subject to approval by regulatory authorities and other customary conditions. Omya is a leading producer of industrial minerals - mainly fillers and pigments derived from calcium carbonate and dolomite - and a worldwide distributor of specialty chemicals. The JV will set up a production facility to supply a range of high quality ground calcium carbonate products specifically tailored to meet local and regional markets. Consequently, a wholly owned subsidiary, "CalciPack (Private) Limited" was incorporated for this purpose on November 13, 2015.

20.1.3 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	2015	2014
20.2 Others - Available for sale			
Quoted			
Nestle Pakistan Limited	20.2.1 & 20.2.2		
3,649,248 (2014: 3,649,248) fully paid ordinary shares of Rs 10 each Equity held 8.05% (2014: 8.05%) Cost - Rs. 5,778.896 million (2014: Rs. 5,778.896 million)		28,464,135	33,208,157
Unquoted	20.2.3		
Tetra Pak Pakistan Limited	20.2.1		
1,000,000 (2014: 1,000,000) fully paid non-voting ordinary shares of Rs. 10 each		10,000	10,000
Coca-Cola Beverages Pakistan Limited			
500,000 (2014: 500,000) fully paid ordinary shares of Rs. 10 each Equity held 0.14% (2014: 0.14%)		5,000	5,000
Pakistan Tourism Development Corporation Limited			
2,500 (2014: 2,500) fully paid ordinary shares of Rs. 10 each		25	25
Orient Match Company Limited			
1,900 (2014: 1,900) fully paid ordinary shares of Rs. 100 each		-	-
		15,025	15,025
		28,479,160	33,223,182

20.2.1 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 4.6.

20.2.2 As of December 31, 2015, an aggregate of 310,000 shares (2014: Nil) of Nestle Pakistan Limited having market value Rs. 2,418.0 million (2014: Nil) have been pledged in favor of HBL Pakistan against issuance of SBLC in favor of HBL Bahrain as referred to in note 20.1.1.

20.2.3 Unquoted investments, are measured at cost as it is not possible to apply any other valuation methodology.

(Rupees in thousand)	Note	2015	2014
21. Long term loans and deposits			
Considered good			
Loans to employees	21.1	4,177	4,350
Loan to SNGPL	21.2	32,800	49,200
Security deposits		20,026	16,782
		57,003	70,332
Receivable within one year			
Loans to employees	25	(1,356)	(1,374)
Loan to SNGPL	25	(16,400)	(16,400)
		(17,756)	(17,774)
		39,247	52,558

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

Loans to employees aggregating Rs. 3.360 million (2014: Rs. 2.371 million) are secured by joint registration of motor cycles in the name of employees and the Company. The remaining loans are unsecured.

21.2 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 Bulleh Shah Packaging (Private) Limited, the Joint Venture entity. Mark up is charged at the rate of 1.5% per annum and is received annually. The remaining amount is receivable in 2 annual installments.

(Rupees in thousand)	2015	2014
22. Stores and spares		
Stores [including in transit Rs. 15.037 million (2014: Rs. 12.216 million)]	259,575	270,611
Spares [including in transit Rs. 1.961 million (2014: Rs. 0.952 million)]	228,486	222,356
	488,061	492,967
23. Stock-in-trade		
Raw materials [including in transit Rs. 205.130 million (2014: Rs. 185.216 million)]	1,030,641	1,340,227
Work-in-process	210,945	211,698
Finished goods	538,591	678,575
	1,780,177	2,230,500

23.1 Finished goods with a cost Rs. 47.455 million (2014: Rs. 26.176 million) are being valued at net realisable value of Rs. 38.995 million (2014: Rs. 23.443 million).

(Rupees in thousand)	Note	2015	2014
24. Trade debts			
Considered good			
Related parties - unsecured	24.1	75,795	11,965
Others	24.2	1,705,227	1,515,407
		1,781,022	1,527,372
Considered doubtful		25,037	37,964
		1,806,059	1,565,336
Provision for doubtful debts	24.3	(25,037)	(37,964)
		1,781,022	1,527,372
24.1 Related parties - unsecured			
Subsidiary			
DIC Pakistan Limited		3,976	3,229
Packages Construction (Private) Limited		11,695	-
Joint Venture			
Bulleh Shah Packaging (Private) Limited		54,347	7,690
Associate			
Tri-Pack Films Limited		5,777	1,046
		75,795	11,965

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

24.2 Others include debts of Rs. 262.170 million (2014: Rs. 158.112 million) which are secured by way of bank guarantees and inland letters of credit.

(Rupees in thousand)	2015	2014
24.3 The movement in provision during the year is as follows:		
Balance as at January 1	37,964	36,922
Provision for the year	8,001	13,850
Bad debts written off	(20,928)	(12,808)
Balance as at December 31	25,037	37,964

(Rupees in thousand)	Note	2015	2014
25. Loans, advances, deposits, prepayments and other receivables			
Current portion of loans to employees	21	1,356	1,374
Current portion of loan receivable from SNGPL	21	16,400	16,400
Advances - considered good			
To employees	25.1	25,456	8,388
To suppliers		23,592	53,881
		49,048	62,269
Due from related parties - unsecured	25.2	1,074,499	1,583,634
Trade deposits		42,713	45,946
Prepayments		29,143	11,357
Balances with statutory authorities			
Customs duty		9,301	21,966
Sales tax recoverable		92,462	26,409
		101,763	48,375
Mark up receivable on			
Loan to SNGPL		33	46
Term deposits and saving accounts		85	85
		118	131
Other receivables		31,048	27,728
		1,346,088	1,797,214

25.1 Included in advances to employees are amounts due from executives of Rs. 1.654 million (2014: Rs. 1.129 million).

(Rupees in thousand)	2015	2014
25.2 Due from related parties - unsecured		
Subsidiaries		
DIC Pakistan Limited	15,373	12,952
Packages Lanka (Private) Limited	5,900	5,845
Packages Construction (Private) Limited	41,448	350,388
Flexible Packages Convertors (Proprietary) Limited	1,902	-
Joint venture		
Bulleh Shah Packaging (Private) Limited	1,004,997	1,212,881
Associates		
Tri-Pack Films Limited	174	286
IGI Insurance Limited	3,095	999
IGI Finex Securities Limited	11	-
IGI Life Insurance Limited	1,599	283
	1,074,499	1,583,634

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

(Rupees in thousand)	Note	2015	2014
26. Income tax receivable			
Income tax refundable		2,385,002	2,211,777
Income tax recoverable	26.1	36,013	36,013
		2,421,015	2,247,790

26.1 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	2015	2014
27. Cash and bank balances			
At banks:			
On saving account	27.1	7,830	13,481
On current accounts [including USD Nil (2014: USD 674)]	27.2	89,484	232,428
		97,314	245,909
In hand		4,426	6,583
		101,740	252,492

27.1 The balances in saving accounts bear mark up which ranges from 4.0% to 5.0% (2014: 6.0% to 7.0%) per annum.

27.2 Included in these are total restricted funds of Rs. 1.332 million (2014: Rs. 1.332 million) held as payable to TFC holders.

(Rupees in thousand)	Note	2015	2014
28. Cost of sales			
Materials consumed		9,005,224	9,130,892
Salaries, wages and amenities	28.1	1,068,262	961,884
Travelling		29,378	26,620
Fuel and power		636,592	1,080,433
Production supplies		358,888	368,763
Excise duty and sales tax		2,607	3,359
Rent, rates and taxes	28.2	5,947	139,367
Insurance		41,443	42,133
Repairs and maintenance		364,910	325,962
Packing expenses		289,454	263,983
Depreciation on owned assets	17.1.3	510,634	485,716
Depreciation on assets subject to finance lease	17.2.1	1,090	1,039
Amortisation of intangible assets	19.1	9,733	7,329
Technical fee and royalty		20,855	20,073
Other expenses		177,815	156,975
		12,522,832	13,014,528
Opening work-in-process		211,698	222,374
Closing work-in-process		(210,945)	(211,698)
Cost of goods produced		12,523,585	13,025,204
Opening stock of finished goods		678,575	526,196
		13,202,160	13,551,400
Closing stock of finished goods		(538,591)	(678,575)
		12,663,569	12,872,825

Cost of goods produced includes Rs. 1,599.427 million (2014: Rs. 2,106.354 million) for stores and spares consumed, Rs. 55.254 million (2014: Rs. 18.827 million) and Rs. 6.226 million (2014: Rs. 16.280 million) for raw material and stores and spares written off respectively.

(Rupees in thousand)	2015	2014
28.1 Salaries, wages and amenities		
Salaries, wages and amenities include following in respect of retirement benefits:		
Gratuity		
Current service cost	10,995	10,402
Net interest on net defined benefit liability / asset	(2,576)	(1,204)
	8,419	9,198

In addition to above, salaries, wages and amenities include Rs. 20.663 million (2014: Rs. 17.762 million), Rs. 33.290 million (2014: Rs. 28.085 million) and Rs. 30.176 million (2014: Rs. 33.628 million) in respect of provident fund contribution, pension fund contribution and accumulating compensated absences respectively.

28.2 Rent, rates and taxes include operating lease / ijarah rentals amounting to Nil (2014: Rs. 136.371 million).

(Rupees in thousand)	Note	2015	2014
29. Administrative expenses			
Salaries, wages and amenities	29.1	447,793	381,549
Travelling		29,199	43,686
Rent, rates and taxes	29.2	20,027	66,554
Insurance		16,038	12,540
Printing, stationery and periodicals		17,555	17,195
Postage, telephone and telex		13,430	12,989
Motor vehicles running		7,417	15,530
Computer charges		19,509	21,293
Professional services	29.3	48,931	98,076
Repairs and maintenance		17,343	16,920
Depreciation on owned assets	17.1.3	23,092	20,767
Depreciation on assets subject to finance lease	17.2.1	3,264	2,548
Amortisation of intangible assets	19.1	7,190	8,018
Depreciation on investment property	18.1	4,269	3,623
Other expenses		77,673	65,961
		752,730	787,249

Administrative expenses include Rs. 83.545 million (2014: Rs. 65.361 million) for stores and spares consumed.

(Rupees in thousand)	2015	2014
29.1 Salaries, wages and amenities		
Salaries, wages and amenities include following in respect of retirement benefits:		
Pension		
Net interest on net defined benefit (liability) / asset	(6,117)	72
Gratuity		
Current service cost	4,859	4,153
Net interest on net defined benefit liability / asset	(1,239)	(481)
	3,620	3,672

In addition to above, salaries, wages and amenities include Rs. 9.936 million (2014: Rs. 7.046 million), Rs. 16.008 million (2014: 11.141 million) and Rs. 14.511 million (2014: Rs. 13.339 million) in respect of provident fund contribution, pension fund contribution and accumulating compensated absences respectively.

29.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 10.287 million (2014: Rs. 9.917 million).

(Rupees in thousand)		2015	2014
29.3	**Professional services**		
	The charges for professional services include the following in respect of auditors' services for:		
	Statutory audit	2,600	2,400
	Half yearly review	800	750
	Tax services	5,000	3,008
	Advisory services	–	12,500
	Workers' profit participation fund audit, management staff pension and gratuity fund audit, audit of consolidated financial statements and other certification charges	2,000	1,107
	Out of pocket expenses	686	651
		11,086	20,416

(Rupees in thousand)		Note	2015	2014
30.	**Distribution and marketing costs**			
	Salaries, wages and amenities	30.1	216,439	177,340
	Travelling		19,605	27,027
	Rent, rates and taxes	30.2	9,314	7,670
	Freight and distribution		122,808	141,234
	Insurance		28,512	23,678
	Advertising		247,555	177,613
	Depreciation on owned assets	17.1.3	7,188	6,413
	Depreciation on assets subject to finance lease	17.2.1	261	65
	Provision for doubtful debts – net		8,001	2,784
	Other expenses		18,261	16,238
			677,944	580,062

Distribution and marketing costs include Rs. 19.876 million (2014: Rs. 11.435 million) for stores and spares consumed.

(Rupees in thousand)		2015	2014
30.1	**Salaries, wages and amenities**		
	Salaries, wages and amenities include following in respect of retirement benefits:		
	Gratuity		
	Current service cost	2,150	1,597
	Net interest on net defined benefit liability / asset	(504)	(185)
		1,646	1,412

In addition to above, salaries, wages and amenities include Rs. 4.041 million (2014: Rs. 2.702 million), Rs. 6.510 million (2014: Rs. 4.273 million) and Rs. 5.901 million (2014: Rs. 5.116 million) in respect of provident fund contribution, pension fund contribution and accumulating compensated absences respectively.

30.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 8.699 million (2014: Rs. 7.67 million).

(Rupees in thousand)	Note	2015	2014
31. Other operating expenses			
Worker's profit participation fund	14.4	204,216	147,665
Workers' welfare fund	14.5	77,602	56,113
Exchange loss – net		33,278	–
Impairment of property, plant and equipment		12,051	–
Advances written off		9,542	–
Donations	31.1	10,416	18,190
		347,105	221,968

31.1 Following is the interest of directors in the donee during the year:

Name of donee	Director of the Company	Interest in donee	Rupees in thousand
Pakistan Centre for Philanthropy	Syed Hyder Ali	Director	1,250
Packages Foundation	Syed Hyder Ali	Trustee	8,980
	Rizwan Ghani	Trustee	

No other directors and their spouses had any interest in any of the donees during the year.

(Rupees in thousand)	Note	2015	2014
32. Other income			
Income from financial assets			
Income on bank deposits		1,160	3,315
Interest on loan to SNGPL		725	976
		1,885	4,291
Income from non-financial assets			
Rental income from investment property [including Rs. 66 million (2014: Rs. 61.846 million) from related parties]	32.1	70,795	65,310
Profit on disposal of property, plant and equipment		64,949	79,285
Scrap sales		87	32,426
		135,831	177,021
Others			
Management and technical fee from related party		21,184	19,673
Insurance commission from related party		4,991	2,660
Provisions and unclaimed balances written back		54,778	40,828
Exchange gain		–	16,224
Gain on remeasurement of financial instrument		–	27,272
Others [including Rs. 11.397 million (2014: Rs. 20.248 million) from related parties]		25,353	34,178
		106,306	140,835
		244,022	322,147

32.1 The expenses relating directly to the income from investment property amount to Rs. 0.371 million (2014: Rs. 0.386 million).

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

(Rupees in thousand)	2015	2014
Not later than one year	26,271	38,218
Later than one year and not later than five years	19,135	11,194
	45,406	49,412

(Rupees in thousand)	2015	2014
33. Finance costs		
Interest and mark up including commitment charges on		
Long term finances - secured	191,530	302,270
Finances under mark up arrangements - secured	95,500	87,646
Liabilities against assets subject to finance lease	2,041	2,193
Return on preference shares / convertible stock	336,050	355,050
Loan handling charges	232	1,232
Commission on guarantees	14,932	1,206
Bank charges	2,747	1,954
	643,032	751,551

(Rupees in thousand)	Note	2015	2014
34. Investment income			
Dividend income from related parties	34.1	230,532	109,244
Dividend income from others		2,387,359	2,444,434
		2,617,891	2,553,678
34.1 Dividend income from related parties			
Subsidiaries			
DIC Pakistan Limited		96,252	67,545
Packages Lanka (Private) Limited		69,170	23,942
Associate			
IGI Insurance Limited		65,110	17,757
		230,532	109,244

(Rupees in thousand)	Note	2015	2014
35. Tax			
Current			
Current year	35.1	424,393	356,000
Prior years		88,603	106,925
		512,996	462,925
Deferred		(5,902)	(249,709)
		507,094	213,216

35.1 The provision for current tax represents tax under 'Final Tax Regime' and Alternate corporate taxation under section 113 C of the Income Tax Ordinance, 2001 as per circular no. 2 of 2014.

The investment tax credit amounting to Rs. 57.752 million (2014: Rs. 54 million) available to the Company by virtue of investment in plant and machinery in accordance with Section 65B of the Income Tax Ordinance, 2001 has been netted off against the current tax charge for the year.

(Percentage)	2015	2014
35.2 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	32.00	33.00
Tax effect of amounts that are:		
Not deductible for tax purposes	1.19	1.89
Exempt for tax purposes	(0.18)	(0.56)
Chargeable to tax at different rates	(14.60)	(21.96)
Impact of change in tax rate	(1.43)	0.13
Effect of change in prior years' tax	2.33	3.89
Tax credits and losses recognised during the year	(4.45)	(6.68)
Investment tax credit	(1.52)	(1.96)
	(18.66)	(25.25)
Average effective tax rate charged to profit and loss account	13.34	7.75

36. Remuneration of Chief Executive, Directors and Executives

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

	Chief Executive		Directors		Executives	
(Rupees in thousand)	2015	2014	2015	2014	2015	2014
Short term employee benefits						
Managerial remuneration	16,819	14,583	7,209	14,982	117,106	110,989
Housing	6,786	5,811	2,806	8,495	57,994	61,426
Utilities	1,508	1,291	623	1,419	13,709	13,403
Bonus	16,643	3,767	6,985	3,179	93,639	42,927
Leave passage	4,498	4,545	521	2,089	3,323	4,530
Medical expenses	3,159	2,152	119	228	1,391	1,182
Club expenses	33	28	17	320	–	–
Others	–	–	–	–	28,749	30,209
	49,446	32,177	18,280	30,712	315,911	264,666
Post employment benefits						
Contribution to provident, gratuity and pension funds	5,271	4,456	2,159	3,021	29,079	28,735
Other long term benefits						
Accumulating compensated absences	3,694	2,432	886	502	11,041	13,454
	58,411	39,065	21,325	34,235	356,031	306,855
Number of persons	1	1	1	3	82	84

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

36.2 Remuneration to other directors

Aggregate amount charged in the financial statements for the year for fee to 5 non-executive directors (2014: 5 non-executive directors) is Rs. 2,775,000 (2014: Rs. 1,700,000).

37. 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 36. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2015	2014
		(Rupees in thousand)	
i. Subsidiaries	Purchase of goods and services	1,020,831	967,061
	Sale of goods and services	51,883	40,444
	Investments made	2,437,175	600,000
	Dividend income	165,423	91,487
	Rental and other income	19,311	17,217
	Management and technical fee	21,184	19,673
	Expenses incurred on behalf of the subsidiaries	328,036	344,369
ii. Joint venture	Purchase of goods and services	2,641,871	2,728,525
	Sale of goods and services	217,761	405,373
	Purchase of property, plant & equipment	437	-
	Sale of property, plant & equipment	47,719	-
	Rental and other income	57,242	64,424
iii. Associates	Purchase of goods and services	1,028,873	1,179,015
	Sale of goods and services	9,604	12,444
	Sale of property, plant & equipment	1,834	-
	Insurance premium	144,221	107,617
	Commission earned	4,991	2,659
	Insurance claims received	1,177	1,463
	Rental and other income	573	458
	Dividend income	65,110	17,757
	Expenses incurred on behalf of the associate	-	283
iv. Post employment benefit plans	Expense charged in respect of retirement benefit plans	76,958	85,365

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

There are no transactions with key management personnel other than under the term of employment.

38. Capacity and production – tons

	Capacity 2015	Capacity 2014	Actual production 2015	Actual production 2014
Paper and paperboard produced	41,400	41,400	11,131	10,116
Paper and paperboard converted	45,526	45,526	34,510	32,511
Plastics all sorts converted	20,000	20,000	17,463	17,553

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

	2015	2014
39. Number of employees		
Total number of employees as at December 31	1,482	1,528
Average number of employees during the year	1,501	1,562

40. Rates of exchange

Liabilities in foreign currencies have been translated into PKR at USD 0.9542 (2014: USD 0.9940), EURO 0.8731 (2014: EURO 0.8172), CHF 0.9437 (2014: CHF 0.9828), SEK 8.0257 (2014: SEK 7.6982), GBP 0.6437 (2014: GBP 0.6384), SGD 1.3490 (2014: SGD 1.3134) and YEN 114.8633 (2014: YEN 118.7366) equal to Rs. 100. Assets in foreign currencies have been translated into PKR at USD 0.9560 (2014: USD 0.9960) equal to Rs. 100.

