OUR PEOPLE SPIRIT

Packages Limited
ANNUAL REPORT **2018**

OUR PEOPLE OUR SPIRIT

Stepping into the year with thunderous passion to reach soaring heights of excellence of a novel reality, Packages Limited embodies the value of going above and beyond in contributing to the society.

With the hard work of its people combined with their honest spirit to serve the customer, Packages Limited is determined to increase value for consumer. This year is all about moving forward and paving a new path for a brighter reality.

Contents

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 Limited has continued to enhance its facilities to meet the growing demand of packaging products.

In **1968**, with IFC participation, Packages Limited 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 Limited modified a paper machine to produce tissue paper in response to growing awareness and demand for hygienic and disposable tissues. The "Rose Petal" brand name was launched with facial tissues and was later expanded to include toilet paper, kitchen roll and table napkins.

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

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

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

During the same year, the Company initiated the capacity expansion of its Paper and Board Mill to 65,000 tons per year and conversion capacity to 56,000 tons per year. At the same time, the Company also upgraded the quality of Packages Limited 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 Limited 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 Limited 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 Limited 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.

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%.

Company Profile

In **2012**, the Company invested in a rotogravure machine for its flexible packaging business with a total estimated project cost of Rs. 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, the Company 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 Limited completed the transfer of assets and related obligations of Paper & Paperboard and Corrugated business operations to Bulleh Shah Packaging (Private) Limited along with cash equity injection for a 65% share.

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 Real Estate (Private) Limited [Formerly Packages Construction (Private) Limited].

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

In **2016**, as part of Company's continuing efforts towards technological upgradation, the Company invested Rs. 292 million in a new offset printing line having double coating capability to cater to the growing demand in the folding cartons business. The Company 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 was in line with the Company's efforts to provide its customers with the highest quality of printing. Further, the Company made strategic investments of Rs. 82 million including a new facial line, toilet roll line and a fully automated party pack machine to meet growing customer demand.

In line with strategy to diversify, the Company incorporated a wholly-owned subsidiary, Packages Power (Private) Limited, for the purpose of setting up a 3.1 MW hydropower project with an initial equity injection of Rs. 25 million. The Company also made an additional investment of Rs. 309.5 million in the equity of Omya Pack (Private) Limited ("JV Company"). This was followed by matching cumulative equity investment by joint venture partner, Omya Singapore Pte Limited.

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

Packages Mall was inaugurated on April 20, 2017 and the customer response was very encouraging. The mall has been designed on international standards by a team of foreign and local professionals. Packages Mall offers over 200 plus brands, a multiplex cinema, food court, play area and Hyperstar all under one roof.

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

Year 2018

Investment made last year for upgradation of flexible packaging line that includes wide-web Flexo Printing Press as well as a state of the art 7-layer blown film Extruder has been successfully completed and made fully operational in 2018. This packaging line will not only boast of higher production capabilities but also gives the Company a competitive edge over its competitors. The Company has yet again proven itself to be a pioneer in flexible packaging by investing Rs. 230 million in order to bring the first ever Extrusion Lamination machine in Pakistan. The Company has also invested an approximate Rs. 400 million in enhancing and upgrading its Rotogravure printing capabilities by bringing in a new wide web Roto Printing Press.

Further, the Company also invested Rs. 581 million on installation of a new offset packaging line that includes a 7-color printing press with 2 coating units and cutting creasing machine as well as a state of the art folding gluing machine with speed wave technology which not only boasts of higher production capabilities but also adds depth to the Folding packaging solutions.

PACKAGES LIMITED

Subsidiaries

- DIC Pakistan Limited – **54.98%**
- Bulleh Shah Packaging (Private) Limited – **100%**
- Packages Real Estate (Private) Limited [formerly Packages Construction (Private) Limited] – **75.16%**
- Packages Lanka (Private) Limited – **79.07%** — Linnaea Holdings Inc. – **100%** — Chantler Packages Inc. – **80.00%**
- Anemone Holdings Limited – **100%** — Flexible Packages Convertors (Pty) Limited – **55.00%**
- Packages Power (Private) Limited – **100%**

Joint venture

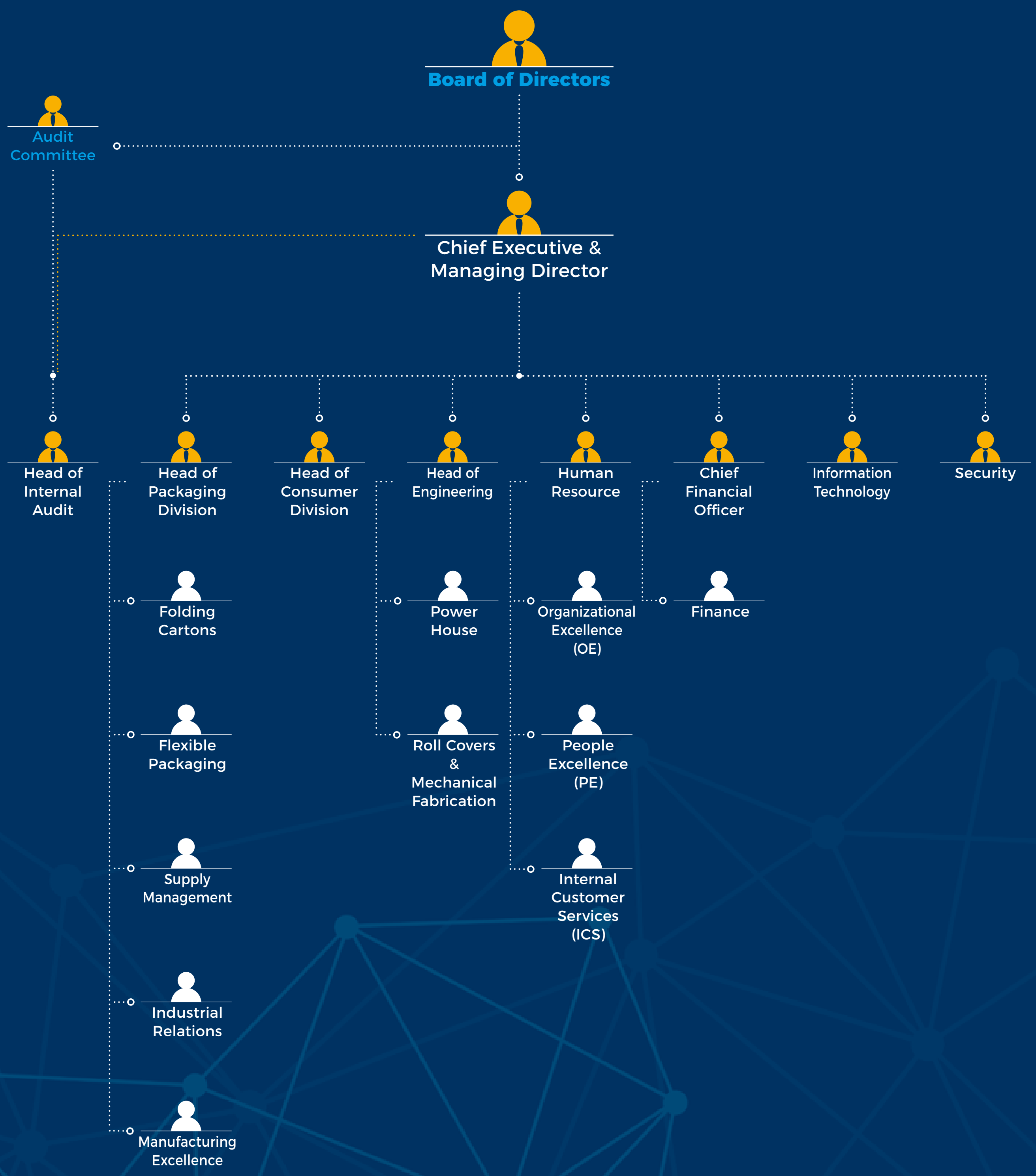
- Omya Pack (Private) Limited – **50%**

Associates

- IGI Holdings Limited – **10.54%**
- Tri-Pack Films Limited – **33.33%**

Organizations are built with people; they stand on the shoulders of their hard work and commitment to the Company. Every single individual who's a part of the organizational ladder is a significant part of what defines it and takes it up the heights of prosperity.

Organogram



Board of Directors
Audit Committee
Chief Executive & Managing Director
Head of Internal Audit
Head of Packaging Division
Head of Consumer Division
Head of Engineering
Human Resource
Chief Financial Officer
Information Technology
Security
Folding Cartons
Flexible Packaging
Supply Management
Industrial Relations
Manufacturing Excellence
Power House
Roll Covers & Mechanical Fabrication
Organizational Excellence (OE)
People Excellence (PE)
Internal Customer Services (ICS)
Finance

Company Information

Board of Directors

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

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

Asghar Abbas
(Executive Director)

Atif Aslam Bajwa
(Independent Director)

Imran Khalid Niazi
(Non-Executive Director)

Josef Meinrad Mueller
(Non-Executive Director)

Shamim Ahmad Khan
(Non-Executive Director)

Syed Aslam Mehdi
(Non-Executive Director)

Syed Shahid Ali
(Non-Executive Director)

Tariq Iqbal Khan
(Non-Executive Director)

Advisor

Syed Babar Ali

Chief Financial Officer

Khurram Raza Bakhtayari

Company Secretary

Adi J. Cawasji

Rating Agency

PACRA

Company Credit Rating

Long-Term : AA
Short-Term : A1+

Auditors

A.F. Ferguson & Co.
Chartered Accountants

Legal Advisors

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

Shares Registrar

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

Bankers & Lenders

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

Management Team

From Left to Right (Sitting)

Nayab Baig
Group Head of HR

Asghar Abbas
Head of Packaging Division

Syed Hyder Ali
Chief Executive and Managing Director

Khurram Raza Bakhtayari
Chief Financial Officer

Syeda Henna Babar Ali
Advisor Tissue Division

From Left to Right (Standing)

Abdus Samad Goraya
Head of Engineering

Mohammed Amjad Shaikh
Comptroller of Accounts

Syed Asim Shamim
Business Unit Manager - Flexible Packaging

Shaheen Sadiq
Head of Consumer Products Division

Nauman Noor
Business Unit Manager - Folding Cartons

Nature of Business

Packaging Division

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

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

1. Folding Cartons
2. Flexible Packaging

Folding Cartons

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

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

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

Pharmaceutical

Tobacco

Infant Nutrition

Personal Care

Confectionery

Home Care Products

Food (including frozen)

Flexible Packaging

To accommodate increasing demand for sophisticated packaging, Packages Limited 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 Limited 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 non-essential item without the requisite attention being paid to the health and hygiene benefits. Packages Limited has always attempted to develop the market for this business segment through education of the population on the health and hygiene associated with the use of the products.

Offering products made from the finest raw materials with strong quality controls ensure that each product the consumer buys offer a delightful experience. Product development has also 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 healthy, hygienic and comfortable for our consumers.

Brands

Key brands of Consumer Products Division are:

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

Certifications

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

- Food Safety System Certification-ISO 22000: 2005 + PASS 223
- ISO 14001: 2015
- ISO 9001 & FSC CoC
- HALAL (S.A.N.H.A) / HALAL Packaging Management System
- British Retail Consortium Grade "A"
- Green Office Diploma
- OHSAS 18001: 2007
- ISO 50001
- SEDEX/ SMETA

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 Limited 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 and that the right quality product reaches the customer at the right time. CSD also performs core liaison function to arrange development activities as well as technical support and after sales support to customers. Customer complaints are followed by proper feedback and management reporting so that customers are always given the due attention they require.

Pre-Press Department

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

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

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

Packages Limited 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 Limited' 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 Limited tirelessly works to understand consumer needs and provides innovations on both design and structure based on global trends. The department also plays a key role in supporting the customers in their cost control initiatives as we see the growth of our customers business as our success.

Board of Directors

Mr. Towfiq Habib Chinoy

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

Syed Hyder Ali

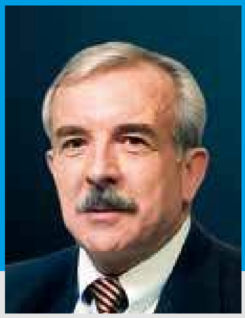
Syed Hyder Ali joined Packages Limited in July 1987 and presently holds the position of Managing Director & CEO of the Company. He has done his Master's in Science from Institute of Paper Chemistry and has also served as Mill Manager of Paper and Board operations of the Company. He holds Directorship in several other companies including IGI Holdings Limited, IGI Life Insurance Company Limited, IGI General Insurance Limited, IGI Investments (Private) Limited, Nestle Pakistan Limited, Packages Real Estate (Private) Limited [formerly 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, and Flexible Packages Convertors (Proprietary) Limited, South Africa. He is also serving on the Board of several philanthropic, educational, charitable and business support organizations including Pakistan Centre for Philanthropy, National Management Foundation, Packages Foundation, Syed Maratib Ali Religious and Charitable Trust Society and Babar Ali Foundation. He is also board member of Ali Institute of Education, International Chamber of Commerce, Lahore University of Management Sciences and World-Wide Fund for Nature.

Mr. Asghar Abbas

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

Mr. Imran Khalid Niazi

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



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 39 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. Shamim Ahmad Khan

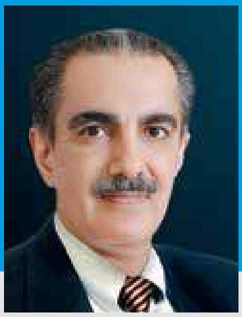
Mr. Shamim Ahmad Khan is associated with the Company as Non-Executive Director. He has served various government organisations in different capacities namely Securities and Exchange Commission of Pakistan and Ministry of Commerce. He was the founder Chairman of the Securities and Exchange Commission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

Syed Aslam Mehdi

Syed Aslam Mehdi, Non-Executive Director, has a Master's 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 Real Estate (Private) Limited [formerly Packages Construction (Private) Limited], Tri-Pack Films Limited, Packages Lanka (Private) Limited, Tetra Pak Pakistan Limited and Printcare PLC, Sri Lanka. He is also the member of the Board of Governors of the National Management Foundation and is serving on the Board of Trustees of Packages Foundation.

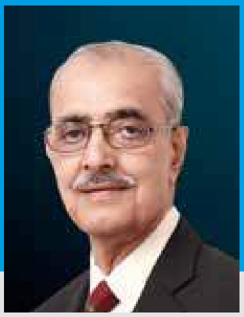
Syed Shahid Ali

Syed Shahid Ali is currently associated with the Company as Non-Executive Director. He also holds Directorship of several other companies including Treet Corporation Limited, Treet Assets (Private) Limited, Treet Power Limited, Loads Limited, IGI Holdings Limited, 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. Atif Aslam Bajwa

Mr. Atif Bajwa has an extensive international career spanning 37 years of executive leadership roles in banking, and of multiple Board and public interest positions. Mr. Bajwa received his education at Columbia University, New York. Having started his professional journey by joining Citibank in 1982 (where he spent a total of 16 years), he has since held numerous senior positions in large local and multinational banks, which includes: President/CEO of Bank Alfalah, President/CEO of MCB Bank and Soneri Bank, Regional Head for Citigroup for Central and Eastern Europe, Head of Consumer Banking for ABN AMRO's Asia Pacific region, and Country Manager for ABN AMRO Pakistan.
Mr. Bajwa has been active in business, social and public interest areas, and has led key advocacy institutions to impact economic and social sectors. In this regard, he has served as the Chairman of the Pakistan Business Council (PBC) and the President of the Overseas Investors Chamber of Commerce and Industry (OICCI). He has also been appointed as Director to Boards of various companies over his career and is currently on the Boards of various companies, including Packages Limited, Pakistan International Airlines Corporation Limited and Deposit Protection Corporation, BISP.



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 42 years. He has held leading policy-making positions in various associations and institutions in the country, including being a Founding Director and President of Islamabad Stock Exchange, Commissioner and Acting Chairman Securities and Exchange Commission of Pakistan and Managing Director/Chairman at Investment Corporation of Pakistan/National Investment Trust. Currently, he holds Directorship of International Steels Limited, National Refinery Limited, Silk Bank Limited, Pakistan Oilfields Limited and FFC Energy Limited.

Management Committees

Executive Committee

Syed Hyder Ali	Chairman
Syed Aslam Mehdi	Member
Asghar Abbas	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 as required by section 183 of the Companies Act, 2017. The Executive Committee meets periodically to review operating performance of the Company against pre-defined objectives, commercial business decisions and investment and funding requirements. The Executive Committee is also responsible for formulation of business strategy, review of risks and their mitigation plan.

Audit Committee

Atif Aslam Bajwa — Chairman
Appointed on August 13, 2018
(Independent Director)

Tariq Iqbal Khan — Member
(Non-Executive Director)

Muhammad Aurangzeb — Member
(Resigned on May 10, 2018)
(Independent Director)

Shamim Ahmad Khan — Member
(Non-Executive Director)

Imran Khalid Niazi — Member
(Non-Executive Director)

Syed Aslam Mehdi — Member
(Non-Executive Director)

Syed Shahid Ali — Member
(Non-Executive Director)

Adi J. Cawasji — Secretary
(Company Secretary)

The terms of reference of the Audit Committee 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;
- Going-concern assumption;
- Any changes in accounting policies and practices;
- Compliance with applicable accounting standards;
- Compliance with regulations and other statutory and regulatory requirements; and
- All related party transactions.

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

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

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

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

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

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

i. Ascertaining that the internal control system including financial and operational controls, accounting system for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure 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;

n. Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

o. Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of the Audit Committee and where it acts otherwise, it shall record the reasons thereof; and

p. Consideration of any other issue or matter as may be assigned by the Board of Directors.

Human Resource and Remuneration (HR&R) Committee

Atif Aslam Bajwa Appointed on August 13, 2018 (Independent Director)	Chairman
Towfiq Habib Chinoy (Non-Executive Director)	Member
Syed Hyder Ali (Executive Director)	Member
Josef Meinrad Muller (Non-Executive Director)	Member
Imran Khalid Niazi (Non-Executive Director)	Member
Mr. Tariq Iqbal Khan (Non-Executive Director)	Member
Mr. Nayab Baig (Group Head of Human Resource)	Secretary

The terms of reference of the Human Resource and Remuneration (HR&R) Committee include the following:

a) Recommend to the Board for consideration and approval a policy framework for determining remuneration of Directors (both Executive and Non-Executive Directors and members of senior management). The definition of senior management will be determined by the Board which shall normally include the first layer of management below the Chief Executive Officer level;

b) Undertaking annually a formal process of evaluation of performance of the Board as a whole and its Committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the Directors' Report disclosing name, qualifications and major terms of appointment;

c) Recommending Human Resource Management Policies to the Board;

d) Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Executive Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit;

e) Consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer; and

f) Where human resource and remuneration consultants are appointed, their credentials shall be known by the Committee and a statement shall be made by them as to whether they have any other connection with the Company.

Vision

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

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

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

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

Mission Statement

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

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

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

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

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

Policies

Integrated Management System (IMS) Policy

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

We are committed to achieving this by:

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

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

Quality Policy

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

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

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

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

Total Productive Maintenance (TPM) Policy

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

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

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

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

Whistle-blowing Policy

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

All concerns raised are assessed in an objective and independent manner, with protection from retaliation or 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. Values are reasons which we regard as higher than our self-interest. These guide us to deal with every aspect of any issue we might encounter in our personal and professional lives. These values help us grow inside & outside, personally and as an organization.

Core values are:

Care

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

Respect

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

Lead

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

Honesty

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

Courage

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

Values to us:

They are:

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

They are not:

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

Entity Rating of Packages Limited

AA
Long Term

A1+
Short Term

Rated by: The Pakistan Credit Rating Agency Limited

Rating as on: December 31, 2018

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

Code of Conduct

Packages Limited has built a reputation for conducting its business with integrity, in accordance with high standards of ethical behavior and in compliance with the laws and regulations that govern our business. This reputation is among our most valuable assets and ultimately depends upon the individual actions of each of our employees all over the country.

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

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

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

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

General Principles

- Compliance with the applicable laws, regulations, statutory provisions, ethical integrity and fairness is a constant commitment and duty of all Packages Limited 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 task.

Decade at a Glance

(Rupees in Million)	2018	2017	2016
Assets Employed:			
Fixed Assets at Cost	13,184	11,514	10,068
Accumulated Depreciation / Amortization	6,459	6,190	5,665
Net Fixed Assets	6,726	5,324	4,403
Other Non Current Assets	51,334	60,185	50,104
Current Assets	10,116	8,380	7,641
Current Liabilities	9,492	4,863	5,025
Net Current and Other Non Current Assets	51,958	63,702	52,719
Assets of Disposal Group	-	-	-
Net Assets Employed	58,683	69,026	57,122
Financed By:			
Paid up Capital	894	894	894
Reserves	54,934	64,166	51,284
Preference Shares / Convertible stock reserve	606	606	606
Shareholder's Equity	56,434	65,666	52,784
Deferred Liabilities	1,229	1,027	736
Long Term Finances	933	2,267	3,602
Long Term Advances	87	66	-
Total Non Current Liabilities	2,249	3,360	4,338
Liabilities of Disposal Group	-	-	-
Total Funds Invested	58,683	69,026	57,122
Invoiced Sales - Gross	24,822	21,389	19,794
Materials Consumed	12,913	10,226	9,313
Cost of Goods Sold	17,419	14,370	13,221
Gross Profit	3,280	3,524	3,618
Employees Remuneration	2,520	2,331	2,209
Profit / (loss) from Operations	941	1,328	1,797
Profit / (loss) Before Interest & Tax	3,445	7,156	6,961
Profit / (loss) After Tax	2,736	6,216	5,596
EBITDA (from operations)	1,769	2,277	2,427
Key Ratios:			
Profitability			
Gross Profit Ratio (%)	15.85	19.70	21.49
Profit before Tax (%)	16.64	39.99	41.34
EBITDA Margin to Sales (%)	8.55	12.72	14.41
Total Assets Turnover Ratio	0.30	0.27	0.27
Fixed Assets Turnover Ratio	3.67	4.07	3.92
Liquidity			
Current Ratio	1.07	1.71	1.52
Quick Ratio	0.67	1.20	1.07
Gearing			
Debt : Equity Ratio	4:96	5:95	7:93
Return on Equity (%)	4.85	9.47	10.60
Investment			
Basic EPS (Rs.)	29.69	69.05	62.61
Diluted EPS (Rs.)	29.18	65.02	58.45
Price - Earning Ratio	13.03	7.38	13.58
Interest Cover Ratio	7.87	17.96	6.43
Dividend Yield (%)	3.36	5.88	2.94
Dividend Cover Ratio	2.35	2.32	2.50
Cash Dividend (%)	130.00	300.00	250.00
Break-up value per Ordinary Share (Rs.)	624.62	727.90	583.78
Market Value per Ordinary Share - Year End (Rs.)	386.82	509.83	850.05
Cash Dividend per Share	13.00	30.00	25.00

* Represents Continuing operations.

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

2015	2014	2013	2012	2011	2010	2009
10,036	9,835	9,744	9,275	28,472	27,749	26,887
6,055	5,973	5,956	5,749	10,057	9,101	7,605
3,981	3,861	3,788	3,526	18,415	18,649	19,282
45,037	47,445	41,122	20,893	16,402	12,442	8,347
7,918	8,548	8,359	7,030	8,841	8,534	7,979
4,904	5,130	5,331	4,482	3,442	2,421	1,743
48,051	50,864	44,150	23,441	21,800	18,555	14,583
-	-	-	14,543	-	-	-
52,031	54,725	47,938	41,510	40,215	37,204	33,865
884	864	844	844	844	844	844
45,593	47,567	39,640	28,173	26,666	24,480	20,967
1,310	1,572	1,606	1,606	1,606	1,606	1,606
47,786	50,003	42,090	30,623	29,115	26,930	23,417
488	467	654	748	2,525	2,317	2,478
3,757	4,255	5,195	4,471	8,575	7,956	7,971
-	-	-	-	-	-	-
4,245	4,722	5,848	5,219	11,100	10,274	10,448
-	-	-	5,669	-	-	-
52,031	54,725	47,938	41,510	40,215	37,204	33,865
18,711	17,627	17,314*	13,871*	13,797*	21,837	16,533
9,005	9,131	9,131*	7,407*	7,282*	10,211	8,685
12,664	12,873	12,893*	10,270*	10,071*	17,733	13,736
3,361	2,215	1,995*	1,475*	1,315*	803	307
1,732	1,521	1,363*	1,018*	912*	1,502	1,229
1,828	947	997*	**1,011*	**872*	(104)	**(384)
3,803	2,750	2,194*	2,378*	1,037 *	(317)	5,770
3,295	2,536	1,796*	1,488*	161*	(332)	4,064
2,497	1,383	1,268*	1,103*	896*	1,242	719
20.98	14.68	13.40*	12.56*	11.55*	4.33	2.19
23.73	18.22	14.74*	20.25*	9.11*	(1.71)	41.08
15.58	9.16	8.51*	9.40*	7.87*	6.70	5.12
0.28	0.25	0.28*	0.37*	0.26*	0.47	0.39
4.27	4.18	4.35*	3.75*	0.62*	1.04	0.73
1.61	1.67	1.57	1.57	2.57	3.52	4.58
1.15	1.13	1.07	1.03	0.96	1.57	1.72
8:92	8:92	11:89	15:85	24:76	23:77	25:75
6.90	5.07	4.27*	**4.85*	**0.55 *	(1.23)	**(13.05)
37.42	29.89	21.28*	17.64*	1.90*	(3.94)	48.16
33.62	26.59	20.01*	17.09*	1.90 *	(3.94)	44.72
15.56	22.70	12.81*	8.57*	43.43*	(32.65)	2.99
7.08	4.67	3.61*	5.52*	3.16*	0.74	5.55
2.58	1.33	2.93	2.98	1.81	2.53	2.26
2.46	3.23	2.66*	3.92 *	1.27*	(1.21)	14.82
151.70	90.00	80.00	45.00	15.00	32.50	32.50
519.99	554.26	479.78	343.89	326.02	300.12	258.49
582.11	678.29	272.63	151.16	82.72	128.61	144.00
15.00	9.00	8.00	4.50	1.50	3.25	3.25

Horizontal & Vertical Analysis

Balance Sheet

Horizontal Analysis

(Rupees in Million)

