Packages Limited
Annual Report 2016

The Art of Diversification

COVER **CONCEPT**

There are many who choose to branch out and conquer new paths, but very few who are able to master the art and transform these opportunities into success stories.

As a major trend setter in the Pakistani business environment, Packages Limited has looked towards diversifying itself over its illustrious history, incorporating a multitude of initiatives to create a colorful and vibrant portfolio.

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

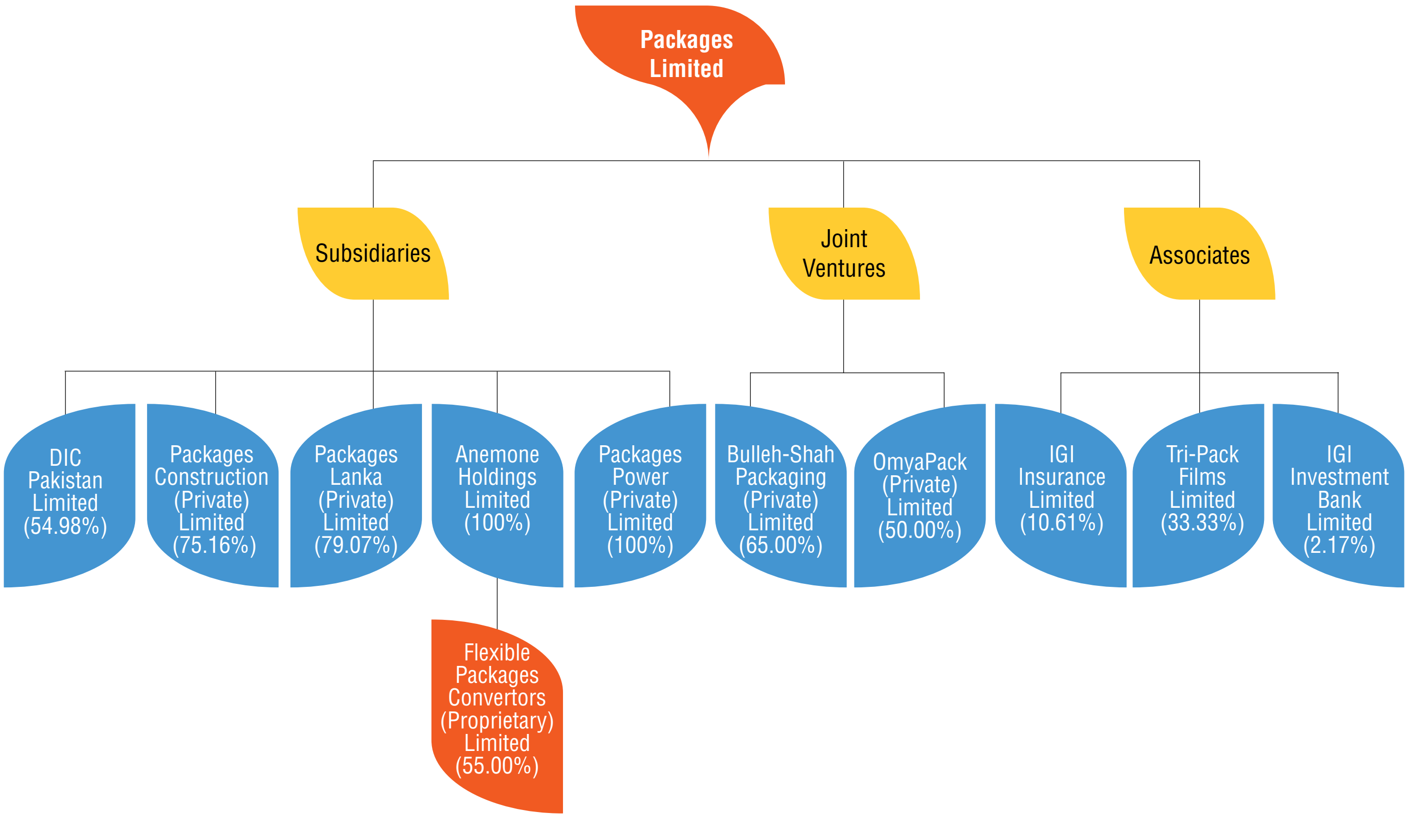
In 1996, Packages entered into a joint venture agreement with Printcare (Ceylon) Limited for the production of flexible packaging materials in Sri Lanka. The project, Packages Lanka (Private) Limited, in which Packages Limited has 79.07% ownership, commenced production in 1998.

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

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

In 2005, the Company embarked upon its Paper & Board expansion plan at a new site 'Bulleh Shah Paper Mills' (currently Bulleh Shah Packaging (Private) Limited), almost tripling its capacity from 100,000 tons per annum to 300,000 tons per annum. Capacity expansion at Bulleh Shah Paper Mills was completed in two phases. In the first phase, Brown Board Machine (PM-6) along-with high yield straw pulping & OCC plants and its back processes such as 11 MW Power House, Gas Turbine and Primary Effluent Treatment Plant were capitalized and commercial operations were commenced during the year 2007. Second phase comprising of Writing and Printing Paper Machine (PM-7), De-inking Pulp Plant, 41MW Power House, Steam Turbine and Secondary Effluent Treatment Plant was completed in the year 2009.

In 2008, the Company embarked upon capacity expansion in its tissue division through installation of a new tissue paper manufacturing machine (PM-9) with



production capacity of 33,000 tons per annum. With this capacity expansion, the Company is now in a position to take benefit from export potential of tissue products in the international market, particularly the Middle East.

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

In 2012, the Company invested in a rotogravure machine for its Flexible Packaging business with a total estimated project cost of PKR 326 million as part of the Company's efforts to remain abreast of improved technological developments in the Packaging business. In the same year, to enable continuous growth and technical development in the Paper & Paperboard segment, Packages signed a 50/50 Joint Venture agreement with Stora Enso OYJ Group of Finland in its 100% wholly owned subsidiary, Bulleh Shah Packaging (Private) Limited. The Joint Venture included Paper & Paperboard and Corrugated business operations at Kasur and Karachi. The Joint Venture Agreement with Stora Enso OYJ Group, signed in 2012, was implemented in 2013 and Packages completed the transfer of assets and related obligations of Paper & Paperboard and Corrugated business operations to Bulleh Shah Packaging (Private) Limited along with cash equity injection. 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 an Offset Printing Line in continuation of its efforts to remain abreast of improved technological developments in the Packaging business. The Offset Printing Line commenced its commercial operations during the first quarter of 2014 and had made available additional capacity to meet growing customer demands in the Folding Carton business. In May 2014, as part of its asset and income diversification strategy, the Company initiated development of a high quality retail mall at its Lahore land through its subsidiary, Packages Construction (Private) Limited. The Company currently holds 75.16% equity in Packages Construction (Private) Limited.

In 2015, as a part of its continuing efforts towards technological 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 was launched. In line with strategy to diversify and enter into new high growth markets, in June 2015, the company completed the acquisition of 55% share in the operation of a flexible packaging company in South Africa. Further, during 2015, the Board of Directors resolved to start a 50/50 joint venture with Omya Group of Switzerland. The joint venture will set up a production facility to supply a range of high quality ground calcium carbonate products.

YEAR **2016**

In 2016, as a part of Company's continuing efforts towards technological up gradation, the company invested PKR 292 million in a new offset printing line having double coating capability to cater to the growing demand in the folding cartons business. The Company has also made an investment of PKR 122 million in their pre-press department for a state of 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. Further, the Company has made strategic investments of PKR 82 million including a new facial line, toilet roll line and a fully automated party pack machine to meet growing customer demand.

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

The Company has also made an additional investment of PKR 309.5 million in the equity of OmyaPack (Private) Limited [formerly Calcipack (Private) Limited ("JV Company"). This has been followed by matching cumulative equity investment by joint venture partner, Omya Singapore Pte Limited. The JV Company will set up a state of the art production facility in Kasur, Punjab and will be positioned to supply a range of high quality ground calcium carbonate products specifically tailored to meet local and regional markets.

Further, the Company has subscribed to the right shares offered by its associated company, Tri-Pack Films Limited investing PKR 367 million.

The Company's development of a high quality retail mall at its Lahore land is underway. 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.

COMPANY **INFORMATION**

Board of directors

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

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

Asghar Abbas
(Executive Director)

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

Company Credit Rating

Long Term : AA
Short Term : A1+

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Legal Advisors

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

Shares Registrar

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

Bankers & Lenders

Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Deutsche Bank A.G.
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
International Finance Corporation (IFC)
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
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, 35831664
Fax : (021) 35860251

Regional Sales Office

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

Zonal Sales Offices

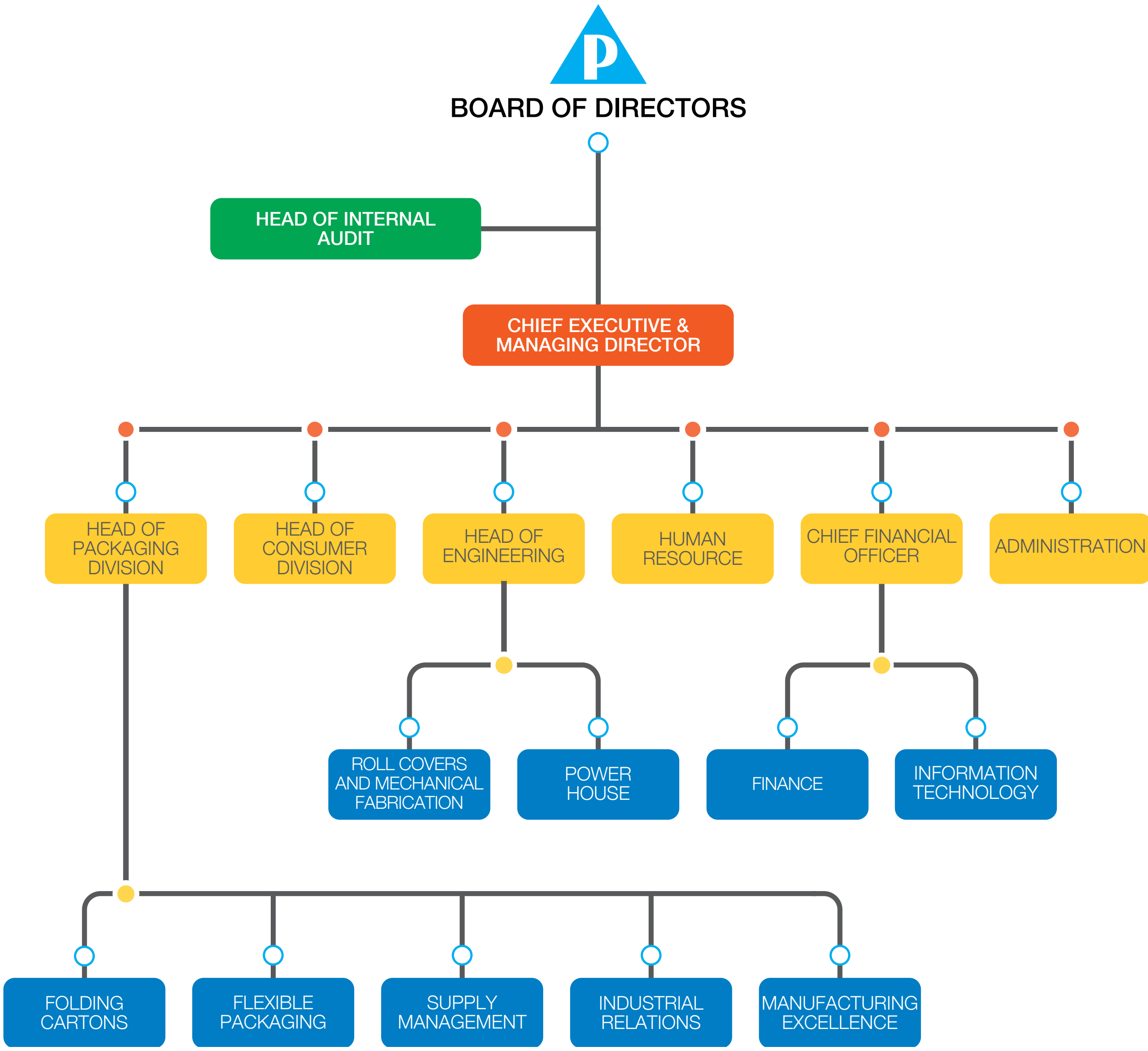
C-2, Hassan Arcade Nusrat Road
Multan Cantt. - 60000, Pakistan
Tel. & Fax : (061) 4504553

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

Web Presence

www.packages.com.pk

ORGANOGRAM


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

MANAGEMENT **TEAM**

From Left to Right (Sitting)

Syeda Henna Babar Ali
(Advisor Tissue Division)

Shaheen Sadiq
(Head of Consumer Products Division)

Syed Hyder Ali
(Chief Executive and Managing Director)

Asghar Abbas
(Head of Packaging Division)

Khurram Raza Bakhtayari
(Chief Financial Officer)

From Left to Right (Standing)

Sajjad Iftikhar
(Chief Investment Officer)

Nauman Noor
(Business Unit Manager - Folding Cartons)

Mehreen Nasir
(Area Marketing Manager - North and Center)

Syed Asim Shamim
(Business Unit Manager - Flexible Packaging)

Kaifee Siddiqui
(Head of Human Resource)

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 59 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 carried out through attractive and unique packaging which is driving demand for our products. Our team understands well the needs of the market and thus development work and packing modifications are undertaken correspondingly. Folding Carton business works to deliver the best carton board products that result in high value-added packaging for industries like:

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

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

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

Consumer Products Division

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

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

Brands

Key brands of Consumer Products Division are:

- Rose Petal
- Tulip
- Maxob
- Double Horse

Certifications

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

- Food Safety System Certification-ISO 22000 : 2005 + PASS 223
- ISO 14001 : 2004
- ISO 9001 & FSC CoC
- HALAL (S.A.N.H.A) / HALAL Packaging Management System
- British Retail Consortium Grade "A"

Packaging Division is also certified for URSA (Unilever Responsible Sourcing Audit). 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 (PPD)

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

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

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

In the Art and Camera Department, 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)

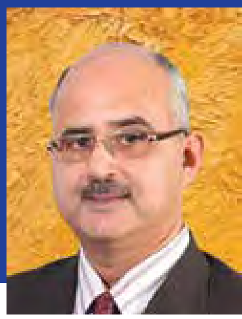
Research & Development continues to be one of Packages' unique selling points. As the consumer industry focuses on cost control, limiting carbon footprint and an overall mindset of "more with less", innovation is the name of the game.

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.

BOARD OF **DIRECTORS**

MR. TOWFIQ HABIB CHINOY

Mr. Towfiq Habib Chinoy, Non-executive Director, has been associated with the Company as Chairman of the Board of Directors since 2008. He also holds chairmanship at the boards of Jubilee General Insurance Company Limited and HBL Asset Management Limited. He holds directorship of IGI Investment Bank Limited and International Steels 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

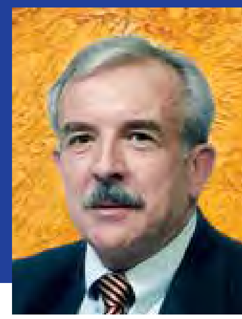
Syed Hyder Ali joined Packages Limited in July 1987 and presently holds the position of Managing Director of the Company. He has done his Masters in Sciences from Institute of Paper Chemistry and has also served as Mill Manager of Paper and Paperboard operations of the Company. He holds directorship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

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

MR. 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 MBA from IMD (formerly IMEDE) in Lausanne where he also served as an Executive-in-Residence. He has over 37 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 28 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

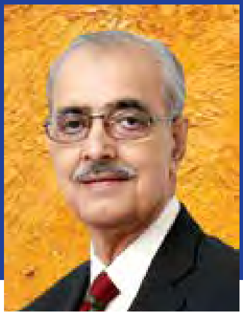
Mr. Shamim Ahmad Khan is associated with the Company as a Non-executive Director. He has served various government organizations in different capacities namely Securities and Exchange Commission of Pakistan and Ministry of Commerce. He has also been engaged with consultancy assignments for Asian Development Bank and other organizations. Currently, he holds directorship of Abbott Laboratories Pakistan Limited, Attock Refinery Limited, IGI Insurance Limited, IGI Life Insurance Company 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 different companies of the Packages Group in various capacities over the years. He also served as the General Manager of Packages Limited from September 2008 to September 2014. Currently, he is the Managing Director of Bulleh Shah Packaging (Private) Limited and holds directorship of DIC Pakistan Limited, Packages Construction (Private) Limited, Tri-Pack Films Limited, Packages Lanka (Private) Limited, Tetra Pak Pakistan Limited and Printcare PLC, Sri Lanka. He is also the member of the Board of Governors of the National Management Foundation and is serving on the Board of Trustees of Packages Foundation.

SYED SHAHID ALI

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



MR. TARIQ IQBAL KHAN

Mr. Tariq Iqbal Khan is associated with the Company as a Non-executive Director. He is a Fellow member of the Institute of Chartered Accountants of Pakistan, with diversified experience of more than 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
Asghar Abbas *(Executive Director)*	Member

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

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

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

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

l) Determination of compliance with relevant statutory requirements;

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

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

Human Resource and Remuneration (HR & R) Committee

Towfiq Habib Chinoy *(Non-Executive Director)*	Chairman
Shamim Ahmad Khan *(Non-Executive Director)*	Member
Syed Hyder Ali *(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 Chief Financial Officer, Company Secretary, Head of Human Resource, Head of Packaging Division, Head of Consumer Division, Head of Engineering and Head of Internal Audit; and

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

System and Technology Committee

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

This Committee is responsible for:

a) Devising the I.T strategy within the 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

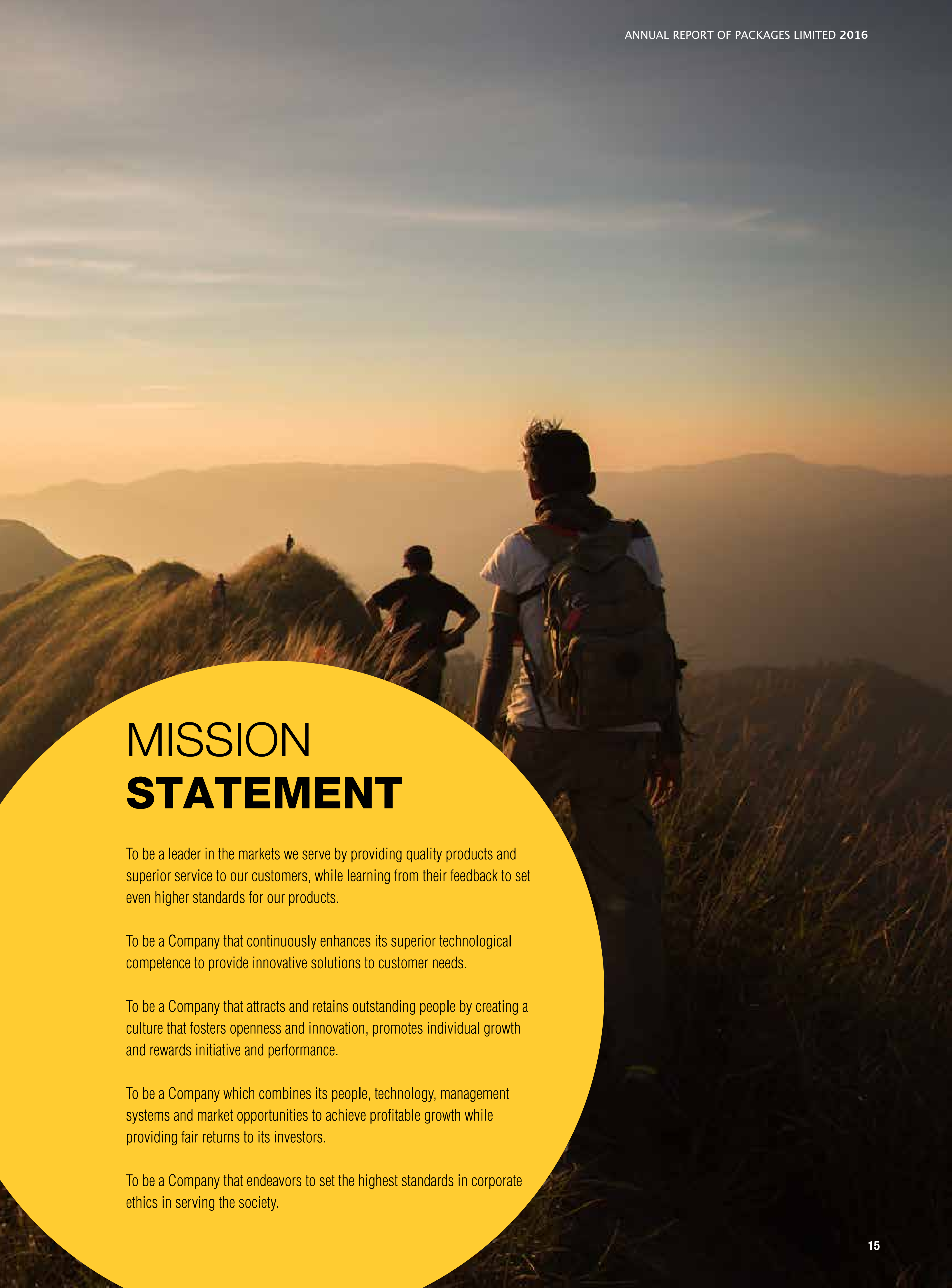
VISION

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.

ENTITY RATING OF **PACKAGES LIMITED**

Long Term **AA**

Short Term **A1+**

Rated by: The Pakistan Credit Rating Agency Limited

Rating as on: June 2016

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

POLICIES

Integrated Management System (IMS) Policy

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

We are committed to achieving this by:

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

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

Quality Policy

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

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

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

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

Total Productive Maintenance (TPM) Policy

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

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

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

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

Whistle Blowing Policy

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

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

Risk Management Policy

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

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

CORE **VALUES**

Underlying everything we do and everything we believe in is a set of core values. These guide us to deal with every aspect of any issue we might encounter in our personal and professional lives. These values help us grow inside & outside, personally and as an 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 realize 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.

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

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

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

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

General Principles

- Compliance with the applicable laws, regulations, statutory provisions, ethical integrity and fairness is a constant commitment and duty of all Packages employees and characterizes the conduct of the organization.
- The Company's business and activities have to be carried out in a transparent, honest and fair way, in good faith and in full compliance. Any form of discrimination, corruption, forced or child 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 characterized by honesty, fairness, cooperation, loyalty and mutual respect.
- The belief that one is acting in favor or to the advantage of the Company can never , in any way, justify – not even in part – any behavior that conflict with the principles and content of the Code.
- The Code aims at guiding the "Packages team" with respect to standards of conduct expected in areas where improper activities could result in adverse consequences to the company, harm its reputation or diminish its competitive advantage.
- Every employee is expected to adhere to, and firmly inculcate in his / her everyday conduct, this mandatory framework; any contravention or deviation will be regarded as misconduct and may attract disciplinary action in accordance with the Company service rules and relevant laws.

Statement of Ethical Practices

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

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

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

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

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

DECADE AT
A GLANCE

(Rupees in Million)	2016	2015	2014
Assets Employed:			
Fixed Assets at Cost	10,006	10,036	9,835
Accumulated Depreciation/Amortization	5,665	6,055	5,973
Net Fixed Assets	4,341	3,981	3,861
Other Non-Current Assets	50,104	45,037	47,445
Current Assets	7,702	7,918	8,548
Current Liabilities	5,025	4,904	5,130
Net Current and Other Non-Current Assets	52,781	48,051	50,864
Assets of Disposal Group	-	-	-
Net Assets Employed	57,122	52,031	54,725
Financed By:			
Paid up Capital	894	884	864
Reserves	51,284	45,593	47,567
Preference Shares / Convertible stock reserve	606	1,310	1,572
Shareholder's Equity	52,784	47,786	50,003
Deferred Liabilities	736	488	467
Long Term Finances	3,602	3,757	4,255
Total Non-Current Liabilities	4,338	4,245	4,722
Liabilities of Disposal Group	-	-	-
Total Funds Invested	57,122	52,031	54,725
Invoiced Sales - Gross	19,794	18,711	17,627
Materials Consumed	9,313	9,005	9,131
Cost of Goods Sold	13,221	12,664	12,873
Gross Profit	3,618	3,361	2,215
Employees Remuneration	2,209	1,732	1,521
Profit / (loss) from Operations	1,797	1,828	947
Profit / (loss) before Tax	6,961	3,803	2,750
Profit / (loss) after Tax	5,596	3,295	2,536
EBITDA (from operations)	2,427	2,497	1,383
Key Ratios:			
Profitability			
Gross Profit Ratio (%)	21.49	20.98	14.68
Profit before Tax (%)	41.34	23.73	18.22
EBITDA Margin to Sales (%)	14.41	15.58	9.16
Total Assets Turnover Ratio	0.27	0.28	0.25
Fixed Assets Turnover Ratio	3.97	4.27	4.18
Liquidity			
Current Ratio	1.53	1.61	1.67
Quick Ratio	1.08	1.15	1.13
Gearing			
Debt : Equity Ratio	7:93	8:92	8:92
Return on Equity (%)	10.60	6.90	5.07
Investment			
Basic EPS (Rs.)	62.61	37.42	29.89
Diluted EPS (Rs.)	58.45	33.62	26.59
Price - Earning Ratio	13.58	15.56	22.70
Interest Cover Ratio	6.43	7.08	4.67
Dividend Yield (%)	2.94	2.58	1.32
Dividend Cover Ratio	2.50	2.46	3.23
Cash Dividend %	250.00	150.00	90.00
Stock Dividend %	-	-	-
Break-up value per ordinary share (Rs.)	583.78	519.99	554.26
Market value per ordinary share - Year End (Rs.)	850.05	582.11	678.29
Cash Dividend per share	25.00	15.00	9.00

* Represents continuing operation

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

2013	2012	2011	2010	2009	2008	2007
9,744	9,275	28,472	27,749	26,887	25,789	23,691
5,956	5,749	10,057	9,101	7,605	6,323	5,502
3,788	3,526	18,415	18,649	19,282	19,465	18,189
41,122	20,893	16,402	12,442	8,347	8,645	10,413
8,359	7,030	8,841	8,534	7,979	6,923	4,837
5,331	4,482	3,442	2,421	1,743	5,617	1,965
44,150	23,441	21,800	18,555	14,583	9,952	13,285
-	14,543	-	-	-	-	-
47,938	41,510	40,215	37,204	33,865	29,417	31,474
844	844	844	844	844	844	734
39,640	28,173	26,666	24,480	20,967	15,429	17,437
1,606	1,606	1,606	1,606	1,606	-	-
42,090	30,623	29,115	26,930	23,417	16,273	18,171
654	748	2,525	2,317	2,478	841	956
5,195	4,471	8,575	7,956	7,971	12,304	12,347
5,849	5,219	11,100	10,274	10,448	13,145	13,302
-	5,669	-	-	-	-	-
47,939	41,510	40,215	37,204	33,865	29,418	31,473
17,314*	13,871*	13,797*	21,837	16,533	14,301	10,540
9,131*	7,407*	7,282*	10,211	8,685	7,639	5,108
12,893*	10,270*	10,071*	17,733	13,736	11,281	7,829
1,995*	1,475*	1,315*	803	307	943	1,199
1,363*	1,018*	912*	1,502	1,229	1,033	835
997*	**1011*	**872*	(104)	**(384)	405	588
2,194*	2,378*	1,037*	(317)	5,770	(308)	4,633
1,796*	1,488*	161*	(332)	4,064	(196)	4,326
1,268*	1,103*	896*	1,242	719	955	1,167
13.40*	12.56*	11.55*	4.33	2.19	7.72	13.28
14.74*	20.25*	9.11*	(1.71)	41.08	(2.52)	51.31
8.51*	9.40*	7.87*	6.70	5.12	7.81	12.93
0.28*	0.37*	0.26*	0.47	0.39	0.35	0.27
4.35*	3.75*	0.62*	1.04	0.73	1.08	0.87
1.57	1.57	2.57	3.52	4.58	1.23	2.46
1.07	1.03	0.96	1.57	1.72	0.43	0.97
11:89	15:85	24:76	23:77	25:75	44:56	40:60
4.27*	**4.85*	**0.55*	(1.23)	**(13.05)	(1.20)	**4.39
21.28*	17.64*	1.90*	(3.94)	48.16	(2.32)	58.96
20.01*	17.09*	1.90*	(3.94)	44.72	(2.32)	-
12.81*	8.57*	43.43*	(32.65)	2.99	(34.98)	6.17
3.61*	5.52*	3.16*	0.74	5.55	0.81	13.84
2.93	2.98	1.81	2.53	2.26	-	-
2.66*	3.92*	1.27 *	(1.21)	14.82	-	-
80.00	45.00	15.00	32.50	32.50	-	-
-	-	-	-	-	-	15.00
479.78	343.89	326.02	300.12	258.49	192.85	247.65
272.63	151.16	82.72	128.61	144.00	81.19	363.80
8.00	4.50	1.50	3.25	3.25	-	-

HORIZONTAL & **VERTICAL ANALYSIS**

BALANCE SHEET

HORIZONTAL ANALYSIS

(Rupees in Million)

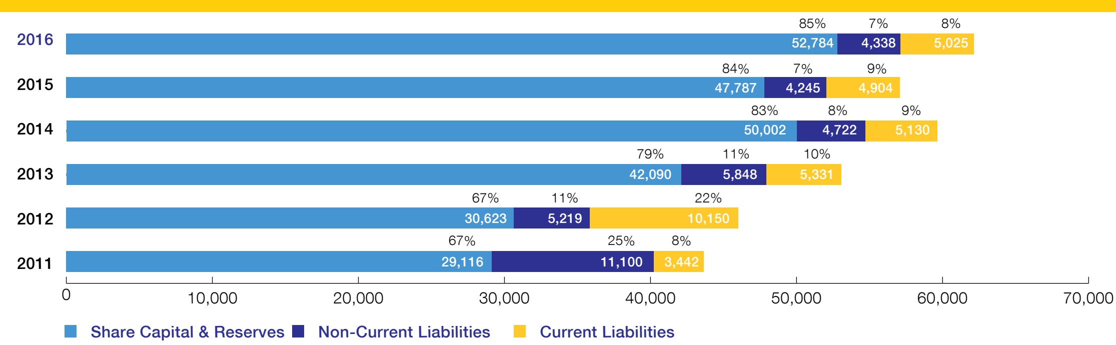
Equity & Liabilities	2016 Rs.	16 vs 15 %	2015 Rs.	15 vs 14 %	2014 Rs.	14 vs 13 %	2013 Rs.	13 vs 12 %	2012 Re-stated Rs.	12 vs 11 %	2011 Re-stated Rs.
Share Capital & Reserves											
Issued, subscribed and paid up capital	894	1.11	884	2.34	864	2.35	844	-	844	-	844
Reserves	49,550	18.32	41,878	(6.45)	44,766	17.64	38,054	22.46	31,075	10.28	28,179
Preference shares / convertible stock reserve	606	(53.72)	1,310	(16.65)	1,572	(2.14)	1,606	-	1,606	-	1,606
Unappropriated profit/(loss)	1,734	(53.32)	3,715	32.64	2,801	76.60	1,586	(154.65)	(2,902)	91.80	(1,513)
NON-CURRENT LIABILITIES											
Long term finances	3,576	(4.12)	3,729	(11.81)	4,229	(18.20)	5,170	15.63	4,471	(47.86)	8,575
Deferred tax	344	39.80	246	(15.95)	293	(42.92)	513	60.31	320	(83.64)	1,956
Liabilities against assets subject to finance lease	26	(5.77)	28	7.66	26	7.02	24	100	-	-	-
Retirement benefits	87	115.97	40	100	-	(100)	1	(99.81)	307	(24.57)	407
Deferred liabilities	305	51.31	202	15.46	175	24.70	140	15.70	121	(25.31)	162
CURRENT LIABILITIES											
Current portion of long term finances	579	47.53	392	91.64	205	0.34	204	(79.60)	1,000	162.47	381
Finances under mark up arrangements - secured	1,377	55.69	884	(29.95)	1,263	(16.83)	1,518	87.64	809	1.63	796
Derivative financial instruments	-	-	-	-	-	(100)	27	(83.64)	165	100	-
Trade and other payables	2,848	(13.12)	3,278	4.24	3,145	3.04	3,052	54.38	1,977	14.21	1,731
Accrued finance costs	222	(36.52)	349	(32.52)	518	(2.33)	530	-	530	(0.75)	534
Liabilities directly associated with non-current assets classified as held-for-sale	-	-	-	-	-	-	-	(100)	5,669	100.00	-
TOTAL	62,148	9.15	56,936	(4.88)	59,854	12.36	53,269	15.82	45,992	5.35	43,658

VERTICAL ANALYSIS

(Rupees in Million)

Equity & Liabilities	2016 Rs.	2016 %	2015 Rs.	2015 %	2014 Rs.	2014 %	2013 Rs.	2013 %	2012 Re-stated Rs.	2012 Re-stated %	2011 Re-stated Rs.	2011 Re-stated %
Share Capital & Reserves												
Issued, subscribed and paid up capital	894	1.44	884	1.55	864	1.44	844	1.58	844	1.84	844	1.93
Reserves	49,550	79.73	41,878	73.55	44,766	74.79	38,054	71.44	31,075	67.57	28,179	64.54
Preference shares / convertible stock reserve	606	0.98	1,310	2.30	1,572	2.63	1,606	3.01	1,606	3.49	1,606	3.68
Unappropriated profit/(loss)	1,734	2.79	3,715	6.52	2,801	4.68	1,586	2.98	(2,902)	(6.31)	(1,513)	(3.47)
NON-CURRENT LIABILITIES												
Long term finances	3,576	5.75	3,729	6.55	4,229	7.07	5,170	9.71	4,471	9.72	8,575	19.64
Deferred tax	344	0.55	246	0.43	293	0.49	513	0.96	320	0.70	1,956	4.48
Liabilities against assets subject to finance lease	26	0.04	28	0.05	26	0.04	24	0.05	-	-	-	-
Retirement benefits	87	0.14	40	0.07	-	-	1	0.00	307	0.67	407	0.93
Deferred liabilities	305	0.49	202	0.35	175	0.29	140	0.26	121	0.26	162	0.37
CURRENT LIABILITIES												
Current portion of long term finances	579	0.93	392	0.69	205	0.34	204	0.38	1,000	2.17	381	0.87
Finances under mark up arrangements - secured	1,377	2.22	884	1.55	1,263	2.11	1,518	2.85	809	1.76	796	1.82
Derivative financial instruments	-	-	-	-	-	-	27	0.05	165	0.36	-	-
Trade and other payables	2,848	4.58	3,278	5.76	3,145	5.25	3,052	5.73	1,977	4.30	1,731	3.96
Accrued finance costs	222	0.36	349	0.61	518	0.86	530	0.99	530	1.15	534	1.22
Liabilities directly associated with non-current assets classified as held-for-sale	-	-	-	-	-	-	-	-	5,669	12.33	-	-
TOTAL	62,148	100	56,936	100	59,854	100	53,269	100	45,992	100	43,658	100

EQUITY AND LIABILITIES (RUPEES IN MILLION)



HORIZONTAL ANALYSIS

(Rupees in Million)

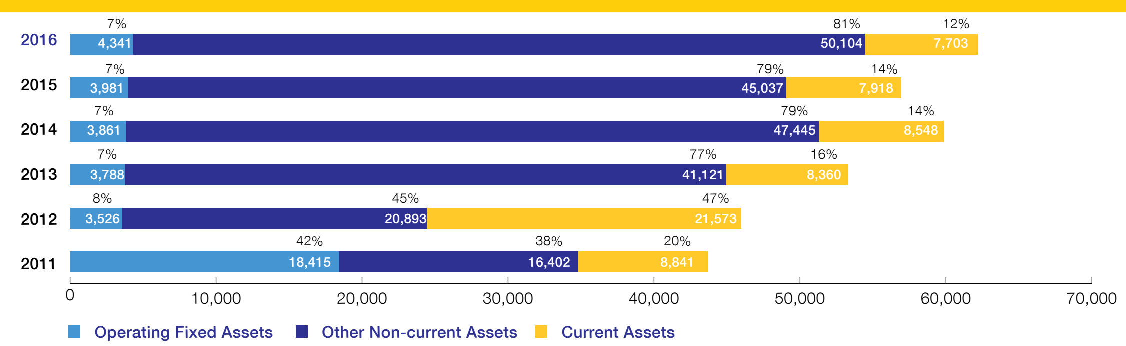
Assets	2016 Rs.	16 vs 15 %	2015 Rs.	15 vs 14 %	2014 Rs.	14 vs 13 %	2013 Rs.	13 vs 12 %	2012 Re-stated Rs.	12 vs 11 %	2011 Re-stated Rs.
NON-CURRENT ASSETS											
Property, plant and equipment	4,198	10.35	3,804	3.21	3,686	0.57	3,665	5.96	3,459	(81.15)	18,346
Intangible assets	10	(52.40)	21	(45.45)	37	15.63	32	(21.95)	41	5.13	39
Investment property	133	(14.31)	155	12.63	138	51.65	91	250.00	26	(13.33)	30
Investments	50,078	11.29	44,998	(4.88)	47,304	15.24	41,048	97.38	20,796	27.68	16,288
Long term loans and deposits	26	(33.86)	39	(25.95)	53	(20.90)	67	(30.93)	97	(12.61)	111
Retirement benefits	-	-	-	(100.00)	88	1,366.67	6	100.00	-	(100.00)	3
CURRENT ASSETS											
Stores and spares	464	(4.96)	488	(1.00)	493	(13.36)	569	23.16	462	(52.81)	979
Stock-in-trade	1,769	(0.64)	1,780	(20.21)	2,231	8.04	2,065	8.12	1,910	(57.80)	4,526
Trade debts	2,172	21.95	1,735	13.62	1,527	(5.91)	1,623	(28.82)	2,280	29.25	1,764
Loans, advances, deposits, prepayments and other receivables	1,081	(19.65)	1,392	(22.48)	1,797	6.27	1,691	309.44	413	(9.23)	455
Income tax receivable	2,126	(12.19)	2,421	7.70	2,248	3.31	2,176	35.75	1,603	70.35	941
Cash and bank balances	91	(10.94)	102	(59.63)	252	6.78	236	(34.81)	362	105.68	176
Non-current assets classified as held-for-sale	-	-	-	-	-	-	-	(100.00)	14,543	100.00	-
TOTAL	62,148	9.15	56,936	(4.88)	59,854	12.36	53,269	15.82	45,992	5.35	43,658

VERTICAL ANALYSIS

(Rupees in Million)

Assets	2016 Rs.	2016 %	2015 Rs.	2015 %	2014 Rs.	2014 %	2013 Rs.	2013 %	2012 Re-stated Rs.	2012 Re-stated %	2011 Re-stated Rs.	2011 Re-stated %
NON-CURRENT ASSETS												
Property, plant and equipment	4,198	6.76	3,804	6.68	3,686	6.16	3,665	6.88	3,459	7.52	18,346	42.02
Intangible assets	10	0.02	21	0.04	37	0.06	32	0.06	41	0.09	39	0.09
Investment property	133	0.21	155	0.27	138	0.23	91	0.17	26	0.06	30	0.07
Investments	50,078	80.58	44,998	79.03	47,304	79.03	41,048	77.06	20,796	45.22	16,288	37.31
Long term loans and deposits	26	0.04	39	0.07	53	0.09	67	0.13	97	0.21	111	0.25
Retirement benefits	-	-	-	-	88	0.15	6	0.01	-	-	3	0.01
CURRENT ASSETS												
Stores and spares	464	0.75	488	0.86	493	0.82	569	1.07	462	1.00	979	2.24
Stock-in-trade	1,769	2.85	1,780	3.13	2,231	3.73	2,065	3.88	1,910	4.15	4,526	10.37
Trade debts	2,172	3.49	1,735	3.05	1,527	2.55	1,623	3.05	2,280	4.96	1,764	4.04
Loans, advances, deposits, prepayments and other receivables	1,081	1.74	1,392	2.45	1,797	3.00	1,691	3.17	413	0.90	455	1.04
Income tax receivable	2,126	3.42	2,421	4.25	2,248	3.76	2,176	4.08	1,603	3.49	941	2.16
Cash and bank balances	91	0.15	102	0.18	252	0.42	236	0.44	362	0.79	176	0.40
Non-current assets classified as held-for-sale	-	-	-	-	-	-	-	-	14,543	31.62	-	-
TOTAL	62,148	100	56,936	100	59,854	100	53,269	100	45,992	100	43,658	100

ASSETS (RUPEES IN MILLION)



HORIZONTAL & **VERTICAL ANALYSIS**

PROFIT AND LOSS ACCOUNT

HORIZONTAL ANALYSIS
(Rupees in Million)