(Rupees in thousand)	Note	2015	2014
41. Cash generated from operations			
Profit before tax		3,802,510	2,749,520
Adjustments for:			
Depreciation on owned assets	17.1.3	540,914	512,896
Gain on remeasurement of financial instrument	32	–	(27,272)
Depreciation on assets subject to finance lease	17.2.1	4,615	3,652
Depreciation on investment property	18	4,269	3,623
Amortisation on intangible assets	19	16,923	15,347
Provision for accumulating compensated absences	11	50,528	52,084
Provision for employees' retirement benefit funds	10	7,568	14,354
Provision for doubtful debts	24.3	8,001	13,850
Net profit on disposal of property, plant and equipment	32	(64,949)	(79,285)
Impairment of property, plant and equipment	31	12,051	–
Advance written off	31	9,542	–
Finance costs	33	643,032	751,551
Dividend income	34	(2,617,891)	(2,553,678)
Profit before working capital changes		2,417,113	1,456,642
Effect on cash flow due to working capital changes:			
Decrease in stores and spares		4,906	75,626
Decrease / (increase) in stock-in-trade		450,323	(165,599)
(Increase) / decrease in trade debts		(261,651)	82,598
Decrease / (increase) in loans, advances, deposits, prepayments and other receivables		441,584	(328,690)
Increase in trade and other payables		129,759	311,829
		764,921	(24,236)
		3,182,034	1,432,406

(Rupees in thousand)	Note	2015	2014
42. Cash and cash equivalents			
Cash and bank balances	27	101,740	252,492
Finances under mark up arrangements - secured	13	(884,481)	(1,262,596)
		(782,741)	(1,010,104)

		2015	2014
43. Earnings per share			
43.1 Basic earnings per share			
Profit for the year	Rupees in thousand	3,295,416	2,536,304
Weighted average number of ordinary shares	Numbers	88,069,915	84,864,436
Earnings per share	Rupees	37.42	29.89
43.2 Diluted earnings per share			
Profit for the year	Rupees in thousand	3,295,416	2,536,304
Return on preference shares / convertible stock - net of tax	Rupees in thousand	270,990	284,248
		3,566,406	2,820,552
Weighted average number of ordinary shares	Numbers	88,069,915	84,864,436
Weighted average number of notionally converted preference shares / convertible stock	Numbers	17,996,431	21,201,910
		106,066,346	106,066,346
Diluted earnings per share	Rupees	33.62	26.59

44. Financial risk management

44.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Company's finance department under policies approved by the 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 minimise 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, 2015, 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. 18.292 million higher / lower (2014: Rs. 25.831 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, 2015, 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. 68.592 million higher / lower (2014: Rs. 82.493 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 quoted investments in equity of other entities are publicly traded on Pakistan Stock Exchange.

The table below summarises the impact of increases / decreases of the KSE-100 index on the Company's post-tax profit for the year and on equity. The analysis is based on the assumption that the KSE-100 index had increased / decreased by 10% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

	Impact on post - tax profit		Impact on other components of equity	
(Rupees in thousand)	2015	2014	2015	2014
Pakistan Stock Exchange	-	-	1,366,278	(564,539)

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

(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, 2015, 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 19.517 million (2014: Rs. 22.515 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)	2015	2014
Long term loans and deposits	39,247	52,558
Trade debts	1,313,540	1,079,492
Loans, advances, deposits, prepayments and other receivables	1,346,088	1,797,214
Balances with banks	97,314	245,909
	2,796,189	3,175,173

As of December 31, 2015, trade receivables of Rs. 467.482 million (2014: Rs. 447.880 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)	2015	2014
Up to 90 days	412,960	410,287
90 to 180 days	46,119	27,268
181 to 365 days	8,403	10,325
	467,482	447,880

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)	2015	2014
Up to 90 days	12,164	2,548
90 to 180 days	4,190	845
181 to 365 days	694	349
	17,048	3,742

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	Long term	Rating Agency	2015	2014
Bank Alfalah Limited	A1+	AA	PACRA	1,184	–
Citibank N.A.	P-1	A2	Moody's	357	204
Deutsche Bank A.G.	P-2	A3	Moody's	70,970	85,055
Dubai Islamic Bank (Pakistan) Limited	A1	A+	JCR-VIS	–	712
Faysal Bank Limited	A1+	AA	PACRA	–	351
Habib Bank Limited	A1+	AAA	JCR-VIS	928	924
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	1	–
JS Bank Limited	A1+	A+	PACRA	282	78
MCB Bank Limited	A1+	AAA	PACRA	23	3,062
Meezan Bank Limited	A1+	AA	JCR-VIS	1,971	111,684
National Bank of Pakistan	A1+	AAA	PACRA	11,941	3
NIB Bank Limited	A1+	AA-	PACRA	681	329
Samba bank	A1	AA	JCR-VIS	1,332	1,675
Standard Chartered Bank Pakistan Limited	A1+	AAA	PACRA	7,492	41,638
The Bank of Punjab	A1+	AA-	PACRA	152	194
				97,314	245,909

(c) Liquidity risk

Liquidity risk represents the risk that the Company shall encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the Company's businesses, the Company's finance department maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the forecasts of the Company's cash and cash equivalents (note 42) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities 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, 2015 Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term finances	385,714	571,428	1,142,858	–
Liabilities against assets subject to finance lease	6,571	7,411	20,242	–
Finances under mark up arrangements – secured	884,481	–	–	–
Trade and other payables	3,278,124	–	–	–
Accrued finance cost	349,282	–	–	–
	4,904,172	578,839	1,163,100	–

(Rupees in thousand)	At December 31, 2014 Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term finances	200,000	385,710	485,710	1,228,580
Liabilities against assets subject to finance lease	4,696	5,231	20,454	–
Finances under mark up arrangements – secured	1,262,596	–	–	–
Trade and other payables	3,144,680	–	–	–
Accrued finance cost	517,634	–	–	–
	5,129,606	390,941	506,164	1,228,580

44.2 Financial instruments by categories

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

(Rupees in thousand)	Loans and receivables 2015	2014
Financial assets		
Long term loans and deposits	39,247	52,558
Trade debts	1,781,022	1,527,372
Loans, advances, deposits, prepayments and other receivables	1,346,088	1,797,214
Balances with banks	97,314	245,909
	3,263,671	3,623,053

(Rupees in thousand)	At amortised cost 2015	2014
Financial liabilities		
Long term finances – secured	2,100,000	2,300,000
Liabilities against assets subject to finance lease	34,224	30,381
Finances under markup arrangements – secured	884,481	1,262,596
Trade and other payables	3,278,124	3,144,680
Accrued finance cost	349,282	517,634
	6,646,111	7,255,291

44.3 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 42. Total capital is calculated as equity as shown in the balance sheet plus net debt. The gearing ratio as at year end is as follows:

(Rupees in thousand)	Note	2015	2014
Long term finances	7	3,729,181	4,228,815
Current portion of long term finances	7	385,714	200,000
Cash and cash equivalents	42	782,741	1,010,104
Net debt		4,897,636	5,438,919
Total equity		47,786,373	50,002,727
Total capital		52,684,009	55,441,646
Gearing ratio		9%	10%

44.4 Fair value of financial instruments

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The following table presents the Company's assets that are measured at fair value:

	At December 31, 2015			
(Rupees in thousand)	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement of available-for-sale investments	28,464,135	-	-	28,464,135

(Rupees in thousand)	At December 31, 2014 Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement of				
available-for-sale investments	33,208,157	-	-	33,208,157

Valuation techniques used to measure fair values

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There were no other material Level 1, 2 or 3 assets or liabilities during current or prior year.

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

45. Date of authorisation for issue

These financial statements were authorised for issue on February 25, 2016 by the Board of Directors of the Company.

46. Non-adjusting events after the balance sheet date

On February 2, 2016, IFC exercised its right to convert 1,000,000 (2014: 1,000,000) preference share / convertible stock of Rs 190 each into 1,000,000 (2014: 1,000,000) ordinary shares of Rs. 10 each. This conversion is expected to take place prior to book closure date.

The Board of Directors has proposed a final cash dividend for the year ended December 31, 2015 of Rs. 15 per share (2014: Rs. 9.00 per share), at their meeting held on February 25, 2016 for approval of the members at the Annual General Meeting to be held on April 25, 2016. The Board has also recommended to transfer Rs. 1,500 million (2014: Rs. 1,500 million) to general reserve from unappropriated profit.

The Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the Company are in excess of its paid up capital and the Company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires.

47. Corresponding figures

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

Towfiq Habib Chinoy	Syed Hyder Ali	Rizwan Ghani
Chairman	Chief Executive & Managing Director	Director

Consolidated Financial Statements
For the year ended December 31, 2015

DIRECTORS' REPORT

On The Consolidated Financial Statements For The Year Ended December 31, 2015

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, 2015.

Group results

The Group has performed well during the current year.

The comparison of annual audited results for the year 2015 as against year 2014 is as follows:

(Rupees in million)

	2015	2014
Invoiced sales - net	22,060	18,727
Profit from operations	2,602	1,468
Share of profit / (loss) in associates and joint venture	233	(215)
Investment income	2,387	2,444
Profit after tax	3,397	2,540

During the year 2015, the Group has achieved net sales of Rs. 22,060 million against net sales of Rs. 18,727 million achieved during last year which is an increase of 18%.

The Group has achieved Profit from operations of Rs. 2,602 million during 2015 as against that of Rs. 1,468 million achieved during 2014 representing an increase of Rs. 1,134 million i.e. 77%.

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

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. 3,443 million during the year 2015 as compared to Rs. 3,188 million of last year representing sales growth of 8%. The Company has generated profit before tax of Rs. 486 million during the year 2015 as against Rs. 353 million of 2014 representing growth of 38% resulting from sales growth and operational efficiencies. Moving forward, the Company will continue its focus on improving operating results through volume growth, tighter operating cost control, product diversification, price rationalisation 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 1,798 million during the year 2015 as compared to SLR 1,653 million of 2014 representing growth of 9%. The Company has generated profit before tax of SLR 249 million in the year 2015 as compared to SLR 151 million of 2014. This increase in profit is mainly attributable to operational efficiencies that include waste reduction efforts and also due to reduced finance cost on account of repayments of availed financing facilities. Moving forward, the Company will focus on improving operating results through tighter operating cost control, product diversification and price rationalisation.

Bulleh Shah Packaging (Private) Limited

Bulleh Shah Packaging (Private) Limited is a private limited company. It is principally engaged in the manufacturing and conversion of paper & paperboard products. The entity started its commercial operations in April 2013 upon transfer of Paper & Paperboard and Corrugated businesses from Packages Limited. The Company has achieved sales of Rs. 15,784 million during the year ended December 31, 2015 as compared to Rs. 16,572 million during 2014.The Company has recorded loss before tax of Rs. 126 million during the year 2015 as against loss of Rs. 13 million in 2014 primarily on account of lower sales. This is mainly due to dumping of writing/printing paper and white board for which anti-dumping applications are under review with the relevant authorities.

As part of management's strategy to overcome the power shortage and to secure uninterrupted power supply to the operations, the Company has installed a bio-mass boiler. Moving forward, the Management will also continue its focus on increasing revenue, tighter cost controls and operational efficiencies to improve the Company's operating results.

Flexible Packages Convertors (Pty) Limited

In June 2015, the Company completed its acquisition of the operations of a flexible packaging company in South Africa in line with its strategy to support its customer's expansion into high growth African markets. The management believes that the acquisition shall be advantageous to its shareholders. The Company achieved net sales revenue of ZAR 272 million with profit before tax of ZAR 14 million for the seven months ended December 31, 2015.

Packages Construction (Private) Limited

As part of its asset and income diversification strategy, the Company's development of a high quality retail mall at its Lahore land through its wholly owned subsidiary, Packages Construction (Private) Limited is underway.

The construction of the mall is based on inputs from international retail consultants. Space is being leased out with a tenancy mix aimed to appeal to a wide cross section of the market including major anchor tenants, cinemas, food courts, international brand specialty shops, local brands and retailers. The mall is expected to be operational in 2016.

(Towfiq Habib Chinoy)
Chairman
Karachi, February 25, 2016

(Syed Hyder Ali)
Chief Executive & Managing Director
Karachi, February 25, 2016

بسم اللہ الرحمٰن الرحیم

پیکیجز لمیٹڈ کے ڈائریکٹرز 31دسمبر 2015کو ختم ہونے والے سال کے لئے گروپ کے آڈٹ شدہ مجموعی مالیاتی حسابات پیش کرتے ہوئے فخر محسوس کررہے ہیں۔

گروپ کے نتائج

گروپ کی کارکردگی سال رواں کے دوران بہترین رہی۔ سال 2015کے لئے سالانہ آڈٹ نتائج گزشتہ سال 2014کے مقابلے میں مندرجہ ذیل رہے

	2015	2014
	(روپے ملین میں)	
انوائسڈ سیلز- خالص	22,060	18,727
آپریشنز سے منافع	2,602	1,468
منسلکہ اور جوائنٹ وینچرز میں منافع / (خسارے) کا شیئر	233	(215)
سرمایہ کار آمدنی	2,387	2,444
منافع بعد از ٹیکس	3,397	2,540

سال 2015کے دوران گروپ نے 22,060ملین روپے کی خالص سیلز حاصل کی برخلاف اس کے گزشتہ سال کے دوران 18,727ملین روپے کی خالص سیلز رہی تھی جس سے 18فیصد اضافہ ظاہر ہوتا ہے۔

گروپ نے 2015کے دوران آپریشنز سے 2,602ملین روپے کا منافع حاصل کیا جبکہ 2014کے دوران یہ منافع 1,468ملین روپے تھا اور اس طرح 1,134ملین روپے یعنی 77فیصد کا اضافہ ہوا۔

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

ڈی آئی سی پاکستان لمیٹڈ

ڈی آئی سی پاکستان لمیٹڈ پیکیجز لمیٹڈ کی ایک نان-لسٹڈ پبلک لمیٹڈ ذیلی کمپنی ہے۔ یہ بنیادی طور پر صنعتی انکس (inks) کی مینوفیکچرنگ ، پراسیسنگ اور فروخت میں مصروف عمل ہے۔ کمپنی نے سال 2015کے دوران 3,443ملین روپے کی مجموعی سیلز کا ہدف حاصل کیا جبکہ گزشتہ سال یہ سیلز 3,188ملین روپے تھی جس سے 8فیصد بہتری ظاہر ہوتی ہے۔ کمپنی نے سال 2015کے دوران 486ملین روپے کا قبل از ٹیکس منافع حاصل کیا۔ برخلاف اس کے 2014میں 353ملین روپے کا منافع حاصل کیا گیا تھا جس سے 38فیصد گروتھ ظاہر ہوتی ہے جو کہ سیلز گروتھ اور آپریشنل کارکردگی میں بہتری کی وجہ سے ہے۔ مستقبل کو دیکھتے ہوئے کمپنی ترقی کے حجم، آپریٹنگ لاگت پر موثر کنٹرول، پروڈکٹس میں توسیع، نرخوں کی تقسیم اور بہتر ورکنگ کیپٹل مینجمنٹ کے ذریعے آپریٹنگ نتائج کو مزید بہتر بنانے پر توجہ دینے کا سلسلہ جاری رکھے گی۔

پیکیجز لنکا (پرائیویٹ) لمیٹڈ

پیکیجز لنکا (پرائیویٹ) لمیٹڈ سری لنکا میں قائم پیکیجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر فلیکس ایبل پیکیجنگ سولیوشنز میں مصروف عمل ہے۔ کمپنی نے سال 2015کے دوران 1,798ملین سری لنکن روپے کا ٹرن اوور حاصل کیا جبکہ 2014میں یہ 1,653ملین سری لنکن روپے تھا جس سے 9فیصد ترقی ظاہر ہوتی ہے۔ کمپنی نے سال 2015میں 249ملین سری لنکن روپے کا قبل از ٹیکس منافع حاصل کیا برخلاف 2014میں یہ 151ملین سری لنکن روپے تھا۔ منافع میں یہ اضافہ آپریشنل کارکردگی میں بہتری کی بدولت ممکن ہوا جس میں ویسٹ میں کمی کی کوششوں کے دخل کے ساتھ حاصل شدہ فنانسنگ سہولتوں کی ادائیگیوں کے ضمن میں فنانس لاگت میں کمی بھی شامل ہے۔ مستقبل پر نگاہ رکھتے ہوئے کمپنی آپریٹنگ لاگت پر موثر کنٹرول، پروڈکٹس میں توسیع اور نرخوں کی راشنلائزیشن کے ذریعے بہترین آپریٹنگ نتائج کے حصول پر توجہ مرکوز کرے گی۔

بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ

بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ ایک پرائیویٹ لمیٹڈ کمپنی ہے۔ یہ بنیادی طور پر پیپر اور پیپر بورڈ پروڈکٹس کی تیاری اور ان کی منتقلی میں مصروف عمل ہے۔ ادارے نے اپنا تجارتی آپریشنز اپریل 2013میں پیکیجز لمیٹڈ سے پیپر اور پیپر بورڈ اور کوروگیٹڈ کے کاروباروں کےٹرانسفر کے تحت شروع کیا تھا۔ کمپنی نے سال مختتمہ 31دسمبر 2015کے دوران 15,784ملین روپے کی سیلز حاصل کی۔ اس کے مقابلے میں 2014کے دوران یہ 16,572ملین روپے رہا تھا۔ کمپنی نے سال 2015کے دوران 126ملین روپے کا قبل از ٹیکس خسارہ ریکارڈ کیا جبکہ 2014میں سیلز میں کمی کے ضمن میں ابتدائی طور پر 13ملین روپے کا خسارہ ہوا تھا۔ یہ بنیادی طور پر رائٹنگ/ پرنٹنگ پیپر اور وائٹ بورڈ کو ڈمپ کرنے کے باعث ہوا جس کے لئے متعلقہ حکام کے ساتھ اینٹی ڈمپنگ اپیلی کیشنز کا جائزہ لیا جارہا ہے۔

بجلی بحران پر قابو پانے اور آپریشنز کے لئے بلاتعطل پاور سپلائی کے تحفظ کے لئے انتظامیہ کی حکمت عملی کے حصہ کے طور پر کمپنی نے بایو-ماس بوائلر نصب کیا ہے۔ مستقبل کو دیکھتے ہوئے انتظامیہ آمدنی میں اضافے، لاگت پر موثر کنٹرول اور آپریشنل کارکردگی کو بہتر بنانے پر توجہ مرکوز کرتے ہوئے کمپنی کے آپریٹنگ نتائج بہتر بنائے گی۔

فلیکس ایبل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ

جون 2015میں کمپنی نے جنوبی افریقہ میں ایک فلیکس ایبل پیکیجنگ کمپنی کے آپریشنز کا حصول مکمل کیا جو بہترین گروتھ کی حامل افریقی مارکیٹوں میں اپنے صارفین کی توسیع کے لئے سپورٹ کے ضمن میں اس کی حکمت عملی کا حصہ تھی۔ انتظامیہ اس امر پر یقین رکھتی ہے کہ یہ حصول اس کے شیئر ہولڈرز کے لئے مفید ثابت ہوگا۔ کمپنی نے 31دسمبر 2015کے آخری سات ماہ کی مدت میں زیڈ اے آر 272ملین کی خالص سیلز آمدنی کے ساتھ زیڈ اے آر 14ملین کا قبل از ٹیکس منافع حاصل کیا۔

پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ

اپنے اثاثہ جات اور آمدنی کی ہمہ جہت حکمت عملی کے حصے کے طور پر کمپنی نے لاہور میں اپنی اراضی پر مکمل طور پر ملکیتی ذیلی ادارے پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ کے ذریعے ایک اعلیٰ معیار کے ریٹیل مال کا آغاز کیا جو زیر تکمیل ہے۔

مال کی تعمیر بین الاقوامی ریٹیل کنسلٹینٹس سے حاصل شدہ مشاورت پر مبنی ہے۔ جگہ کو کرایہ داروں کی آمیزش کے ساتھ لیز پر دیا جارہا ہے تاکہ مارکیٹ کے وسیع تر سیکشن کی توجہ حاصل کی جاسکے جس میں نمایاں ترین اینکر کرایہ دار، سینماز، فوڈ کورٹس، بین الاقوامی برانڈ کی حامل دکانیں، لوکل برانڈز اور ریٹیلرز بھی شامل ہیں۔ یہ مال ممکنہ طور پر 2016میں آپریشنل ہوجائے گا۔

(توفیق حبیب چنائے)
چیئرمین
کراچی، فروری 25، 2016

(سید حیدر علی)
چیف ایگزیکٹو اور منیجنگ ڈائریکٹر
کراچی، فروری 25، 2016

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, 2015 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, Anemone Holdings (Private) Limited and Flexible Packages Convertors (Proprietary) Limited which were audited by other firms of auditors, whose report has been furnished to us and our opinion in so far as it relates to the amounts included for such companies, is based solely on the report of such other auditors. These 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 note 2.2.1 to the annexed consolidated financial statements, the Group has changed its accounting policies on initial application of standards, amendments or interpretations to existing standards, with which we concur.