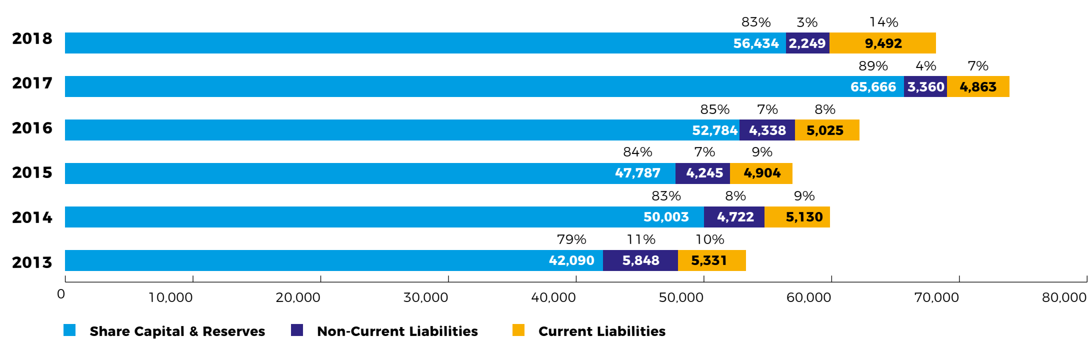
Equity & Liabilities	2018 Rs.	18 vs 17 %	2017 Rs.	17 vs 16 %	2016 Rs.	16 vs 15 %	2015 Rs.	15 vs 14 %	2014 Rs.	14 vs 13 %	2013 Rs.
SHARE CAPITAL & RESERVES											
Issued, subscribed and paid up capital	894	-	894	-	894	1.11	884	2.34	864	2.35	844
Preference shares / convertible stock of Rs. 190 each	606	-	606	-	606	(53.72)	1,310	(16.65)	1,572	(2.14)	1,606
Reserves	51,550	(10.62)	57,673	16.39	49,550	18.32	41,878	(6.45)	44,766	17.64	38,054
Unappropriated profit / (loss)	3,384	(47.88)	6,492	274.40	1,734	(53.32)	3,715	32.64	2,801	76.60	1,586
NON CURRENT LIABILITIES											
Long term finances	933	(58.62)	2,254	(36.96)	3,576	(4.12)	3,729	(11.81)	4,229	(18.20)	5,170
Liabilities against assets subject to finance lease	-	(100.00)	13	(49.36)	26	(5.77)	28	7.66	26	7.02	24
Long term advances	87	32.68	66	-	-	-	-	-	-	-	-
Deferred taxation	362	5.22	344	(0.12)	344	39.80	246	(15.95)	293	(42.92)	513
Retirement benefits	512	42.80	358	310.36	87	115.97	40	-	-	(100.00)	0.58
Deferred liabilities	356	9.50	325	6.62	305	51.31	202	15.46	175	24.70	140
CURRENT LIABILITIES											
Current portion of long term finances	1,329	(1.02)	1,342	131.94	579	47.53	392	91.64	205	0.34	204
Finances under mark up arrangements - secured	4,414	1,373.32	300	(78.24)	1,377	55.69	884	(29.95)	1,263	(16.83)	1,518
Derivative financial instruments	-	-	-	-	-	-	-	-	-	(100.00)	27
Trade and other payables	3,438	14.92	2,992	5.06	2,848	(13.12)	3,278	4.24	3,145	3.04	3,052
Unclaimed dividend	62	57.81	39	-	-	-	-	-	-	-	-
Accrued finance cost	249	31.40	190	(14.42)	222	(36.52)	349	(32.52)	518	(2.33)	530
TOTAL	68,176	(7.73)	73,889	18.89	62,148	9.15	56,936	(4.88)	59,854	12.36	53,269

Vertical Analysis

(Rupees in Million)

Equity & Liabilities	2018 Rs.	2018 %	2017 Rs.	2017 %	2016 Rs.	2016 %	2015 Rs.	2015 %	2014 Rs.	2014 %	2013 Rs.	2013 %
SHARE CAPITAL & RESERVES												
Issued, subscribed and paid up capital	894	1.31	894	1.21	894	1.44	884	1.55	864	1.44	844	1.58
Preference shares / convertible stock of Rs. 190 each	606	0.89	606	0.82	606	0.98	1,310	2.30	1,572	2.63	1,606	3.01
Reserves	51,550	75.61	57,673	78.05	49,550	79.73	41,878	73.55	44,766	74.79	38,054	71.44
Unappropriated profit / (loss)	3,384	4.96	6,492	8.79	1,734	2.79	3,715	6.52	2,801	4.68	1,586	2.98
NON-CURRENT LIABILITIES												
Long term finances	933	1.37	2,254	3.05	3,576	5.75	3,729	6.55	4,229	7.07	5,170	9.71
Liabilities against assets subject to finance lease	-	-	13	0.02	26	0.04	28	0.05	26	0.04	24	0.05
Long term advances	87	0.13	66	0.09	-	-	-	-	-	-	-	-
Deferred taxation	362	0.53	344	0.47	344	0.55	246	0.43	293	0.49	513	0.96
Retirement benefits	512	0.75	358	0.48	87	0.14	40	0.07	-	-	1	0.00
Deferred liabilities	356	0.52	325	0.44	305	0.49	202	0.35	175	0.29	140	0.26
CURRENT LIABILITIES												
Current portion of long term finances	1,329	1.95	1,342	1.82	579	0.93	392	0.69	205	0.34	204	0.38
Finances under mark up arrangements - secured	4,414	6.47	300	0.41	1,377	2.22	884	1.55	1,263	2.11	1,518	2.85
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	27	0.05
Trade and other payables	3,438	5.04	2,992	4.05	2,848	4.58	3,278	5.76	3,145	5.25	3,052	5.73
Unclaimed dividend	62	0.09	39	0.05	-	-	-	-	-	-	-	-
Accrued finance cost	249	0.37	190	0.26	222	0.36	349	0.61	518	0.86	530	0.99
TOTAL	68,176	100	73,889	100	62,148	100	56,936	100	59,854	100	53,269	100

Equity and Liabilities (Rupees In Million)



Horizontal Analysis

(Rupees in Million)

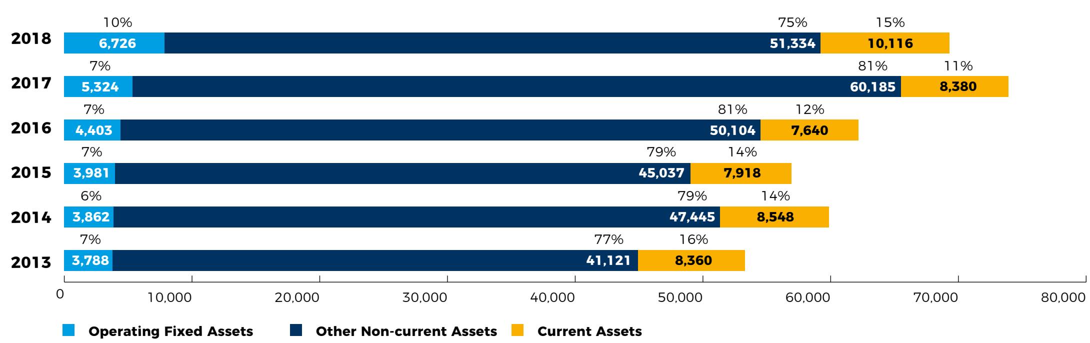
Assets	2018 Rs.	18 vs 17 %	2017 Rs.	17 vs 16 %	2016 Rs.	16 vs 15 %	2015 Rs.	15 vs 14 %	2014 Rs.	14 vs 13 %	2013 Rs.
NON-CURRENT ASSETS											
Property, plant and equipment	6,546	26.26	5,185	21.71	4,260	11.97	3,804	3.21	3,686	0.57	3,665
Investment property	112	(17.14)	135	1.14	133	(14.31)	155	12.63	138	51.65	91
Intangible assets	67	1,338.46	5	(52.48)	10	(52.40)	21	(45.45)	38	18.75	32
Investments	51,323	(14.70)	60,166	20.15	50,078	11.29	44,998	(4.88)	47,304	15.24	41,048
Long term security deposits	9	(42.66)	15	(42.66)	26	(33.86)	39	(25.95)	53	(20.90)	67
Long term loans	2	(27.14)	3	-	-	-	-	-	-	-	-
Retirement benefits	-	-	-	-	-	-	-	(100.00)	88	1,366.67	6
CURRENT ASSETS											
Stores and spares	498	17.99	422	5.03	402	(17.63)	488	(1.00)	493	(13.36)	569
Stock-in-trade	3,125	59.87	1,955	10.51	1,769	(0.64)	1,780	(20.21)	2,231	8.04	2,065
Current portion of long term investment	10	-	-	-	-	-	-	-	-	-	-
Trade debts	2,569	7.38	2,392	10.14	2,172	21.95	1,781	16.64	1,527	(5.91)	1,623
Loans, advances, deposits, prepayments and other receivables	835	14.53	729	(32.57)	1,081	(19.69)	1,346	(25.09)	1,797	6.27	1,691
Income tax receivable	3,017	11.75	2,700	27.00	2,126	(12.19)	2,421	7.70	2,248	3.31	2,176
Cash and bank balances	63	(65.69)	182	101.08	91	(10.94)	102	(59.63)	252	6.78	236
TOTAL	68,176	(7.73)	73,889	18.89	62,148	9.16	56,936	(4.88)	59,855	12.36	53,269

Vertical Analysis

(Rupees in Million)

Assets	2018 Rs.	2018 %	2017 Rs.	2017 %	2016 Rs.	2016 %	2015 Rs.	2015 %	2014 Rs.	2014 %	2013 Rs.	2013 %
NON-CURRENT ASSETS												
Property, plant and equipment	6,546	9.60	5,185	7.02	4,260	6.85	3,804	6.68	3,686	6.16	3,665	6.88
Investment property	112	0.16	135	0.18	133	0.21	155	0.27	138	0.23	91	0.17
Intangible assets	67	0.10	5	0.01	10	0.02	21	0.04	38	0.06	32	0.06
Investments	51,323	75.28	60,166	81.43	50,078	80.58	44,998	79.03	47,304	79.03	41,048	77.06
Long term security deposits	9	0.01	15	0.02	26	0.04	39	0.07	53	0.09	67	0.13
Long term loans	2	0.00	3	-	-	-	-	-	-	-	-	-
Retirement benefits	-	-	-	-	-	-	-	-	88	0.15	6	0.01
CURRENT ASSETS												
Stores and spares	498	0.73	422	0.57	402	0.65	488	0.86	493	0.82	569	1.07
Stock-in-trade	3,125	4.58	1,955	2.65	1,769	2.85	1,780	3.13	2,231	3.73	2,065	3.88
Current portion of long term investment	10	0.01	-	-	-	-	-	-	-	-	-	-
Trade debts	2,569	3.77	2,392	3.24	2,172	3.49	1,781	3.13	1,527	2.55	1,623	3.05
Loans, advances, deposits, prepayments and other receivables	835	1.22	729	0.99	1,081	1.74	1,346	2.36	1,797	3.00	1,691	3.17
Income tax receivable	3,017	4.43	2,700	3.65	2,126	3.42	2,421	4.25	2,248	3.76	2,176	4.08
Cash and bank balances	63	0.09	182	0.25	91	0.15	102	0.18	252	0.42	236	0.44
TOTAL	68,176	100	73,889	100	62,148	100	56,936	100	59,855	100	53,269	100

Assets (Rupees In Million)



Horizontal & Vertical Analysis

Profit or Loss Account

Horizontal Analysis

(Rupees in Million)

	2018 Rs.	18 vs 17 %	2017 Rs.	17 vs 16 %	2016 Rs.	16 vs 15 %	2015 Rs.	15 vs 14 %	2014 Rs.	14 vs 13 %	2013 Rs.
Continuing operations											
Local sales	24,781	16.02	21,359	8.05	19,766	5.80	18,683	6.26	17,582	1.95	17,245
Export sales	41	34.49	30	12.41	27	(4.44)	28	(37.70)	45	(34.12)	69
Gross sales	24,822	16.05	21,389	8.06	19,794	5.78	18,711	6.15	17,627	1.81	17,314
Sales tax	(3,814)	16.15	(3,284)	11.92	(2,934)	10.41	(2,657)	5.63	(2,516)	4.60	(2,405)
Commission	-	-	-	(100.00)	(20)	(29.82)	(29)	18.91	(24)	16.49	(21)
Trade discount	(308)	45.89	(211)	-	-	-	-	-	-	-	-
Net sales	20,699	15.68	17,894	6.26	16,839	5.08	16,025	6.21	15,087	1.34	14,888
Cost of sales	(17,419)	21.22	(14,370)	8.68	(13,221)	4.40	(12,664)	(1.63)	(12,873)	(0.16)	(12,893)
Gross profit	3,280	(6.92)	3,524	(2.59)	3,618	7.63	3,361	51.79	2,215	11.00	1,995
Administrative expenses	(1,098)	8.73	(1,010)	12.54	(897)	19.22	(753)	(4.38)	(787)	33.89	(588)
Distribution and marketing costs	(1,168)	27.22	(918)	(0.39)	(922)	35.93	(678)	16.87	(580)	(1.01)	(586)
Other operating expenses	(345)	(30.44)	(496)	26.36	(392)	13.04	(347)	56.38	(222)	44.14	(154)
Other operating income	272	19.67	227	(41.81)	390	59.94	244	(24.25)	322	(2.08)	329
Profit / (loss) from operations	941	(29.10)	1,328	(26.11)	1,797	(1.68)	1,828	92.91	947	(4.88)	996
Finance costs	(525)	17.81	(445)	(65.93)	(1,308)	103.33	(643)	(14.44)	(752)	(11.06)	(845)
Investment income	3,029	(51.72)	6,274	(3.06)	6,472	147.22	2,618	2.51	2,554	25.00	2,043
Profit / (loss) before tax	3,445	(51.85)	7,156	2.80	6,961	83.08	3,803	38.30	2,750	25.32	2,194
Taxation	(709)	(24.54)	(940)	(31.18)	(1,366)	169.33	(507)	137.83	(213)	(46.43)	(398)
Profit / (loss) for the year from continuing operations	2,736	(55.98)	6,216	11.09	5,596	69.80	3,295	29.93	2,536	41.22	1,796
Loss for the year from Discontinued operations	-	-	-	-	-	-	-	-	-	-	(249)
Profit / (loss) for the year	2,736	(55.98)	6,216	11.09	5,596	69.80	3,295	29.93	2,536	63.95	1,547
Basic earnings / (loss) per share											
- From Continuing operations	29.69		69.05		62.61		37.42		29.89		21.28
- From Discontinued operations	-		-		-		-		-		(2.95)
- From profit / (loss) for the year	29.69		69.05		62.61		37.42		29.89		18.33
Diluted earnings / (loss) per share											
- From Continuing operations	29.18		65.02		58.45		33.62		26.59		20.01
- From Discontinued operations	-		-		-		-		-		(2.95)
- From profit / (loss) for the year	29.18		65.02		58.45		33.62		26.59		17.06

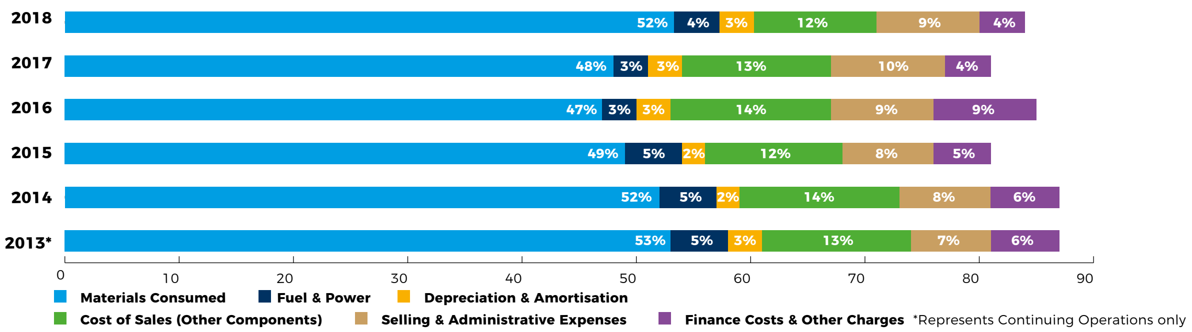
The financial information is based upon audited financial results of the Company of respective periods unless represented in accordance with applicable financial reporting framework.

Vertical Analysis

(Rupees in Million)

	2018		2017		2016		2015		2014		2013	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Continuing operations												
Local sales	24,781	99.84	21,359	99.86	19,766	99.86	18,683	99.85	17,582	99.74	17,245	99.60
Export sales	41	0.16	30	0.14	27	0.14	28	0.15	45	0.26	69	0.40
Gross sales	24,822	100.00	21,389	100.00	19,794	100.00	18,711	100.00	17,627	100.00	17,314	100.00
Sales tax and excise duty	(3,814)	(15.37)	(3,284)	(15.35)	(2,934)	(14.82)	(2,657)	(14.20)	(2,516)	(14.27)	(2,405)	(13.89)
Commission	-	-	-	-	(20)	(0.10)	(29)	(0.16)	(24)	(0.14)	(21)	(0.12)
Trade Discount	(308)	(1.24)	(211)	(0.99)	-	-	-	-	-	-	-	-
Net sales	20,699	83.39	17,894	83.66	16,839	85.07	16,025	85.64	15,087	85.59	14,888	85.99
Cost of sales	(17,419)	(70.18)	(14,370)	(67.18)	(13,221)	(66.80)	(12,664)	(67.68)	(12,873)	(73.03)	(12,893)	(74.47)
Gross profit	3,280	13.22	3,524	16.48	3,618	18.28	3,361	17.96	2,215	12.56	1,995	11.52
Administrative expenses	(1,098)	(4.42)	(1,010)	(4.72)	(897)	(4.53)	(753)	(4.02)	(787)	(4.47)	(588)	(3.40)
Distribution and marketing costs	(1,168)	(4.70)	(918)	(4.29)	(922)	(4.66)	(678)	(3.62)	(580)	(3.29)	(586)	(3.38)
Other operating expenses	(345)	(1.39)	(496)	(2.32)	(392)	(1.98)	(347)	(1.86)	(222)	(1.26)	(154)	(0.89)
Other operating income	272	1.09	227	1.06	390	1.97	244	1.30	322	1.83	329	1.90
Profit / (loss) from operations	941	3.79	1,328	6.21	1,797	9.08	1,828	9.77	947	5.37	996	5.75
Finance costs	(525)	(2.11)	(445)	(2.08)	(1,308)	(6.61)	(643)	(3.44)	(752)	(4.26)	(845)	(4.88)
Investment income	3,029	12.20	6,274	29.33	6,472	32.70	2,618	13.99	2,554	14.49	2,043	11.80
Profit / (loss) before tax	3,445	13.88	7,156	33.46	6,961	35.17	3,803	20.32	2,750	15.60	2,194	12.67
Taxation	(709)	(2.86)	(940)	(4.39)	(1,366)	(6.90)	(507)	(2.71)	(213)	(1.21)	(398)	(2.30)
Profit / (loss) for the year from continuing operations	2,736	11.02	6,216	29.06	5,596	28.27	3,295	17.61	2,536	14.39	1,796	10.37
Loss for the year from Discontinued operations	-	-	-	-	-	-	-	-	-	-	(249)	(1.44)
Profit / (loss) for the year	2,736	11.02	6,216	29.06	5,596	28.27	3,295	17.61	2,536	14.39	1,547	8.93
Basic earnings / (loss) per share												
- From Continuing operations	29.69		69.05		62.61		37.42		29.89		21.28	
- From Discontinued operations	-		-		-		-		-		(2.95)	
- From profit / (loss) for the year	29.69		69.05		62.61		37.42		29.89		18.33	
Diluted earnings / (loss) per share												
- From Continuing operations	29.18		65.02		58.45		33.62		26.59		20.01	
- From Discontinued operations	-		-		-		-		-		(2.95)	
- From profit / (loss) for the year	29.18		65.02		58.45		33.62		26.59		17.06	

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

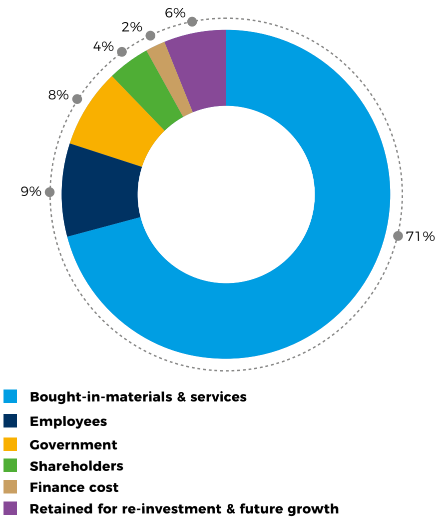


Value Added and its Distribution

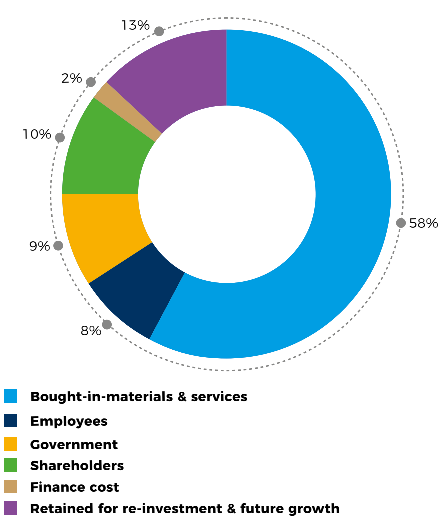
The statement below shows value added by the operations of the Company and its distribution to the stakeholders

(Rupees in thousand)	2018		2017		2016	
WEALTH GENERATED						
Sales	24,821,998		21,388,949		19,793,529	
Dividend Income	3,028,883		6,273,905		6,472,005	
Other Income	271,793		227,127		390,298	
	28,122,674	100%	27,889,981	100%	26,655,832	100%
Wealth Distributed						
Bought-In-materials & services	20,091,840	71%	16,238,514	58%	15,585,322	58%
To Employees						
Remuneration, benefits and facilities	2,519,992	9%	2,331,375	8%	2,209,389	8%
To Government						
Income Tax, Sales Tax, Custom & Excise Duties, Workers' Funds, EOBI & Social Security Contribution, Professional & Local Taxes	2,169,421	8%	2,479,695	9%	1,931,523	7%
To Providers of Capital						
Cash dividend to the ordinary shareholders	1,161,934	4%	2,681,385	10%	2,234,488	8%
Finance costs	524,852	2%	445,495	2%	1,307,505	5%
Retained for Reinvestment & Future Growth / (Utilized from reserves)	1,654,635	6%	3,713,517	13%	3,387,605	13%
	28,122,674	100%	27,889,981	100%	26,655,832	100%

Wealth Generated & Distribution - 2018 (Percentage)



Wealth Generated & Distribution - 2017 (Percentage)

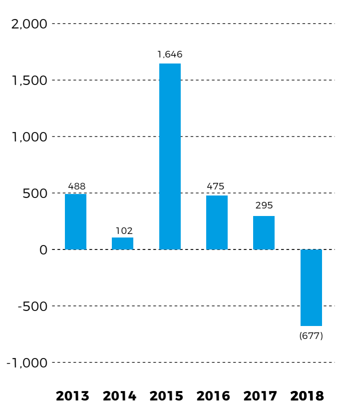


Sources & Application of Funds

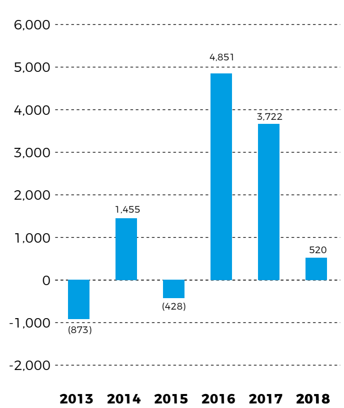
Over the last six years

(Rupees in thousand)	2018	2017	2016	2015	2014	2013
Cash flow from operating activities						
Cash generated from operations	825,675	2,252,114	2,323,393	3,182,034	1,432,406	2,530,095
Finance cost paid	(465,034)	(477,465)	(525,475)	(811,384)	(764,241)	(1,090,306)
Taxes paid & refund - net	(975,744)	(1,437,792)	(1,278,772)	(686,226)	(535,873)	(548,880)
Long term loans - net	1,190	2,864	-	-	-	-
Long term security deposits - net	(6,230)	(1,471)	-	-	-	-
Payments for accumulating compensated absences	(33,490)	(21,595)	(26,046)	(23,533)	(17,079)	(81,855)
Retirement benefits paid	(23,739)	(21,339)	(17,917)	(15,329)	(13,450)	(320,767)
Net cash (outflow) / inflow from operating activities	(677,372)	295,316	475,183	1,645,562	101,763	488,287
Cash flow from investing activities						
Fixed capital expenditure	(2,215,130)	(1,663,202)	(1,026,871)	(713,480)	(629,738)	(824,797)
Investments made in equity securities	(289,614)	(958,526)	(701,167)	(2,437,175)	(600,000)	(2,274,953)
Long term advances - net	20,680	(2,476)	13,289	13,311	14,448	11,499
Investments made in Government securities	-	(1,599,994)	-	-	-	-
Proceeds from disposal of Government securities	-	1,603,171	-	-	-	-
Proceeds from disposal of property, plant and equipment	60,846	69,455	93,797	91,023	106,792	69,982
Proceeds from assets written off due to fire	-	-	-	-	-	102,003
Dividends received	2,942,799	6,273,905	6,472,005	2,617,891	2,553,678	2,043,111
Net cash generated / (used in) from investing activities	519,581	3,722,333	4,851,053	(428,430)	1,445,180	(873,155)
Cash flow from financing activities						
Repayment of long term finances	(1,321,420)	(571,420)	(1,885,710)	(200,000)	(600,000)	(1,100,000)
Proceeds from long-term finances	-	-	3,000,000	-	-	1,000,000
Repayment of liabilities against assets subject to finance lease - net	(13,730)	(10,617)	(7,438)	(7,038)	(3,599)	27,884
Redemption of preference shares	-	-	(5,601,500)	-	-	-
Participating dividend on preference shares paid	(82,499)	(45,000)	-	-	-	-
Dividend paid	(2,658,674)	(2,221,580)	(1,335,268)	(782,731)	(671,684)	(378,218)
Net cash (used in) / generated from financing activities	(4,076,323)	(2,848,617)	(5,829,916)	(989,769)	(1,275,283)	(450,334)
Net (decrease) / increase in cash and cash equivalents	(4,234,114)	1,169,032	(503,680)	227,363	271,660	(835,202)
Cash and cash equivalents at the beginning of the year	(117,389)	(1,286,421)	(782,741)	(1,010,104)	(1,281,764)	(5,546,562)
Cash and cash equivalents transferred to subsidiary	-	-	-	-	-	5,100,000
Cash and cash equivalents at the end of the year	(4,351,503)	(117,389)	(1,286,421)	(782,741)	(1,010,104)	(1,281,764)

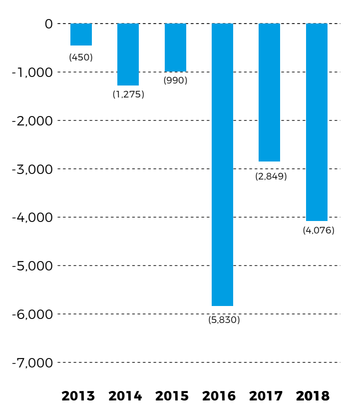
Operating Activities
(Rupees In Million)



Investing Activities
(Rupees In Million)



Financing Activities
(Rupees In Million)



Corporate Social Responsibility & Sustainability

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

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

Responsible Sourcing Audit

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

Considering the Customer satisfaction, we have acquired Halal Certification which ensures that all our products are being manufactured from 100% Halal raw materials.

Furthermore, we are Responsible Sourcing compliant for our key customer Unilever. Its audit was conducted on 5th January 2018 and we are a URSA Compliant site till July 2019.

Customer Satisfaction

Business success rests upon Customer Satisfaction. Packages Limited therefore ensures to provide Quality Products to its customers fulfilling all the requirements through the following Audits:

Quality Management System - ISO 9001: 2015

As per PDCA, our Quality Management system has been upgraded to the latest 2015 version successfully.

Supplier Member Ethical Trade Audits

We are also a SEDEX member. We complied SMETA 4 pillars audit requirements, it is globally recognized by many customers like PepsiCo, Nestle etc.

Workplace Condition Assessment Audit (WCA)

We are WCA compliant for British American Tobacco (PTC)

Supplier Workplace Accountability Audit (SWA)

SWA audit was successfully conducted on 3rd August 2018 by Arche Advisors on behalf of McDonald's.