	2016	16 vs 15	2015	15 vs 14	2014	14 vs 13	2013	13 vs 12	2012 Re-stated	12 vs 11	2011 Re-stated
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.
Continuing operations											
Local sales	19,767	5.80	18,683	6.26	17,582	1.95	17,245	24.89	13,808	0.62	13,723
Export sales	27	(4.44)	28	(37.70)	45	(34.12)	69	9.52	63	(14.86)	74
Gross sales	19,794	5.79	18,711	6.15	17,627	1.81	17,314	24.82	13,871	0.54	13,797
Sales tax and excise duty	(2,934)	10.41	(2,657)	5.63	(2,516)	4.60	(2,405)	13.98	(2,110)	(11.83)	(2,393)
Commission	(21)	(27.59)	(29)	18.91	(24)	16.49	(21)	31.25	(16)	(11.11)	(18)
Net sales	16,839	5.08	16,025	6.21	15,087	1.34	14,888	26.76	11,745	3.15	11,386
Cost of sales	(13,221)	4.40	(12,664)	(1.63)	(12,873)	(0.16)	(12,893)	25.54	(10,270)	1.98	(10,071)
Gross profit	3,618	7.63	3,361	51.79	2,215	11.00	1,995	35.25	1,475	12.17	1,315
Administrative expenses	(897)	19.22	(753)	(4.38)	(787)	33.89	(588)	82.61	(322)	12.20	(287)
Distribution and marketing costs	(922)	35.93	(678)	16.87	(580)	(1.01)	(586)	46.50	(400)	3.63	(386)
Projects expenditure	-	-	-	-	-	-	-	-	-	(100.00)	(56)
Other operating expenses	(392)	13.04	(347)	56.38	(222)	44.14	(154)	396.77	(31)	675.00	(4)
Other operating income	390	59.94	244	(24.25)	322	(2.08)	329	13.84	289	(0.34)	290
Profit / (loss) from operations	1,797	(1.68)	1,828	92.91	947	(4.88)	996	(1.48)	1,011	15.94	872
Finance costs	(1,308)	103.33	(643)	(14.44)	(752)	(11.06)	(845)	60.04	(528)	9.09	(484)
Investment income	6,472	147.22	2,618	2.51	2,554	25.00	2,043	33.18	1,534	47.50	1,040
Reversal of impairment / (impairment) on investments	-	-	-	-	-	-	-	(100.00)	361	(192.33)	(391)
Profit / (loss) before tax	6,961	83.08	3,803	38.30	2,750	25.32	2,194	(7.74)	2,378	129.32	1,037
Tax	(1,366)	169.33	(507)	137.83	(213)	(46.43)	(398)	(55.28)	(890)	1.60	(876)
Profit / (loss) for the year from Continuing operations	5,596	69.80	3,295	29.93	2,536	41.22	1,796	20.70	1,488	824.22	161
Loss for the year from Discontinued operations	-	-	-	-	-	-	(249)	93.66	(3,929)	(127.24)	(1,729)
Profit / (loss) for the year	5,596	69.80	3,295	29.93	2,536	63.95	1,547	163.38	(2,441)	(55.68)	(1,568)
Basic earnings / (loss) per share											
- From Continuing operations	62.61		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	62.61		37.42		29.89		18.33		(28.92)		(18.58)
Diluted earnings / (loss) per share											
- From Continuing operations	58.45		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	58.45		33.62		26.59		17.06		(29.47)		(18.58)

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)

	2016		2015		2014		2013		2012 Re-stated		2011 Re-stated	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Continuing operations												
Local sales	19,767	99.86	18,683	99.85	17,582	99.74	17,245	99.60	13,808	99.55	13,723	99.46
Export sales	27	0.14	28	0.15	45	0.26	69	0.40	63	0.45	74	0.54
Gross sales	19,794	100	18,711	100	17,627	100	17,314	100	13,871	100	13,797	100
Sales tax and excise duty	(2,934)	(14.82)	(2,657)	(14.20)	(2,516)	(14.27)	(2,405)	(13.89)	(2,110)	(15.21)	(2,393)	(17.34)
Commission	(21)	(0.10)	(29)	(0.16)	(24)	(0.14)	(21)	(0.12)	(16)	(0.12)	(18)	(0.13)
Net sales	16,839	85.07	16,025	85.64	15,087	85.59	14,888	85.99	11,745	84.67	11,386	82.53
Cost of sales	(13,221)	(66.80)	(12,664)	(67.68)	(12,873)	(73.03)	(12,893)	(74.47)	(10,270)	(74.04)	(10,071)	(72.99)
Gross profit	3,618	18.28	3,361	17.96	2,215	12.56	1,995	11.52	1,475	10.63	1,315	9.53
Administrative expenses	(897)	(4.53)	(753)	(4.02)	(787)	(4.47)	(588)	(3.40)	(322)	(2.32)	(287)	(2.08)
Distribution and marketing costs	(922)	(4.66)	(678)	(3.62)	(580)	(3.29)	(586)	(3.38)	(400)	(2.88)	(386)	(2.80)
Projects expenditure	-	-	-	-	-	-	-	-	-	-	(56)	(0.41)
Other operating expenses	(392)	(1.98)	(347)	(1.86)	(222)	(1.26)	(154)	(0.89)	(31)	(0.22)	(4)	(0.03)
Other operating income	390	1.97	244	1.30	322	1.83	329	1.90	289	2.08	290	2.10
Profit / (loss) from operations	1,797	9.08	1,828	9.77	947	5.37	996	5.75	1,011	7.29	872	6.32
Finance costs	(1,308)	(6.61)	(643)	(3.44)	(752)	(4.26)	(845)	(4.88)	(528)	(3.81)	(484)	(3.51)
Investment income	6,472	32.70	2,618	13.99	2,554	14.49	2,043	11.80	1,534	11.06	1,040	7.54
Reversal of impairment / (impairment) on investments	-	-	-	-	-	-	-	-	361	2.60	(391)	(2.83)
Profit / (loss) before tax	6,961	35.17	3,803	20.32	2,750	15.60	2,194	12.67	2,378	17.14	1,037	7.52
Tax	(1,366)	(6.90)	(507)	(2.71)	(213)	(1.21)	(398)	(2.30)	(890)	(6.42)	(876)	(6.35)
Profit / (loss) for the year from Continuing operations	5,596	28.27	3,295	17.61	2,536	14.39	1,796	10.37	1,488	10.73	161	1.17
Loss for the year from Discontinued operations	-	-	-	-	-	-	(249)	-	(3,929)	-	(1,729)	-
Profit / (loss) for the year	5,596	28.27	3,295	17.61	2,536	14.39	1,547	8.93	(2,441)	(17.60)	(1,568)	(11.36)
Basic earnings / (loss) per share												
- From Continuing operations	62.61		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	62.61		37.42		29.89		18.33		(28.92)		(18.58)	
Diluted earnings / (loss) per share												
- From Continuing operations	58.45		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	58.45		33.62		26.59		17.06		(29.47)		(18.58)	

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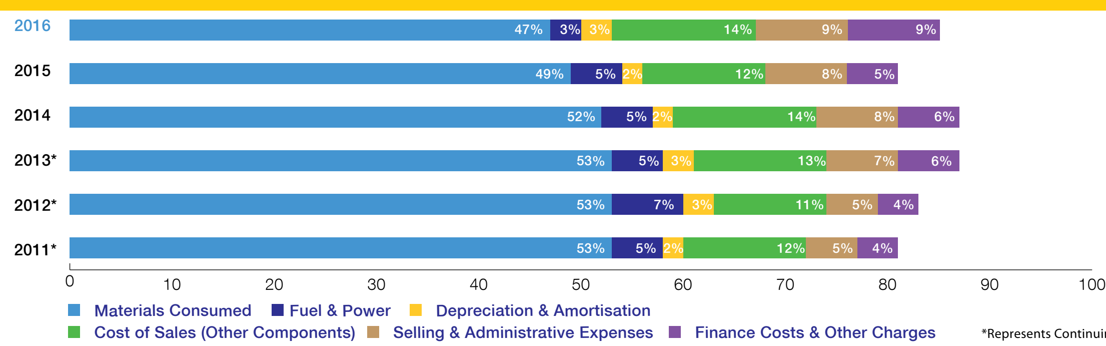
PROFIT AND LOSS - BREAKUP OF MAJOR EXPENSES AS % OF SALES



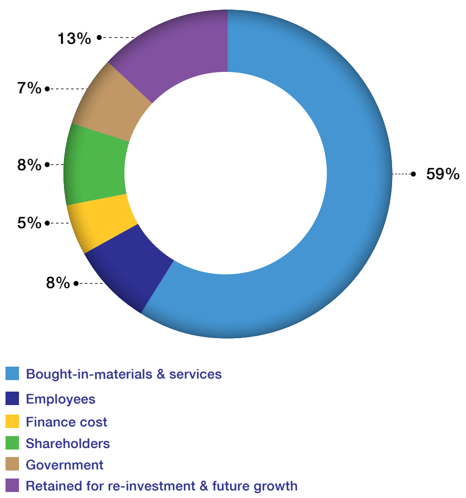
*Represents Continuing Operations only

VALUE ADDED &
ITS DISTRIBUTION

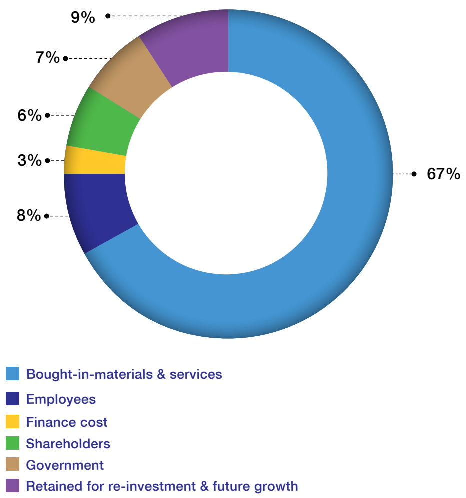
The statement below shows value added by the operations of the Company and its distribution to the stakeholders

(Rupees in thousand)	2016		2015		2014	
Wealth Generated						
Sales	19,793,529		18,711,298		17,627,358	
Dividend Income	6,472,005		2,617,891		2,553,678	
Other Income	390,298		244,022		322,147	
Total	26,655,832	100%	21,573,211	100%	20,503,183	100%
Wealth Distributed						
Bought-in-materials & services	15,585,322	59%	14,358,651	67%	14,481,180	71%
To Employees						
Remuneration, benefits and facilities	2,209,389	8%	1,732,494	8%	1,520,773	7%
To Government						
Income Tax, Sales Tax, Custom & Excise Duties, Workers' Funds, EOBI & Social Security Contribution, Professional & Local Taxes	1,931,523	7%	1,448,365	7%	1,159,540	6%
To Providers of Capital						
Cash dividend to the ordinary shareholders	2,234,488	8%	1,340,693	6%	786,416	4%
Finance Costs	1,307,505	5%	643,032	3%	751,551	4%
Retained for Reinvestment & Future Growth / (Utilized from reserves)	3,387,605	13%	2,049,976	9%	1,803,723	8%
Total	26,655,832	100%	21,573,211	100%	20,503,183	100%

Wealth Generated & Distribution - 2016 (Percentage)



Wealth Generated & Distribution - 2015 (Percentage)

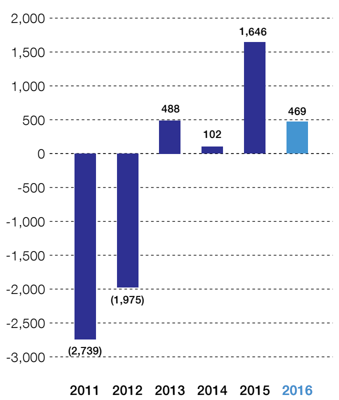


SOURCES & APPLICATION OF FUNDS

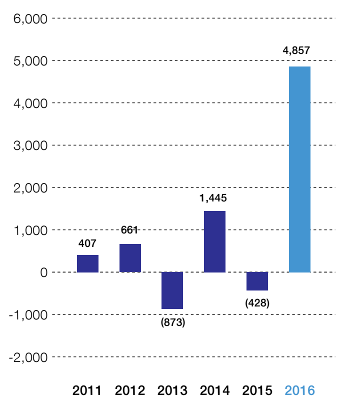
Over the last six years

(Rupees in thousand)	2016	2015	2014	2013	2012	2011
Cash flow from operating activities						
Cash generated from / (used in) operations	2,317,441	3,182,034	1,432,406	2,530,095	395,637	(810,780)
Finance cost paid	(525,475)	(811,384)	(764,241)	(1,090,306)	(1,509,395)	(1,423,001)
Taxes paid	(1,278,772)	(686,226)	(535,873)	(548,880)	(758,677)	(431,528)
Payments for accumulating compensated absences	(26,046)	(23,533)	(17,079)	(81,855)	(28,670)	(10,524)
Retirement benefits paid	(17,917)	(15,329)	(13,450)	(320,767)	(73,960)	(62,831)
Net cash generated from / (used in) operating activities	469,231	1,645,562	101,763	488,287	(1,975,065)	(2,738,664)
Cash flow from investing activities						
Fixed capital expenditure	(1,020,919)	(713,480)	(629,738)	(824,797)	(1,234,627)	(1,225,371)
Investment - net	(701,167)	(2,437,175)	(600,000)	(2,274,953)	4	3,035
Net decrease in long-term loans and deposits	13,289	13,311	14,448	11,499	13,768	17,556
Proceeds from disposal of property, plant and equipment	93,797	91,023	106,792	69,982	113,764	190,023
Proceeds from assets written off due to fire	-	-	-	102,003	233,463	384,563
Dividends received	6,472,005	2,617,891	2,553,678	2,043,111	1,534,440	1,037,255
Net cash generated from / (used in) investing activities	4,857,005	(428,430)	1,445,180	(873,155)	660,812	407,061
Cash flow from financing activities						
Repayment of long term finances - secured	(1,885,710)	(200,000)	(600,000)	(1,100,000)	(5,485,714)	(14,286)
Proceeds from long term finances	3,000,000	-	-	1,000,000	2,000,000	1,000,000
Liabilities against assets subject to finance lease - net	(7,438)	(7,038)	(3,599)	27,884	-	
Redemption of preference shares	(5,601,500)	-	-	-	-	-
Dividend paid	(1,335,268)	(782,731)	(671,684)	(378,218)	(126,044)	(273,574)
Net cash (used in) / generated from financing activities	(5,829,916)	(989,769)	(1,275,283)	(450,334)	(3,611,758)	712,140
Net (decrease) / increase in cash and cash equivalents	(503,680)	227,363	271,660	(835,202)	(4,926,011)	(1,619,463)
Cash and cash equivalents at the beginning of the year	(782,741)	(1,010,104)	(1,281,764)	(5,546,562)	(620,551)	998,912
Cash and cash equivalents transferred to joint venture	-	-	-	5,100,000	-	-
Cash and cash equivalents at the end of the year	(1,286,421)	(782,741)	(1,010,104)	(1,281,764)	(5,546,562)	(620,551)

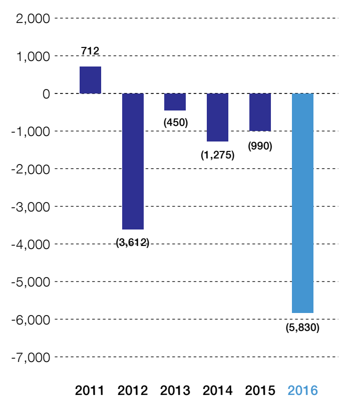
OPERATING ACTIVITIES
(Rupees in Million)



INVESTING ACTIVITIES
(Rupees in Million)



FINANCING ACTIVITIES
(Rupees in Million)



CORPORATE SOCIAL **RESPONSIBILITY**

Packages Limited recognizes 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 and 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 utilizing 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. In 2015, road safety violation tickets (within the factory) were introduced as well as area specific hazard and control posters.

We are 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 also have 'Halal Certification' from South African National Halal Authority (S.A.N.H.A).

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

Society

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

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

Community Welfare Schemes

In our 59 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. In 2015, 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 Packages Rose Festival'. The vividly decorated gardens are graced by the presence of our customers, vendors, employees and guests from the local community. Another essential attraction in this famous event is the spectacular display of different types of peacocks.

Promoting Traditional 'Mela' Culture

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

Sports Activities

"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 these activities aim to promote sports at grass root level within the country are:

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

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 competition.

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 customized training programs are arranged as needed for production, marketing, human resource, supply management and finance personnel.

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

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

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

Fair Price Shop

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

Scholarships

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

Hajj Facility

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

Long Service Awards

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

CORPORATE **CALENDAR**

Major Events and Meetings	Date
Extraordinary General Meeting to approve investment in the right shares offered by Tri-Pack Films Limited, an associated company	January 21, 2016
Board of Directors (BOD) meeting to approve capital and revenue expenditure budget for the financial year 2016	January 26, 2016
Audit Committee and BOD meetings to consider annual accounts of the Company for the year ended December 31, 2015	February 25, 2016
Audit Committee and BOD meetings to consider quarterly accounts of the Company for the quarter ended March 31, 2016	April 21, 2016
Annual General Meeting of shareholders to consider annual accounts of the Company for the year ended December 31, 2015 and dividend announcement	April 25, 2016
BOD meeting to approve redemption of preference shares issued to IFC under "Subscription Agreement" dated March 25, 2009	June 15, 2016
Audit Committee and BOD meetings to consider half yearly accounts of the Company for the period ended June 30, 2016	August 18, 2016
BOD meeting to approve the proposal for exploring the development of a 3.1 MW hydropower project through establishment of a project specific company i.e. Packages Power (Private) Limited	September 22, 2016
Audit Committee and BOD meetings to consider quarterly accounts of the Company for the period ended September 30, 2016	October 20, 2016
Equity investment by Packages Limited in OmyaPack (Private) Limited [formerly CalciPack (Private) Limited]	November 1, 2016
Induction of Omya Singapore Pte Limited as joint venture partner of Packages Limited in OmyaPack (Private) Limited [formerly CalciPack (Private) Limited]	November 28, 2016

NOTICE OF ANNUAL **GENERAL MEETING**

Notice is hereby given that the 62nd Annual General Meeting of Packages Limited will be held on Tuesday, April 25, 2017 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 61st Annual General Meeting of the Company held on April 25, 2016;

2. To receive and adopt the Audited Accounts of the Company for the year ended December 31, 2016 together with the Directors and Auditors Reports thereon;

3. To consider and approve the payment of cash dividend for the year ended December 31, 2016 as recommended by the Board of Directors:

   a) to the preference share / convertible stock holder (International Finance Corporation) at the rate of Rs. 24.497 (12.893%) per preference share / convertible stock of Rs. 190 proposed by the Board in terms of and as adjusted under the Subscription Agreement between Packages Limited and International Finance Corporation, totalling Rs. 200,549,277; and

   b) to the ordinary shareholders at the rate of Rs. 25.00 (250%) per ordinary share of Rs. 10.

4. To appoint Auditors for the year 2017 and to fix their remuneration.

By Order of the Board

Adi J. Cawasji
Company Secretary

Karachi
February 28, 2017

NOTICE OF ANNUAL
GENERAL MEETING

Notes:

1. Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from April 18, 2017 to April 25, 2017 (both days inclusive). Transfers received in order at the office of the Company's Registrar, Messrs FAMCO ASSOCIATES (PVT.) LIMITED, 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400 by close of business on April 17, 2017, 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, duly signed by an officer or attorney of the corporate entity. The proxy holders are requested to produce their 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 forty-eight (48) hours before the time of the Meeting.

3. Representation of Body Corporate

Notwithstanding 2 above, a Body Corporate or a Corporation (whether or not a company within the meaning of the Companies Ordinance, 1984) which is a member of the Company, may, by resolution of its board or other governing body, authorize an individual to act as its representative at the Meeting, and the individual so authorized shall be entitled to exercise the same powers on behalf of the body corporate or the corporation which he represents. Such representatives must bring a copy of the resolution abovementioned duly certified by the Company Secretary of the body corporate or the corporation which he represents.

4. Notice to Shareholders who have not provided their CNICs

As directed by the Securities and Exchange Commission of Pakistan ("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.

5. Deduction of Income Tax from Dividend

(i) The Government of Pakistan through Finance Act, 2016 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: 20.0%

To enable the Company to make tax deduction on the amount of cash dividend @12.5% instead of 20.0%, 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 @ 20.0% 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 / 35874047-49 /

35378650-51

Email: munawar.moosvi@packages.com.pk

Mr. Ovais Khan

Tel. # 92 21 34380101-5 / 34384621-3

Email: info.shares@famco.com.pk

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.

6. Payment of Dividend Electronically (E-Mandate)

In order to enable a more efficient method of payment 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 authorizing 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.

7. 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 (7) 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.

8. 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.

9. Video-Link Facility

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-link at least seven (7) days prior to date of meeting, the Company will arrange video-link facility in the city subject to availability of such facility in that city.

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

Both English and Urdu forms are attached in the Annual Report. Please fill out and submit to registered address of the Company at least seven (7) days before holding of the Meeting.

10. 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 SECP through its Circular 1 of January 26, 2000.

11. Proxy Forms

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

الف) انکم ٹیکس گوشوارے جمع کرانے والوں کے لئے: 12.5%

ب) انکم ٹیکس گوشوارے جمع نہ کرنے والوں کے لئے: 20.0%

اس امر کو یقینی بنانے کے لئے کہ کمپنی آپ کے نقد منافع (کیش ڈیویڈنڈ) میں سے 20.0% کی بجائے 12.5% ٹیکس کی کٹوتی کرے، وہ تمام شیئر ہولڈرز، جن کے نام FBR (فیڈرل بورڈ آف ریونیو) کی ویب سائٹ پر ٹیکس کی ادائیگی کرنے والے فعال فرد (ATL) کے طور پر موجود نہیں ہیں، باوجود اس کے کہ وہ ٹیکس کی ادائیگی کرتے ہیں، ان سے گذارش ہے کہ وہ اس امر کو یقینی بنائیں کہ ان کے نام ٹیکس کی ادائیگی کرنے والے فعال فرد (ایکٹیو ٹیکس لسٹ) کی فہرست میں شامل ہوں۔ بصورت دیگر ان کے نقد منافع (کیش ڈیویڈنڈ) پر 12.5% کی بجائے 20.0% کے حساب سے ٹیکس کٹوتی کی جائے گی۔

(ii) کسی بھی سوال / مسئلے / معلومات کے لئے سرمایہ کار، کمپنی اور / یا شیئر رجسٹرار سے درج ذیل فون نمبرز یا ای میل ایڈریس پر رابطہ کر سکتے ہیں:

رابطہ کار افراد:

جناب ایس۔ ایم۔ منور موسوی	جناب اویس خان
ٹیلی فون نمبر: +92 21 35831618 / 35831664 / 35833011 / 35874047-49 / 35378650-51	ٹیلی فون نمبر: +92 21 34380101 - 5 / 34384621-3
ای میل: munawar.moosvi@packages.com.pk	ای میل: ceo@famco.com.pk, infor.shares@famco.com.pk

(iii) کارپوریٹ شیئر ہولڈرز جو سی ڈی سی اکاؤنٹس کے حامل ہوں، ان کے لئے لازمی ہے کہ وہ اپنے متعلقہ شراکت داروں سے اپنا نیشنل ٹیکس نمبر (این ٹی این) اپ ڈیٹ کرالیں، جبکہ کارپوریٹ فزیکل شیئر ہولڈرز کے لئے ضروری ہے کہ وہ اپنے این ٹی این سرٹیفکیٹ کی نقل کمپنی یا اس کے رجسٹرار یعنی فیمکو ایسوسی ایٹس (پرائیوٹ) لمیٹڈ کو ارسال کریں۔ اپنے این ٹی این نمبرز یا این ٹی این سرٹیفکیٹ (جو بھی صورت قابل اطلاق ہو) بھیجنے والے تمام شیئر ہولڈرز کے لئے لازمی ہے کہ وہ اپنی کمپنی کا نام اور متعلقہ فولیو نمبرز ضرور درج کریں۔

6۔ ڈیویڈنڈ کی الیکٹرانک ادائیگی: (ای۔ مینڈیٹ)

نقد ڈیویڈنڈ کی ادائیگی کے عمل کو مزید مستعد بنانے کے لئے سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے سرکلر نمبر 8(4)SM/CDC 2008 مورخہ 5 اپریل 2013 میں ہدایت کی ہے کہ شیئر ہولڈرز بغیر کسی تاخیر کے منافع اپنے اکاؤنٹس میں الیکٹرانک حاصل کر سکتے ہیں۔ اس لئے شیئر ہولڈرز سے درخواست ہے کہ وہ کمپنی کو اس امر کا اختیار دیں کہ مستقبل میں کمپنی کا اعلان کردہ منافع ان کے بینک اکاؤنٹ میں براہ راست جمع کرا دیا جائے۔ اسی طرح تمام نان سی ڈی سی شیئر ہولڈرز سے گذارش ہے کہ اپنے بینک اکاؤنٹ کی تفصیلات، کمپنی کے رجسٹرار کو ارسال کریں۔ ایسے شیئر ہولڈرز جن کے شیئرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ یا شراکت داروں / اسٹاک بروکرز کے ساتھ ہیں، ان کو مشورہ دیا جاتا ہے کہ یہ اختیار سی ڈی سی یا متعلقہ شراکت داروں / اسٹاک بروکرز کو تفویض کریں۔

7۔ آڈٹ شدہ فنانشل اسٹیٹمنٹ بذریعہ ای میل:

SECP نے اپنے نوٹیفکیشن SRO 787(I)2014 مورخہ 8 ستمبر 2014 کے تحت اس امر کی اجازت دی ہے کہ آڈٹ شدہ حسابات بمعہ سالانہ اجلاس عام کے نوٹس، شیئر ہولڈرز کو بذریعہ ای میل ارسال کئے جاسکتے ہیں۔ لہٰذا، وہ تمام ممبران جو سالانہ رپورٹ کی سافٹ کاپی حاصل کرنا چاہتے ہیں، ان سے گذارش ہے کہ کمپنی کو اپنا ای میل ایڈریس فراہم کریں۔ الیکٹرانک ترسیل کے لئے اجازت نامے کا فارم، کمپنی کی ویب سائٹ www.packages.com.pk سے ڈاؤن لوڈ کیا جاسکتا ہے۔ تاہم، کمپنی اپنے شیئر ہولڈرز کو ان کی درخواست پر آڈٹ شدہ حسابات کی ہارڈ کاپی، درخواست موصول ہونے کے سات دن کے اندر، بالکل مفت فراہم کرے گی۔ SECP کے جاری کردہ سرکلر نمبر SRO 634(I)2014 مورخہ 10 جولائی، 2014 کے تحت کمپنی کے سالانہ اجلاس عام سے 21 دن قبل کمپنی اپنی ویب سائٹ www.packages.com.pk پر فنانشل اسٹیٹمنٹس اور رپورٹس لگا دے گی۔

8۔ پتے میں تبدیلی اور عدم کٹوتی کے لئے زکوٰۃ استثنا کا فارم:

فزیکل شیئر ہولڈرز سے درخواست ہے کہ وہ اپنے پتوں میں ہونے والی کسی تبدیلی سے کمپنی کو فوری طور پر مطلع کریں اور اگر قابل اطلاق ہو تو زکوٰۃ کی عدم کٹوتی کا استثنائی فارم کمپنی کے شیئر رجسٹرار آفس میسرز فیمکو ایسوسی ایٹس (پرائیوٹ) لمیٹڈ کو فراہم کریں، اگر پہلے فراہم نہیں کر چکے ہیں۔ مزید یہ کہ، وہ تمام شیئر ہولڈرز جو سی ڈی سی / شراکت دار اکاؤنٹس کے حامل ہیں اور اگر پہلے فراہم نہیں کیا تو، ان سے گذارش ہے کہ اپنے تازہ ترین پتے، اور اگر لاگو ہو تو زکوٰۃ استثنا کا فارم سی ڈی سی یا اپنے شراکت داروں / اسٹاک بروکرز کو فراہم کریں۔

9۔ وڈیو لنک کی سہولت:

اگر کمپنی کو اجلاس سے کم از کم 10 دن قبل کسی جغرافیائی جگہ پر رہائش پذیر ممبران جو 10% یا اس سے زائد حصص کے حامل ہوں، کی جانب سے رضامندی موصول ہوتی ہے کہ وہ اجلاس میں بذریعہ وڈیو لنک شرکت کریں گے تو کمپنی اس شہر میں وڈیو لنک کی سہولت کا انتظام کر دے گی، جس کا انحصار اس شہر میں مذکورہ سہولت کی دستیابی پر ہوگا۔ کمپنی سالانہ اجلاس عام کے انعقاد سے کم از کم 5 دن قبل، ممبران کو وڈیو کانفرنس سہولت کے مقام سے مطلع کر دے گی بمعہ ان تمام مکمل معلومات کے جو انہیں مذکورہ سہولت تک رسائی کے قابل کر سکیں۔ دونوں انگریزی اور اردو فارمز سالانہ رپورٹ میں منسلک رہے ہیں، اس سلسلے میں، براہِ مہربانی فارم بھر کے اسے کمپنی کے رجسٹرڈ آفس میں سالانہ اجلاس عام سے 7 دن قبل جمع کرائیں۔

10۔ سی ڈی سی اکاؤنٹ ہولڈرز کے لئے رہنما ہدایات:

سی ڈی سی اکاؤنٹ ہولڈرز کے لئے، اجلاس میں شرکت اور پراکسی کے تقرر کے سلسلے میں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 1، مورخہ 26 جنوری 2000 کو جاری کردہ سرکلر میں موجود تمام رہنما ہدایات پر عمل درآمد لازمی ہے۔

11۔ پراکسی فارمز:

پراکسی فارم انگریزی اور اردو میں، سالانہ رپورٹ کے ساتھ منسلک ہے اور اس پر دو گواہان کے دستخط لازمی ہیں۔ جن کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہونے چاہئیں۔

سالانہ اجلاس عام کی اطلاع

بذریعہ ہذا مطلع کیا جاتا ہے کہ پیکیجز لمیٹڈ کا 62 واں سالانہ اجلاس عام بروز منگل، مورخہ 25 اپریل 2017 کو صبح 10:30 بجے، پرل کانٹی نینٹل ہوٹل، مولوی تمیز الدین خان روڈ، کراچی، میں درج ذیل عمومی امور کی انجام دہی کے لئے منعقد ہوگا۔

1۔ 25 اپریل 2016 کو ہونے والے کمپنی کے 61 ویں سالانہ اجلاس عام کی کارروائی کی توثیق۔

2۔ 31 دسمبر 2016 کو ختم شدہ سال کے لئے کمپنی کے آڈٹ شدہ حسابات اور ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظوری۔

3۔ 31 دسمبر 2016 کو ختم شدہ سال کے لئے بورڈ آف ڈائریکٹرز کی تجویز کے مطابق نقد منافع منقسمہ پر غور و خوض اور منظوری۔

(الف) ترجیحی شیئرز/ قابل تبادلہ پذیر یا اسٹاک ہولڈر (انٹرنیشنل فنانس کارپوریشن) کو 24.497 روپے (12.893 فیصد) 190 روپے کے فی ترجیحی شیئر/ قابل تبادلہ پذیر یا اسٹاک کے حساب سے ادائیگی، جو بورڈ کی جانب سے تجویز کردہ اور پیکیجز لمیٹڈ اور انٹرنیشنل فنانس کارپوریشن کے درمیان سبسکرپشن معاہدے کی رو سے اور اس کے تحت ہم آہنگ کیا گیا مجموعی میزانیہ 200,549.277 روپے اور؛

(ب) عام شیئر ہولڈرز کو 25.00 روپے (250 فیصد) فی 10 روپیہ والے عام حصص پر۔

4۔ سال 2017 کے لئے آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین۔

حسب الحکم بورڈ

عدنان حئی۔ کاوجی
کمپنی سیکریٹری

کراچی
28 فروری، 2017

تصریحات:

1۔ شیئرز ٹرانسفر بکس کی بندش:

کمپنی کی شیئرز ٹرانسفر بکس 18 اپریل 2017 سے 25 اپریل 2017 (بشمول دونوں دن) بند رہیں گی۔ ہر لحاظ سے درست ٹرانسفرز جو ہمارے کمپنی کے رجسٹرار، میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، F-8، نزد ہوٹل فاران، نرسری، بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی 75400 کو 17 اپریل 2017 کو کاروباری اوقات کے خاتمے تک موصول ہوں گے، حتمی منافع منقسمہ کی ادائیگی کے لئے بروقت تصور کئے جائیں گے۔

2۔ سالانہ اجلاس عام میں شرکت:

تمام ممبرز جو اجلاس میں شرکت کرنے اور ووٹ دینے کا حق رکھتے ہیں، وہ اپنی جگہ کسی دوسرے فرد کو اجلاس میں شرکت اور ووٹ دینے کے لئے تحریری طور پر اپنی پراکسی مقرر کر سکتے ہیں۔ پراکسی کا کمپنی کا ممبر ہونا ضروری نہیں ہے۔ کارپوریٹ اینٹیٹی ممبر ہونے کی صورت میں، اپنی جگہ کسی کو پراکسی مقرر کر سکتے ہیں، خواہ پراکسی کمپنی کا ممبر ہو یا نہ ہو۔ کارپوریٹ اینٹیٹی ہونے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ اختیار نامہ بمعہ اس فرد کے نمونے کے دستخط جسے اجلاس میں شرکت اور ووٹ کے لئے نامزد کیا گیا ہے، کمپنی کو مکمل پراکسی فارم، جسے کسی افسر یا مختار فرد نے درست طور پر دستخط کیا ہو، کے ساتھ جمع کرائیں۔ پراکسی ہولڈرز سے گذارش ہے کہ وہ اجلاس عام کے موقع پر اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کریں۔

پراکسی کے موثر ہونے کے لئے لازمی ہے کہ ہر لحاظ سے مکمل شدہ پراکسی فارم کمپنی کے رجسٹرڈ آفس، چوتھی منزل، دی فورم، سوئٹ نمبر 422-G-20416، بلاک 9، خیابان جامی، کلفٹن، کراچی 75600 میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کرا دیں۔

3۔ کارپوریٹ باڈیز کی نمائندگی:

درج بالا شق نمبر 2 کے باوجود، ایک کارپوریٹ تنظیم یا کارپوریشن (خواہ کمپنیز آرڈیننس 1984 کے اعتبار سے کمپنی کی تعریف پر پوری اترے یا نہ اترے) جو کمپنی کی ممبر ہو، اپنے بورڈ یا کسی اور مجلس منتظمین کی قرارداد کے ذریعے کسی فرد کو اجلاس میں اپنا نمائندہ مقرر کر سکتی ہے اور ایسے مجاز ممبر کو کارپوریٹ یا کارپوریشن کی جانب سے جس کی وہ نمائندگی کر رہا ہے، تمام اختیارات حاصل ہوں گے۔ ایسے نمائندگان کو مذکورہ بالا قرارداد کی ایک نقل، اس کارپوریٹ باڈی یا کارپوریشن کے کمپنی سیکریٹری سے باقاعدہ طور پر دستخط شدہ پیش کرنی ہوگی، جس کی وہ نمائندگی کر رہے ہیں۔

4۔ اپنا شناختی کارڈ نمبر فراہم نہ کرنے والے شیئر ہولڈرز کے لئے نوٹس:

سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے لیٹر نمبر EMD/D-II/Misc/2009-1342 مورخہ 4 اپریل 2013 میں ہدایت کی ہے کہ ڈیویڈنڈ وارنٹ اس وقت تک جاری نہیں ہو سکتے جب تک ان پر کمپیوٹرائزڈ قومی شناختی کارڈ نمبروں کا اندراج نہ ہو۔ اس لئے ایسے تمام شیئر ہولڈرز جن کے پاس فزیکل شیئرز موجود ہیں اور انہوں نے اب تک اپنے موثر کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل جمع نہیں کرائی ہے، ان سے درخواست ہے کہ اپنے موثر کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل بمع فولیو نمبر کمپنی کے شیئر رجسٹرار کو ارسال کریں۔ شیئر ہولڈر کے موثر کمپیوٹرائزڈ قومی شناختی کارڈ نمبر کی عدم موجودگی کی صورت میں کمپنی اس امر پر مجبور ہوگی کہ وہ ایسے شیئر ہولڈرز کو ڈیویڈنڈ وارنٹ کی ترسیل روک دے۔

5۔ ڈیویڈنڈ سے انکم ٹیکس کی کٹوتی:

i) حکومت پاکستان نے بذریعہ فنانشل ایکٹ 2015، انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 میں کچھ ترامیم کی ہیں، جس کے تحت کمپنیوں کی جانب سے ادا کئے جانے والے ڈیویڈنڈ کی رقم پر مختلف شرح کے اعتبار سے ود ہولڈنگ ٹیکس کی کٹوتی تجویز کی گئی ہے۔ یہ ٹیکس ریٹس مندرجہ ذیل ہیں:

DIRECTORS' REPORT
TO THE SHAREHOLDERS

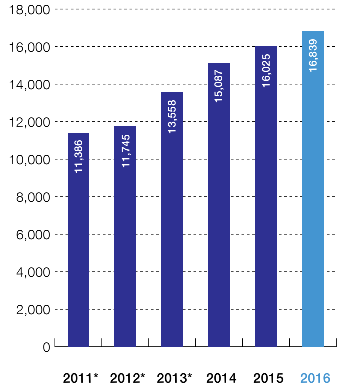
The Directors of the Company have the pleasure in submitting their Annual Report along with the audited financial statements of the Company for the year ended December 31, 2016.

Financial Performance

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

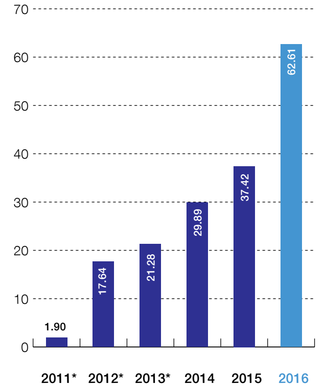
	2016	2015
	(Rupees in million)	
Net sales from operations	16,839	16,025
EBITDA- operations	2,427	2,497
Depreciation & amortization	(628)	(567)
EBIT – operations	1,799	1,930
Finance costs	(1,308)	(643)
Other operating income/(expenses) – net	(2)	(103)
Investment income	6,472	2,618
Earnings before tax	6,961	3,802
Taxation	(1,366)	(507)
Earnings after tax	5,596	3,295
Basic Earnings per share – Rupees	62.61	37.42

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. 16,839 million in 2016 against net sales of Rs. 16,025 million of last year representing sales growth of 5%. However, the overall volume growth has been 15% which has been offset by price discounts passed onto the customers of the packaging division on the back of deflationary trends in the raw material and fuel & power costs.

The operations generated Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of Rs. 2,427 million during 2016 against Rs. 2,497 million of 2015 resulting in a decrease of Rs. 70 million. The EBITDA is lower compared to that of corresponding period last year, due to deflationary prices trends, increased advertisement expense on consumer products by Rs. 109 million and overall decline in sales to tobacco industry.

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

Packaging Division

Packaging operations have achieved net sales of Rs. 12,794 million during 2016 as compared to Rs. 12,618 million of 2015 representing marginal sales growth, however volume growth has been 12%. Decreased value growth is due to price discounts that have been passed onto customers on the back of deflationary trends in raw material and fuel and power costs and also lower sales of tobacco industry. This stagnancy in sales against inflationary increases of fixed costs have resulted in decreased EBITDA by Rs. 139 million i.e. 7% over 2015 values. The Company's focus is on two fronts – revenue and cost control. Increase revenue volume growth and better product mix is being targeted along with saving in fuel and energy costs, production efficiencies and tighter controls over fixed costs to improve operating results of this division.

As a part of its continuing efforts towards technological up gradation, your Company has invested Rs 292 million in a new offset printing line having double coating capability. The new line commenced operations in the second quarter of 2016 and has added additional capacity and capability to meet growing customer demand in the folding cartons business. Your Company has also made an investment of Rs 122 million in their pre-press department for a state of art engraving machine and cylinder making line. This investment 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. 3,837 million during the year 2016 as compared to Rs. 3,245 million of 2015 representing sales growth of 18%.

The Division's EBITDA increased by Rs 158 million in 2016 compared to 2015 values resulting from revenue growth, improved capacity utilization, operating cost control initiatives and overall lower fuel and energy costs.

The Company has also made strategic investments of Rs 82 million including a new facial and toilet roll line and a fully automated party pack machine.

Production Statistics

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

	2016	2015
Consumer Products produced-tons	14,353	11,131
Carton Board & Consumer Products converted-tons	36,890	34,510
Plastics all sorts converted-tons	20,995	17,463

Investment Income

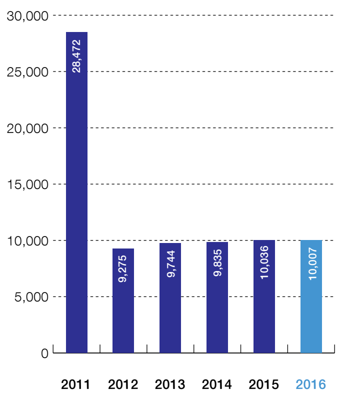
Investment income has increased by Rs. 3,854 million during 2016 over 2015 that is indicative of improved operational performance of the investee companies.

Finance Costs

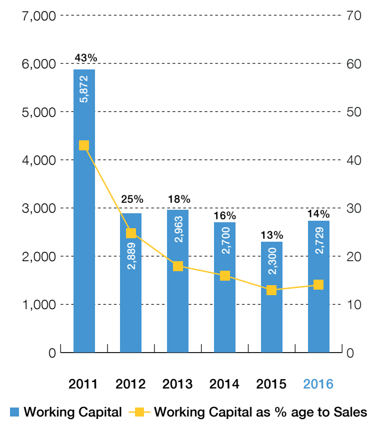
Finance cost of the Company has increased from Rs 643 million in the corresponding period to Rs 1,308 million in the current period owing to redemption premium of Rs 910 million arising from the redemption of 8.5 million preference shares of International Finance Corporation. This increase has been offset by reduced mark-up rates on finance facilities availed by the Company, reduced debt levels owing to better working capital management and conversion of preference shares by IFC as explained below.