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, 2015 and the results of their operations for the year then ended.

A.F. Ferguson & Co.
Chartered Accountants
Lahore, March 11, 2016

Name of engagement partner:
Asad Aleem Mirza

CONSOLIDATED BALANCE SHEET
as at December 31, 2015

(Rupees in thousand)	Note	2015	2014
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2014: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (2014: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each		4,180,000	4,180,000
Issued, subscribed and paid up capital 88,379,504 (2014: 86,379,504) ordinary shares of Rs. 10 each	5	883,795	863,795
Reserves	6	41,606,293	44,759,323
Preference shares / convertible stock reserve	7	1,309,682	1,571,699
Equity portion of short term loan from shareholder of the Parent Company	8	46,596	–
Accumulated profit		4,316,773	3,397,572
		48,163,139	50,592,389
NON-CONTROLLING INTEREST		929,138	392,866
		49,092,277	50,985,255
NON-CURRENT LIABILITIES			
Long term finances	7	5,762,485	4,428,836
Liabilities against assets subject to finance lease	9	192,374	25,685
Deferred tax	10	693,332	437,000
Retirement benefits	11	40,425	–
Deferred liabilities	12	248,256	212,911
		6,936,872	5,104,432
CURRENT LIABILITIES			
Current portion of long term liabilities	13	551,640	271,370
Short term loan from shareholder of the Parent Company - unsecured	14	478,110	–
Finances under mark up arrangements - secured	15	1,183,699	1,607,583
Trade and other payables	16	4,784,041	3,561,912
Accrued finance costs	17	367,612	526,943
Provision for tax		27,323	–
		7,392,425	5,967,808
CONTINGENCIES AND COMMITMENTS	18	–	–
		63,421,574	62,057,495

(Rupees in thousand)	Note	2015	2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	19	5,538,426	4,186,396
Investment property	20	5,110,248	1,166,414
Intangible assets	21	150,437	43,059
Investments accounted for under equity method	22	13,620,616	13,448,877
Other long term investments	23	28,478,865	33,222,887
Long term loans and deposits	24	40,384	53,361
Retirement benefits	11	-	87,881
		52,938,976	52,208,875
CURRENT ASSETS			
Stores and spares	25	539,550	549,505
Stock-in-trade	26	2,715,346	2,935,722
Trade debts	27	2,874,022	2,057,352
Loans, advances, deposits, prepayments and other receivables	28	1,369,863	1,504,559
Income tax receivable	29	2,542,123	2,341,185
Cash and bank balances	30	441,694	460,297
		10,482,598	9,848,620
		63,421,574	62,057,495

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

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Rizwan Ghani
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended December 31, 2015

(Rupees in thousand)	Note	2015	2014
Local sales			
Own manufactured		24,384,609	21,009,446
Purchased for resale		169,155	91,052
		24,553,764	21,100,498
Export sales		609,968	546,807
		25,163,732	21,647,305
Less: Sales tax and excise duty		3,047,509	2,876,714
Commission		55,514	43,590
		3,103,023	2,920,304
Net sales		22,060,709	18,727,001
Cost of sales	31	(17,307,773)	(15,682,559)
Gross profit		4,752,936	3,044,442
Administrative expenses	32	(1,135,786)	(975,619)
Distribution and marketing costs	33	(895,060)	(676,228)
Other operating expenses	34	(391,701)	(248,588)
Other income	35	271,660	324,211
Profit from operations		2,602,049	1,468,218
Finance costs	36	(757,823)	(841,120)
Investment income	37	2,387,359	2,444,434
Share of profit / (loss) of investments accounted for under equity method - net of tax		232,923	(214,659)
Profit before tax		4,464,508	2,856,873
Tax	38	(1,067,850)	(317,266)
Profit for the year		3,396,658	2,539,607
Attributable to:			
Equity holders of the Parent Company		3,300,944	2,409,971
Non-controlling interest		95,714	129,636
		3,396,658	2,539,607
Earnings per share attributable to equity holders of the Parent Company during the year			
Basic — Rupees	46	37.48	28.40
Diluted — Rupees	46	33.68	25.40

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

Towfiq Habib Chinoy Chairman	Syed Hyder Ali Chief Executive & Managing Director	Rizwan Ghani Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended December 31, 2015

(Rupees in thousand)	2015	2014
Profit for the year	3,396,658	2,539,607
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefits liability / asset	(136,067)	82,427
Tax effect	40,496	(28,843)
	(95,571)	53,584
Items that may be reclassified subsequently to profit or loss		
(Deficit) / surplus on remeasurement of available for sale financial assets	(4,744,022)	5,656,334
Exchange differences on translating foreign subsidiaries	(433,983)	(29,299)
Share of other comprehensive (loss) / income of investments accounted for under equity method - net of tax	(15,131)	2,401
	(5,193,136)	5,629,436
Other comprehensive (loss) / income for the year - net of tax	(5,288,707)	5,683,020
Total comprehensive (loss) / income for the year	(1,892,049)	8,222,627
Attributable to:		
Equity holders of the Parent Company	(1,812,348)	8,099,176
Non-controlling interest	(79,701)	123,451
	(1,892,049)	8,222,627

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

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Rizwan Ghani
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended December 31, 2015

(Rupees in thousand)	Share capital	Share premium	Exchange differences on translation of foreign subsidiaries	Fair value reserve	General reserve	Preference shares / convertible stock reserve	Other reserves relating to associates and joint venture	Equity portion of short term loan from shareholder of the Parent Company	Accumulated profit / (loss)	Total	Non - controlling interest	Total equity
	Attributable to equity holders of the Parent Company											
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
Appropriation of funds												
Transferred to general reserve account	-	-	-	-	700,000	-	-	-	(700,000)	-	-	-
Total transactions with owners, recognised directly in equity												
Final dividend for the year ended December 31, 2013 Rs. 8.00 per share	-	-	-	-	-	-	-	-	(675,036)	(675,036)	-	(675,036)
Dividends relating to 2013 paid to non - controlling interests	-	-	-	-	-	-	-	-	-	-	(62,939)	(62,939)
Conversion of preference shares / convertible stock into ordinary share capital (2,000,000 ordinary shares of Rs. 10 each)	20,000	355,938	-	-	-	(34,176)	-	-	-	341,762	-	341,762
Total transactions with owners, recognised directly in equity	20,000	355,938	-	-	-	(34,176)	-	-	(675,036)	(333,274)	(62,939)	(396,213)
Total comprehensive income for the year ended December 31, 2014												
Profit for the year	-	-	-	-	-	-	-	-	2,409,971	2,409,971	129,636	2,539,607
Other comprehensive income:												
Remeasurement of retirement benefit asset / liability - net of tax	-	-	-	-	-	-	-	-	53,637	53,637	(53)	53,584
Exchange difference on translation of foreign subsidiary	-	-	(23,167)	-	-	-	-	-	-	(23,167)	(6,132)	(29,299)
Other comprehensive income of investments accounted for under equity method	-	-	-	-	-	-	2,401	-	-	2,401	-	2,401
Surplus on remeasurement of available for sale financial assets	-	-	-	5,656,334	-	-	-	-	-	5,656,334	-	5,656,334
Total comprehensive income for the year	-	-	(23,167)	5,656,334	-	-	2,401	-	2,463,608	8,099,176	123,451	8,222,627
Balance as on December 31, 2014	863,795	3,232,831	19,617	29,223,250	12,310,333	1,571,699	(26,708)	-	3,397,572	50,592,389	392,866	50,985,255
Transferred to general reserve account	-	-	-	-	1,500,000	-	-	-	(1,500,000)	-	-	-
Share of other reserves of investments accounted for under equity method	-	-	-	-	-	-	8,997	-	-	8,997	-	8,997
Total transactions with owners, recognised directly in equity												
Final dividend for the year ended December 31, 2014 Rs. 9.00 per share	-	-	-	-	-	-	-	-	(786,416)	(786,416)	-	(786,416)
Dividends relating to 2014 paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(95,820)	(95,820)
Conversion of preference shares / convertible stock into ordinary share capital (2,000,000 ordinary shares of Rs. 10 each)	20,000	355,938	-	-	-	(262,017)	-	-	-	113,921	-	113,921
Non-controlling interests on acquisition of subsidiary - Flexible Packages Convertors (Proprietary) Limited (note - 48)	-	-	-	-	-	-	-	-	-	-	711,793	711,793
Equity portion of short term loan from shareholder of the Parent Company (note - 8)	-	-	-	-	-	-	-	46,596	-	46,596	-	46,596
Total transactions with owners, recognised directly in equity	20,000	355,938	-	-	-	(262,017)	-	46,596	(786,416)	(625,899)	615,973	(9,926)
Total comprehensive income for the year ended December 31, 2015												
Profit for the year	-	-	-	-	-	-	-	-	3,300,944	3,300,944	95,714	3,396,658
Other comprehensive income:												
Remeasurement of retirement benefit asset / liability - net of tax	-	-	-	-	-	-	-	-	(95,327)	(95,327)	(244)	(95,571)
Exchange differences on translation of foreign subsidiaries	-	-	(258,812)	-	-	-	-	-	-	(258,812)	(175,171)	(433,983)
Other comprehensive income of investments accounted for under equity method	-	-	-	-	-	-	(15,131)	-	-	(15,131)	-	(15,131)
Deficit on remeasurement of available for sale financial assets	-	-	-	(4,744,022)	-	-	-	-	-	(4,744,022)	-	(4,744,022)
Total comprehensive (loss) / profit for the year	-	-	(258,812)	(4,744,022)	-	-	(15,131)	-	3,205,617	(1,812,348)	(79,701)	(1,892,049)
Balance as on December 31, 2015	883,795	3,588,769	(239,195)	24,479,228	13,810,333	1,309,682	(32,842)	46,596	4,316,773	48,163,139	929,138	49,092,277

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

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Rizwan Ghani
Director

CONSOLIDATED CASH FLOW STATEMENT
for the year ended December 31, 2015

(Rupees in thousand)	Note	2015	2014
Cash flows from operating activities			
Cash generated from operations	44	4,101,068	2,411,266
Finance cost paid		(930,654)	(847,978)
Taxes paid		(944,637)	(681,925)
Payments for accumulating compensated absences		(23,547)	(17,514)
Retirement benefits paid		(15,329)	(13,847)
Net cash generated from operating activities		2,186,901	850,002
Cash flows from investing activities			
Fixed capital expenditure		(4,294,623)	(1,559,739)
Investments - net		(1,150,164)	-
Net decrease in long term loans and deposits		12,977	14,323
Proceeds from disposal of property, plant and equipment		102,795	114,294
Dividends received		2,453,208	2,462,191
Net cash (used in) / generated from investing activities		(2,875,807)	1,031,069
Cash flows from financing activities			
Proceeds from short term loan from shareholder of Parent Company		600,000	(682,809)
Repayment of short term loan from shareholder of Parent Company		(100,000)	-
Proceeds from long term finances - secured		1,952,575	-
Repayment of long term finances - secured		(345,392)	-
Liabilities against assets subject to finance lease - net		(134,445)	(3,599)
Dividends paid to equity holders of Parent Company		(782,731)	(671,684)
Dividends paid to non-controlling interest		(95,820)	(62,939)
Net cash generated from / (used in) financing activities		1,094,187	(1,421,031)
Net increase in cash and cash equivalents		405,281	460,040
Cash and cash equivalents at the beginning of the year		(1,147,286)	(1,607,326)
Cash and cash equivalents at the end of the year	45	(742,005)	(1,147,286)

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

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Rizwan Ghani
Director

1. Legal status and nature of business

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

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

The Group also holds investment in companies engaged in the manufacture and sale of paper, paperboard and corrugated boxes, biaxially oriented polypropylene (BOPP) film and cast polypropylene (CPP) film, plastic and companies engaged in insurance business.

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

2. Basis of preparation

2.1 The 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, 2015:

Annual improvements 2012 are applicable for annual periods beginning on or after July 01, 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'. The application of these amendments has no material impact on the Group's financial statements.

Annual improvements 2013 are applicable for annual periods beginning on or after July 01, 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'. The application of these amendments has no material impact on the Group's financial statements.

IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after July 01, 2014. These 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 application of these amendments 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, 2015. 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 application of this standard has no material impact on the Group's financial statements.

IFRS 11, 'Joint arrangements' is applicable on accounting periods beginning on or after January 01, 2015. 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 arrangements: 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 application of this standard has no material impact on the Group's financial statements.

IFRS 12, 'Disclosures of interests in other entities' is applicable on accounting periods beginning on or after January 01, 2015. 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 application of this standard has no material impact on the Group's financial statements.

Amendments to IFRS 10, 11 and 12 on transition guidance are applicable on accounting periods beginning on or after January 01, 2015. These amendments also provide additional transition relief in IFRS 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 these amendments has no material impact on the Group's financial statements.

Amendments to IFRS 10, 11 and IAS 27 on consolidation for investment entities. These are applicable on accounting periods beginning on or after January 01, 2015. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12, 'Disclosures of interests in other entities' to introduce disclosures that an investment entity needs to make. The application of these amendments has no material impact on the Group's financial statements.

IFRS 13, 'Fair value measurement' is applicable on accounting periods beginning on or after January 01, 2015. 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 IFRS. The requirements, which are largely aligned between IFRS 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 IFRS or US GAAP. The application of this standard has no material impact on the Group's financial statements expect for certain additional fair value disclosures as provided in note 49.4.

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 01, 2016 or later periods, but the Group has not early adopted them:

Annual improvements 2014 are applicable for annual periods beginning on or after January 01, 2016. The amendments include changes from the 2012-14 cycle of the annual improvements project that affect 4 standards: IFRS 5, 'Non current assets held for sale and discontinued operations' regarding methods of disposal, IFRS 7, 'Financial instruments: Disclosures' with consequential amendments to IFRS 1 regarding servicing contracts, IAS 19, 'Employee benefits' regarding discount rates and IAS 34, 'Interim financial reporting' regarding disclosure of information. The Group shall apply these amendments from January 01, 2016 and does not expect to have a material impact on its financial statements.

Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture', regarding bearer plants are applicable on accounting periods beginning on or after January 01, 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16 instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. These amendments do not have a material impact on the Group's financial statements.

Amendments to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' are applicable on accounting periods beginning on or after January 01, 2016. IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The Group shall apply these amendments from January 01, 2016 and does not expect to have a material impact on its financial statements.

IAS 27 (Amendments), 'Separate financial statements' are applicable on accounting periods beginning on or after January 1, 2016. These provide entities the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Group shall apply these amendments from January 01, 2016 and has not yet evaluated whether it shall change its accounting policy to avail this option.

IFRS 9, 'Financial instruments' - classification and measurement 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 requirements of IAS 39 . 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. This IFRS 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 9, 'Financial instruments' is applicable on accounting periods beginning on or after January 01, 2018. IASB has published the complete version of IFRS 9, 'Financial Instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. This IFRS 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, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' are applicable on accounting periods beginning on or after January 01, 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, whether it is housed in a subsidiary or not. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The Group shall apply these amendments from January 01, 2016 and does not expect to have a material impact on its financial statements.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' are applicable on accounting periods beginning on or after January 01, 2016. These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The Group shall apply these amendments from January 01, 2016 and does not expect to have a material impact on its financial statements.

IFRS 11 (Amendment), 'Joint arrangements' on acquisition of an interest in a joint operation is applicable on accounting periods beginning on or after 01 January 2016. This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The Group shall apply this amendment from January 01, 2016 and does not expect to have a material impact on its financial statements.

IFRS 14, 'Regulatory deferral accounts' is applicable on accounting periods beginning on or after January 01, 2016. This standard permits first time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. The Group shall apply this standard from January 01, 2016 and does not expect to have a material impact on its financial statements.

IFRS 15, 'Revenue from contracts with customers' is applicable on accounting periods beginning on or after January 01, 2017. This is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in consolidated financial statements globally. The Group shall apply this standard from January 01, 2017 and does not expect to have a material impact on its financial statements.

Amendments to IAS 1, 'Presentation of consolidated financial statements' on the disclosure initiative is applicable on annual periods beginning on or after January 01, 2016, subject to EU endorsement. These amendments are part of the IASB initiative to improve presentation and disclosure in financial reports. The Group has yet to assess the impact of these amendments on its financial statements.

3. Basis of measurement

3.1 These consolidated financial statements have been prepared under the historical cost convention except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

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

i) Estimated useful life of property, plant and equipment - note 4.3
ii) Provision for employees' retirement benefits - note 4.10 & 11
iii) Provision for tax - note 38

4. Significant accounting policies

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

4.1 Principles of consolidation and equity accounting

a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 4.7).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (refer to note 4.1 (d)), after initially being recognised at cost.

c) Joint arrangements

Under IFRS 11, 'Joint Arrangements', investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has investments in joint ventures.

Joint ventures

Interests in joint ventures are accounted for using the equity method (refer to note 4.1 (d)), after initially being recognised at cost in the consolidated balance sheet.

d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the consolidated profit and loss account, and the Group's share of movements in other comprehensive income of the investee in consolidated other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit / (loss) of associates in the consolidated profit and loss account.

e) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the consolidated profit and loss account. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated profit and loss account.

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

4.2 Tax

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 consolidated 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.

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. 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 4.18.

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.

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, 2015 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 consolidated profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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

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

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. Land and building under construction is classified as investment property under development and carried at cost less any identified impairment losses.

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, 2015 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 consolidated profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

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

4.5 Intangible assets

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 consolidated profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognised, the amortisation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

4.6 Leases

(1) The Group is the lessee:

Finance leases

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases.

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.

Operating leases

Leases 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 18. 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 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the following:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in the consolidated profit and loss account as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated profit and loss account .

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated profit and loss account .

4.8 Goodwill

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.

4.9 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 as referred to in note 4.1 (d).

Other investments

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. Changes in fair value of 'available for sale' investments are recognised in other comprehensive income until derecognised or impaired, when the accumulated fair value adjustments, recognised in other comprehensive income are transferred to the consolidated profit and loss account.

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 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.

4.10 Employee retirement benefits

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

4.10.1 Defined benefit plans

(a) Gratuity plan

There is an approved funded defined benefit gratuity plan for employees of the Parent Company. 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, 2015. The actual return on plan assets during the year was Rs. 29.8 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 9.0 percent per annum;
Expected rate of increase in salary level 8.0 percent per annum;
Expected mortality rate SLIC (2001-2005) mortality table with one year setback; and
Expected rate of return 9.0 percent per annum

Plan assets include long term government bonds, equity instruments of listed companies, units of mutual funds, izafa certificates and term deposit 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 Parent Company is expected to contribute Rs. 16.926 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 management and executive staff participates in the pension plan of the Parent Company. On December 26, 2012, the Board of Trustees of the pension plan of the Parent Company 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 Parent 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 Group from time to time. The last actuarial valuation was carried out as at December 31, 2015.

Discount rate 9.0 percent per annum;
Expected rate of increase in pension level 4.0 percent per annum;
Expected mortality rate SLIC (2001-2005) mortality table with one year setback; and
Expected rate of return 9.0 percent per annum

Plan assets include long term government bonds, equity instruments of listed companies, units of mutual funds, term finance certificates, izafa certificates and term deposit 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.

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.

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

(c) Accumulating compensated absences

The Group provides for accumulating compensated absences when the employees render services that increase their entitlement to future compensated absences. The 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.