Energy & Environment

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

WWF has acknowledged us with Certificate of appreciation on reducing approx. 3,327 metric tons of CO_2 emissions from all offices after reducing the energy and paper consumption.

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

We routinely conduct energy audits to identify projects that can efficiently use, reduce or recycle energy. Replacement of factory's conventional lights with energy efficient LED's / LVD's (environment friendly lights) have been completed along with usage of renewable solar energy of approximately 500 kW. Additionally, we have installed VFDs on our machines, saving up to 220,241 KwH of energy.

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

Through these activities, we demonstrate our commitment to the community to protect the environment. We have also calculated our Organizational Carbon footprint and are in process of reducing it drastically by efficient utilization and optimization of resources.

Product Life cycle assessment (LCA) is another initiative we are aggressively working upon to exactly gauge our impacts and reduce them. Product Carbon Foot printing has been initiated for major product categories of Unilever as per PAS 2050.

We have successfully gone through the transition on Environmental standard ISO 14001: 2015 version and got Annual Environment Excellence Award AEEA 2018 from NFEH.

Also, have bagged BEST ENERGY EFFICIENCY AWARD in Climate Change Summit 2018 arranged by Future Forum.

INSTALLATION OF ENERGY MONITORING SYSTEM – has also led us to have a real time value of our Energy Consumption and utilizing it at optimized level.

Button Operated / Sensor Based Taps – were installed factory wide as per need which will help save water usage.

Energy Incident Reporting has been initiated factory wide to focus on all energy leaks and minimize them.

Health and Safety

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

Our main procedures in safety include comprehensive risk assessment and controls, permit to work, near miss reporting, incident reporting, emergency response and compliance evaluation procedures. All newly hired employees go through safety orientation programs and sign an affidavit of their awareness. We routinely conduct trainings, both internal and external, regarding occupational health and safety, dengue prevention, road safety, safe removal of waste, first aid and fire safety. Fully equipped ambulance facility at site, well maintained dedicated smoking areas, robust fire hydrant system as per NFPA Guidelines etc. are few of major initiatives that have contributed in improving our safety infrastructure through deming cycle.

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

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

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

Stakeholder Engagement, Development & Capacity Building

Following measures were taken to engage our external and internal stakeholders as a part of our Sustainability Agenda:

- Training on fire safety for Civil Defence Islamabad visit;
- Free diabetes check-up of employees was conducted as a part of well being agenda on World Diabetes Day;
- World hepatitis day awareness session was arranged for all the employees and workers on 28th July 2018; and
- 'Well being' Workshop for workers health and well being is being conducted on regular intervals.

Corporate Social Responsibility & Sustainability

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.

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.

Community Welfare Schemes

As a corporate citizen, we have consistently and consciously tried to make a difference in the society by our corporate giving, assistance in community development and supporting groups; aiming for a progressive social change and the up-lift of the community at large. We provide contributions and assistance to a number of hospitals, trusts and other various non-profit organizations through 'Packages Foundation'.

Rose Festival

Every spring more than three hundred types of roses welcome our esteemed guests to 'The Packages Limited 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.

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.

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 reimbursements that vary with the level of education.

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.

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.

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

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

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

Corporate Social Responsibility & Sustainability

Sports Activities

“Health is the thing that makes you feel that now is the best time of the year” – we at Packages Limited 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:

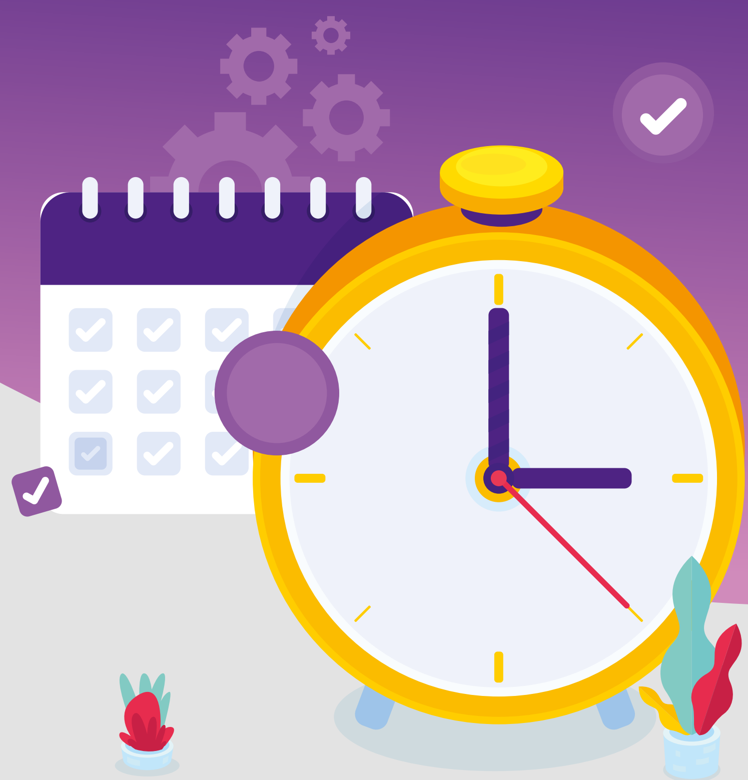
- Jaffar Memorial Inter School Hockey Tournament;
- Babar Ali Foundation Inter School Football Tournament;
- Babar Ali Foundation Inter School Hockey Tournament for Girls

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

Hajj Facility

Every year, Packages Limited 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.

Corporate Calendar



2018 Jan 26	2018 Feb 28	2018 Apr 19
IGI Investments (Private) Limited become substantial shareholder of Packages Limited by operation of law under scheme of arrangement sanctioned by Honorable High Court of Sindh.	Audit Committee and BOD meetings to consider annual accounts of the Company for the year ended December 31, 2017.	Annual General Meeting of shareholders to consider and approve annual accounts of the Company for the year ended December 31, 2017 and dividend announcement.
2018 Apr 25	2018 Aug 27	2018 Oct 24
Audit Committee and BOD meetings to consider quarterly accounts of the Company for the quarter ended March 31, 2018.	Audit Committee and BOD meetings to consider half yearly accounts of the Company for the period ended June 30, 2018.	Audit Committee and BOD meetings to consider quarterly accounts of the Company for the period ended September 30, 2018.

Notice of Annual General Meeting

Notice is hereby given that the 64th Annual General Meeting of Packages Limited will be held on Thursday, April 18, 2019 at 10.30 a.m. at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi to transact the following ordinary business:-

1. To confirm the Minutes of the Annual General Meeting of the Company held on April 19, 2018.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2018 together with the Chairman's Review Report and Directors and Auditors Reports thereon.

3. To consider and approve the payment of cash dividend for the year ended December 31, 2018 as recommended by the Board of Directors:-

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

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

4. To appoint Auditors for the year 2019 and to fix their remuneration. The current Auditors, M/s A.F. Ferguson & Co., Chartered Accountants have consented to be appointed as Auditors for the Financial Year 2019 and the Board of Directors has recommended their appointment.

By Order of the Board

Adi J. Cawasji
Company Secretary

Karachi
March 12, 2019

Notes:

1. The Share Transfer Books of the Company will remain closed from April 05, 2019 to April 18, 2019 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, Messrs FAMCO ASSOCIATES (PVT.) LIMITED, 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400 by close of business on April 04, 2019 will be treated in time for determination of entitlement of shareholders to cash dividend and to attend and vote at the meeting.

2. A Member entitled to attend and vote at the Meeting may appoint another person as his proxy to attend, vote and speak at the Meeting instead of him/her. A proxy need not be a member of the Company. The instrument appointing a proxy and the power of attorney or other authority / board resolution under which it is signed or a notarially attested copy of power of attorney must be deposited at the Registered Office of the Company at 4th Floor, The Forum, Suite # 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi-75600 at least forty-eight (48) hours before the time appointed for the Meeting.

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

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

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

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

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

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

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

7. The Government of Pakistan through Finance Act, 2017 has made certain amendments in the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by companies. These rates are as under:

(a)	For filers of income tax returns:	15%
(b)	For non-filers of income tax returns:	20%

Notice of Annual General Meeting

Shareholders are advised to make sure that their names (and/or the name of their joint holders) are appearing in latest Active Taxpayers List (ATL) provided on the website of FBR, otherwise they (and/or joint holders) shall be treated as non-filers and tax on their cash dividend income will be deducted at the rate of 20% instead of 15%.

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

Folio/ CDS Account #	Total Share	Principal Shareholder		Joint Shareholder	
		Name and CNIC#	Shareholding Proportion (%)	Name and CNIC #	Shareholding Proportion (%)

NOTE: In the event of non-receipt of the information by April 04, 2019, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

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

Contact persons:
Mr. Sifat Ahmad Khan
Tel. # 92 21 35831618 / 35831664 / 35833011
Email: sifat.ahmad@packages.com.pk

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

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

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

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

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

11. Shareholders are advised to ensure that they have provided their Passport/NTN/CNIC/Tax Exemption Certificates (for tax exemption, where applicable) and valid Zakat Declaration under Zakat & Ushr Ordinance, 1980 (for Zakat Exemption) to their respective Participant/CDC Investor Account Services/Company's Share Registrar.

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

13. Shareholders may participate in the meeting via video-link facility. If the Company receives a demand (at least 7 days before the date of meeting) from shareholder(s) holding an aggregate 10% or more shareholding residing in any other city, to participate in the meeting through video link, the Company will arrange video link facility in that city.

    Shareholders who wish to participate through video-link facility are requested to fill in Video Link Facility Form available at Company's website (www.packages.com.pk) and send a duly signed copy to the Registered Address of the Company.

14. The audited financial statements of the Company for the year ended December 31, 2018 have been made available on the Company's website (www.packages.com.pk) in addition to annual and quarterly financial statements for the prior years.

    Further, in accordance with SRO 470(I)/2016 dated May 31, 2016, through which SECP has allowed companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with certain other conditions, the Company has obtained shareholders' approval in the Annual General Meeting held on April 19, 2018.

    Accordingly, Annual Report of the Company for the year ended December 31, 2018 is dispatched to the shareholders through CD. However, if a shareholder, in addition, requests for hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven days of receipt of such request.

    For convenience of shareholders, a "Standard Request Form for provision of Annual Audited Accounts" have also been made available on the Company's website (www.packages.com.pk).

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

13۔ شیئر ہولڈرز بذریعہ وڈیولنک سہولت بھی اجلاس میں شرکت کر سکتے ہیں۔ اگر کمپنی سے (اجلاس کی تاریخ سے کم از کم سات روز قبل) کسی دوسرے شہر میں مقیم مجموعی طور پر 10 فیصد یا زائد شیئر ہولڈنگ کے حامل شیئر ہولڈرز کی جانب سے بذریعہ وڈیو لنک اجلاس میں شرکت کا مطالبہ کیا گیا تو کمپنی اس شہر میں وڈیولنک کی سہولت کا انتظام کردے گی۔

وڈیولنک سہولت کے ذریعے شرکت کے خواہشمند شیئر ہولڈرز سے درخواست ہے کہ وہ کمپنی کی ویب سائٹ (www.packages.com.pk) پر دستیاب وڈیولنک فیسلیٹی فارم کو بھریں اور اس کی باقاعدہ دستخط شدہ کاپی کمپنی کے رجسٹرڈ آفس کو ارسال کردیں۔

14۔ سال مختتمہ 31 دسمبر 2018 کے لئے کمپنی کے آڈٹ شدہ مالیاتی حسابات کمپنی کی ویب سائٹ (www.packages.com.pk) پر دستیاب ہیں جبکہ گزشتہ برسوں کے لئے سالانہ اور سہ ماہی مالیاتی حسابات بھی اس پر موجود ہیں۔

مزید برآں ایس آر او 2016/(I)470 مورخہ 31 مئی 2016 کے مطابق، جس کے ذریعے ایس ای سی پی نے کمپنی کو سالانہ آڈٹ شدہ حسابات اپنے ممبران کو ہارڈ کاپیوں کے بجائے بذریعہ سی ڈی/ڈی وی ڈی/یو ایس بی ان کے رجسٹرڈ پتوں پر ارسال کرنے کی اجازت دیدی ہے جو شیئر ہولڈرز کی اجازت اور دیگر چند شرائط پر عملدرآمد سے مشروط ہے۔ کمپنی نے اس سلسلے میں شیئر ہولڈرز کی منظوری 19 اپریل 2018 کو منعقدہ سالانہ اجلاس عام میں حاصل کرلی تھی۔

اس کے مطابق کمپنی کی سالانہ رپورٹ برائے سال مختتمہ 31 دسمبر 2018 شیئر ہولڈرز کو بذریعہ سی ڈی ارسال کردی گئی ہے۔ تاہم اگر کوئی شیئر ہولڈر سالانہ آڈٹ شدہ مالیاتی حسابات کی ہارڈ کاپی کے لئے درخواست دیتا ہے تو کمپنی اسے ایسی درخواست کی وصولی کے سات دنوں کے اندر ہارڈ کاپی بلا قیمت فراہم کردے گی۔ شیئر ہولڈرز کی سہولت کے لئے ''سالانہ آڈٹ شدہ اکاؤنٹس کی فراہمی کے لئے اسٹینڈرڈ درخواست فارم'' بھی کمپنی کی ویب سائٹ (www.packages.com.pk) پر دستیاب ہے۔

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

8۔ کمپنی کو ریگولیٹرز کی ہدایات پر عملدرآمد کرنے کے ضمن میں جوائنٹ اکاؤنٹ کی صورت میں شیئر ہولڈنگ کے تناسب کا تعین کرنے کی غرض سے ایسے تمام شیئر ہولڈرز جو جوائنٹ شیئر ہولڈرز کی صورت میں شیئرز کے حامل ہیں، ان سے درخواست ہے کہ پرنسپل شیئر ہولڈر اور جوائنٹ ہولڈرز کے پاس موجود شیئرز کے سلسلے میں ان کے شیئر ہولڈنگ تناسب کے بارے میں ہمارے شیئر رجسٹرار کو تحریری طور پر درج ذیل کے مطابق آگاہ کردیں۔

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

نوٹ: 04 اپریل 2019 تک کسی معلومات کی عدم وصولی کی صورت میں ہر ایک شیئر ہولڈر کو شیئرز کی مساوی تعداد کا حامل تصور کیا جائے گا اور اس کے مطابق ٹیکس کی کٹوتی کی جائے گی۔

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

رابطہ کار افراد	جناب صفات احمد خان	جناب اویس خان
ٹیلی فون نمبر:	92-21-35831618/35831664/35833011	ٹیلی فون نمبر: 92-21-34380101-2
ای میل:	sifat.ahmad@packages.com.pk	ای میل: ceo@famco.com.pk

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

کارآمد سی این آئی سی کی کاپی کی عدم وصولی کی صورت میں کمپنی ایس ای سی پی کی مذکورہ بالا ہدایات پر عملدرآمد سے قاصر ہوگی اور اس کے مطابق کمپنیز ایکٹ 2017 کے سیکشن 243(2)(a) کے تحت ایسے شیئر ہولڈرز کے منافع منقسمہ کے وارنٹس کی ترسیل روک دی جائے گی۔

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

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

11۔ شیئر ہولڈرز کو ہدایت کی جاتی ہے کہ وہ اس امر کو یقینی بنائیں کہ انہوں نے اپنے پاسپورٹ/این ٹی این/سی این آئی سی/ٹیکس سے استثنٰی کے سرٹیفکیٹس (برائے ٹیکس استثنٰی، جہاں لاگو ہو) اور زکوٰۃ و عشر آرڈیننس 1980 کے تحت کارآمد زکوٰۃ ڈیکلریشن (برائے زکوٰۃ سے استثنٰی) اپنے متعلقہ پارٹیسپنٹ/سی ڈی سی انویسٹر اکاؤنٹ سروسز/کمپنی کے شیئر رجسٹرار کو فراہم کردیے ہیں۔

12۔ ممبران کمپنیز ایکٹ 2017 کے سیکشن 145-143 کی شرائط اور کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018 کی نافذ العمل شقوں سے مشروط پول (انتخاب) کا مطالبہ کرنے کا اپنا حق استعمال کر سکتے ہیں۔

تصریحات:

1۔ کمپنی کی شیئر ٹرانسفر بکس 05 اپریل 2019 تا 18 اپریل 2019 (دونوں دن بشمول) بند رہیں گی۔ کمپنی کے شیئر رجسٹرارز، میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، F-8، متصل ہوٹل فاران، نرسری بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی۔ 75400 کے دفتر میں 04 اپریل 2019 کو اختتام کاروبار تک موصولہ منتقلیاں، شیئر ہولڈرز کو حتمی منافع منقسمہ کی ادائیگی اور اجلاس میں شرکت کرنے اور ووٹ دینے کیلئے بروقت تصور کی جائینگی۔

2۔ اجلاس میں شرکت کرنے اور ووٹ دینے کا حقدار ممبر اپنی جگہ اجلاس میں شرکت کرنے، ووٹ دینے اور بولنے کیلئے کسی اور فرد کو پراکسی مقرر کرسکتا/سکتی ہے۔ پراکسی کیلئے کمپنی کا ممبر ہونا ضروری نہیں۔ پراکسی مقرر کرنیوالا انسٹرومنٹ اور پاور آف اٹارنی یا دیگر مختار نامے/بورڈ کی قرارداد جسکے تحت اس پر دستخط کئے گئے ہیں یا پاور آف اٹارنی کی نوٹری پبلک سے تصدیق شدہ نقل کا کمپنی کے رجسٹرڈ آفس واقع چوتھی منزل، دی فورم، سوئٹ نمبر 422-416، G-20، بلاک 9، خیابان جامی، کلفٹن، کراچی۔ 75600 میں اجلاس کے لئے مقرر کردہ وقت سے کم از کم اڑتالیس (48) گھنٹے قبل پہنچانا لازمی ہے۔

3۔ کوئی بھی انفرادی بینیفیشل اونر جس کا اکاؤنٹ یا ذیلی اکاؤنٹ CDC میں ہو، اجلاس میں ووٹ دینے کا حقدار ہے، اسے چاہیئے کہ اپنی شناخت ثابت کرنے کی غرض سے اپنا کمپیوٹرائزڈ قومی شناختی کارڈ (''CNIC'') اپنے ہمراہ لائے، اور پراکسی ہونے کی صورت میں اس کیلئے اپنے CNIC کی مصدقہ نقل کا منسلک کرنا لازمی ہے۔ کارپوریٹ اداروں کے نمائندوں کو بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی کی مصدقہ نقول اور/ یا اس مقصد کی خاطر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (''SECP'') کے جاری کردہ سرکلر نمبر 1، مورخہ 26 جنوری 2000 کے تحت درکار تمام دستاویزات ہمراہ لانا ہونگی۔

4۔ ممبران سے التماس ہے کہ وہ اپنے CNIC کی نقول جمع کرادیں اور اپنے پتوں میں کسی تبدیلی سے شیئر رجسٹرار (طبعی شکل میں شیئرز کے حامل ہونے کی صورت میں) اور CDC (الیکٹرانک شکل میں شیئر کے حامل ہونے کی صورت میں) کو فوری طور سے مطلع کریں۔

5۔ دفعہ 242 بابتہ کمپنیز ایکٹ 2017 کی شقوں کی رو سے لسٹڈ کمپنی پر لازم ہے کہ وہ اپنے شیئر ہولڈرز کو نقد منافع منقسمہ کی ادائیگی الیکٹرانک طریقہ کار کے ذریعے سے استحقاق کے حامل شیئر ہولڈر کے مقرر کردہ بینک اکاؤنٹ میں براہ راست کرے۔ نقد منافع منقسمہ کی براہ راست اپنے بینک اکاؤنٹ میں وصولی کیلئے، شیئر ہولڈروں سے التماس ہے کہ طبعی شیئرز کے حامل ہونے کی صورت میں وہ کمپنی کی ویب سائٹ (www.packages.com.pk) پر دستیاب مقرر کردہ تفصیلات کا حامل ''الیکٹرانک موڈ ڈیویڈنڈ فارم'' بھرنے کے بعد اس پر باقاعدہ دستخط کرکے اپنے CNIC کی نقل کے ہمراہ کمپنی کے رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، F-8، متصل ہوٹل فاران، نرسری بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی۔ 75400 کو ارسال کرکے اپنا IBAN نمبر فراہم کریں۔ بک انٹری سیکورٹیز کی صورت میں متعلقہ شیئر ہولڈرز کیلئے اپنے متعلقہ ریکارڈز بشمول IBAN ''الیکٹرانک موڈ ڈیویڈنڈ فارم'' کے مطابق اپنے بروکر/ پارٹیسپنٹ/CDC اکاؤنٹ سروسز کے پاس کروانا لازمی ہے۔

کسی ممبر کے کارآمد بینک اکاؤنٹ کی تفصیلات اور/ یا IBAN کی عدم موجودگی کی صورت میں کمپنی ان تفصیلات کے فراہم کئے جانے تک ایسے ممبران کے نقد منافع منقسمہ کی ادائیگی روک لینے پر مجبور ہوگی۔

6۔ وہ شیئر ہولڈرز جو کسی بھی وجہ سے اپنے منافع منقسمہ کا کلیم نہیں کرسکے، انہیں ہدایت کی جاتی ہے کہ وہ ہمارے شیئر رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8-ایف، متصل ہوٹل فاران، نرسری، بلاک-6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی- 75400 سے اپنے غیر کلیم شدہ منافع منقسمہ، اگر کوئی ہوں، کی وصولی/ ان کے بارے میں معلومات کے لئے رابطہ کریں۔

برائے مہربانی نوٹ کرلیں کہ کمپنیز ایکٹ 2017 کے سیکشن 244 پر عملدرآمد کے تحت مقررہ طریقہ کار مکمل کرلینے کے بعد تمام غیر دعویٰ شدہ منافع منقسمہ ان کے واجب الادا اور قابل ادائی ہونے کی تاریخ سے تین سال کی مدت کے بعد، وفاقی حکومت کو جمع کرادیے جائیں گے۔

7۔ حکومت پاکستان نے فنانس ایکٹ 2017 کے ذریعے انکم ٹیکس آرڈیننس 2001 میں چند ترامیم کی ہیں جن کے تحت کمپنیز کی جانب سے ادا کی جانے والی منافع منقسمہ کی رقم پر ودہولڈنگ ٹیکس کی کٹوتی کے لئے مختلف ریٹس مقرر کئے ہیں۔ یہ ریٹس درج ذیل کے مطابق ہیں:

(اے) انکم ٹیکس گوشوارے جمع کرانے والوں کے لئے 15 فیصد

(بی) انکم ٹیکس کے گوشوارے جمع نہ کرانے والوں کے لئے 20 فیصد

شیئر ہولڈرز کو ہدایت کی جاتی ہے کہ وہ اپنے ناموں (اور/ یا اپنے جوائنٹ ہولڈرز کے نام) کو ایف بی آر کی ویب سائٹ پر فراہم کردہ ٹیکس ادا کرنے والے فعال افراد کی فہرست (اے ٹی ایل) پر موجودگی کو یقینی بنائیں بصورت دیگر انہیں (اور/ یا جوائنٹ ہولڈرز) کو بطور نان- فائلرز تصور کیا جائے گا اور ان کے نقد منافع منقسمہ کی آمدنی سے 15 فیصد کے بجائے 20 فیصد کی شرح سے کٹوتی کی جائے گی۔

سالانہ اجلاس عام کی اطلاع

بذریعہ ہذا اطلاع دی جاتی ہے کہ پیکیجز لمیٹڈ کا 64واں سالانہ اجلاس عام بروز جمعرات مورخہ 18 اپریل 2019 بوقت صبح 10:30 بجے پیچ لگژری ہوٹل، مولوی تمیزالدین خان روڈ، کراچی میں درج ذیل امور کی انجام دہی کیلئے منعقد کیا جائیگا:-

1۔ مورخہ 19 اپریل 2018 کو منعقدہ کمپنی کے سالانہ اجلاس عام کی کارروائی کی توثیق۔

2۔ 31 دسمبر 2018 کو مختتمہ سال کیلئے کمپنی کے آڈٹ شدہ مالیاتی گوشوارے ہمراہ چیئرمین کی جائزہ رپورٹ اور ڈائریکٹرز اور آڈیٹرز کی رپورٹ کی وصولی، ان پر غور وخوض اور ان کی منظوری۔

3۔ 31 دسمبر 2018 کو مختتمہ سال کیلئے، جیسا کہ بورڈ آف ڈائریکٹرز نے سفارش کی ہے، نقد منافع منقسمہ کی ادائیگی پر غور وخوض اور اس کی منظوری۔

(الف) برائے ترجیحی شیئرز/ تبادلہ پذیر اسٹاک ہولڈر (انٹرنیشنل فنانس کارپوریشن) بشرح 19 روپے (10 فیصد) 190 روپے کا فی ترجیحی شیئرز/ تبادلہ پذیر اسٹاک پیکیجز لمیٹڈ اور انٹرنیشنل فنانس کارپوریشن کے درمیان سبسکرپشن ایگریمنٹ کے تحت اور

(ب) برائے عمومی شیئرز ہولڈرز بشرح 15.00 روپے (150 فیصد) فی 10 روپے کا عمومی شیئرز پر۔

4۔ برائے سال 2019 آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین کرنا۔ موجودہ آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس نے مالی سال 2019 کیلئے تقرری کیلئے اپنی رضامندی ظاہر کی ہے اور بورڈ آف ڈائریکٹرز نے ان کے تقرر کی سفارش کی ہے۔

حسب الحکم بورڈ

Adi J. Cawasji

عدی جے کاؤس جی
کمپنی سیکریٹری

کراچی
12 مارچ 2019

Chairman's Review Report on Board Performance

I am pleased by the performance of Packages Limited for the year ended on December 31, 2018. Despite the odds, the sales increased by 16 %. However, the profitability of the Company declined due to rupee devaluation and inflation.

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

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

During the year, four (4) board meetings were held in which the Board fulfilled all of their responsibilities including:-

- Reviewing the operating results and approving the quarterly and annual financial statements of the Company;
- Approving related party transactions;
- Approving budgets including capital expenditure;
- Reviewing and approving revised terms of reference of Audit and Human Resource & Remuneration Committees which have been brought in line with Code of Corporate Governance, 2017;
- Reviewing and approving bank borrowings; and
- Recommending appointment of external auditors

The Board ensured that all the legal and regulatory requirements have been complied with by the management of the Company. The Board also evaluated its own performance and that of its committees.

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

Towfiq Habib Chinoy
Chairman
Lahore, March 12, 2019

Director's Report to the Shareholders

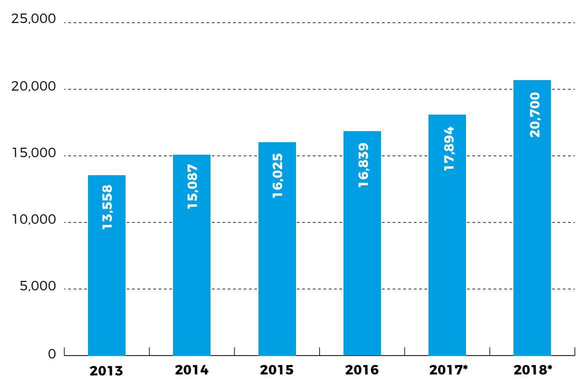
The Directors of the Company have the pleasure in presenting the Annual Report of your Company, together with the audited financial statements for the year ended December 31, 2018.