DIRECTORS' REPORT
TO THE SHAREHOLDERS

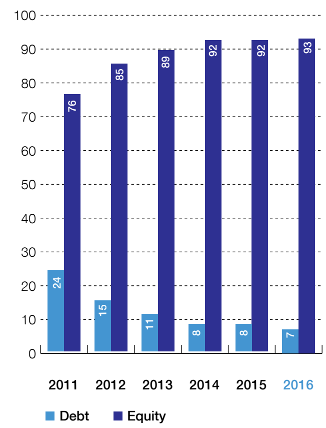
FIXED ASSETS
(Rupees in Million)



WORKING CAPITAL
(Rupees in Million)



DEBT TO EQUITY
(Percentage)



Conversion of Preference Shares

During the period, IFC exercised its right to convert 1,000,000 (December 31, 2015: 1,000,000) preference shares / convertible stock of Rs 190 into 1,000,000 (December 31, 2015: 1,000,000) ordinary shares of Rs 10 each. Accordingly, the liability portion pertaining to 1,000,000 preference shares / convertible stock (December 31, 2015: 1,000,000) converted into ordinary shares has been transferred to capital and reserves.

Redemption of Preference Shares

During the period, IFC exercised its right to redeem 8,500,000 (December 31, 2015: Nil) preference shares / convertible stock of Rs. 190 into cash. The redemption price was mutually agreed between the Company and IFC aggregating to Rs. 5,601.5 million.

The redemption was done in compliance with section 85 of the Companies' Ordinance, 1984. Accordingly, the Company has transferred an amount of Rs. 1,615 million from retained earnings to 'capital redemption reserve'.

Investment in associated company – TriPack Films Limited

The Company has subscribed to the right shares offered by its associated company, Tri-Pack Films Limited during the quarter ended March 31, 2016 investing Rs 367 million. Tri-Pack Films Limited has endeavored to reduce its reliance on debt through the rights issue, reducing both debt and creditors' financing, thus saving the interest expense. Your Company believes that this will yield positive returns for the Company in the long term.

Investment in OmyaPack (Private) Limited

The Company has made a cumulative investment of Rs. 310 million (including Rs. 500,000 already invested last year) in the equity of OmyaPack (Private) Limited ("JV Company"). This has been followed by matching equity investment by Omya Singapore Pte Limited. The JV Company will set up a state of the art production facility in Kasur, Punjab and will be positioned to supply a range of high quality ground calcium carbonate products specifically tailored to meet local and regional markets. Your Company believes that this will yield positive returns for the shareholders.

Incorporation of fully owned subsidiary – Packages Power (Private) Limited

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

Financial Management

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

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

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

Capital expenditure is managed carefully through 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 minimize cash flow risk to the business. Capital expenditure during 2016 was at Rs 1,021 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 (Private) Limited.

The Board is satisfied that there are no short or long term financial constraints including access to credit and a strong balance sheet with December 2016 with net debt: equity ratio at 7:93.

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.

Contribution to National Exchequer

Your Company is a noteworthy contributor to the national economy and has contributed Rs. 1,932 million during the year 2016 to the national exchequer on account of sales tax, income tax, import duties and statutory levies.

Environment, Health & Safety / Sustainability

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

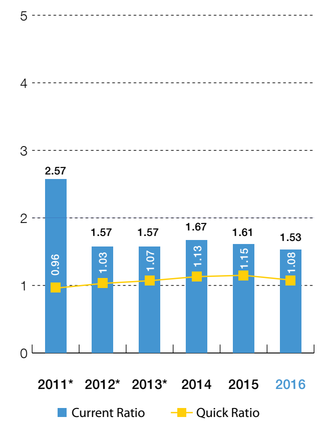
During the year, your Company obtained new certifications and successful surveillances for the following:

- Food Safety System Certification (FSSC) 22000
- British Retail Consortium Grade "A"
- HALAL Packaging Management System
- ISO 14001, ISO 9001 & FSC CoC

The prime areas of focus in the year continued to be energy efficiency, improving working conditions and training and development of workforce. Campaigns are an integral part of the environmental, health and safety initiatives; significant campaigns of 2016 include the following:

- Food Safety Campaign
- Driver and Road Safety Campaign
- Hand Injury/Safety Campaign
- Introduction of various policies such as smoking policy, road safety policy etc.

CURRENT & QUICK RATIO



* Represents Continuing Operations only

Corporate Social Responsibility ('CSR')

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

The Company is making contributions / donations to Packages Foundation for carrying out its social work. The Company donated a total of PKR 25.930 million towards various causes in the current year.

Retirement Funds

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

The value of investments of provident, gratuity and pension funds based on their audited accounts as on December 31, 2016 were the following:

Provident Fund	Rs. 2,890.074 million
Gratuity Fund	Rs. 415.125 million
Pension Fund	Rs. 2,002.771 million

Appropriation

In view of the financial results of the Company for the year 2016, the Board of directors of the Company has recommended cash dividend of 250 percent (i.e. Rs. 25 per share).

DIRECTORS' REPORT
TO THE SHAREHOLDERS

Accordingly, the following appropriations have been made:

	Rupees in thousand
Total Comprehensive Income for the year 2016	815,184
Un-appropriated profit brought forward	873,873
Available for appropriation	1,689,057
Transfer from General Reserve	1,000,000
Cash dividend	(2,279,487)
To be carried forward to 2017	409,570

Auditors

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

As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as Auditors of the Company for the year ending December 31, 2017, at a fee to be mutually agreed.

Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange 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, 2016 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, 2016.

Changes in the composition of the Board

During the year 2016, Mr. Rizwan Ghani resigned and Mr. Asghar Abbas 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

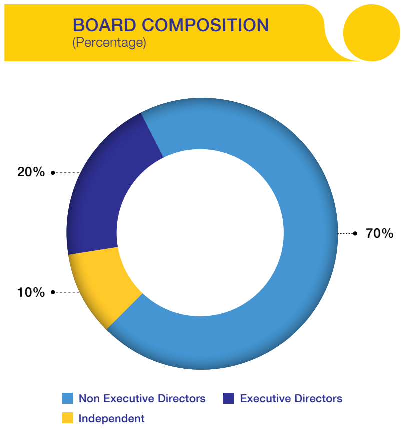
During the year 2016, seven (7) Board meetings were held and the number of meetings attended by each Director is given here under :-

Name of Director	No. of meetings attended
Mr. Towfiq Habib Chinoy *(Chairman)*	7
Syed Hyder Ali *(Chief Executive)*	7
Mr. Josef Meinrad Mueller	2
Mr. Asghar Abbas *(Appointed on 21 April 2016)*	5
Mr. Rizwan Ghani *(Resigned on 21 April 2016)*	2
Mr. Jari Latvanen	-
Mr. Muhammad Aurangzeb	1
Mr. Shamim Ahmad Khan	7
Syed Aslam Mehdi	5
Syed Shahid Ali	3
Mr. Tariq Iqbal Khan	7

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

Audit Committee

An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance, which comprises of five Non-Executive Directors.



Four (4) meetings of the Audit Committee were held during the year 2016. The attendance of each Member is given hereunder –

Name of Members	No. of meetings attended
Mr. Tariq Iqbal Khan *(Chairman) (Non-Executive)*	4
Mr. Mohammad Aurangzeb *(Independent)*	1
Mr. Shamim Ahmad Khan *(Non-Executive)*	4
Syed Shahid Ali *(Non-Executive)*	2
Syed Aslam Mehdi *(Non-Executive)*	3

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 has been determined by the Board of Directors and is in line with the guidelines provided in the Code of Corporate Governance.

Corporate and Financial Reporting Framework

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

Purchase of shares	Number of shares
Chief Executive Officer	NIL
Directors	14,400
Chief Financial Officer	NIL
Company Secretary	NIL
Spouse	3,100
Sale of shares	NIL

Pattern of Shareholding

A statement of the pattern of shareholding of certain class of shareholders as at December 31, 2016, 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 is optimistic about further improvement in economy which is bound to generate increased consumption of consumer goods and hence increased packaging demand. For 2017, the management strategy is to focus on achieving double digit volume growth. Furthermore, the Company will continue to focus on cost efficiencies, price rationalization and product mix management.

Growth is expected in the tissue market owing to increased awareness relating to hygiene.

The Company is taking steps to enhance market share 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 opening is targeted for Q2-2017 to coincide with the spring season.

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

(Towfiq Habib Chinoy)
Chairman
Lahore, February 28, 2017

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, February 28, 2017

جات حاصل ہوں گے۔

ملکیتی ذیلی ادارے-اومیا پیک (پرائیویٹ) لمیٹڈ میں سرمایہ کاری

کمپنی نے اومیا پیک (پرائیویٹ) لمیٹڈ ("جے وی کمپنی") کی ایکویٹی میں 310 ملین روپے (بشمول پہلے سے جاری 500,000 روپے) کی مجموعی سرمایہ کاری کی۔ اسکے بعد اومیا سنگاپور پی ٹی ای لمیٹڈ نے جے وی کمپنی میں اتنی ہی ایکویٹی انویسٹمنٹ کی۔ جے وی کمپنی قصور، پنجاب میں ایک جدید ترین پروڈکشن سہولت قائم کرے گی اور انتہائی اعلیٰ معیار کی کیلشیم کاربونیٹ پروڈکٹس کی ایک وسیع تر رینج، جو خصوصی طور پر مقامی اور علاقائی مارکیٹوں کی ضروریات کو مدنظر رکھ کر تیار کی جائیں گی، کی سپلائی کی پوزیشن میں ہوگی۔ آپ کی کمپنی اس امر پر یقین رکھتی ہے کہ یہ شیئر ہولڈرز کے لئے بہترین منافع جات کے حصول کا ذریعے ثابت ہوں گی۔

مکمل ملکیتی ذیلی ادارے پیکجز پاور (پرائیویٹ) لمیٹڈ کی تشکیل

کمپنی نے پیکجز پاور (پرائیویٹ) لمیٹڈ کو پیکجز لمیٹڈ کے ایک مکمل ملکیتی ذیلی ادارے کی حیثیت سے 3.1 میگا واٹ ہائیڈرو پاور پروجیکٹ کے مقصد کے لئے تشکیل دیا تھا۔ جیسا کہ پنجاب پاور ڈیولپمنٹ بورڈ (پی پی ڈی بی) کے ذریعے تشہیر کی گئی اس کے مطابق 13 دسمبر 2016 کو 25 ملین روپے کی ابتدائی ایکویٹی اس میں شامل کی گئی۔

فنانشل مینجمنٹ

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

کمپنی ایک موثر کیش فلو مینجمنٹ سسٹم کی حامل ہے جس کے ذریعے کیش ان فلوز اور آؤٹ فلوز کو ریگولر بنیاد پر واضح اور سختی کے ساتھ مانیٹر کیا جاتا ہے۔

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 سے طے کئے جاتے ہیں اور بروقت ڈلیوری اور طے شدہ لاگت کے لئے پروجیکٹ کا باقاعدگی سے جائزہ لیا جاتا ہے۔ وسیع تر کیپٹل اخراجات مزید طویل مدتی کنٹریکٹس کے ذریعے ممکن ہوتے ہیں تاکہ کاروبار میں کیش فلو کے خطرے کو کم کیا جائے۔ 2016 میں کیپٹل اخراجات 1,021 ملین 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، بلیے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ، ڈی آئی سی پاکستان لمیٹڈ، پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ، پیکیجز لنکا (پرائیویٹ) لمیٹڈ اور ایجی 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 2016 کے ساتھ ایک مضبوط بیلنس شیٹ مع خالص قرضہ ایکویٹی تناسب 93:7 پر ہے۔

خطرات میں کمی

بورڈ آف ڈائریکٹرز اور بورڈ کی آڈٹ کمیٹی وقوعہ کے اثرات اور ممکنہ وقوعہ کے ضمن میں خطرات کے میٹرکس کا باقاعدگی سے جائزہ لیتی ہے۔ چیف ایگزیکٹو آفیسر کی زیر قیادت سینئر انتظامی ٹیم خطرات میں کمی کے اقدامات کے لئے ذمے دار ہے۔ مارکیٹ کی صورتحال کا مستقل جائزہ لینے کے لئے کمپنی کی صلاحیت اور اس 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 تمام تر مالیاتی اثاثہ جات ماسوائے زیر گردش نقد رقم کریڈٹ رسک سے مشروط ہیں۔ کمپنی اس امر پر یقین رکھتی ہے کہ کریڈٹ رسک کے اہم ماخذ کو ایکسپوز نہیں کیا گیا۔ ایکسپوزر اس کے صارفین کے لئے کریڈٹ کی حدود کے نفاذ اور اے ریٹنگ کے حامل بینکس اور مالیاتی اداروں کے ساتھ اس کے انویسٹمنٹس پورٹ فولیو کی ڈائیورسیفکیشن کے ذریعے کم کیا گیا ہے۔

لیکویڈیٹی کے خطرات

لیکویڈیٹی کا محتاط بندوبست معاہدے پورے کرنے کے لئے مناسب فنڈز کی دستیابی کو یقینی بناتا ہے۔ کمپنی کے فنڈ کے انتظام کی حکمت عملی کے مقاصد اندرونی طور پر کیش جنریشن اور مالیاتی اداروں کے ساتھ طے کردہ کریڈٹ لائنز کے ذریعے لیکویڈیٹی رسک کا انتظام 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 محفوظ کی جاتی ہے جو کہ 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 ہے۔ کمپنی بنیادی طور پر اپنے خام مال اور پلانٹ و مشینری کی درآمد کے لئے شارٹ ٹرم پر امریکی ڈالر/ پاک روپے اور یورو/ پاک روپے کنورژن کو ایکسپوز ہوتی ہے۔

کیپٹل مینجمنٹ

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

قومی خزانے میں شراکت

آپ کی کمپنی قومی خزانے کے لئے ایک بڑی شراکت دار ہے اور سال 2016 کے دوران کمپنی نے سیلز ٹیکس، انکم ٹیکس، درآمدی ڈیوٹیوں اور اسٹیچوٹری لیویز کے ضمن میں قومی خزانے میں 1,932 ملین روپے جمع کرائے۔

ماحولیات، صحت اور تحفظ/ پائیداری:

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

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

- فوڈ سیفٹی سسٹم سرٹیفیکیشن FSSC22000
- برٹش ریٹیل کنسورشیم گریڈ "اے"
- حلال پیکجنگ مینجمنٹ سسٹم
- ISO 14001، ISO 9001 اور FSC CoC

سال میں نمایاں شعبے جن پر توجہ دی جاتی رہی ان میں باکفایت توانائی، کام کرنے کا بہترین ماحول اور افرادی قوت کی تربیت اور فروغ تھے۔ ماحولیات، صحت اور تحفظ کے اقدامات کے ایک مربوط حصہ کے طور پر مختلف انداز کی مہم کو ضروری تصور کیا جاتا ہے۔ 2016 کی نمایاں مہم میں درج ذیل شامل ہیں:

- فوڈ سیفٹی کمپین
- ڈرائیور اور روڈ سیفٹی مہم
- ہینڈ انجری/ سیفٹی کمپین
- مختلف پالیسیوں مثلاً تمباکو نوشی کی پالیسی، روڈ سیفٹی پالیسی وغیرہ کا تعارف

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۔

کمپنی اپنے سماجی کاموں کی انجام دہی کے لئے پیکجز فاؤنڈیشن کو امداد/ عطیات فراہم کرتی ہے۔ کمپنی نے سال رواں مختلف کاموں کے لئے مجموعی

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

کمپنی کے ڈائریکٹرز سال مختتمہ 31 دسمبر 2016 کے لئے اپنی سالانہ رپورٹ بشمول کمپنی کے آڈٹ شدہ مالیاتی حسابات پیش کراتے ہوئے فخر محسوس کر رہے ہیں۔

مالیاتی کارکردگی

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

	2016	2015
	(روپے ملین میں)	
آپریشنز سے خالص سیلز	16,839	16,025
EBITDA آپریشنز	2,427	2,497
فرسودگی اور کساد بازاری	(628)	(567)
EBIT آپریشنز	1,799	1,930
فنانس کی لاگت	(1,308)	(643)
دیگر آپریٹنگ آمدنی/(اخراجات)		
خالص	(2)	(103)
سرمایہ کاری آمدنی	6,472	2,618
آمدنی قبل از ٹیکس	6,961	3,802
ٹیکس	(1,366)	(507)
آمدنی بعد از ٹیکس	5,595	3,295
بنیادی آمدنی فی شیئر - روپے	62.61	37.42

آپریشنز سے 2016 میں 16,839 ملین روپے کی خالص سیلز حاصل کی گئی جبکہ گزشتہ سال 16,025 ملین روپے کی خالص سیلز رہی تھی جس سے 5 فیصد اضافہ ظاہر ہوا۔ تاہم مجموعی شرح نمو کا حجم 15 فیصد رہا تھا جو پیکیجنگ ڈویژن کے صارفین کو قیمتوں میں رعایت کے ذریعے منتقل کیا گیا جس کے پس منظر میں خام مال اور ایندھن و بجلی کے نرخوں میں کمی کا رجحان رہا۔

آپریشنز سے 2016 کے دوران آمدنی قبل از منافع ٹیکس، فرسودگی اور کساد بازاری (EBITDA) 2,427 ملین روپے رہی جبکہ 2015 میں 2,497 ملین روپے تھی۔ نتیجتاً 70 ملین روپے کی کمی ہوئی۔ قیمتوں میں کمی کے رجحان، اشیائے صارف پر تشہیری اخراجات 109 ملین روپے تک بڑھ جانے اور تمباکو کی صنعت کے لئے فروخت میں مجموعی خسارے کے باعث EBTIDA گزشتہ سال کی اسی مدت کے مقابلے میں کم رہا۔

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

پیکیجنگ ڈویژن

پیکیجنگ آپریشن نے 2016 کے دوران 12,794 ملین روپے کا خالص سیلز حاصل کیا جبکہ 2015 میں یہ حجم 12,618 ملین روپے تھا اور اس طرح 12 فیصد کی سیلز گروتھ حاصل ہوئی۔ نرخوں میں رعایت کے باعث شرح نمو کی قدر و قیمت میں کمی ہوئی جو کہ خام مال میں ڈیفلیشنری رجحانات اور ایندھن و بجلی کے نرخوں میں کمی اور تمباکو کی صنعت کی کنٹر سیلز کے باعث بھی صارفین کو منتقل کئے گئے۔ طے شدہ اخراجات میں افراط زر کے اضافوں کے برخلاف سیلز میں جمود کا شکار یہ رجحان EBTIDA میں 139 ملین روپے یعنی 2015 کی ویلیوز پر 7 فیصد تک کمی پر منتج ہوا۔ کمپنی کی توجہ دو محاذوں۔ ریونیو اور لاگت پر کنٹرول پر ہے۔ ریونیو کے حجم کی شرح نمو میں اضافہ اور بہتر پروڈکٹ مکس ہدف بنا رہا بشمول ایندھن اور انرجی کے اخراجات میں بچت، پیداواری کفایت اور مقررہ اخراجات پر سخت کنٹرول اس ڈویژن کے آپریٹنگ نتائج کو بہتر بنانے کے لئے ہدف رہے ہیں۔

ٹیکنالوجیکل اپ گریڈیشن کے ضمن میں اپنی مسلسل کوششوں کے طور پر آپ کی کمپنی نے ایک نئی آفسیٹ پرنٹنگ لائن میں 292 ملین روپے کی سرمایہ کاری کی جو ڈبل کوٹنگ کی صلاحیت کی حامل ہے۔ اس نئی لائن کے باقاعدہ آپریشنز کا آغاز 2016 کی دوسری سہ ماہی میں کر دیا گیا اور فولڈنگ کارٹنز کے بزنس میں صارف کی بڑھتی ہوئی طلب کو پورا کرنے کے لئے اضافی گنجائش اور صلاحیت میں اضافہ ہوا۔ آپ کی کمپنی نے اپنے پری۔پریس ڈپارٹمنٹ میں ایک جدید ترین انگریونگ مشین اور سلنڈر ریمیکنگ لائن کے لئے 122 ملین روپے کی سرمایہ کاری بھی کی 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 2016 کے دوران 3,837 ملین روپے کی سیلز حاصل کی جبکہ 2015 میں یہ حجم 3,245 ملین روپے تھا جس سے 18 فیصد سیلز گروتھ ظاہر ہوتی ہے۔

ڈویژن کے 2016EBITDA میں سال 2015 کی ویلیوز کے مقابلے میں 158 ملین 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 ہو سکا۔

کمپنی نے ایک نئے ٹشیل اور ٹوائلٹ رول لائن اور ایک مکمل خودکار پارلی پیک مشین پر مجموعی طور پر 82 ملین روپے کی اسٹریٹیجک سرمایہ کاری بھی کی۔

پروڈکشن کے اعداد و شمار

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

	2016	2015
اشیائے صارف تیار کردہ - ٹنز	14,353	11,131
کارٹن بورڈ اور کنزیومر پروڈکٹس - کنورٹڈ - ٹنز	36,890	34,510
پلاسٹک تمام اقسام کنورٹڈ - ٹنز	20,995	17,463

انویسٹمنٹ آمدنی

انویسٹمنٹ آمدنی میں سال 2016 کے دوران سال 2015 کے مقابلے میں 3,854 ملین روپے کا اضافہ ہوا جو انویسٹی کمپنیوں کی بہترین آپریشنل کارکردگی کا اظہار ہے۔

فنانس کے اخراجات

کمپنی کے فنانس اخراجات اس مدت میں 643 ملین روپے سے بڑھ کر رواں مدت میں 1,308 ملین روپے ہو گئے جو انٹرنیشنل فنانس کارپوریشن کے 8.5 ملین ترجیحی شیئرز کے انفکاک کے باعث 910 ملین روپے کے انفکاکی پریمیم کی وجہ سے ہوئے۔ یہ اضافہ کمپنی کی جانب سے حاصل کردہ فنانس سہولتوں پر شرح سود میں کمی، بہتر ورکنگ کیپٹل انتظام کی وجہ سے کمتر قرضوں کی سطح اور آئی ایف سی کے ترجیحی شیئرز کی منتقلی کے باعث متوازن ہوا جیسا کہ ذیل میں وضاحت کی گئی۔

ترجیحی شیئرز کی منتقلی

اس مدت کے دوران آئی ایف سی نے اپنے اختیارات کو بروئے کار لاتے ہوئے 1,000,000 (31 دسمبر 2015: 1,000,000) 190 روپے کے ترجیحی شیئرز/ قابل منتقل اسٹاک کو 1,000,000 (31 دسمبر 2015: 1,000,000) عمومی شیئرز مالیتی ہر ایک 10 روپے پر منتقل کیا۔ اس کے مطابق 1,000,000 ترجیحی شیئرز/ قابل منتقل اسٹاک (31 دسمبر 2015: 1,000,000) سے متعلق مالی ذمے داری کا حصہ عمومی شیئرز میں منتقل کر کے کیپٹل اور مختص اداوجات کو منتقل کیا گیا۔

ترجیحی شیئرز کا انفکاک

اس مدت کے دوران آئی ایف سی نے اپنے اختیارات کو بروئے کار لاتے ہوئے 8,500,000 (31 دسمبر 2015: کچھ نہیں) ترجیحی شیئرز/ 190 روپے کے قابل منتقل اسٹاک کا نقد میں انفکاک کیا۔ انفکاک کے نرخ کمپنی اور آئی ایف سی کے درمیان باہمی طے شدہ مجموعی طور پر 5,601.5 ملین روپے تھے۔

انفکاک کمپنیز آرڈیننس 1984 کی دفعہ 85 پر عملدرآمد کے تحت انجام دیا گیا۔ اس کے مطابق کمپنی نے 1,615 ملین روپے کی ایک رقم برقرار رکھی آمدنی سے "کیپٹل انفکاک ریزرو" میں منتقل کی۔

منسلک کمپنی ٹرائی پیک فلمز لمیٹڈ میں سرمایہ کاری

کمپنی نے اپنی منسلک کمپنی ٹرائی پیک فلمز لمیٹڈ میں 31 مارچ 2016 کو ختم ہونے والی سہ ماہی کے دوران 367 ملین روپے کی سرمایہ کاری رائٹ شیئرز کو سبسکرائب کرتے ہوئے کی۔ ٹرائی پیک فلمز لمیٹڈ نے کوشش کی کہ وہ رائٹ ایشو کے ذریعے قرضوں پر اپنا انحصار کم کرے، ڈیبٹ اور گیئرنگ دونوں لیول میں کمی لائے اور سود کے اخراجات کی بچت ہوئی۔ آپ کی کمپنی اس امر پر یقین رکھتی ہے کہ اس سے کمپنی کے لئے طویل مدت میں مثبت منافع

مستقبل پر نظر

انتظامیہ اس امر پر یقین رکھتی ہے کہ معاشی سرگرمی مزید بہتری ظاہر کرے گی جس کی وجہ سے اشیائے صارف کی طلب اور کھپت بڑھے گی اور پیکیجنگ مصنوعات کی مانگ میں بھی مزید اضافہ ہوگا۔ 2017 کے لئے انتظامی حکمت عملی میں دو ہندسوں پر مشتمل والیوم گروتھ کے حصول پر توجہ مرکوز کی جائے گی۔ مزید برآں کمپنی لاگت پر کفایت، پرائس راشنلائزیشن اور پروڈکٹ مکس مینجمنٹ پر بھی توجہ دینے کا سلسلہ جاری رکھے گی۔

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 کر رہی ہے اور اہداف کے مطابق ترقی کے حصول کے لئے اقدامات، نئی مصنوعات، برانڈ بلڈنگ اور بالکفایت 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 اس کی اپنی اراضی پر 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 جا رہا 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، سینما، فوڈ کورٹس، انٹرنیشنل برانڈ، بالخصوص دکانیں، لوکل برانڈز اور ریٹیلرز کے لئے کشش کا باعث ہوگا۔ یہ شاپنگ مال متوقع طور پر 2017 کی دوسری سہ ماہی میں آپریشنل ہو جائے گا جو موسم بہار کے ساتھ موافق ہوگا۔

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۔

(توقیق حبیب چنائے)
چیئرمین
لاہور، 28 فروری، 2017

(سید حیدر علی)
چیف ایگزیکٹو و مینجنگ ڈائریکٹر
لاہور، 28 فروری، 2017

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

طور پر 25.930 ملین پاکستانی روپے فراہم کئے۔

ریٹائرمنٹ فنڈز

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

پراویڈنٹ، گریجویٹی اور پنشن فنڈز کی سرمایہ کاریوں کی مالیت 31 دسمبر 2016 کو ان کے آڈٹ شدہ اکاؤنٹس کے مطابق درج ذیل تھی۔

پراویڈنٹ فنڈ	2,890.074 ملین روپے
گریجویٹی فنڈ	415.125 ملین روپے
پنشن فنڈ	2,002.771 ملین روپے

تصرف (Appropriation)

سال 2016 کے لئے کمپنی کے مالیاتی نتائج کے پیش نظر کمپنی کے بورڈ آف ڈائریکٹرز نے 250 فیصد نقد منافع منقسمہ (یعنی 25 روپے فی شیئر) کی سفارش کی ہے لہٰذا درج ذیل تصرف حاصل کئے گئے۔

	روپے ہزاروں میں
سال 2016 کے لئے کل جامع آمدنی	815,184
غیر تصرف شدہ منافع	
جو آئندہ کے لئے شامل کیا گیا	873,873
تصرف کے لئے دستیاب	1,689,057
جنرل ریزرو سے منتقلی	1,000,000
نقد منافع منقسمہ	(2,279,487)
2017 کے لئے منتقل کردہ	409,570

آڈیٹرز

موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس سبکدوش ہو رہے ہیں اور انہوں نے خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ انہوں نے انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کی جانب سے اطمینان بخش ریٹنگ حاصل کرنے کی تصدیق کی ہے اور انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس کے ضابطہ اخلاق پر مشتمل گائیڈ لائنز کی مکمل پاسداری کی ہے جو کہ (ICAP) کی جانب سے رائج کی گئی تھیں۔

جیسا کہ آڈٹ کمیٹی کی جانب سے تجویز کیا گیا۔ اس کے مطابق بورڈ آف ڈائریکٹرز نے 31 دسمبر 2017 کو ختم ہونے والے سال کے لئے باہمی طور پر طے کردہ معاوضے پر کمپنی کے آڈیٹرز کی حیثیت سے ان کی دوبارہ تقرری کی سفارش کی ہے۔

کارپوریٹ گورننس کے ضابطہ پر عملدرآمد

کراچی، لاہور اور اسلام آباد اسٹاک ایکسچینجز کی جانب سے ان کی لسٹنگ ریگولیشنز میں کارپوریٹ گورننس کے ضوابط کی شرائط کو کمپنی کی جانب سے رائج کیا جا چکا ہے اور ان پر باقاعدہ عملدرآمد کیا جا رہا ہے۔ اس سلسلے میں ایک اسٹیٹمنٹ رپورٹ کے ساتھ منسلک ہے۔

ضروری واقعات

31 دسمبر 2016 سے اب تک کوئی ضروری واقعہ نہیں ہوا اور نہ کمپنی نے کوئی نیا معاہدہ کیا ہے جو کہ سال مختتمہ 31 دسمبر 2016 کے لئے کمپنی کے آڈٹ شدہ مالیاتی حسابات میں درج مالیاتی پوزیشن کے علاوہ اس تاریخ تک کسی بھی مالیاتی پوزیشن پر اثر انداز ہو۔

بورڈ کی تشکیل میں تبدیلیاں

سال 2016 کے دوران جناب رضوان غنی نے استعفیٰ دیا اور ان کی جگہ جناب اصغر عباس کو نامزد کیا گیا۔ بورڈ کی خواہش ہے کہ سبکدوش ہونے والے ڈائریکٹر کی قابل قدر خدمات کو خراج تحسین پیش کرنے اور جانے والے ممبر کی جگہ باقیماندہ مدت کے لئے آفس سنبھالنے والے نئے ڈائریکٹر کے لئے خیر مقدمی کلمات ریکارڈ کئے جائیں۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال 2016 کے دوران بورڈ کے سات (7) اجلاس منعقد کئے گئے اور ہر ایک ڈائریکٹر کی جانب سے اجلاس میں شرکت کی تفصیل درج ذیل کے مطابق ہے۔

نمبر شمار	ڈائریکٹر کا نام	شرکت کنندہ اجلاسوں کی تعداد
1	جناب توفیق حبیب چنائے (چیئرمین)	7
2	سید حیدر علی (چیف ایگزیکٹو)	7
3	جناب جوزف مہر یڈمیولر	2
4	جناب اصغر عباس (21 اپریل 2016 کو تقرری ہوئی)	5
5	جناب رضوان غنی (21 اپریل 2016 کو مستعفی ہو گئے)	2
6	جناب یاری لیٹوانین	-
7	جناب محمد اورنگ زیب	1
8	جناب شمیم احمد خان	7
9	سید اسلم مہدی	5
10	سید شاہد علی	3
11	جناب طارق اقبال خان	7

بورڈ کے اجلاسوں میں شرکت نہ کر پانے والے ڈائریکٹرز کو غیر حاضری کے لئے چھٹی منظور کر دی گئی تھی۔

آڈٹ کمیٹی

بورڈ کی ایک آڈٹ کمیٹی کارپوریٹ گورننس کے ضابطہ کے نفاذ سے موجود ہے جو پانچ نان-ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔

سال 2016 کے دوران آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے اور ان میں ہر ایک ڈائریکٹر کی حاضری درج ذیل کے مطابق رہی:۔

ممبر کا نام	شرکت کردہ اجلاس کی تعداد
جناب طارق اقبال خان (چیئرمین) (نان ایگزیکٹو)	4
جناب محمد اورنگ زیب (آزاد)	1
جناب شمیم احمد خان (نان ایگزیکٹو)	4
سید شاہد علی (نان ایگزیکٹو)	2
سید اسلم مہدی (نان ایگزیکٹو)	3

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

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

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

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
ڈائریکٹرز	14,400
چیف فنانشل آفیسر	کوئی نہیں
کمپنی سیکریٹری	کوئی نہیں
شریک حیات	3,100

شیئرز کی فروخت	شیئرز کی تعداد
کوئی نہیں	کوئی نہیں

شیئر ہولڈنگ کا پیٹرن

شیئر ہولڈرز کی مختلف کلاس کی شیئر ہولڈنگ کے پیٹرن کا ایک اسٹیٹمنٹ بمطابق 31 دسمبر 2016، جس کا اظہار رپورٹنگ فریم ورک کے تحت ضروری ہے، شیئر ہولڈرز کی معلومات کے منسلکہ ضمیمہ میں شامل کر دیا گیا ہے۔

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

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REGISTERED **OFFICE**

4th Floor, The Forum
Suite # 416-422, G-20, Block 9
Khayaban-e-Jami, Clifton
Karachi-75600
Tel. # 92 21 35831618 / 35831664 / 35833011 / 35874047 – 49 / 35378650-51
Fax # 92 21 35860251

SHARES **REGISTRAR**

FAMCO Associates (Pvt.) Ltd
8-F, Next to Hotel Faran
Nursery, Block 6, P.E.C.H.S.
Shahrah-e-Faisal,Karachi-75400
Tel. # 92 21 34380101-5 / 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 2016-17 has been paid to the stock exchange within the prescribed time limit.

Stock Code

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

Shares Registrar

Packages' shares department is operated by FAMCO Associates (Pvt.) Ltd and serves around 3,940 shareholders. It is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function.

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

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

Contact persons:

Mr. S.M. Munawar Moosvi

Tel. # 92 21 35831618 / 35831664 / 35833011 / 35874047 – 49 / 35378650-51
Fax # 92 21 35860251

Mr. Ovais Khan

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

Service Standards

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

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

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

Statutory Compliance

During the year, the company has complied with all applicable provisions, filed all returns/ forms and furnished all the relevant particulars as required under the Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the listing requirements.

Dematerialisation of Shares

The equity shares of the company are under the dematerialization category. As of date, 73.36% of the equity shares of the company have been dematerialized by the shareholders.

Dividend Announcement

The board of directors of the company has recommended for the financial year ended December 31, 2016 payment of cash dividend as follows:-

a) to the preference share / convertible stock holder (International Finance Corporation) at the rate of Rs. 24.497 (12.893%) per preference share / convertible stock of Rs. 190.00 in terms of and as adjusted under the Subscription Agreement between Packages Limited and International Finance Corporation (2015: 10% or Rs. 19.00 per preference share / convertible stock of Rs. 190.00).

b) to the ordinary shareholders at the rate of 250% (Rs. 25.00 per ordinary share of Rs. 10.00) subject to approval by the ordinary shareholders of the company at the Annual General Meeting (2015: cash dividend at the rate of 150% or Rs.15.00 per ordinary share).

Book Closure Dates

The Register of Members and Share Transfer Books of the company will remain closed from April 18, 2017 to April 25, 2017 both days inclusive.

Dividend Remittance

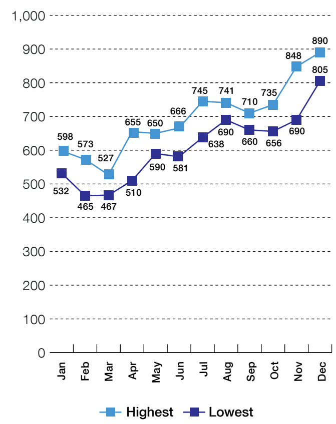
Preference dividend/return will be paid to the preference/convertible stockholder prior to payment of ordinary dividend to the ordinary shareholders.

Ordinary dividend declared and approved at the Annual General Meeting will be paid well before the statutory time limit of 30 days:

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

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

SHARE PRICE MOVEMENT
(Share price on PSX (Rupees / Share)



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 20.0% for non-filers of income tax returns.

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

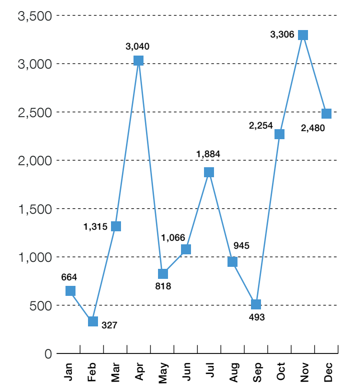
Dividend Warrants

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.

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.

TRADING VOLUME
(Volume of share traded on the PSX (in thousands)



Legal Proceedings

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

General Meetings & Voting Rights

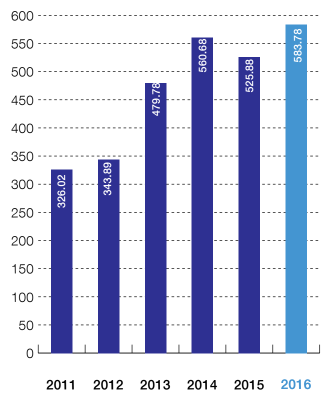
Pursuant to section 158 of the Companies Ordinance, 1984, Packages Limited holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore and Islamabad.