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 9.0 percent per annum;
Expected rate of increase in salary level 8.0 percent per annum; and
Expected mortality rate SLIC (2001-2005) mortality table with one year setback

4.10.2 Defined contribution plan

There is an approved contributory provident fund for all employees. Equal monthly contributions at the rate of 10.0 percent per annum of basic salaries are made by the Group and the employees to the fund. The nature of contributory pension fund has been explained in note 4.10.1 (b) above.

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

4.11 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.

4.12 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 labor 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.

Stock held for resale is stated at the lower of cost comprising invoice value plus other charges paid thereon and net realisable value.

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.

4.13 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 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.

4.14 Offsetting of financial assets and liabilities

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

4.15 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.

4.16 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.

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

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

4.18 Borrowings

Borrowings are recognised initially at fair value (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 prepayment 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.

4.19 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.

4.20 Derivative financial instruments

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

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

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

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

4.21 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.

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

(b) income and expenses for each item of consolidated profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in 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 consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

4.23 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing / finance costs are recognised in consolidated profit and loss account in the period in which they are incurred.

4.24 Dividend

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

4.25 Compound financial instruments

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

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

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

4.26 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.

4.27 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

2015	2014		2015	2014
(Number of shares)			(Rupees in thousand)	
		Ordinary shares of Rs. 10 each as at the beginning of the year		
33,603,295	33,603,295	- fully paid in cash	336,033	336,033
148,780	148,780	- fully paid for consideration other than cash	1,488	1,488
2,000,000	-	- fully paid against conversion of preference shares / convertible stock	20,000	-
50,627,429	50,627,429	- fully paid bonus shares	506,274	506,274
86,379,504	84,379,504		863,795	843,795
2,000,000	2,000,000	Issuance of shares upon conversion of preference shares / convertible stock - note 5.1	20,000	20,000
		Ordinary shares of Rs. 10 each as at the end of the year		
33,603,295	33,603,295	- fully paid in cash	336,033	336,033
148,780	148,780	- fully paid for consideration other than cash	1,488	1,488
4,000,000	2,000,000	- fully paid against conversion of preference shares / convertible stock	40,000	20,000
50,627,429	50,627,429	- fully paid bonus shares	506,274	506,274
88,379,504	86,379,504		883,795	863,795

5.1 Under the terms of redemption / conversion of preference shares / convertible stock mentioned in note 7.2, the Parent Company, during the year converted 2,000,000 (2014: 2,000,000) preference shares / convertible stock of Rs. 190 each held by International Finance Corporation, Washington D.C, USA ('IFC') into 2,000,000 (2014: 2,000,000) fully paid ordinary shares of Rs. 10 each.

5.2 21,522,101 (2014: 21,133,101) ordinary shares of the Parent Company are held by IGI Insurance Limited, an associate.

(Rupees in thousand)	Note	2015	2014
6. Reserves			
Movement in and composition of consolidated reserves is as follows:			
Capital			
Share premium			
At the beginning of the year		3,232,831	2,876,893
Conversion of preference shares / convertible stock	6.1	355,938	355,938
	6.2	3,588,769	3,232,831
Exchange difference on translation of foreign subsidiaries			
At the beginning of the year		19,617	42,784
Exchange difference for the year		(258,812)	(23,167)
		(239,195)	19,617
Fair value reserve			
At the beginning of the year		29,223,250	23,566,916
Fair value (loss) / gain during the year		(4,744,022)	5,656,334
	6.3	24,479,228	29,223,250
		27,828,802	32,475,698
Revenue			
General reserve			
At the beginning of the year		12,310,333	11,610,333
Transferred from consolidated profit and loss account		1,500,000	700,000
		13,810,333	12,310,333
Other reserves relating to associates and joint ventures			
At the beginning of the year		(26,708)	(29,109)
Share of other reserves of investments accounted for under equity method		8,997	–
Other comprehensive (loss) / income during the year		(15,131)	2,401
		(32,842)	(26,708)
		13,777,491	12,283,625
		41,606,293	44,759,323

6.1 This represents share premium at the rate of Rs. 177.97 (2014: Rs. 177.97) per share in respect of the transaction referred to in note 5.1 above.

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

6.3 As referred to in note 4.9, this represents the unrealised gain on remeasurement of investments at fair value and is not available for distribution. This shall be transferred to consolidated profit and loss account on derecognition of investments.

(Rupees in thousand)	Note	2015	2014
7. Long term finances			
These are composed of:			
Local currency loans - secured			
Term finance loan	7.1.1	100,000	300,000
Long term finance facility	7.1.2	2,000,000	2,000,000
Term loan	7.1.3	188,991	266,695
Term finance facility	7.1.4	985,950	-
		3,274,941	2,566,695
Foreign currency loan - secured	7.2	921,360	-
		4,196,301	2,566,695
Preference shares / convertible stock - unsecured	7.3	2,014,895	2,128,815
		6,211,196	4,695,510
Current portion shown under current liabilities	13		
Term finance loan		(100,000)	(200,000)
Long term finance facility		(285,714)	-
Term loan		(62,997)	(66,674)
		(448,711)	(266,674)
		5,762,485	4,428,836

7.1 Local currency loans - secured

7.1.1 Term finance loan

During the current year, the Group has made a repayment of Rs. 200 million towards the term finance loan availed from Bank Al-Habib Limited. This loan is secured by a pari passu charge of Rs. 1,273 million (2014: Rs. 1,273 million) over present and future fixed assets of the Group located at Lahore excluding land and buildings. It carries mark up at the rate of six months Karachi Inter Bank Offer Rate ('KIBOR') plus 0.2 percent per annum to six months KIBOR plus 0.65 percent per annum (2014: KIBOR plus 0.65 percent per annum). The balance is repayable on May 19, 2016. The effective mark up charged during the year ranges from 7.20 percent to 10.82 percent per annum (2014: 9.81 percent to 10.82 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 pari passu charge over all present and future fixed assets of the Group located at Lahore and Kasur excluding land and building located at Lahore amounting to Rs. 2,500 million. It carries mark up at six months KIBOR plus 0.25 percent per annum (2014: six months KIBOR plus 0.65 percent per annum) and is payable in 7 equal semi-annual installments starting on December 28, 2016 and ending on December 28, 2019. The effective mark up charged during the year ranges from 7.26 percent to 9.89 percent per annum (2014: 10.81 percent to 10.82 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.

7.1.4 Term finance facility

During the year, the Group availed term finance facility of Rs. 4,500 million inclusive of Rs. 1,861 million for letter of credit from MCB Bank Limited. It carries markup at annual rate of 6 months KIBOR plus 0.14% and 0.40% during first and last three and half years respectively during the tenure of the term finance facility.

The tenure is seven years and is repayable after a grace period of three and half years in seven semi-annual installments commencing from September 30, 2019. It is secured against first exclusive equitable mortgage charge of Rs. 7,333.334 million on land of the Parent Company, measuring 119 kanals 15 marlas and 62.25 square feets in aggregate, situated at Lahore having book value of Rs. 6.149 million together with all present and future buildings constructed thereon, and movable fixed assets including but not limited to plant, machinery, equipment, fixtures and other installations.

7.2 Foreign currency loan – secured

During the current year, the Group obtained a loan from Habib Bank Limited, Offshore Banking Unit, Bahrain ('HBL Bahrain') of USD 9.5 million to finance the acquisition of business as referred to in note 48. This facility is provided against a guarantee in the form of a Standby Letter of Credit ('SBLC') issued by Habib Bank Limited Pakistan ('HBL Pakistan') in favor of HBL Bahrain as referred to in note 18.1. SBLC is secured against pledge of Nestle Pakistan Limited shares owned by the Group as referred to in note 23.2. It carries markup at the rate of LIBOR plus 5.25 percent per annum and the balance USD 8.8 million is payable in 10 equal semi-annual installments starting from November 2017 and ending on May 2022. The effective markup charged during the year ranges from 5.90 percent per annum to 5.95 percent per annum.

7.3 Preference shares / convertible stock – unsecured

During the year 2009, the Group 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 Group 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 Group, preference shareholders shall have the right to either retain the preference shares / convertible stock or to convert them into ordinary shares. The preference shares / convertible stock can be held till perpetuity if preference shareholders do not opt for the conversion or cash settlement.

Rate of return

The preference share / convertible stock holders have a preferred right of return at the rate of 10 percent per annum on a non-cumulative basis 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)	Note	2015	2014
Face value of preference shares / convertible stock [17,686,842 (2014: 19,686,842) shares of Rs. 190 each]		3,360,500	3,740,500
Transaction costs		(35,923)	(39,986)
		3,324,577	3,700,514
Equity component - classified under capital and reserves	7.3.1	(1,309,682)	(1,571,699)
Liability component - classified under long term finances		2,014,895	2,128,815
Accrued return on preference shares / convertible stock classified under accrued finance cost		336,050	355,047

(Rupees in thousand)	2015	2014
7.3.1 Movement in equity component - classified under capital and reserves		
Opening balance	1,571,699	1,605,875
Transfer from long term finances to capital and reserves [1,000,000 shares (2014: 3,000,000 shares)]	113,921	341,762
Conversion into ordinary share capital and share premium [2,000,000 shares (2014: 2,000,000 shares)]	(375,938)	(375,938)
Closing balance	1,309,682	1,571,699

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.

During the year, IFC exercised its right to convert 1,000,000 (2014: 3,000,000) preference shares / convertible stock of Rs. 190 into 1,000,000 (2014: 3,000,000) ordinary shares of Rs. 10 each. Consequently, the Group converted 2,000,000 (2014: 2,000,000) preference shares / convertible stock during the year of which 1,000,000 (2014: Nil) preference shares / convertible stock pertain to the right exercised by IFC in the previous year. Accordingly, the liability portion pertaining to 1,000,000 (2014: 3,000,000) preference shares / convertible stock converted into ordinary shares has been transferred to capital and reserves.

8. Equity portion of short term loan from shareholder

Interest free loan aggregating to Rs. 600 million (2014: Nil) from the shareholder of the Parent Company, as referred to in note 14 has been discounted at a rate of 10.46% (2014: Nil), considered to be the rate for a similar instrument, to determine the fair value of the loan. The resulting gain on initial recognition has been classified directly in equity as a capital contribution of the shareholder of the Parent Company accompanying a loan at market terms as referred to in note 14.

(Rupees in thousand)	Note	2015	2014
9. Liabilities against assets subject to finance lease			
Present value of minimum lease payments		295,303	30,381
Current maturity shown under current liabilities	13	(102,929)	(4,696)
		192,374	25,685

Interest rate used as discounting factor ranges from 6.96 per cent to 10.72 per cent per annum (2014: 9.99 per cent to 10.72 per cent per annum). Taxes, repairs, replacements and insurance costs are borne by the lessee.

Liabilities against finance lease include amounts secured against the following:

(Rupees in thousand)	
Plant and machinery	642,324
Motor vehicles	29,523

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

(Rupees in thousand)	Minimum lease payments	Future finance charge	Present value of lease liability 2015	2014
Not later than one year	135,089	32,160	102,929	4,696
Later than one year and not later than five years	223,342	30,968	192,374	25,685
	358,431	63,128	295,303	30,381

(Rupees in thousand)	Note	2015	2014
10. Deferred tax			
The liability for deferred tax comprises temporary differences relating to:			
Accelerated tax depreciation		550,540	589,169
Asset acquisition		187,354	–
Investments in associates and joint ventures		201,000	136,000
Preference shares / convertible stock transaction cost – liability portion		6,882	8,022
Unused tax losses		–	(199,491)
Effect of qualifying payment		(1,239)	(10,044)
Income received in advance		(1,878)	–
Alternate corporate tax available for carry forward		(33,787)	–
Minimum tax available for carry forward	10.1	(122,079)	–
Provision for accumulating compensated absences		(70,337)	(70,138)
Provision for doubtful receivables		(7,768)	(13,343)
Provision for slow moving items		(3,244)	(1,749)
Provision for unfunded defined benefit plan		(1,990)	(1,426)
Straight lining of operating leases		(10,122)	–
		693,332	437,000

10.1 The Group has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 436.93 million (2014: Rs. 811.446 million) available to the Group under section 113 of the Income Tax Ordinance, 2001 ('Ordinance') in view of the decision by the Divisional Bench of Sindh High Court dated May 7, 2013 in case of another Group, in respect of carry forward of minimum tax by the Group. Through the aforesaid decision, the Sindh High Court has interpreted section 113(2)(c) of the Ordinance that the benefit of carry forward of minimum tax paid by a Group is not available if otherwise no tax was payable by the Group due to taxable loss. Tax credits under section 113 of the Ordinance amounting to Rs. 203.917 million, Rs. 110.934 million and Rs. 122.079 million are set to lapse by the end of years ending on December 31, 2016, 2017 and 2020 respectively.

(Rupees in thousand)	2015	2014
11. Retirement benefits		
Classified under non-current assets		
Pension fund	–	58,252
Gratuity fund	–	29,629
	–	87,881
Classified under non-current liabilities		
Pension fund	24,744	–
Gratuity fund	15,681	–
	40,425	–

(Rupees in thousand)	Pension Fund 2015	Pension Fund 2014	Gratuity Fund 2015	Gratuity Fund 2014
The amounts recognised in the consolidated balance sheet are as follows:				
Fair value of plan assets	627,009	700,115	362,566	339,502
Present value of defined benefit obligation	(651,753)	(641,863)	(378,247)	(309,873)
(Liability) / asset as at December 31	(24,744)	58,252	(15,681)	29,629
Net asset / (liability) as at January 1	58,252	(578)	29,629	6,540
Income / (charge) to consolidated profit and loss account	6,117	(72)	(13,685)	(14,282)
(Loss) / gain recorded in consolidated OCI	(89,113)	58,902	(46,954)	23,921
Contribution by the Group	–	–	15,329	13,450
Net (liability) / asset as at December 31	(24,744)	58,252	(15,681)	29,629
The movement in the present value of defined benefit obligation is as follows:				
Present value of defined benefit obligation as at January 1	641,863	568,285	309,873	275,115
Service cost	–	–	18,005	16,153
Interest cost	63,837	66,808	30,860	31,339
Benefits paid	(67,785)	(67,639)	(31,006)	(45,424)
Benefits due but not paid	–	–	(923)	(3,379)
Loss from change in demographic assumptions	–	3,144	–	–
Loss from change in financial assumptions	43,903	62,212	–	–
Experience adjustments	(30,065)	9,053	51,438	36,069
Present value of defined benefit obligation as at December 31	651,753	641,863	378,247	309,873

(Rupees in thousand)	Pension Fund 2015	2014	Gratuity Fund 2015	2014
The movement in fair value of plan assets is as follows:				
Fair value as at January 1	700,115	567,707	339,502	281,655
Expected return on plan assets	69,954	66,736	35,180	33,209
Group contributions	–	–	15,329	13,450
Benefits paid	(67,785)	(67,639)	(31,006)	(45,424)
Benefits due but not paid	–	–	(923)	(3,379)
Experience (loss) / gain	(75,275)	133,311	4,484	59,991
Fair value as at December 31	627,009	700,115	362,566	339,502
The amounts recognised in the consolidated profit and loss account are as follows:				
Current service cost	–	–	18,005	16,153
Interest cost for the year	63,837	66,808	30,860	31,339
Expected return on plan assets	(69,954)	(66,736)	(35,180)	(33,209)
Net (income) / expense included in salaries, wages and amenities	(6,117)	72	13,685	14,283
Plan assets are comprised as follows:				
Debt	291,528	250,081	144,192	14,802
Equity	333,161	393,815	216,271	220,812
Cash	2,320	56,219	2,103	103,888
	627,009	700,115	362,566	339,502

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)	2015	2014	2013	2012	2011
As at December 31					
Present value of defined benefit obligation	651,753	641,863	568,285	582,031	1,092,581
Fair value of plan assets	627,009	700,115	567,707	305,573	685,750
(Deficit) / surplus	(24,744)	58,252	(578)	(276,458)	(406,831)
Experience adjustment on obligation	-5%	2%	1%	13%	11%
Experience adjustment on plan assets	-11%	24%	2%	11%	-10%

Fair value of plan assets include ordinary shares of the Parent Company, whose fair value as at December 31, 2015 is Rs. 384.214 million (2014: Rs. 447.696 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)	2015	2014	2013	2012	2011
As at December 31					
Present value of defined benefit obligation	378,247	309,873	275,115	371,372	314,074
Fair value of plan assets	362,566	339,502	281,655	341,022	317,168
(Deficit) / surplus	(15,681)	29,629	6,540	(30,350)	3,094
Experience adjustment on obligation	6%	13%	9%	14%	-1%
Experience adjustment on plan assets	1%	21%	14%	9%	-5%

Fair value of plan assets include ordinary shares of the Parent Company, whose fair value as at December 31, 2015 is Rs. 60.827 million (2014: Rs. 70.877 million).

(Rupees in thousand)	2015 Pension	2015 Gratuity
Year end sensitivity analysis on defined benefit obligation:		
Discount rate + 100 bps	608,531	350,030
Discount rate - 100 bps	701,114	410,723
Indexation + 100 bps	708,393	410,963
Indexation - 100 bps	601,768	349,325

(Rupees in thousand)	Note	2015	2014
12. Deferred liabilities			
Accumulating compensated absences	12.1	234,990	201,030
Staff gratuity	12.2	13,266	11,881
		248,256	212,911

12.1 Accumulating compensated absences

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

	2015	2014
Opening balance	201,030	156,415
Provision for the year	57,599	62,129
	258,629	218,544
Payments made during the year	(23,639)	(17,514)
Closing balance	234,990	201,030

12.2 Staff gratuity

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

(Rupees in thousand)	Note	2015	2014
13. Current portion of long term liabilities			
Current portion of long term finances - secured	7	448,711	266,674
Current portion of liabilities against assets subject to finance lease	9	102,929	4,696
		551,640	271,370
14. Short term loan from shareholder of the Parent Company - unsecured			
Loan is recognised in the consolidated balance sheet as follows:			
Gross proceeds of the loan		600,000	-
Equity portion of loan at initial recognition		(46,596)	-
Fair value of the loan at initial recognition		553,404	-
Repayment during the year		(100,000)	-
Accrued interest during the year		24,706	-
Closing balance		478,110	-

14.1 This loan has been obtained from Syed Babar Ali, shareholder of the Parent Company and is interest free. The loan is repayable on June 10, 2016 and has been carried at amortised cost using a market interest rate of 10.46% for a similar instrument.

(Rupees in thousand)	Note	2015	2014
15. Finances under mark up arrangements - secured			
Running finances - secured	15.1	783,699	1,017,583
Bills discounted - secured	15.2	-	-
Short term finances - secured	15.3	400,000	590,000
		1,183,699	1,607,583

15.1 Running finances - secured

Short term running finances available from a consortium of commercial banks under mark up arrangements amount to Rs. 10,825 million (2014: Rs. 9,285 million). The rates of mark-up range from Re 0.1780 to Re 0.2980 (2014: Re 0.2638 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 0.2136 to Re 0.3636 (2014: Re 0.3165 to Re 0.3823) 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.

During the year, the Group availed term finance facility of Rs. 4,500 million inclusive of Rs. 1,861 million for letter of credit from MCB Bank Limited. It carries mark up at annual rate of 6 months KIBOR plus 0.14% and 0.40% during first and last three and half years respectively during the tenure of the term finance facility. The tenure is seven years and is repayable after a grace period of three and half years in seven semi-annual installments commencing from September 30, 2019. It is secured against first exclusive equitable mortgage charge of Rs. 7,333.334 million on land of the Parent Company, measuring 119 kanals 15 marlas and 62.25 square feet in aggregate, situated at Lahore having book value of Rs. 6.149 million together with all present and future buildings constructed thereon, and movable fixed assets including but not limited to plant, machinery, equipment, fixtures and other installations.

15.2 Bills discounted - secured

Facilities for discounting of export / inland bills of Rs. 531 million (2014: Rs. 531 million) are available to the Group as a sub-limit of the running finance facilities referred to in note 15.1. 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 15.1, on the specific bills discounted. The facility has not been availed in the current year.