Financial Performance

Summarized financial performance is as follows:

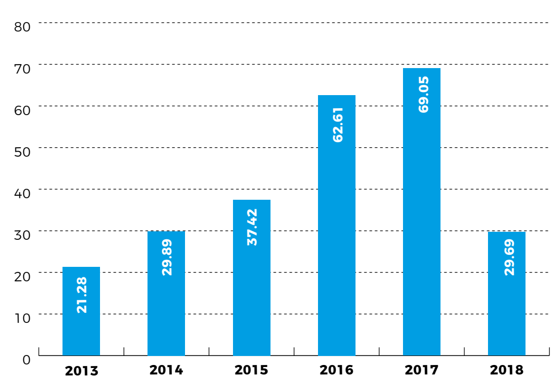
	2018	2017
	(Rupees in million)	
Sales from Operations	21,008	18,105
Trade Discounts	(308)	(211)
Net Sales from Operations	20,700	17,894
EBITDA - Operations	1,769	2,276
Depreciation & amortization	(755)	(680)
EBIT – Operations	1,014	1,596
Finance Costs	(525)	(445)
Other Operating Income / (Expenses) – net	(73)	(269)
Investment Income	3,029	6,274
Earnings before Tax	3,445	7,156
Taxation	(709)	(940)
Earnings after Tax	2,736	6,216
Basic Earnings per Share – Rupees	29.69	69.05

Invoiced Sales - Net
(Rupees in Million)



* Represents sales net of trade discounts

Earnings Per Share
(Rupees)



Director's Report to the Shareholders

The operations have achieved net sales of Rs. 20,700 million in 2018 against net sales of Rs. 17,894 million of last year representing sales growth of 16% based primarily on a volume growth of 4%.

The operations generated Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) of Rs. 1,769 million during 2018 against Rs. 2,276 million of 2017. The EBITDA is lower compared to that of corresponding period last year on account of increase in raw material, partly due to devaluation of Pak rupee by 26%; and conversion costs that were not passed on to the customers during the year. Another factor was increase in expenses of advertisement of consumer products.

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

Packaging Division

Packaging Operations have achieved net sales of Rs. 16,000 million during 2018 as compared to Rs. 13,560 million of 2017 representing sales growth of 18%. The impact of Pak rupee devaluation and raw material price increase coupled with inflationary fixed costs have resulted in decreased EBITDA by Rs. 220 million i.e. 14% over 2017 values. The Company is focusing on value and volume growth of sales as well as internal cost savings and tighter controls over fixed costs to improve operating results of this division.

During the year, your Company has made significant investment in machinery for enhancing capacity and improving quality. The Company has invested Rs. 230 million to bring in the first ever Extrusion Lamination machine in Pakistan. The Company has also invested an approximate Rs. 400 million in enhancing and upgrading its Rotogravure printing capabilities by bringing in a new wide web Roto Printing Press.

Further, the Company also invested Rs. 581 million on installation of a new offset packaging line that includes a 7 color printing press with 2 coating units and cutting creasing machine as well as a state of the art folding gluing machine with speed wave technology which not only boasts of higher production capabilities but also adds depth to the packaging solutions.

Consumer Products Division

Consumer Products Division achieved net sales of Rs. 4,562 million during the year 2018 as compared to Rs. 4,175 million of 2017 representing sales growth of 9%.

The Division's EBITDA decreased by Rs. 141 million in 2018 as compared to 2017. The impact of raw material price increase coupled with rupee devaluation and increase in advertisement has impacted the Division profitability adversely.

Production Statistics

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

	2018	2017
Consumer Products produced-tons	14,996	13,861
Carton Board & Consumer Products converted-tons	43,360	41,552
Plastics all sorts converted-tons	20,509	20,143

Investment Income

Investment income has decreased by Rs. 3,245 million during 2018 as compared to 2017 mainly due to decline in dividend income received from Nestle and Tetra Pak.

Finance Costs

Finance cost of the Company has increased by Rs. 80 million during 2018 over 2017 due to higher overdraft utilization and increase in interest rates during the year.

Investment in 100% Subsidiary (Anemone Holdings Limited)

Your Company contributed Rs. 289.614 million (equivalent to USD 2.312 million) as equity in Anemone Holdings Limited, Mauritius ("AHL"). AHL is a special purpose vehicle established in 2015 for the acquisition of operations of a flexible packaging Company in South Africa.

Rent of Land on Lease from Government of Punjab (GoPb)

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

Financial Management

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

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

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

Capital expenditure is managed carefully through evaluation of profitability and risk. Large capital expenditure is further backed by long term contracts so as to minimize cash flow risk to the business. Capital expenditure during 2018 was at Rs. 2,215 million.

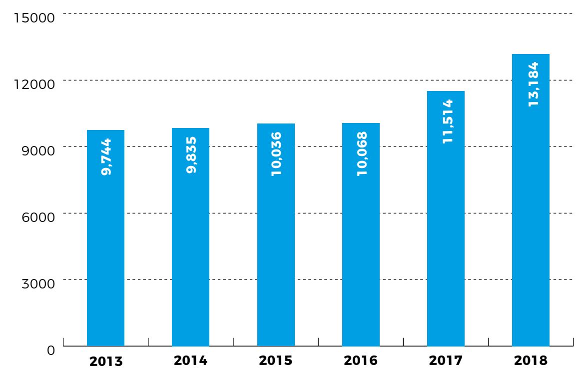
The investment portfolio of the Company is fairly diversified, as reflected by equity participation in Nestle Pakistan Limited, Tri-Pack Films Limited, Bulleh Shah Packaging (Private) Limited, DIC Pakistan Limited, Packages Real Estate (Private) Limited [formerly Packages Construction (Private) Limited],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

The Board is satisfied that there are no short or long term financial constraints including access to credit and a strong balance sheet with December 2018 with net debt: equity ratio at 4:96.

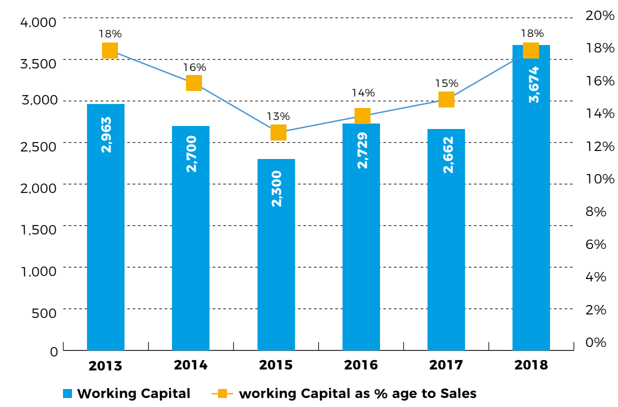
Risk Mitigation

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

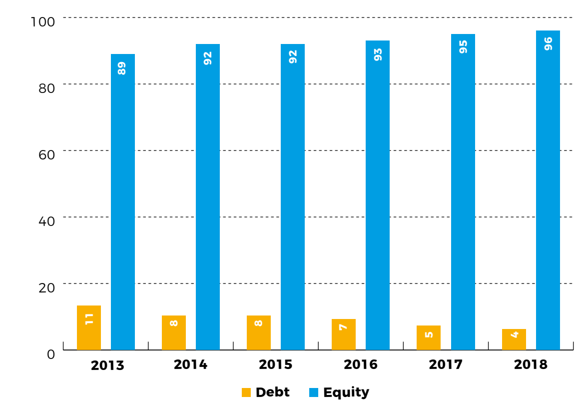
Fixed Assets
(Rupees in Million)



Working Capital
(Rupees in Million)



DEBT TO EQUITY
(Percentage)



Director's Report to the Shareholders

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.

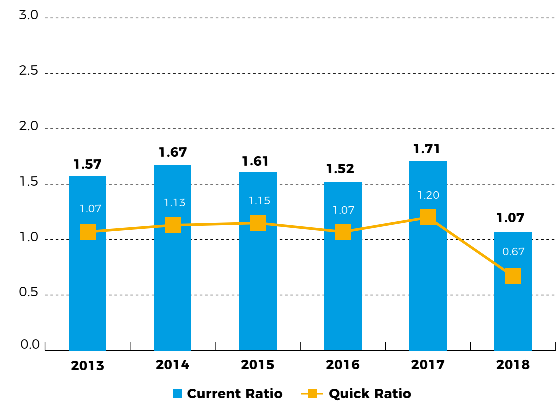
Contribution to National Exchequer

Your Company is a significant contributor to the national economy and has contributed Rs. 2,169 million during the year 2018 to the national exchequer on account of sales tax, income tax, import duties and statutory levies.

Retirement Funds

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

Current & Quick Ratio



The value of investment of these funds based on their audited accounts as on December 31, 2018 were as follows:

Provident Fund	Rs. 2,085.020 million
Gratuity Fund	Rs. 367.777 million
Pension Fund	Rs. 1,578.530 million

Appropriation

In view of the financial results of the Company for the year 2018, the Board of Directors of the Company has recommended cash dividend of 150 percent (i.e. Rs. 15 per share). Accordingly, the following appropriations have been made:

	Rupees in thousand
Total Comprehensive Income for the year 2018 after appropriation of preference dividend / return	2,655,459
Un-appropriated profit brought forward	728,368
Available for appropriation	3,383,827
Transferred to General Reserve	(1,000,000)
Cash dividend	(1,340,693)
To be carried forward to 2019	1,043,134

Auditors

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

As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as Auditors of the Company for the year ending December 31, 2019, at a fee to be mutually agreed.

Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance set in listed Companies (Code of Corporate Governance) Regulations, 2017 have been adopted by the Company and have been duly complied with. A statement to this effect is annexed to the report, please refer page No. 65

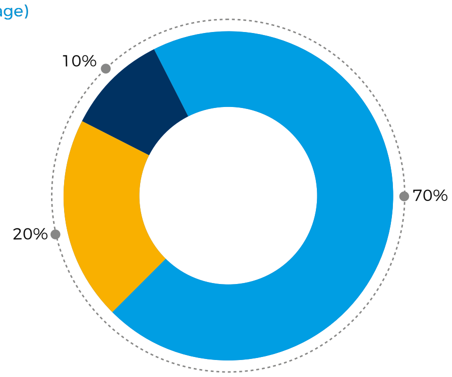
Impact of Company's Business on Environment and Corporate Social Responsibility

Steps taken by your Company with respect to Company's business impact on environment and towards corporate social responsibility are mentioned on Page No. 32 of the annual report.

Material Changes

There have been no material changes since December 31, 2018 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, 2018.

Composition of the Board



Changes in the composition of the Board

During the year 2018, Mr. Muhammad Aurangzeb resigned and Mr. Atif Aslam Bajwa was appointed to fill the casual vacancy. The Directors wish to record their appreciation of the valuable services rendered by Mr. Muhammad Aurangzeb and welcome Mr. Atif Aslam Bajwa on the Board of the Company.

Meetings of Board of Directors

During the year 2018, four (4) Board meetings were held and the number of meetings attended by each Director is given hereunder:-

	Name of Director	No. of meetings attended
1.	Mr. Towfiq Habib Chinoy (Chairman)	3
2.	Syed Hyder Ali (Chief Executive & Managing Director)	4
3.	Mr. Josef Meinrad Mueller	2
4.	Mr. Asghar Abbas	3
5.	Mr. Atif Aslam Bajwa (Appointed on 13 August 2018)	2
6.	Mr. Muhammad Aurangzeb (Resigned on May 10, 2018)	-
7.	Mr. Shamim Ahmad Khan	4
8.	Syed Aslam Mehdi	4
9.	Syed Shahid Ali	4
10.	Mr. Tariq Iqbal Khan	3
11.	Mr. Imran Khalid Niazi	4

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

Audit Committee

An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance. It comprises of five (5) Non-Executive Directors, and a Chairman who is an independent Director.

Director's Report to the Shareholders

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

Name of Director	No. of meetings attended
Mr. Atif Aslam Bajwa Chairman-Independent Director (Appointed on 13 August 2018)	2
Mr. Imran Khalid Niazi (Non-Executive Director)	4
Mr. Muhammad Aurangzeb Independent Director (Resigned on 10 May 2018)	–
Mr. Shamim Ahmad Khan (Non-Executive Director)	2
Syed Aslam Mehdi (Non-Executive Director)	4
Syed Shahid Ali (Non-Executive Director)	4
Mr. Tariq Iqbal Khan (Non-Executive Director)	3

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

The Audit Committee has adopted its terms of reference as provided in the Listed Companies (Code of Corporate Governance) Regulations, 2017.

Human Resource and Remuneration Committee

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

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

Name of Director	No. of meetings attended
Mr. Atif Aslam Bajwa Chairman-Independent Director (Appointed on 13 August 2018)	1
Syed Hyder Ali (Chief Executive & Managing Director)	3
Mr. Towfiq Habib Chinoy (Non-Executive Director)	2
Mr. Josef Meinrad Mueller (Non-Executive Director)	1
Mr. Tariq Iqbal Khan (Non-Executive Director)	3
Mr. Imran Khalid Niazi (Non-Executive Director)	2

Related party transactions

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

1) established a policy of related party transactions which has been duly approved by the Board;

2) set up conditions for the transactions with related parties to be categorized as "arm's length transactions"; and

3) circulated and disclosed to the Directors minimum information required for approval of related party transactions.

Directors' Remuneration

The Company has approved Directors' remuneration policy. The objective of this policy is to have a transparent procedure for fixing the remuneration of the Directors including remuneration for extra/ technical services provided by non-executive/ technical Directors. Revision in the remuneration packages shall from time to time be determined by the Board of Directors upon recommendation by the Human Resource and Remuneration (HR&R) Committee.

Corporate and Financial Reporting Framework

The Directors of your Company state that:

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

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

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

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

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

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

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

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

(i) Key operating and financial data of last six years is annexed on page No. 31;

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

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

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

(m) The details of training programs attended by Directors is annexed on page No. 65;

(n) The pattern of shareholding is annexed on page No. 62; and

(o) All trades in the shares of the Company, carried out by its Directors, executives and their spouses and minor children is annexed on page No. 64.

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

Purchase of Shares:	No. of shares
Chief Executive Officer	120,300
Directors	43,229
Chief Financial Officer	NIL
Company Secretary	NIL
Head of Internal Audit	NIL
Other Executives	1,291,500
Spouse	101,750
Minor Children	NIL

Sale / Donation of Shares:	
Donation of shares by an Executive	407,085

Pattern of Shareholding

A statement of the pattern of shareholding of certain class of shareholders as at December 31, 2018, whose disclosure is required under the reporting framework, is annexed on page No. 62

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

Future Outlook

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

Company's Staff and Customers

The management is thankful to the Company's stakeholders especially its customers for their continuing confidence in its products and services.

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

Towfiq Habib Chinoy
Chairman
Lahore, March 12, 2019

Syed Hyder Ali
Chief Executive & Managing Director
Lahore, March 12, 2019

ڈائریکٹرز کا معاوضہ

کمپنی نے ڈائریکٹرز معاوضہ پالیسی (ڈائریکٹرز ریمونیریشن پالیسی) کی منظوری دے دی ہے۔اس پالیسی کا مقصد ڈائریکٹرز کا معاوضہ بشمول نان ایگزیکٹو/ٹیکنیکل ڈائریکٹرز کی جانب سے فراہم کردہ اضافی/تکنیکی خدمات کا معاوضہ طے کرنے کیلئے شفاف طریقہ کار اختیار کرنا ہے۔ہیومن ریسورس اینڈ ریمونیریشن کمیٹی (HR&R) کی سفارشات کے مطابق بورڈ آف ڈائریکٹرز کی جانب سے معاوضہ پیکیجز پر وقتاً فوقتاً نظر ثانی کی جائے گی۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک

آپ کی کمپنی کے ڈائریکٹرز بیان کرتے ہیں کہ:

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

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

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

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

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

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

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

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

(آئی) گزشتہ چھ سال کی کلیدی آپریٹنگ اور مالیاتی تفصیلات صفحہ نمبر 31 پر درج ہے۔

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

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

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

(ایم) ڈائریکٹرز کی جانب سے تربیتی پروگراموں میں شرکت کی تفصیل صفحہ نمبر 65 پر درج ہے۔

(این) شیئر ہولڈنگ کا پیٹرن بھی صفحہ نمبر 62 پر درج ہے اور

(او) کمپنی کے شیئرز میں اس کے ڈائریکٹرز، ایگزیکٹوز اور ان کے شریک حیات و نابالغ بچوں کی جانب سے کی جانے والی خرید وفروخت کی تفصیل صفحہ نمبر 64 پر درج ہے

(سید حیدر علی)

چیف ایگزیکٹو/منیجنگ ڈائریکٹر

لاہور، 12 مارچ، 2019

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

شیئرز کی خریداری	شیئرز کی تعداد
چیف ایگزیکٹو آفیسر	120,300
ڈائریکٹرز	43,229
چیف فنانشل آفیسر	کوئی نہیں
کمپنی سیکریٹری	کوئی نہیں
انٹرنل آڈٹ کے سربراہ	کوئی نہیں
دیگر ایگزیکٹوز	1,291,500
شریک حیات	101,750
نابالغ بچے	کوئی نہیں
شیئرز کی فروخت/عطیہ	
ایگزیکٹو کی جانب سے شیئرز کا عطیہ	407,085

شیئر ہولڈنگ کا پیٹرن

شیئر ہولڈرز کی مختلف کلاس کی شیئر ہولڈنگ کے پیٹرن کا ایک اسٹیٹمنٹ بمطابق 31 دسمبر 2018، جس کا اظہار رپورٹنگ فریم ورک کے تحت ضروری ہے، شیئر ہولڈرز کی معلومات کے منسلکہ ضمیمہ صفحہ نمبر 62 پر درج ہے

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

مستقبل پر نظر

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

کمپنی کا اسٹاف اور صارفین

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

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

(توفیق حبیب چنائے)

چیئرمین

لاہور، 12 مارچ، 2019

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

آپ کی کمپنی کی جانب سے کمپنی کے کاروبار کے ماحولیاتی اثرات اور فلاح عامہ کی ذمہ داری (کارپوریٹ سوشل ریسپانسبلیٹی) کے حوالے سے اٹھائے گئے اقدامات سالانہ رپورٹ کے صفحہ نمبر 32 میں درج ہیں۔

ضروری واقعات

31 دسمبر 2018 سے اب تک کوئی ضروری واقعہ رونما نہیں ہوا اور نہ کمپنی نے کوئی نیا معاہدہ کیا ہے جو کہ سال مختتمہ 31 دسمبر 2018 کے لئے کمپنی کے آڈٹ شدہ مالیاتی حسابات میں درج مالیاتی پوزیشن کے علاوہ اس تاریخ تک کسی بھی مالیاتی پوزیشن پر اثر انداز ہو۔

بورڈ کی تشکیل:

بورڈ کی تشکیل سالانہ رپورٹ میں صفحہ نمبر 51 درج کی گئی ہے۔

بورڈ کی تشکیل میں تبدیلیاں

سال 2018 کے دوران جناب محمد اورنگزیب نے استعفیٰ دیا اور ان کی جگہ اتفاقی اسامی پر جناب عاطف اسلم باجوہ کو تعینات کیا گیا۔ بورڈ کی خواہش ہے کہ سبکدوش ہونے والے ڈائریکٹر جناب محمد اورنگزیب کی قابل قدر خدمات کو خراج تحسین پیش کرنے اور نئے ڈائریکٹر جناب عاطف اسلم باجوہ کے لئے خیر مقدمی کلمات ریکارڈ کئے جائیں۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال 2018 کے دوران بورڈ کے چار (4) 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)	3
2	سید حیدر علی (چیف ایگزیکٹو اور مینجنگ ڈائریکٹر)	4
3	جناب جوزف میتھر یڈمیولر	2
4	جناب اصغر عباس	3
5	جناب عاطف اسلم باجوہ (13 اگست 2018 کو تقرری کی گئی)	2
6	جناب محمد اورنگزیب (10 مئی 2018 کو مستعفی ہو گئے)	-
7	جناب شمیم احمد خان	4
8	سید اسلم مہدی	4
9	سید شاہد علی	4
10	جناب طارق اقبال خان	3
11	جناب عمران خالد نیازی	4

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

آڈٹ کمیٹی

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

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

ممبر کا نام	شرکت کردہ اجلاس کی تعداد
جناب عاطف اسلم باجوہ (چیئرمین-انڈیپنڈنٹ ڈائریکٹر) (13 اگست 2018 کو تعینات کئے گئے)	2
جناب عمران خالد نیازی (نان ایگزیکٹو ڈائریکٹر)	4
جناب محمد اورنگزیب (انڈیپنڈنٹ ڈائریکٹر) (10 مئی 2018 کو مستعفی ہوئے)	-
جناب شمیم احمد خان (نان ایگزیکٹو ڈائریکٹر)	2
سید اسلم مہدی (نان ایگزیکٹو ڈائریکٹر)	4
سید شاہد علی (نان ایگزیکٹو ڈائریکٹر)	4
جناب طارق اقبال خان (نان ایگزیکٹو ڈائریکٹر)	3

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

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

ہیومن ریسورس اینڈ ریمونیریشن کمیٹی

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

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

ممبر کا نام	شرکت کردہ اجلاس کی تعداد
جناب عاطف اسلم باجوہ (چیئرمین-انڈیپنڈنٹ ڈائریکٹر)	1
(13 اگست 2018 کو تعینات کئے گئے)	
سید حیدر علی (چیف ایگزیکٹو اور مینجنگ ڈائریکٹر)	3
جناب توفیق حبیب چنائے (نان ایگزیکٹو ڈائریکٹر)	2
جناب جوزف میتھر یڈمیولر (نان ایگزیکٹو ڈائریکٹر)	1
جناب طارق اقبال خان (نان ایگزیکٹو ڈائریکٹر)	3
جناب عمران خالد نیازی (نان ایگزیکٹو ڈائریکٹر)	2

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

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

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

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

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

کارکردگی، آپریٹنگ صلاحیتوں اور پورے ادارے میں اخراجات میں کمی نے نقد رقومات کی فراوانی پر مثبت اثرات مرتب کیے۔

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 ادائیگی واجبات اور انوینٹری حجم کے مستعد انتظام کے ذریعے فنانس کرنے کی منصوبہ بندی کی گئی۔ بزنس یونٹ مینیجرز کو ورکنگ کیپٹل اہداف تفویض کئے گئے ہیں جن کو باقاعدگی سے مانیٹر کیا جاتا ہے۔

کیپٹل اخراجات کو منافع جات اور خطرات کی کڑی جانچ پڑتال کے ذریعے انتہائی احتیاط سے طے کیا جاتا ہے۔ وسیع تر کیپٹل اخراجات مزید طویل مدتی کنٹریکٹس کے ذریعے ممکن ہوتے ہیں تاکہ کاروبار میں کیش فلو کے خطرے کو کم کیا جائے۔ 2018 میں کیپٹل اخراجات 2,215 ملین روپے تھے۔

کمپنی کا انویسٹمنٹ پورٹ فولیو شفاف انداز میں کثیر سمتی ہے جیسا کہ پیکجز پاکستان لمیٹڈ، ٹرائی پیک فلمز لمیٹڈ، بلھے شاہ پیکیجنگ (پرائیویٹ) لمیٹڈ، ڈی آئی سی پاکستان لمیٹڈ، پیکیجز ریئل اسٹیٹ (پرائیویٹ) لمیٹڈ (سابقہ پیکیجز کنسٹرکشن (پرائیویٹ لمیٹڈ)، پیکیجز لنکا (پرائیویٹ) لمیٹڈ، پیکیجز پاور (پرائیویٹ) لمیٹڈ اور ایپی 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 2018 کے ساتھ ایک مضبوط بیلنس شیٹ مع خالص قرضہ ایکویٹی تناسب 4:96 پر ہے۔

خطرات میں کمی

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

کریڈٹ کے خطرات

کمپنی کے تمام تر مالیاتی اثاثہ جات ماسوائے زیر گردش نقد رقم کریڈٹ رسک سے مشروط ہیں۔ کمپنی اس امر پر یقین رکھتی ہے کہ کریڈٹ رسک کے اہم ماخذ کو ایکسپوز نہیں کیا گیا۔ ایکسپوژر 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 سنبھالا گیا ہے۔

لیکویڈیٹی کے خطرات

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

شرح سود کے خطرات

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

غیر ملکی زر مبادلہ کے خطرات

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

کیپٹل مینجمنٹ

کمپنی کی پالیسی ایک مستحکم کیپٹل بنیاد برقرار رکھنا ہے تاکہ انویسٹر، 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 2018 کے دوران کمپنی نے سیلز ٹیکس، انکم ٹیکس، درآمدی ڈیوٹیوں اور اسٹیچوٹری لیویز کے ضمن میں قومی خزانے میں 2,169 ملین روپے جمع کرائے۔

ریٹائرمنٹ فنڈز

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

ان فنڈز کی سرمایہ کاریوں کی مالیت 31 دسمبر 2018 کو آڈٹ شدہ اکاؤنٹس کے مطابق درج ذیل تھی۔

پراویڈنٹ فنڈ	2,085.020 ملین روپے
گریجویٹی فنڈ	367.777 ملین روپے
پنشن فنڈ	1,578.530 ملین روپے

تصرف (Appropriation)

سال 2018 کے لئے کمپنی کے مالیاتی نتائج کے پیش نظر کمپنی کے بورڈ آف ڈائریکٹرز نے 150 فیصد نقد منافع منقسمہ (یعنی 15 روپے فی شیئر) کی سفارش کی ہے لہٰذا درج ذیل تصرف حاصل کیے گئے۔

	روپے ہزاروں میں
سال 2018 کے لئے کل جامع آمدنی بعد از ترجیحی منقسمہ / ریٹرن شدہ تصرف	2,655,459
غیر تصرف شدہ منافع جو آئندہ کے لئے شامل کیا گیا	728,368
تصرف کے لئے دستیاب	**3,383,827**
جنرل ریزرو میں منتقلی	(1,000,000)
نقد منافع منقسمہ	(1,340,693)
2019 کے لئے منتقل کردہ	**1,043,134**

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 (IFAC) کے ضابطہ اخلاق پر مشتمل گائیڈ لائنز کی مکمل پاسداری کی ہے جو کہ ICAP کی جانب سے رائج کی گئی تھیں۔

جیسا کہ آڈٹ کمیٹی کی جانب سے تجویز کیا گیا، اس کے مطابق بورڈ آف ڈائریکٹرز نے 31 دسمبر 2019 کو ختم ہونے والے سال کے لئے باہمی طور پر طے کردہ معاوضے پر کمپنی کے آڈیٹرز کی حیثیت سے ان کی دوبارہ تقرری کی سفارش کی ہے۔

کارپوریٹ گورننس کے ضابطہ پر عملدرآمد

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 میں درج کردہ کارپوریٹ گورننس کے ضوابط کی شرائط کو کمپنی کی جانب سے رائج کیا جاچکا ہے اور ان پر باقاعدہ عملدرآمد کیا جارہا ہے۔ اس سلسلے میں ایک اسٹیٹمنٹ رپورٹ کے صفحہ نمبر 65 پر ہے۔

ڈائریکٹرز کی رپورٹ برائے شیئر ہولڈرز

کمپنی کے ڈائریکٹرز سال مختتمہ 31 دسمبر 2018ء کیلئے کمپنی کی سالانہ رپورٹ بشمول آڈٹ شدہ مالیاتی حسابات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالیاتی کارکردگی