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

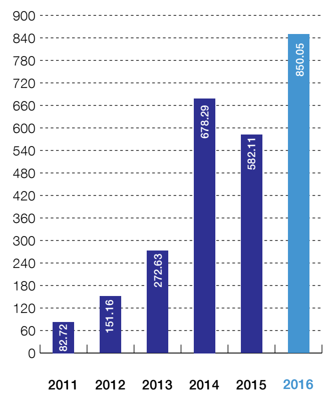
All ordinary shares issued by the company carry equal voting rights. Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member-One Vote". If majority of shareholders raise their hands in favor of a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

SHAREHOLDERS'
INFORMATION

BREAK-UP VALUE PER ORDINARY SHARE (Rupees)



MARKET VALUE PER SHARE (Rupees)



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, 2016 is as follows:

Shareholding From	Shareholding To	Number of shareholders	Total shares held
1	100	1,890	42,801
101	500	766	220,463
501	1,000	332	264,186
1,001	5,000	521	1,271,209
5,001	10,000	138	1,015,691
10,001	15,000	58	729,103
15,001	20,000	31	542,948
20,001	25,000	27	616,681
25,001	30,000	20	545,906
30,001	35,000	16	519,957
35,001	40,000	11	414,681
40,001	45,000	12	505,954
45,001	50,000	8	386,937
50,001	55,000	5	263,869
55,001	60,000	8	457,522
60,001	65,000	3	186,117
65,001	70,000	5	338,432
70,001	75,000	2	145,088
75,001	80,000	3	231,545
80,001	85,000	2	162,938
85,001	90,000	1	89,700
90,001	95,000	2	182,002
95,001	100,000	3	295,016
100,001	105,000	1	101,085
105,001	110,000	1	109,391
110,001	115,000	3	340,859
120,001	125,000	2	245,350
125,001	130,000	2	253,583
130,001	135,000	1	133,636
135,001	140,000	1	136,999
150,001	155,000	3	455,450
155,001	160,000	3	475,904
160,001	165,000	1	161,746
180,001	185,000	1	184,000
190,001	195,000	1	193,484
195,001	200,000	1	196,743
200,001	205,000	1	200,800
205,001	210,000	1	206,609
220,000	225,000	3	663,210
235,001	240,000	1	236,350
245,001	250,000	2	498,800
265,001	270,000	1	265,960
270,001	275,000	1	273,390
275,001	280,000	2	552,734
280,001	285,000	2	566,300
285,001	290,000	1	287,290
300,001	305,000	3	911,599
305,001	310,000	1	307,820
310,001	315,000	1	312,313
350,000	355,000	1	350,000
355,001	360,000	2	715,989
400,001	405,000	1	403,055
420,000	425,000	1	420,000
435,001	440,000	2	875,387
455,001	460,000	2	911,801
505,001	510,000	1	509,200
530,001	535,000	1	533,853
565,001	570,000	1	566,879
600,001	605,000	1	602,800
645,001	650,000	1	645,578
695,001	700,000	1	697,603
815,001	820,000	1	816,835
820,001	825,000	1	821,714
860,001	865,000	1	864,887
890,001	895,000	1	890,550
990,001	995,000	1	990,641
1,000,000	1,005,000	1	1,000,000
1,195,001	1,200,000	1	1,198,668
1,205,001	1,210,000	1	1,209,950
1,660,001	1,665,000	1	1,660,979
1,790,001	1,795,000	1	1,791,159
2,285,001	2,290,000	1	2,287,175
2,590,001	2,595,000	1	2,592,107
3,095,001	3,100,000	1	3,097,030
3,175,001	3,180,000	1	3,176,500
3,255,001	3,260,000	1	3,256,676
3,915,001	3,920,000	1	3,917,505
4,065,001	4,070,000	1	4,069,928
4,275,001	4,280,000	1	4,275,153
5,395,001	5,400,000	1	5,396,650
21,130,001	21,135,000	1	21,133,101
Total		3,940	89,379,504

INFORMATION

AS REQUIRED UNDER THE CODE OF CORPORATE GOVERNANCE

Shareholders' category		Number of shareholders	Number of shares held
i.	**Associated Companies, Undertakings and Related Parties (name wise details)**		
	GURMANI FOUNDATION	1	1,198,668
	IGI INSURANCE LIMITED	2	24,309,601
	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**	**31,437,722**
ii.	**Mutual Funds (name wise details)**		
	CDC - TRUSTEE ABL ISLAMIC PENSION FUND - EQUITY SUB FUND	1	4,800
	CDC - TRUSTEE ABL PENSION FUND - EQUITY SUB FUND	1	4,700
	CDC - TRUSTEE ABL STOCK FUND	1	250,000
	CDC - TRUSTEE AKD INDEX TRACKER FUND	1	6,789
	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	435,387
	CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	645,578
	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	50,700
	CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	312,313
	CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	74,450
	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	283,300
	CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	120,350
	CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	67,100
	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND	1	6,700
	CDC - TRUSTEE ASKARI EQUITY FUND	1	5,750
	CDC - TRUSTEE FAYSAL ASSET ALLOCATION FUND	1	11,000
	CDC - TRUSTEE FAYSAL BALANCED GROWTH FUND	1	13,500
	CDC - TRUSTEE FAYSAL ISLAMIC ASSET ALLOCATION FUND	1	22,500
	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	6,000
	CDC - TRUSTEE FIRST HABIB STOCK FUND	1	2,000
	CDC - TRUSTEE HBL - STOCK FUND	1	248,800
	CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	15,550
	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	13,250
	CDC - TRUSTEE HBL MULTI - ASSET FUND	1	32,150
	CDC - TRUSTEE HBL MUSTAHEKUM SARMAYA FUND 1	1	22,950
	CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	11,650
	CDC - TRUSTEE JS ISLAMIC FUND	1	31,300
	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	1	12,000
	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	10,000
	CDC - TRUSTEE MCB PAKISTAN ISLAMIC STOCK FUND	1	33,250
	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND	1	152,500
	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	42,200
	CDC - TRUSTEE MEEZAN BALANCED FUND	1	358,373
	CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	4,275,153
	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1	455,801
	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	4,069,928
	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	127,400
	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	76,632
	CDC - TRUSTEE PICIC ISLAMIC STOCK FUND	1	12,500
	CDC - TRUSTEE PICIC STOCK FUND	1	5,300
	CDC - TRUSTEE PIML ASSET ALLOCATION FUND	1	9,000
	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	1	8,600

Shareholders' category		Number of shareholders	Number of shares held
	CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND	1	7,600
	CDC - TRUSTEE PIML VALUE EQUITY FUND	1	6,000
	CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	40,400
	CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	1	222,000
	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	61,950
	CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND	1	1,000
	CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	47,050
	CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND	1	25,350
	MCFSL-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	4,800
	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	200,800
	MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	42,000
	Total:	**52**	**13,006,154**
iii.	**Directors and their spouse(s) and minor children (name wise details)**		
	SYED HYDER ALI	1	2,287,175
	ASGHAR ABBAS	1	100
	MUHAMMAD AURANGZEB	1	500
	TOWFIQ H. CHINOY	1	56,871
	SYED ASLAM MEHDI	1	9,781
	SYED SHAHID ALI	1	2,000
	SHAMIM AHMAD KHAN	1	603
	TARIQ IQBAL KHAN	1	3,500
	AZRA TARIQ W/O MR. TARIQ IQBAL KHAN	1	4,100
	Total:	**9**	**2,364,630**
iv.	**Executives**	7	4,994,643
	Total:	**7**	**4,994,643**
v.	**Public Sector Companies and Corporations**	3	4,739,419
	Total:	**3**	**4,739,419**
vi.	**Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds**	30	5,060,597
	Total:	**30**	**5,060,597**
vii.	**Shareholders Holding five percent or more Voting Rights in the Listed Company (name wise details)**		
	IGI INSURANCE LIMITED	1	21,133,101
	STORA ENSO AB	1	5,396,650
	Total:	**2**	**26,529,751**

INFORMATION

AS REQUIRED UNDER THE CODE OF CORPORATE GOVERNANCE

	Shareholders' category	No. of shareholders	No. of shares	Percentage
1	Directors, Chief Executive Officer, and their spouses and minor children	9	2,364,630	2.65
2	Associated Companies, undertakings and related parties	10	31,437,722	35.17
3	Banks Development Financial Institutions, Non Banking Financial Institutions	16	2,481,624	2.78
4	Insurance Companies	9	6,880,004	7.70
5	Modarabas and Mutual Funds	53	13,006,413	14.55
6	Shareholder holding 10%	1	24,309,601	27.20
7	General Public:			
	a. Local	3,688	18,921,810	21.17
	b. Foreign	6	7,008,339	7.84
8	Others	149	7,278,962	8.14
	Total (excluding: shareholder holding 10%)	**3,940**	**89,379,504**	**100**

Share Price and Volume

The monthly high and low prices and the volume of shares traded on the Stock Exchange during the financial year 2016 are as under:

	Share price on the PSX (Rs.)		Volume of shares traded
Month	Highest	Lowest	
January	598.00	532.00	663,500
February	573.00	465.00	326,800
March	527.00	467.05	1,314,900
April	655.00	510.00	3,039,750
May	650.00	590.00	818,200
June	665.84	581.00	1,066,400
July	745.00	638.00	1,884,050
August	741.00	690.10	944,600
September	709.99	660.00	492,750
October	735.00	656.00	2,253,700
November	848.00	690.00	3,306,450
December	890.00	805.02	2,480,200

STATEMENT OF **COMPLIANCE**

WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2016

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Listing Regulation No.5.19 of the Pakistan Stock Exchange 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. As at December 31, 2016 the Board included:

Category	Names
Independent Director	Mr. Muhammad Aurangzeb
Executive Directors	Syed Hyder Ali Mr. Asghar Abbas
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 Broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy that occurred on the Board on April 21, 2016 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.

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

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

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

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

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

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

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

(Towfiq Habib Chinoy)
Chairman
Lahore, February 28, 2017

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, 2016 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, 2016.

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A.F. Ferguson & Co.
Chartered Accountants
Lahore, February 28, 2017

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, 2016 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, 2016 and of the profit, total comprehensive income, changes in equity and its cash flows for the year then ended; and

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

A.F. Ferguson & Co.
Chartered Accountants
Lahore, February 28, 2017

Name of engagement partner:
Asad Aleem Mirza

FINANCIAL **STATEMENTS**

For the year ended December 31, 2016

BALANCE **SHEET**

as at December 31, 2016

(Rupees in thousand)	Note	2016	2015
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2015: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (2015: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each		4,180,000	4,180,000
Issued, subscribed and paid up capital 89,379,504 (2015: 88,379,504) ordinary shares of Rs. 10 each	5	893,795	883,795
Reserves		49,550,396	41,878,330
Preference shares / convertible stock reserve	6	606,222	1,309,682
Accumulated profit		1,734,057	3,714,566
		52,784,470	47,786,373
NON-CURRENT LIABILITIES			
Long term finances	6	3,575,520	3,729,181
Liabilities against assets subject to finance lease	7	26,057	27,653
Deferred tax	8	344,085	246,120
Retirement benefits	9	87,304	40,425
Deferred liabilities	10	304,996	201,576
		4,337,962	4,244,955
CURRENT LIABILITIES			
Current portion of long term liabilities	11	578,732	392,285
Finances under markup arrangements - secured	12	1,377,033	884,481
Trade and other payables	13	2,847,914	3,278,124
Accrued finance costs	14	221,730	349,282
		5,025,409	4,904,172
CONTINGENCIES AND COMMITMENTS	15	–	–
		62,147,841	56,935,500

(Rupees in thousand)	Note	2016	2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	16	4,198,410	3,804,477
Investment property	17	133,179	155,426
Intangible assets	18	9,866	20,729
Investments	19	50,077,782	44,997,518
Long term loans and deposits	20	25,958	39,247
		54,445,195	49,017,397
CURRENT ASSETS			
Stores and spares	21	463,875	488,061
Stock-in-trade	22	1,768,706	1,780,177
Trade debts	23	2,171,966	1,734,764
Loans, advances, deposits, prepayments and other receivables	24	1,081,622	1,392,346
Income tax receivable	25	2,125,865	2,421,015
Cash and bank balances	26	90,612	101,740
		7,702,646	7,918,103
		62,147,841	56,935,500

The annexed notes 1 to 46 form an integral part of these financial statements.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

PROFIT AND **LOSS ACCOUNT**

for the year ended December 31, 2016

(Rupees in thousand)		Note	2016	2015
Local sales			19,766,465	18,682,977
Export sales			27,064	28,321
			19,793,529	18,711,298
Less: Sales tax			2,933,794	2,657,232
Commission			20,415	29,089
			2,954,209	2,686,321
Net sales			16,839,320	16,024,977
Cost of sales		27	(13,221,323)	(12,663,569)
Gross profit			3,617,997	3,361,408
Administrative expenses		28	(897,392)	(752,730)
Distribution and marketing costs		29	(921,550)	(677,944)
Other operating expenses		30	(392,362)	(347,105)
Other income		31	390,298	244,022
Profit from operations			1,796,991	1,827,651
Finance costs		32	(1,307,505)	(643,032)
Investment income		33	6,472,005	2,617,891
Profit before tax			6,961,491	3,802,510
Tax		34	(1,365,762)	(507,094)
Profit for the year			5,595,729	3,295,416
Earnings per share				
Basic	Rupees	42	62.61	37.42
Diluted	Rupees	42	58.45	33.62

The annexed notes 1 to 46 form an integral part of these financial statements.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

STATEMENT OF **COMPREHENSIVE INCOME**

for the year ended December 31, 2016

(Rupees in thousand)	2016	2015
Profit for the year	5,595,729	3,295,416
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurement of retirement benefits liability	(37,663)	(136,067)
Tax effect	11,299	40,814
	(26,364)	(95,253)
Items that may be reclassified subsequently to profit or loss		
Surplus / (deficit) on remeasurement of available for sale financial assets	4,379,097	(4,744,022)
Other comprehensive income / (loss) for the year - net of tax	4,352,733	(4,839,275)
Total comprehensive income / (loss) for the year	9,948,462	(1,543,859)

The annexed notes 1 to 46 form an integral part of these financial statements.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

STATEMENT OF **CHANGES IN EQUITY**

for the year ended December 31, 2016

	Issued, subscribed and paid up capital	Reserves						Capital and reserves
		Capital reserves				Revenue reserves		
(Rupees in thousand)	Share capital	Share Premium	Fair value reserve	Preference shares / convertible stock reserve	Capital redemption reserve	General reserve	Accumulated profit	Total
Balance as on December 31, 2014	863,795	3,232,831	29,223,250	1,571,699	–	12,310,333	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 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	1,309,682	–	13,810,333	3,714,566	47,786,373
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, 2015								
Rs. 15.00 per share	–	–	–	–	–	–	(1,340,693)	(1,340,693)
Conversion of preference shares / convertible stock into ordinary								
share capital (1,000,000 ordinary shares of Rs. 10 each)	10,000	177,969	–	(74,048)	–	–	–	113,921
Redemption of preference shares / convertible stock								
(8,500,000 preference shares of Rs. 190 each)	–	–	–	(629,412)	1,615,000	–	(4,709,181)	(3,723,593)
	10,000	177,969	-	(703,460)	1,615,000	–	(6,049,874)	(4,950,365)
Total comprehensive income for the year ended								
December 31, 2016								
Profit for the year	–	–	–	–	–	–	5,595,729	5,595,729
Other comprehensive income:								
Surplus on remeasurement of available for sale financial assets	–	–	4,379,097	–	–	–	–	4,379,097
Remeasurement of retirement benefit liability - net of tax	–	–	–	–	–	–	(26,364)	(26,364)
Total comprehensive income for the year	–	–	4,379,097	–	–	–	5,569,365	9,948,462
Balance as on December 31, 2016	893,795	3,766,738	28,858,325	606,222	1,615,000	15,310,333	1,734,057	52,784,470

The annexed notes 1 to 46 form an integral part of these financial statements.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

CASH FLOW **STATEMENT**

for the year ended December 31, 2016

(Rupees in thousand)	Note	2016	2015
Cash flows from operating activities			
Cash generated from operations	40	2,317,441	3,182,034
Finance cost paid		(525,475)	(811,384)
Taxes paid		(1,278,772)	(686,226)
Payments for accumulating compensated absences		(26,046)	(23,533)
Retirement benefits paid		(17,917)	(15,329)
Net cash generated from operating activities		469,231	1,645,562
Cash flows from investing activities			
Fixed capital expenditure		(1,020,919)	(713,480)
Investments - net		(701,167)	(2,437,175)
Net decrease in long term loans and deposits		13,289	13,311
Proceeds from disposal of property, plant and equipment		93,797	91,023
Dividends received		6,472,005	2,617,891
Net cash generated from / (used in) investing activities		4,857,005	(428,430)
Cash flows from financing activities			
Repayment of long term finances - secured		(1,885,710)	(200,000)
Proceeds from long term finances - secured		3,000,000	–
Redemption of preference shares		(5,601,500)	–
Liabilities against assets subject to finance lease - net		(7,438)	(7,038)
Dividend paid		(1,335,268)	(782,731)
Net cash used in financing activities		(5,829,916)	(989,769)
Net (decrease) / increase in cash and cash equivalents		(503,680)	227,363
Cash and cash equivalents at the beginning of the year		(782,741)	(1,010,104)
Cash and cash equivalents at the end of the year	41	(1,286,421)	(782,741)

The annexed notes 1 to 46 form an integral part of these financial statements.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
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, production and sale of ground calcium carbonate products and companies engaged in insurance, power generation 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, 2016:

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 application of these amendments has no material impact on the Company's 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. The application of these amendments has no material impact on the Company's 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 application of these amendments has no 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 application of these amendments has no material impact on the Company's 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 of IFRS 10 and 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 application of these amendments has no material impact on the Company's 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 application of these amendments has no material impact on the Company's 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 amendment specifies the appropriate accounting treatment for such acquisitions. The application of this amendment has no material impact on the Company's 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 application of these amendments has no material impact on the Company's financial statements.

Amendments to IAS 1, 'Presentation of 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 application of these amendments has no material impact on the Company's financial statements.

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

Standards or Interpretations	Effective date (accounting periods beginning on or after)
Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative	January 01, 2017
Amendments to IAS 12, 'Income taxes' in relation to recognition of deferred tax assets for unrealised losses	January 01, 2017
Annual improvements 2014-2016	January 01, 2018
Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transaction	January 01, 2018
IFRS 9 - 'Financial instruments'	January 01, 2018
IFRS 15 - 'Revenue from contracts with customers'	January 01, 2018
Amendments to IFRS 15, 'Revenue from contracts with customers' on gross versus net revenue presentation	January 01, 2018
Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9	January 01, 2018
Amendments to IAS 40, 'Investment property', relating to transfer of investment property	January 01, 2018
IFRIC 22 - 'Foreign currency transactions and advance consideration'	January 01, 2018
IFRS 16 - 'Leases'	January 01, 2019

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 & 9
iii) Provision for tax - note 34

4. Significant accounting policies

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

4.1 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.

Assets 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	50%
Other equipments	6.67%	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, 2016 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 asset's 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, 2016 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 17. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

4.6 Investments

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

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

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

4.7.1 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, 2016. The actual return on plan assets during the year was Rs. 37.642 million (2015: Rs. 29.814 million).

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:

(Percent per annum)	2016	2015
Discount rate	8.0%	9.0%
Expected rate of increase in salary level	8.0%	8.0%
Expected rate of return	8.0%	9.0%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table

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

The Company is expected to contribute Rs. 19.550 million (2015: Rs. 17.917 million) to the gratuity fund in the next financial year.

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

(b) Pension plan

Management and executive staff hired before January 01, 2016 participate in the pension fund of the Company. On December 26, 2012, the Board of Trustees of the pension fund, decided to convert the Defined Benefit Plan to Defined Contribution Plan for all its active employees with effect from January 01, 2013 with no impact on the pensioners appearing on the pensioners' list as of that date. The proposed scheme was approved for implementation by the Commissioner Inland Revenue on February 22, 2013 and employees consent to the proposed scheme was sought and obtained. Management and executive staff who have joined on or after January 1, 2016, do not participate in the pension fund.

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

Defined contribution plan for active employees hired before January 1, 2016; and
Defined benefit plan for pensioners who have retired 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, 2016.

(Percent per annum)	2016	2015
Discount rate	8.0%	9.0%
Expected rate of increase in pension level	1.0%	4.0%
Expected rate of return	8.0%	9.0%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table

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.

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

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

(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 earn 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:

(Percent per annum)	2016	2015
Discount rate	8.0%	9.0%
Expected rate of increase in salary level	8.0%	8.0%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table

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 (2015: 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.

4.8 Stores and spares

Stores and spares are valued at moving weighted 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 moving 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 regularly reviewed, 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 recognised 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 comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. The Company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Company and specific criteria has been met for each of the Company's activities as described below:

(i) Sales revenue is recognised at the time the Company has transferred the significant risks and rewards of ownership of goods, which is considered to be at the time of dispatch of goods and performance of services;

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

(iii) Dividend income 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

2016 (Number of shares)	2015 (Number of shares)		2016 (Rupees in thousand)	2015 (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
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
1,000,000	2,000,000	Issuance of shares upon conversion of preference shares / convertible stock - note 5.1	10,000	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
5,000,000	4,000,000	- fully paid against conversion of preference shares / convertible stock	50,000	40,000
50,627,429	50,627,429	- fully paid bonus shares	506,274	506,274
89,379,504	88,379,504		893,795	883,795

5.1 Under the terms of redemption / conversion of preference shares / convertible stock mentioned in note 6.2, the Company, during the year, converted 1 million (2015: 2 million) preference shares / convertible stock of Rs. 190 each held by International Finance Corporation, Washington D.C, USA ('IFC') into 1 million (2015: 2 million) fully paid ordinary shares of Rs. 10 each.

5.2 24,309,601 (2015: 21,522,101) ordinary shares of the Company are held by IGI Insurance Limited, an associated undertaking.

(Rupees in thousand)	Note	2016	2015
6. Long term finances			
These are composed of:			
Local currency loans - secured			
Term finance loan	6.1.1	–	100,000
Long term finance facility I	6.1.2	1,714,290	2,000,000
Long term finance facility II	6.1.3	1,500,000	–
		3,214,290	2,100,000
Preference shares / convertible stock - unsecured	6.2	932,650	2,014,895
		4,146,940	4,114,895
Current portion shown under current liabilities	11	(571,420)	(385,714)
		3,575,520	3,729,181

6.1 Local currency loans - secured

6.1.1 Term finance loan

This loan has been repaid during the year as per the terms of the loan.

6.1.2 Long term finance facility I

This loan has been obtained from Meezan Bank Limited under the Islamic mode of finance as a Musharika. It is secured by a 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. The balance is repayable in 6 equal semi-annual installments ending on December 28, 2019. The loan carried mark up at the rate of six month KIBOR plus 0.25 percent per annum, which during the year has been reduced to six month KIBOR plus 0.10 percent per annum by the lender. The effective markup charged during the year ranges from 6.18 percent to 6.77 percent per annum (2015: 7.26 percent to 9.89 percent per annum).

6.1.3 Long term finance facility II

This represents a Term Finance Facility ("the facility") of Rs. 11 billion obtained from Habib Bank Limited to finance the redemption of preference shares issued to International Finance Corporation. The facility is secured against pledge of Nestle Pakistan Limited shares owned by the Company under a Share Pledge Agreement. During the year, the Company made a drawdown of Rs. 3 billion on September 8, 2016 out of which, Rs. 1.5 billion was prepaid before December 31, 2016 as permitted under the Facility. As per the agreement, the Company is entitled to make drawdowns of the remaining facility within 18 months of the first drawdown date. The facility carries mark up at the rate of six month KIBOR plus 0.25 percent per annum and is payable in 4 equal installments commencing on March 8, 2018 and ending on September 8, 2019. The effective mark up rate during the year was 6.30 percent per annum.

6.2 Preference shares / convertible stock - unsecured

During the year 2009, the Company issued 10 percent local currency non-voting 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, on its discretion, refuse to purchase the preference shares / convertible stock offered to it for purchase in cash. In case of refusal by the Company, preference shareholders shall have the right to either retain the preference shares / convertible stock or to convert them into ordinary shares. The preference shares / convertible stock can be held till perpetuity if preference shareholders do not opt for the conversion or cash settlement.

Rate of return

The preference share / convertible stock holders have a preferred right of return at the rate of 10 percent per annum on a non-cumulative basis till the date of settlement of preference shares / convertible stock either in cash or ordinary shares. In case the amount of dividend paid to an ordinary shareholder exceeds that paid to a preference shareholder, the preference shareholders have the right to share the excess amount with the ordinary shareholders on an as-converted basis.

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

(Rupees in thousand)	Note	2016	2015
Face value of preference shares / convertible stock			
[8,186,842 (2015: 17,686,842) shares of Rs. 190 each]		1,555,500	3,360,500
Transaction costs		(16,628)	(35,923)
		1,538,872	3,324,577
Equity component - classified under capital and reserves	6.2.1	(606,222)	(1,309,682)
Liability component - classified under long term finances	6.2.2	932,650	2,014,895
Accrued return on preference shares / convertible stock classified under accrued finance cost		155,550	336,050

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

6.2.1 Movement in equity component - classified under capital and reserves

2016 (Number of shares)	2015 (Number of shares)		Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
17,686,842	19,686,842	Equity component at the beginning of the year		1,309,682	1,571,699
–	–	Transfer from liability component		113,921	113,921
(1,000,000)	(2,000,000)	Conversion into:	6.3		
		ordinary share capital		(10,000)	(20,000)
		share premium		(177,969)	(355,938)
(1,000,000)	(2,000,000)			(74,048)	(262,017)
(8,500,000)	–	Redemption of preference shares	6.4	(629,412)	–
8,186,842	17,686,842	Equity component at the end of the year		606,222	1,309,682

(Rupees in thousand)	Note	2016	2015
6.2.2 Movement in liability component			
Liability component of 17,686,842 (2015: 19,686,842) preference shares as at the beginning of the year		2,014,895	2,128,816
Transfer to equity component upon conversion of 1,000,000 (2015: 2,000,000) preference shares into ordinary shares	6.3	(113,921)	(113,921)
Redemption of 8,500,000 (2015: Nil) preference shares	6.4	(968,324)	–
Liability component of 8,186,842 (2015: 17,686,842) preference shares as at the end of the year		932,650	2,014,895

6.3 During the year, IFC exercised its right to convert 1,000,000 (2015: 1,000,000) preference shares / convertible stock of Rs. 190 into 1,000,000 (2015: 1,000,000) ordinary shares of Rs. 10 each. Consequently, the Company converted 1,000,000 (2015: 2,000,000) preference shares / convertible stock during the year. Accordingly, the liability portion pertaining to 1,000,000 (2015: 1,000,000) preference shares / convertible stock converted into ordinary shares has been transferred to capital and reserves.

6.4 During the year, IFC exercised its right to redeem 8,500,000 (2015: Nil) preference shares / convertible stock of Rs. 190 into cash. The redemption price was mutually agreed between the Company and IFC at Rs. 595 per share for 500,000 shares and Rs. 663 per share for 8,000,000 shares aggregating to Rs. 5,601.500 million. Consequently, the liability portion of Rs. 968.324 million was extinguished along with the equity portion of Rs. 629.412 million. The redemption consideration of Rs. 595 and Rs. 663 per share has been allocated to liability and equity portion in the same manner as was used for separation of these components at the time of initial recognition at the prevailing market rates.

The fair value of the liability component at redemption is calculated by discounting cash flows at a rate of approximately 8.6 percent till perpetuity which represents the rate of similar instrument with no associated equity component. The premium paid on redemption of liability component of Rs. 909.582 million has been recognised in the profit and loss account and included in finance costs while that on equity component of Rs. 3,094.182 million has been directly charged to retained earnings. Further, in order to comply with section 85 of the Companies' Ordinance, 1984, the Company has transferred an amount of Rs. 1,615 million from retained earnings to 'Capital redemption reserve'.

(Rupees in thousand)	Note	2016	2015
7. Liabilities against assets subject to finance lease			
Present value of minimum lease payments		33,369	34,224
Current maturity shown under current liabilities	11	(7,312)	(6,571)
		26,057	27,653

Interest rate used as discounting factor ranges from 6.28 percent to 10.72 percent per annum (2015: 6.96 percent to 10.72 percent per annum). Taxes, repairs and insurance costs are borne by the lessee.

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

(Rupees in thousand)	Minimum lease payments	Future finance charge	Present value of lease liability 2016	2015
Not later than one year	8,355	1,043	7,312	6,571
Later than one year and not later than five years	26,684	627	26,057	27,653
	35,039	1,670	33,369	34,224

(Rupees in thousand)	Note	2016	2015
8. Deferred tax			
The liability for deferred tax comprises temporary differences relating to:			
Accelerated tax depreciation		490,177	462,907
Minimum and Alternate corporate tax available for carry forward	8.1	(52,925)	(155,866)
Provision for accumulating compensated absences		(91,499)	(60,312)
Others		(1,668)	(609)
		344,085	246,120

8.1 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. 270.768 million (2015: Rs. 314.851 million) available under section 113 of the Ordinance. Tax credits under section 113 of the Ordinance amounting to Rs. 110.934 million and Rs. 159.834 million are set to lapse by the end of years ending on December 31, 2017 and 2018 respectively.

(Rupees in thousand)	2016	2015
9. Retirement benefits		
Classified under non-current liabilities		
Pension fund	14,983	24,744
Gratuity fund	72,321	15,681
	87,304	40,425

(Rupees in thousand)	Pension Fund 2016	2015	Gratuity Fund 2016	2015
The amounts recognised in the balance sheet are as follows:				
Fair value of plan assets	691,464	627,009	416,664	362,566
Present value of defined benefit obligation	(706,447)	(651,753)	(488,985)	(378,247)
Liability as at December 31	(14,983)	(24,744)	(72,321)	(15,681)
Net (liability) / asset as at January 1	(24,744)	58,252	(15,681)	29,629
(Charge) / income to profit and loss account	(2,227)	6,117	(24,906)	(13,685)
Gain / (loss) recorded in OCI	11,988	(89,113)	(49,651)	(46,954)
Contribution by the Company	–	–	17,917	15,329
Net liability as at December 31	(14,983)	(24,744)	(72,321)	(15,681)
The movement in the present value of defined benefit obligation is as follows:				
Present value of defined benefit obligation as at January 1	651,753	641,863	378,247	309,873
Service cost	–	–	24,301	18,005
Interest cost	55,520	63,837	31,668	30,860
Benefits paid	(69,723)	(67,785)	(49,806)	(31,006)
Benefits due but not paid	–	–	–	(923)
Actuarial losses from change in financial assumptions	42,316	43,903	39,529	28,815
Experience adjustments	26,581	(30,065)	65,046	22,623
Present value of defined benefit obligation as at December 31	706,447	651,753	488,985	378,247
The movement in fair value of plan assets is as follows:				
Fair value as at January 1	627,009	700,115	362,566	339,502
Expected return on plan assets	53,293	69,954	31,063	35,180
Company contributions	–	–	17,917	15,329
Benefits paid	(69,723)	(67,785)	(49,806)	(31,006)
Benefits due but not paid	–	–	–	(923)
Experience gain / (loss)	80,885	(75,275)	54,924	4,484
Fair value as at December 31	691,464	627,009	416,664	362,566
The amounts recognised in the profit and loss account are as follows:				
Current service cost	-	-	24,301	18,005
Interest cost for the year	55,520	63,837	31,668	30,860
Expected return on plan assets	(53,293)	(69,954)	(31,063)	(35,180)
Net expense / (income), included in salaries, wages and amenities	2,227	(6,117)	24,906	13,685
The amounts recognised in the other comprehensive income are as follows:				
Actuarial losses from change in financial assumptions	42,316	43,903	39,529	28,815
Experience adjustments	26,581	(30,065)	65,046	22,623
Return on plan assets, excluding interest income	(80,885)	75,275	(54,924)	(4,484)
Total remeasurement chargeable to other comprehensive income	(11,988)	89,113	49,651	46,954
Plan assets are comprised as follows:				
Debt	248,235	291,528	164,204	144,192
Equity	426,910	333,161	246,284	216,271
Cash	16,319	2,320	6,176	2,103
	691,464	627,009	416,664	362,566

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)	2016	2015	2014	2013	2012
As at December 31					
Present value of defined					
benefit obligation	706,447	651,753	641,863	568,285	582,031
Fair value of plan assets	691,464	627,009	700,115	567,707	305,573
(Deficit) / surplus	(14,983)	(24,744)	58,252	(578)	(276,458)
Experience adjustment					
on obligation	4%	-5%	2%	1%	13%
Experience adjustment					
on plan assets	12%	-11%	24%	2%	11%

Fair value of plan assets include ordinary shares of the Company, whose fair value as at December 31, 2016 is Rs. 561.064 million (2015: Rs. 384.214 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)	2016	2015	2014	2013	2012
As at December 31					
Present value of defined					
benefit obligation	488,985	378,247	309,873	275,115	371,372
Fair value of plan assets	416,664	362,566	339,502	281,655	341,022
(Deficit) / surplus	(72,321)	(15,681)	29,629	6,540	(30,350)
Experience adjustment					
on obligation	13%	6%	13%	9%	14%
Experience adjustment					
on plan assets	13%	1%	21%	14%	9%

Fair value of plan assets include ordinary shares of the Company, whose fair value as at December 31, 2016 is Rs. 88.825 million (2015: Rs. 60.827 million).

	2016	
(Rupees in thousand)	Pension	Gratuity
Yearend sensitivity analysis on defined benefit obligation:		
Discount rate + 100 bps	675,555	449,457
Discount rate - 100 bps	762,522	534,906
Indexation + 100 bps	762,691	534,862
Indexation - 100 bps	656,843	448,753

(Rupees in thousand)	Note	2016	2015
10. Deferred liabilities			
This represents provision made to cover the obligation for accumulating compensated absences.			
Opening balance		201,576	174,581
Provision for the year		129,466	50,528
		331,042	225,109
Payments made during the year		(26,046)	(23,533)
Closing balance		304,996	201,576
11. Current portion of long term liabilities			
Current portion of long term finances - secured	6	571,420	385,714
Current portion of liabilities against assets subject to finance lease	7	7,312	6,571
		578,732	392,285
12. Finances under markup arrangements - secured			
Running finances - secured	12.1	637,033	534,481
Bills discounted - secured	12.2	–	–
Short term finances - secured	12.3	740,000	350,000
		1,377,033	884,481

12.1 Running finances - secured

Short term running finances available from a consortium of commercial banks under markup arrangements amount to Rs. 7,910 million (2015: Rs. 7,910 million). The rates of markup range from Re 0.1696 to Re 0.2120 (2015: Re 0.1780 to Re 0.2980) 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, markup is to be computed at the rates ranging from Re 0.2035 to Re 0.2586 (2015: Re 0.2136 to Re 0.3636) 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.

12.2 Bills discounted - secured

Facilities for discounting of export / inland bills of Rs. 631 million (2015: Rs. 531 million) are available to the Company as a sub-limit of the running finance facilities referred to in note 12.1. 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 12.1, on the specific bills discounted. The facility has not been availed in the current year.

12.3 Short term finances - secured

Facilities for obtaining short term finances of Rs. 7,135 million (2015: Rs. 6,635 million) are available to the Company as a sub-limit of the running finance facilities referred to in note 12.1. The rates of markup range from Re 0.1652 to Re 0.1778 (2015: Re 0.1698 to Re 0.2715) per Rs. 1,000 per diem or part thereof on the balances outstanding.

12.4 Letters of credit and bank guarantees

Of the aggregate facility of Rs. 6,489 million (2015: Rs. 6,339 million) for opening letters of credit and Rs. 794.350 million (2015: Rs. 794 million) for guarantees, the amount utilised at December 31, 2016 was Rs. 648.747 million (2015: Rs. 443.744 million) and Rs. 246.146 million (2015: Rs. 267.208 million) respectively. Of the facility for guarantees, Rs. 794 million (2015: Rs. 794 million) is secured by second hypothecation charge over stores, spares, stock-in-trade and trade debts.

(Rupees in thousand)		Note	2016	2015
13.	**Trade and other payables**			
	Trade creditors	13.1	1,276,456	1,231,903
	Accrued liabilities	13.2	438,354	459,326
	Bills payable		417,723	1,022,815
	Sales tax payable		32,576	22,691
	Advances from customers		53,932	49,069
	Payable to retirement benefit funds	13.3	15,948	14,590
	Deposits - interest free repayable on demand		6,922	7,446
	TFCs payable		1,387	1,387
	Unclaimed dividends		26,400	20,975
	Workers' profit participation fund	13.4	489,671	204,216
	Workers' welfare fund	13.5	7,351	174,237
	Others		81,194	69,469
			2,847,914	3,278,124
13.1	**Trade creditors include amount due to related parties as follows:**			
	Subsidiary			
	DIC Pakistan Limited		90,681	88,640
	Packages Lanka (Private) Limited		738	–
	Joint venture			
	Bulleh Shah Packaging (Private) Limited		178,473	232,766
	Associates			
	Tri-Pack Films Limited		46,530	54,043
	IGI Insurance Limited		5,758	4,267
	IGI Life Insurance Limited		3,470	–
			325,650	379,716
13.2	**Accrued liabilities include amounts in respect of related parties as follows:**			
	Subsidiary			
	DIC Pakistan Limited		2,591	707
	Joint venture			
	Bulleh Shah Packaging (Private) Limited		411	–
	Associates			
	IGI Insurance Limited		1,155	175
			4,157	882
13.3	**Payable to retirement benefit funds**			
	Employees' provident fund	13.3.1	7,978	7,347
	Employees' gratuity fund		1,545	1,293
	Management staff pension fund		6,425	5,950
			15,948	14,590

(Rupees in thousand)		Note	2016	2015
13.3.1	**Employees' provident fund**			
(i)	Size of the fund		2,904,096	2,152,893
(ii)	Cost of investments made		874,575	776,987
(iii)	Fair value of investments	13.3.2	2,888,011	2,125,249
(iv)	Percentage of investments made		99.45%	98.72%

	2016		2015	
	Rupees in thousand	%age of size of the Fund	Rupees in thousand	%age of size of the Fund
13.3.2 Fair value of investments				
Break up of investments				
Equity shares of listed companies	2,117,688	72.92%	1,480,216	68.75%
Mutual funds	318,533	10.97%	206,866	9.61%
Izafa Certificates	33,063	1.14%	160,217	7.44%
Pakistan Investment Bonds	94,503	3.25%	214,565	9.97%
Term Finance Certificates	20,393	0.70%	20,155	0.94%
Term Deposit Receipts with banks	303,831	10.46%	43,230	2.01%
	2,888,011	99.45%	2,125,249	98.72%

13.3.3 The investments by the employees' provident fund 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	2016	2015
13.4 Workers' profit participation fund			
Opening balance		204,216	147,665
Provision for the year	30	358,855	204,216
		563,071	351,881
Payments made during the year		(73,400)	(147,665)
Closing balance		489,671	204,216
13.5 Workers' welfare fund			
Opening balance		174,237	96,635
Provision for the year	30	7,351	77,602
Reversal of excess provision of prior years	31	(150,606)	–
		30,982	174,237
Payments made during the year		(23,631)	–
Closing balance		7,351	174,237

(Rupees in thousand)	2016	2015
14. Accrued finance costs		
Accrued markup / return on:		
Long term local currency loans - secured	51,608	7,000
Preference shares / convertible stock - unsecured	155,550	336,050
Finances under mark up arrangements - secured	14,572	6,232
	221,730	349,282

15. Contingencies and commitments

15.1 Contingencies

(i) Claims against the Company not acknowledged as debts Rs. 14.861 million (2015: Rs. 18.946 million).

(ii) Postdated 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. 18.981 million (2015: Rs. 69.148 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 USD 11.072 million (Equivalent to Rs. 1,160.311 million) [2015: USD 11.770 million (Equivalent to Rs. 1,232.781 million)].

15.2 Commitments

(i) Letters of credit and contracts for capital expenditure Rs. 191.973 million (2015: Rs. 295.519 million).

(ii) Letters of credit and contracts for other than capital expenditure Rs. 488.757 million (2015: Rs. 223.465 million).

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

(Rupees in thousand)	Note	2016	2015
Not later than one year		6,333	10,597
Later than one year and not later than five years		24,592	37,259
		30,925	47,856
There are no commitments with related parties.			
16. Property, plant and equipment			
Owned assets	16.1	4,060,129	3,540,012
Assets subject to finance lease	16.2	33,263	35,248
Capital work in progress	16.3	105,018	229,217
		4,198,410	3,804,477

16.1 Owned assets

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

(Rupees in thousand)	Cost as at December 31, 2014	Addition / (deletions)	Transfer in / (out) (note 16.2) (note 17)	Cost as at December 31, 2015	Accumulated depreciation as at December 31, 2014	Depreciation charge / (deletions) for the year	Transfer in / (out) (note 16.2)	Accumulated depreciation as at December 31, 2015	Book value as at December 31, 2015
				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)	–		

16.1.1 Deletions include cost of assets scrapped / written off amounting to Rs. 0.651 million (2015: Nil).

16.1.2 Owned assets include assets amounting to Rs. 70.059 million (2015: Rs. 15.385 million) of the Company which are not in operation.

16.1.3 The cost of fully depreciated assets which are still in use as at December 31, 2016 is Rs. 2,437.999 million (2015: Rs. 3,253.862 million).

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

(Rupees in thousand)	Note	2016	2015
Cost of sales	27	564,242	510,634
Administrative expenses	28	26,422	23,092
Distribution and marketing costs	29	10,569	7,188
		601,233	540,914

16.1.5 Disposal of owned assets

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

(Rupees in thousand)				2016		
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
Plant and machinery	**Outsider**					
	5 Star Enterprises	832,494	822,514	9,980	47,327	Negotiation
Other Equipments	**Employee**					
	Seema Riaz	137	53	84	75	Negotiation
	Outsider - related party					
	IGI Insurance Limited	111	28	83	52	Claim Settlement
	Outsider					
	Muhammad Amin	1,015	85	930	436	Negotiation
Vehicles	**Employees**					
	Abdullah Akhlaq	1,804	397	1,407	1,451	Company Policy
	Ali Raza Madni	683	41	642	581	- do -
	Asad Javed	1,046	324	722	738	- do -
	Asma Yousaf	1,673	452	1,221	1,194	- do -
	Ata u Noor	1,639	754	885	1,173	- do -
	Ayesha Khalid	554	332	222	256	- do -
	Ayesha Tariq	683	41	642	604	- do -
	Bilal Naeem	1,057	137	920	764	- do -
	Dr. Asad Ali	1,200	720	480	787	- do -
	Hafiz Awais Ahmad	743	431	312	411	- do -
	Humayun Munir	640	371	269	315	- do -
	Imran Aziz Salaria	1,021	327	694	720	- do -
	Ismail Cheema	550	297	253	247	- do -
	Jamshaid Iqbal	735	441	294	405	- do -
	Jazib Faizi	1,013	608	405	630	- do -
	Khalid Bashir	748	441	307	413	- do -
	Mudassar Anjum	1,628	98	1,530	1,490	- do -
	Muhammad Ali	1,325	596	729	812	- do -
	Muhammad Azm Uddin	683	123	560	493	- do -
	Muhammad Bilal Ashraf	525	315	210	237	- do -
	Muhammad Umar	437	169	268	431	- do -
	Muhammad Umer Farooq	688	227	461	424	- do -
	Muhammad Yousaf	541	303	238	243	- do -
	Nadeem Bhatty	1,662	133	1,529	1,435	- do -
	Omer Iqbal	1,054	253	801	827	- do -
	Saad Imran Butt	1,034	165	869	819	- do -
	Sagheer Ahmed	955	573	382	579	- do -
	Sajjad Hussain Malik	979	558	421	604	- do -
	Sameeha Fazeel	1,418	199	1,219	1,244	- do -
	Sh Waqas Ahmad	700	105	595	507	- do -
	Shafique Shakir	677	508	169	303	- do -
	Shahzad Ahmed	680	211	469	418	- do -
	Shahzad Murtaza	533	304	229	244	- do -
	Suleman Javed	1,700	1,003	697	1,069	- do -
	Syed Izzat Hassan	1,111	527	584	627	- do -
	Talha Ahmed Iftikhar	622	355	267	346	- do -
	Tanveer Akhtar	700	140	560	507	- do -
	Usama Pervaiz	1,527	31	1,496	1,527	- do -
	Usman Munir	1,518	228	1,290	1,340	- do -
	Wali Haider	892	-	892	892	- do -
	Outsiders					
	Muhammad Mohsin	1,340	1,005	335	1,180	Negotiation
	Muhammad Nadeem Farooqi	1,009	353	656	815	- do -
Other assets with book value less than Rs. 50,000		179,347	179,300	47	15,805	Negotiation
Written off		651	282	369	–	Company Policy
		1,055,482	1,016,858	38,624	93,797	

(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 -
	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 -
	Carried forward	44,998	24,279	20,719	26,792	

(Rupees in thousand)		2015				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
	Brought forward	44,998	24,279	20,719	26,792	
	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	

16.2 Assets subject to finance lease

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

(Rupees in thousand)	2015 Cost as at December 31, 2014	Additions / (deletions)	Transfer in / (out) (note 16.1)	Cost as at December 31, 2015	Accumulated depreciation as at December 31, 2014	Depreciation charge / (deletions) for the year	Transfer in / (out) (note 16.1)	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

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

(Rupees in thousand)	Note	2016	2015
Cost of sales	27	565	1,090
Administrative expenses	28	4,621	3,264
Distribution and marketing costs	29	–	261
		5,186	4,615

(Rupees in thousand)	2016	2015
16.3 Capital work-in-progress		
Civil works	4,050	11,229
Plant and machinery [including in transit Rs. 29.663 million (2015: Rs. 49.390 million)]	65,278	194,137
Advance for procurement of land	–	17,593
Advances to suppliers	35,690	6,258
	105,018	229,217

17. Investment property

2016 (Rupees in thousand)	Cost as at December 31, 2015	Additions	Transfer in / (out) (note 16.1)	Cost as at December 31, 2016	Accumulated depreciation as at December 31, 2015	Depreciation charge for the year	Transfer in / (out) (note 16.1)	Accumulated depreciation as at December 31, 2016	Book value as at December 31, 2016
Land	123,991	–	(47,296)	76,695	–	–	–	–	76,695
Buildings on freehold land	41,151	16,855	31,830	89,836	35,579	3,829	17,825	57,233	32,603
Buildings on leasehold land	39,575	–	–	39,575	13,712	1,982	–	15,694	23,881
	204,717	16,855	(15,466)	206,106	49,291	5,811	17,825	72,927	133,179

2015 (Rupees in thousand)	Cost as at December 31, 2014	Additions	Transfer in / (out) (note 16.1)	Cost as at December 31, 2015	Accumulated depreciation as at December 31, 2014	Depreciation charge for the year	Transfer in / (out)	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

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

17.2 Land of the Company measuring 119 kanals, 15 marlas and 62.25 sq.fts situated at Lahore with a book value of Rs. 6.149 million (2015: Rs. 6.149 million) and all present and future moveable fixed assets and buildings of Packages Construction (Private) Limited (PCPL) in aggregate ("the Mortgaged Security"), have been mortgaged under a first exclusive equitable charge of Rs. 7.333 billion (2015: Rs. 7.333 billion) in favor of MCB Bank Limited against a term finance facility of upto Rs. 4.5 billion (2015: Rs. 4.5 billion) and a running finance facility of up to Rs. 1 billion (2015: Rs. 1 billion) provided to PCPL by MCB Bank Limited under a tri-partite agreement between the Company, MCB Bank Limited and PCPL. The Mortgaged Security has also been mortgaged under a first pari passu charge amounting to Rs. 4.667 billion (2015: Nil) in favor of Allied Bank Limited against a term finance facility of up to Rs. 3.5 billion (2015: Nil) provided to PCPL by Allied Bank Limited under a tri-partite agreement between the Company, Allied Bank Limited and PCPL.