15.3 Short term finances - secured

Facilities for obtaining short term finances of Rs. 8,065 million (2014: Rs. 7,235 million) are available to the Group as a sub-limit of the running finance facilities referred to in note 15.1. The rates of mark up range from Re 0.1698 to Re 0.2715 (2014: Re 0.2690 to Re 0.2858) per Rs. 1,000 per diem or part thereof on the balances outstanding.

15.4 Letters of credit and bank guarantees

Of the aggregate facility of Rs. 7,389 million (2014: Rs. 7,438 million) for opening letters of credit and Rs. 849 million (2014: Rs. 1,049 million) for guarantees, the amount utilised at December 31, 2015 was Rs. 508.171 million (2014: Rs. 208.337 million) and Rs. 268 million (2014: Rs. 154.840 million) respectively. Of the facility for guarantees, Rs. 794 million (2014: Rs. 1,294 million) is secured by second hypothecation charge over stores, spares, stock-in-trade and trade debts.

(Rupees in thousand)	Note	2015	2014
16. Trade and other payables			
Trade creditors	16.1	2,132,321	1,222,640
Accrued liabilities	16.2	688,234	580,803
Bills payable		1,022,815	1,245,493
Retention money payable		105,265	2,489
Sales tax payable		49,965	11,071
Advances from customers		201,695	136,794
Payable to employees' retirement benefit funds	16.3	14,590	13,237
Deposits - interest free repayable on demand		7,446	7,226
TFCs payable		1,387	1,387
Unclaimed dividends		20,975	17,290
Workers' profit participation fund	16.4	202,337	148,122
Workers' welfare fund	16.5	186,485	103,799
Operating lease rentals		36,149	-
Others	16.6	114,377	71,561
		4,784,041	3,561,912

(Rupees in thousand)		Note	2015	2014
16.1	**Trade creditors include amount due to related parties as follows:**			
	Joint venture			
	Bulleh Shah Packaging (Private) Limited		233,529	164,059
	Associates			
	IGI Insurance Limited		4,648	1,147
	IGI Life Insurance Limited		1,940	–
	Tri-Pack Films Limited		54,043	1,285
	Other related parties			
	DIC Asia Pacific Pte Limited		19,703	9,399
	DIC China Company Limited		1,450	–
	DIC Corporation Japan		365	370
	DIC Fine Chemicals Pvt Limited		186	186
	DIC Graphics (Thailand) Co. Limited		274	–
	DIC India Limited		3,366	–
	DIC Malaysia SDN. BHD		–	659
			319,504	177,105
16.2	**Accrued liabilities include amounts in respect of related parties as follows:**			
	Joint venture			
	Bulleh Shah Packaging (Private) Limited		–	764
	Associate			
	IGI Insurance Limited		175	–
	Other related parties			
	DIC Asia Pacific Pte Limited		36,748	33,253
			36,923	34,017
16.3	**Payable to employees' retirement benefit funds**			
	Employees' provident fund	16.3.1	7,347	6,808
	Employees' gratuity fund		1,293	1,149
	Management staff pension fund		5,950	5,280
			14,590	13,237

(Rupees in thousand)		Note	2015	2014
16.3.1	**Employees' provident fund**			
	(i) Size of the fund		2,152,893	2,311,341
	(ii) Cost of investments made		776,987	715,803
	(iii) Fair value of investments	16.3.2	2,125,249	2,297,324
	(iv) Percentage of investments made		98.72%	99.39%

		2015		2014	
		Rupees in thousand	% age of size of the Fund	Rupees in thousand	% age of size of the Fund
16.3.2	**Fair value of investments**				
	Break up of investments				
	Equity shares of listed companies	1,480,216	68.75%	1,719,020	74.37%
	Mutual funds	206,866	9.61%	159,346	6.89%
	Izafa certificates	160,217	7.44%	148,011	6.40%
	Pakistan investment bonds	214,565	9.97%	213,169	9.22%
	Term finance certificates	20,155	0.94%	28,524	1.23%
	Term deposit receipts with banks	43,230	2.01%	–	0.00%
	Treasury bills	–	0.00%	29,254	1.27%
		2,125,249	98.72%	2,297,324	99.39%

16.3.3 The investments of the employee's 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	2015	2014
16.4	**Workers' profit participation fund**			
	Opening balance		148,122	105,995
	Refund claimed		–	641
	Provision for the year	34	230,337	166,622
			378,459	273,258
	Payments made during the year		(176,122)	(125,136)
	Closing balance		202,337	148,122
16.5	**Workers' welfare fund**			
	Opening balance		103,799	45,598
	Prior year adjustment		390	–
	Provision for the year	34	87,326	63,176
			191,515	108,774
	Payments made during the year		(5,030)	(4,975)
	Closing balance		186,485	103,799

16.6 Others include amount due to related parties Rs. 3.268 million (2014: Rs. 1.233 million).

(Rupees in thousand)	2015	2014
17. Accrued finance cost		
Accrued mark up / return on:		
Long term local currency loans – secured	20,500	148,704
Long term foreign currency loans – secured	–	–
Preference shares / convertible stock – unsecured	336,050	355,047
Finances under mark up arrangements – secured	11,062	23,192
	367,612	526,943

18. Contingencies and commitments

18.1 Contingencies

(i) Claims against the Group not acknowledged as debts Rs. 20.077 million (2014: Rs. 18.062 million).

(ii) Guarantee issued in favor of Excise and Taxation Officer amounting to Rs. 0.792 million (2014: Rs. 1.485 million).

(iii) Post dated cheques not provided in the consolidated financial statements furnished by the Group in favor of the Collector of Customs against custom levies aggregated to Rs. 72.248 million (2014: Rs. 100.337 million) in respect of goods imported.

(iv) Standby letter of credit issued by HBL Pakistan in favor of HBL Bahrain on behalf of the Group amounting to USD 11.770 million (equivalent to PKR 1,232.781 million) [2014: Nil] as referred to in note 23.2.

18.2 Commitments

(i) Letters of credit and contracts for capital expenditure Rs. 2,875.358 million (2014: Rs. 962.267 million).

(ii) Letters of credit and contracts for other than for capital expenditure Rs. 237.869 million (2014: Rs. 227.594 million).

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

(Rupees in thousand)	2015	2014
Not later than one year	75,987	28,923
Later than one year and not later than five years	288,672	49,404
Later than five years	212,751	–
	577,410	78,327

There are no commitments with related parties.

(Rupees in thousand)	Note	2015	2014
19. Property, plant and equipment			
Owned assets	19.1	4,643,490	3,901,357
Assets subject to finance lease	19.2	657,575	30,830
Capital work in progress	19.3	237,361	254,209
		5,538,426	4,186,396

19.1 Owned assets

(Rupees in thousand)	Cost as at December 31, 2014	Exchange adjustment on opening cost	Additions / (deletions)	Transfer in / (out) (note 19.2) (note 20)	Cost as at December 31, 2015	Accumulated depreciation as at December 31, 2014	Exchange adjustment opening accumulated depreciation	Depreciation charge / (deletions) for the year	Transfer in / (out) (note 19.2) (note 20)	Accumulated depreciation as at December 31, 2015	Book value as at December 31, 2015
2015											
Freehold land	158,262	(7,671)	26,641	–	171,158	–	–	–	–	–	171,158
			–	(6,074)			–	–			
Buildings on freehold land	581,587	(4,528)	3,216	–	580,275	169,218	(336)	22,943	–	191,825	388,450
			–	–			–	–			
Buildings on leasehold land	245,417		23,439	–	268,856	123,764	–	12,474	–	136,238	132,618
			–				–	–			
Plant and machinery	8,091,202	(31,825)	1,220,154	–	8,805,381	5,427,606	(19,992)	481,041	–	5,418,612	3,386,769
			(474,150)	–				(470,043)	–		
Other equipments (computers, lab equipments and other office equipments)	996,639	(8,884)	112,903	–	1,076,258	646,681	(5,797)	130,497	–	747,558	328,700
			(24,400)	–				(23,823)	–		
Furniture and fixtures	48,604	(705)	21,657	–	69,171	35,516	(401)	4,365	–	39,095	30,076
			(385)	–				(385)	–		
Vehicles	302,982	(219)	78,188	2,168	325,496	120,551	(208)	30,406	390	119,777	205,719
			(57,623)	–				(31,362)	–		
	10,424,693	(53,832)	1,486,198	2,168	11,296,595	6,523,336	(26,734)	681,726	390	6,653,105	4,643,490
		–	(556,558)	(6,074)	–			(525,613)	–		

(Rupees in thousand)	Cost as at December 31, 2013	Exchange adjustment on opening cost	Additions / (deletions)	Transfer in / (out) (note 19.2) (note 20)	Cost as at December 31, 2014	Accumulated depreciation as at December 31, 2013	Exchange adjustment opening accumulated depreciation	Depreciation charge / (deletions) for the year	Transfer in / (out) (note 19.2) (note 20)	Accumulated depreciation as at December 31, 2014	Book value as at December 31, 2014
2014											
Freehold land	195,836	(6,733)	19,731	–	158,262	–	–	–	–	–	158,262
			–	(50,572)			–	–			
Buildings on freehold land	564,407	(3,935)	21,267	–	581,587	146,428	(98)	22,960	–	169,218	412,369
			(152)	–				(72)	–		
Buildings on leasehold land	245,417	–	–	–	245,417	112,703		11,061	–	123,764	121,653
			–				–	–			
Plant and machinery	8,071,995	(27,900)	546,398	–	8,091,202	5,511,822	(16,093)	427,861	–	5,427,606	2,663,596
			(499,291)	–				(495,984)	–		
Other equipments (computers, lab equipments and other office equipments)	915,187	(7,790)	102,880	–	996,639	556,890	(4,706)	104,257	–	646,681	349,958
			(13,638)	–		(9,760)	–				
Furniture and fixtures	43,568	(578)	6,887	–	48,604	34,144	(288)	2,903	–	35,516	13,088
			(1,273)	–				(1,243)	–		
Vehicles	277,286	(207)	74,336	–	302,982	118,960	(200)	28,342	–	120,551	182,431
			(48,433)	–				(26,551)	–		
	10,313,696	(47,143)	771,499	–	10,424,693	6,480,947	(21,385)	597,384	–	6,523,336	3,901,357
		–	(562,787)	(50,572)			–	(533,610)	–		

19.1.1 Owned assets include assets amounting to Rs. 15.385 million (2014: Rs. 20.479 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, 2015 is Rs. 3,399.412 million (2014: Rs. 3,126.697 million).

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

(Rupees in thousand)	Note	2015	2014
Cost of sales	31	628,895	557,906
Administrative expenses	32	44,093	31,594
Distribution and marketing costs	33	8,738	7,884
		681,726	597,384

19.1.4 Disposal of owned assets

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

(Rupees in thousand)				2015		
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
Plant and machinery	**Outsider - related party**					
	Bulleh Shah Packaging (Private) Limited	912	627	285	109	Negotiation
	Outsiders					
	Boss Links	14,492	11,231	3,261	2,222	Negotiation
	M/s Fazal Brothers	27	18	9	5	- do -
	Muhammad Ameen	5,296	5,186	110	1,295	- do -
Other Equipments	**Outsiders - related party**					
	Bulleh Shah Packaging (Private) Limited	79	20	59	65	Negotiation
	IGI Insurance Limited	105	15	90	75	Claim Settlement
	Outsider					
	Bismillah Traders	2,490	2,257	233	98	Negotiation
Vehicles	**Employees**					
	Ahmed Ramzan	1,100	572	528	763	Group Policy
	Ammad Asif	1,275	536	739	906	- do -
	Asma Shahzad	750	405	345	471	- do -
	Athar Riaz	1,498	419	1,079	1,166	- do -
	Ather Ayub Khan	1,797	1,348	449	481	Negotiation
	Fahad Ali	490	368	122	218	Group Policy
	Farhan Munir	700	182	518	511	- do -
	Ghayyur Abbas	700	203	497	512	- do -
	Hammad Ahmed Butt	944	349	595	582	- do -
	Hassan Asif	1,640	1,046	594	1,197	- do -
	Imran Iqbal	1,548	341	1,207	1,218	- do -
	Khalid Aziz	493	364	129	221	- do -
	Major Fazal Ahmed	1,778	76	1,702	1,760	Negotiation
	Maryam Nisar	813	325	488	562	Group Policy
	Mashkoor Hussain	1,498	390	1,108	1,173	- do -
	Moiz Ahmed	741	282	459	456	- do -
	Mudassir Anjum	1,111	455	656	779	- do -
	Mudassir Shafique	1,232	924	308	717	- do -
	Muhammad Akram	1,288	869	419	571	- do -
	Muhammad Amir Baig	1,770	142	1,628	1,771	- do -
	Muhammad Ashiq	630	449	181	333	- do -
	Muhammad Awais Jawaid	859	634	225	398	- do -
	Muhammad Latif	800	600	200	475	- do -
	Muhammad Siddique	1,232	924	308	709	- do -
	Muhammad Usman Akram	810	300	510	516	- do -
	Musa Naseer	878	648	230	414	- do -
	Musarrat Mumtaz	389	291	98	102	- do -
	Omar Javed	673	135	538	487	- do -
	Rehan Yacob	1,354	1,016	338	890	- do -
	Sagheer Hussain	505	366	139	230	- do -
	Sahil Zaheer	1,426	1,034	392	859	- do -
	Saifullah Zaheer	695	56	639	614	- do -
	Shahid Latif	460	345	115	174	- do -
	Shamim Ahmed Khan	1,000	688	312	511	Negotiation
	Tanseer Asghar	511	370	141	235	- do -
	Tanveer Ahmed Awan	515	380	135	237	- do -
	Umer Mehmood	650	234	416	420	- do -
	Usman Anwar	1,250	645	605	884	- do -
	Usman Munir	750	367	383	462	- do -
	Zafar Mehmood	1,400	364	1,036	1,149	- do -
	Zubair Ahmed	467	350	117	178	- do -
	Outsiders - related party					
	Bulleh Shah Packaging (Private) Limited	900	198	702	702	Negotiation
	Tripack Films Limited	2,512	678	1,834	1,834	- do -
	Syed Aslam Mehdi	1,969	1,304	665	664	- do -
	Carried forward	69,202	41,326	27,876	33,381	

(Rupees in thousand) Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
				2015		
	Brought forward	69,202	41,326	27,876	33,381	
	Outsiders					
	Argosy Enterprises	1,279	959	320	1,102	Negotiation
	Asim Mumtaz	1,347	1,010	337	830	- do -
	Bismillah Traders	525	395	130	252	- do -
	Israel Khan	803	602	201	645	- do -
	Muhammad Sajid	678	88	590	562	- do -
	Qadeer Associates & Motors	1,169	876	293	990	- do -
	Riaz Motors	673	114	559	513	- do -
Other assets with book value less than Rs. 50,000		476,911	476,272	639	64,520	Negotiation
Written off		3,971	3,971	-	-	Group Policy
		556,558	525,613	30,945	102,795	

(Rupees in thousand) Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
				2014		
Buildings on freehold land	Outsider					
	Muhammad Younis and Company	152	72	80	27	Negotiation
Plant and machinery	Outsider - related party					
	Bulleh Shah Packaging (Private) Limited	6,019	5,173	846	1,000	Negotiation
	Outsiders					
	Muhammad Younis & Company	4,537	2,215	2,322	805	Negotiation
	Bismillah Traders	469	331	138	98	-do-
		456	456	-	-	Written off
Other Equipments	Employee					
	Syed Aslam Mehdi	2,348	240	2,108	-	Group Policy
	Outsiders					
	Malik Muhammad Younis	1,983	529	1,454	84	Negotiation
	Computer Mall	798	798	-	11	- do -
	Mughal Electronics	16	15	1	2	- do -
	Bismillah Traders	1,274	1,270	4	13	- do -
		2,281	2,270	11	-	Written off
Furniture and fixture	Outsiders					
	Bismillah Traders	401	401	-	65	Negotiation
	Mughal Electronics	165	147	18	20	- do -
	Israel Khan	17	17	-	4	- do -
		691	678	13	-	Written off
Vehicles	Employees					
	Ali Faraz	741	192	549	537	Group Policy
	Asad Ur Rehman	950	152	798	755	- do -
	Athar Rashid Butt	1,687	1,118	569	590	- do -
	Atif Raza	750	98	652	645	- do -
	Attia Jamal	1,035	290	745	832	- do -
	Faisal Mehmood	672	54	618	572	- do -
	Hamid Jameel	746	560	186	422	- do -
	Carried forward	28,188	17,076	11,112	6,482	

(Rupees in thousand)		2014				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
	Brought forward	28,188	17,076	11,112	6,482	
	Haroon Naseer	1,232	909	323	718	– do –
	Ishtiaq Ahmad	937	356	581	681	– do –
	Kamran Bashir	1,232	909	323	717	– do –
	Mian Abid Nisar Lodhi	783	196	587	498	– do –
	Mohayyundin Ahmad	700	473	227	399	– do –
	Muhammad Ahmad	1,110	425	685	870	– do –
	Muhammad Naveed	730	547	183	585	Negotiation
	Muhammad Anwar	516	387	129	233	Group Policy
	Muhammad Bilal Tariq	555	183	372	352	– do –
	Muhammad Zubair	960	684	276	496	– do –
	Musab Mukhtar	538	404	134	257	– do –
	Nasir Mehmood	628	455	173	325	– do –
	Raza Sanaullah	1,924	250	1,674	1,761	– do –
	Sajjad Iftikhar	1,690	389	1,301	1,256	– do –
	Salman Saleem	620	465	155	335	– do –
	Shakir Zia	1,430	858	572	941	– do –
	Syed Asim Shamim	1,386	762	624	906	Group Policy
	Syed Shaukat Hussain	487	359	128	227	– do –
	Talal Bin Najam	620	186	434	397	– do –
	Waseem Ahmad	1,017	142	875	899	– do –
	Muhammad Salman	697	340	357	426	– do –
	Muhammad Naeem Chohan	510	383	127	229	– do –
	Sohail Afzal	501	376	125	222	– do –
	Muhammad Abbas	459	344	115	173	– do –
	Outsiders					
	Amir Saleem	387	290	97	318	Negotiation
	Aurangzeb	2,500	1,744	756	4,732	– do –
	Bank Al Habib	4,680	328	4,352	4,584	Sale and lease back
	Khair Agencies	657	85	572	575	Negotiation
	Bilal Ahmed	1,657	1,243	414	1,070	– do –
	Masood Ahmed	800	540	260	825	– do –
	Muhammad Rashid Shakoor	874	656	218	720	– do –
	Nazim Hussain	730	547	183	642	– do –
	Sarwar & Company (Pvt) Limited	5,795	5,723	72	4,274	– do –
	Shafi Karim	822	462	360	528	– do –
Other assets with book value less than Rs 50,000		494,435	494,134	301	75,641	Negotiation
		562,787	533,610	29,177	114,294	

19.2 Assets subject to finance lease

(Rupees in thousand)	Cost as at December 31, 2014	Additions / (deletions)	Transfer (out) (note 19.1)	Cost as at December 31, 2015	Accumulated depreciation as at December 31, 2014	Deprecation charge / (deletions) for the year	Transfer (out) (note 19.1)	Accumulated depreciation as at December 31, 2015	Book value as at December 31, 2015
				2015					
Vehicles	35,030	43,430 (1,575)	(2,168)	74,717	4,200	8,214	(390)	12,024	62,693
Plant and equipment	–	624,548	–	624,548	–	29,666	–	29,666	594,882
	35,030	666,403 (1,575)	(2,168)	699,265	4,200	37,880 –	(390)	41,690	657,575

(Rupees in thousand)	Cost as at December 31, 2013	Additions / (deletions)	Transfer (out) (note 19.1)	Cost as at December 31, 2014	Accumulated depreciation as at December 31, 2013	Deprecation charge / (deletions) for the year	Transfer (out) (note 19.1)	Accumulated depreciation as at December 31, 2014	Book value as at December 31, 2014
				2014					
Vehicles	28,897	6,133	–	35,030	548	3,652	–	4,200	30,830
	28,897	6,133	–	35,030	548	3,652	–	4,200	30,830

19.2.1 Depreciation charge for the year has been allocated as follows:

(Rupees in thousand)	Note	2015	2014
Cost of sales	31	34,355	1,039
Administrative expenses	32	3,264	2,548
Distribution and marketing costs	33	261	65
		37,880	3,652
19.3 Capital work-in-progress			
Civil works		11,229	41,084
Plant and machinery [including in transit Rs. 49.39 million (2014: Nil)]		202,281	207,041
Advance for procurement of land		17,593	195
Advances to suppliers		6,258	5,889
		237,361	254,209

(Rupees in thousand)	Note	2015	2014
20. Investment property			
Developed	20.1	136,012	117,056
Under development	20.2	4,974,236	1,049,358
		5,110,248	1,166,414

20.1 Investment property - developed

(Rupees in thousand)	Cost as at December 31, 2014	Additions / (deletions)	Transfer in (note 19.1)	Cost as at December 31, 2015	Accumulated depreciation as at December 31, 2014	Depreciation charge / (deletions) for the year	Transfer in (note 19.1)	Accumulated depreciation as at December 31, 2015	Book value as at December 31, 2015
2015									
Land	109,323	-	6,074	115,397	-	-	-	-	115,397
Buildings on freehold land	34,855	-	-	34,855	27,711	2,204	-	29,915	4,940
Buildings on leasehold land	909	15,834	-	16,743	320	748	-	1,068	15,675
	145,087	15,834	6,074	166,995	28,031	2,952	-	30,983	136,012

(Rupees in thousand)	Cost as at December 31, 2013	Additions / (deletions)	Transfer in (note 19.1)	Cost as at December 31, 2014	Accumulated depreciation as at December 31, 2013	Depreciation charge / (deletions) for the year	Transfer in (note 19.1)	Accumulated depreciation as at December 31, 2014	Book value as at December 31, 2014
2014									
Land	58,751	-	50,572	109,323	-	-	-	-	109,323
Buildings on freehold land	34,855	-	-	34,855	25,435	2,276	-	27,711	7,144
Buildings on leasehold land	909	-	-	909	290	30	-	320	589
	94,515	-	50,572	145,087	25,725	2,306	-	28,031	117,056

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

20.1.2 Fair value of the investment property, based on the valuation carried out by an independent valuer, as at December 31, 2015 is Rs. 849.277 million (2014: Rs. 694.700 million). The valuation is considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation. The different levels have been defined in note 49.4.