مختصراً مالیاتی کارکردگی درج ذیل کے مطابق رہی:

	2018	2017
	(روپے ملین میں)	
آپریشنز سے سیلز	**21,008**	18,105
تجارتی ڈسکاؤنٹ	**(308)**	(211)
آپریشنز سے خالص سیلز	**20,700**	17,894
EBITDA آپریشنز	**1.769**	2,276
فرسودگی اور کساد بازاری	**(755)**	(680)
EBIT آپریشنز	**1,014**	1,596
فنانس کی لاگت	**(525)**	(445)
دیگر آپریٹنگ (اخراجات) خالص	**(73)**	(269)
سرمایہ کاری سے آمدنی	**3,029**	6,274
آمدنی قبل از ٹیکس	**3,445**	7,156
ٹیکسیشن	**(709)**	(940)
آمدنی بعد از ٹیکس	**2,736**	6,216
بنیادی آمدنی فی شیئر - روپے	**29.69**	69.05

آپریشنز سے 2018 میں 20,700 ملین روپے کی خالص سیلز حاصل کی گئی جو کہ گزشتہ سال 17,894 ملین روپے تھی شرح نمو کے حجم میں 4 فیصد اضافہ کی بناء پر سیلز گروتھ میں 16 فیصد کا اضافہ ہوا۔

آپریشنز سے 2018 کے دوران آمدنی قبل از منافع ٹیکس، فرسودگی اور کساد بازاری (EBITA) 1,769 ملین روپے رہی جو کہ 2017 میں 2,276 ملین روپے تھی۔ EBITDA خام مال میں اضافہ پاکستانی روپے کی قدر میں 26 فیصد کی اور کنورژن کاسٹ میں اضافے، جو سال کے دوران صارفین کو منتقل نہیں کرنے کے باعث گزشتہ سال کی اسی مدت کے مقابلے میں کم رہا۔ ایک اور وجہ اشیائے صارف کے تشہیری اخراجات میں اضافہ بھی تھا۔

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

پیکجنگ ڈویژن

پیکجنگ آپریشنز نے 2018 کے دوران 16,000 ملین روپے کی خالص سیلز حاصل کیں جبکہ 2017 میں یہ 13,560 ملین روپے تھی جو کہ 18 فیصد کی سیلز گروتھ کو ظاہر کرتا ہے۔ پاکستانی روپے کی قدر میں کمی، خام مال کے نرخوں میں اضافے کیساتھ طے شدہ مالیاتی اخراجات میں اضافے کی وجہ سے EBITDA 220 ملین روپے سے کم ہوا۔ یعنی 2017 کے مقابلہ میں 14 فیصد۔

رواں مالی سال کے دوران آپ کی کمپنی نے پیداواری صلاحیت کو بڑھانے کے لئے مشینری میں نمایاں سرمایہ کاری کی۔ کمپنی نے 230 ملین روپے کی سرمایہ کاری کے ذریعے پاکستان میں پہلی ایکسٹروشن لیمی نیشن مشین متعارف کروائی۔ کمپنی نے تقریباً 400 ملین روپے کی سرمایہ کاری کے ذریعے نیا وائیڈ ویب روٹو پرنٹنگ پریس لا کر اپنی روٹو گریور پرنٹنگ صلاحیتوں میں اضافہ اور اپ گریڈیشن کی۔

مزید براں، کمپنی نے ایک نئی آف سیٹ پیکجنگ لائن کی تنصیب کیلئے 581 ملین روپے کی سرمایہ کاری کی۔ جو کہ 7 کلر پرنٹنگ پریس بشمول 2 کوٹنگ یونٹس اور کٹنگ کریزنگ مشین کے ساتھ ساتھ سپیڈ و ٹیکنالوجی کی حامل ایک سٹیٹ آف دی آرٹ فولڈنگ گلیو مشین شامل ہے جو کہ نا صرف زیادہ پیداواری صلاحیتوں کو یقینی بنائے گی بلکہ پیکجنگ سلوشنز میں بھی نئی وسعتوں کا اضافہ کرے گی۔

کنزیومر پراڈکٹس ڈویژن

کنزیومر پراڈکٹس ڈویژن نے سال 2018 کے دوران 4,562 ملین روپے کی خالص سیلز حاصل کیں۔ جبکہ 2017 میں یہ 4,175 ملین روپے تھا جو کہ 9 فیصد سیلز گروتھ کو ظاہر کرتا ہے۔

ڈویژن کے EBITDA میں 2018 میں سال 2017 کے مقابلے میں 141 ملین روپے کی کمی ہوئی۔ خام مال کی قیمت میں اضافہ کے ساتھ ساتھ روپے کی قدر میں کمی اور تشہیری اخراجات میں اضافے نے ڈویژن کے منافع جات پر بُرے اثرات مرتب کئے۔

پروڈکشن کے اعداد و شمار

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

	2018	2017
اشیائے صارف تیار کردہ - ٹنز	**14,996**	13,861
کارٹن بورڈ اور کنزیومر پروڈکٹس - کنورٹڈ - ٹنز	**43,360**	41,552
پلاسٹک تمام اقسام کنورٹڈ - ٹنز	**20,509**	20,143

سرمایہ کاری سے آمدنی

سرمایہ کاری سے آمدنی میں سال 2018 کے دوران سال 2017 کے مقابلے میں 3,245 ملین روپے کی کمی رہی جو بنیادی طور پر میبلے اور ٹیٹرا پیک سے حاصل کردہ منافع منقسمہ میں کمی کے باعث ہوئی۔

فنانس کی لاگت

کمپنی کے فنانس اخراجات سال 2018 کے دوران 2017 کے مقابلے میں 80 ملین روپے تک بڑھ گئے جس کی وجہ اوور ڈرافٹ کا استعمال اور شرح سود میں اضافہ تھا۔

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

آپ کی کمپنی نے بطور ایکویٹی انیون ہولڈنگز لمیٹڈ، ماریشیس ("AHL") میں 289.614 ملین روپے (2.312 ملین امریکی ڈالر) کی شراکت داری کی۔ ("AHL") ایک خصوصی مقصد کا کاروبار ہے جو 2015 میں جنوبی افریقہ میں ایک فلیکس ایبل پیکیجنگ کمپنی کے آپریشنز کے حصول کے لئے قائم کیا گیا تھا۔

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

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

فنانشل مینجمنٹ

کمپنی انوینٹری کے زیادہ سے زیادہ حجم اور تجارتی وصولیابی کے انتظام پر مستقل توجہ دیے ہوئے ہے۔ مستحکم کاروباری

Shareholders' Information

Registered Office

4th Floor, The Forum
Suite # 416-422, G-20, Block 9
Khayaban-e-Jami, Clifton
Karachi-75600
Tel. # 92 21 5831618 / 5831664 / 5833011
35874047-49
Fax # 92 21 35860251

Shares Registrar

FAMCO Associates (Pvt.) Ltd
8-F, Next to Hotel Faran Nursery,
Block 6, P.E.C.H.S., Shahrah-e-Faisal
Karachi-75400
Tel. # 92 21 34380101-2
Fax # 92 21 34380106

Listing on Stock Exchange

Packages Limited equity shares are listed on Pakistan Stock Exchange.

Listing Fees

The annual listing fee for the financial year 2018-19 has been paid to the stock exchange within the prescribed time limit.

Stock Code

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

Shares Registrar

Packages Limited' shares department is operated by FAMCO Associates (Pvt.) Ltd and serves around 4,676 shareholders. It is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function.

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

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

Contact persons

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

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

Service Standards

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

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

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

Statutory Compliance

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

Dematerialisation of Shares

The equity shares of the Company are under the dematerialization category. As of date 73.19% 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, 2018 payment of cash dividend as follows -

a) to the preference share/convertible stock holder (International Finance Corporation) at the rate of Rs. 19.00 (10%) per preference share/convertible stock of Rs. 190 in terms of Subscription Agreement between Packages Limited and International Finance Corporation; (2017: 15.304% or Rs. 29.077 per preference share/ convertible stock of Rs. 190.00).

b) to the ordinary shareholders at the rate of 150% (Rs. 15.00 per ordinary share of Rs. 10.00) subject to approval by the ordinary shareholders of the Company at the Annual General Meeting (2017: cash dividend at the rate of 300% or Rs.30.00 per ordinary share).

Book Closure Dates

The Register of Members and Share Transfer Books of the Company will remain closed from April 05, 2019 to April 18, 2019 both days inclusive.

Dividend Remittance

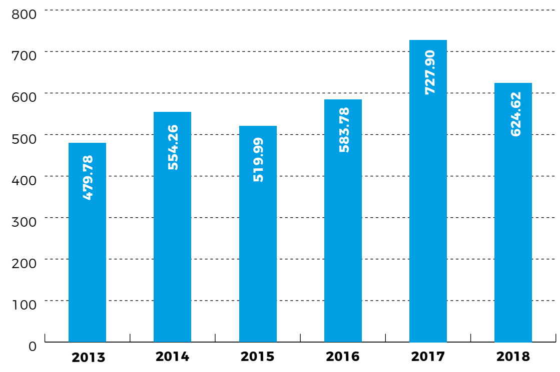
Preference dividend/return will be paid to the preference/convertible stockholder prior to payment of ordinary dividend to the ordinary shareholders.

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

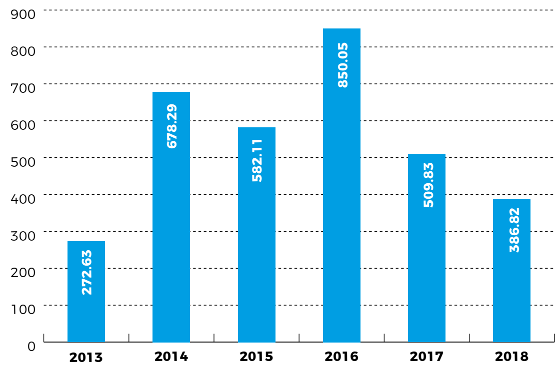
(i) **For shares held in physical form:** to shareholders whose names appear in the Register of Members of the Company after entertaining all requests for transfer of shares lodged with the Company on or before the book closure date.

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

Break-up Value Per Ordinary Share (Rupees)



Market Value Per Share (Rupees)



Shareholders' Information

Withholding of Tax & Zakat on Dividend

As per the provisions of Section 150 of the Income Tax Ordinance, 2001, Income Tax is deductible at source on dividend payable by the Company at the rate of 15.0% for filers of income tax returns, wherever applicable, and at the rate of 20.0% for non-filers of income tax returns.

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

Investors' Grievances

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

Legal Proceedings

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

General Meetings & Voting Rights

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

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

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

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

Proxies

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

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

Web Presence

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

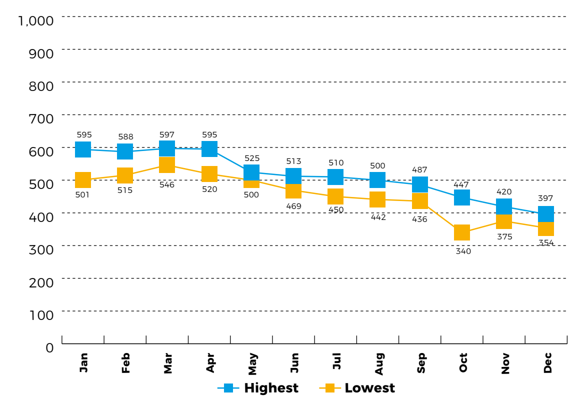
Share Price / Volume

The monthly high and low prices and the volume of shares traded on the Pakistan Stock Exchange during the financial year 2018 are as under:

Month	Share price on the KSE (Rs.)		Volume of shares traded
	Highest	Lowest	
January	594.50	501.00	2,333,150
February	587.99	515.00	1,028,000
March	597.12	546.20	1,491,600
April	595.00	519.97	1,255,400
May	524.99	500.00	524,050
June	512.90	469.00	1,065,800
July	510.00	450.00	546,950
August	500.00	441.50	271,250
September	486.50	436.10	1,177,750
October	447.00	340.00	700,650
November	419.99	375.00	727,100
December	396.89	354.01	640,250

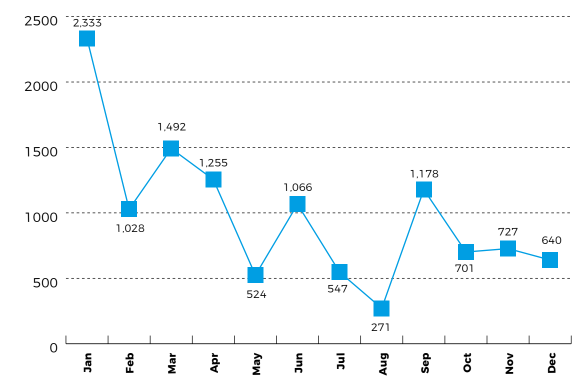
Share Price Movement

(Share price on PSX (Rupees / Share)



Shares Trading Volume

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



Pattern of Shareholding

The shareholding pattern of the equity share capital of the Company as at December 31, 2018 is as follows:

Shareholding From	Shareholding To	Number of shareholders	Total shares held
1	100	2,105	59,687
101	500	1,015	295,551
501	1,000	436	346,744
1,001	5,000	659	1,572,511
5,001	10,000	158	1,160,400
10,001	15,000	53	666,399
15,001	20,000	42	726,615
20,001	25,000	35	797,272
25,001	30,000	19	534,639
30,001	35,000	18	586,938
35,001	40,000	11	415,537
40,001	45,000	11	465,995
45,001	50,000	6	288,900
50,001	55,000	7	367,715
55,001	60,000	8	455,212
60,001	65,000	5	314,909
65,001	70,000	5	334,632
75,001	80,000	2	154,913
80,001	85,000	3	250,888
85,001	90,000	1	86,013
90,001	95,000	4	366,002
95,001	100,000	4	388,537
100,001	105,000	2	205,835
105,001	110,000	1	109,050
110,001	115,000	2	226,859
120,001	125,000	3	363,350
130,001	135,000	2	266,636
135,001	140,000	2	273,881
150,001	155,000	2	302,950
155,001	160,000	1	157,806
170,001	175,000	1	174,050
180,001	185,000	1	184,000
190,000	195,000	3	576,985
195,001	200,000	1	196,743
210,001	215,000	1	214,800
220,001	225,000	1	221,210
225,001	230,000	1	229,829
230,001	235,000	1	232,810
245,001	250,000	1	249,830
250,001	255,000	1	250,750
265,001	270,000	1	265,960
270,001	275,000	1	273,390
280,001	285,000	2	564,400
285,001	290,000	1	287,290
290,001	295,000	1	294,923
300,001	305,000	1	304,718
305,001	310,000	2	616,876
310,001	315,000	1	312,150
315,001	320,000	1	318,098
320,001	325,000	1	324,502
340,001	345,000	1	340,900
350,000	355,000	1	350,000
365,001	370,000	1	367,166
400,000	405,000	2	803,055
455,001	460,000	1	457,440
525,001	530,000	1	527,653
530,001	535,000	1	533,479
550,001	555,000	1	552,728
585,001	590,000	1	587,900
610,001	615,000	1	611,400
630,001	635,000	1	631,350
660,001	665,000	1	660,036
820,001	825,000	1	821,714
975,001	980,000	1	975,237
990,001	995,000	1	990,641
1,020,001	1,025,000	1	1,022,750
1,195,001	1,200,000	1	1,198,668
1,335,001	1,340,000	1	1,338,800
1,445,001	1,450,000	1	1,449,107
1,875,001	1,880,000	1	1,876,629
2,065,001	2,070,000	1	2,067,893
2,285,001	2,290,000	1	2,287,175
2,740,001	2,745,000	1	2,744,553
3,500,001	3,505,000	1	3,504,115
3,915,001	3,920,000	1	3,917,505
4,005,001	4,010,000	1	4,006,628
4,015,001	4,020,000	1	4,015,441
5,395,001	5,400,000	1	5,396,650
26,705,001	26,710,000	1	26,707,201
		4,676	89,379,504

Information

As Required Under The Code Of Corporate Governance

Shareholders' category	Number of shareholders	Number of shares held
i. Associated Companies, Undertakings and Related Parties (name wise details)		
BABAR ALI FOUNDATION	2	3,822,213
GURMANI FOUNDATION	1	1,198,668
IGI INVESTMENTS (PRIVATE) LIMITED	1	26,707,201
PACKAGES LIMITED EMPLOYEES GRATUITY FUND	1	104,494
PACKAGES LIMITED MANAGEMENT STAFF PENSION FUND	1	660,036
PACKAGES LIMITED EMPLOYEES PROVIDENT FUND	1	2,067,893
Total :	7	34,560,505
ii. Mutual Funds (name wise details)		
CDC - TRUSTEE ABL STOCK FUND	1	800
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	6,089
CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND	1	95,187
CDC - TRUSTEE AL MEEZAN MUTUAL FUND	1	552,728
CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND	1	3,300
CDC - TRUSTEE AL-AMEEN SHARIAH STOCK FUND	1	86,013
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	332
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	668
CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND	1	1,200
CDC - TRUSTEE ASKARI EQUITY FUND	1	2,500
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	1	2,550
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	18,000
CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	1	16,000
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	3,000
CDC - TRUSTEE JS ISLAMIC DEDICATED EQUITY FUND (JSIDEF)	1	44,400
CDC - TRUSTEE JS ISLAMIC FUND	1	18,000
CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT	1	3,600
CDC - TRUSTEE JS LARGE CAP. FUND	1	16,550
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	4,850
CDC - TRUSTEE KSE MEEZAN INDEX FUND	1	57,612
CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND	1	95,850
CDC - TRUSTEE MEEZAN BALANCED FUND	1	294,923
CDC - TRUSTEE MEEZAN ISLAMIC FUND	1	2,744,553
CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND	1	193,501
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	4,006,628
CDC - TRUSTEE NIT ISLAMIC EQUITY FUND	1	214,800
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	136,882
CDC - TRUSTEE PIML ASSET ALLOCATION FUND	1	23,300
CDC - TRUSTEE PIML ISLAMIC EQUITY FUND	1	12,200
CDC - TRUSTEE PIML VALUE EQUITY FUND	1	12,650
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	5,000
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	33,500
CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND	1	550
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	38,500
CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND	1	350
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	68,000
M C F S L-TRUSTEE ASKARI ISLAMIC ASSET ALLOCATION FUND	1	5,500
MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND	1	53,700
MCBFSL - TRUSTEE HBL ISLAMIC DEDICATED EQUITY FUND	1	15,500
MCBFSL - TRUSTEE JS VALUE FUND	1	23,650
MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND	1	10,200
MCBFSL TRUSTEE ABL ISLAMIC DEDICATED STOCK FUND	1	18,450
Total:	42	8,941,566

Information

AS REQUIRED UNDER THE CODE OF CORPORATE GOVERNANCE

Shareholders' category	Number of shareholders	Number of shares held
iii. Directors and their spouse(s) and minor children (name wise details)		
MR. ASGHAR ABBAS	1	100
MR. IMRAN KHALID NIAZI	1	100
MR. ATIF ASLAM BAJWA	1	100
MR. SHAMIM AHMAD KHAN	1	603
SYED SHAHID ALI	1	2,000
SYED ASLAM MEHDI	1	9,781
SYED HYDER ALI	1	2,407,475
MR. TARIQ IQBAL KHAN	1	6,000
MR. TOWFIQ HABIB CHINOY	1	100,000
MRS. AZRA TARIQ W/O MR. TARIQ IQBAL KHAN	1	4,100
Total :	10	2,530,259
iv. Executives	2	5,892,070
Total :	2	5,892,070
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	46	4,630,037
Total :	46	4,630,037
vii. Shareholders Holding five percent or more Voting Rights in the Listed Company (name wise details)		
IGI INVESTMENTS (PRIVATE) LIMITED	1	26,707,201
STORA ENSO AB	1	5,396,650
	2	32,103,851

S. No	Shareholders' category	No. of shareholders	No. of shares	Percentage
1	Directors, Chief Executive Officer, and their spouses and minor children	10	2,530,259	2.83
2	Associated Companies, undertakings and related parties	7	34,560,505	38.67
3	Banks Development Financial Institutions, Non Banking Financial Institutions	18	3,321,274	3.72
4	Insurance Companies	21	5,586,754	6.25
5	Modarabas and Mutual Funds	45	8,950,925	10.01
6	Shareholder holding 10%	1	26,707,201	29.88
7	General Public:			
	a. Local	4,403	14,158,263	15.84
	b. Foreign	4	6,690,241	7.49
8	Others	168	13,581,283	15.19
	Total (excluding: shareholder holding 10%)	4,676	89,379,504	100.00

Statement of Compliance

With Listed Companies (Code Of Corporate Governance) Regulations, 2017 For The Year Ended December 31, 2018

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

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

a.	Male:	10
b.	Female:	–

2. The composition of the Board is as follows:

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

   During the current year, Mr Muhammad Aurangzeb, the sole independent Director on the Board resigned on May 10, 2018. Another independent Director, Mr. Atif Aslam Bajwa, was appointed in his place by the Board on August 13, 2018 which was beyond the statutory limit of ninety days from the occurrence of the vacancy i.e August 9, 2018. However, Securities and Exchange Commission of Pakistan was informed with this fact.

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

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

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

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

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

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

9. The Company arranged one orientation course for its Directors during the year to apprise them of their duties and responsibilities. All Directors have either obtained certification under the Directors Training Program or have minimum of 14 years of education and 15 years or more experience on the Board of listed companies.

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

11. CFO and CEO duly endorsed the financial statements before approval of the Board.

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

    a) Audit Committee:

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

b) Human Resource and Remuneration Committee:

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

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

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

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

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

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, 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.

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

18. We confirm that all other requirements of the Regulations have been complied with.

TOWFIQ HABIB CHINOY
Chairman
Lahore, March 12, 2019

Independent Auditor's Review Report

To the members of Packages Limited

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Packages Limited for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2018.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

	Paragraph Reference	**Description**
i)	2	A casual vacancy occurring on the Board of Directors during the year in respect of Independent Director was not filled by the Directors within the statutory limit of ninety days from the occurrence of the vacancy. However, the Securities and Exchange Commission of Pakistan was informed with this fact.

Chartered Accountants
Place: Lahore
Date: March 12, 2019

Independent Auditor's Report

To the members of Packages Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Packages Limited (the Company), which comprise the statement of financial position as at December 31, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2018 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	**Companies Act, 2017** (Refer note 2.2.3 to the annexed financial statements) The provisions of Fourth Schedule to the Companies Act, 2017 became applicable to the Company for the first time in the preparation of the annexed financial statements. As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous financial reporting framework and the current financial reporting framework and as a result, certain amendments and additional disclosures were made in the Company's annexed financial statements. In view of the additional disclosures in the annexed financial statements due to first time application of the Fourth Schedule to the Companies Act, 2017, we considered this as a key audit matter.	We reviewed and understood the requirements of the Fourth Schedule to the Companies Act, 2017. Our audit procedures included the following: - Considered the management's process to identify the additional disclosures required in the Company's annexed financial statements; - Obtained relevant underlying supports for the additional disclosures and assessed their appropriateness for the sufficient audit evidence; and - Verified on test basis, the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.

S. No.	Key audit matters	How the matter was addressed in our audit
2.	**Contingent liabilities** (Refer notes 26.5, 26.6, 26.7, 26.8, 27.1, 27.2, 27.3 and 27.4 to the annexed financial statements) The Company has contingent liabilities in respect of various income and sales tax matters, which are pending adjudication at various levels with the taxation authorities and other legal forums. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Company for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities relating to income and sales tax, a key audit matter.	**Our audit procedures included the following:** - We understood and tested key controls surrounding the governance procedures in evaluating such uncertain exposures as well as performed an assessment over the experience of management in evaluating these exposures; - We examined and challenged the analysis performed by management which set out the basis for their judgements in respect of the material tax exposures identified, together with relevant supporting evidence such as correspondence with tax authorities and legal opinions obtained. We used our understanding of the business and also read correspondence with tax authorities to challenge the completeness of identified exposure and the need for provision; - We circulated confirmations to the Company's external legal and tax counsels for their views on the open tax assessments; - We made our own assessment of the likelihood of the tax exposure occurring based on our knowledge of tax legislation and applicable precedents. In making our assessment we considered the range of interpretations of the applicable tax legislation in the relevant jurisdiction. We also evaluated the calculation of the exposure and agreed that to the annexed financial statements. We also involved our internal tax professionals to assess the appropriateness of management's conclusions on the contingent tax matters; and - We assessed whether the extent of the disclosures made, in particular, in relation to contingent liabilities and judgements was appropriate.
3.	**Provision for rent of land on lease from the Government of the Punjab ('GoPb')** (Refer notes 18.1.3 and 15.3 to the annexed financial statements) The process for determination of the amount of rent in respect of land on lease from GoPb in accordance with the order of Supreme Court of Pakistan is underway. Meanwhile, the Company has recognized a provision in respect of the rent for the period from December 2015 to December 2018 in the annexed financial statements. The management is required to make significant judgment and estimates in relation to the fair value of the said land and related market terms for estimation of the amount of rent. Due to significance of the amount involved, inherent uncertainty with respect to the outcome of matter and use of significant management judgment and estimates to assess the same including related financial impacts, we have considered the above provision as a key audit matter.	**Our audit procedures included the following:** - We obtained and inspected the expired supplemental lease deed between the Company and GoPb, Company's request to GoPb for renewal of the lease dated June 30, 2015 and the Supreme Court's orders dated January 5, 2019 and January 16, 2019; - We reviewed the report of the external expert engaged by the management to assess the fair value of the said portion of land. We assessed the technical ability, objectivity and competence of the expert; - We also involved our external expert to assess the appropriateness of management's estimate regarding the provision. We assessed the technical ability, objectivity and competence of our expert and worked with him to compare key assumptions and performed sensitivity analysis using a range of these assumptions; and

<table>
<tr><th>S. No.</th><th>Key audit matters</th><th>How the matter was addressed in our audit</th></tr>
<tr><td></td><td></td><td>- We assessed whether the extent of the disclosures made, in particular, in relation to the judgements was appropriate.</td></tr>
<tr><td>4.</td><td>Impairment testing of investment in subsidiary
(Refer note 21.1.2 to the annexed financial statements)

The Company holds investments in various companies engaged in manufacturing and services sectors. The Company carries out impairment assessment of the value of investments in such companies where there are indicators of impairment.

During the current year, the management has tested the Company's equity investment in its subsidiary, Bulleh Shah Packaging (Private) Limited for impairment on the basis of certain impairment indicators. The management has determined recoverable amount of such investment based on 'fair value less costs of disposal'. The 'fair value less costs of disposal' has been worked out by the management using income approach. Moreover, 'fair value less costs of disposal' has also been materially assessed by an independent valuer using cost approach. Since the recoverable amount of the investment worked out in both instances is higher than its carrying value, therefore, no impairment loss has been recognized.