17.3 Fair value of the investment property, based on the valuation carried out by an independent valuer, as at December 31, 2016 is Rs. 3,530.119 million (2015: Rs. 2,954.139 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 43.4.

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	2016	2015
18. Intangible assets			
This represents computer software and ERP system.			
Cost			
As at January 1		189,270	189,270
Additions		4,963	–
Deletions		–	–
As at December 31		194,233	189,270
Accumulated amortisation			
As at January 1		(168,541)	(151,618)
Amortisation for the year	18.1	(15,826)	(16,923)
As at December 31		(184,367)	(168,541)
		9,866	20,729
18.1 The amortisation charge for the year has been allocated as follows:			
Cost of sales	27	9,768	9,733
Administrative expenses	28	6,058	7,190
		15,826	16,923
19. Investments			
These represent the long term investments in:			
Related parties	19.1	17,219,525	16,518,358
Others - Available for sale	19.2	32,858,257	28,479,160
		50,077,782	44,997,518

(Rupees in thousand)	Note	2016	2015
19.1 Related parties			
Subsidiaries - unquoted			
DIC Pakistan Limited			
3,377,248 (2015: 3,377,248) fully paid ordinary shares of Rs. 10 each			
Equity held 54.98% (2015: 54.98%)		15,010	15,010
Packages Construction (Private) Limited			
302,500,000 (2015: 302,500,000) fully paid ordinary shares of Rs. 10 each			
Equity held 75.16% (2015: 99.99%)		3,019,090	3,019,090
Packages Lanka (Private) Limited			
44,698,120 (2015: 44,698,120) shares of SL Rupees 10 each			
Equity held 79.07% (2015: 79.07%)		442,938	442,938
Anemone Holdings Limited			
351,088 (2015: 351,088) shares of US Dollars 1 each			
Equity held 100.00% (2015: 100.00%)		36,675	36,675
Packages Power (Private) Limited	19.1.1		
2,500,000 (2015: Nil) fully paid ordinary shares of Rs. 10 each			
Equity held 100.00% (2015: Nil)		25,000	–
OmyaPack (Private) Limited	19.1.2		
[Formerly CalciPack (Private) Limited]			
Nil (2015: 50,000) fully paid ordinary shares of Rs. 10 each			
Equity held Nil (2015: 100.00%)		–	500
		3,538,713	3,514,213
Joint venture - unquoted			
Bulleh Shah Packaging (Private) Limited			
709,718,013 (2015: 709,718,013) fully paid ordinary shares of Rs. 10 each			
Equity held 65.00% (2015: 65.00%)		9,973,652	9,973,652
OmyaPack (Private) Limited	19.1.2		
[Formerly CalciPack (Private) Limited]			
31,000,000 (2015: Nil) fully paid ordinary shares of Rs. 10 each			
Equity held 50.00% (2015: Nil)		310,000	–
		10,283,652	9,973,652
Associates - quoted			
IGI Insurance Limited	19.1.3		
13,022,093 (2015: 13,022,093) fully paid ordinary shares of Rs. 10 each			
Equity held 10.61% (2015: 10.61%)			
Market value - Rs. 4,009.372 million (2015: Rs. 3,080.636 million)		878,378	878,378
Tri-Pack Films Limited	19.1.4		
12,933,333 (2015: 10,000,000) fully paid ordinary shares of Rs. 10 each			
Equity held 33.33% (2015: 33.33%)			
Market value - Rs. 3,797.744 million (2015: Rs. 2,466.800 million)		2,507,900	2,141,233
IGI Investment Bank Limited	19.1.3		
4,610,915 (2015: 4,610,915) fully paid ordinary shares of Rs. 10 each			
Equity held 2.17% (2015: 2.17%)			
Market value - Rs. 15.032 million (2015: Rs. 7.239 million)		10,882	10,882
		3,397,160	3,030,493
		17,219,525	16,518,358

19.1.1 This has been incorporated by the Company pursuant to the decision of the board of directors to incorporate a project specific company for the development and management of a 3.1 MW hydropower project as advertised by Punjab Power Development Board (PPDB).

19.1.2 In accordance with the terms contained in the Joint Venture Agreement dated September 26, 2014, Packages Limited made cumulative investment of Rs. 310 million (2015: Rs. 500,000) in the equity of its then 100% owned subsidiary OmyaPack (Private) Limited [formerly CalciPack (Private) Limited] ("OmyaPack"). Pursuant to the investment made by the Company, Omya Singapore Pte Ltd ("Omya") equally subscribed to the paid up capital of Rs. 310 million on 28 November 2016. Pursuant to these investments, both the Company and Omya became 50/50 joint venture, and consequently OmyaPack is now being accounted for as a joint venture instead of a subsidiary.

19.1.3 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.

During the year, the boards of directors of IGI Insurance Limited and IGI Investment Bank Limited have approved Scheme of Amalgamation ("Amalgamation Scheme") under Sections 284 to 288 of the Companies Ordinance, 1984 (the "Ordinance") for the amalgamation of the entire undertaking, assets, entitlements and liabilities of IGI Investment Bank Limited with and into IGI Insurance Limited. In addition, the boards of Directors of IGI Insurance Limited and its wholly owned subsidiaries i.e. IGI General Insurance Limited and IGI Investments (Private) Limited have also approved Scheme of Arrangement ("Arrangement Scheme") under Sections 284 to 288 of the Ordinance for the demerger of the insurance division and certain investments along with corresponding liabilities, if any, held by IGI Insurance Limited into its (2) wholly owned subsidiaries IGI General Insurance Limited and IGI Investments (Private) Limited respectively subsequent to the merger under Amalgamation scheme.

Both Amalgamation Scheme and Arrangement Scheme have been filed by these entities with Honorable Sindh High Court in accordance with provisions of law subsequent to year-end and are pending before the court, as a result, no adjustment has been recognised in these financial statements.

19.1.4 During the year, Company has purchased 2,933,333 ordinary shares of Rs. 10 each through right subscription.

(Rupees in thousand)	Note	2016	2015
19.2 Others - Available for sale			
Quoted			
Nestle Pakistan Limited	19.2.1 & 19.2.2		
3,649,248 (2015: 3,649,248) fully paid ordinary shares of Rs. 10 each Equity held 8.05% (2015: 8.05%) Cost - Rs. 5,778.896 million (2015: Rs. 5,778.896 million)		32,843,232	28,464,135
Unquoted	19.2.3		
Tetra Pak Pakistan Limited	19.2.1 & 19.2.4		
1,000,000 (2015: 1,000,000) fully paid non-voting ordinary shares of Rs. 10 each		10,000	10,000
Coca-Cola Beverages Pakistan Limited			
500,000 (2015: 500,000) fully paid ordinary shares of Rs. 10 each Equity held 0.14% (2015: 0.14%)		5,000	5,000
Pakistan Tourism Development Corporation Limited			
2,500 (2015: 2,500) fully paid ordinary shares of Rs. 10 each		25	25
Orient Match Company Limited			
1,900 (2015: 1,900) fully paid ordinary shares of Rs. 100 each		–	–
		15,025	15,025
		32,858,257	28,479,160

19.2.1 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.

19.2.2 As of December 31, 2016, an aggregate of 775,000 shares (2015: 310,000) of Nestle Pakistan Limited having market value Rs. 6,975 million (2015: Rs. 2,418 million) have been pledged in favor of HBL Pakistan. Out of aggregate shares pledged, 410,000 shares (2015: 310,000) are pledged against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 15.1 and the remaining 365,000 shares (2015: NIL) are pledged against the term finance loan from HBL as referred to in note 6.1.3.

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

19.2.4 These non-voting ordinary shares of Tetra Pak Pakistan Limited entitle the Company to receipt of dividend for a period of 10 years starting from 2009 and ending in 2018, both years inclusive. These shares do not entitle the Company to any voting or other rights.

(Rupees in thousand)	Note	2016	2015
20. Long term loans and deposits			
Considered good			
Loans to employees	20.1	2,860	4,177
Loan to SNGPL	20.2	16,400	32,800
Security deposits		24,109	20,026
		43,369	57,003
Receivable within one year			
Loans to employees	24	(1,011)	(1,356)
Loan to SNGPL	24	(16,400)	(16,400)
		(17,411)	(17,756)
		25,958	39,247

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

Loans to employees aggregating Rs. 2.394 million (2015: Rs. 3.360 million) are secured by joint registration of motor cycles in the name of employees and the Company. The remaining loans are unsecured.

20.2 This 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 balance will be received in the following year.

(Rupees in thousand)	2016	2015
21. Stores and spares		
Stores [including in transit Rs. 7.706 million (2015: Rs. 15.037 million)]	235,099	259,575
Spares [including in transit Rs. 7.434 million (2015: Rs. 1.961 million)]	228,776	228,486
	463,875	488,061
22. Stock-in-trade		
Raw materials [including in transit Rs. 247.656 million (2015: Rs. 205.130 million)]	984,507	1,030,641
Work-in-process	219,626	210,945
Finished goods	564,573	538,591
	1,768,706	1,780,177

22.1 Finished goods costing Rs. 62.334 million (2015: Rs. 47.455 million) are being valued at net realisable value of Rs. 48.668 million (2015: Rs. 38.995 million).

(Rupees in thousand)		Note	2016	2015
23.	**Trade debts**			
	Considered good			
	Related parties - unsecured	23.1	35,447	29,537
	Others	23.2	2,136,519	1,705,227
			2,171,966	1,734,764
	Considered doubtful		15,635	25,037
			2,187,601	1,759,801
	Provision for doubtful debts	23.3	(15,635)	(25,037)
			2,171,966	1,734,764
23.1	**Related parties - unsecured**			
	Subsidiary			
	DIC Pakistan Limited		6,477	3,976
	Packages Construction (Private) Limited		3,795	11,695
	Joint venture			
	Bulleh Shah Packaging (Private) Limited		22,445	8,089
	Associate			
	Tri-Pack Films Limited		2,730	5,777
			35,447	29,537

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

23.2 Others include debts of Rs. 220.387 million (2015: Rs. 262.170 million) which are secured by way of bank guarantees and inland letters of credit.

(Rupees in thousand)		Note	2016	2015
23.3	The movement in provision during the year is as follows:			
	Balance as at January 1		25,037	37,964
	(Reversal) / provision for the year		(4,248)	8,001
	Bad debts written off		(5,154)	(20,928)
	Balance as at December 31		15,635	25,037
24.	**Loans, advances, deposits, prepayments and other receivables**			
	Current portion of loans to employees	20	1,011	1,356
	Current portion of loan receivable from SNGPL	20	16,400	16,400
	Advances - considered good			
	To employees	24.1	11,731	25,456
	To suppliers		11,326	23,592
			23,057	49,048
	Due from related parties - unsecured	24.2	532,334	1,120,757
	Trade deposits		45,081	42,713
	Prepayments	24.3	36,486	29,143
	Balances with statutory authorities			
	Customs duty		20,591	9,301
	Sales tax recoverable		97,879	92,462
	Sales tax refundable	24.4	292,214	–
			410,684	101,763
	Mark up receivable on			
	Loan to SNGPL		13	33
	Term deposits and saving accounts		–	85
			13	118
	Other receivables		16,556	31,048
			1,081,622	1,392,346

24.1 Included in advances to employees are amounts due from executives of Rs. 1.428 million (2015: Rs. 1.654 million).

(Rupees in thousand)		2016	2015
24.2	**Due from related parties - unsecured**		
	Subsidiaries		
	DIC Pakistan Limited	17,189	15,373
	Packages Lanka (Private) Limited	6,090	5,900
	Packages Construction (Private) Limited	16,734	41,448
	Flexible Packages Convertors (Proprietary) Limited	9,122	1,902
	Packages Power (Private) Limited	1,528	–
	Joint venture		
	Bulleh Shah Packaging (Private) Limited	469,760	1,051,255
	OmyaPack (Private) Limited [Formerly CalciPack (Private) Limited]	108	–
	Associates		
	Tri-Pack Films Limited	2,335	174
	IGI Insurance Limited	6,421	3,095
	IGI Finex Securities Limited	47	11
	IGI Life Insurance Limited	3,000	1,599
		532,334	1,120,757

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

24.3 Prepayments include Rs. 5.112 million (2015: 3.414 million) made to IGI Life Insurance Limited, a related party.

24.4 The Deputy Commissioner Inland Revenue (DCIR) in his order dated June 24, 2015 alleged that the Company has incorrectly adjusted input sales tax credit amounting to Rs. 146.107 million on purchases of raw materials from certain suppliers who were subsequently "blacklisted / suspended" and disallowed the same along with levy of default surcharge and penalty. During the current financial year, the Taxation Authorities adjusted an amount of Rs. 292.214 million from income tax refunds of the Company against the said sales tax order.

The Company has filed an appeal before Appellate Tribunal of Inland Revenue (ATIR), the outcome of which is still pending. Based on the advice of Company's tax advisor, the Company has not maintained any provision as it is confident that the matter will be decided in the favor of the Company.

(Rupees in thousand)		Note	2016	2015
25.	**Income tax receivable**			
	Income tax refundable	25.1	2,089,852	2,385,002
	Income tax recoverable	25.2	36,013	36,013
			2,125,865	2,421,015

25.1 In respect of tax year 2014, the department has, against taxable loss of Rs. 706.039 million as per return filed by the Company, assessed a taxable income of Rs. 2.615 billion and amended the deemed order for the year raising a tax demand of Rs. 606.325 million. In this Order, among other issues, the income tax department has not accepted the Company's contention for non-taxation of the transfer of paper & paperboard and corrugated business segments to Bulleh Shah Packaging (Private) Limited under section 97 of the Income Tax Ordinance, 2001. Such transfer has been taxed as capital gain on the value of assets transferred. The matter is currently being contested before the Commissioner (Appeals).

Further, certain other disallowances interalia including on account of allocation of various expenses towards dividend and other incomes, effectively reducing the available tax losses by approximately Rs. 1.2 billion, have also been made by the department in respect of previous tax years, through orders framed during the year.

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

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

The Company had filed an appeal against the revised orders of the ITO before the then Commissioner of Income Tax (Appeals) [CIT(A)], Karachi. CIT(A) in his order issued in 1988, held the assessments reframed by the ITO for the years 1983 and 1984 presently to be void and of no legal effect. The ITO has filed an appeal against the CIT(A)'s order with the then Income Tax Appellate Tribunal (ITAT). The ITAT has in its order issued in 1996 maintained the order of CIT(A). The assessing officer after the receipt of the appellate order passed by CIT(A), had issued notices under section 65 of the Income Tax Ordinance, 1979 and the Company had filed a writ petition against the aforesaid notices with the High Court of Sindh, the outcome of which is still pending.

The amount recoverable 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	2016	2015
26. Cash and bank balances			
At banks:			
On saving accounts	26.1	7,638	7,830
On current accounts	26.2	79,195	89,484
		86,833	97,314
In hand [including USD 1,412 (2015: USD 4,235) and EUR 500 (2015: Nil)]		3,779	4,426
		90,612	101,740

26.1 The balances in saving accounts bear mark up which ranges from 3.75% to 5.75% (2015: 4.0% to 5.0%) per annum.

26.2 Included in these are total restricted funds of Rs. 1.332 million (2015: Rs. 1.332 million) held as payable to TFC holders.

(Rupees in thousand)	Note	2016	2015
27. Cost of sales			
Materials consumed		9,313,311	9,005,224
Salaries, wages and amenities	27.1	1,337,069	1,093,168
Travelling		29,739	29,378
Fuel and power		556,119	636,592
Production supplies		469,634	358,888
Rent, rates and taxes	27.2	32,433	5,947
Insurance		37,286	41,443
Repairs and maintenance		345,496	364,910
Packing expenses		312,072	289,454
Depreciation on owned assets	16.1.4	564,242	510,634
Depreciation on assets subject to finance lease	16.2.1	565	1,090
Amortisation of intangible assets	18.1	9,768	9,733
Technical fee and royalty		30,047	20,855
Other expenses		218,205	155,516
		13,255,986	12,522,832
Opening work-in-process		210,945	211,698
Closing work-in-process		(219,626)	(210,945)
Cost of goods produced	27.3	13,247,305	12,523,585
Opening stock of finished goods		538,591	678,575
		13,785,896	13,202,160
Closing stock of finished goods		(564,573)	(538,591)
		13,221,323	12,663,569

27.1 Salaries, wages and amenities include following:

Defined benefit plans		
Gratuity	15,165	8,419
Accumulated compensated absences	78,026	30,176
Defined contribution plans		
Provident fund	19,626	20,663
Pension fund	27,342	33,290
	140,159	92,548

27.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 28.221 million (2015: Nil).

27.3 Cost of goods produced includes Rs. 1,751.024 million (2015: Rs. 1,599.427 million) for stores and spares consumed, Rs. 23.128 million (2015: Rs. 55.254 million) and Rs. 1.017 million (2015: Rs. 6.226 million) for raw material and stores and spares written off respectively.

(Rupees in thousand)	Note	2016	2015
28. Administrative expenses			
Salaries, wages and amenities	28.1	563,948	470,680
Travelling		26,466	29,199
Rent, rates and taxes	28.2	53,210	20,027
Insurance		15,263	16,038
Printing, stationery and periodicals		17,540	17,555
Postage, telephone and telex		16,095	13,430
Motor vehicles running		7,407	7,417
Computer charges		19,120	19,509
Professional services	28.3	54,332	48,931
Repairs and maintenance		18,266	17,343
Depreciation on owned assets	16.1.4	26,422	23,092
Depreciation on assets subject to finance lease	16.2.1	4,621	3,264
Amortisation of intangible assets	18.1	6,058	7,190
Depreciation on investment property	17.1	5,811	4,269
Other expenses		62,833	54,786
		897,392	752,730

Administrative expenses include Rs. 88.618 million (2015: Rs. 83.545 million) for stores and spares consumed.

(Rupees in thousand)	2016	2015
28.1 Salaries, wages and amenities include following:		
Defined benefit plans		
Gratuity	6,323	3,620
Accumulated compensated absences	33,810	14,511
Pension	2,227	(6,117)
Defined contribution plans		
Provident fund	8,504	9,936
Pension fund	11,848	16,008
	62,712	37,958

28.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 42.308 million (2015: Rs. 10.287 million).

(Rupees in thousand)	2016	2015
28.3 Professional services		
The charges for professional services include the following in respect of auditors' services for:		
Statutory audit	2,900	2,600
Half yearly review	880	800
Tax services	10,500	5,000
Workers' profit participation fund audit, management staff pension fund and gratuity fund audit, audit of consolidated financial statements and other certification charges	3,000	2,000
Out of pocket expenses	650	686
	17,930	11,086

(Rupees in thousand)	Note	2016	2015
29. Distribution and marketing costs			
Salaries, wages and amenities	29.1	308,372	223,164
Travelling		32,052	19,605
Rent, rates and taxes	29.2	9,708	9,314
Freight and distribution		149,466	122,808
Insurance		30,815	28,512
Advertising		356,884	247,555
Depreciation on owned assets	16.1.4	10,569	7,188
Depreciation on assets subject to finance lease	16.2.1	–	261
Provision for doubtful debts - net		–	8,001
Other expenses		23,684	11,536
		921,550	677,944

Distribution and marketing costs include Rs. 22.997 million (2015: Rs. 19.876 million) for stores and spares consumed.

(Rupees in thousand)	2016	2015
29.1 Salaries, wages and amenities include following:		
Defined benefit plans		
Gratuity	3,418	1,646
Accumulated compensated absences	17,630	5,901
Defined contribution plans		
Provident fund	4,434	4,041
Pension fund	6,178	6,510
	31,660	18,098

29.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 9.668 million (2015: Rs. 8.699 million).

(Rupees in thousand)	Note	2016	2015
30. Other operating expenses			
Worker's profit participation fund	13.4	358,855	204,216
Workers' welfare fund	13.5	7,351	77,602
Exchange loss - net		226	33,278
Impairment of property, plant and equipment		–	12,051
Advance written off		–	9,542
Donations	30.1	25,930	10,416
		392,362	347,105

30.1 The Company made a donation of Rs. 25.610 million (2015: 8.980 million) to its related party, Packages Foundation. Following is the interest of directors in the donee during the year:

Name of donee	Director of the Company	Interest in donee
Packages Foundation	Syed Hyder Ali	Trustee
	Shamim Ahmad Khan	Trustee
	Syed Aslam Mehdi	Trustee

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

(Rupees in thousand)	Note	2016	2015
31. Other income			
Income from financial assets			
Income on bank deposits		10,254	1,160
Interest on loan to SNGPL		471	725
		10,725	1,885
Income from non-financial assets			
Rental income from investment property [including Rs. 80.598 million (2015: Rs. 66 million) from related parties]	31.1	85,137	70,795
Profit on disposal of property, plant and equipment		55,173	64,949
Scrap sales		36	87
		140,346	135,831
Others			
Management and technical fee from related party		36,179	21,184
Insurance commission from related party		5,501	4,991
Provisions and unclaimed balances written back		23,174	54,778
Reversal of provision against doubtful debts	23.3	4,248	–
Reversal of provision for workers' welfare fund	13.5	150,606	–
Others [including Rs. 16.271 million (2015: Rs. 11.397 million) from related parties]		19,519	25,353
		239,227	106,306
		390,298	244,022

31.1 The expenses relating directly to the income from investment property amount to Rs. 0.981 million (2015: Rs. 0.371 million).

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

(Rupees in thousand)	Note	2016	2015
Not later than one year		31,698	26,271
Later than one year and not later than five years		24,944	19,135
		56,642	45,406
32. Finance costs			
Interest and mark up including commitment charges on			
Long term finances - secured		183,419	191,530
Finances under markup arrangements - secured		35,716	95,500
Liabilities against assets subject to finance lease		1,161	2,041
Return on preference shares / convertible stock		136,553	336,050
Premium on redemption of preference shares / convertible stock	6.4	909,582	-
Loan handling charges		16,654	232
Commission on guarantees		21,424	14,932
Bank charges		2,996	2,747
		1,307,505	643,032

(Rupees in thousand)		Note	2016	2015
33.	**Investment income**			
	Dividend income from related parties	33.1	417,014	230,532
	Dividend income from others		6,054,991	2,387,359
			6,472,005	2,617,891
33.1	**Dividend income from related parties**			
	Subsidiaries			
	DIC Pakistan Limited		217,832	96,252
	Packages Lanka (Private) Limited		97,094	69,170
	Associate			
	IGI Insurance Limited		52,088	65,110
	Tri-Pack Films Limited		50,000	–
			417,014	230,532
34.	**Tax**			
	Current			
	Current year	34.1	882,245	424,393
	Prior years		374,252	88,603
			1,256,497	512,996
	Deferred		109,265	(5,902)
			1,365,762	507,094

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

The investment tax credit amounting to Rs. 84.087 million (2015: Rs. 57.752 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)		2016	2015
34.2	**Tax charge reconciliation**		
	Numerical reconciliation between the average effective tax rate and the applicable tax rate		
	Applicable tax rate	31.00	32.00
	Tax effect of amounts that are:		
	Not deductible for tax purposes	0.36	1.19
	Exempt for tax purposes	(0.83)	(0.18)
	Chargeable to tax at different rates	(17.32)	(14.60)
	Impact of change in tax rate	0.00	(1.43)
	Effect of change in prior years' tax	5.38	2.33
	Tax credits and losses unrecognised / (recognised) during the year	2.24	(4.45)
	Investment tax credit	(1.21)	(1.52)
		(11.38)	(18.66)
	Average effective tax rate charged to profit and loss account	19.62	13.34

35. Remuneration of Chief Executive, Directors and Executives

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

	Chief Executive		Executive Directors		Executives	
(Rupees in thousand)	2016	2015	2016	2015	2016	2015
Short term employee benefits						
Managerial remuneration	22,640	16,819	6,953	7,209	175,749	143,394
Housing	9,453	6,786	2,589	2,806	73,498	57,994
Utilities	2,101	1,508	595	623	23,866	16,170
Bonus	16,005	16,643	3,225	6,985	86,215	93,639
Leave passage	8,456	4,498	962	521	4,017	3,323
Medical expenses	5,295	3,159	61	119	134	1,391
Club expenses	28	33	–	17	–	–
	63,978	49,446	14,385	18,280	363,479	315,911
Post employment benefits						
Contribution to provident, gratuity and pension funds	7,404	5,271	2,026	2,159	33,551	29,079
Other long term benefits						
Accumulating compensated absences	6,076	3,694	3,142	886	41,859	11,041
	77,458	58,411	19,553	21,325	438,889	356,031
Number of persons	1	1	2	1	102	82

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

35.2 Remuneration to Non Executive Directors

Aggregate amount charged in the financial statements for the year for fee to 5 directors (2015: 5 directors) is Rs. 4.425 million (2015: Rs. 2.775 million).

36. Transactions with related parties

The related parties comprise subsidiaries, joint ventures, 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 35. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2016	2015
		(Rupees in thousand)	
i. Subsidiaries	Purchase of goods and services	1,055,816	1,020,831
	Sale of goods and services	121,214	51,883
	Sale of property, plant and equipment	1,339	–
	Investments made	334,500	2,437,175
	Dividend income	314,926	165,422
	Rental and other income	25,448	19,311
	Management and technical fee	36,179	21,184
	Expenses incurred on behalf of the subsidiaries	385,387	328,036
ii. Joint ventures	Purchase of goods and services	2,272,575	2,641,871
	Sale of goods and services	84,208	217,761
	Purchase of property, plant & equipment	1,244	437
	Sale of property, plant & equipment	9,781	47,719
	Rental and other income	65,589	57,242
iii. Associates	Purchase of goods and services	1,025,714	1,028,873
	Sale of goods and services	3,563	9,604
	Purchase of property, plant & equipment	615	–
	Sale of property, plant & equipment	–	1,834
	Investment made	366,667	–
	Insurance premium	155,064	144,221
	Commission earned	5,501	4,991
	Insurance claims received	333	1,177
	Rental and other income	5,833	573
	Dividend income	102,088	65,110
iv. Post employment benefit plans	Expense charged in respect of retirement benefit plans	105,065	76,958
v. Other related party	Donations made	25,610	–

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.

37. Capacity and production - tons

	Capacity 2016	Capacity 2015	Actual production 2016	Actual production 2015
Paper and paperboard produced	41,400	41,400	14,353	11,131
Paper and paperboard converted	50,800	45,526	36,890	34,510
Plastics all sorts converted	24,500	20,000	20,995	17,463

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

	2016	2015
38. Number of employees		
Total number of employees as at December 31	1,497	1,482
Average number of employees during the year	1,490	1,501

39. Rates of exchange

Liabilities in foreign currencies have been translated into PKR at USD 0.9542 (2015: USD 0.9542), EURO 0.9065 (2015: EURO 0.8731), CHF 0.9741 (2015: CHF 0.9437), SEK 8.6881 (2015: SEK 8.0257), GBP 0.7768 (2015: GBP 0.6437), SGD 1.3801 (2015: SGD 1.3490) and YEN 90.0901 (2015: YEN 114.8633) equal to Rs. 100. Assets in foreign currencies have been translated into PKR at USD 0.9560 (2015: USD 0.9560) equal to Rs. 100.

(Rupees in thousand)	Note	2016	2015
40. Cash generated from operations			
Profit before tax		6,961,491	3,802,510
Adjustments for:			
Depreciation on owned assets	16.1.4	601,233	540,914
Depreciation on assets subject to finance lease	16.2.1	5,186	4,615
Depreciation on investment property	17	5,811	4,269
Amortisation on intangible assets	18	15,826	16,923
Provision for accumulating compensated absences	10	129,466	50,528
Provision for retirement benefits	9	27,133	7,568
Provision for doubtful debts	23.3	(4,248)	8,001
Net profit on disposal of property, plant and equipment	31	(55,173)	(64,949)
Reversal of provision for workers' welfare fund	31	(150,606)	–
Impairment of property, plant and equipment	30	–	12,051
Advance written off	30	–	9,542
Finance costs	32	1,307,505	643,032
Dividend income	33	(6,472,005)	(2,617,891)
Profit before working capital changes		2,371,619	2,417,113
Effect on cash flow due to working capital changes:			
Decrease in stores and spares		24,186	4,906
Decrease in stock-in-trade		11,471	450,323
Increase in trade debts		(432,954)	(261,651)
Decrease in loans, advances, deposits, prepayments and other receivables		604,518	441,584
(Decrease) / increase in trade and other payables		(261,399)	129,759
		(54,178)	764,921
		2,317,441	3,182,034

(Rupees in thousand)	Note	2016	2015
41. Cash and cash equivalents			
Cash and bank balances	26	90,612	101,740
Finances under markup arrangements - secured	12	(1,377,033)	(884,481)
		(1,286,421)	(782,741)

		2016	2015
42. Earnings per share			
42.1 Basic earnings per share			
Profit for the year	Rupees in thousand	5,595,729	3,295,416
Weighted average number of ordinary shares	Numbers	89,379,504	88,069,915
Earnings per share	Rupees	62.61	37.42
42.2 Diluted earnings per share			
Profit for the year	Rupees in thousand	5,595,729	3,295,416
Return on preference shares / convertible stock - net of tax	Rupees in thousand	107,332	270,990
		5,703,061	3,566,406
Weighted average number of ordinary shares	Numbers	89,379,504	88,069,915
Weighted average number of notionally converted preference shares / convertible stock	Numbers	8,186,842	17,996,431
		97,566,346	106,066,346
Diluted earnings per share	Rupees	58.45	33.62

43. Financial risk management

43.1 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, 2016, 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. 29.030 million higher / lower (2015: Rs. 18.292 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, 2016, 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. 32.930 million higher / lower (2015: Rs. 68.592 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 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)	2016	2015	2016	2015
Pakistan Stock Exchange	–	–	2,791,675	1,366,278

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, 2016, 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. 21.171 million (2015: Rs. 19.517 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)	2016	2015
Long term loans and deposits	25,958	39,247
Trade debts	1,768,643	1,267,282
Loans, advances, deposits, prepayments and other receivables	1,081,622	1,392,346
Balances with banks	86,833	97,314
	2,963,056	2,796,189

As of December 31, 2016, trade receivables of Rs. 403.323 million (2015: Rs. 467.482 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)	2016	2015
Up to 90 days	278,151	412,960
90 to 180 days	84,985	46,119
181 to 366 days	40,187	8,403
	403,323	467,482

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)	2016	2015
Up to 90 days	5,121	12,164
90 to 180 days	8,575	4,190
181 to 366 days	2,517	694
	16,213	17,048

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

(Rupees in thousand)	Rating Short term	Rating Long term	Rating Agency	2016	2015
Bank Alfalah Limited	A1+	AA	PACRA	–	1,184
Barclays Bank Pakistan	P1	A2	Moody's	–	1
Citibank N.A.	P1	A1	Moody's	341	357
Deutsche Bank AG	P2	Baa2	Moody's	185	70,970
Dubai Islamic Bank (Pakistan) Limited	A1	A+	JCR-VIS	36	–
Habib Bank Limited	A1+	AAA	JCR-VIS	44,017	927
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	–	1
JS Bank Limited	A1+	A+	PACRA	681	282
MCB Bank Limited	A1+	AAA	PACRA	2	23
Meezan Bank Limited	A1+	AA	JCR-VIS	4,253	1,971
National Bank of Pakistan	A1+	AAA	PACRA	12,709	11,941
NIB Bank Limited	A1+	AA-	PACRA	414	681
Samba Bank Limited	A1	AA	JCR-VIS	1,332	1,332
Standard Chartered Bank Pakistan Limited	A1+	AAA	PACRA	22,805	7,492
The Bank of Punjab	A1+	AA-	PACRA	58	152
				86,833	97,314

(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 41) 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, 2016 Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term finances	571,420	946,420	1,696,450	–
Liabilities against assets subject to finance lease	7,312	13,342	12,715	–
Finances under mark up arrangements - secured	1,377,033	–	–	–
Trade and other payables	2,847,914	–	–	–
Accrued finance cost	221,730	–	–	–
	5,025,409	959,762	1,709,165	–

(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 markup arrangements - secured	884,481	–	–	–
Trade and other payables	3,278,124	–	–	–
Accrued finance cost	349,282	–	–	–
	4,904,172	578,839	1,163,100	–

43.2 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 2016	2015
Financial assets		
Long term loans and deposits	25,958	39,247
Trade debts	2,171,966	1,734,764
Loans, advances, deposits, prepayments and other receivables	1,081,622	1,392,346
Balances with banks	86,833	97,314
	3,366,379	3,263,671

(Rupees in thousand)	At amortised cost 2016	2015
Financial liabilities		
Long term finances - secured	3,214,290	2,100,000
Liabilities against assets subject to finance lease	33,369	34,224
Finances under mark-up arrangements - secured	1,377,033	884,481
Trade and other payables	2,847,914	3,278,124
Accrued finance cost	221,730	349,282
	7,694,336	6,646,111

43.3 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 6 less cash and cash equivalents as disclosed in note 41. 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	2016	2015
Long term finances	6	3,575,520	3,729,181
Current portion of long term finances	11	571,420	385,714
Cash and cash equivalents	41	1,286,421	782,741
Net debt		5,433,361	4,897,636
Total equity		52,784,470	47,786,373
Total capital		58,217,831	52,684,009
Gearing ratio		9%	9%

43.4 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); and
- 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, 2016			
(Rupees in thousand)	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement of available-for-sale investments	32,843,232	–	–	32,843,232

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

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.

44. Date of authorisation for issue

These financial statements were authorised for issue on February 28, 2017 by the Board of Directors of the Company.

45. Non adjusting events after the balance sheet date

The Board of Directors has proposed a final cash dividend for the year ended December 31, 2016 of Rs. 25.00 per share (2015: Rs. 15.00 per share), amounting to Rs. 2,234.488 million (2015: Rs. 1,340.693 million) at their meeting held on February 28, 2017 for approval of the members at the Annual General Meeting to be held on April 25, 2017. Reference to the ordinary dividend proposed by the Board and the rights of IFC as detailed in note 6.2, the Board has further proposed such amount of additional preference dividend to be paid to IFC as per the terms of "Subscription Agreement". The Board has also recommended to transfer Rs. 1,000 million from general reserve to unappropriated profit (2015: transfer from unappropriated profit to general reserve of Rs. 1,500 million).

46. 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

Asghar Abbas
Director

CONSOLIDATED FINANCIAL **STATEMENTS**

For the year ended December 31, 2016

DIRECTORS' **REPORT**
On The Consolidated Financial Statements
For The Year Ended December 31, 2016

The Directors of Packages Limited are pleased to present the audited consolidated financial statements of the Group for the year ended December 31, 2016.

Group results

The Group has performed well during the current year.

The comparison of annual audited group results for the year 2016 as against year 2015 is as follows:

	(Rupees in million)	
	2016	2015
Invoiced Sales – Net	24,496	22,060
Profit from operations	2,744	2,602
Share of (loss) / profit in associates and joint venture	(291)	233
Investment income	6,055	2,387
Profit after tax	5,352	3,397

During the year 2016, the Group has achieved net sales of Rs. 24,496 million against net sales of Rs. 22,060 million achieved during last year which is an increase of 11%.

The Group has achieved profit from operations of Rs. 2,744 million during 2016 as against that of Rs. 2,602 million achieved during 2015 which is an increase of 5%.

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. 3,690 million during the year 2016 as compared to Rs. 3,443 million of last year representing sales growth of 7%. The Company has generated profit before tax of Rs. 552 million during the year 2016 as against Rs. 486 million of 2015 representing growth of 14% 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 rationalization and better working capital management.

Packages Lanka (Private) Limited

Packages Lanka (Private) Limited is a Sri Lanka based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging solutions. The Company has achieved turnover of SLR 2,003 million during the year 2016 as compared to SLR 1,798 million of 2015 representing growth of 11%. The Company has generated profit before tax of SLR 314 million in the year 2016 as compared to SLR 249 million of 2015. This increase in profit is mainly attributable to operational efficiencies that include waste reduction efforts. 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 Company has achieved sales of Rs. 16,298 million during the year ended December 31, 2016 as compared to Rs. 15,784 million during 2015. The Company has recorded operating profit of Rs. 221 million during the year 2016 as compared to Rs. 69 million in 2015. The Company also recorded a non-recurring impairment of Rs. 1,182 million on plant and machinery which was charged to the profit and loss due to which the Company incurred loss before tax of Rs.1,438 million during the year 2016 as against loss of Rs. 126 million in 2015. Furthermore, anti-dumping applications are under review with the relevant authorities for writing/printing paper and white board.

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 company achieved net sales revenue of South African Rands (ZAR) 493 million with profit before tax of ZAR 21 million for the year ended December 31, 2016.

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 opening is targeted for Q2-2017 to coincide with the spring season.

Packages Power (Private) Limited

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

OmyaPack (Private) Limited

The Company has made a cumulative investment of Rs. 310 million (including Rs. 500,000 already invested last year) in the equity of OmyaPack (Private) Limited ("JV Company"). This has been followed by matching equity investment by Omya Singapore Pte Limited. The JV Company will set up a state of the art production facility in Kasur, Punjab and will be positioned to supply a range of high quality ground calcium carbonate products specifically tailored to meet local and regional markets. Your Company believes that this will yield positive returns for the shareholders.