Valuation techniques used to derive level 2 fair values

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

(Rupees in thousand)	Note	2015	2014
20.2 Investment property - under development			
This represents the under-construction “Packages Mall” Real Estate project:			
Civil works		3,163,003	532,191
Equipments		612,746	-
Unallocated expenditure	20.2.1	811,045	330,046
Advance to suppliers		36,745	21,606
Advances against services		350,697	165,515
		4,974,236	1,049,358

(Rupees in thousand)		Note	2015	2014
20.2.1	This includes following expenses capitalised to date:			
	Salaries, wages and benefits	20.2.1.1	145,606	33,513
	Consultancy fee		465,888	186,023
	Legal and professional charges		98,498	94,541
	Travelling		44,209	11,167
	Insurance		13,014	2,239
	Communications		1,930	460
	Borrowing costs	20.2.1.2	35,330	–
	Miscellaneous expenses		6,570	2,103
			811,045	330,046

20.2.1.1 Salaries, wages and benefits include Rs. 1.374 million (2014: Rs. 0.558 million), Rs. 0.612 million (2014: Rs. 0.106 million) and Rs. 5.454 million (2014: Rs. 0.471 million) respectively, in respect of contribution by the Group towards provident fund, gratuity fund and pension fund and Nil (2014: Rs. 0.388 million) in respect of accumulating compensated absences.

20.2.1.2 This represents borrowing costs in respect of long term finance as referred to in note 7.1.4 and that on interest from loan from shareholder of the Parent Company as referred to in note 8 net off related temporary investment income.

20.2.2 In the absence of current prices in an active market, the fair value is determined by considering the aggregate of the estimated cash flows expected to be received from renting out the property less the estimated costs to complete and the estimated operating expenses.

The Group has determined the fair value as on December 31, 2015 by internally generated valuation model instead of involving independent professionally qualified valuer. The valuation is considered to be level 3 in the fair value hierarchy due to unobservable inputs used in the valuation. The major assumptions used in valuation model and valuation result at balance sheet date are as follows:

	2015	2014
Gross buildable area (sq ft)	1,185,369	1,185,369
Estimated costs to complete (Rs. in million)	11,653	9,687
Gross rentable area (sq ft)	555,370	555,370
Rent rates assumed per sq ft (Rs.)	75-450	350-425
Inflation in rent and operating costs	7.50%	7.50%
Discount rate (%)	14%	14%
Fair value (Rs. in million)	9,392	3,611

(Rupees in thousand)	Note	Goodwill	Computer software and ERP system	Total
21. Intangible assets				
Year ended December 31, 2015				
Cost				
As at January 1, 2015		–	207,558	207,558
Additions	21.2	169,745	992	170,737
Deletions		–	(210)	(210)
Exchange differences		(44,109)	–	(44,109)
As at December 31, 2015		125,636	208,340	333,976
Accumulated amortisation				
As at January 1, 2015		–	(164,499)	(164,499)
Amortisation for the year	21.1	–	(19,250)	(19,250)
Deletions		–	210	210
As at December 31, 2015		–	(183,539)	(183,539)
		125,636	24,801	150,437
Year ended December 31, 2014				
Cost				
As at January 1, 2014		–	187,346	187,346
Additions		–	21,091	21,091
Deletions		–	(879)	(879)
As at December 31, 2014		–	207,558	207,558
Accumulated amortisation				
As at January 1, 2014		–	(148,263)	(148,263)
Amortisation for the year	21.1	–	(17,115)	(17,115)
Deletions		–	879	879
As at December 31, 2014		–	164,499	164,499
		–	43,059	43,059

(Rupees in thousand)	Note	2015	2014
21.1 The amortisation charge for the year has been allocated as follows:			
Cost of sales	31	9,733	7,329
Administrative expenses	32	9,517	9,786
		19,250	17,115

21.2 Impairment test for Goodwill

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combination in which the goodwill arises, as follow:

Flexible Packages Convertors (Proprietary) Limited, South African project

The recoverable amount of the South African project is determined on the discounted cash-flow basis.

These calculations use cash flow projections based on financial budgets approved by management covering a five year period. The present value of the expected cash flows of the above segments is determined by applying a suitable internal rate of return.

As the goodwill arose as a result of an acquisition of business during the current year, an impairment test is performed annually.

The key assumptions used for the discounted cash flow calculation are as follows:

Internal rate of return (IRR)	27%
Discount rate (pre-tax)	15%
Growth rate	10%

(Rupees in thousand)		Note	2015	2014
22.	**Investments accounted for using the equity method**			
22.1	**Amounts recognised in consolidated balance sheet**			
	Investments in associates	22.4	3,773,974	3,531,225
	Investment in joint ventures	22.5	9,846,642	9,917,652
			13,620,616	13,448,877
22.2	**Amounts recognised in consolidated profit and loss account**			
	Investments in associates	22.4	304,931	(120,420)
	Investments in joint ventures	22.5	(72,008)	(94,239)
			232,923	(214,659)
22.3	**Amounts recognised in consolidated other comprehensive income**			
	Investments in associates	22.4	(6,069)	6,404
	Investments in joint ventures	22.5	(9,062)	(4,003)
			(15,131)	2,401
22.4	**Investments in associates**			
	Cost		3,054,611	3,054,611
	Post acquisition share of profits and reserves net of impairment losses			
	Opening balance		476,614	608,387
	Share of profit / (loss) from associates - net of tax		304,931	(120,420)
	Share of other comprehensive (loss) / income - net of tax		(6,069)	6,404
	Share of other reserves of associates		8,997	-
	Dividends received during the year		(65,110)	(17,757)
	Closing balance		719,363	476,614
	Balance as on December 31	22.4.1	3,773,974	3,531,225

(Rupees in thousand)	Note	2015	2014
22.4.1 Investments in equity instruments of associates - Quoted			
IGI Insurance Limited	22.4.1.1		
13,022,093 (2014: 13,022,093) fully paid ordinary shares of Rs. 10 each			
Equity held 10.61% (2014: 10.61%)		1,313,389	1,211,651
Market value - Rs. 3,080.636 million (2014: Rs. 3,523.518 million)			
Tri-Pack Films Limited			
10,000,000 (2014: 10,000,000) fully paid ordinary shares of Rs. 10 each			
Equity held 33.33% (2014: 33.33%)		2,460,585	2,319,574
Market value - Rs. 2,466.8 million (2014: Rs. 2,607.3 million)			
IGI Investment Bank Limited	22.4.1.1		
4,610,915 (2014: 4,610,915) fully paid ordinary shares of Rs. 10 each			
Equity held 2.17% (2014: 2.17%)		-	-
Market value - Rs. 7.239 million (2014: Rs. 10.928 million)			
		3,773,974	3,531,225

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.

22.4.2 The summarised financial information of the associates of the Group, all of which are incorporated in Pakistan, are as follows:

(Rupees in thousand)	Assets	Liabilities	Revenues	Profit / (loss)
December 31, 2015				
IGI Insurance Limited	28,314,502	14,839,144	4,948,530	1,975,294
Tri-Pack Films Limited	11,314,925	9,201,123	11,954,171	498,191
IGI Investment Bank Limited	1,070,427	861,271	166,288	(180,016)
	40,699,854	24,901,538	17,068,989	2,293,469
December 31, 2014				
IGI Insurance Limited	25,957,637	13,633,357	2,697,207	1,427,633
Tri-Pack Films Limited	13,076,574	11,442,121	13,597,081	(199,646)
IGI Investment Bank Limited	1,218,775	829,603	164,025	14,725
	40,252,986	25,905,081	16,458,313	1,242,712

(Rupees in thousand)	Note	2015	2014
22.5 Investment in joint ventures			
Cost			
Opening balance		10,011,843	10,011,843
Interest acquired in joint venture - Plastic Extrusions (Proprietary) Limited:			
Cost of investment		10,799	-
Reserves on date of transfer		-	-
		10,799	-
Closing balance		10,022,642	10,011,843
Post acquisition share of profit/(loss) and reserves			
Opening balance		(94,191)	4,051
Share of loss from joint venture - net of tax		(72,008)	(94,239)
Share of other comprehensive loss from joint venture - net of tax		(9,062)	(4,003)
Dividends received during the year		(739)	-
Closing balance		(176,000)	(94,191)
Balance as on December 31	22.5.1	9,846,642	9,917,652

22.5.1 Investments in equity instruments of joint ventures - Unquoted			
Bulleh Shah Packaging (Private) Limited			
709,718,013 (2014: 709,718,013) fully paid ordinary shares of Rs. 10 each			
Equity held 65.00% (2014: 65.00%)		9,836,339	9,917,652
Plastic Extrusions (Proprietary) Limited			
500 (2014: Nil) fully paid ordinary shares of ZAR 1 each			
Equity held 50.00% (2014: 0.00%)		10,303	-
		9,846,642	9,917,652

22.5.2 Interest in joint ventures

The following amounts represent the Group's share of the assets and liabilities, income, expenses, profits and other results of the joint ventures:

(Rupees in thousand)	At December 31, 2015 Bulleh Shah Packaging (Private) Limited	Plastic Extrusions (Proprietary) Limited
Interest in joint venture	65.00%	50.00%
Assets		
Non – current assets	11,557,802	5,396
Current assets	5,689,299	50,097
	17,247,101	55,493
Liabilities		
Non – current liabilities	4,530,916	3,481
Current liabilities	3,899,540	31,332
	8,430,456	34,813
Net Assets	8,816,645	20,680
Income	10,351,988	193,663
Expenses	10,427,538	187,695
(Loss)/profit for the year – net of tax	(75,550)	5,968
Other comprehensive (loss) / income	(6,256)	952
Total comprehensive (loss) / income	(81,806)	6,920
Proportionate interest in joint venture's commitments	1,427,261	–

(Rupees in thousand)	At December 31, 2014 Bulleh Shah Packaging (Private) Limited	Plastic Extrusions (Proprietary) Limited
Interest in joint venture	65.00%	0.00%
Assets		
Non – current assets	9,928,959	–
Current assets	6,392,177	–
	16,321,136	–
Liabilities		
Non – current liabilities	3,303,950	–
Current liabilities	4,118,734	–
	7,422,684	–
Net Assets	8,898,452	–
Income	11,031,269	–
Expenses	11,124,575	–
Loss for the year – net of tax	(93,306)	–
Other comprehensive loss	(4,003)	–
Total comprehensive loss	(97,309)	–
Proportionate interest in joint venture's commitments	1,247,680	–

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

(Rupees in thousand)	Note	2015	2014
23. Other long term investments			
Quoted			
Nestle Pakistan Limited	23.1 & 23.2		
3,649,248 (2014: 3,649,248) fully paid ordinary shares of Rs. 10 each Equity held 8.05% (2014: 8.05%) Cost - Rs. 5,778.896 million (2014: Rs. 5,778.896 million)		28,464,134	33,208,156
Unquoted	23.3		
Tetra Pak Pakistan Limited	23.1		
1,000,000 (2014: 1,000,000) fully paid non-voting ordinary shares of Rs. 10 each		10,000	10,000
Coca-Cola Beverages Pakistan Limited			
500,000 (2014: 500,000) fully paid ordinary shares of Rs. 10 each Equity held 0.14% (2014: 0.14%)		4,706	4,706
Pakistan Tourism Development Corporation Limited			
2,500 (2014: 2,500) fully paid ordinary shares of Rs. 10 each		25	25
Orient Match Company Limited			
1,900 (2014: 1,900) fully paid ordinary shares of Rs. 100 each		-	-
		14,731	14,731
		28,478,865	33,222,887

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 4.9.

23.2 As of December 31, 2015, an aggregate of 310,000 shares (2014: Nil) of Nestle Pakistan Limited having market value Rs. 2,418 million (2014: Nil) have been pledged in favor of HBL Pakistan against issuance of SBLC in favor of HBL Bahrain as referred to in note 18.1.

23.3 Unquoted investments are measured at cost as it is not possible to apply any other valuation methodology.

(Rupees in thousand)	Note	2015	2014
24. Long term loans and deposits			
Considered good			
Loans to employees	24.1	4,803	4,755
Loan to SNGPL	24.2	32,800	49,200
Security deposits		20,732	17,313
		58,335	71,268
Receivable within one year			
Loans to employees	28	(1,551)	(1,507)
Loan to SNGPL	28	(16,400)	(16,400)
		(17,951)	(17,907)
		40,384	53,361

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. 4.181 million (2014: Rs. 2.909 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 Bulleh Shah Packaging (Private) Limited, a joint venture entity. Mark up is charged at the rate of 1.5% per annum and is received annually. The remaining amount is receivable in 2 annual installments.

(Rupees in thousand)	Note	2015	2014
25. Stores and spares			
Stores [including in transit Rs. 15.037 million (2014: Rs. 12.216 million)]		262,997	274,996
Spares [including in transit Rs. 1.961 million (2014: Rs. 0.952 million)]		276,553	274,509
		539,550	549,505
26. Stock-in-trade			
Raw materials [including in transit Rs. 238.352 million (2014: Rs. 247.900 million)]		1,666,601	1,843,408
Work-in-process		324,838	327,674
Finished goods	26.1	696,792	741,457
Goods purchased for resale		28,695	28,181
		2,716,926	2,940,720
Provision for slow moving items	26.2	(1,580)	(4,998)
		2,715,346	2,935,722

26.1 Finished goods with a cost Rs. 47.455 million (2014: Rs. 26.176 million) are being valued at net realisable value of Rs. 38.995 million (2014: Rs. 23.443 million).

(Rupees in thousand)	2015	2014
26.2 Provision for slow moving items		
Opening balance	4,998	1,116
Provision for the year	-	5,325
Stocks written off against provision	(3,418)	(1,443)
Closing balance	1,580	4,998

(Rupees in thousand)	Note	2015	2014
27. Trade debts			
Considered good			
Related parties - unsecured	27.1	93,095	15,151
Others	27.2	2,780,927	2,042,201
		2,874,022	2,057,352
Considered doubtful		27,622	40,554
		2,901,644	2,097,906
Provision for doubtful debts	27.3	(27,622)	(40,554)
		2,874,022	2,057,352

(Rupees in thousand)		2015	2014
27.1	**Related parties - unsecured**		
	Joint ventures		
	Bulleh Shah Packaging (Private) Limited	59,935	14,105
	Plastic Extrusions (Proprietary) Limited	27,383	-
	Associate		
	Tri-Pack Films Limited	5,777	1,046
		93,095	15,151

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

27.2 Others include debts of Rs. 262.170 million (2014: Rs. 158.112 million) which are secured by way of bank guarantees and inland letters of credit.

(Rupees in thousand)		2015	2014
27.3	The movement in provision during the year is as follows:		
	Balance as at January 1	40,554	40,735
	Provision for the year	8,246	13,863
	Bad debts written off	(21,178)	(14,044)
	Balance as at December 31	27,622	40,554

(Rupees in thousand)		Note	2015	2014
28.	**Loans, advances, deposits, prepayments and other receivables**			
	Current portion of loans to employees	24	1,551	1,507
	Current portion of loan receivable from SNGPL	24	16,400	16,400
	Advances - considered good			
	To employees	28.1	25,572	8,427
	To suppliers		33,914	56,271
			59,486	64,698
	Due from related parties - unsecured	28.2	1,019,428	1,215,261
	Trade deposits		51,334	53,557
	Security deposits		1,590	92
	Letters of credit - margins, deposits, opening charges etc.		-	8,971
	Prepayments		35,221	18,719
	Balances with statutory authorities			
	Customs duty		9,301	21,966
	Sales tax recoverable		92,462	26,409
			101,763	48,375
	Mark up receivable on:			
	Loan to SNGPL		33	46
	Term deposits and saving accounts		85	85
			118	131
	Other receivables - considered good		82,972	76,848
			1,369,863	1,504,559

28.1 Included in advances to employees are amounts due from executives of Rs. 1.654 million (2014: Rs. 1.129 million).

(Rupees in thousand)	2015	2014
28.2 Due from related parties - unsecured		
Joint venture		
Bulleh Shah Packaging (Private) Limited	1,004,997	1,212,881
Associates		
IGI Finex Securities Limited	11	-
IGI Insurance Limited	11,970	999
IGI Life Insurance Limited	1,599	283
Tri-Pack Films Limited	174	286
Others		
DIC Asia Pacific Pte Limited	677	812
	1,019,428	1,215,261

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

(Rupees in thousand)	Note	2015	2014
29. Income tax receivable			
Income tax refundable		2,506,110	2,305,172
Income tax recoverable	29.1	36,013	36,013
		2,542,123	2,341,185

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 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	2015	2014
30. Cash and bank balances			
At banks:			
On deposit accounts [including ZAR 972,360 (2014: ZAR Nil)]	30.1	158,217	80,924
On saving accounts		20,010	13,481
On current accounts [including USD 277,652 and ZAR 193,759 (2014: USD 17,284 and ZAR Nil)]	30.2	258,310	359,144
		436,537	453,549
In hand		5,157	6,748
		441,694	460,297

30.1 The balances in saving accounts bear mark-up which ranges from 4.0% to 5.15% (2014: 6.0% to 7.0%) per annum.

30.2 Included in these are total restricted funds of Rs. 1.332 million (2014: Rs. 1.332 million) held as payable to TFC holders.