Due to the high level of judgment and estimation required to determine the recoverable amount of the above mentioned investment, we consider it to be a key audit matter.</td><td>Our audit procedures included the following:
- We considered management's process for identifying the existence of impairment indicators in respect of the Company's investments;

- We assessed the valuation methodology used by the management;

- We checked, on sample basis, the reasonableness of the input data used by the management;

- We assessed the reasonableness of cash flow projections, challenging and performing audit procedures on assumptions such as growth rate, future revenue and costs, terminal growth rate and discount rate by comparing the assumptions to historical results, budgets and comparing the current year's results with prior year forecasts and other relevant information;

- We tested mathematical accuracy of cash flows projections;

- We performed independently, a sensitivity analysis in consideration of the potential impact of reasonably possible upside or downside changes in key assumptions;

- We obtained an understanding of the work performed by the management's expert for determining the fair value less costs of disposal;

- We examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field;

- We involved our own expert to assess the work of management's expert after examining the professional qualification of our expert and assessing the independence, competence and experience of our expert in the field;

- Our expert agreed with the 'fair value less costs of disposal' determined by the management's expert; and

- We reviewed the adequacy of the disclosures made by the Company in this area with regard to applicable accounting and reporting standards.</td></tr>
</table>

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Independent Auditor's Report

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

Chartered Accountants
Lahore
Date: March 25, 2019

Financial Statements

For the year ended December 31, 2018

Statement of Financial Position

As at December 31, 2018

(Rupees in thousand)	Note	2018	2017
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2017: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (2017: 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 (2017: 89,379,504) ordinary shares of Rs. 10 each	5	893,795	893,795
8,186,842 (2017: 8,186,842) 10% non-voting preference shares / convertible stock of Rs. 190 each	7	606,222	606,222
Reserves	6	51,550,397	57,673,481
Un-appropriated profit		3,383,827	6,492,264
		56,434,241	65,665,762
NON-CURRENT LIABILITIES			
Long term finances	7	932,650	2,254,100
Liabilities against assets subject to finance lease	8	–	13,195
Long term advances	9	87,283	65,787
Deferred taxation	10	361,603	343,673
Retirement benefits	11	511,602	358,264
Deferred liabilities	12	356,088	325,181
		2,249,226	3,360,200
CURRENT LIABILITIES			
Current portion of non-current liabilities	13	1,328,642	1,342,317
Finances under mark-up arrangements - secured	14	4,414,019	299,596
Trade and other payables	15	3,438,345	2,991,891
Unclaimed dividend		62,030	39,307
Accrued finance cost	16	249,352	189,760
		9,492,388	4,862,871
CONTINGENCIES AND COMMITMENTS	17		
		68,175,855	73,888,833

(Rupees in thousand)	Note	2018	2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	18	6,546,461	5,184,739
Investment properties	19	111,613	134,696
Intangible assets	20	67,435	4,688
Investments	21	51,322,973	60,166,443
Long term security deposits		8,534	14,884
Long term loans	22	2,419	3,320
		58,059,435	65,508,770
CURRENT ASSETS			
Stores and spares	23	498,158	422,218
Stock-in-trade	24	3,124,998	1,954,668
Current portion of long term investments	21	10,000	–
Trade debts	25	2,568,727	2,392,215
Loans, advances, deposits, prepayments and other receivables	26	834,800	728,868
Income tax receivable	27	3,017,221	2,699,887
Cash and bank balances	28	62,516	182,207
		10,116,420	8,380,063
		68,175,855	73,888,833

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

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

Statement of Profit or Loss
for the year ended December 31, 2018

(Rupees in thousand)		Note	2018	2017
Local sales			24,781,083	21,358,527
Export sales			40,915	30,422
			24,821,998	21,388,949
Less: Sales tax			3,814,024	3,283,647
Trade discount			308,486	211,456
			4,122,510	3,495,103
Net sales			20,699,488	17,893,846
Cost of sales		29	(17,419,213)	(14,369,523)
Gross profit			3,280,275	3,524,323
Administrative expenses		30	(1,098,040)	(1,009,898)
Distribution and marketing costs		31	(1,167,835)	(917,982)
Other expenses		32	(344,840)	(495,779)
Other income		33	271,793	227,127
			941,353	1,327,791
Finance costs		34	(524,852)	(445,495)
Investment income		35	3,028,883	6,273,905
Profit before taxation			3,445,384	7,156,201
Taxation		36	(709,279)	(939,903)
Profit for the year			2,736,105	6,216,298
Earnings per share				
Basic	Rupees	45.1	29.69	69.05
Diluted	Rupees	45.2	29.18	65.02

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

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

Statement of Comprehensive Income

for the year ended December 31, 2018

(Rupees in thousand)	Note	2018	2017
Profit for the year		2,736,105	6,216,298
Other comprehensive (loss) / income:			
Items that will not be reclassified to profit or loss			
Remeasurements of retirement benefits		(113,586)	(255,149)
Tax effect of remeasurements of retirement benefits	10.2	32,940	76,545
		(80,646)	(178,604)
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of available for sale investments	21.3	(9,123,084)	9,123,085
Other comprehensive (loss) / income for the year - net of tax		(9,203,730)	8,944,481
Total comprehensive (loss) / income for the year		(6,467,625)	15,160,779

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

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

Statement of Changes in Equity

for the year ended December 31, 2018

(Rupees in thousand)	Issued, subscribed and paid up capital		Reserves					Capital and reserves
			Capital reserves			Revenue reserves		
	Ordinary share capital	Preference shares / convertible stock reserve	Share premium	Fair value reserve	Capital redemption reserve	General reserve	Un-appropriated profit	Total
Balance as on January 1, 2017	893,795	606,222	3,766,738	28,858,325	1,615,000	15,310,333	1,734,057	52,784,470
Appropriation of reserves								
Transfer from general reserve	–	–	–	–	–	(1,000,000)	1,000,000	–
Transaction with preference shareholders								
Participating dividend on preference shares	–	–	–	–	–	–	(45,000)	(45,000)
Transaction with owners, recognised directly in equity								
Final dividend for the year ended December 31, 2016 of Rs. 25.00 per share	–	–	–	–	–	–	(2,234,487)	(2,234,487)
Total comprehensive income / (loss) for the year								
Profit for the year	–	–	–	–	–	–	6,216,298	6,216,298
Other comprehensive income / (loss) for the year	–	–	–	9,123,085	–	–	(178,604)	8,944,481
	–	–	–	9,123,085	–	–	6,037,694	15,160,779
Balance as on December 31, 2017	893,795	606,222	3,766,738	37,981,410	1,615,000	14,310,333	6,492,264	65,665,762
Appropriation of reserves								
Transfer to general reserve	–	–	–	–	–	3,000,000	(3,000,000)	–
Transaction with preference shareholders								
Participating dividend on preference shares - note 37	–	–	–	–	–	–	(82,499)	(82,499)
Transaction with owners, recognised directly in equity								
Final dividend for the year ended December 31, 2017 of Rs. 30.00 per share	–	–	–	–	–	–	(2,681,397)	(2,681,397)
Total comprehensive income / (loss) for the year								
Profit for the year	–	–	–	–	–	–	2,736,105	2,736,105
Other comprehensive loss for the year	–	–	–	(9,123,084)	–	–	(80,646)	(9,203,730)
	–	–	–	(9,123,084)	–	–	2,655,459	(6,467,625)
Balance as on December 31, 2018	893,795	606,222	3,766,738	28,858,326	1,615,000	17,310,333	3,383,827	56,434,241

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

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

Statement of Cash Flows

for the year ended December 31, 2018

(Rupees in thousand)	Note	2018	2017
Cash flows from operating activities			
Cash generated from operations	42.1	825,675	2,252,114
Finance cost paid		(465,034)	(477,465)
Income tax paid		(1,075,743)	(1,437,792)
Income tax refunded		100,000	–
Long term loans - net		1,190	2,864
Long term security deposits - net		(6,230)	(1,471)
Payments for accumulating compensated absences		(33,490)	(21,595)
Retirement benefits paid		(23,740)	(21,339)
Net cash (outflow) / inflow from operating activities		(677,372)	295,316
Cash flows from investing activities			
Fixed capital expenditure		(2,215,130)	(1,663,202)
Investments made in equity securities		(289,614)	(958,526)
Investments made in Government securities		–	(1,599,994)
Long term advances - net		20,680	(2,476)
Proceeds from disposal of Government securities		–	1,603,171
Proceeds from disposal of operating fixed assets		60,846	69,455
Dividends received		2,942,799	6,273,905
Net cash inflow from investing activities		519,581	3,722,333
Cash flows from financing activities			
Repayment of long term finances		(1,321,420)	(571,420)
Repayment of liabilities against assets subject to finance lease - net		(13,730)	(10,617)
Participating dividend on preference shares paid		(82,499)	(45,000)
Dividend paid		(2,658,674)	(2,221,580)
Net cash outflow from financing activities		(4,076,323)	(2,848,617)
Net (decrease) / increase in cash and cash equivalents		(4,234,114)	1,169,032
Cash and cash equivalents at the beginning of the year		(117,389)	(1,286,421)
Cash and cash equivalents at the end of the year	42.2	(4,351,503)	(117,389)

Refer note 42.3 for reconciliation of liabilities arising from financing activities.

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

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

Notes to and Forming Part of the Financial Statements

for the year ended December 31, 2018

1. Legal status and nature of business

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

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

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

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

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

2. Basis of preparation

2.1 Statement of compliance

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

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

ii) Provisions of and directives issued under the Act.

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

2.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on January 1, 2018 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except for the following:

IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The Company's accounting treatment is already in line with this interpretation.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2019, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements, except for the following:

IFRS 9, 'Financial instruments': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods ending on or after June 30, 2019. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Company is yet to assess the full impact of this standard.

IFRS 15, 'Revenue from contracts with customers': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts' and related interpretations. The Company is yet to assess the full impact of this standard.

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

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

2.2.3 Changes due to Companies Act, 2017

This was the first year that the Act was applicable to the Company's financial statements. The Act has brought certain changes with regard to the preparation and presentation of the Company's financial statements. These changes also include change in nomenclature of primary statements, etc. Further, the disclosure requirements contained in the Fourth Schedule to the Act have been revised, resulting in the:

- Elimination of duplicative disclosures with the IFRS disclosure requirements; and
- Incorporation of significant additional disclosures.

In view of the above, the presentation of these financial statements has been realigned with the provisions contained in the Act. The application of the Act, however, does not have any impact in the recognition and measurement of the amounts reported in these financial statements.

3. Basis of measurement

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

3.2 Critical accounting estimates and judgements

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

i) Estimated useful lives and residual values of property, plant and equipment - notes 4.2 & 18
ii) Employee retirement and other service benefit obligations - notes 4.8.2, 4.8.3, 11 & 12
iii) Provision for taxation - notes 4.1, 10, 27 & 36
iv) Impairment testing of investments - notes 4.6 and 21

4. Summary of significant accounting policies

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

4.1 Taxation

Income tax comprises current and deferred tax. SECP has registered the Company and its wholly-owned subsidiary Bulleh Shah Packaging (Private) Limited ('BSPPL') (together the 'Group') for the purpose of group taxation under Section 59AA of the Income Tax Ordinance, 2001. Consequent to the filing of application by the Group with the Federal Board of Revenue for group taxation for the tax year 2019, the Group will be taxed as one fiscal unit for the said tax year.

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax 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 statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

Group taxation adjustments

Current and deferred taxes based on the consolidated results of the Group are allocated within the Group on the basis of separate return method, modified for determining realizibility of tax credits and tax losses which are assessed at Group level. Any adjustments in the current and deferred taxes of the Company on account of group taxation are credited or charged to statement of profit or loss in the year in which they arise.

4.2 Property, plant and equipment

4.2.1 Operating fixed assets

4.2.1.1 Owned assets

Operating fixed assets, except freehold land, are stated at cost less accumulated depreciation and any identified impairment loss except for leasehold land which is stated at cost less accumulated amortisation. Freehold land is stated at cost less any identified impairment loss. Cost of leasehold land is amortised using the straight line method over the period of lease term. Cost in relation to certain plant and machinery signifies historical cost, gains and losses transferred from equity on qualifying cash flow hedges as referred to in note 4.16 and borrowing costs as referred to in note 4.14. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Leasehold land	1.01%	to	2.06%
Buildings	2.50%	to	20.00%
Plant and machinery	6.25%	to	50.00%
Other equipment	6.67%	to	50.00%
Furniture and fixtures	10.00%	to	33.33%
Vehicles	20.00%	to	33.33%

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual values and useful lives of its owned assets as at December 31, 2018 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to owned assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed of.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.2.4 to these financial statements.

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

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

4.2.1.2 Leased assets

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

Residual values and the useful lives of leased assets are reviewed at each financial year end and adjusted if impact on depreciation is significant. The Company's estimate of the residual values and useful lives of its leased assets as at December 31, 2018 has not required any adjustment as there were no assets subject to finance lease as at year end.

4.2.2 Capital work-in-progress

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

4.2.3 Major spare parts and stand-by equipment

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

4.2.4 Impairement of non-financial assets

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

4.3 Investment properties

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

Depreciation on buildings is charged to statement of profit or loss on straight-line method so as to write off the depreciable amount of building over its estimated useful life at the rates ranging from 2.50% to 10.00% per annum. Depreciation on additions to investment properties is charged from the month in which a property is acquired or capitalised while no depreciation is charged for the month in which the property is disposed of.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual values and useful lives of its investment properties as at December 31, 2018 has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.2.4 to these financial statements.

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

4.4 Intangible assets

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

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

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

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

Useful lives of intangible assets are reviewed, at each statement of financial position date and adjusted if the impact of on amortisation is significant. The Company's estimate of the useful lives of its intangible assets as at December 31, 2018 has not required any adjustment as its impact is considered insignificant.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.2.4 to these financial statements.

4.5 Leases

(1) The Company is the lessee:

Finance leases

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

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease as referred to in note 8. 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 statement of profit or loss 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 statement of profit or loss on a straight-line basis over the lease / Ijarah term unless another systematic basis is representative of the time pattern of the Company's benefit.

(2) The Company is the lessor:

Operating leases

Assets leased out under operating leases are included in investment properties as referred to in note 19. They are depreciated over their expected useful lives on a basis consistent with similar owned operating fixed assets. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

4.6 Investments

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

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

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

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

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

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

4.7 Financial assets

4.7.1 Classification

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Available for sale financial assets

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

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

d) Held to maturity

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

4.7.2 Recognition and measurement

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

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

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

The Company assesses at each statement of financial position date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss is removed from equity and recognised in the statement of profit or loss. Impairment losses recognised in the statement of profit or loss on equity instruments are not reversed through the statement of profit or loss. Impairment testing of trade debts and other receivables is described in note 4.11.

4.7.3 Financial liabilities

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

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

4.7.4 Offsetting of financial assets and liabilities

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

4.8 Employee benefits

4.8.1 Short term obligations

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

4.8.2 Post employment benefits

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

(i) Defined benefit plans

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

(a) Gratuity plan

There is an approved funded defined benefit gratuity plan for all permanent employees subject to attainment of service of prescribed minimum period. Monthly contributions are made to this fund on the basis of actuarial recommendations at the rate of 4.50% per annum of basic salaries. The latest actuarial valuation for the gratuity scheme was carried out as at December 31, 2018. The actual return on plan assets during the year was Rs. 25.967 million (2017: Rs. 36.179 million). The employees of the Company are entitled to gratuity payments on the basis of their service with the Company and in accordance with the Company policy.

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

Per annum	2018	2017
Discount rate	13.25%	8.25%
Expected rate of increase in salary level	13.25%	8.25%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table
Expected rate of return	13.25%	8.25%

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

The Company is expected to contribute Rs. 26.619 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 statement of profit or loss.

(b) Pension plan

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

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

Defined contribution plan for active employees hired before January 1, 2016; and
Defined benefit plan for pensioners who have retired on or before December 31, 2012.

In respect of the defined contribution plan, the Company contributes 20% of members' monthly basic salary to the scheme; whereas, an employee may or may not opt to contribute 6% of his monthly basic salary to the scheme.

The obligation in respect of the defined benefit plan is determined by the Company's actuary at each year end. Any funding gap identified by the Company's actuary is paid by the Company from time to time. The last actuarial valuation was carried out as at December 31, 2018.

Per annum	2018	2017
Discount rate	13.25%	8.25%
Expected rate of increase in pension level	5.50%	1.00%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table
Expected rate of return	13.25%	8.25%

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

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

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

(ii) Defined contribution plans

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

The Company operates a recognised / approved contributory provident fund for its permanent employees. Equal monthly contributions at the rate of 10.00% per annum of basic salaries plus dearness allowance and cost of living allowance are made by the Company and the employees to the fund. The nature of contributory pension fund has been explained in note 4.8.2(i)(b) above.

4.8.3 Accumulating compensated absences

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

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to statement of profit or loss. The most recent valuation was carried out as at December 31, 2018 using the Projected Unit Credit Method.

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

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

Per annum	2018	2017
Discount rate	13.25%	8.25%
Expected rate of increase in salary level	13.25%	8.25%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table

4.9 Stores and spares

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

4.10 Stock-in-trade

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

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

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

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

4.11 Trade debts and other receivables

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

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

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

4.12 Cash and cash equivalents

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

4.13 Non-current assets / disposal group held for sale

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

4.14 Borrowings

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

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

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

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

4.15 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.16 Derivative financial instruments

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

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

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

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

4.17 Revenue recognition

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

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

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

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

4.18 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees.

b) Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the statement of financial position date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

4.19 Borrowing costs

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

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

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

4.20 Dividend and other appropriations

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

4.21 Compound financial instruments

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

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

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

4.22 Provisions

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

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

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

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

4.23 Share capital

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

4.24 Earnings per share

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

4.25 Contingent liabilities

Contingent liability is disclosed when:

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

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

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

2018	2017		2018	2017
(Number of shares)			(Rupees in thousand)	
		Fully paid ordinary shares of Rs. 10 each as at the beginning and end of the year		
33,603,295	33,603,295	- issued against cash	336,033	336,033
148,780	148,780	- issued against consideration other than cash (property, plant and equipment)	1,488	1,488
5,000,000	5,000,000	- issued against conversion of preference shares / convertible stock	50,000	50,000
50,627,429	50,627,429	- issued as bonus shares	506,274	506,274
89,379,504	89,379,504		893,795	893,795

5.1 26,707,201 (2017: Nil) and Nil (2017: 24,653,801) ordinary shares of the Company are held by the Company's associates, IGI Investments (Private) Limited and IGI Holdings Limited ('IGIHL') respectively.

(Rupees in thousand)	Note	2018	2017
6. Reserves			
Composition of reserves is as follows:			
Capital reserves			
Share premium	6.1	3,766,738	3,766,738
Fair value reserve	6.2	28,858,326	37,981,410
Capital redemption reserve	6.3	1,615,000	1,615,000
		34,240,064	43,363,148
Revenue reserve			
General reserve		17,310,333	14,310,333
		51,550,397	57,673,481

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

6.2 This represents the unrealised gain on remeasurement of investments at fair value and is not available for distribution. This amount shall be transferred to statement of profit or loss on realisation.

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

(Rupees in thousand)	Note	2018	2017
7. Long term finances			
These are composed of:			
Local currency loans - secured			
Long term finance facility I	7.1.1	571,450	1,142,870
Long term finance facility II	7.1.2	750,000	1,500,000
		1,321,450	2,642,870
Preference shares / convertible stock - unsecured	7.2	932,650	932,650
		2,254,100	3,575,520
Current portion shown under current liabilities	13	(1,321,450)	(1,321,420)
		932,650	2,254,100

7.1 Local currency loans - secured

7.1.1 Long term finance facility I

This loan has been obtained from Meezan Bank Limited under the Islamic mode of finance as a Musharika. It is secured by a first pari passu charge over all present and future moveable fixed assets and specific land and buildings of the Company located at Kasur and Karachi amounting to Rs. 2,500 million. The balance is repayable in 2 equal semi-annual instalments ending on December 28, 2019. The loan carries mark-up at the rate of six month Karachi Inter Bank Offered Rate ('KIBOR') plus 0.10% per annum. The effective mark-up charged during the year ranges from 6.31% to 7.14% (2017: 6.24% to 6.31%) per annum.

7.1.2 Long term finance facility II

This represents a Term Finance Facility (the 'Facility') of Rs. 11 billion obtained from Habib Bank Limited to finance the redemption of preference shares issued to International Finance Corporation, Washington D.C, United States of America ('IFC'). The Facility is secured against pledge of Nestle Pakistan Limited's shares owned by the Company under a "Share Pledge Agreement" as referred to note 21.2.2. The Company made a drawdown of Rs. 3,000 million on September 8, 2016 out of which, Rs. 1,500 million was prepaid before December 31, 2016 as permitted under the Facility. As per the agreement, the Company 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% per annum. The balance is repayable in 2 equal semi-annual instalments ending on September 8, 2019. The effective mark-up rate charged during the year ranges from 6.40% to 8.35% (2017: 6.30% to 6.40%) per annum.

7.2 Preference shares / convertible stock - unsecured

During the year 2009, the Company issued 10.00% local currency non-voting preference shares / convertible stock at the rate of Rs. 190 per share amounting to USD 50 million equivalent to Rs. 4,120.50 million under "Subscription Agreement" dated March 25, 2009 with IFC.

Terms of redemption / conversion

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

Rate of return

The preference share / convertible stock holders have a preferred right of return at the rate of 10.00% per annum on a non-cumulative basis till the date of settlement of preference shares / convertible stock either in cash or ordinary shares. In case the amount of dividend paid to an ordinary shareholder exceeds that paid to a preference shareholder, the preference shareholders have the right to share the excess amount with the ordinary shareholders on an as-converted basis.

Preference shares / convertible stock are recognised in the statement of financial position as follows:

(Rupees in thousand)	Note	2018	2017
Face value of preference shares / convertible stock			
[8,186,842 (2017: 8,186,842) shares of Rs. 190 each]		1,555,500	1,555,500
Transaction costs		(16,628)	(16,628)
		1,538,872	1,538,872
Equity component - classified under capital and reserves		(606,222)	(606,222)
Liability component - classified under long term finances	7	932,650	932,650
Accrued return on preference shares / convertible stock			
classified under accrued finance cost	16	155,550	155,550

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

(Rupees in thousand)		Note	2018	2017
8.	**Liabilities against assets subject to finance lease**			
	Present value of minimum lease payments		–	26,084
	Current maturity shown under current liabilities	13	–	(12,889)
			–	13,195

Interest rate used as discounting factor for financial year 2017 ranges from 6.42% to 10.72% 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 statement of financial position 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 2018	2017
Not later than one year	–	–	–	12,889
Later than one year but not later than five years	–	–	–	13,195
	–	–	–	26,084

(Rupees in thousand)		Note	2018	2017
9.	**Long term advances**			
	Long term advances	9.1	94,475	73,795
	Current portion of long term advances	13	(7,192)	(8,008)
			87,283	65,787

9.1 This represents contributions made by employees for purchase of the Company vehicles. The vehicles are transferable to employees at tax written down value after a period of five years.

(Rupees in thousand)		Note	2018	2017
10.	**Deferred taxation**			
	The liability for deferred tax comprises temporary differences relating to:			
	Accelerated tax depreciation		453,493	453,075
	Minimum tax available for carry forward	10.1	–	–
	Provision for accumulating compensated absences		(89,022)	(97,554)
	Others		(2,868)	(11,848)
			361,603	343,673

10.1 Deferred tax asset on tax losses representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 is recognised to the extent that the realisation of related tax benefits through future taxable profits of the Group is probable. The Company has not recognised deferred tax asset of Rs. 265.364 million (2017: Rs. 11.657 million), out of which Rs. 18.394 million is set to lapse in the accounting year 2022 and Rs. 246.969 million is set to lapse in the accounting year 2023, in respect of minimum tax available for carry forward arisen after the formation of the Group as referred to in note 4.1, as sufficient taxable profits would not be available to the Group to utilise these in the foreseeable future. Deferred tax asset has also not been recognised on minimum tax credit prior to the formation of the Group amounting to Rs. 96.690 million (2017: Rs. 212.759 million) as the same can not be realised against the taxable profits of the Group. Presently, the Company does not intend to opt out of the Group in forseeable future. However, in case the Company opts out of the Group, this minimum tax credit will become available for realisation against the taxable profits of the Company. The minimum tax credit prior to formation of the Group is set to lapse in the accounting year 2021.

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

(Rupees in thousand)	Note	2018	2017
Opening balance		343,673	344,085
Charged to statement of profit or loss	36	50,870	76,133
Credited to other comprehensive income ('OCI')		(32,940)	(76,545)
Closing balance		361,603	343,673

11. Retirement benefits

	Note	2018	2017
Pension fund	11.1	244,596	181,715
Gratuity fund	11.1	267,006	176,549
		511,602	358,264

(Rupees in thousand)	Pension fund 2018	Pension fund 2017	Gratuity fund 2018	Gratuity fund 2017
11.1 Amounts recognised in statement of financial position				
The amounts recognised in the statement of financial position are as follows:				
Fair value of plan assets	446,098	521,244	367,720	372,000
Present value of defined benefit obligation	(690,694)	(702,959)	(634,726)	(548,549)
Liability as at December 31	(244,596)	(181,715)	(267,006)	(176,549)
11.1.1 Movement in net liability for retirement benefits				
Net liability as at January 1	(181,715)	(14,983)	(176,549)	(72,321)
Charged to statement of profit or loss	(14,992)	(1,199)	(48,500)	(35,951)
Net remeasurement for the year recorded in OCI	(47,889)	(165,533)	(65,697)	(89,616)
Contribution by the Company	–	–	23,740	21,339
Net liability as at December 31	(244,596)	(181,715)	(267,006)	(176,549)
11.1.2 Movement in present value of defined benefit obligation				
Present value of defined benefit obligation as at January 1	702,959	706,447	548,549	488,985
Service cost	–	–	34,913	31,018
Interest cost	54,907	53,604	43,882	37,736
Benefits paid	(74,823)	(72,795)	(34,653)	(34,122)
Actuarial (gains)/ losses from change in financial assumptions	(21,937)	(19,902)	2,332	106
Experience adjustments	29,588	35,605	39,703	24,826
Present value of defined benefit obligation as at December 31	690,694	702,959	634,726	548,549

(Rupees in thousand)	Pension fund 2018	2017	Gratuity fund 2018	2017
11.1.3 Movement in fair value of plan assets				
Fair value as at January 1	521,244	691,464	372,000	416,664
Interest income on plan assets	39,915	52,405	30,295	32,803
Company contributions	–	–	23,740	21,339
Benefits paid	(74,823)	(72,795)	(34,653)	(34,122)
Return on plan assets, excluding interest income	(40,238)	(149,830)	(23,662)	(64,684)
Fair value as at December 31	446,098	521,244	367,720	372,000

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

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

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

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

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

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

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

(Rupees in thousand)	Pension fund 2018	2017	Gratuity fund 2018	2017
11.1.5 Amounts recognised in the statement of profit or loss				
Current service cost	–	–	34,913	31,018
Interest cost	54,907	53,604	43,882	37,736
Interest income on plan assets	(39,915)	(52,405)	(30,295)	(32,803)
Net expense charged to statement of profit or loss	14,992	1,199	48,500	35,951
11.1.6 Remeasurements charged to OCI				
Actuarial (gains) / losses from change in financial assumptions	(21,937)	(19,902)	2,332	106
Experience adjustments	29,588	35,605	39,703	24,826
Return on plan assets, excluding interest income	40,238	149,830	23,662	64,684
Total remeasurements charged to OCI	47,889	165,533	65,697	89,616

(Rupees in thousand)		Pension fund 2018	Pension fund 2017	Gratuity fund 2018	Gratuity fund 2017
11.1.7	**Plan assets**				
	Plan assets are comprised as follows:				
	Debt instruments	257,175	225,959	219,160	182,838
	Shares and units of mutual funds	184,327	277,562	145,616	177,332
	Cash at banks	4,506	14,751	2,942	11,830
	Others	90	2,972	–	–
		446,098	521,244	367,718	372,000

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

(Rupees in thousand)	2018	2017	2016	2015	2014
As at December 31					
Present value of defined benefit obligation	(690,693)	(702,959)	(706,447)	(651,753)	(641,863)
Fair value of plan assets	446,097	521,244	691,464	627,009	700,115
(Deficit) / surplus	(244,596)	(181,715)	(14,983)	(24,744)	58,252
Experience adjustment on obligation	4%	5%	4%	-5%	2%
Experience adjustment on plan assets	-9%	-28%	12%	-11%	24%

Fair value of plan assets include ordinary shares of the Company, whose fair value as at December 31, 2018 is Rs. 255.381 million (2017: Rs. 336.507 million).