(Towfiq Habib Chinoy)
Chairman
Lahore, February 28, 2017

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, February 28, 2017

سال مختتمہ 31 دسمبر 2016 کے لئے مجموعی مالیاتی حسابات پر ڈائریکٹرز کی رپورٹ

پیکیجز لمیٹڈ کے ڈائریکٹرز سال مختتمہ 31 دسمبر 2016 کے لئے گروپ کے آڈٹ شدہ مجموعی مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

گروپ کے نتائج

گروپ نے سال کے دوران اچھی کارکردگی کا مظاہرہ کیا۔

سال 2016 کے لئے سالانہ آڈٹ شدہ مجموعی نتائج کا تقابل سال 2015 کے برخلاف درج ذیل کے مطابق ہے:

	2016	2015
	(روپے ملین میں)	
انوائسڈ سیلز - خالص	24,496	22,060
آپریشنز سے حاصل منافع جات	2,744	2,602
منسلکہ اداروں اور مشترکہ منصوبوں میں شیئر کا (نقصان)/منافع	(291)	233
سرمایہ کاری آمدنی	6,055	2,387
منافع بعد از ٹیکس	5,352	3,397

سال 2016 کے دوران گروپ نے 24,496 ملین روپے کی خالص سیلز حاصل کی اس کے برخلاف گزشتہ سال کے دوران 22,060 ملین روپے کی خالص سیلز حاصل کی گئی تھی جس سے 11 فیصد کا اضافہ ظاہر ہوا۔

گروپ نے 2016 کے دوران آپریشنز سے 2,744 ملین روپے کا منافع حاصل کیا جبکہ 2015 کے دوران 2,602 ملین روپے کا منافع حاصل کیا تھا اور یوں 5 فیصد 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 کی تیاری، پروسیسنگ اور فروخت میں سرگرم ہے۔ کمپنی نے سال 2016 کے دوران 3,690 ملین روپے کی خالص سیلز حاصل کی، اس کے مقابلے میں گزشتہ سال یہ حجم 3,443 ملین روپے تھا جس سے 7 فیصد شرح نمو ظاہر ہوئی۔ کمپنی نے سال 2016 کے دوران 552 ملین روپے کا منافع بعد از ٹیکس حاصل کیا جو 2015 میں 488 ملین روپے تھا یوں 14 فیصد بہتری ظاہر ہوئی جس کی وجہ سیلز گروتھ اور آپریشنل کارکردگی میں مثبت پیشرفت تھی۔ آگے بڑھتے ہوئے کمپنی والیم گروتھ، اخراجات پر سخت انتظامی کنٹرول، پروڈکٹ کی توسیع، پرائس راشنلائزیشن اور بہتر ورکنگ کیپٹل انتظام کے ذریعے آپریٹنگ نتائج مزید بہتر بنانے پر توجہ دینے کا سلسلہ جاری رکھے گی۔

پیکیجز لنکا (پرائیویٹ) لمیٹڈ

پیکیجز لنکا (پرائیویٹ) لمیٹڈ سری لنکا میں قائم پیکیجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر فلیکسیبل پیکیجنگ سولوشنز کی تیاری میں مصروف عمل ہے۔ کمپنی نے سال 2016 کے دوران 2,003 ملین سری لنکن روپے کا ٹرن اوور حاصل کیا جو 2015 میں 1,798 ملین سری لنکن روپے تھا جس سے 11 فیصد کی گروتھ ظاہر ہوتی ہے۔ کمپنی نے سال 2016 میں 314 ملین سری لنکن روپے کا منافع بعد از ٹیکس حاصل کیا اس کے مقابلے میں 2015 میں یہ 249 ملین سری لنکن روپے تھا۔ منافع میں یہ اضافہ بنیادی طور پر آپریشنل استعداد کار میں بہتری کی وجہ سے ممکن ہوا۔ جس میں ویسٹ (waste) کے ضیاع کو کم کرنے کی کوششیں شامل ہیں۔ مستقبل میں کمپنی آپریٹنگ اخراجات پر سخت کنٹرول، پروڈکٹ میں توسیع اور پرائس راشنلائزیشن کے ذریعے آپریٹنگ نتائج بہتر بنانے پر توجہ دیتی رہے گی۔

بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ

بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ ایک نجی لمیٹڈ کمپنی ہے۔ یہ بنیادی طور پر پیپر اور پیپر بورڈ پروڈکٹس کی تیاری اور منتقلی میں مصروف عمل ہے۔ کمپنی نے 31 دسمبر 2016 کو ختم ہونے والے سال کے دوران 16,298 ملین روپے کی سیلز حاصل کی اس کے مقابلے میں 2015 کے دوران یہ رقم 15,784 ملین روپے تھی۔ کمپنی نے سال 2016 کے دوران 221 ملین روپے کا ریکارڈ آپریٹنگ منافع کمایا جو 2015 میں صرف 69 ملین روپے تھا۔ کمپنی نے پلانٹ اور مشینری پر 1,182 ملین روپے کی فرسودگی ریکارڈ کی جو نفع و نقصان کے لئے چارج کئے گئے تھے جس کے باعث کمپنی کو سال 2016 کے دوران 1,438 ملین روپے کا خسارہ قبل از ٹیکس اٹھانا پڑا اس کے برخلاف 2015 میں 126 ملین روپے کا خسارہ ہوا تھا۔ مزید برآں اینٹی ڈمپنگ ڈیوٹی کمیشن تحریری/پرنٹنگ پیپر اور وائٹ بورڈ کے لئے متعلقہ حکام کے پاس زیر جائزہ ہیں۔

آگے بڑھتے ہوئے انتظامیہ ریونیو میں اضافے، اخراجات پر سخت کنٹرول اور آپریشنل کارکردگی پر توجہ دینے کا سلسلہ جاری رکھے گی تاکہ کمپنی کے آپریٹنگ نتائج بہتر ہو سکیں۔

فلیکس ایبل پیکیجز کنورٹرز (پروپرائٹری) لمیٹڈ

جون 2015 میں کمپنی نے افریقی مارکیٹوں میں بہتر گروتھ کے ضمن میں اپنے صارفین کی تعداد بڑھانے میں معاونت کی اپنی حکمت عملی کے تحت جنوبی افریقہ میں ایک فلیکس ایبل پیکیجنگ کمپنی کے آپریشنز کا حصول مکمل کیا۔ کمپنی نے 31 دسمبر 2016 کو ختم ہونے والے سال کے لئے جنوبی افریقی رینڈز (زیڈ اے آر) 493 ملین کا خالص سیلز ریونیو اور زیڈ اے آر 21 ملین کا منافع قبل از ٹیکس حاصل کیا۔

پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ

اپنے اثاثہ جات اور آمدنی کو غیر جنسی سمت میں توسیع دینے کی حکمت عملی کے حصے کے طور پر کمپنی لاہور میں اپنی اراضی پر ایک مکمل ملکیتی ذیلی ادارے پیکیجز کنسٹرکشن (پرائیویٹ) لمیٹڈ کے ذریعے ایک انتہائی اعلیٰ معیار کا ریٹیل مال تعمیر کر رہی ہے۔

مال کی تعمیر بین الاقوامی ریٹیل کنسلٹینٹس سے مشاورت کے تحت جاری ہے جبکہ کرایہ داری کے امتزاج کے ساتھ لیز پر دیا گیا ہے جو مارکیٹ کے وسیع تر شعبہ جات بشمول اہم اینکر کرایہ دار، سینما، فوڈ کورٹس، انٹرنیشنل برانڈز بالخصوص دکانیں، لوکل برانڈز اور ریٹیلرز کے لئے کشش کا باعث ہوگا۔ یہ مال متوقع طور پر 2017 کی دوسری سہ ماہی میں آپریشنل ہو جائے گا جو موسم بہار کے ساتھ موافق ہوگا۔

پیکیجز پاور (پرائیویٹ) لمیٹڈ

کمپنی نے پیکیجز پاور (پرائیویٹ) لمیٹڈ کو مکمل طور پر پیکیجز لمیٹڈ کے ذیلی ادارے کی حیثیت سے 3.1 میگا واٹ ہائیڈرو پاور پروجیکٹ قائم کرنے کے مقصد کے لئے تشکیل دیا جیسا کہ پنجاب پاور ڈیولپمنٹ بورڈ (پی پی ڈی بی) کی جانب سے تشہیر کی جا رہی ہے۔ لہٰذا اس کے مطابق 13 دسمبر 2016 کو اس میں 25 ملین روپے کی ابتدائی ایکویٹی کو شامل کیا گیا۔

اومیا پیک (پرائیویٹ) لمیٹڈ

کمپنی نے اومیا پیک (پرائیویٹ) لمیٹڈ ("جے وی کمپنی") کی ایکویٹی میں 310 ملین روپے (بشمول پہلے سے جاری شدہ 500,000 روپے) کی ابتدائی سرمایہ کاری کی، اس کے بعد اومیا سنگاپور پی ٹی ای لمیٹڈ نے جے وی کمپنی میں اتنی ہی ایکویٹی اینویسٹمنٹ کی۔ جے وی کمپنی قصور، پنجاب میں ایک جدید ترین پروڈکشن سہولت قائم کرے گی اور انتہائی اعلیٰ معیار کی گراؤنڈ کیلشیم کاربونیٹ پروڈکٹس جو خصوصی طور پر مقامی اور علاقائی مارکیٹوں کی طلب پوری کرنے کے لئے تیار کی گئی ہوں، کی ایک وسیع تر رینج فراہم کرنے کی پوزیشن میں ہوگی۔ آپ کی کمپنی اس امر پر یقین رکھتی ہے کہ اس سے شیئر ہولڈرز کے لئے منافع جات پر مثبت اثرات مرتب ہوں گے۔

(توفیق حبیب چنائے)
چیئرمین
لاہور 28 فروری، 2017

(سید حیدر علی)
چیف ایگزیکٹو اور منیجنگ ڈائریکٹر
لاہور 28 فروری، 2017

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, 2016 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 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.

The Group's share of net loss from investments accounted for under equity method of Rs. 290.862 million shown in the consolidated profit and loss account and note 21.2 to the consolidated financial statements includes profit of Rs. 105.593 million, representing Group's share in two of its associates, based on unaudited financial statements of these associates.

Except for the effect, if any, of the matter referred to in the preceding paragraph, in our opinion the consolidated financial statements present fairly the financial position of Packages Limited and its subsidiary companies (the Group) as at December 31, 2016 and the results of their operations for the year then ended.

A.F. Ferguson & Co.
Chartered Accountants
Lahore, February 28, 2017

Name of engagement partner:
Asad Aleem Mirza

CONSOLIDATED BALANCE **SHEET**

as at December 31, 2016

(Rupees in thousand)	Note	2016	2015
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2015: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (2015: 22,000,000) 10% non-voting preference shares / convertible stock of Rs. 190 each		4,180,000	4,180,000
Issued, subscribed and paid up capital 89,379,504 (2015: 88,379,504) ordinary shares of Rs. 10 each	5	893,795	883,795
Reserves		49,350,660	41,606,293
Preference shares / convertible stock reserve	6	606,222	1,309,682
Equity portion of short term loan from shareholder of the Parent Company	7	77,991	46,596
Accumulated profit		1,879,569	4,316,773
Capital and reserves attributable to owners of Parent Company		52,808,237	48,163,139
NON-CONTROLLING INTEREST		1,950,579	929,138
TOTAL EQUITY		54,758,816	49,092,277
NON-CURRENT LIABILITIES			
Long term finances	6	10,306,006	5,762,485
Liabilities against assets subject to finance lease	8	73,851	192,374
Deferred tax	9	802,529	693,332
Retirement benefits	10	102,825	53,691
Deferred liabilities	11	349,437	234,990
		11,634,648	6,936,872
CURRENT LIABILITIES			
Current portion of long term liabilities	12	828,884	551,640
Short term loan from shareholder of the Parent Company - unsecured	13	462,930	478,110
Finances under mark up arrangements - secured	14	1,918,079	1,183,699
Trade and other payables	15	5,126,373	4,784,041
Accrued finance costs	16	313,512	367,612
Provision for tax		66,199	27,323
		8,715,977	7,392,425
CONTINGENCIES AND COMMITMENTS	17	–	–
		75,109,441	63,421,574

(Rupees in thousand)	Note	2016	2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	18	6,488,347	5,538,426
Investment property	19	10,922,713	5,110,248
Intangible assets	20	164,294	150,437
Investments accounted for under equity method	21	13,867,035	13,620,616
Other long term investments	22	32,857,962	28,478,865
Long term loans and deposits	23	39,858	40,384
		64,340,209	52,938,976
CURRENT ASSETS			
Stores and spares	24	515,209	539,550
Stock-in-trade	25	2,846,446	2,715,346
Trade debts	26	3,561,210	2,827,764
Loans, advances, deposits, prepayments and other receivables	27	1,131,050	1,416,121
Income tax receivable	28	2,303,516	2,542,123
Cash and bank balances	29	411,801	441,694
		10,769,232	10,482,598
		75,109,441	63,421,574

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

CONSOLIDATED PROFIT AND **LOSS ACCOUNT**

for the year ended December 31, 2016

(Rupees in thousand)	Note	2016	2015
Local sales			
Own manufactured		27,075,230	24,384,609
Purchased for resale		215,810	169,155
		27,291,040	24,553,764
Export sales		612,004	609,968
		27,903,044	25,163,732
Less: Sales tax		3,360,556	3,047,509
Commission		46,814	55,514
		3,407,370	3,103,023
Net sales		24,495,674	22,060,709
Cost of sales	30	(19,061,596)	(17,307,773)
Gross profit		5,434,078	4,752,936
Administrative expenses	31	(1,428,118)	(1,135,786)
Distribution and marketing costs	32	(1,225,621)	(895,060)
Other operating expenses	33	(444,213)	(391,701)
Other income	34	407,504	271,660
Profit from operations		2,743,630	2,602,049
Finance costs	35	(1,494,508)	(757,823)
Investment income	36	6,054,991	2,387,359
Share of (loss) / profit of investments accounted for under equity method - net of tax	21.2	(290,862)	232,923
Profit before tax		7,013,251	4,464,508
Tax	37	(1,661,744)	(1,067,850)
Profit for the year		5,351,507	3,396,658
Attributable to:			
Equity holders of the Parent Company		5,139,901	3,300,944
Non-controlling interest		211,606	95,714
		5,351,507	3,396,658
Earnings per share attributable to equity holders of the Parent Company during the year			
Basic Rupees	45	57.51	37.48
Diluted Rupees	45	53.78	33.68

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

for the year ended December 31, 2016

(Rupees in thousand)	Note	2016	2015
Profit for the year		5,351,507	3,396,658
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement of retirement benefits liability	10	(37,663)	(136,067)
Tax effect		10,202	40,496
		(27,461)	(95,571)
Items that may be reclassified subsequently to profit or loss			
Surplus / (deficit) on remeasurement of available for sale financial assets		4,379,097	(4,744,022)
Exchange differences on translating foreign subsidiaries		163,679	(433,983)
Share of other comprehensive loss of investments accounted for under equity method - net of tax	21.3	(28,915)	(15,131)
		4,513,861	(5,193,136)
Other comprehensive income / (loss) for the year - net of tax		4,486,400	(5,288,707)
Total comprehensive income / (loss) for the year		9,837,907	(1,892,049)
Attributable to:			
Equity holders of the Parent Company		9,545,384	(1,812,348)
Non-controlling interest		292,523	(79,701)
		9,837,907	(1,892,049)

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

for the year ended December 31, 2016

(Rupees in thousand)	Issued, subscribed and paid up capital	Reserves										Capital and reserves		
		Capital reserves								Revenue reserves				
	Share capital	Share Premium	Exchange differences on translation of foreign subsidiaries	Fair value reserve	Preference Share/ convertible stock reserve	Other reserves relating to associates and joint ventures	Transaction with non-controlling interest	Equity portion of short term loan from shareholder of the Parent Company	Capital Redemption reserve	General reserve	Accumulated profit	Total	Non-controlling interest	Total
Balance as on December 31, 2014	863,795	3,232,831	19,617	29,223,250	1,571,699	(26,708)	–	–	–	12,310,333	3,397,572	50,592,389	392,866	50,985,255
Appropriation of funds														
Transferred to general reserve account	–	–	–	–	–	–	–	–	–	1,500,000	(1,500,000)	–	–	–
Share of other reserves of investments accounted for under equity method	–	–	–	–	–	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)
Non-controlling interests on acquisition of subsidiary – Flexible Packages Convertors (Proprietary) Limited	–	–	–	–	–	–	–	–	–	–	–	–	711,793	711,793
Equity portion of short term loan from shareholder of the Parent Company (note - 7)	–	–	–	–	–	–	–	46,596	–	–	–	46,596	–	46,596
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
	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:														
Deficit on remeasurement of available for sale financial assets	–	–	–	(4,744,022)	–	–	–	–	–	–	–	(4,744,022)	–	(4,744,022)
Exchange differences on translation of foreign subsidiaries	–	–	(258,812)	–	–	–	–	–	–	–	–	(258,812)	(175,171)	(433,983)
Other comprehensive loss of investments accounted for under equity method	–	–	–	–	–	(15,131)	–	–	–	–	–	(15,131)	–	(15,131)
Remeasurement of retirement benefit liability - net of tax	–	–	–	–	–	–	–	–	–	–	(95,327)	(95,327)	(244)	(95,571)
Total comprehensive (loss) / income 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	1,309,682	(32,842)	–	46,596	–	13,810,333	4,316,773	48,163,139	929,138	49,092,277
Appropriation of funds														
Transferred to general reserve account	–	–	–	–	–	–	–	–	–	1,500,000	(1,500,000)	–	–	–
Share of other reserves of investments accounted for under equity method	–	–	–	–	–	(4,297)	–	–	–	–	–	(4,297)	–	(4,297)
Total transactions with owners, recognised directly in equity														
Final dividend for the year ended December 31, 2015 Rs. 15.00 per share	–	–	–	–	–	–	–	–	–	–	(1,340,693)	(1,340,693)	–	(1,340,693)
Dividends relating to 2015 paid to non - controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(256,665)	(256,665)
Conversion of preference shares / convertible stock into ordinary share capital (1,000,000 ordinary shares of Rs. 10 each)	10,000	177,969	–	–	(74,048)	–	–	–	–	–	–	113,921	–	113,921
Equity portion of short term loan from shareholder of the Parent Company (note - 7)	–	–	–	–	–	–	–	31,395	–	–	–	31,395	8,564	39,959
Interest acquired in subsidiary by non – controlling interest (note - 48.3)	–	–	–	–	–	–	22,981	–	–	–	–	22,981	977,019	1,000,000
Redemption of preference shares / convertible stock (8,500,000 preference shares of Rs. 190 each)	–	–	–	–	(629,412)	–	–	–	1,615,000	–	(4,709,181)	(3,723,593)	–	(3,723,593)
	10,000	177,969	–	–	(703,460)	–	22,981	31,395	1,615,000	–	(6,049,874)	(4,895,989)	728,918	(4,167,071)
Total comprehensive income for the year ended December 31, 2016														
Profit for the year	–	–	–	–	–	–	–	–	–	–	5,139,901	5,139,901	211,606	5,351,507
Other comprehensive income:														
Surplus on remeasurement of available for sale financial assets	–	–	–	4,379,097	–	–	–	–	–	–	–	4,379,097	–	4,379,097
Exchange differences on translation of foreign subsidiaries	–	–	82,532	–	–	–	–	–	–	–	–	82,532	81,147	163,679
Other comprehensive loss of investments accounted for under equity method	–	–	–	–	–	(28,915)	–	–	–	–	–	(28,915)	–	(28,915)
Remeasurement of retirement benefit liability - net of tax	–	–	–	–	–	–	–	–	–	–	(27,231)	(27,231)	(230)	(27,461)
Total comprehensive income / (loss) for the year	–	–	82,532	4,379,097	–	(28,915)	–	–	–	–	5,112,670	9,545,384	292,523	9,837,907
Balance as on December 31, 2016	893,795	3,766,738	(156,663)	28,858,325	606,222	(66,054)	22,981	77,991	1,615,000	15,310,333	1,879,569	52,808,237	1,950,579	54,758,816

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

CONSOLIDATED CASH FLOW **STATEMENT**

for the year ended December 31, 2016

(Rupees in thousand)	Note	2016	2015
Cash flows from operating activities			
Cash generated from operations	43	3,742,716	4,101,068
Finance cost paid		(854,379)	(930,654)
Taxes paid		(1,558,656)	(944,637)
Payments for accumulating compensated absences		(25,530)	(23,547)
Retirement benefits paid		(18,679)	(15,329)
Net cash generated from operating activities		1,285,472	2,186,901
Cash flows from investing activities			
Fixed capital expenditure		(7,192,206)	(4,294,623)
Investments - net		(674,016)	(1,150,164)
Net decrease in long term loans and deposits		526	12,977
Proceeds from disposal of property, plant and equipment		109,627	102,795
Dividends received		6,158,514	2,453,208
Net cash used in investing activities		(1,597,555)	(2,875,807)
Cash flows from financing activities			
Proceeds from short term loan from shareholder of Parent Company		–	600,000
Repayment of short term loan from shareholder of Parent Company		–	(100,000)
Proceeds from long term finances - secured		7,939,350	1,952,575
Repayment of long term finances - secured		(1,953,690)	(345,392)
Redemption of preference shares		(5,601,500)	–
Transactions with non-controlling interest		1,000,000	–
Liabilities against assets subject to finance lease - net		(244,417)	(134,445)
Dividends paid to equity holders of Parent Company		(1,335,268)	(782,731)
Dividends paid to non-controlling interest		(256,665)	(95,820)
Net cash (used in) / generated from financing activities		(452,190)	1,094,187
Net (decrease) / increase in cash and cash equivalents		(764,273)	405,281
Cash and cash equivalents at the beginning of the year		(742,005)	(1,147,286)
Cash and cash equivalents at the end of the year	44	(1,506,278)	(742,005)

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
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, Packages Power (Private) Limited, Anemone Holdings Limited and Flexible Packages Convertors (Proprietary) Limited (together, 'the Group') are engaged in the following businesses:

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

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, insurance business and production and sale of ground calcium carbonate products.

The registered office of the Group is situated at 4th Floor, the Forum, Suite No. 416 - 422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan. Head office 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, 2016:

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 application of these amendments has no material impact on the Group's 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. The application of these amendments has no material impact on the Group's 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 application of these amendments has no 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 application of these amendments has no material impact on the Group's 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 of IFRS 10 and 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 application of these amendments has no material impact on the Group's 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 application of these amendments has no material impact on the Group's 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 January 01, 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 amendment specifies the appropriate accounting treatment for such acquisitions. The application of this amendment has no material impact on the Group's 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 application of these amendments has no material impact on the Group's financial statements.

Amendments to IAS 1, 'Presentation of 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 application of these amendments has no material impact on the Group's financial statements.

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

Standards or Interpretations	**Effective date (accounting periods beginning on or after)**
Amendments to IAS 7, 'Statement of cash flows' on disclosure initiative	January 01, 2017
Amendments to IAS 12, 'Income taxes' in relation to recognition of deferred tax assets for unrealised losses	January 01, 2017
Annual improvements 2014-2016	January 01, 2018
Amendments to IFRS 2, 'Share based payments' on clarifying how to account for certain types of share-based payment transaction	January 01, 2018
IFRS 9 - 'Financial instruments'	January 01, 2018
IFRS 15 - 'Revenue from contracts with customers'	January 01, 2018
Amendments to IFRS 15, 'Revenue from contracts with customers' on gross versus net revenue presentation	January 01, 2018
Amendments to IFRS 4, 'Insurance contracts' regarding the implementation of IFRS 9	January 01, 2018
Amendments to IAS 40, 'Investment property', relating to transfer of investment property	January 01, 2018
IFRIC 22 - 'Foreign currency transactions and advance consideration'	January 01, 2018
IFRS 16 - 'Leases'	January 01, 2019

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 & 10
iii) Provision for tax - note 37

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 consolidated other comprehensive income of the investee in consolidated other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

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

e) Changes in ownership interests

The Group treats transactions with non-controlling 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 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 4.20 and borrowing costs as referred to in note 4.23.

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	50%
Other equipments	6.67%	to	33.33%
Furniture and fixtures	10%	to	20%
Vehicles	15%	to	33%

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Group's estimate of the residual value of its property, plant and equipment as at December 31, 2016 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, 2016 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 19. 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 acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated profit and loss account.

4.8 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 subsidiaries, 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

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

4.10.1 Defined benefit plans

(a) Gratuity plan

There is an approved funded defined benefit gratuity plan for all 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, 2016. The actual return on plan assets during the year was Rs. 37.642 million (2015: Rs. 29.814 million).

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:

(Percent per annum)	2016	2015
Discount rate	8.0%	9.0%
Expected rate of increase in salary level	8.0%	8.0%
Expected rate of return	8.0%	9.0%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table

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

The Parent Company is expected to contribute Rs. 19.550 million (2015: Rs. 17.917 million) to the gratuity fund in the next financial year.

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

(b) Pension plan

Management and executive staff of the Parent Company hired before January 1, 2016 participate in the pension fund of the Parent Company. On December 26, 2012, the Board of Trustees of the pension fund, decided to convert the Defined Benefit Plan to Defined Contribution Plan for all its active employees with effect from January 01, 2013 with no impact on the pensioners appearing on the pensioners' list as of that date. The proposed scheme was approved for implementation by the Commissioner Inland Revenue on February 22, 2013 and employees consent to the proposed scheme was sought and obtained. Management and executive staff who have joined on or after January 1, 2016, do not participate in the pension fund.

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

- Defined contribution plan for active employees hired before January 1, 2016; and
- Defined benefit plan for pensioners who have retired 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 Parent Company from time to time. The last actuarial valuation was carried out as at December 31, 2016.

(Percent per annum)	2016	2015
Discount rate	8.0%	9.0%
Expected rate of increase in pension level	1.0%	4.0%
Expected rate of return	8.0%	9.0%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table

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.

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

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

(Percent per annum)	2016	2015
Discount rate	8.0%	9.0%
Expected rate of increase in salary level	8.0%	8.0%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table

(d) Unfunded gratuity plan

The subsidiary company Packages Lanka (Private) Limited provides gratuity plan to its employees, which is unfunded. The value of obligation is determined by fund's actuary at year end. Last actuarial valuation was carried out as at December 31, 2016 using following assumptions:

(Percent per annum)	2016	2015
Discount rate	12.0%	10.0%
Future salary increment rate	13.0%	11.0%
Retirement age	55 Years	55 Years

4.10.2 Defined contribution plan

There is an approved contributory provident fund for all employees of the Parent Company. Equal monthly contributions at the rate of 10.0 percent per annum (2015: 10.0 percent per annum) of basic salaries are made by the Parent Company and the employees to the fund. The nature of contributory pension fund has been explained in note 4.10.1 (b) above.

Employees of Packages Lanka (Private) Limited are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The contributions are made at the rate of 12.0% and 3.0% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

4.11 Stores and spares

Stores and spares are valued at moving weighted 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 moving 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 regularly reviewed, 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 recognised 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 markup arrangements. In the balance sheet, finances under markup 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 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.

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

(i) Sales revenue is recognised at the time the Group has transferred the significant risks and rewards of ownership of goods, which is considered to be at the time of dispatch of goods and performance of services;

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

(iii Dividend income 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 financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency.

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

2016	2015		2016	2015
(Number of shares)			(Rupees in thousand)	
		Ordinary shares of Rs. 10 each as at the beginning of the year		
33,603,295	33,603,295	- fully paid in cash	336,033	336,033
148,780	148,780	- fully paid for consideration other than cash	1,488	1,488
		- fully paid against conversion of preference		
4,000,000	2,000,000	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
		Issuance of shares upon conversion of		
1,000,000	2,000,000	preference shares / convertible stock - note 5.1	10,000	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
		- fully paid against conversion of preference		
5,000,000	4,000,000	shares / convertible stock	50,000	40,000
50,627,429	50,627,429	- fully paid bonus shares	506,274	506,274
89,379,504	88,379,504		893,795	883,795

5.1 Under the terms of redemption / conversion of preference shares / convertible stock mentioned in note 6.9, the Group, during the year, converted 1 million (2015: 2 million) preference shares / convertible stock of Rs. 190 each held by International Finance Corporation, Washington D.C, USA ('IFC') into 1 million (2015: 2 million) fully paid ordinary shares of Rs. 10 each.

5.2 24,309,601 (2015: 21,522,101) ordinary shares of the Parent Company are held by IGI Insurance Limited, an associate.

(Rupees in thousand)	Note	2016	2015
6. Long term finances			
These are composed of:			
Local currency loans - secured			
Term finance loan	6.1	–	100,000
Long term finance facility I	6.2	1,714,290	2,000,000
Long term finance facility II	6.3	1,500,000	–
Long term finance facility III	6.4	4,482,547	985,950
Long term finance facility IV	6.5	993,003	–
		8,689,840	3,085,950
Foreign currency loan - secured			
Term finance loan I	6.6	916,960	921,360
Term finance loan II	6.7	452,090	–
Term finance loan III	6.8	121,012	188,991
		1,490,062	1,110,351
Preference shares / convertible stock - unsecured	6.9	932,650	2,014,895
		11,112,552	6,211,196
Current portion shown under current liabilities	12	(806,546)	(448,711)
		10,306,006	5,762,485

6.1 Term finance loan

This loan has been repaid during the year as per the terms of the loan.

6.2 Long term finance facility I

This loan has been obtained from Meezan Bank Limited under the Islamic mode of finance as a Musharika. It is secured by a 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. The balance is repayable in 6 equal semi-annual installments ending on December 28, 2019. The loan carried markup at the rate of six month KIBOR plus 0.25 percent per annum, which during the year has been reduced to six month KIBOR plus 0.10 percent per annum by the lender. The effective markup charged during the year ranges from 6.18 percent to 6.77 percent per annum (2015: 7.26 percent to 9.89 percent per annum).

6.3 Long term finance facility II

This represents a Term Finance Facility ("the Facility") of Rs. 11 billion obtained from Habib Bank Limited to finance the redemption of preference shares issued to International Finance Corporation. The Facility is secured against pledge of Nestle Pakistan Limited shares owned by the Parent Company under a Share Pledge Agreement. During the year, the Parent Company made a drawdown of Rs. 3 billion on September 8, 2016 out of which, Rs. 1.5 billion was prepaid before December 31, 2016 as permitted under the Facility. As per the agreement, the Parent Company is entitled to make drawdowns of the remaining facility within 18 months of the first drawdown date. The Facility carries mark up at the rate of six month KIBOR plus 0.25 percent per annum and is payable in 4 equal installments commencing on March 8, 2018 and ending on September 8, 2019. The effective markup rate during the year was 6.30 percent per annum.

6.4 Long term finance facility III

This represents term finance facility of Rs. 4,500 million inclusive of Nil (2015: Rs. 1,861 million) for letter of credit from MCB Bank Limited. As at December 31, 2016 the Group has availed Rs. 4,500 million and Nil (2015: Rs. 330.429 million) against term finance and letter of credit respectively. The loan carries markup at annual rate of six month KIBOR plus 0.14 and 0.40 percent per annum during first and last three and half years respectively during the tenure of the loan. The tenure of the loan is seven years and it is repayable after a grace period of three and half years in seven semi-annual installments commencing from September 30, 2019. This facility is secured to the extent of Rs. 7,333 million against first exclusive charge over all present and future movable fixed assets and buildings of Group's subsidiary, namely, Packages Construction (Private) Limited, and first exclusive equitable mortgage charge on all that piece and parcel of property owned by the Parent Company, measuring 119 kanals 15 marlas and 62.25 sq. fts in aggregate, situated at Moza Amar Saddhu, Tehsil/District Lahore.

6.5 Long term finance facility IV

This represents term finance facility of Rs. 3,500 million from Allied Bank Limited. As at December 31, 2016 the Group has availed Rs. 1,000 million against term finance. The loan carries markup at annual rate of six month KIBOR plus 0.275%. The tenure of the loan is seven years. and it is repayable after a grace period of three and half years in seven semi-annual installments commencing from February 10, 2020. The loan is secured to the extent of Rs. 4,667 million against first pari passu charge over all present and future movable fixed assets and buildings of Group's subsidiary, namely, Packages Construction (Private) Limited, and first pari passu charge on all that piece and parcel of property owned by the Parent Company, measuring 119 kanals 15 marlas and 62.25 sq. fts in aggregate, situated at Moza Amar Saddhu, Tehsil/District Lahore.

6.6 Term finance loan I

This represents loan obtained from Habib Bank Limited, Offshore Banking Unit, Bahrain ('HBL Bahrain') of USD 9.5 million to finance the acquisition of Flexible Packages Convertors (Proprietary) Limited. 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 22.2. SBLC is secured against pledge of Nestle Pakistan Limited shares owned by the Group. It carries markup at the rate of six month 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.

6.7 Term finance loan II

During the year, the Group obtained a term loan from First National Bank South Africa at prime rate with a 60 month fixed repayment period, against the security of a portion of its plant and machinery.

6.8 Term finance loan III

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

6.9 Preference shares / convertible stock - unsecured

During the year 2009, the Parent Company issued 10 percent local currency non-voting cumulative preference shares / convertible stock at the rate of Rs. 190 per share amounting to USD 50 million equivalent to PKR 4,120.5 million under "Subscription Agreement" dated March 25, 2009 with IFC.

Terms of redemption / conversion

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

Rate of return

The preference share / convertible stock holders have a preferred right of return at the rate of 10 percent per annum on a non-cumulative basis till the date of settlement of preference shares / convertible stock either in cash or ordinary shares. In case the amount of dividend paid to an ordinary shareholder exceeds that paid to a preference shareholder, the preference shareholders have the right to share the excess amount with the ordinary shareholders on an as-converted basis.

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

(Rupees in thousand)	Note	2016	2015
Face value of preference shares / convertible stock			
[8,186,842 (2015: 17,686,842) shares of Rs. 190 each]		1,555,500	3,360,500
Transaction costs		(16,628)	(35,923)
		1,538,872	3,324,577
Equity component - classified under capital and reserves	6.9.1	(606,222)	(1,309,682)
Liability component - classified under long term finances	6.9.2	932,650	2,014,895
Accrued return on preference shares / convertible stock			
classified under accrued finance cost		155,550	336,050

6.9.1 Movement in equity component - classified under capital and reserves

2016 (Number of shares)	2015 (Number of shares)		Note	2016 (Rupees in thousand)	2015 (Rupees in thousand)
17,686,842	19,686,842	Equity component at the beginning of the year		1,309,682	1,571,699
–	–	Transfer from liability component		113,921	113,921
(1,000,000)	(2,000,000)	Conversion into	6.10		
		ordinary share capital		(10,000)	(20,000)
		share premium		(177,969)	(355,938)
(1,000,000)	(2,000,000)			(74,048)	(262,017)
(8,500,000)	–	Redemption of preference shares	6.11	(629,412)	–
8,186,842	17,686,842	Equity component at the end of the year		606,222	1,309,682

(Rupees in thousand)	Note	2016	2015
6.9.2 Movement in liability component			
Liability component of 17,686,842 (2015: 19,686,842) preference shares as at the beginning of the year		2,014,895	2,128,816
Transfer to equity component upon conversion of 1,000,0000 (2015: 2,000,000) preference shares into ordinary shares	6.10	(113,921)	(113,921)
Redemption of 8,500,0000 (2015: Nil) preference shares	6.11	(968,324)	–
Liability component of 8,186,842 (2015: 17,686,842) preference shares as at the end of the year		932,650	2,014,895

6.10 During the year, IFC exercised its right to convert 1,000,000 (2015: 1,000,000) preference shares / convertible stock of Rs. 190 into 1,000,000 (2015: 1,000,000) ordinary shares of Rs. 10 each. Consequently, the Parent Company converted 1,000,000 (2015: 2,000,000) preference shares / convertible stock during the year. Accordingly, the liability portion pertaining to 1,000,000 (2015: 1,000,000) preference shares / convertible stock converted into ordinary shares has been transferred to capital and reserves.

6.11 During the year, IFC exercised its right to redeem 8,500,000 (2015: Nil) preference shares / convertible stock of Rs. 190 into cash. The redemption price was mutually agreed between the Parent Company and IFC at Rs. 595 per share for 500,000 shares and Rs. 663 per share for 8,000,000 shares aggregating to Rs. 5,601.500 million. Consequently, the liability portion of Rs. 968.324 million was extinguished along with the equity portion of Rs. 629.412 million. The redemption consideration of Rs. 595 and Rs. 663 per share has been allocated to liability and equity portion in the same manner as was used for separation of these components at the time of initial recognition at the prevailing market rates.

The fair value of the liability component at redemption is calculated by discounting cash flows at a rate of approximately 8.6 percent till perpetuity which represents the rate of similar instrument with no associated equity component. The premium paid on redemption of liability component of Rs. 909.582 million has been recognised in the profit and loss account and included in finance costs while that on equity component of Rs. 3,094.181 million has been directly charged to retained earnings. Further, in order to comply with section 85 of the Companies' Ordinance, 1984, the Parent Company has transferred an amount of Rs. 1,615 million from retained earnings to 'Capital redemption reserve'.

7. Equity portion of short term loan from shareholder of the Parent Company

This represents equity portion of interest free short term loan from shareholder of the Parent Company as referred in note 13. As per the original loan agreement it was repayable on June 10, 2016. On June 11, 2016, terms of loan were modified and tenure of the loan was extended to December 31, 2016. On December 30, 2016, the terms of the loan were again modified and tenure of the loan was further extended to March 31, 2017. The gain of Rs. 39.959 million from renegotiations is classified directly in equity as a capital contribution of the shareholder.

(Rupees in thousand)	Note	2016	2015
8. Liabilities against assets subject to finance lease			
Present value of minimum lease payments		96,189	295,303
Current maturity shown under current liabilities	12	(22,338)	(102,929)
		73,851	192,374

Interest rate used as discounting factor ranges from 6.28 percent to 10.72 percent per annum (2015: 6.96 percent to 10.72 percent per annum). Taxes, repairs and insurance costs are borne by the lessee.

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

(Rupees in thousand)	Minimum lease payments	Future finance charge	Present value of lease liability 2016	Present value of lease liability 2015
Not later than one year	29,667	7,329	22,338	102,929
Later than one year and not later than five years	82,876	9,025	73,851	192,374
	112,543	16,354	96,189	295,303

(Rupees in thousand)	Note	2016	2015
9. Deferred tax			
The liability for deferred tax comprises temporary differences relating to:			
Accelerated tax depreciation		841,170	550,540
Asset acquisition		–	187,354
Investments in associates and joint ventures		155,000	201,000
Preference shares / convertible stock transaction cost - liability portion		(1,668)	6,882
Effect of qualifying payment		–	(1,239)
Income received in advance		(2,806)	(1,878)
Alternate corporate tax available for carry forward		–	(33,787)
Minimum tax available for carry forward	9.1	(52,925)	(122,079)
Provision for accumulating compensated absences		(104,832)	(70,337)
Provision for doubtful receivables		(145)	(7,768)
Provision for slow moving items		(11,626)	(3,244)
Provision for unfunded defined benefit plan		(3,632)	(1,990)
Straight lining of operating leases		(16,007)	(10,122)
		802,529	693,332

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 Parent Company has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 270.768 million (2015: Rs. 314.851 million) available under section 113 of the Ordinance. Tax credits under section 113 of the Ordinance amounting to Rs. 110.934 million and Rs. 159.834 million are set to lapse by the end of years ending on December 31, 2017 and 2018 respectively.

(Rupees in thousand)	Note	2016	2015
10. Retirement benefits			
Classified under non-current liabilities			
Funded			
Pension fund	10.1	14,983	24,744
Gratuity fund	10.1	72,321	15,681
		87,304	40,425
Unfunded			
Staff gratuity	10.2	15,521	13,266
		102,825	53,691

(Rupees in thousand)	Pension Fund 2016	Pension Fund 2015	Gratuity Fund 2016	Gratuity Fund 2015
10.1 Funded retirement benefits				
The amounts recognised in the consolidated balance sheet are as follows:				
Fair value of plan assets	691,464	627,009	416,664	362,566
Present value of defined benefit obligation	(706,447)	(651,753)	(488,985)	(378,247)
Liability as at December 31	(14,983)	(24,744)	(72,321)	(15,681)
Net (liability) / asset as at January 1	(24,744)	58,252	(15,681)	29,629
(Charge) / income to consolidated profit and loss account	(2,227)	6,117	(24,906)	(13,685)
Gain / (loss) recorded in OCI	11,988	(89,113)	(49,651)	(46,954)
Contribution by the Group	–	–	17,917	15,329
Net liability as at December 31	(14,983)	(24,744)	(72,321)	(15,681)
The movement in the present value of defined benefit obligation is as follows:				
Present value of defined benefit obligation as at January 1	651,753	641,863	378,247	309,873
Service cost	–	–	24,301	18,005
Interest cost	55,520	63,837	31,668	30,860
Benefits paid	(69,723)	(67,785)	(49,806)	(31,006)
Benefits due but not paid	–	–	–	(923)
Loss from change in financial assumptions	42,316	43,903	39,529	28,815
Experience adjustments	26,581	(30,065)	65,046	22,623
Present value of defined benefit obligation as at December 31	706,447	651,753	488,985	378,247
The movement in fair value of plan assets is as follows:				
Fair value as at January 1	627,009	700,115	362,566	339,502
Expected return on plan assets	53,293	69,954	31,063	35,180
Group contributions	–	–	17,917	15,329
Benefits paid	(69,723)	(67,785)	(49,806)	(31,006)
Benefits due but not paid	–	–	–	(923)
Experience gain / (loss)	80,885	(75,275)	54,924	4,484
Fair value as at December 31	691,464	627,009	416,664	362,566
The amounts recognised in the consolidated profit and loss account are as follows:				
Current service cost	–	–	24,301	18,005
Interest cost for the year	55,520	63,837	31,668	30,860
Expected return on plan assets	(53,293)	(69,954)	(31,063)	(35,180)
Net expense / (income), included in salaries, wages and amenities	2,227	(6,117)	24,906	13,685
The amounts recognised in the other comprehensive income are as follows:				
Actuarial losses from change in financial assumptions	42,316	43,903	39,529	28,815
Experience adjustments	26,581	(30,065)	65,046	22,623
Return on plan assets, excluding interest income	(80,885)	75,275	(54,924)	(4,484)
Total remeasurement chargeable to other comprehensive income	(11,988)	89,113	49,651	46,954
Plan assets are comprised as follows:				
Debt	248,235	291,528	164,204	144,192
Equity	426,910	333,161	246,284	216,271
Cash	16,319	2,320	6,176	2,103
	691,464	627,009	416,664	362,566

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)	2016	2015	2014	2013	2012
As at December 31					
Present value of defined benefit obligation	706,447	651,753	641,863	568,285	582,031
Fair value of plan assets	691,464	627,009	700,115	567,707	305,573
(Deficit) / surplus	(14,983)	(24,744)	58,252	(578)	(276,458)
Experience adjustment on obligation	4%	-5%	2%	1%	13%
Experience adjustment on plan assets	12%	-11%	24%	2%	11%

Fair value of plan assets include ordinary shares of the Parent Company, whose fair value as at December 31, 2016 is Rs. 561.064 million (2015: Rs. 384.214 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)	2016	2015	2014	2013	2012
As at December 31					
Present value of defined benefit obligation	488,985	378,247	309,873	275,115	371,372
Fair value of plan assets	416,664	362,566	339,502	281,655	341,022
(Deficit) / surplus	(72,321)	(15,681)	29,629	6,540	(30,350)
Experience adjustment on obligation	13%	6%	13%	9%	14%
Experience adjustment on plan assets	13%	1%	21%	14%	9%

Fair value of plan assets include ordinary shares of the Parent Company, whose fair value as at December 31, 2016 is Rs. 88.825 million (2015: Rs. 60.827 million).