(Rupees in thousand)	Note	2015	2014
31. Cost of sales			
Cost of sales - own manufactured	31.1	17,162,641	15,604,149
Cost of sales - purchased for resale	31.2	145,132	78,410
		17,307,773	15,682,559
31.1 Cost of sales - own manufactured			
Materials consumed		12,594,280	11,250,414
Salaries, wages and amenities	31.1.1	1,380,407	1,115,466
Travelling		41,880	35,766
Fuel and power		756,370	1,164,062
Production supplies		370,347	370,342
Excise duty and sales tax		2,607	3,359
Rent, rates and taxes	31.1.2	7,357	132,519
Insurance		53,043	45,335
Repairs and maintenance		451,197	386,666
Packing expenses		383,580	334,398
Depreciation on owned assets	19.1.3	628,895	557,906
Depreciation on assets subject to finance lease	19.2.1	34,355	1,039
Amortisation of intangible assets	21.1	9,733	7,329
Technical fee and royalty	31.1.3	98,174	89,738
Other expenses		302,915	235,628
		17,115,140	15,729,967
Opening work-in-process		327,674	342,748
Closing work-in-process		(324,838)	(327,674)
Cost of goods produced		17,117,976	15,745,041
Opening stock of finished goods		741,457	600,565
		17,859,433	16,345,606
Closing stock of finished goods		(696,792)	(741,457)
		17,162,641	15,604,149

Cost of goods produced includes Rs. 1,599.427 million (2014: Rs. 2,106.354 million) for stores and spares consumed, Rs. 55.254 million (2014: Rs. 18.827 million) and Rs. 6.226 million (2014: Rs. 16.280 million) for raw material and stores and spares written off respectively.

(Rupees in thousand)	2015	2014
31.1.1 Salaries, wages and amenities		
Salaries, wages and amenities include following in respect of retirement benefits:		
Gratuity		
Current service cost	10,995	10,402
Net interest on net defined benefit liability / asset	(2,576)	(1,204)
	8,419	9,198

In addition to above, salaries, wages and amenities include Rs. 23.121 million (2014: Rs. 19.525 million), Rs. 37.497 million (2014: Rs. 31.079 million) and Rs. 34.143 million (2014: Rs. 35.571 million) in respect of provident fund contribution, pension fund contribution and accumulating compensated absences respectively.

31.1.2 Rent, rates and taxes include operating lease / ijarah rentals amounting to Nil (2014: Rs. 145.921 million).

31.1.3 Technical fee and royalty includes fee for services received from related party amounting to Rs. 71.552 million (2014: Rs. 63.241 million).

(Rupees in thousand)	2015	2014
31.2 Cost of sales - purchased for resale		
Purchases	145,646	105,694
Opening stock of goods purchased for resale	28,181	897
Closing stock of goods purchased for resale	(28,695)	(28,181)
	145,132	78,410

(Rupees in thousand)	Note	2015	2014
32. Administrative expenses			
Salaries, wages and amenities	32.1	617,393	474,591
Travelling		47,582	52,376
Rent, rates and taxes	32.2	75,369	73,286
Insurance		20,809	13,275
Printing, stationery and periodicals		26,569	21,549
Postage, telephone and telex		19,370	16,576
Motor vehicles running		8,917	16,594
Computer charges		19,975	21,293
Professional services	32.3	127,843	128,798
Repairs and maintenance		20,540	30,966
Depreciation on owned assets	19.1.3	44,093	31,594
Depreciation on assets subject to finance lease	19.2.1	3,264	2,548
Amortisation of intangible assets	21.1	9,517	9,786
Depreciation on investment property	20.1	2,952	2,306
Security services		3,433	3,634
Other expenses	32.4	88,160	76,447
		1,135,786	975,619

Administrative expenses include Rs. 83.545 million (2014: Rs. 65.361 million) for stores and spares consumed.

(Rupees in thousand)	2015	2014
32.1 Salaries, wages and amenities		
Salaries, wages and amenities include following in respect of retirement benefits:		
Pension		
Net interest on net defined benefit liability / asset	(6,117)	72
Gratuity		
Current service cost	4,859	4,153
Net interest on net defined benefit liability / asset	(1,239)	(481)
	3,620	3,672

In addition to above, salaries, wages and amenities include Rs. 11.289 million (2014: Rs. 8.245 million), Rs. 18.323 million (2014: Rs. 13.177 million) and Rs. 16.695 million (2014: Rs. 19.032 million) in respect of provident fund contribution, pension fund contribution and accumulating compensated absences respectively.

32.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 10.287 million (2014: Rs. 9.917 million).

(Rupees in thousand)	2015	2014
32.3 Professional services		
The charges for professional services include the following in respect of auditors' services for:		
Statutory audit	6,427	4,002
Half yearly review	1,850	1,245
Tax services	14,752	4,855
Advisory services	-	12,500
Workers' profit participation fund audit, management staff pension and gratuity fund audit, audit of consolidated financial statements and other certification charges	2,154	1,245
Out of pocket expenses	1,100	961
	26,283	24,808

32.4 Others include penalty paid to the Collector of Customs aggregating to Rs. 0.125 million (2014: Rs. 0.760 million).

(Rupees in thousand)	Note	2015	2014
33. Distribution and marketing costs			
Salaries, wages and amenities	33.1	303,334	177,448
Travelling		56,171	44,022
Rent, rates and taxes	33.2	9,314	8,523
Freight and distribution		176,777	166,419
Insurance		35,216	24,019
Advertising		262,624	183,269
Depreciation on owned assets	19.1.3	8,738	7,884
Depreciation on assets subject to finance lease	19.2.1	261	65
Provision for doubtful debts - net		9,634	3,385
Bad debts written off		1,438	2,442
Other expenses		31,553	58,752
		895,060	676,228

Distribution and marketing costs include Rs. 19.876 million (2014: Rs. 11.435 million) for stores and spares consumed.

(Rupees in thousand)	2015	2014
33.1 Salaries, wages and amenities		
Salaries, wages and amenities include following in respect of retirement benefits:		
Gratuity		
Current service cost	2,150	1,597
Net interest on net defined benefit liability / asset	(504)	(185)
	1,646	1,412

In addition to above, salaries, wages and amenities include Rs. 4.611 million (2014: Rs. 3.271 million), Rs. 7.486 million (2014: Rs. 5.231 million) and Rs. 6.821 million (2014: Rs. 7.523 million) in respect of provident fund contribution, pension fund contribution and accumulating compensated absences respectively.

33.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 8.699 million (2014: Rs. 7.67 million).

(Rupees in thousand)	Note	2015	2014
34. Other operating expenses			
Worker's profit participation fund	16.4	230,337	166,622
Workers' welfare fund	16.5	87,716	63,176
Exchange loss – net		41,279	–
Impairment of property, plant and equipment		12,051	–
Assets written off		93	–
Advances written off		9,809	–
Donations	34.1	10,416	18,790
		391,701	248,588

34.1 Following is the interest of directors in the donee during the year:

Name of donee	Director of the Group	Interest in donee	Rupees in thousand
Pakistan Centre for Philanthropy	Syed Hyder Ali	Director	1,250
Packages Foundation	Syed Hyder Ali	Trustee	8,980
	Rizwan Ghani	Trustee	

No other directors and their spouses had any interest in any of the donees during the year.

(Rupees in thousand)	Note	2015	2014
35. Other income			
Income from financial assets			
Income on bank deposits		6,804	5,013
Interest charged on trade and other receivables		2,257	–
Interest on loan to SNGPL		725	976
		9,786	5,989
Income from non-financial assets			
Rental income from investment property	35.1	51,484	48,093
Profit on disposal of property, plant and equipment		71,850	85,117
Scrap sales		12,130	44,847
		135,464	178,057
Others			
Insurance commission from related party		5,528	3,197
Provisions and unclaimed balances written back		56,252	46,706
Net gain on insurance claim		21,075	–
Exchange gain		–	15,060
Gain on remeasurement of financial instrument		–	27,272
Rebate income [including Nil (2014: Rs. 0.974 million) from related party]		13,997	12,846
Others		29,558	35,084
		126,410	140,165
		271,660	324,211

35.1 The expenses relating directly to the income from investment property amount to Rs. 0.371 million (2014: Rs. 0.386 million).

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

(Rupees in thousand)	2015	2014
Not later than one year	7,881	25,752
Later than one year and not later than five years	1,440	6,271
	9,321	32,023

(Rupees in thousand)	2015	2014
36. Finance costs		
Interest and mark up including commitment charges on:		
Long term finances - secured		
Local currency loans	191,537	302,293
Foreign currency loans	45,995	–
Finances under mark up arrangements - secured	138,603	174,550
Liabilities against assets subject to finance lease	22,522	2,193
Return on preference shares / convertible stock	336,050	355,050
Loan handling charges	232	1,232
Commission on guarantees	14,932	1,206
Bank charges	7,952	4,596
	757,823	841,120

37. Investment Income

This represents dividend income from other long term investments as referred in note 23.

(Rupees in thousand)	Note	2015	2014
38. Tax			
Current			
Current year	38.1	614,582	466,155
Prior years		97,763	109,723
		712,345	575,878
Deferred		355,505	(258,612)
		1,067,850	317,266

38.1 The investment tax credit amounting to Rs. 57.752 million (2014: Rs. 54 million) available to the Group by virtue of investment in plant and machinery in accordance with Section 65B of the Income Tax Ordinance, 2001 has been netted off against the current tax charge for the year.

For the purposes of current taxation, the tax losses available for carry forward as at December 31, 2015 are estimated approximately at Rs. 127.400 million (2014: Rs. 611.048 million).

Percentage	2015	2014
38.2 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	32.00	33.00
Tax effect of amounts that are:		
Associates and joint ventures results reported net of tax	1.40	2.69
Differences in overseas taxation rates	(0.59)	(0.86)
Asset for share transaction of foreign subsidiary	6.16	–
Not deductible for tax purposes	2.21	2.17
Deductible for tax purposes	(0.63)	(0.88)
Exempt for tax purposes	(1.14)	(0.54)
Chargeable to tax at different rates	(13.21)	(20.24)
Effect of change in prior years' tax	2.19	3.72
Tax credits and losses in respect of which no deferred tax asset has been recognised	0.19	(5.96)
Tax credits and losses recognised during the year	(3.24)	–
Investment tax credit	(1.42)	(1.99)
	(8.08)	(21.89)
Average effective tax rate charged to consolidated profit and loss account	23.92	11.11

39. Remuneration of Chief Executive, Directors and Executives

39.1 The aggregate amount charged in the consolidated 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:

	Chief Executive		Directors		Executives	
(Rupees in thousand)	2015	2014	2015	2014	2015	2014
Short term employee benefits						
Managerial remuneration	16,819	14,583	7,209	14,982	207,517	155,617
Housing	6,786	5,811	2,806	8,495	83,755	76,804
Utilities	1,508	1,291	623	1,419	19,852	17,198
Bonus	16,643	3,767	6,985	3,179	101,332	45,158
Leave passage	4,498	4,545	521	2,089	6,453	6,328
Medical expenses	3,159	2,152	119	228	2,498	1,772
Club expenses	33	28	17	320	4,459	2,374
Others	–	–	–	–	48,860	37,829
	49,446	32,177	18,280	30,712	474,726	343,080
Post employment benefits						
Contribution to provident, gratuity and pension funds	5,271	4,456	2,159	3,021	43,548	36,703
Other long term benefits						
Accumulating compensated absences	3,694	2,432	886	502	13,401	16,762
	58,411	39,065	21,325	34,235	531,675	396,545
Number of persons	1	1	1	3	111	107

The Group 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 consolidated financial statements for the year for fee to 5 non-executive directors (2014: 5 non-executive directors) is Rs. 2,775,000 (2014: Rs. 1,700,000).

40. Transactions with related parties

The related parties comprise joint ventures, associates, 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 39. Other significant transactions with related parties are as follows:

Relationship with the Group	Nature of transactions	2015	2014
		(Rupees in thousand)	
i. Joint ventures	Purchase of goods and services	2,649,621	2,736,923
	Sale of goods and services	293,715	477,276
	Purchase of property, plant & equipment	437	–
	Sale of property, plant & equipment	47,719	–
	Rental and other income	57,242	64,424
ii. Associates	Purchase of goods and services	1,051,131	1,200,771
	Sale of goods and services	9,604	12,444
	Sale of property, plant & equipment	1,834	–
	Insurance premium	164,007	139,200
	Commission earned	5,528	3,197
	Insurance claims received	1,177	1,463
	Rental and other income	573	458
	Dividend income	65,110	17,757
	Expenses incurred on behalf of the associate	–	283
iii. Other related parties	Purchase of goods and services	301,892	239,654
	Sale of goods and services	–	703
	Royalty and technical fee	71,552	63,241
	Rebate received	–	974
	Disbursement of loan from shareholder of Parent Company	600,000	–
	Repayment of loan to shareholder of Parent Company	100,000	–
iv. Post employment benefit plans	Expense charged in respect of retirement benefit plans	98,445	98,102

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

There are no transactions with key management personnel other than under the terms of employment.

41. Capacity and production – tons

	Capacity		Actual production	
	2015	2014	2015	2014
Paper and paperboard produced	41,400	41,400	11,131	10,116
Paper and paperboard converted	45,526	45,526	34,510	32,511
Plastics all sorts converted	29,758	20,000	26,815	17,553
Inks produced	11,048	11,060	8,748	8,210
Flexible packaging material – meters '000'	90,000	90,000	53,800	48,493

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

	2015	2014
42. Number of employees		
Total number of employees as at December 31	2,049	1,881
Average number of employees during the year	1,965	1,886

43. Rates of exchange

Liabilities in foreign currencies have been translated into PAK Rupees at USD 0.9542 (2014: USD 0.9940), EURO 0.8731 (2014: EURO 0.8172), CHF 0.9437 (2014: CHF 0.9828), SEK 8.0257 (2014: SEK 7.6982), GBP 0.6437 (2014: GBP 0.6384), SGD 1.3490 (2014: SGD 1.3134), YEN 114.8633 (2014: YEN 118.7366), SLR 129.7522 (2014: SLR 129.7522) and ZAR 6.783 (2014: Nil) equal to Rs. 100. Assets in foreign currencies have been translated into PKR at USD 0.9560 (2014: USD 0.9960), SLR 129.7522 (2014: SLR 129.7522) and ZAR 6.783 (2014: Nil) equal to Rs. 100.

(Rupees in thousand)	Note	2015	2014
44. Cash generated from operations			
Profit before tax		4,464,508	2,856,873
Adjustments for:			
Depreciation on owned assets	19.1.3	681,726	597,384
Gain on remeasurement of financial instrument	35	–	(27,272)
Depreciation on assets subject to finance lease	19.2.1	37,880	3,652
Depreciation on investment property	20.1	2,952	2,306
Amortisation on intangible assets	21.1	19,250	17,115
Provision for accumulating compensated absences		58,892	64,300
Provision for retirement benefits	11	7,568	14,355
Provision for doubtful debts	27.3	8,246	13,863
Exchange adjustments		(340,351)	(29,299)
Net profit on disposal of property, plant and equipment	35	(71,850)	(85,117)
Impairment of property, plant and equipment	34	12,144	–
Advances written off	34	9,809	–
Finance costs	36	757,823	841,120
Dividend income	37	(2,387,359)	(2,444,434)
Share of profit of investments accounted for under equity method - net of tax		(232,923)	214,659
Profit before working capital changes		3,028,315	2,039,505
Effect on cash flow due to working capital changes:			
Decrease in stores and spares		9,955	76,759
Decrease / (increase) in stock-in-trade		537,505	(114,429)
(Increase) / decrease in trade debts		(233,044)	29,784
Decrease in loans, advances, deposits, prepayments and other receivables		124,887	20,226
Increase in trade and other payables		633,450	359,421
		1,072,753	371,761
		4,101,068	2,411,266

(Rupees in thousand)	Note	2015	2014
45. Cash and cash equivalents			
Cash and bank balances	30	441,694	460,297
Finances under mark up arrangements - secured	15	(1,183,699)	(1,607,583)
		(742,005)	(1,147,286)

		2015	2014
46. Earnings per share			
46.1 Basic earnings per share			
Profit for the year	Rupees in thousand	3,300,944	2,409,971
Weighted average number of ordinary shares	Numbers	88,069,915	84,864,436
Earnings per share	Rupees	37.48	28.40
46.2 Diluted earnings per share			
Profit for the year	Rupees in thousand	3,300,944	2,409,971
Return on preference shares / convertible stock - net of tax	Rupees in thousand	270,990	284,248
		3,571,934	2,694,219
Weighted average number of ordinary shares	Numbers	88,069,915	84,864,436
Weighted average number of notionally converted preference shares / convertible stock	Numbers	17,996,431	21,201,910
		106,066,346	106,066,346
Diluted earnings per share	Rupees	33.68	25.40

47. Segment Information

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments.

Types of Segments	Nature of business
Packaging	Manufacture and market packing products
Consumer Products	Manufacture and market consumer and tissue products
Ink	Manufacture and market industrial and commercial ink products
Real Estate	Construction and development of real estate
General & Others	Workshop and other general business

(Rupees in thousand)	Packaging Division		Consumer Products Division		Ink Division		Real Estate		General & Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Total revenue	16,569,174	13,995,713	3,253,430	2,721,028	3,442,790	3,187,554	-	-	284,298	216,774	23,549,692	20,121,069
Intersegment revenue	443,863	402,643	8,576	11,531	904,828	852,623	-	-	131,716	127,271	1,488,983	1,394,067
Revenue from external customers	16,125,311	13,593,070	3,244,854	2,709,497	2,537,962	2,334,931	-	-	152,582	89,503	22,060,709	18,727,002
Interest revenue	4,688	1,278	-	-	-	-	3,212	420	1,886	4,291	9,786	5,989
Interest expense	161,102	103,184	17,591	15,709	30,529	59,306	-	-	548,601	662,921	757,823	841,120
Depreciation and amortisation	538,851	484,810	97,687	81,355	22,617	24,008	2,668	2,194	79,985	28,090	741,808	620,457
Segment profit / (loss) before tax	1,674,627	987,020	464,715	34,489	486,178	353,128	(70,196)	(40,082)	1,905,823	1,844,453	4,461,147	3,179,008
Segment tax	469,128	142,903	32,989	25,204	153,830	107,539	2,083	4	346,030	70,978	1,004,060	346,628
Segment profit / (loss) after tax	1,205,499	844,117	431,726	9,285	332,348	245,589	(72,279)	(40,086)	1,559,793	1,773,475	3,457,087	2,832,380
Segment assets	8,449,722	6,568,797	1,427,980	1,385,332	1,310,250	1,265,593	5,107,501	1,076,708	1,145,445	934,213	17,440,898	11,230,643

(Rupees in thousand)		2015	2014
47.1	**Reconciliation of segment profit**		
	Total profit for reportable segments	4,461,147	3,179,008
	Net income / (loss) from associates and joint ventures	167,074	(232,416)
	Intercompany adjustment	(163,713)	(89,719)
	Profit before tax	4,464,508	2,856,873
47.2	**Reconciliation of segment assets**		
	Total assets for reportable segments	17,440,898	11,230,643
	Intersegment assets	(3,101,229)	(1,111,613)
	Other corporate assets	49,081,905	51,938,465
	Total assets	63,421,574	62,057,495
47.3	**Reconciliation of segment tax**		
	Total tax expense for reportable segments	1,004,060	346,628
	Intercompany adjustment	63,790	(29,362)
	Tax as per consolidated profit and loss account	1,067,850	317,266
47.4	**Reconciliation of segment profit after tax**		
	Total profit after tax for reportable segments	3,457,087	2,832,380
	Intercompany adjustment for profit / (loss) before tax	3,361	(322,135)
	Intercompany adjustment for taxation	(63,790)	29,362
	Profit as per consolidated profit and loss account	3,396,658	2,539,607

47.5 Information by geographical area

	Revenue		Non – current assets	
(Rupees in thousand)	2015	2014	2015	2014
Afghanistan	21,780	40,731	–	–
Bahrain	14,302	158,632	–	–
Bangladesh	195,999	13,145	–	–
Indonesia	72	–	–	–
Kenya	36,644	–	–	–
Mauritius	–	–	135,939	–
Oman	–	5,671	–	–
Pakistan	18,315,501	17,193,824	9,120,280	5,051,675
South Africa	2,160,709	–	1,271,586	–
Sri Lanka	1,309,811	1,307,194	341,407	397,555
UAE	5,891	7,804	–	–
	22,060,709	18,727,001	10,869,212	5,449,230

Sales are allocated to geographical areas according to the country of receiving the goods or providing services.

47.6 Information about major customers

Included in the total revenue is revenue from four (2014: four) customers of the Group from the packaging (2014: packaging) segment which represents approximately Rs. 8,198.683 million (2014: Rs. 7,827.156 million) of the Group's total revenue.