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

(Rupees in thousand)	2018	2017	2016	2015	2014
As at December 31					
Present value of defined benefit obligation	(634,725)	(548,549)	(488,985)	(378,247)	(309,873)
Fair value of plan assets	367,718	372,000	416,664	362,566	339,502
(Deficit) / surplus	(267,007)	(176,549)	(72,321)	(15,681)	29,629
Experience adjustment on obligation	6%	5%	13%	6%	13%
Experience adjustment on plan assets	-6%	-17%	13%	1%	21%

Fair value of plan assets include ordinary shares of the Company, whose fair value as at December 31, 2018 is Rs. 40.420 million (2017: Rs. 53.274 million).

(Rupees in thousand)		2018 Pension fund	2018 Gratuity fund
11.1.10	**Sensitivity analysis**		
	Year end sensitivity analysis on defined benefit obligations are as follows:		
	Discount rate + 100 bps	647,578	587,437
	Discount rate - 100 bps	739,507	689,198
	Salary indexation + 100 bps	739,704	689,176
	Salary indexation - 100 bps	646,931	586,610

(Rupees in thousand)		Note	2018	2017
12.	**Deferred liabilities**			
	This represents provision made to cover the obligation for accumulating compensated absences			
	Opening balance		325,181	304,996
	Charged to statement of profit or loss	12.2	64,397	41,780
			389,578	346,776
	Payments made during the year		(33,490)	(21,595)
	Closing balance	12.1	356,088	325,181
12.1	**Movement in liability for accumulating compensated absences**			
	Present value of obligation as at January 1		325,181	304,996
	Current service cost		13,478	11,500
	Interest cost on defined benefit obligation		25,446	23,524
	Benefits paid during the year		(33,490)	(21,595)
	Remeasurement during the year		25,473	6,756
	Present value of obligation as at December 31		356,088	325,181
12.2	**Charged during the year**			
	Current service cost		13,478	11,500
	Interest cost		25,446	23,524
	Remeasurement during the year		25,473	6,756
	Expense charged to the statement of profit or loss		64,397	41,780

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

(Rupees in thousand)	2018	2017	2016	2015	2014
As at December 31					
Present value of accumulating compensated absences	356,088	325,181	304,996	201,576	174,581
Actuarial remeasurements	25,473	6,756	105,787	28,195	30,965

(Rupees in thousand)		2018 Accumulating compensated absences
12.4	**Sensitivity analysis**	
	Year end sensitivity analysis on defined benefit obligation are as follows:	
	Discount rate + 100 bps	330,423
	Discount rate - 100 bps	385,905
	Salary indexation + 100 bps	385,433
	Salary indexation - 100 bps	330,374

(Rupees in thousand)		Note	2018	2017
13.	**Current portion of non-current liabilities**			
	Current portion of long term finances - secured	7	1,321,450	1,321,420
	Current portion of liabilities against assets subject to finance lease	8	–	12,889
	Current portion of long term advances	9	7,192	8,008
			1,328,642	1,342,317
14.	**Finances under mark up arrangements - secured**			
	Running finances - secured	14.1	3,464,019	299,596
	Bills discounted - secured	14.2	–	–
	Short term finances - secured	14.3	950,000	–
			4,414,019	299,596

14.1 Running finances - secured

Short term running finances available from a consortium of commercial banks under mark-up arrangements amount to Rs. 6,860 million (2017: Rs. 7,910 million) per annum. The rates of mark-up are based on KIBOR plus spread and range from 6.22% to 11.00% (2017: 6.15% to 7.40%) per annum or part thereof on the balances outstanding. In the event the Company fails to pay the balances on the expiry of the quarter, year or earlier demand, mark-up is to be computed at the rates ranging from 7.46% to 13.20% (2017: 7.38% to 9.03%) per annum or part thereof on the balances unpaid. The aggregate running finances are secured by hypothecation of stores, spares, stock-in-trade and trade debts.

14.2 Bills discounted - secured

Facilities for discounting of export / inland bills of Rs. 481 million (2017: Rs. 631 million) are available to the Company as a sub-limit of the running finance facilities referred to in note 14.1. Mark-up is fixed as per mutual agreement at the time of transaction. The outstanding balance of bills discounted is secured, in addition to the securities referred to in note 14.1, on the specific bills discounted. The facility has not been availed in the current year.

14.3 Short term finances - secured

Facilities for obtaining short term finances of Rs. 6,535 million (2017: Rs. 7,135 million) per annum are available to the Company as a sub-limit of the running finance facilities referred to in note 14.1. The rates of mark-up are based on KIBOR plus spread ranging from 6.40% to 10.59% (2017: 6.04% to 6.15%) per annum or part thereof on the balances outstanding.

14.4 Letters of credit and bank guarantees

Of the aggregate facilities of Rs. 5,939 million (2017: Rs. 6,489 million) for opening letters of credit (a sublimit of running finance facilities) and Rs. 1,294 million (2017: Rs. 794.350 million) for guarantees, the amounts utilised at December 31, 2018 were Rs. 531.198 million (2017: Rs. 715.560 million) and Rs. 511.967 million (2017: Rs. 189.474 million) respectively. Guarantees issued includes an amount of Rs. 181 million (2017: Nil) which has been issued in favour of a customer under an agreement whereby the Company has committed to purchase and install certain plant and machinery at its Lahore premises by December 1, 2019. Under the agreement, the customer is required to contribute Rs. 181 million as its share towards the cost of said plant and machinery. The contribution has been received by the Company subsequent to year end.

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

(Rupees in thousand)	Note	2018	2017
15. Trade and other payables			
Trade creditors	15.1	1,316,197	1,435,501
Accrued liabilities	15.2 & 15.3	894,669	507,854
Bills payable		188,356	140,178
Sales tax payable		6,490	–
Withholding sales tax payable		8,099	6,398
Advances from customers	15.4	57,585	41,816
Payable to retirement funds	15.5	20,302	17,165
Deposits - interest free and repayable on demand	15.6	7,523	7,193
Profit payable on Term Finance Certificates ('TFCs')	28.3	1,332	1,332
Workers' profit participation fund	15.7	896,439	778,948
Workers' welfare fund	15.8	–	17,065
Others	15.9	41,353	38,441
		3,438,345	2,991,891
15.1 Trade creditors include amounts due to related parties as follows:			
Subsidiaries			
DIC Pakistan Limited		90,945	87,381
Bulleh Shah Packaging (Private) Limited		377,422	281,683
Associates			
Tri-Pack Films Limited		22,884	47,378
IGI Holdings Limited		11,415	11,206
IGI Life Insurance Limited		2	3,597
		502,668	431,245
15.2 Accrued liabilities include amounts due to related parties as follows:			
Subsidiary			
DIC Pakistan Limited		477	1,082
Associate			
IGI Life Insurance Limited		4,917	5,028
		5,394	6,110

15.3 Included in accured liabilities is a provision amounting to Rs. 357.590 million (2017: Rs. 125.000 million) in respect of rent of land on lease from the Government of the Punjab ('GoPb') for the period from December 2015 to December 2018 as referred to in note 18.1.3.

(Rupees in thousand)	2018	2017
15.4 Advances from customers include amounts due to related parties as follows:		
Subsidiary		
Bulleh Shah Packaging (Private) Limited	324	–
Associate		
Tri-Pack Films Limited	–	432
	324	432

(Rupees in thousand)	Note	2018	2017
15.5 Payable to retirement funds			
Employees' provident fund	15.5.1	10,925	9,685
Employees' gratuity fund		1,971	1,787
Management staff pension fund	15.5.2	7,407	5,693
		20,303	17,165

15.5.1 Employees' provident fund related disclosure

All investments in collective investment schemes, listed equity, and listed debt securities out of provident fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified thereunder and subject to the regulations formulated for this purpose in terms of SRO 731(I)/2018 issued by SECP on June 6, 2018.

15.5.2 Management staff pension fund related disclosure

All investments in collective investment schemes, listed equity, and listed debt securities out of pension fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified thereunder and subject to the regulations formulated for this purpose in terms of SRO 731(I)/2018 issued by SECP on June 6, 2018.

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

(Rupees in thousand)	Note	2018	2017
15.7 Workers' profit participation fund			
Opening balance		778,948	489,671
Provision for the year	32	181,336	377,540
		960,284	867,211
Payments made during the year		(63,845)	(88,263)
Closing balance	15.7.1	896,439	778,948

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

(Rupees in thousand)	Note	2018	2017
15.8 Workers' welfare fund			
Opening balance		17,065	7,351
Provision for the year	32	–	17,065
Reversal of excess provision of prior years	33	(1,176)	(7,351)
		15,889	17,065
Payments made during the year		(15,889)	–
Closing balance		–	17,065
15.9 Others include amounts due to the following related party:			
Subsidiary			
Packages Power (Private) Limited		–	328

(Rupees in thousand)	Note	2018	2017
16. Accrued finance cost			
Accrued mark-up / return on:			
Long term local currency loans - secured		19,731	30,247
Preference shares / convertible stock - unsecured	7.2	155,550	155,550
Finances under mark-up arrangements - secured		74,071	3,963
		249,352	189,760

17. Contingencies and commitments

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

(i) Claims against the Company by ex-employees not acknowledged as debts amounting to Rs. 17.885 million (2017: Rs. 28.294 million).

(ii) Standby letter of credit issued by Habib Bank Limited - Pakistan ('HBL Pakistan') in favour of Habib Bank Limited - Bahrain ('HBL Bahrain') on behalf of the Company amounting to USD 7.111 million equivalent to Rs. 989.176 million (2017: USD 11.063 million equivalent to Rs. 1,223.503 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL'), wholly-owned subsidiary of the Company. The standby letter of credit is secured against pledge of Nestle Pakistan Limited's shares owned by the Company as referred to in note 21.2.2.

17.2 Commitments in respect of:

(i) Letters of credit and contracts for capital expenditure Rs. 89.872 million (2017: Rs. 353.626 million).

(ii) Letters of credit and contracts for other than for capital expenditure Rs. 284.192 million (2017: Rs. 458.930 million).

(Rupees in thousand)	Note	2018	2017
18. Property, plant and equipment			
Operating fixed assets			
Owned assets	18.1	5,405,501	4,168,989
Assets subject to finance lease	18.2	–	29,021
		5,405,501	4,198,010
Capital work-in-progress	18.3	1,081,755	925,160
Major spare parts and stand-by equipment	18.4	59,205	61,569
		6,546,461	5,184,739

18.1 Owned assets

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

(Rupees in thousand)	Note	Cost as at January 1, 2017	Addition / (deletions)	Transfer (out) in	Cost as at December 31, 2017	Accumulated depreciation as at January 1, 2017	Depreciation charge / (deletions) for the year	Transfer in	Accumulated depreciation as at December 31, 2017	Book value as at December 31, 2017
					2017					
Freehold land		207,543	121,247	–	328,790	–	–	–	–	328,790
			–	–			–	–		
Buildings on freehold land		537,991	47,490	–	585,481	179,923	22,624	–	202,547	382,934
			–	–			–	–		
Buildings on leasehold land	18.1.3	189,589	–	–	189,589	111,666	8,458	–	120,124	69,465
			–	–			–	–		
Plant and machinery		7,374,182	444,675	–	7,697,638	4,401,082	502,340	–	4,784,607	2,913,031
			(121,219)	–			(118,815)	–		
Other equipment (computers, lab equipment and other office equipment)		815,711	103,814	–	910,568	579,688	96,992	–	668,118	242,450
			(8,957)	–			(8,562)	–		
Furniture and fixtures		15,671	4,719	–	20,327	13,751	742	–	14,430	5,897
			(63)	–			(63)	–		
Vehicles		314,831	100,845	1,549	340,782	109,279	32,060	557	114,360	226,422
			(76,443)	–			(27,536)	–		
		9,455,518	822,790	1,549	10,073,175	5,395,389	663,216	557	5,904,186	4,168,989
			(206,682)	–			(154,976)	–		

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

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

18.1.2 The cost of fully depreciated assets which are not in use as at December 31, 2018 is Rs. 2,914.481 million (2017: Rs. 2,669.240 million).

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

The management has, on the basis of assessment of fair value of the said portion of land by an independent valuer and its understanding of the prevalent market terms relating to rent of such properties in the vicinity of the said portion of land, booked a provision of Rs. 357.590 million (2017: Rs. 125.000 million) in respect of rent for the period from December 2015 to December 2018. The management is confident that the final amount of rent will be in congruence with the provision made in these financial statements, inter alia on the basis of the fair value determined by the independent valuer and the relevant facts and circumstances. Furthermore, the management also intends to acquire the title of the said portion of land when the open auction takes place and is confident that it will be able to meet the highest bid.

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

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

(Rupees in thousand)	Note	2018	2017
Cost of sales	29	660,230	616,076
Administrative expenses	30	65,128	34,131
Distribution and marketing costs	31	15,714	13,009
		741,072	663,216

18.1.6 Disposal of Operating fixed assets

Detail of Operating fixed assets disposed off during the year 2018 & 2017 is as follows:

(Rupees in thousand)				2018		
Particulars of assets	Sold to	Cost	Book value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal
Vehicles	**Employees**					
	Abdul Razzaq	1,498	629	849	220	As per Company policy
	Armaghan Ahmed	1,054	854	831	(23)	- do -
	Awais Amjad	1,518	987	1,059	72	- do -
	Faizan Mir	732	703	622	(81)	- do -
	Bilal Ahmad	1,512	1,043	1,058	15	- do -
	Farheen Ahmad	1,719	1,358	1,251	(107)	- do -
	Ishtiaq Ahmad Noor	1,512	847	1,063	216	- do -
	Khalid Yacob	2,512	1,005	1,030	25	- do -
	Mansoor Hassan Bhatti	2,383	953	1,149	196	- do -
	Khalid Yacob	1,723	689	689	-	- do -
	Laila Hussain	732	703	695	(8)	- do -
	Mauooz Ul Hassan	732	651	622	(29)	- do -
	Mehreen Bilal	1,530	642	1,512	870	- do -
	Mobin Javed	1,261	504	788	284	- do -
	Mohammad Akmal	1,751	771	1,054	283	- do -
	Moiz Ahmad	1,282	859	855	(4)	- do -
	Muhammad Atif	732	608	622	14	- do -
	Muhammad Azam Uddin	1,788	1,395	1,428	33	- do -
	Muhammad Bilal Ashraf	1,327	1,009	999	(10)	- do -
	Muhammad Jamil Anjum	1,230	517	760	243	- do -
	Muhammad Nasir Islam	1,314	539	832	293	- do -
	Muhammad Saeed	1,563	625	1,038	413	- do -
	Mukkaram Javed Naushahi	1,250	1,100	1,063	(37)	- do -
	Omer Ejaz	1,514	605	1,207	602	- do -
	Osaid Ur Rehman	708	595	602	7	- do -
	Owais Khan	688	544	498	(46)	- do -
	Rabia Batool	1,094	755	790	35	- do -
	Rehan Yacob	2,428	1,894	2,090	196	- do -
	Imtiaz Ahmad	1,527	1,161	1,189	28	- do -
	Syed Noman Shah	703	591	598	7	- do -
	Shafique Tahir	1,391	1,294	1,391	97	- do -
	Shakir Zia	2,171	1,259	1,352	93	- do -
	Soban Waqar	1,054	885	762	(123)	- do -
	Sulaiman Abdul Rehman	1,537	1,337	1,308	(29)	- do -
	Syed Hassan Jawad	1,327	1,181	1,136	(45)	- do -
	Syed Wasik Ali	1,512	983	1,058	75	- do -
	Talha Ahmad Iftikhar	1,657	1,425	1,465	40	- do -
	Tariq Azam Khan	1,129	903	960	57	- do -
	Usman Akram	1,034	755	635	(120)	- do -
	Zeeshan Bahadur	708	573	513	(60)	- do -
	Muhammad Tariq	1,022	419	590	171	- do -
	Muhammad Ilyas	669	288	298	10	- do -
	Farhan Amin	669	281	298	17	- do -
	Mian Abdul Rashid Shaheen	1,034	455	598	143	- do -
	Nasir Mehmood Butt	985	394	577	183	- do -
	Sikandar Abbas	1,032	413	599	186	- do -
	Ali Iqbal Rabbani	800	328	406	78	- do -
	Outsiders					
	IGI General Insurance Limited - related party (associate)	1,678	1,544	1,675	131	Insurance Claim
	Anjum Javed	708	573	602	29	Negotiation
	Hina Kanwal	1,327	1,194	1,327	133	- do -
	Khurram Imtiaz	1,584	776	1,378	602	- do -
	Nazim Hussain	1,094	897	930	33	- do -
	Zahid Maqbool	1,078	614	912	298	- do -
	Kashif Mehmood	673	269	299	30	- do -
	Ahmad Kamal Khan	22	-	5	5	- do -
	Ahmad Kamal Khan	460	-	345	345	- do -
	Umer Farooq Bajwa	681	306	302	(4)	- do -
	Adnan Qureshi	861	215	940	725	- do -
	Irfan Khan	1,834	459	1,140	681	- do -
	Margalla Motors	822	206	400	194	- do -
	Muhammad Asim Mumtaz	981	392	763	371	- do -
	Shahid Ali Khan Lodhi	964	386	605	219	- do -
	Khurram Imtiaz	1,027	411	702	291	- do -
	Zafar Haider	1,056	422	680	258	- do -
	Muhammad Asif Ameer	1,050	420	420	-	- do -
	Sabih Ahmad Jilani	683	348	357	9	- do -
	Carried Forward	79,631	47,741	56,571	8,830	

(Rupees in thousand)				2018		
Particulars of assets	**Sold to**	**Cost**	**Book value**	**Sales proceeds**	**Gain / (loss) on disposal**	**Mode of disposal**
	Brought Forward	79,631	47,741	56,571	8,830	
	Abdul Qayum Nadim	672	269	298	29	- do -
	M/s Echo Supplies	155	-	336	336	- do -
	Syed Ali Hassan Shah	460	38	38	-	- do -
	Items retired as no longer usable	24,752	62	-	(62)	Scrapped
Plant and machinery	Items sold	87,296	63	2,822	2,759	Negotiation
	Items retired as no longer usable	152,176	5	-	(5)	Scrapped
Other equipment	Items sold	11,359	23	781	758	Negotiation
	Items retired as no longer usable	168,092	462	-	(462)	Scrapped
Furniture and fittings	Items retired as no longer usable	3,504	-	-	-	Scrapped
Buildings on freehold land	Items retired as no longer usable	4,036	-	-	-	Scrapped
Buildings on leasehold land	Items retired as no longer usable	191	-	-	-	Scrapped
		532,324	48,663	60,846	12,183	

(Rupees in thousand)				2017		
Particulars of assets	Sold to	Cost	Book value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal
Plant and machinery	**Employees**					
	Muhammad Sultan	716	-	109	109	Negotiation
	Nazir Ahmed	2,590	-	372	372	-do-
	Outsider					
	Bulleh Shah Packaging (Private) Limited - related party (subsidiary)	13,588	1,770	1,770	-	Negotiation
	Bulleh Shah Packaging (Private) Limited - related party (joint venture)	3,780	256	256	-	- do -
	M/s Boss Link Pakistan Company	20,077	-	91	91	- do -
	M/s Noshahi Enterprises	169	-	1,099	1,099	- do -
	M/s Boss Link Pakistan Company	10,021	-	1,189	1,189	- do -
	M/s Al-Madina Engineering	22,528	-	2,941	2,941	- do -
	Items retired as no longer usable	47,750	378	-	(378)	Scrapped
Vehicles	**Employees**					
	Ameer Taimoor Ali	1,019	917	901	(16)	As per Company policy
	Anis Ahmed	1,495	598	1,013	415	- do -
	Arslan Bashir	1,297	1,141	1,126	(15)	- do -
	Ather Ayub Khan	3,742	2,545	3,116	571	- do -
	Gohar Ali Shahzad	1,788	1,609	1,592	(17)	- do -
	Hammas Ali Naik	1,391	1,308	1,391	83	- do -
	Kashif Ahmed	1,560	874	982	108	- do -
	Major (r) Fazal Ahmad	1,760	1,338	1,412	74	- do -
	Major (r) Shoib Nangiana	1,365	546	769	223	- do -
	Mehreen Zafar	1,057	719	651	(68)	- do -
	Mian Javaid Iqbal	1,555	622	1,197	575	- do -
	Mudassar Anjum	1,788	1,591	1,547	(44)	- do -
	Muhammad Ahmad	1,534	1,227	1,393	166	- do -
	Muhammad Ashiq	1,640	1,279	1,403	124	- do -
	Muhammad Farhan	2,383	1,168	1,830	662	- do -
	Muhammad Rizwan	1,438	575	963	388	- do -
	Mumtaz Ali	1,020	551	646	95	- do -
	Munir Alam Shah	708	694	626	(68)	- do -
	Musab Mukhtar Malik	1,112	734	792	58	- do -
	Mustansar Bashir	1,973	789	1,380	591	- do -
	Nauman Noor	1,548	741	982	241	- do -
	Raheel Shakeel	1,014	852	897	45	- do -
	Raja Asad	1,807	1,608	1,653	45	- do -
	Shahid Islam	700	525	430	(95)	- do -
	Shahida Naeem	1,680	672	1,021	349	- do -
	Subbayal Najeeb	1,039	821	820	(1)	- do -
	Subhan Zahid	2,017	2,017	2,017	-	- do -
	Syed Baqir Ali Shah	1,498	869	939	70	- do -
	Syed Rizwan Ali	708	637	650	13	- do -
	Syed Zia Ul Hassan	1,642	1,495	1,453	(42)	- do -
	Tahira Yasmeen	1,275	574	832	258	- do -
	Umer Shabbir	678	617	678	61	- do -
	Usaid Faizi	1,014	963	894	(69)	- do -
	Carried Forward	169,464	35,620	45,823	10,203	

(Rupees in thousand)				2017		
Particulars of assets	Sold to	Cost	Book value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal
	Brought Forward	169,464	35,620	45,823	10,203	
	Uzair Haseeb	688	599	585	(14)	- do -
	Waqas Munir	2,448	1,836	1,999	163	- do -
	Zeeshan Akram	1,000	640	694	54	- do -
	Zeeshan Akram	1,667	1,584	1,667	83	- do -
	Abdul Rehman	750	300	418	118	- do -
	Adnan Tufail	1,050	431	485	54	- do -
	Akhtar Bashir	1,003	411	590	179	- do -
	Zia Ur Rehman	683	485	431	(54)	- do -
	Adi J Cawasji	1,286	322-	322	-	- do -
	Syed Ghani Shah	601	240	283	43	- do -
	Syed Imran Adil	749	300	396	96	- do -
	Zehra Qaiser	825	330	435	105	- do -
	Muhammad Abbas	850	349	456	107	- do -
	Hina Jamil	860	344	464	120	- do -
	Kamal Bariq	650	260	291	31	- do -
	Samreen Saleem	647	278	459	181	- do -
	Usman Tahir	707	283	416	133	- do -
	Rizwan Ahmad Butt	923	369	738	369	- do -
	Muhammad Usman	1,191	488	697	209	- do -
	Nazish Siddique	707	283	314	31	- do -
	Outsider - related parties					
	IGI Holdings Limited (associate)	1,811	1,141	1,313	172	Insurance Claim
	Bulleh Shah Packaging (Private) Limited (subsidiary)	1,533	1,487	1,487	-	Negotiation
	Packages Real Estate (Private) Limited [formerly Packages Construction (Private) Limited] (subsidiary)"	1,549	991	378	(613)	-do-
	Outsiders					
	Farid Khan	1,394	558	1,260	702	Negotiation
	Akhtar Javed	1,145	462	1,031	569	-do-
	Ayesha Siddiq	800	472	1,024	552	-do-
	Bilal Wayne	681	448	496	48	-do-
Other equipment	Items sold	6,863	326	1,069	743	Negotiation
	Items retired as no longer usable	2,094	69	-	(69)	Scrapped
Furniture and fittings	Items retired as no longer usable	63	-	-	-	Scrapped
		206,682	51,706	66,021	14,315	

18.2 Assets subject to finance lease

(Rupees in thousand)	2018 Cost as at January 1, 2018	Additions / (deletions)	Transfer (out)	Cost as at December 31, 2018	Accumulated depreciation as at January 1, 2018	Depreciation charge / for the year	Transfer (out)	Accumulated depreciation as at December 31, 2018	Book value as at December 31, 2018
Vehicles	45,548	–	–	–	16,527	910	–	–	–
		–	(45,548)			–	(17,437)		
	45,548	–	–	–	16,527	910	–	–	–
		–	(45,548)			–	(17,437)		

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

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

(Rupees in thousand)	Note	2018	2017
Cost of sales	29	86	817
Administrative expenses	30	824	4,684
		910	5,501

18.2.2 Disposals of assets subject to finance lease

There were no disposals of assets subject to finance lease in 2018. Detail of assets subject to finance lease disposed of during 2017 is as follows:

(Rupees in thousand)				2017			
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Gain/(loss) on disposal	Mode of disposal
Vehicles	**Employees**						
	Musa Naseer	2,146	429	1,717	1,717	–	As per Company policy
	Muhammad Yousaf	1,094	77	1,017	1,017	–	- do -
	Zafar Nagra	1,034	176	858	858	–	- do -
		4,274	682	3,592	3,592	–	

18.3 Capital work-in-progress

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

(Rupees in thousand)	2017								
	Balance as at January 1, 2017	Capital expenditure incurred during the year	Advances given during the year	Transfers within capital work in progress	Charged off during the year	Transfers to operating fixed assets	Transfers to other assets	Transfer to investment properties	Balance as at December 31, 2017
Civil works and other equipment	4,050	133,853	–	657	(144)	(23,547)	–	(7,072)	107,797
Plant and machinery	65,278	1,110,510	–	47,092	(9,299)	(444,032)	–	–	769,549
Advances to suppliers	35,690	–	214,864	(47,749)	–	(154,455)	(536)	–	47,814
	105,018	1,244,363	214,864	–	(9,443)	(622,034)	(536)	(7,072)	925,160

18.3.1 Plant and machinery includes machinery in transit amounting Nil (2017: Rs. 9.497 million).

(Rupees in thousand)	2018	2017
18.4 Major spare parts and stand-by equipment		
Balance at the beginning of the year	61,569	61,729
Additions during the year	2,633	1,831
Transfers made during the year	(4,997)	(1,991)
Balance at the end of the year	59,205	61,569

19. Investment Properties

(Rupees in thousand)	Note	2018 Cost as at January 1, 2018	Additions / (deletions)	Transfer in / (out)	Cost as at December 31, 2018	Accumulated depreciation as at January 1, 2018	Depreciation charge for the year	Transfer out	Accumulated depreciation as at December 31, 2018	Book value as at December 31, 2018
Land	19.2	76,695	–	448	77,143	–	–	–	–	77,143
			–	–						
Buildings on freehold land		96,908	–	6,492	54,205	60,859	1,784	–	39,812	14,393
			–	(49,195)				(22,831)		
Buildings on leasehold land		39,575	–	–	39,575	17,623	1,875	–	19,498	20,077
			–					–		
		213,178	–	6,940	170,923	78,482	3,659	(22,831)	59,310	111,613
			–	(49,195)						

(Rupees in thousand)	Note	2017 Cost as at January 1, 2017	Additions / (deletions)	Transfer in	Cost as at December 1, 2017	Accumulated depreciation as at January 1, 2017	Depreciation charge for the year	Transfer in	Accumulated depreciation as at December 31, 2017	Book value as at December 31, 2017
Land	19.2	76,695	–	–	76,695	–	–	–	–	76,695
			–	–						
Buildings on freehold land		89,836	–	7,072	96,908	57,233	3,626	–	60,859	36,049
Buildings on leasehold land		39,575	–	–	39,575	15,694	1,929	–	17,623	21,952
			–					–		
		206,106	–	7,072	213,178	72,927	5,555	–	78,482	134,696

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

19.2 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 (2017: Rs. 6.149 million) and all present and future moveable fixed assets and buildings of Packages Real Estate (Private) Limited ('PREPL') [formerly Packages Construction (Private) Limited] in aggregate (the 'Mortgaged Security'), have been mortgaged under a first exclusive equitable charge of Rs. 7,333 million (2017: Rs. 7,333 million) in favour of MCB Bank Limited against a term finance facility of upto Rs. 4,500 million (2017: Rs. 4,500 million) and a running finance facility of upto Rs. 1,000 million (2017: Rs. 1,000 million) provided to PREPL by MCB Bank Limited under a tri-partite agreement between the Company, MCB Bank Limited and PREPL. The Mortgaged Security has also been mortgaged under a first pari passu charge in favour of Allied Bank Limited against a term finance facility of upto Rs. 3,500 million (2017: Rs. 3,500 million) provided to PREPL by Allied Bank Limited under a tri-partite agreement between the Company, Allied Bank Limited and PREPL.