(Rupees in thousand)	2016	2015
10.2 Unfunded retirement benefits		
As at the beginning of the year	13,266	11,881
Interest cost	1,300	1,155
Charged for the year	1,717	1,390
Payments made during the year	(1,181)	(1,293)
Actuarial loss	1,000	848
Exchange adjustment	(581)	(715)
As at the end of the year	15,521	13,266

(Rupees in thousand)	2016 Pension	2016 Gratuity
Yearend sensitivity analysis on defined benefit obligation:		
Discount rate + 100 bps	675,555	448,443
Discount rate - 100 bps	762,522	536,047
Indexation + 100 bps	762,691	536,037
Indexation - 100 bps	656,843	447,691

(Rupees in thousand)	Note	2016	2015
11. Deferred liabilities			
This represents provision made to cover the obligation for accumulating compensated absences			
Opening balance		234,990	201,030
Provision for the year		140,558	57,599
		375,548	258,629
Payments made during the year		(26,111)	(23,639)
Closing balance		349,437	234,990
12. Current portion of long term liabilities			
Current portion of long term finances - secured	6	806,546	448,711
Current portion of liabilities against assets subject to finance lease	8	22,338	102,929
		828,884	551,640
13. Short term loan from shareholder of the Parent Company - unsecured			
Loan is recognised in the consolidated balance sheet as follows:			
Opening balance		478,110	–
Gross proceeds of the loan		–	600,000
Equity portion of loan at initial recognition		–	(46,596)
Equity portion of loan at renegotiations		(39,959)	–
Fair value of the loan at initial recognition		438,151	553,404
Repayment during the year		–	(100,000)
Accrued interest during the year		24,779	24,706
Closing balance		462,930	478,110

13.1 This loan has been obtained from Syed Babar Ali, shareholder of the Parent Company and is interest free. The loan was originally repayable on June 10, 2016. The loan was renegotiated during the year and it is now payable on March 31, 2017. It has been carried at amortised cost using a market interest rate of 10.46% (2015: 10.46%) for a similar instrument.

(Rupees in thousand)	Note	2016	2015
14. Finances under markup arrangements - secured			
Running finances - secured	14.1	1,038,079	783,699
Bills discounted - secured	14.2	–	–
Short term finances - secured	14.3	880,000	400,000
		1,918,079	1,183,699

14.1 Running finances - secured

Short term running finances available from a consortium of commercial banks under markup arrangements amount to Rs. 9.922 billion (2015: Rs. 10.825 billion). The rates of markup range from Re 0.1696 to Re 0.2120 (2015: Re 0.1780 to Re 0.2980) 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, markup is to be computed at the rates ranging from Re 0.2035 to Re 0.2586 (2015:Re 0.2136 to Re 0.3636) 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.

14.2 Bills discounted - secured

Facilities for discounting of export / inland bills of Rs. 631 million (2015: Rs. 531 million) are available to the Group as a sub-limit of the running finance facilities referred to in note 14.1. 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 14.1, on the specific bills discounted. The facility has not been availed in the current year.

14.3 Short term finances - secured

Facilities for obtaining short term finances of Rs. 8.665 billion (2015: Rs. 8.065 billion) are available to the Group as a sub-limit of the running finance facilities referred to in note 14.1. The rates of markup range from Re 0.1652 to Re 0.1795 (2015: Re 0.1698 to Re 0.2715) per Rs. 1,000 per diem or part thereof on the balances outstanding.

14.4 Letters of credit and bank guarantees

Of the aggregate facility of Rs. 7,909 million (2015: Rs. 7,389 million) for opening letters of credit and Rs. 849 million (2015: Rs. 849 million) for guarantees, the amount utilised at December 31, 2016 was Rs. 660 million (2015: Rs. 508.171 million) and Rs. 248 million (2015: Rs. 268 million) respectively. Of the facility for guarantees, Rs. 794 million (2015: Rs. 794 million) is secured by second hypothecation charge over stores, spares, stock-in-trade and trade debts.

(Rupees in thousand)	Note	2016	2015
15. Trade and other payables			
Trade creditors	15.1	2,227,002	2,132,321
Accrued liabilities	15.2	1,272,892	688,234
Bills payable		417,723	1,022,815
Retention money payable		188,401	105,265
Sales tax payable		47,253	49,965
Advances from customers		215,458	201,695
Payable to employees' retirement benefit funds of the Parent Company	15.3	15,948	14,590
Deposits - interest free repayable on demand		6,922	7,446
TFCs payable		1,387	1,387
Unclaimed dividends		26,400	20,975
Workers' profit participation fund	15.4	487,351	202,337
Workers' welfare fund	15.5	19,540	186,485
Operating lease rentals		57,169	36,149
Others	15.6	142,927	114,377
		5,126,373	4,784,041

(Rupees in thousand)		Note	2016	2015
15.1	**Trade creditors include amounts due to related parties as follows:**			
	Joint venture			
	Bulleh Shah Packaging (Private) Limited		179,316	233,529
	Associates			
	IGI Insurance Limited		6,367	4,648
	IGI Life Insurance Limited		3,470	1,940
	Tri-Pack Films Limited		46,530	54,043
	Other related parties			
	DIC Asia Pacific Pte Limited		36,385	19,703
	DIC Corporation Tokyo		3,616	–
	DIC China Company Limited		–	1,450
	DIC Corporation Japan		–	365
	DIC Fine Chemicals Pvt. Limited		186	186
	DIC Graphics (Thailand) Co. Ltd.		–	274
	DIC India Limited		8,814	3,366
	DIC Malaysia SDN. BHD		364	–
			285,048	319,504
15.2	**Accrued liabilities include amounts in respect of related parties as follows:**			
	Joint venture			
	Bulleh Shah Packaging (Private) Limited		411	–
	Associates			
	IGI Insurance Limited		1,155	175
	Other related parties			
	DIC Asia Pacific Pte Limited		37,891	36,748
			39,457	36,923
15.3	**Payable to employees' retirement benefit funds of the Parent Company**			
	Employees' provident fund	15.3.1	7,978	7,347
	Employees' gratuity fund		1,545	1,293
	Management staff pension fund		6,425	5,950
			15,948	14,590

(Rupees in thousand)		Note	2016	2015
15.3.1	**Employees' provident fund**			
(i)	Size of the fund		2,904,096	2,152,893
(ii)	Cost of investments made		874,575	776,987
(iii)	Fair value of investments	15.3.2	2,888,011	2,125,249
(iv)	Percentage of investments made		99.45%	98.72%

	2016		2015	
	Rupees in thousand	%age of size of the Fund	Rupees in thousand	%age of size of the Fund
15.3.2 Fair value of investments				
Break up of investments				
Equity shares of listed companies	2,117,688	72.92%	1,480,216	68.75%
Mutual funds	318,533	10.97%	206,866	9.61%
Izafa Certificates	33,063	1.14%	160,217	7.44%
Pakistan Investment Bonds	94,503	3.25%	214,565	9.97%
Term Finance Certificates	20,393	0.70%	20,155	0.94%
Term Deposit with banks	303,831	10.46%	43,230	2.01%
	2,888,011	99.45%	2,125,249	98.72%

15.3.3 The investments by the employees' provident fund 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	2016	2015
15.4 Workers' profit participation fund			
Opening balance		202,337	148,122
Refund claimed		1,879	–
Provision for the year	33	388,535	230,337
		592,751	378,459
Payments made during the year		(105,400)	(176,122)
Closing balance		487,351	202,337
15.5 Workers' welfare fund			
Opening balance		186,485	103,799
Provision for the year	33	19,547	87,716
Reversal of excess provision of prior years	34	(150,606)	–
		55,426	191,515
Payments made during the year		(35,886)	(5,030)
Closing balance		19,540	186,485

15.6 Others include amount due to related parties Rs. 3.268 million (2015: Rs. 3.268 million).

(Rupees in thousand)	2016	2015
16. Accrued finance costs		
Accrued markup / return on:		
Long term local currency loans - secured	135,583	20,500
Long term foreign currency loans - secured	5,497	–
Preference shares / convertible stock - unsecured	155,550	336,050
Finances under markup arrangements - secured	16,882	11,062
	313,512	367,612

17. Contingencies and commitments

17.1 Contingencies

(i) Claims against the Group not acknowledged as debts Rs. 14.861 million (2015: Rs. 20.077 million).

(ii) Guarantee issued in favor of Excise and Taxation Officer amounting to Rs. 1.624 million (2015: Rs. 0.792 million).

(iii) Postdated 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. 19.632 million (2015: Rs. 72.248 million) in respect of goods imported.

(iv) Standby letter of credit issued by Habib Bank Limited Pakistan in favor of Habib Bank Limited Bahrain on behalf of the Group USD 11.072 million (equivalent to Rs. 1,160.311 million) [2015: USD 11.770 million (equivalent to Rs. 1,232.781 million)].

17.2 Commitments

(i) Letters of credit and contracts for capital expenditure Rs. 870.599 million (2015: Rs. 2,875.358 million).

(ii) Letters of credit and contracts for other than for capital expenditure Rs. 511.677 million (2015: Rs. 237.869 million).

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

(Rupees in thousand)	Note	2016	2015
Not later than one year		98,799	75,987
Later than one year and not later than five years		457,006	288,672
Later than five years		77,946	212,751
		633,751	577,410
There are no commitments with related parties.			
18. Property, plant and equipment			
Owned assets	18.1	6,288,589	4,643,490
Assets subject to finance lease	18.2	91,099	657,575
Capital work in progress	18.3	108,659	237,361
		6,488,347	5,538,426

18.1 Owned assets

(Rupees in thousand)	Cost as at December 31, 2015	Exchange adjustment on opening cost	Additions / (deletions)	Transfer in / (out) (note 18.2) (note 19)	Cost as at December 31, 2016	2016 Accumulated depreciation as at December 31, 2015	Exchange adjustment on opening accumulated depreciation	Depreciation charge / (deletions) for the year	Transfer in / (out) (note 18.2) (note 19)	Accumulated depreciation as at December 31, 2016	Book value as at December 31, 2016
Freehold land	171,158	(5,198)	22,951	47,296	236,207	–	–	–	–	–	236,207
			–	–				–	–		
Buildings on freehold land	580,275	(3,336)	52,132	–	629,071	191,825	(382)	22,837	–	214,280	414,791
			–	–				–	–		
Buildings on leasehold land	268,856	5,020	638	–	242,684	136,238	530	13,105	–	132,048	110,636
			–	(31,830)				–	(17,825)		
Plant and machinery	8,805,381	173,592	1,314,684	713,291	10,047,411	5,418,612	5,893	606,747	64,028	5,158,859	4,888,552
			(959,537)	–				(936,421)	–		
Other equipments (computers, lab equipments and other office equipments)	1,076,258	4,070	184,242	–	1,193,035	747,558	1,161	154,976	–	834,264	358,771
			(71,535)	–				(69,431)	–		
Furniture and fixtures	69,171	2,704	6,131	–	77,221	39,095	288	6,895	–	45,527	31,694
			(785)	–				(751)	–		
Vehicles	325,496	251	105,597	–	383,482	119,777	(42)	35,385	–	135,544	247,938
			(47,862)	–				(19,576)	–		
	11,296,595	177,103	1,686,375	760,587	12,809,111	6,653,105	7,448	839,945	64,028	6,520,522	6,288,589
			(1,079,719)	(31,830)				(1,026,179)	(17,825)		

(Rupees in thousand)	Cost as at December 31, 2014	Exchange adjustment on opening cost	Additions / (deletions)	Transfer in / (out) (note 18.2) (note 19)	Cost as at December 31, 2015	2015 Accumulated depreciation as at December 31, 2014	Exchange adjustment on opening accumulated depreciation	Depreciation charge / (deletions) for the year	Transfer in / (out) (note 18.2)	Accumulated depreciation as at December 31, 2015	Book value as at December 31, 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)	–		

18.1.1 Deletions include cost of assets scrapped / written off amounting to Rs. 0.651 million (2015: Nil).

18.1.2 Owned assets include assets amounting to Rs. 70.059 million (2015: Rs. 15.385 million) of the Group which are not in operation.

18.1.3 The cost of fully depreciated assets which are still in use as at December 31, 2016 is Rs. 2,453.082 million (2015: Rs. 3,399.412 million).

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

(Rupees in thousand)	Note	2016	2015
Cost of sales	30	782,214	628,895
Administrative expenses	31	42,281	44,093
Distribution and marketing costs	32	15,450	8,738
		839,945	681,726

18.1.5 Disposal of owned assets

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

(Rupees in thousand)		2016				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
Plant and machinery	**Outsiders**					
	5 Star Enterprises	832,494	822,514	9,980	47,327	Negotiation
	Mashaallah Engineering Company	2,229	1,876	353	51	- do -
	Muhammad Israil	414	314	100	99	- do -
Other Equipments	**Employee**					
	Seema Riaz	137	53	84	75	Negotiation
	Outsider - related party					
	IGI Insurance Limited	111	28	83	52	Claim Settlement
	Outsider					
	Muhammad Amin	1,015	85	930	436	Negotiation
Vehicles	**Employees**					
	Abdullah Akhlaq	1,804	397	1,407	1,451	Company Policy
	Ali Raza Madni	683	41	642	581	- do -
	Asad Javed	1,046	324	722	738	- do -
	Asma Yousaf	1,673	452	1,221	1,194	- do -
	Ata u Noor	1,639	754	885	1,173	- do -
	Ayesha Khalid	554	332	222	256	- do -
	Ayesha Tariq	683	41	642	604	- do -
	Bilal Naeem	1,057	137	920	764	- do -
	Dr. Asad Ali	1,200	720	480	787	- do -
	Hafiz Awais Ahmad	743	431	312	411	- do -
	Humayun Munir	640	371	269	315	- do -
	Imran Aziz Salaria	1,021	327	694	720	- do -
	Ismail Cheema	550	297	253	247	- do -
	Jamshaid Iqbal	735	441	294	405	- do -
	Jazib Faizi	1,013	608	405	630	- do -
	Khalid Bashir	748	441	307	413	- do -
	Mudassar Anjum	1,628	98	1,530	1,490	- do -
	Muhammad Ali	1,325	596	729	812	- do -
	Muhammad Azm Uddin	683	123	560	493	- do -
	Muhammad Bilal Ashraf	525	315	210	237	- do -
	Muhammad Umar	437	169	268	431	- do -
	Muhammad Umer Farooq	688	227	461	424	- do -
	Muhammad Yousaf	541	303	238	243	- do -
	Nadeem Bhatty	1,662	133	1,529	1,435	- do -
	Omer Iqbal	1,054	253	801	827	- do -
	Saad Imran Butt	1,034	165	869	819	- do -
	Sagheer Ahmed	955	573	382	579	- do -
	Sajjad Hussain Malik	979	558	421	604	- do -
	Sameeha Fazeel	1,418	199	1,219	1,244	- do -
	Sh Waqas Ahmad	700	105	595	507	- do -
	Shafique Shakir	677	508	169	303	- do -
	Shahzad Ahmed	680	211	469	418	- do -
	Shahzad Murtaza	533	304	229	244	- do -
	Suleman Javed	1,700	1,003	697	1,069	- do -
	Syed Izzat Hassan	1,111	527	584	628	- do -
	Talha Ahmed Iftikhar	622	355	267	346	- do -
	Tanveer Akhtar	700	140	560	507	- do -
	Usama Pervaiz	1,527	31	1,496	1,527	- do -
	Usman Munir	1,518	228	1,290	1,340	- do -
	Wali Haider	892	–	892	892	- do -
	Asad Javaid	1,325	994	331	526	- do -
	Farkhanda Imran	862	517	345	661	Negotiation
	Khalid Mahmood	1,263	947	316	1,176	- do -
	Carried forward	879,228	840,566	38,662	78,511	

(Rupees in thousand)			2016			
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
	Brought forward	879,228	840,566	38,662	78,511	
	Outsiders					
	Muhammad Mohsin	1,340	1,005	335	1,180	Negotiation
	Muhammad Nadeem Farooqi	1,009	353	656	815	- do -
	Muhammad Israil	650	488	162	14	- do -
Other assets with book value less than Rs. 50,000		196,841	183,485	13,356	29,107	Negotiation
Written off		651	282	369	–	Group Policy
		1,079,719	1,026,179	53,540	109,627	

(Rupees in thousand)			2015			
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
Plant and machinery	**Outsider - related party**					
	Bulleh Shah Packaging (Private) Limited	912	627	285	109	Negotiation
	Outsider					
	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 -
	Carried forward	57,278	35,748	21,530	26,105	

(Rupees in thousand)		2015				
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
	Brought forward	57,278	35,748	21,530	26,105	
	Shamim Ahmed Khan	1,000	688	312	511	- do -
	Syed Aslam Mehdi	1,969	1,304	665	664	- 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 -
	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	

18.2 Assets subject to finance lease

(Rupees in thousand)	2016										
	Cost as at December 31, 2014	Exchange differences	Additions / (deletions)	Transfer in / (out) (note 18.1)	Cost as at December 31, 2016	Accumulated depreciation as at December 31, 2015	Exchange differences	Deprecation charge / (deletions) for the year	Transfer in / (out) (note 18.1)	Accumulated depreciation as at December 31, 2016	Book value as at December 31, 2016
Vehicles	74,717	6,391	6,583	–	79,782	12,024	1,341	15,878	-	26,707	53,075
			(7,909)					(2,536)			
Plant and equipment	624,548	91,130	38,720	–	41,107	29,666	4,394	33,051	-	3,083	38,024
				(713,291)					(64,028)		
	699,265	97,521	45,303		120,889	41,690	5,735	48,929		29,790	91,099
			(7,909)	(713,291)				(2,536)	(64,028)		

(Rupees in thousand)	2015										
	Cost as at December 31, 2014	Exchange differences	Additions / (deletions)	Transfer in / (out) (note 18.1)	Cost as at December 31, 2015	Accumulated depreciation as at December 31, 2014	Exchange differences	Deprecation charge / (deletions) for the year	Transfer in / (out) (note 18.1)	Accumulated depreciation as at December 31, 2015	Book value as at December 31, 2015
Vehicles	35,030	–	43,430	–	74,717	4,200	–	8,214	–	12,024	62,693
			(1,575)	(2,168)					(390)		
Plant and equipment	–	–	624,548	–	624,548	–	–	29,666	–	29,666	594,882
	35,030	–	666,403	(2,168)	699,265	4,200	–	37,880	(390)	41,690	657,575

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

(Rupees in thousand)	Note	2016	2015
Cost of sales	30	33,616	34,355
Administrative expenses	31	9,967	3,264
Distribution and marketing costs	32	5,346	261
		48,929	37,880

18.3 Capital work-in-progress

Civil works		4,050	11,229
Plant and machinery [including in transit Rs. 29.663 million (2015: Rs. 49.390 million)]		65,657	202,281
Advance for procurement of land		–	17,593
Advances to suppliers		38,952	6,258
		108,659	237,361

19. Investment property

Developed	19.1	115,082	136,012
Under development	19.2	10,807,631	4,974,236
		10,922,713	5,110,248

	2016								
(Rupees in thousand)	Cost as at December 31, 2015	Additions / (deletions)	Transfer in / (out) (note 18.1)	Cost as at December 31, 2016	Accumulated depreciation as at December 31, 2015	Depreciation charge for the year	Transfer in / (out) (note 18.1)	Accumulated depreciation as at December 31, 2016	Book value as at December 31, 2016
Land	115,397	–	(47,296)	68,101	–	–	–	–	68,101
Buildings on freehold land	34,855	16,855	31,830	83,540	29,915	3,409	17,825	51,149	32,391
Buildings on leasehold land	16,743	–	–	16,743	1,068	1,085	–	2,153	14,590
	166,995	16,855	(15,466)	168,384	30,983	4,494	17,825	53,302	115,082

	2015								
(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 for the year	Transfer in	Accumulated depreciation as at December 31, 2015	Book value as at December 31, 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

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

19.1.1 Land of the Parent Company measuring 119 kanals, 15 marlas and 62.25 sq.fts situated at Lahore with a book value of Rs. 6.149 million (2015: Rs. 6.149 million) and all present and future moveable fixed assets and buildings of Packages Construction (Private) Limited (PCPL) in aggregate ("the Mortgaged Security"), have been mortgaged under a first exclusive equitable charge of Rs. 7.333 billion (2015: Rs. 7.333 billion) in favor of MCB Bank Limited against a term finance facility of up to Rs. 4.5 billion (2015: Rs. 4.5 billion) and a running finance facility of up to Rs. 1 billion (2015: Rs. 1 billion) provided to PCPL by MCB Bank Limited under a tri-partite agreement between the Parent Company, MCB Bank Limited and PCPL. The Mortgaged Security has also been mortgaged under a first pari passu charge amounting to Rs. 4.667 billion (2015: Nil) in favor of Allied Bank Limited against a term finance facility of up to Rs. 3.5 billion (2015: Nil) provided to PCPL by Allied Bank Limited under a tri-partite agreement between the Parent Company, Allied Bank Limited and PCPL.

19.1.2 Fair value of the investment property, based on the valuation carried out by an independent valuer, as at December 31, 2016 is Rs. 800.024 million (2015: Rs. 849.277 million). The valuation is considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation. The different levels have been defined in note 47.4.

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	2016	2015
19.2	**Investment property - under development**			
	This represents the under-construction "Packages Mall" Real Estate project:			
	Civil works		7,576,585	3,163,003
	Equipments		1,299,242	612,746
	Unallocated expenditure	19.2.1	1,593,204	811,045
	Advance to suppliers		261,223	36,745
	Advances against services		77,377	350,697
			10,807,631	4,974,236
19.2.1	This includes the following expenses capitalised to date:			
	Salaries, wages and benefits	19.2.1.1	279,471	145,606
	Consultancy fee		773,347	465,888
	Legal and professional charges		102,072	98,498
	Travelling		92,861	44,209
	Insurance		25,026	13,014
	Communications		–	1,930
	Electricity		7,136	–
	Borrowing costs	19.2.1.2	269,116	35,330
	Security expense		22,026	–
	Miscellaneous expenses		22,149	6,570
			1,593,204	811,045

19.2.1.1 Salaries, wages and benefits include Rs. 2.563 million (2015: Rs. 1.374 million), Rs. 1.145 million (2015: Rs. 0.612 million) and Rs. 9.448 million (2015: Rs. 5.454 million) respectively, in respect of contribution towards provident fund, gratuity fund and pension fund and Rs. 8.567 million (2015: Nil) in respect of accumulating compensated absences.

19.2.1.2 This represents borrowing costs in respect of long term finances as referred to in notes 6.4 and 6.5 and that on interest from loan from shareholder of the holding company as referred to in note 7 net off related temporary investment income.

19.2.2 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, 2016 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:

	2016	2015
Gross buildable area (sq. ft.)	1,185,369	1,185,369
Estimated costs to complete (Rs. in million)	12,451	11,653
Gross rentable area (sq. ft.)	555,370	555,370
Rent rates assumed per sq. ft. (Rs.)	75-450	75-450
Inflation in rent and operating costs	7.50%	7.50%
Discount rate (%)	14%	14%
Fair value (Rs. in million)	15,362	9,392

(Rupees in thousand)	Note	Goodwill	Computer software and ERP system	Total
20. Intangible assets				
Year ended December 31, 2016				
Cost				
As at January 1, 2016		125,636	208,340	333,976
Additions	20.1	–	5,188	5,188
Deletions		–	–	–
Exchange differences		26,869	71	26,940
As at December 31, 2016		152,505	213,599	366,104
Accumulated amortisation				
As at January 1, 2016		–	(183,539)	(183,539)
Amortisation for the year	20.2	–	(18,271)	(18,271)
Deletions		–	–	–
As at December 31, 2016		–	(201,810)	(201,810)
		152,505	11,789	164,294

(Rupees in thousand)	Note	Goodwill	Computer software and ERP system	Total
Year ended December 31, 2015				
Cost				
As at January 1, 2015		–	207,558	207,558
Additions	20.1	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	20.2	–	(19,250)	(19,250)
Deletions		–	210	210
As at December 31, 2015		–	183,539	183,539
		125,636	24,801	150,437

20.1 Impairment test for Goodwill

For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combination in which the goodwill arises, as follows:

Flexible Packages Convertors (Proprietary) Limited, South African project

The recoverable amount of the 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 previous year, an impairment test is performed annually.

(Percentage)	2016	2015
The key assumptions used for the discounted cash flow calculation are as follows:		
Internal rate of return (IRR)	27%	27%
Discount rate (pre-tax)	15%	15%
Growth rate	10%	10%

(Rupees in thousand)	Note	2016	2015
20.2 The amortisation charge for the year has been allocated as follows:			
Cost of sales	30	9,768	9,733
Administrative expenses	31	8,503	9,517
		18,271	19,250

(Rupees in thousand)	Note	2016	2015
21. Investments accounted for using the equity method			
21.1 Amounts recognised in consolidated balance sheet			
Investments in associates	21.4	4,390,677	3,773,974
Investment in joint ventures	21.5	9,476,358	9,846,642
		13,867,035	13,620,616
21.2 Amounts recognised in consolidated profit and loss account			
Investments in associates	21.4	357,945	304,931
Investment in joint ventures	21.5	(648,807)	(72,008)
		(290,862)	232,923
21.3 Amounts recognised in consolidated other comprehensive income			
Investments in associates	21.4	(1,524)	(6,069)
Investment in joint ventures	21.5	(27,391)	(9,062)
		(28,915)	(15,131)
21.4 Investments in associates			
Cost		3,421,278	3,054,611
Post acquisition share of profits and reserves net of impairment losses			
Opening balance		719,363	476,614
Share of profit from associates - net of tax		357,945	304,931
Share of other comprehensive loss - net of tax		(1,524)	(6,069)
Share of other reserves of associates		(4,297)	8,997
Dividends received during the year		(102,088)	(65,110)
Closing balance		969,399	719,363
Balance as on December 31	21.4.1	4,390,677	3,773,974
21.4.1 Investments in equity instruments of associates - Quoted			
Tri-Pack Films Limited			
12,933,333 (2015: 10,000,000) fully paid ordinary shares of Rs. 10 each Equity held 33.33% (2015: 33.33%) Market value - Rs. 3,797.744 million (2015: Rs. 2,466.800 million)		3,023,783	2,460,585
IGI Insurance Limited	21.4.1.1		
13,022,093 (2015: 13,022,093) fully paid ordinary shares of Rs. 10 each Equity held 10.61% (2015: 10.61%) Market value - Rs. 4,009.372 million (2015: Rs. 3,080.636 million)		1,366,894	1,313,389
IGI Investment Bank Limited	21.4.1.1		
4,610,915 (2015: 4,610,915) fully paid ordinary shares of Rs. 10 each Equity held 2.17% (2015: 2.17%) Market value - Rs. 15.032 million (2015: Rs. 7.239 million)		–	–
		4,390,677	3,773,974

21.4.1.1 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.

During the year, the Boards of Directors of IGI Insurance Limited and IGI Investment Bank Limited have approved Scheme of Amalgamation ("Amalgamation Scheme") under Sections 284 to 288 of the Companies Ordinance, 1984 (the "Ordinance") for the amalgamation of the entire undertaking, assets, entitlements and liabilities of IGI Investment Bank Limited with and into IGI Insurance Limited. In addition, the Boards of Directors of IGI Insurance Limited and its wholly owned subsidiaries i.e. IGI General Insurance Limited and IGI Investments (Private) Limited have also approved Scheme of Arrangement ("Arrangement Scheme") under Sections 284 to 288 of the Ordinance for the demerger of the insurance division and certain investments along with corresponding liabilities, if any, held by IGI Insurance Limited into its (2) wholly owned subsidiaries IGI General Insurance Limited and IGI Investments (Private) Limited respectively subsequent to the merger under Amalgamation scheme.

Both Amalgamation Scheme and Arrangement Scheme have been filed by these entities with Honorable Sindh High Court in accordance with provisions of law subsequent to year-end and are pending before the Court, as a result, no adjustment has been recognised in these financial statements.

(Rupees in thousand)	Note	2016	2015
21.5 Investment in joint ventures			
Cost			
Opening balance		10,022,642	10,011,843
Interest in subsidiary transferred to interest in joint venture - OmyaPack (Private) Limited [Formerly CalciPack (Private) Limited]			
Cost of investment		310,000	–
Reserves on date of transfer		(2,651)	–
		307,349	–
Interest acquired in joint venture - Plastic Extrusions (Proprietary) Limited			
Cost of investment		–	10,799
Closing balance		10,329,991	10,022,642
Post acquisition share of loss and reserves			
Opening balance		(176,000)	(94,191)
Share of loss from joint ventures - net of tax		(648,807)	(72,008)
Share of other comprehensive loss from joint ventures - net of tax		(27,391)	(9,062)
Dividends received during the year		(1,435)	(739)
Closing balance		(853,633)	(176,000)
Balance as on December 31	21.5.1	9,476,358	9,846,642

(Rupees in thousand)	Note	2016	2015
21.5.1 Investments in equity instruments of joint venture - Unquoted			
Bulleh Shah Packaging (Private) Limited			
709,718,013 (2015: 709,718,013) fully paid ordinary shares of Rs. 10 each			
Equity held 65.00% (2015: 65.00%)		9,151,720	9,836,339
Plastic Extrusions (Proprietary) Limited			
500 (2015: 500) fully paid ordinary shares of ZAR 1 each			
Equity held 50.00% (2015: 50.00%)		17,571	10,303
OmyaPack (Private) Limited			
[Formerly CalciPack (Private) Limited]			
31,000,000 (2015: Nil) fully paid ordinary shares of Rs. 10 each			
Equity held 50.00% (2015: Nil)		307,067	–
		9,476,358	9,846,642

22. Other long term investments

(Rupees in thousand)	Note	2016	2015
Quoted			
Nestle Pakistan Limited	22.1 & 22.2		
3,649,248 (2015: 3,649,248) fully paid ordinary shares of Rs. 10 each			
Equity held 8.05% (2015: 8.05%)		32,843,231	28,464,134
Cost - Rs. 5,778.896 million (2015: Rs. 5,778.896 million)			
Unquoted	22.3		
Tetra Pak Pakistan Limited	22.1 & 22.4		
1,000,000 (2015: 1,000,000) fully paid non-voting ordinary shares of Rs. 10 each		10,000	10,000
Coca-Cola Beverages Pakistan Limited			
500,000 (2015: 500,000) fully paid ordinary shares of Rs. 10 each			
Equity held 0.14% (2015: 0.14%)		4,706	4,706
Pakistan Tourism Development Corporation Limited			
2,500 (2015: 2,500) fully paid ordinary shares of Rs. 10 each		25	25
Orient Match Company Limited			
1,900 (2015: 1,900) fully paid ordinary shares of Rs. 100 each		–	–
		14,731	14,731
		32,857,962	28,478,865

22.1 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.

22.2 As of December 31, 2016, an aggregate of 775,000 shares (2015: 310,000) of Nestle Pakistan Limited having market value Rs. 6,975 million (2015: Rs. 2,418 million) have been pledged in favor of HBL Pakistan. Out of aggregate shares pledged, 410,000 shares (2015: 310,000) are pledged against issuance of standby letter of credit in favor of HBL Bahrain as referred to in note 17.1 and the remaining 365,000 shares (2015: NIL) are pledged against the term finance loan from HBL as referred to in note 6.6.

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

22.4 These non-voting ordinary shares of Tetra Pak Pakistan Limited entitle the Group to receipt of dividend for a period of 10 years starting from 2009 and ending in 2018, both years inclusive. These shares do not entitle the Group to any voting or other rights.

(Rupees in thousand)	Note	2016	2015
23. Long term loans and deposits			
Considered good			
Loans to employees	23.1	3,494	4,803
Loan to SNGPL	23.2	16,400	32,800
Security deposits		37,601	20,732
		57,495	58,335
Receivable within one year			
Loans to employees	27	(1,237)	(1,551)
Loan to SNGPL	27	(16,400)	(16,400)
		(17,637)	(17,951)
		39,858	40,384

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

Loans to employees aggregating Rs. 2.394 million (2015: Rs. 3.360 million) are secured by joint registration of motor cycles in the name of employees and the Group. The remaining loans are unsecured.

23.2 This represents an unsecured loan given to Sui Northern Gas Pipelines Limited (SNGPL) for the development of the infrastructure for the supply of natural gas to 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 balance will be received in the following year.

(Rupees in thousand)	2016	2015
24. Stores and spares		
Stores [including in transit Rs. 7.706 million (2015: Rs. 15.037 million)]	238,064	262,997
Spares [including in transit Rs. 7.434 million (2015: Rs. 1.961 million)]	277,145	276,553
	515,209	539,550

(Rupees in thousand)	Note	2016	2015
25. Stock-in-trade			
Raw materials [including in transit Rs. 313.876 million (2015: Rs. 238.352 million)]		1,724,365	1,666,601
Work-in-process		393,587	324,838
Finished goods	25.1	699,139	696,792
Goods purchased for resale		29,355	28,695
		2,846,446	2,716,926
Provision for slow moving items	25.2	–	(1,580)
		2,846,446	2,715,346

25.1 Finished goods with a cost Rs. 62.334 million (2015: Rs. 47.455 million) are being valued at net realisable value of Rs. 48.668 million (2015: Rs. 38.995 million).

(Rupees in thousand)	Note	2016	2015
25.2 Provision for slow moving items			
Opening balance		1,580	4,998
Stocks written off against provision		(1,580)	(3,418)
Closing balance		–	1,580
26. Trade debts			
Considered good			
Related parties - unsecured	26.1	57,278	46,837
Others	26.2	3,503,932	2,780,927
		3,561,210	2,827,764
Considered doubtful		34,351	27,622
		3,595,561	2,855,386
Provision for doubtful debts	26.3	(34,351)	(27,622)
		3,561,210	2,827,764
26.1 Related parties - unsecured			
joint venture			
Bulleh Shah Packaging (Private) Limited		27,962	13,677
Plastic Extrusions (Proprietary) Limited		26,586	27,383
Associate			
Tri-Pack Films Limited		2,730	5,777
		57,278	46,837

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

26.2 Others include debts of Rs. 220.387 million (2015: Rs. 262.170 million) which are secured by way of bank guarantees and inland letters of credit.

(Rupees in thousand)	Note	2016	2015
26.3 The movement in provision during the year is as follows:			
Balance as at January 1		27,622	40,554
Provision for the year		13,066	8,246
Bad debts written off		(6,337)	(21,178)
Balance as at December 31		34,351	27,622

27. Loans, advances, deposits, prepayments and other receivables

(Rupees in thousand)	Note	2016	2015
Current portion of loans to employees	23	1,237	1,551
Current portion of loan receivable from SNGPL	23	16,400	16,400
Advances - considered good			
To employees	27.1	12,013	25,572
To suppliers		16,760	33,914
		28,773	59,486
Due from related parties - unsecured	27.2	482,711	1,065,686
Trade deposits		55,125	51,334
Security deposits		10,413	1,590
Prepayments	27.3	57,410	35,221
Balances with statutory authorities			
Customs duty		20,591	9,301
Sales tax recoverable		99,446	92,462
Sales tax refundable	27.4	292,214	–
		412,251	101,763
Mark up receivable on:			
Loan to SNGPL		13	33
Term deposits and saving accounts		–	85
		13	118
Other receivables - considered good		66,717	82,972
		1,131,050	1,416,121

27.1 Included in advances to employees are amounts due from executives of Rs. 1.428 million (2015: Rs. 1.654 million).

(Rupees in thousand)	2016	2015
27.2 Due from related parties - unsecured		
Joint venture		
Bulleh Shah Packaging (Private) Limited	469,760	1,051,255
OmyaPack (Private) Limited [Formerly CalciPack (Private) Limited]	108	–
Associates		
IGI Finex Securities Limited	47	11
IGI Insurance Limited	6,421	11,970
IGI Life Insurance Limited	3,000	1,599
Tri-Pack Films Limited	2,335	174
Others		
DIC Asia Pacific Pte Limited	1,040	677
	482,711	1,065,686

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

27.3 Prepayments include Rs. 5.112 million (2015: Rs. 3.414 million) made to IGI Life Insurance Limited, a related party.

27.4 The Deputy Commissioner Inland Revenue (DCIR) in his order dated June 24, 2015 alleged that the Group has incorrectly adjusted input sales tax credit amounting to Rs. 146.107 million on purchases of raw materials from certain suppliers who were subsequently "blacklisted / suspended" and disallowed the same along with levy of default surcharge and penalty. During the current financial year, the Taxation Authorities adjusted an amount of Rs. 292.214 million from income tax refunds of the Group against the said sales tax order.

An appeal has been filed before Appellate Tribunal of Inland Revenue (ATIR), the outcome of which is still pending. Based on the advice of Group's tax advisor, the Group has not maintained any provision as it is confident that the matter will be decided in the favor of the Group.

(Rupees in thousand)	Note	2016	2015
28. Income tax receivable			
Income tax refundable	28.1	2,267,503	2,506,110
Income tax recoverable	28.2	36,013	36,013
		2,303,516	2,542,123

28.1 In respect of tax year 2014, the department has, against taxable loss of Rs. 706.039 million as per return filed by the Parent Company, assessed a taxable income of Rs. 2.615 billion and amended the deemed order for the year raising a tax demand of Rs. 606.325 million. In this Order, among other issues, the income tax department has not accepted the Parent Company's contention for non-taxation of the transfer of paper & paperboard and corrugated business segments to Bulleh Shah Packaging (Private) Limited, a Joint Venture under section 97 of the Income Tax Ordinance, 2001. Such transfer has been taxed as capital gain on the value of assets transferred. The matter is currently being contested before the Commissioner (Appeals).

Further, certain other disallowances interalia including on account of allocation of various expenses towards dividend and other incomes, effectively reducing the available tax losses by approximately Rs. 1.2 billion, have also been made by the department in respect of previous tax years, through orders framed during the year.

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

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

The Parent Company had filed an appeal against the revised orders of the ITO before the then Commissioner of Income Tax (Appeals) [CIT(A)], Karachi. CIT(A) in his order issued in 1988, held the assessments reframed by the ITO for the years 1983 and 1984 presently to be void and of no legal effect. The ITO has filed an appeal against the CIT(A)'s order with the then Income Tax Appellate Tribunal (ITAT). The ITAT has in its order issued in 1996 maintained the order of CIT(A). The assessing officer after the receipt of the appellate order passed by CIT(A), had issued notices under section 65 of the Income Tax Ordinance, 1979 and the Parent Company had filed a writ petition against the aforesaid notices with the High Court of Sindh, the outcome of which is still pending.

The amount recoverable Rs. 36.013 million represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the assessments.

(Rupees in thousand)	Note	2016	2015
29. Cash and bank balances			
At banks:			
On deposit accounts [including ZAR 0.318 million (2015: ZAR 0.972 million) and SLR 20 million (2015: SLR 130 million)]	29.1	105,452	158,217
On saving accounts	29.2	7,638	20,010
On current accounts [including USD 0.114 million (2015: USD 0.278 million), ZAR 0.527 million (2015: 0.194 million) and SLR 98.153 million (2015: SLR 84.916 million)]	29.3	294,387	258,310
		407,477	436,537
In hand [including USD 1,412 (2015: USD 4,235) and EUR 500 (2015: Nil)]		4,324	5,157
		411,801	441,694

29.1 The balances in deposit accounts bear mark-up which ranges from 4.0% to 10.0% (2015: 4.0% to 10.0%) per annum.

29.2 The balances in saving accounts bear mark-up which ranges from 3.75% to 5.75% (2015: 4.0% to 5.0%) per annum.

29.3 Included in these are total restricted funds of Rs. 1.332 million (2015: Rs. 1.332 million) held as payable to TFC holders.

(Rupees in thousand)	Note	2016	2015
30. Cost of sales			
Cost of sales - own manufactured	30.1	18,916,373	17,162,641
Cost of sales - purchased for resale	30.2	145,223	145,132
		19,061,596	17,307,773

(Rupees in thousand)		Note	2016	2015
30.1	**Cost of sales - own manufactured**			
	Materials consumed		13,734,624	12,594,280
	Salaries, wages and amenities	30.1.1	1,759,647	1,405,313
	Travelling		41,334	41,880
	Fuel and power		704,663	756,370
	Production supplies		491,800	370,347
	Rent, rates and taxes	30.1.2	35,530	7,357
	Insurance		53,496	53,043
	Repairs and maintenance		452,453	451,197
	Packing expenses		430,832	383,580
	Depreciation on owned assets	18.1.4	782,214	628,895
	Depreciation on assets subject to finance lease	18.2.1	33,616	34,355
	Amortisation of intangible assets	20.2	9,768	9,733
	Technical fee and royalty	30.1.3	113,710	98,174
	Other expenses		343,782	280,616
			18,987,469	17,115,140
	Opening work-in-process		324,838	327,674
	Closing work-in-process		(393,587)	(324,838)
	Cost of goods produced	30.1.4	18,918,720	17,117,976
	Opening stock of finished goods		696,792	741,457
			19,615,512	17,859,433
	Closing stock of finished goods		(699,139)	(696,792)
			18,916,373	17,162,641
30.1.1	**Salaries, wages and amenities**			
	Salaries, wages and amenities include following in respect of retirement benefits:			
	Defined benefit plans			
	Gratuity		15,165	8,419
	Accumulated compensated absences		84,067	34,143
	Defined contribution plans			
	Provident fund		22,255	23,121
	Pension fund		31,806	37,497
			153,293	103,180

30.1.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 28.221 million (2015: Nil).

30.1.3 Technical fee and royalty includes fee for services received from related party amounting to Rs. 77.601 million (2015: Rs. 71.552 million).