48. Business combinations

On June 01, 2015, the Group acquired all the assets and liabilities, of Flexco Investments Proprietary Limited, South Africa ('Flexco') in accordance with the 'Sale of Business Agreement' executed between the Group, Flexco, Michael Hoffman and Wayne Hoffman through Flexible Packages Convertors (Proprietary) Limited, (FPCPL) for an aggregate cash consideration of ZAR 122.409 million (equivalent to Rs. 1,038.947 million) and issuance of 83,863,636 shares by FPCPL of ZAR 1 per share. Pursuant to the acquisition, the Group effectively holds 55% shares in FPCPL. Further, the Group also has the right to exercise a call option for the remaining 45% shares in FPCPL, subject to fulfillment of certain conditions, after completion of four years from the acquisition of FPCPL.

(Rupees in thousand)	Note	
Acquisition date fair value of consideration paid		
Paid in cash (ZAR 122.409 million)		1,038,947
Fair value of ordinary shares issued (ZAR 83.863 million)	48.1	711,793
		1,750,740

48.1 The fair value of the 83,863,636 shares issued on June 01, 2015, as part of the purchase consideration was based on the par value of ZAR 1.00 per share (equivalent to Rs. 8.488 per share).

(Rupees in thousand)	
The assets and liabilities recognised as a result of the acquisition are as follows:	
Property, plant and equipment	1,744,551
Intangible assets	1,341
Investments in joint ventures	10,799
Stock in trade	317,129
Trade debts	591,872
Cash and bank balances	10,023
Trade and other payables	(584,994)
Liabilities against assets subject to finance lease	(388,486)
Finances under mark up arrangements - secured	(121,240)
Net identifiable assets acquired	1,580,995
Goodwill	169,745
Net assets acquired	1,750,740

Goodwill of Rs. 169.745 million arising from the acquisition consists largely of the synergies and economies of scale expected from combining the operations of the entities, as well as from intangible assets which did not qualify for separate recognition. Goodwill is not deductible for income tax purposes.

(Rupees in thousand)

Purchase consideration - cash outflow	
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	1,038,947
Balances acquired	
Cash and bank balances	(10,023)
Finances under mark up arrangements - secured	121,240
	111,217
Net outflow of cash - investing activities	1,150,164

Revenue and profit contribution

The acquired business contributed revenues of Rs. 2,161 million and net loss of Rs. 193 million to the Group for the period from 1 June to 31 December 2015.

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 unpredictably 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 minimise the potential adverse effects of financial market on the Group's performance are as follows:

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Euro and the Sri Lankan rupee. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities or net investments in foreign operations that are denominated in a currency that is not the Group's functional currency.

At December 31, 2015, 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. 21.617 million higher / lower (2014: Rs. 22.991 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, 2015, 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. 71.438 million higher / lower (2014: Rs. 82.493 million) higher / lower, mainly as a result of foreign exchange gains / losses on translation of Euro-denominated financial assets and liabilities.

At December 31, 2015, 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. 71.268 million (2014: Rs. 68.749 million) lower / higher, mainly as a result of foreign exchange losses / gains on translation of net assets of Packages Lanka (Private) Limited, denominated in Sri Lankan Rupee.

At December 31, 2015, if the Rupee had strengthened / weakened by 10% against the South African Rand with all other variables held constant, post-tax profit for the year would have been Rs. 6.432 million higher / lower (2014: Nil) mainly as a result of foreign exchange gains / losses on translation of Rand-denominated financial assets and liabilities.

(ii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is exposed to equity securities price risk because of investments held by the Group and classified as available for sale. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the board of directors.

The Group's quoted investments in equity of other entities are publicly traded on Pakistan Stock Exchange.

The table below summarises the impact of increases / decreases of the KSE-100 index on the Group's post-tax profit for the year and on equity. The analysis is based on the assumption that the KSE had increased / decreased by 10% with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index:

	Impact on post-tax profit		Impact on other components of equity	
(Rupees in thousand)	2015	2014	2015	2014
Pakistan Stock Exchange	-	-	1,366,278	(564,539)

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

(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, 2015, 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. 37.390 million (2014: Rs. 26.989 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Group arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to distributors and wholesale and retail customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored and major sales to retail customers are settled in cash. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk and which are neither past due nor impaired are as under:

(Rupees in thousand)	2015	2014
Long term loans and deposits	40,384	53,361
Trade debts	2,061,244	1,382,105
Loans, advances, deposits, prepayments and other receivables	1,173,393	1,372,767
Balances with banks	436,537	453,549
	3,711,558	3,261,782

As of December 31, 2015, trade receivables of Rs. 812.778 million (2014: Rs. 675.247 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)	2015	2014
Up to 90 days	714,098	630,851
90 to 180 days	89,352	32,212
181 to 365 days	9,328	12,184
	812,778	675,247

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

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

(Rupees in thousand)	2015	2014
Up to 90 days	17,752	8,963
90 to 180 days	4,190	845
181 to 365 days	694	349
	22,636	10,157

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

(Rupees in thousand)	Rating Short term	Rating Long term	Rating Agency	2015	2014
Bank Al-Habib Limited	A1+	AA+	PACRA	-	1,066
Bank Alfalah Limited	A1+	AA	PACRA	1,184	-
Barclay's Bank PLC Pakistan	P-1	A2	Moody's	-	64
Citibank N.A.	P-1	A2	Moody's	357	204
Commercial Bank of Ceylon Limited Sri Lanka		AA-	Fitch	7	8
Deutsche Bank A.G.	P-2	A3	Moody's	70,981	85,065
Dubai Islamic Bank (Pakistan) Limited	A1	A+	JCR-VIS	-	712
Faysal Bank Limited	A1+	AA	PACRA	42,542	42,591
Habib Bank Limited	A1+	AAA	JCR-VIS	928	860
Al Baraka Bank (Pakistan) Limited	A1	A	PACRA	1	-
Habib Bank Limited Sri Lanka	A-1+	AAA	JCR-VIS	171	759
Habib Bank Limited Mauritius	A-1+	AAA	JCR-VIS	10,963	-
First National Bank South Africa		A	JCR-VIS	7,326	-
Hatton Bank Limited Sri Lanka		AA-	Fitch	6,443	3,799
HSBC Bank Middle	P-1	A2	Moody's	-	
JS Bank Limited	A1+	A+	PACRA	282	78
MCB Bank Limited	A1+	AAA	PACRA	26,120	3,128
MCB Bank Limited Sri Lanka	A+	AAA	PACRA	120,934	105,869
Meezan Bank Limited	A1+	AA	JCR-VIS	1,971	111,684
National Bank of Pakistan	A1+	AAA	PACRA	26,079	3,758
NDB Bank		AA-	Fitch	28,837	9,336
NIB Bank Limited	A1+	AA-	PACRA	82,435	41,061
Samba bank	A1	AA	JCR-VIS	1,332	1,675
Standard Chartered Bank Pakistan Limited	A1+	AAA	PACRA	7,492	41,638
The Bank of Punjab	A1+	AA-	PACRA	152	194
				436,537	453,549

(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 45) 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.

	At December 31, 2015			
(Rupees in thousand)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term finances	448,711	634,425	2,127,215	64,590
Liabilities against assets subject to finance lease	102,929	172,132	20,242	–
Finances under mark up arrangements - secured	1,183,699	–	–	–
Trade and other payables	4,784,041	–	–	–
Accrued finance costs	367,612	–	–	–
	6,886,992	806,557	2,147,457	64,590

	At December 31, 2014			
(Rupees in thousand)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term finances	266,674	385,710	485,710	1,228,580
Liabilities against assets subject to finance lease	4,696	5,231	20,454	–
Finances under mark up arrangements - secured	1,607,583	–	–	–
Trade and other payables	3,561,912	–	–	–
Accrued finance costs	526,943	–	–	–
	5,967,808	390,941	506,164	1,228,580

49.2 Financial instruments by categories

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

(Rupees in thousand)	Loans and receivables 2015	2014
Financial assets		
Long term loans and deposits	40,384	53,361
Trade debts	2,874,022	2,057,352
Loans, advances, deposits, prepayments and other receivables	1,173,393	1,372,767
Balances with banks	436,537	453,549
	4,524,336	3,937,029

(Rupees in thousand)	At amortised cost 2015	2014
Financial liabilities		
Long term finances - secured	3,274,941	2,566,695
Liabilities against assets subject to finance lease	295,303	30,381
Finances under mark up arrangements - secured	1,183,699	1,607,583
Trade and other payables	4,784,041	3,561,912
Accrued finance cost	367,612	526,943
	9,905,596	8,293,514

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 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)	Note	2015	2014
Long term finances	7	5,762,485	4,428,836
Current portion of long term finances	7	448,711	266,674
Cash and cash equivalents	45	742,005	1,147,286
Net debt		6,953,201	5,842,796
Total equity		48,163,139	50,592,389
Total capital		55,116,340	56,435,185
Gearing ratio		13%	10%

49.4 Fair value of financial instruments

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

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

Specific valuation techniques used to value financial instruments include:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The following table presents the Group's assets that are measured at fair value:

	At December 31, 2015			
(Rupees in thousand)	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement of available-for-sale investments	28,464,134	-	-	28,464,134

	At December 31, 2014			
(Rupees in thousand)	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement of available-for-sale investments	33,208,156	-	-	33,208,156

Valuation techniques used to measure fair values

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There were no other material Level 1, 2 or 3 assets or liabilities during current or prior year.

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

50. Detail of subsidiaries

Name of the subsidiaries	Accounting year end	Percentage of holding	Country of incorporation
Anemone Holdings Limited	December 31, 2015	100%	Mauritius
Calcipack (Private) Limited	December 31, 2015	100%	Pakistan
DIC Pakistan Limited	December 31, 2015	54.98%	Pakistan
Packages Construction (Private) Limited	December 31, 2015	99.99%	Pakistan
Packages Lanka (Private) Limited	December 31, 2015	79.07%	Sri Lanka
Flexible Packages Convertors (Proprietary) Limited	February 29, 2016	55.00%	South Africa

51. Date of authorisation for issue

These financial statements were authorised for issue on February 25, 2016 by the Board of Directors of the Parent Company.

52. Non-adjusting events after the balance sheet date

On February 2, 2016, IFC exercised its right to convert 1,000,000 (2014: 1,000,000) preference share / convertible stock of Rs 190 each into 1,000,000 (2014: 1,000,000) ordinary shares of Rs. 10 each. This conversion is expected to take place prior to book closure date.

The Board of Directors has proposed a final cash dividend for the year ended December 31, 2015 of Rs. 15 per share (2014: Rs. 9.00 per share), at their meeting held on February 25, 2016 for approval of the members at the Annual General Meeting to be held on April 25, 2016. The Board has also recommended to transfer Rs. 1,500 million (2014: Rs. 1,500 million) to general reserve from unappropriated profit.

The Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the Group are in excess of its paid up capital and the Group derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires.

53. Corresponding figures

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

Towfiq Habib Chinoy Chairman	Syed Hyder Ali Chief Executive & Managing Director	Rizwan Ghani Director

NOTES

VIDEO CONFERENCE FACILITY

In this regard, please fill the following form and submit to registered address of the Company 10 days before holding of the Annual General Meeting.

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company
will arrange video conference facility in the city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access the facility.

VIDEO CONFERENCE CONSENT FORM

I/We, ____ of ______________________________________ being a member of

Packages Limited, holder of __________________ Ordinary shares as per Register Folio No._______________ hereby

opt for video conference facility at __________________.

____
Signature of member

AFFIX
CORRECT
POSTAGE

The Company Secretary
PACKAGES LIMITED
4th Floor, The Forum
Suite # 416 - 422
G-20, Block 9, Khayaban-e-Jami
Clifton, Karachi - 75600

وڈیو کانفرنس کی سہولت

اس سلسلےمیں برائے مہربانی مندرجہ ذیل فارم بھر کر اسے کمپنی کے رجسٹرڈ آفس میں سالانہ اجلاس عام کے انعقاد سے 10دن قبل جمع کرا دیں۔اگر کمپنی کو اجلاس سے 10دن قبل کسی جغرافیائی جگہ پر رہائش پزیر ممبران جو 10فیصد یا اس سے زائد حصص کے حامل ہوں کی جانب سے رضامندی موصول ہوتی ہے کہ وہ اجلاس میں بذریعہ وڈیو کانفرنس شرکت کریں گے تو اس شہر میں وڈیو کانفرنس کا انتظام کر دیا جائے گاجس کا انحصار اس شہر میں مذکورہ سہولت کی دستیابی پر ہو گا۔

کمپنی سالانہ اجلاس عام کے انعقاد سے 5دن قبل ممبران کو وڈیو کانفرنس سہولت کے مقام سے مطلع کر دے گی بمعہ ان تمام مکمل معلومات کے جو انہیں مذ کورہ سہولت تک رسائی کے قابل کر سکیں۔

وڈیو کانفرنس رضامندی کا فارم

میں / ہم ____________________ رہائشی ____________________

پکیجز لمیٹڈ کا /کی ایک ممبر ____________________ عام شئیر کا / کی حامل ، بحوالہ رجسٹرڈ فولیو نمبر ____________

بذریعہ وڈیو کانفرنس کی سہولت بمقام ____________________ لینے کا انتخاب کرتا / کرتی ہوں۔

ممبر کے دستخط: ____________

AFFIX
CORRECT
POSTAGE

The Company Secretary
PACKAGES LIMITED
4^{th} Floor, The Forum
Suite # 416 - 422
G-20, Block 9, Khayaban-e-Jami
Clifton, Karachi - 75600

ELECTRONIC TRANSMISSION CONSENT

Pursuant to the allowance granted through SRO 787(I)/2014 of September 8, 2014, by the Securities Exchange Commission of Pakistan, the Company can circulate its annual balance sheet and profit and loss accounts, auditor's report and directors' report etc. ("Audited Financial Statements") along with the Company's Notice of Annual General Meeting through email to its shareholders. Those shareholders who wish to receive the Company's Annual Report via email are requested to provide a completed consent form to the Company's Share Registrar, FAMCO Associates (Pvt) Limited.

PLEASE NOTE THAT RECEIPT OF THE ANNUAL REPORT VIA EMAIL IS OPTIONAL AND NOT COMPULSORY.

ELECTRONIC TRANSMISSION CONSENT FORM

The Share Registrar
Date:________________
FAMCO Associates (Pvt) Limited
8F, Block 6, PECHS, Nursery,
Next to Hotel Faran, Shahrah-e-Faisal,
Karachi.

Pursuant to the directions given by the Securities Exchange Commission of Pakistan through its SRO 787(I)/2014 of September 8, 2014, I, Mr./Ms.________________________S/o, D/o, W/o ___________________________ hereby consent to have Packages Limited's Audited Financial Statements and Notice of Annual General Meeting delivered to me via
email on my email address provided below:

Name of Member/ Shareholder ____

Folio/ CDC Account Number ____

Email Address: ____

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statements and Notice of Annual General Meeting.

____
Signature of the Member/ Shareholder

AFFIX
CORRECT
POSTAGE

The Company Secretary
PACKAGES LIMITED
4th Floor, The Forum
Suite # 416 - 422
G-20, Block 9, Khayaban-e-Jami
Clifton, Karachi - 75600

اظہار رضا مندی بابت ترسیل برق روی

سیکیورٹیزایکسپینج آف پاکستان کے الیس آر او 787(1)/2014 مورخہ 8 ستمبر 2014 کےبموجب سہولت مہیا کی گئی ہے کہ کمپنی اپنی سالانہ بیلنس شیٹ اور نفع ونقصان کے گوشوارے محاسب و نظمہ کی مرتب کردہ اطلاعائی معلومات(پڑ تال شدہ مالیاتی حسابات) بشمول سالانہ اجلاس عام کی اطلاع اپنے حصص یا فتگا ن کو بذریعہ ای میل ارسال کرسکتی ہے ۔وہ تمام حصص داران جو کمپنی کی سالانہ رپورٹ بذریعہ ای میل حاصل کرنے کے خواہشمند ہیں ان سے التماس ہے کہ تکمیل شدہ رضامندی کے فارم کمپنی کے شیئر رجسٹرار فیمکو ایسوسی ایٹس (پرائیویٹ)لمیٹڈ کو مہیاکریں۔

یاد دہانی رہے کہ سالا نہ پورٹ کی بذریعہ ای میل وصولی اختیا ری ہے لازمی نہیں ہے۔

اظہار رضا مندی بابت ترسیل برق روی

بتار یخ:____________________

شیئر رجسٹرار
فیمکوایسوسی ایٹس(پرائیویٹ)لمیٹڈ
F-8 بلاک پی ای سی ایچ ایس نر سری
نزد فاران ہوٹل شاہراہِ فیصل
کراچی۔

سیکیورٹیز اینڈ ایکسچینج آف پاکستان کے ایس آر او 787(1)/2014 مورخہ 8 ستمبر2014کی تعمیل کرتے ہو ئے میں مسمی/مسماۃ ______________

______________ ولد یت / زوجیت ______________

پیکیجز لمیٹڈ کے پڑتال شدہ مالیاتی گوشوارے اور سالانہ اجلاس عام کی اطلاع بذریعہ ای میل مندرجہ ذیل ای میل پتے پر حاصل کرنا چاہتا/چاہتی ہوں

ممبر/حصص دار کانام : ______________

فو لیو سی ڈی سی اکا ونٹ نمبر______________

ای میل ایڈریس:______________

برگاہِ اقرار کیا جاتا ہے کہ مندرجہ بالا معلومات صحیح اور درست ہیں اور یہ کہ میں‌کمپنی اور اس کے شیئر رجسڑار کو تحریری طور پر ای میل ایڈریس میں تبدیلی یا بذریعہ ای میل کمپنی کے پڑتال شدہ حسابات اورسالانہ اجلاس عام کی اطلاع کی وصولی یا منسوخی کے بارے میں مطلع کروں گا۔

ممبرحصص دارکے دستخط: ______________

AFFIX
CORRECT
POSTAGE

The Company Secretary
PACKAGES LIMITED
4th Floor, The Forum
Suite # 416 - 422
G-20, Block 9, Khayaban-e-Jami
Clifton, Karachi - 75600

FORM OF PROXY
61st 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. ____________

hereby 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 Monday, April 25, 2016 at 10:30 a.m. at Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi and at any adjournment thereof.

Signed this ____________ day of ____________ 2016.

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.

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Clifton, Karachi - 75600

تشکیل نیابت داری

61واں سالانہ اجلاس عام

میں / ہم --

ساکن --بطور پیکیجز لمیٹڈ

رکن و حامل ---عام حصص بمطا بق شیئر رجسٹرڈ فولیو نمبر------------------------------

اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر ------------------------------------اور ذیلی کھاتہ نمبر------------------------------

ساکن ------------------------------------ یا بصورت دیگر ------------------------ ساکن ------------------------------------

کو اپنی جگہ بروز پیر مورخہ 25اپریل 2016بوقت 10:30بجے صبح ، بمقام بیچ لگثری ہوٹل مولوی تمیز الدین خان روڈ کراچی میں منعقد یا ملتوی ہونے والے

سالانہ اجلاس عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا ہوں۔

دستخط کئے گئے مورخہ --------------------- 2016

گواہان:

1 دستخط: ______________________

نام: ______________________

پتہ: ______________________

سی این آئی سی یا پاسپورٹ نمبر: ______________

2 دستخط: ______________________

نام: ______________________

پتہ: ______________________

سی این آئی سی یا پاسپورٹ نمبر: ______________

براہ کرم پانچ روپے مالیت کے ریونیو ٹکٹ چسپاں کریں۔

دستخط

(دستخط کمپنی میں درج نمونہ کے دستخط کے مطابق ہونے چاہئیے)

نوٹ: پراکسیز کے موثر ہونے کے لیے لازم ہے کہ وہ اجلاس سے 48گھنٹے قبل کمپنی کو موصول ہوں۔ نیابت دار کا کمپنی کا رکن ہونا ضروری نہیں ہے۔ سی ڈی سی کے حصص یا فتگان اور ان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کمپنی میں جمع کرائیں۔

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INVESTORS' EDUCATION

In pursuance of SRO 924(1)/2015 dated September 9th, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors:

www.packages.com.pk

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