30.1.4 Cost of goods produced includes Rs. 1,751.024 million (2015: Rs. 1,599.427 million) for stores and spares consumed, Rs. 23.128 million (2015: Rs. 55.254 million) and Rs. 1.017 million (2015: Rs. 6.226 million) for raw material and stores and spares written off respectively.

(Rupees in thousand)		Note	2016	2015
30.2	**Cost of sales - purchased for resale**			
	Purchases		145,883	145,646
	Opening stock of goods purchased for resale		28,695	28,181
	Closing stock of goods purchased for resale		(29,355)	(28,695)
			145,223	145,132
31.	**Administrative expenses**			
	Salaries, wages and amenities	31.1	831,824	640,280
	Travelling		44,920	47,582
	Rent, rates and taxes	31.2	138,636	75,369
	Insurance		23,464	20,809
	Printing, stationery and periodicals		27,459	26,569
	Postage, telephone and telex		24,207	19,370
	Motor vehicles running		9,370	8,917
	Computer charges		20,193	19,975
	Professional services	31.3	112,198	127,843
	Consultancy and transaction advisory fee		9,241	–
	Repairs and maintenance		22,406	20,540
	Depreciation on owned assets	18.1.4	42,281	44,093
	Depreciation on assets subject to finance lease	18.2.1	9,967	3,264
	Amortisation of intangible assets	20.2	8,503	9,517
	Depreciation on investment property	19.1	4,494	2,952
	Security services		3,986	3,433
	Other expenses	31.4	94,969	65,273
			1,428,118	1,135,786

Administrative expenses include Rs. 88.618 million (2015: Rs. 83.545 million) for stores and spares consumed.

(Rupees in thousand)		2016	2015
31.1	**Salaries, wages and amenities**		
	Salaries, wages and amenities include following in respect of retirement benefits:		
	Defined benefit plans		
	Gratuity	6,323	3,620
	Accumulated compensated absences	37,373	16,695
	Pension	2,227	(6,117)
	Defined contribution plans		
	Provident fund	10,106	11,289
	Pension fund	14,569	18,323
		70,598	43,810

31.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 42.308 million (2015: Rs. 10.287 million).

(Rupees in thousand)	2016	2015
31.3 Professional services		
The charges for professional services include the following in respect of auditors' services for:		
Statutory audit	7,098	6,427
Half yearly review	2,194	1,850
Tax services	14,371	14,752
Workers' profit participation fund audit, management staff pension fund and gratuity fund audit, audit of consolidated financial statements and other certification charges	3,095	2,154
Out of pocket expenses	992	1,100
	27,750	26,283

31.4 Others expenses include penalty paid to the Collector of Customs aggregating to Rs. 0.072 million (2015: Rs. 0.125 million).

(Rupees in thousand)	Note	2016	2015
32. Distribution and marketing costs			
Salaries, wages and amenities	32.1	435,866	310,059
Travelling		79,434	56,171
Rent, rates and taxes	32.2	9,708	9,314
Freight and distribution		227,264	176,777
Insurance		36,272	35,216
Advertising		376,423	262,624
Depreciation on owned assets	18.1.4	15,450	8,738
Depreciation on assets subject to finance lease	18.2.1	5,346	261
Provision for doubtful debts - net		13,066	8,246
Other expenses		26,792	27,654
		1,225,621	895,060

Distribution and marketing costs include Rs. 22.997 million (2015: Rs. 19.876 million) for stores and spares consumed.

(Rupees in thousand)	2016	2015
32.1 Salaries, wages and amenities		
Salaries, wages and amenities include following in respect of retirement benefits:		
Defined benefit plans		
Gratuity	3,418	1,646
Accumulated compensated absences	19,118	6,821
Defined contribution plans		
Provident fund	5,116	4,611
Pension fund	7,337	7,486
	34,989	20,564

32.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 9.668 million (2015: Rs. 8.699 million).

(Rupees in thousand)	Note	2016	2015
33. Other operating expenses			
Worker's profit participation fund	15.4	388,535	230,337
Workers' welfare fund	15.5	19,547	87,716
Exchange loss - net		6,370	41,279
Impairment of property, plant and equipment		–	12,051
Assets written off		–	93
Advance written off		3,705	9,809
Donations	33.1	25,930	10,416
CSR Project		126	–
		444,213	391,701

33.1 The Parent Company made a donation of Rs. 25.610 million (2015: 8.980 million) to its related party, Packages Foundation. Following is the interest of directors in the donee during the year:

Name of donee	Director of the Company	Interest in donee
Packages Foundation	Syed Hyder Ali	Trustee
	Shamim Ahmad Khan	Trustee
	Syed Aslam Mehdi	Trustee

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

(Rupees in thousand)	Note	2016	2015
34. Other income			
Income from financial assets			
Income on bank deposits		13,769	6,804
Income on term deposits		5,748	–
Interest charged on trade and other receivables		2,837	2,257
Interest on loan to SNGPL		471	725
		22,825	9,786
Income from non-financial assets			
Rental income from investment property	34.1	59,689	51,484
Profit on disposal of property, plant and equipment		56,087	71,850
Scrap sales		12,968	12,130
		128,744	135,464
Others			
Insurance commission from related party		6,093	5,528
Provisions and unclaimed balances written back		25,277	56,252
Insurance claims received		15,282	21,075
Exchange gain		1,195	–
Reversal of provision for workers' welfare fund	15.5	150,606	–
Rebate income		26,277	13,997
Others	34.2	31,205	29,558
		255,935	126,410
		407,504	271,660

34.1 The expenses relating directly to the income from investment property amount to Rs. 0.981 million (2015: Rs. 0.371 million).

34.2 This includes compensation of Rs. 0.73 million (2015 : Nil) charged to DIC Asia Pacific Pte Ltd. (associated company) against not providing material as per required specifications.

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

(Rupees in thousand)	Note	2016	2015
Not later than one year		11,609	7,881
Later than one year and not later than five years		7,372	1,440
		18,981	9,321

35. Finance costs

Interest and markup including commitment charges on			
Long term finances - secured			
Local currency		183,419	191,530
Foreign currency		58,051	45,995
Finances under markup arrangements - secured		94,617	138,603
Liabilities against assets subject to finance lease		58,474	22,522
Return on preference shares / convertible stock		136,553	336,050
Premium on redemption of preference shares / convertible stock	6.11	909,582	–
Loan handling charges		16,654	232
Commission on guarantees		21,424	14,932
Bank charges		15,734	7,959
		1,494,508	757,823

36. This represents dividend income from other long term investments as referred in note 22.

(Rupees in thousand)	Note	2016	2015
37. Tax			
Current			
Current year	37.1	1,160,613	614,582
Prior years		422,632	97,763
		1,583,245	712,345
Deferred		78,499	355,505
		1,661,744	1,067,850

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

The investment tax credit amounting to Rs. 84.087 million (2015: Rs. 57.752 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.

(Percentage)		2016	2015
37.2	**Tax charge reconciliation**		
	Numerical reconciliation between the average effective tax rate and the applicable tax rate		
	Applicable tax rate	31.00	32.00
	Tax effect of amounts that are:		
	Associates and joint ventures results reported net of tax	2.50	1.40
	Differences in overseas taxation rates	(0.28)	(0.59)
	Asset for share transaction of foreign subsidiary	(0.03)	6.16
	Not deductible for tax purposes	0.53	2.21
	Deductible for tax purposes	(0.13)	(0.63)
	Exempt for tax purposes	(0.82)	(1.14)
	Chargeable to tax at different rates	(17.19)	(13.21)
	Effect of change in prior years' tax	6.05	2.19
	Tax credits and losses in respect of which no deferred tax asset has been recognised	2.11	0.19
	Tax effect under presumptive tax regime and others	0.72	–
	Tax credits and losses recognised during the year	0.43	(3.24)
	Investment tax credit	(1.20)	(1.42)
		(7.31)	(8.08)
	Average effective tax rate charged to consolidated profit and loss account	23.69	23.92

38. Remuneration of Chief Executive, Directors and Executives

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

	Chief Executive		Executive Directors		Executives	
(Rupees in thousand)	2016	2015	2016	2015	2016	2015
Short term employee benefits						
Managerial remuneration	22,640	16,819	6,953	7,209	318,218	256,377
Housing	9,453	6,786	2,589	2,806	103,141	83,755
Utilities	2,101	1,508	595	623	31,120	19,852
Bonus	16,005	16,643	3,225	6,985	135,134	101,332
Leave passage	8,456	4,498	962	521	7,594	6,453
Medical expenses	5,295	3,159	61	119	1,065	2,498
Club expenses	28	33	–	17	68	4,459
	63,978	49,446	14,385	18,280	596,340	474,726
Post employment benefits						
Contribution to provident, gratuity and pension funds	7,404	5,271	2,026	2,159	51,117	43,548
Other long term benefits						
Accumulating compensated absences	6,076	3,694	3,142	886	60,370	13,401
	77,458	58,411	19,553	21,325	707,827	531,675
Number of persons	1	1	2	1	146	111

The Group also provides the Chief Executive, Executive Directors and Executives with free transport and residential telephones.

38.2 **Remuneration to Non Executive Directors**

Aggregate amount charged in the consolidated financial statements for the year for fee to 5 directors (2015: 5 directors) is Rs. 4.425 million (2015: Rs. 2.775 million).

39. Transactions with related parties

The related parties comprise joint ventures, associates, directors, key management personnel, post employment benefit plans and other related parties. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, amounts due from Directors and key management personnel are shown under receivables and remuneration of Directors and key management personnel is disclosed in note 38. Other significant transactions with related parties are as follows:

Relationship with the Group	Nature of transactions	2016	2015
		(Rupees in thousand)	
i. Joint ventures	Purchase of goods and services	2,305,555	2,649,621
	Sale of goods and services	386,071	293,715
	Purchase of property, plant & equipment	1,244	437
	Sale of property, plant & equipment	9,781	47,719
	Dividend income	1,435	739
	Rental and other income	65,589	57,242
ii. Associates	Purchase of goods and services	1,041,308	1,051,131
	Sale of goods and services	3,563	9,604
	Purchase of property, plant & equipment	615	–
	Sale of property, plant & equipment	–	1,834
	Investment made	366,667	–
	Insurance premium	177,285	164,007
	Commission earned	6,093	5,528
	Insurance claims received	569	1,177
	Rental and other income	5,833	573
	Dividend income	102,088	65,110
	Issuance of share capital	1,000,000	–
iii. Other related party	Purchase of goods and services	146,114	301,892
	Sale of goods and services	710	–
	Royalty and technical fee - expense	77,601	71,552
	Rebate received	752	–
	Disbursement of loan from shareholder of Parent Company	–	600,000
	Repayment of loan to shareholder of Parent Company	–	100,000
	Donations made	25,610	–
iv. Post employment benefit plans	Expense charged in respect of retirement benefit plans	129,877	98,445

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.

40. Capacity and production

	Capacity 2016	Capacity 2015	Actual production 2016	Actual production 2015
Paper and paperboard produced - tons	41,400	41,400	14,353	11,131
Paper and paperboard converted - tons	50,800	45,526	36,890	34,510
Plastics all sorts converted - tons	43,700	40,958	36,621	33,820
Inks produced - tons	13,158	11,048	9,649	8,748
Flexible packaging material - meters ‘000’	90,000	90,000	72,726	53,800

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

	2016	2015
41. Number of employees		
Total number of employees as at December 31	2,065	2,049
Average number of employees during the year	2,044	1,965

42. Rates of exchange

Liabilities in foreign currencies have been translated into PKR at USD 0.9542 (2015: USD 0.9542), EURO 0.9065 (2015: EURO 0.8731), CHF 0.9741 (2015: CHF 0.9437), SEK 8.6881 (2015: SEK 8.0257), GBP 0.7768 (2015: GBP 0.6437), SGD 1.3801 (2015: SGD 1.3490), YEN 90.0901 (2015: YEN 114.8633), SLR 146.4340 (2015:129.7522) and ZAR 7.2038 (2015: 6.7830) equal to Rs. 100. Assets in foreign currencies have been translated into PKR at USD 0.9560 (2015: USD 0.9560), SLR 146.4340 (2015: 129.7522) and ZAR 7.2038 (2015: 6.7830) equal to Rs. 100.

(Rupees in thousand)	Note	2016	2015
43. Cash generated from operations			
Profit before tax		7,013,251	4,464,508
Adjustments for:			
Depreciation on owned assets	18.1.4	839,945	681,726
Depreciation on assets subject to finance lease	18.2.1	48,929	37,880
Depreciation on investment property	19	4,494	2,952
Amortisation on intangible assets	20	18,271	19,250
Provision for accumulating compensated absences	11	140,558	58,892
Provision for retirement benefits	10	30,150	7,568
Provision for doubtful debts	26.3	13,066	8,246
Exchange adjustments		(102,742)	(340,351)
Net profit on disposal of property, plant and equipment	34	(56,087)	(71,850)
Reversal of provision for workers’ welfare fund	34	(150,606)	–
Impairment of property, plant and equipment		–	12,144
Advance written off	33	3,705	9,809
Finance costs	35	1,494,508	757,823
Dividend income	36	(6,054,991)	(2,387,359)
Share of loss / (profit) of investments accounted for under equity method - net of tax	21.2	290,862	(232,923)
Profit before working capital changes		3,533,313	3,028,315
Effect on cash flow due to working capital changes:			
Decrease in stores and spares		24,341	9,955
(Increase) / decrease in stock-in-trade		(131,100)	537,505
Increase in trade debts		(746,512)	(233,044)
Decrease in loans, advances, deposits, prepayments and other receivables		575,160	124,887
Increase in trade and other payables		487,514	633,450
		209,403	1,072,753
		3,742,716	4,101,068

		Note	2016	2015
44.	**Cash and cash equivalents**			
	Cash and bank balances	29	411,801	441,694
	Finances under markup arrangements - secured	14	(1,918,079)	(1,183,699)
			(1,506,278)	(742,005)

			2016	2015
45.	**Earnings per share**			
45.1	**Basic earnings per share**			
	Profit for the year	Rupees in thousand	5,139,901	3,300,944
	Weighted average number of ordinary shares	Numbers	89,379,504	88,069,915
	Earnings per share	Rupees	57.51	37.48
45.2	**Diluted earnings per share**			
	Profit for the year	Rupees in thousand	5,139,901	3,300,944
	Return on preference shares / convertible stock - net of tax	Rupees in thousand	107,332	270,990
			5,247,233	3,571,934
	Weighted average number of ordinary shares	Numbers	89,379,504	88,069,915
	Weighted average number of notionally converted preference shares / convertible stock	Numbers	8,186,842	17,996,431
			97,566,346	106,066,346
	Diluted earnings per share	Rupees	53.78	33.68

46. Segment Information

A business segment is a group of assets and operations engaged in providing products that are subject to risk and returns that are different from those of other business segments.

Types of Segments	Nature of business
Packaging	Manufacture and market packing products
Consumer Products	Manufacture and market consumer / tissue products
Ink	Manufacture and market industrial and commercial ink products
Real Estate	Construction and development of real estate
General & Others	Workshop and other general business

	Packaging		Consumer Products		Ink		Real Estate		General & Others		Total	
(Rupees in thousand)	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Total revenue	18,206,462	16,569,174	3,848,427	3,253,430	3,690,144	3,442,790	–	–	343,947	284,298	26,088,980	23,549,692
Intersegment revenue	(439,522)	(443,863)	(11,504)	(8,576)	(934,562)	(904,828)	(66,434)	(9,845)	(141,284)	(121,871)	(1,593,306)	(1,488,983)
Revenue from external customers	17,766,940	16,125,311	3,836,923	3,244,854	2,755,582	2,537,962	(66,434)	(9,845)	202,663	162,427	24,495,674	22,060,709
Interest revenue	2,241	4,688	–	–	–	–	7,410	3,212	13,174	1,886	22,825	9,786
Interest expense	(170,773)	(161,102)	(8,070)	(17,591)	(22,698)	(30,529)	–	–	(1,292,967)	(548,601)	(1,494,508)	(757,823)
Depreciation and amortisation	619,695	538,851	107,012	97,687	27,266	22,617	2,900	2,668	154,766	79,985	911,639	741,808
Segment profit / (loss) before tax	1,755,676	1,674,627	659,715	464,715	551,728	486,178	(90,235)	(70,196)	4,818,854	1,905,823	7,695,738	4,461,147
Segment taxation	(214,151)	(469,128)	(30,089)	(32,989)	(223,035)	(153,830)	(4,990)	(2,083)	(1,236,986)	(346,030)	(1,709,251)	(1,004,060)
Segment profit / (loss) after tax	1,541,525	1,205,499	629,626	431,726	328,693	332,348	(95,225)	(72,279)	3,581,868	1,559,793	5,986,487	3,457,087
Segment assets	9,790,948	8,449,722	1,603,568	1,427,980	1,485,012	1,310,250	11,030,560	5,107,501	1,178,368	1,145,445	25,088,456	17,440,898

(Rupees in thousand)		2016	2015
46.1	**Reconciliation of segment profit**		
	Total profit for reportable segments	7,695,738	4,461,147
	Net (loss) / income from associates and joint ventures	(394,385)	167,074
	Intercompany adjustment	(288,102)	(163,713)
	Profit before tax	7,013,251	4,464,508
46.2	**Reconciliation of segment assets**		
	Total assets for reportable segments	25,088,456	17,440,898
	Intersegment assets	(3,549,300)	(3,101,229)
	Other corporate assets	53,570,285	49,081,905
	Total assets	75,109,441	63,421,574
46.3	**Reconciliation of segment tax**		
	Total tax expense for reportable segments	1,709,251	1,004,060
	Intercompany adjustment	(47,507)	63,790
	Tax as per consolidated profit and loss account	1,661,744	1,067,850
46.4	**Reconciliation of segment profit after tax**		
	Total profit after tax for reportable segments	5,986,487	3,457,087
	Intercompany adjustment for (loss) / profit before tax	(682,487)	3,361
	Intercompany adjustment for taxation	47,507	(63,790)
	Profit as per consolidated profit and loss account	5,351,507	3,396,658

46.5 Information by geographical area

	Revenue		Non-current assets	
(Rupees in thousand)	2016	2015	2016	2015
Afghanistan	30,274	21,780	–	–
Bahrain	162,802	14,302	–	–
Bangladesh	5,193	195,999	–	–
Indonesia	–	72	–	–
Kenya	80,681	36,644	–	–
Malaysia	668	–	–	–
Oman	9,005	–	–	–
Pakistan	19,316,937	18,315,501	15,329,786	9,120,280
South Africa	3,540,016	2,160,709	1,733,459	1,271,586
Sri Lanka	1,347,791	1,309,811	417,560	341,407
UAE	696	5,891	–	–
UK	1,611	–	–	–
	24,495,674	22,060,709	17,480,805	10,733,273

Sales are allocated to geographical areas according to the country receiving the goods or providing services.

46.6 Information about major customers

Included in the total revenue is revenue from four (2015: four) customers of the Group from the packaging (2015: packaging) segment which represents approximately Rs. 6,035.433 million (2015: Rs. 8,198.683 million) of the Group's total revenue.

47. Financial risk management

47.1 Financial risk factors

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

Risk management is carried out by the Group's finance department under policies approved by the Board of Directors. The Group's finance department evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group's overall risk management procedures to 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, the South African Rand and the Sri Lankan rupee. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities or net investments in foreign operations that are denominated in a currency that is not the Group's functional currency.

At December 31, 2016, 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. 37.836 million higher / lower (2015: Rs. 21.617 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, 2016, 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. 32.587 million higher / lower (2015: Rs. 71.438 million) higher / lower, mainly as a result of foreign exchange gains / losses on translation of Euro-denominated financial assets and liabilities.

At December 31, 2016, 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. 71.184 million (2015: Rs. 71.268 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, 2016, 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. 10.253 million higher / lower (2015: Rs. 6.432 million) higher / lower, 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)	2016	2015	2016	2015
Pakistan Stock Exchange	–	–	2,791,675	1,366,278

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, 2016, if interest rates on floating rate borrowings had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been Rs. 23.730 million (2015: Rs. 37.390 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)	2016	2015
Long term loans and deposits	39,858	40,384
Trade debts	2,863,203	2,014,986
Loans, advances, deposits, prepayments and other receivables	632,616	1,219,651
Balances with banks	407,477	436,537
	3,943,154	3,711,558

As of December 31, 2016, trade receivables of Rs. 698.007 million (2015: Rs. 812.778 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)	2016	2015
Up to 90 days	491,704	714,098
90 to 180 days	120,744	89,352
181 to 366 days	85,559	9,328
	698,007	812,778

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)	2016	2015
Up to 90 days	10,638	17,752
90 to 180 days	8,575	4,190
181 to 366 days	2,517	694
	21,730	22,636

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	2016	2015
Allied Bank Limited	A1+	AA+	PACRA	1,252	–
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	–	1
Bank Alfalah Limited	A1+	AA	PACRA	–	1,184
Citibank N.A.	P1	A1	Moody's	341	357
Commercial Bank of Ceylon Limited Sri Lanka	AA-	-	Fitch	7	7
Deutsche Bank AG	P2	Baa2	Moody's	240	70,981
Dubai Islamic Bank (Pakistan) Limited	A1	A+	JCR-VIS	36	–
Faysal Bank Limited	A1+	AA	JCR-VIS	60,742	42,542
First National Bank South Africa	-	BBB	JCR-VIS	6,547	7,326
Habib Bank Limited	A1+	AAA	JCR-VIS	44,017	928
Habib Bank Limited Sri Lanka	AAA+	-	JCR-VIS	164	171
Habib Bank Limited Mauritius	A	-	JCR-VIS	8,943	10,963
Hatton Bank Limited Sri Lanka	-	AA-	Fitch	14,034	6,443
HSBC Bank Middle	P1	A2	Moody's	–	282
JS Bank Limited	A1+	A+	PACRA	681	–
MCB Bank Limited	A1+	AAA	PACRA	21,947	26,120
MCB Bank Limited Sri Lanka	A+	-	ICRA	47,537	120,934
Meezan Bank Limited	A1+	AA	JCR-VIS	4,253	1,971
National Bank of Pakistan	A1+	AAA	PACRA	28,526	26,079
NDB Bank	A+	-	Fitch	20,788	28,837
NIB Bank Limited	A1+	AA-	PACRA	123,177	82,435
Samba Bank Limited	A1	AA	JCR-VIS	1,332	1,332
Standard Chartered Bank Pakistan Limited	A1+	AAA	PACRA	22,805	7,492
The Bank of Punjab	A1+	AA-	PACRA	58	152
United Bank Limited	A1+	AAA	JCR-VIS	50	–
				407,477	436,537

(c) Liquidity risk

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

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

Management monitors the forecasts of the Group's cash and cash equivalents (note 44) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

(Rupees in thousand)	At December 31, 2016 Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term finances	806,546	5,917,794	3,188,714	266,848
Liabilities against assets subject to finance lease	22,338	13,342	60,509	–
Finances under mark up arrangements - secured	1,918,079	–	–	–
Trade and other payables	5,126,373	–	–	–
Accrued finance cost	313,512	–	–	–
	8,186,848	5,931,136	3,249,223	266,848

(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	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 cost	367,612	–	–	–
	6,886,992	806,557	2,147,457	64,590

47.2 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 2016	2015
Financial assets		
Long term loans and deposits	39,858	40,384
Trade debts	3,561,210	2,827,764
Loans, advances, deposits, prepayments and other receivables	632,616	1,219,651
Balances with banks	407,477	436,537
	4,641,161	4,524,336

(Rupees in thousand)	At amortised cost 2016	2015
Financial liabilities		
Long term finances - secured	10,179,902	4,196,301
Liabilities against assets subject to finance lease	96,189	295,303
Finances under mark up arrangements - secured	1,918,079	1,183,699
Trade and other payables	5,126,373	4,784,041
Accrued finance cost	313,512	367,612
	17,634,055	10,826,956

47.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. Consistent with the others in industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including the current and non-current borrowings as disclosed in note 6 less cash and cash equivalents as disclosed in note 44. Total capital is calculated as equity as shown in the balance sheet plus net debt. The gearing ratio as at year end is as follows:

(Rupees in thousand)	Note	2016	2015
Long term finances	6	10,306,006	5,762,485
Current portion of long term finances	12	806,546	448,711
Cash and cash equivalents	44	1,506,278	742,005
Net debt		12,618,830	6,953,201
Total equity		52,808,237	48,163,139
Total capital		65,427,067	55,116,340
Gearing ratio		19%	13%

47.4 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); and
- 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, 2016			
(Rupees in thousand)	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement of available-for-sale investments	32,843,231	–	–	32,843,231

	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

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 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.

48. Interests in other entities

48.1 Subsidiaries

The Group's principal subsidiaries at 31 December 2016 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of Entity	Place of business / country of incorporation	Ownership interest held by the Group 2016	2015	Ownership interest held by Non-controlling interests 2016	2015	Principal activities
Anemone Holdings Limited [AHL]	Mauritius	100.00%	100.00%	0.00%	0.00%	Intermediate holding company of FPCL
OmyaPack (Private) Limited [formerly CalciPack (Private) Limited] [OPL]	Pakistan	0.00%	100.00%	0.00%	0.00%	Production and sale of ground calcium carbonate
DIC Pakistan Limited [DIC]	Pakistan	54.98%	54.98%	45.02%	45.02%	Manufacturing and sale of inks
Flexible Packages Convertors (Proprietary) Limited [FPCL]	South Africa	55.00%	55.00%	45.00%	45.00%	Manufacturing and sale of flexible packaging
Packages Lanka (Private) Limited [PLL]	Sri Lanka	79.07%	79.07%	20.93%	20.93%	Manufacturing and sale of flexible packaging
Packages Construction (Private) Limited [PCPL]	Pakistan	75.16%	100.00%	24.84%	0.00%	Development and construction of real estate
Packages Power (Private) Limited [PPPL]	Pakistan	100.00%	0.00%	0.00%	0.00%	Generation and sale of electricity

48.2 Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheet	DIC Pakistan Limited		Flexible Packages Convertors (Proprietary) Limited		Packages Lanka (Private) Limited		Packages Construction (Private) Limited	
(Rupees in thousand)	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Current assets	1,347,961	1,189,866	1,067,014	789,725	572,876	619,310	205,238	127,484
Current liabilities	(730,770)	(499,228)	(1,092,762)	(772,049)	(251,694)	(180,271)	(1,661,141)	(1,172,417)
Current net assets / (liabilities)	617,191	690,638	(25,748)	17,676	321,182	439,039	(1,455,903)	(1,044,933)
Non - current assets	144,371	125,625	1,903,534	1,407,526	399,236	321,042	10,825,322	4,980,018
Non - current liabilities	(52,572)	(39,775)	(672,682)	(407,445)	(136,178)	(177,098)	(5,475,550)	(985,950)
Non - current net assets	91,799	85,850	1,230,852	1,000,081	263,058	143,944	5,349,772	3,994,068
Net assets	708,990	776,488	1,205,104	1,017,757	584,240	582,983	3,893,869	2,949,135
Accumulated NCI	318,563	349,575	542,206	457,991	122,573	121,572	967,237	–

Summarised statement of comprehensive income (Rupees in thousand)	DIC Pakistan Limited		Flexible Packages Convertors (Proprietary) Limited		Packages Lanka (Private) Limited		Packages Construction (Private) Limited	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Revenue	3,690,144	3,442,790	3,540,016	2,160,709	1,429,488	1,347,556	–	–
Profit / (loss) for the year	328,693	332,348	110,756	(193,222)	156,524	152,291	(95,225)	(72,279)
Other comprehensive income / (loss)	–	–	196,584	(370,782)	(36,053)	(40,915)	–	–
Total comprehensive income / (loss)	328,693	332,348	307,340	(564,004)	120,471	111,376	(95,225)	(72,279)
Total comprehensive income / (loss) allocated to NCI	147,353	149,623	138,303	(252,635)	25,215	23,311	(18,348)	–
Dividends paid to NCI	178,359	78,809	54,088	–	24,218	17,011	–	–

Summarised statement of comprehensive income (Rupees in thousand)	DIC Pakistan Limited		Flexible Packages Convertors (Proprietary) Limited		Packages Lanka (Private) Limited		Packages Construction (Private) Limited	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Cash flows from operating activities	279,919	449,637	182,568	190,808	261,384	221,405	147,455	65,288
Cash flows from investing activities	(43,026)	(41,769)	69,429	(1,831,269)	(267,270)	(110,762)	(5,598,322)	(3,883,462)
Cash flows from financing activities	(396,191)	(175,061)	(339,606)	1,424,812	(67,980)	(74,027)	5,487,260	3,885,950
Net (decrease) / increase in cash and cash equivalents	(159,298)	232,807	(87,609)	(215,649)	(73,866)	36,616	36,393	67,776

48.3 Transactions with non-controlling interests

On March 3, 2016 and July 19, 2016, PCPL issued 75,000,000 and 25,000,000 ordinary shares of Rs. 10 each at par, which were not subscribed by the holding company and consequently were issued to IGI Insurance Limited representing NCI. This resulted in reduction of interest in subsidiary by 24.84%, which has been recorded at its proportionate interest of the carrying value of the subsidiary. The difference between the amount by which the NCI is recorded and the fair value of the consideration received has been recognised directly in equity and attributed to the controlling interest.

(Rupees in thousand)	2016	2015
Consideration received	1,000,000	–
Recognition of NCI at proportionate share of net asset	(977,019)	–
Credit to equity	22,981	–

There were no transactions with non-controlling interests in 2015.

48.4 Interests in associates and joint ventures

Set out below are the associates and joint ventures of the Group as at December 31, 2016 which, in the opinion of the Directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of Entity (Rupees in thousand)	Place of business/ country of incorporation	% of ownership interest 2016	2015	Nature of relationship	Measurement method	Quoted fair value 2016	2015	Carrying amount 2016	2015
Tri-Pack Films Limited [TPFL]	Pakistan	33.33%	33.33%	Associate	Equity method	3,797,774	2,466,800	3,023,783	2,460,585
IGI Insurance Limited [IGIIL]	Pakistan	10.61%	10.61%	Associate	Equity method	4,009,372	3,080,636	1,366,894	1,313,389
IGI Investment Bank Limited [IGIIBL]	Pakistan	2.17%	2.17%	Associate	Equity method	15,032	7,239	–	–
Bulleh Shah Packaging (Private) Limited [BSPL]	Pakistan	65.00%	65.00%	Joint venture	Equity method	(*)	(*)	9,151,720	9,836,339
Plastic Extrusions (Proprietary) Limited [PEPL]	South Africa	50.00%	50.00%	Joint venture	Equity method	(*)	(*)	17,571	10,303
OmyaPack (Private) Limited [OPL] [formerly CalciPack (Private) Limited]	Pakistan	50.00%	0.00%	Joint venture	Equity method	(*)	(*)	307,067	–
Total equity accounted investments								13,867,035	13,620,616

Tri-Pack Films limited is in the business of manufacture and sale of biaxially oriented polypropylene (BOPP) film and cast polypropylene (CPP) films.

IGI Insurance Limited is engaged in insurance business.

IGI Investment Bank Limited is engaged in investment banking.

Bulleh Shah Packaging (Private) Limited is engaged in the manufacture and sale of paper, paperboard and corrugated boxes.

Plastic Extrusions (Proprietary) Limited is engaged in the manufacture and sale of plastics.

OmyaPack (Private) Limited [formerly CalciPack (Private) Limited] is engaged in manufacture and sale of high quality ground calcium carbonate products. The Company has not yet commercially commenced operations.

(*) These are privately held entities for which no quoted price is available.

48.4.1 There are no commitments and contingent liabilities of the Group in respect of associates and joint ventures.

48.4.2 Summarised financial information for associates

The table below provides summarised financial information of those associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts:

Summarised balance sheet (Rupees in thousand)	Tri-Pack Films Limited 31-Dec-16	Tri-Pack Films Limited 31-Dec-15	IGI Insurance Limited 31-Dec-16	IGI Insurance Limited 31-Dec-15
Current assets	4,792,064	4,573,597	(**)	
Non-current assets	6,353,016	6,741,328		
Total assets	11,145,080	11,314,925	38,695,112	28,314,502
Current liabilities	(4,581,833)	(5,447,172)	(**)	
Non-current liabilities	(2,762,429)	(3,753,951)		
Total liabilities	(7,344,262)	(9,201,123)	(23,872,314)	(14,839,144)
Net assets	3,800,818	2,113,802	14,822,798	13,475,358
Reconciliation to carrying amounts:				
Opening net assets	2,113,802	1,634,453	13,475,358	12,324,280
Profit for the year	754,482	498,191	1,796,553	1,975,294
Other comprehensive (loss) / income	(4,573)	(18,842)	41,645	(81,783)
Further issuance of shares	1,087,107	–	–	–
Transactions with NCI	–	–	–	(128,985)
Dividends paid	(150,000)	–	(490,758)	(613,448)
Closing net assets	3,800,818	2,113,802	14,822,798	13,475,358
Group's share - %	33.33%	33.33%	10.61%	10.61%
Group's share - Rs. in thousands	1,266,393	703,195	1,350,784	1,297,279
Goodwill	1,757,390	1,757,390	16,110	16,110
Carrying amount	3,023,783	2,460,585	1,366,894	1,313,389
Summarised statement of comprehensive income				
Revenue	11,778,067	11,954,171	8,601,883	4,949,530
Profit for the year	754,482	498,191	1,796,553	1,975,294
Other comprehensive (loss) / income	(4,573)	(18,842)	41,645	(81,783)
Total comprehensive income	749,909	479,349	1,838,198	1,893,511
Dividends received from associates	50,000	–	52,088	65,110

(**) The information related to IGI Insurance Limited for the year ended December 31, 2016 is un-audited. Further, the balance of IGIIL is presented according to the requirements of the Insurance Ordinance, 2000 and do not provide classification between current and non-current.

48.4.3 Summarised financial information for joint ventures

The table below provides summarised financial information of those Joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not the Group's share of those amounts. These have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy:

Summarised balance sheet	Bulleh Shah Packaging (Private) Limited		OmyaPack (Private) Limited formerly CalciPack (Private) Limited	
(Rupees in thousand)	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Current assets				
Cash and cash equivalents	92,903	42,967	607,753	–
Other current assets	7,511,683	8,709,801	2,513	–
Total current assets	7,604,586	8,752,768	610,266	–
Non-current assets	16,204,750	17,781,234	5,647	–
Current liabilities				
Financial liabilities (excluding trade payables)	3,227,283	2,789,818	1,072	–
Other current liabilities	2,656,726	3,209,474	708	–
Total current liabilities	5,884,009	5,999,292	1,780	–
Non-current liabilities				
Financial liabilities (excluding trade payables)	4,935,000	6,150,000	–	–
Other non-current liabilities	479,198	820,640	–	–
Total non-current liabilities	5,414,198	6,970,640	–	–
Net assets	12,511,129	13,564,070	614,133	–
Reconciliation to carrying amounts:				
Opening net assets	13,564,070	13,689,927	500	–
Loss for the year	(1,006,978)	(116,232)	(2,769)	–
Other comprehensive loss	(45,963)	(9,625)	–	–
Shares issued during the year	–	–	616,402	500
Dividends paid	–	–	–	–
Closing net assets	12,511,129	13,564,070	614,133	500
Group's share - %	65.00%	65.00%	50.00%	0.00%
Group's share - Rs. in thousands	8,131,589	8,816,208	307,067	–
Goodwill	1,020,131	1,020,131	–	–
Carrying amount	9,151,720	9,836,339	307,067	–
Summarised statement of comprehensive income				
Revenue	16,298,214	15,784,370	–	–
Interest income	–	–	3,910	–
Depreciation and amortisation	1,471,240	1,055,763	5	–
Interest expense	477,725	194,478	–	–
Income tax	(431,444)	(9,458)	(1,130)	–
Loss for the year	(1,006,978)	(116,232)	(2,769)	–
Other comprehensive loss	(45,963)	(9,625)	–	–
Total comprehensive loss	(1,052,941)	(125,857)	(2,769)	–
Dividends received from joint venture	–	–	–	–

48.4.4 Individually immaterial associates and joint ventures

In addition to the interests in associates and joint ventures disclosed above, the Group also has interests in individually immaterial associate IGI Investment Bank Limited and joint venture, Plastic Extrusions (Proprietary) Limited, that are accounted for using the equity method:

(Rupees in thousand)	2016	2015
Aggregate carrying value of individually immaterial associates and joint ventures	17,571	10,303
Aggregate amounts of the Group's share of:		
Profit from continuing operations	6,218	3,049
Other comprehensive income / (loss)	2,485	(2,806)
Total comprehensive income	8,703	243

49. Date of authorisation for issue

These consolidated financial statements were authorised for issue on February 28, 2017 by the Board of Directors of the Parent Company.

50. Non-adjusting events after the balance sheet date

The Board of Directors of the Parent Company has proposed a final cash dividend for the year ended December 31, 2016 of Rs. 25.00 per share (2015: Rs. 15.00 per share), amounting to Rs. 2,234.488 million (2015: Rs. 1,340.693 million) at their meeting held on February 28, 2017 for approval of the members at the Annual General Meeting to be held on April 25, 2017. Reference to the ordinary dividend proposed by the Board and the rights of IFC as detailed in note 6.9, the Board has further proposed such amount of additional preference dividend to be paid to IFC as per the terms of subscription agreement. The Board has also recommended to transfer Rs. 1,000 million from general reserve to unappropriated profit (2015: transfer from unappropriated profit to general reserve of Rs. 1,500 million).

51. 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

Asghar Abbas
Director

NOTES

VIDEO CONFERENCE FACILITY

In this regard, please fill the following form and submit to registered address of the Company seven (7) 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 seven (7) 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 five (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

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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 سلسلے میں برائے مہربانی مندرجہ ذیل فارم بھر کر اسے کمپنی کے رجسٹرڈ آفس میں سالانہ اجلاس عام کے انعقاد سے سات (7) دن قبل جمع کرا دیں۔ اگر کمپنی کو اجلاس سے سات (7) دن قبل کسی جغرافیائی جگہ پر رہائش پزیر ممبران جو 10 فیصد 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 گا جس کا انحصار اس شہر میں مذکورہ سہولت کی دستیابی پر ہو گا۔

کمپنی سالانہ اجلاس عام کے انعقاد سے پانچ (5) دن قبل ممبران کو وڈیو کانفرنس سہولت کے مقام سے مطلع کر دے گی بمعہ ان تمام مکمل معلومات کے جو انہیں مذکورہ 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: ______________

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PACKAGES LIMITED
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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

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PACKAGES LIMITED
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Clifton, Karachi - 75600

اظہار رضا مندی بابت ترسیل برق روی

سیکیورٹیزایکسچینج کمیشن آف پاکستان کے ایس آر او 2014/(I)787 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 رجسڑار فیمکو ایسوسی ایٹس (پرائیویٹ)لمیٹڈ کو مہیاکریں۔

یاد دہانی رہے کہ سالا نہ رپورٹ کی بذریعہ ای میل وصولی اختیا ری ہے لازمی نہیں ہے۔

اظہار رضا مندی بابت ترسیل برق روی

تاریخ:__________________

شیئر رجسڑار
فیمکو ایسوسی ایٹس(پرائیویٹ)لمیٹڈ
8-F بلاک پی ای سی ایچ ایس نر سری
نزد فاران ہوٹل شاہراہِ فیصل
کراچی۔

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ایس آر او 2014/(I)787 مورخہ 8 ستمبر2014کی تعمیل کرتے ہو ئے میں مسمی /مسماۃ__________

________________ ولد یت / زوجیت ________________

پیکیجز لمیٹڈ کے پڑتا ل 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:______________________________

بزگاہِ اقرار کیا جاتا ہے کہ مندرجہ بالا معلومات صحیح اور درست ہیں اور یہ کہ میں کمپنی 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۔

ممبر/حصص دارکے دستخط:____________________

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The Company Secretary
PACKAGES LIMITED
4th Floor, The Forum
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G-20, Block 9, Khayaban-e-Jami
Clifton, Karachi - 75600

FORM OF PROXY
62nd 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 Tuesday, April 25, 2017 at 10:30 a.m. at Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi and at any adjournment thereof.

Signed this ______________ day of ______________ 2017.

WITNESSES:

1. Signature : ______________
   Name : ______________
   Address : ______________

   CNIC or
   Passport No. : ______________

2. Signature : ______________
   Name : ______________
   Address : ______________

   CNIC or
   Passport No.: ______________

Signature

Please affix Rupees five revenue stamp

(Signature should agree with the specimen signature registered with the Company)

Note : Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the Company.

CDC Shareholders and their Proxies are requested to attach an attested photocopy of their Computerised National Identity Card or Passport with this proxy form before submission to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary
PACKAGES LIMITED
4th Floor, The Forum
Suite # 416 - 422
G-20, Block 9, Khayaban-e-Jami
Clifton, Karachi - 75600

تشکیل نیابت داری

62واں سالانہ اجلاس عام

میں / ہم --

ساکن --بطور پیکیجز لمیٹڈ

رکن و حامل ------------------------------عام حصص بمطابق 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 منگل مورخہ 25اپریل 2017بوقت 10:30بجے صبح ، بمقام بیچ لگژری ہوٹل مولوی تمیز الدین خان روڈ کراچی میں منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا ہوں۔

دستخط کئے گئے مورخہ ------------------------ 2017

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 یافتگان اور ان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کمپنی میں جمع کرائیں۔

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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:

Annual Report of Packages Limited for 2016

www.packages.com.pk

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