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

Location	Usage of immovable property	Total area (in Acres)
Shahrah-e-Roomi, Lahore, Punjab	Rented out	16.59
Lakho Baryar, Kasur, Punjab	Rented out	15.00
Dullu Kalan, Lahore, Punjab	Rented out	16.48
Depalpur, Punjab	Kept for capital appreciation	13.39
Pakpattan, Punjab	Kept for capital appreciation	21.00
Faizabad, Punjab	Kept for capital appreciation	8.80
Hunjra, Punjab	Kept for capital appreciation	10.00
Korangi Industrial Area, Karachi, Sindh	Rented out	3.33

19.4 Fair value of the investment properties, based on the valuation carried out by an independent valuer, as at December 31, 2018 is Rs. 4,209.399 million (2017: Rs. 3,877.830 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 46.5.

Valuation techniques used to derive level 2 fair values

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

(Rupees in thousand)	Note	2018	2017
20. Intangible assets			
This represents computer software, website development costs and ERP system.			
Cost			
As at January 1		194,233	194,233
Additions / transfers during the year		72,796	–
Deletions during the year		(2,139)	–
As at December 31		264,890	194,233
Accumulated amortisation			
As at January 1		(190,571)	(184,367)
Amortisation for the year	20.1	(9,023)	(6,204)
Amortisation on deletions for the year		2,139	–
As at December 31		(197,455)	(190,571)
Intangible assets under development		–	1,026
Book value as at December 31		67,435	4,688

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

(Rupees in thousand)	Note	2018	2017
Cost of sales	29	4,128	5,411
Administrative expenses	30	2,977	793
Distribution and marketing expenses	31	1,918	–
		9,023	6,204
21. Investments			
These represent the long term investments in:			
Related parties - at cost	21.1	18,474,716	18,185,102
Others - available for sale	21.2	32,858,257	41,981,341
		51,332,973	60,166,443
Current portion shown under current assets	21.2.4	(10,000)	–
		51,322,973	60,166,443

(Rupees in thousand)	Note	2018	2017
21.1 Related parties - at cost			
Subsidiaries - unquoted			
DIC Pakistan Limited, Pakistan			
3,377,248 (2017: 3,377,248) fully paid ordinary shares of Rs. 10 each Equity held 54.98% (2017: 54.98%)		15,010	15,010
Packages Real Estate (Private) Limited [formerly Packages Construction (Private) Limited], Pakistan			
302,500,000 (2017: 302,500,000) fully paid ordinary shares of Rs. 10 each Equity held 75.16% (2017: 75.16%)		3,019,090	3,019,090
Packages Lanka (Private) Limited, Sri Lanka			
44,698,120 (2017: 44,698,120) shares of SL Rupees 10 each Equity held 79.07% (2017: 79.07%)		442,938	442,938
Anemone Holdings Limited, Mauritius			
3,846,215 (2017: 1,534,055) shares of USD 1 each Equity held 100.00% (2017: 100.00%)	21.1.1	451,237	161,623
Packages Power (Private) Limited, Pakistan			
2,500,000 (2017: 2,500,000) fully paid ordinary shares of Rs. 10 each Equity held 100.00% (2017: 100.00%)		25,000	25,000
Bulleh Shah Packaging (Private) Limited, Pakistan			
1,091,873,871 (2017: 1,091,873,871) fully paid ordinary shares of Rs. 10 each Equity held 100.00% (2017: 100%)	21.1.2	10,807,230	10,807,230
		14,760,505	14,470,891
Joint venture - unquoted			
OmyaPack (Private) Limited, Pakistan			
31,000,000 (2017: 31,000,000) fully paid ordinary shares of Rs. 10 each Equity held 50.00% (2017: 50.00%)		310,000	310,000
Associates - quoted			
IGI Holdings Limited, Pakistan			
15,033,433 (2017: 13,072,093) fully paid ordinary shares of Rs. 10 each Equity held 10.54% (2017: 10.54%) Market value - Rs. 3,024.248 million (2017: Rs. 3,828.720 million)	21.1.3	896,311	896,311
Tri-Pack Films Limited, Pakistan			
12,933,333 (2017: 12,933,333) fully paid ordinary shares of Rs. 10 each Equity held 33.33% (2017: 33.33%) Market value - Rs. 1,184.901 million (2017: Rs. 1,808.985 million)		2,507,900	2,507,900
		3,404,211	3,404,211
		18,474,716	18,185,102

21.1.1 During the year, the Company contributed USD 2.312 million equivalent to Rs. 289.614 million (2017: USD 1.183 equivalent to Rs. 124.948 million) as equity in AHL by remitting the loan payment due by AHL to HBL Bahrain under the finance facility agreement as referred to in note 17.1.

21.1.2 Based on the following impairment indicators applicable to BSPPL, an impairment test has been carried out by the management during the year:

Decrease in the economic performance of BSPPL; and

Significant change in the economic conditions.

The recoverable amount of investment in BSPPL has been determined based on 'fair value less costs of disposal'. The 'fair value less costs of disposal' has been worked out by the management using income approach. Moreover, 'fair value less costs of disposal' has also been materially assessed by an independent valuer using cost approach. Since the recoverable amount of the investment worked out in both instances is higher than its carrying value, therefore, no impairment loss has been recognized in these financial statements.

21.1.3 The Company's investment in IGIHL is less than 20.00% but it is considered to be an associate as per the requirement of IAS 28, 'Investments in Associates' because the Company has significant influence over the financial and operating policies through representation on the board of directors of IGIHL. Consequently, following subsidiaries of IGIHL have also been considered as associates of the Company:

IGI General Insurance Limited

IGI Life Insurance Limited

IGI Investments (Private) Limited

IGI Finex Securities Limited

(Rupees in thousand)		Note	2018	2017
21.2	**Others - available-for-sale**			
	Quoted			
	Nestle Pakistan Limited			
	3,649,248 (2017: 3,649,248) fully paid ordinary shares of Rs. 10 each			
	Equity held 8.05% (2017: 8.05%)	21.2.1		
	Cost - Rs. 5,778.896 million (2017: Rs. 5,778.896 million)	& 21.2.2	32,843,232	41,966,316
	Unquoted	21.2.3		
	Tetra Pak Pakistan Limited			
	1,000,000 (2017: 1,000,000) fully paid non-voting ordinary shares of Rs. 10 each	21.2.1 & 21.2.4	10,000	10,000
	Coca-Cola Beverages Pakistan Limited			
	500,000 (2017: 500,000) fully paid ordinary shares of Rs. 10 each			
	Equity held 0.14% (2017: 0.14%)		5,000	5,000
	Pakistan Tourism Development Corporation Limited			
	2,500 (2017: 2,500) fully paid ordinary shares of Rs. 10 each		25	25
	Orient Match Company (Private) Limited			
	1,900 (2017: 1,900) fully paid ordinary shares of Rs. 100 each		–	–
			15,025	15,025
			32,858,257	41,981,341

21.2.1 Nestle Pakistan Limited and Tetra Pak Pakistan Limited are associated undertakings of the Company as per the Act. However, for the purpose of measurement, investments in others have been classified as available for sale as referred to in note 4.7. Investments in associated companies have been made in accordance with the requirements under the Act.

21.2.2 As of December 31, 2018, an aggregate of 775,000 (2017: 775,000) shares of Nestle Pakistan Limited having market value of Rs. 6,975.000 million (2017: 8,912.492 million) have been pledged in favour of HBL Pakistan. Out of aggregate shares pledged, 410,000 (2017: 410,000) shares are pledged against issuance of standby letter of credit in favour of HBL Bahrain as referred to in note 17.1 and the remaining 365,000 shares (2017: 365,000) are pledged against the term finance loan from HBL as referred to in note 7.1.2.

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

21.2.4 These non-voting ordinary shares of Tetra Pak Pakistan Limited entitle the Company to receipt of dividend for a period of ten years starting from 2009 and ending in 2018, both years inclusive. These shares do not entitle the Company to any voting or other rights. The investment has been classified under current assets during the current year.

(Rupees in thousand)	2018	2017
21.3 Cumulative fair value gain on available for sale investments		
Balance as at beginning of the year	37,981,410	28,858,325
Changes in fair value of available for sale investments	(9,123,084)	9,123,085
Balance as at end of the year	28,858,326	37,981,410

(Rupees in thousand)	Note	2018	2017
22. Long term loans			
Loans to employees - considered good	22.1	3,190	4,380
Current portion shown under current assets	26	(771)	(1,060)
		2,419	3,320

22.1 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. 2.859 million (2017: Rs. 3.977 million) are secured by joint registration of motor cycles in the name of employees and the Company. The remaining loans are unsecured.

(Rupees in thousand)	Note	2018	2017
23. Stores and spares			
Stores [including in transit Rs. 15.911 million (2017: Rs. 6.796 million)]		257,630	225,458
Spares [including in transit Rs. 3.275 million (2017: Rs. 2.566 million)]		260,358	203,463
	23.1	517,988	428,921
Provision for obsolete / slow moving stores and spares	23.2	(19,830)	(6,703)
		498,158	422,218

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

(Rupees in thousand)	Note	2018	2017
23.2 The movement in provision for obsolete / slow moving stores and spares during the year is as follows:			
Balance as at January 1		6,703	–
Provision for the year	29	13,127	6,703
Balance as at December 31		19,830	6,703

(Rupees in thousand)		Note	2018	2017
24.	**Stock-in-trade**			
	Raw materials [including in transit Rs. 320.827 million (2017: Rs. 156.506 million)]		2,095,429	1,214,331
	Work-in-process		708,937	540,833
	Finished goods		368,701	229,968
		24.1	3,173,067	1,985,132
	Provision for obsolete / slow-moving stock-in-trade	24.2	(48,069)	(30,464)
			3,124,998	1,954,668

24.1 Finished goods costing Rs. 184.847 million (2017: Rs. 46.277 million) are being valued at net realizable value of Rs. 148.715 million (2017: Rs. 38.524 million).

(Rupees in thousand)		Note	2018	2017
24.2	The movement in provision for obsolete / slow moving stock-in-trade during the year is as follows:			
	Balance as at January 1		30,464	16,968
	Provision for the year	29	17,605	13,496
	Balance as at December 31		48,069	30,464
25.	**Trade debts**			
	Considered good			
	Related parties - unsecured	25.1	44,331	22,254
	Others	25.2	2,524,396	2,369,961
			2,568,727	2,392,215
	Considered doubtful		43,381	8,998
			2,612,108	2,401,213
	Provision for doubtful debts	25.3	(43,381)	(8,998)
			2,568,727	2,392,215
25.1	**Related parties - unsecured**			
	Subsidiaries			
	DIC Pakistan Limited		2,660	2,206
	Packages Real Estate (Private) Limited [formerly Packages Construction (Private) Limited]		1,606	1,150
	Bulleh Shah Packaging (Private) Limited		17,984	13,892
	Chantler Packages Inc.	25.1.2	16,909	1,023
	Joint venture			
	OmyaPack (Private) Limited		208	234
	Associate			
	Tri-Pack Films Limited		4,964	3,749
			44,331	22,254

25.1.1 The maximum aggregate amount due from these related parties at the end of any month during the year was Rs. 62.304 million (2017: Rs. 97.173 million).

25.1.2 This represents receivable against export sales made in Canada through contract.

25.2 Others include trade debts of Rs. 609.243 million (2017: Rs. 565.729 million) which are secured by way of inland letters of credit.

(Rupees in thousand)	Note	2018	2017
25.3 The movement in provision for doubtful debts during the year is as follows:			
Balance as at January 1		8,998	15,635
Provision / (reversal) during the year	31 & 33	34,383	(4,232)
Bad debts written off		–	(2,405)
Balance as at December 31		43,381	8,998
26. Loans, advances, deposits, prepayments and other receivables			
Current portion of loans to employees	22	771	1,060
Advances - considered good and unsecured			
To employees	26.1	4,053	8,025
To suppliers	26.2	14,047	17,166
		18,100	25,191
Due from related parties - unsecured	26.3	177,734	128,222
Trade deposits - considered good		29,560	45,500
Prepayments	26.4	55,883	47,898
Balances with statutory authorities			
Customs duty paid in advance		21,484	16,109
Sales tax receivable		–	53,151
Sales tax recoverable	26.5 & 26.6	335,775	379,260
		357,259	448,520
Other receivables	26.9	195,493	32,477
		834,800	728,868

26.1 This includes an advance of Rs. 1.380 million (2017: Nil) to Mr Gulshair Ali, an employee of the Company against purchase of vehicle as per his entitlement according to the Company policy. The advance will be adjusted against the actual purchase of the vehicle.

(Rupees in thousand)	Note	2018	2017
26.2 Advances to suppliers			
Considered good		14,047	17,166
Considered doubtful		–	1,000
		14,047	18,166
Provision for doubtful advances	26.2.1	–	(1,000)
		14,047	17,166

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

(Rupees in thousand)	2018	2017
Balance as at January 1	1,000	1,000
Advances written off	(1,000)	–
Balance as at December 31	–	1,000

(Rupees in thousand)		2018	2017
26.3	**Due from related parties - unsecured**		
	Subsidiaries		
	DIC Pakistan Limited	19,992	22,420
	Packages Lanka (Private) Limited	30,100	6,353
	Packages Real Estate (Private) Limited [formerly Packages Construction (Private) Limited]	45,088	29,600
	Flexible Packages Convertors (Proprietary) Limited	31,501	14,225
	Packages Power (Private) Limited	27	–
	Bulleh Shah Packaging (Private) Limited	27,095	41,766
	Joint venture		
	OmyaPack (Private) Limited	3,278	3,480
	Associates		
	Tri-Pack Films Limited	4,473	2,205
	IGI Holdings Limited	3,958	–
	IGI General Insurance Limited	3,803	3,990
	IGI Investments (Private) Limited	3,002	–
	IGI Finex Securities Limited	257	81
	IGI Life Insurance Limited	5,160	4,102
		177,734	128,222

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

26.3.1 The maximum aggregate amount due from these related parties at the end of any month during the year was Rs. 202.621 million (2017: Rs. 128.779 million).

26.4 Prepayments include Rs. 18.208 million (2017: Rs. 15.389 million) made to IGI Life Insurance Limited, a related party (associate).

26.5 The Deputy Commissioner Inland Revenue ('DCIR') in his order dated June 24, 2015 alleged that in respect of tax periods from 2008 to 2012, the Company had incorrectly adjusted input sales tax credit amounting to Rs. 146.107 million on purchases of raw materials from certain suppliers who were subsequently blacklisted / suspended and disallowed the same along with levy of default surcharge and penalty thereon with the total demand aggregating to Rs. 292.214 million. During 2016, the taxation authorities adjusted an amount of Rs. 292.214 million from income tax refunds of the Company against the said demand.

However, the Appellate Tribunal Inland Revenue ('ATIR'), through order dated August 28, 2017, has decided the case in favour of the Company. The Company has filed an application before the respective authorities to give effect to the order during the previous year, the outcome of which is still pending. Since the case has been decided in the Company's favour, therefore, the management has not created any provision against the recoverable amount of Rs. 292.214 million.

26.6 The sales tax authorities have raised various demands aggregating to Rs. 50.841 million against the Company for the tax periods from 2011 to 2015 that primarily pertain to disallowance of input sales tax on certain payments and alleged default on charging of output sales tax on certain goods delivered and services rendered by the Company. During the previous years, the Company made aggregate advance payments amounting to Rs. 43.561 million against such demands. While the Company's appeals in this respect are presently pending adjudication at the CIR(A), ATIR and High Court of Sindh, the Company has not made any provision against the above demands nor the advance payments as the management is confident that the ultimate outcome of the appeals would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and legal counsel and the relevant law and facts.

26.7 In respect of tax periods from 2014 to 2016, the Additional Commissioner, Punjab Revenue Authority, through his order dated August 8, 2018 has created a demand of Rs. 757.841 million in respect of alleged default on withholding of Punjab Sales Tax on various heads of accounts alongwith penalty thereon. The Company has filed an appeal against the above order with the Commissioner (Appeals) on December 13, 2018, the outcome of which is still pending. The appeal against the impugned order has been filed on the basis of following major grounds:

The relevant section of the Punjab Sales Tax on Services Act, 2012 has been wrongly applied retrospectively to the alleged period of default;

The heads of accounts include multiple line items on which Punjab Sales Tax is not applicable; and

It has been wrongly assumed that all the expenses disclosed in the financial statements under the identified heads have actually been paid during the said tax periods.

The Company has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

26.8 In respect of tax period from January 2016 to December 2016, the Deputy Commissioner Inland Revenue, Federal Board of Revenue, through his order dated December 28, 2018 has created a demand of Rs. 493.391 million in respect of disallowance of input tax claimed by the Company, alleged default on charging of output sales tax and default on withholding of General Sales Tax alongwith penalty thereon. The Company has filed an appeal against the above order with the Commissioner Inland Revenue (Appeals) on February 7, 2019, the outcome of which is still pending. The appeal against the impugned order has been filed on the basis of following major grounds:

The disallowed input tax relates to purchases of goods and services which relate to the furtherance of taxable business activity and for whom sales tax invoices from suppliers are available, therefore, the claim should have been allowed;

The demand for alleged under-paid output tax relates to zero-rated supplies on the basis of applicable law and established precedents; and

The relevant section of the Sales Tax Act, 1990 has been wrongly applied retrospectively to the alleged period of default on withholding of General Sales Tax.

The Company has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

26.9 Other receivables include Rs. 89.731 million (2017: Nil) due from Packages Lanka (Private) Limited, a subsidiary, in respect of final dividend declared for the year ended December 31, 2017. The maximum aggregate amount due from the related party at the end of any month during the year was Rs. 89.731 million (2017: Nil).

(Rupees in thousand)		Note	2018	2017
27.	**Income tax receivable**			
	Income tax refundable		2,981,208	2,663,874
	Income tax recoverable	27.1	36,013	36,013
			3,017,221	2,699,887

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

The Company filed an appeal against the revised orders of the ITO before the then Commissioner of Income Tax (Appeals) ['CIT(A)'], Karachi. CIT(A) in his order issued in 1988, held the assessments reframed by the ITO for the years 1983 and 1984 presently to be void and of no legal effect. The ITO filed an appeal against the CIT(A)'s order with the then Income Tax Appellate Tribunal ('ITAT'). The ITAT has, in its order issued in 1996, maintained the order of CIT(A). The assessing officer, after the receipt of the appellate order passed by CIT(A), issued notices under section 65 of the repealed Income Tax Ordinance, 1979 for reopening of the assesments for said tax years. The Company filed a writ petition for setting aside the aforesaid notices with the High Court of Sindh in 2011, the outcome of which is still pending.

The amount recoverable of Rs. 36.013 million represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the assessments. The Company has not made any provision against the above recoverable as the management is confident that the ultimate outcome of the writ petition would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

27.2 In respect of tax year 2007, the department rejected the Company's claim for interest / additional payment for delayed refunds for the tax years from 1983-84 to 2003 amounting to Rs. 64.616 million and adjusted the Company's tax liability for the said year accordingly. The Company being agreived of the said order filed an appeal with Commissioner Inland Revenue (Appeals) ['CIR(A)']. CIR(A) through his order dated January 26, 2009 maintained the rejection. An appeal against the said order was filed by the Company with ATIR. ATIR through its order dated February 23, 2010 maintained the rejection. The Company has now filed an appeal in the High Court of Sindh against ATIR's order on June 28, 2010, the outcome of which is still pending. However, the Company has not made any provision against the above recoverable as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advices of the tax consultant and legal counsel, the relevant law and facts.

27.3 In respect of tax year 2014, the department, against taxable loss of Rs. 706.039 million as per return filed by the Company, assessed a taxable income of Rs. 2,614.710 million and amended the deemed order for the year raising a tax demand of Rs. 606.328 million. In this order, among other issues, the income tax department did not accept the Company's contention for non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL under section 97 of the Income Tax Ordinance, 2001. Such transfer has been taxed as capital gain on the value of assets transferred.

Further, certain other disallowances inter alia including on account of allocation of various expenses towards dividend and other incomes, effectively reducing the available tax losses by approximately Rs. 1,200 million, were also made by the department in respect of previous tax years.

The Company being aggrieved of this order filed an appeal before the CIR(A). CIR(A), through order dated March 2, 2018, has accepted all the contentions of the Company except non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL and taxation of provision for retirement benefits on accrual basis thereby reducing the tax refundable claimed by the Company from Rs. 352.953 million to Rs. 273.986 million. The Company has filed an appeal against the above order before ATIR on May 4, 2018, the outcome of which is still pending. The Company has not made any provision against the above demand and disallowance as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

27.4 In respect of tax year 2016, the department, against taxable income of Rs. 1,157.926 million as per return filed by the Company, assessed a taxable income of Rs. 2,437.836 million and amended the deemed order for the year raising a tax demand of Rs. 464.187 million. The Company being aggrieved of the said order filed the appeal before CIR(A). CIR(A), through order dated December 11, 2017, has accepted all the contentions of the Company except the allowability of provision for workers' profit participation fund on payment rather than accrual basis and remanded back credit for minimum tax thereby reducing the tax demand to Rs. 86.864 million. The Company has filed an appeal against the above order before ATIR on January 9, 2018, the outcome of which is still pending. The Company has not made any provision against the above disallowance as the management is confident that the ultimate outcome of the appeal would be in favour of the Company, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

(Rupees in thousand)	Note	2018	2017
28. Cash and bank balances			
At banks:			
On saving accounts	28.1 & 28.2	7,629	82,056
On current accounts	28.3	44,676	95,672
		52,305	177,728
In hand [including USD 5,906 (2017: USD 8,684) and GBP 3,505 (2017: Nil)]		10,211	4,479
		62,516	182,207

28.1 The balances in saving accounts bear mark-up at 3.75% to 8.00% (2017: 3.75% to 4.00%) per annum.

28.2 Included in these are restricted funds of Rs. 7.523 million (2017: Rs. 7.193 million) in respect of deposits that are repayable on demand as referred to in note 15.6.

28.3 Included in these are restricted funds of Rs. 1.332 million (2017: Rs. 1.332 million) held as payable to TFC holders.

(Rupees in thousand)	Note	2018	2017
29. Cost of sales			
Materials consumed		12,912,752	10,226,365
Salaries, wages and amenities	29.1 & 29.2	1,553,087	1,385,379
Travelling and conveyance		31,549	27,895
Fuel and power		957,953	681,020
Production supplies consumed		448,654	384,994
Rent, rates and taxes	29.3	116,366	71,036
Insurance		40,096	39,053
Provision for obsolete / slow moving stores and spares	23.2	13,127	6,703
Provision for obsolete / slow moving stock-in-trade	24.2	17,605	13,496
Repairs and maintenance		265,888	315,505
Packing expenses		331,689	310,467
Depreciation on owned assets	18.1.5	660,230	616,076
Depreciation on assets subject to finance lease	18.2.1	86	817
Amortisation of intangible assets	20.1	4,128	5,411
Technical fees		46,597	31,661
Others		311,133	226,903
		17,710,940	14,342,781
Opening work-in-process		540,833	219,626
Closing work-in-process		(708,937)	(540,833)
Cost of goods manufactured	29.4	17,542,836	14,021,574
Opening stock of finished goods		216,624	564,573
		17,759,460	14,586,147
Closing stock of finished goods		(340,247)	(216,624)
		17,419,213	14,369,523

(Rupees in thousand)		2018	2017
29.1	Salaries, wages and amenities include following in respect of retirement benefits:		
	Defined benefit plan		
	Gratuity fund	29,813	21,362
	Defined contribution plans		
	Provident fund	26,755	22,634
	Pension fund	32,270	29,207
	Other benefit plan		
	Accumulating compensated absences	39,584	25,014
		128,422	98,217

29.2 Salaries, wages and amenities include Rs. 323.769 million (2017: Rs. 310.090 million) in respect of services rendered by manpower contractors during the year.

29.3 Rent, rates and taxes include operating lease rentals amounting to Rs. 109.161 million (2017: Rs. 30.573 million).

29.4 Cost of stores and spares consumed during the year amounts to Rs. 1,936.548 million (2017: Rs. 1,792.496 million), Rs. 72.331 million (2017: Rs. 11.831 million), Rs. 2.739 million (2017: Rs. 1.220 million) and Rs. 54.309 million (2017: Rs. 0.851 million) for raw materials, stores and spares and finished goods written off respectively.

(Rupees in thousand)		Note	2018	2017
30.	**Administrative expenses**			
	Salaries, wages and amenities	30.1 & 30.2	553,090	587,924
	Travelling and conveyance		27,405	24,645
	Rent, rates and taxes	30.3	164,196	86,925
	Insurance		15,878	17,054
	Printing, stationery and periodicals		21,138	18,559
	Postage, telephone and telex		17,087	16,581
	Motor vehicles running		15,262	10,228
	Computer charges		40,439	24,911
	Professional services	30.4	53,997	60,259
	Repairs and maintenance		19,037	23,998
	Depreciation on owned assets	18.1.5	65,128	34,131
	Depreciation on assets subject to finance lease	18.2.1	824	4,684
	Amortisation of intangible assets	20.1	2,977	793
	Depreciation on investment properties	19.1	3,659	5,555
	Others		97,923	93,651
			1,098,040	1,009,898

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

(Rupees in thousand)	2018	2017
Defined benefit plans		
Gratuity fund	10,731	9,067
Pension fund	14,992	1,199
Defined contribution plans		
Provident fund	9,558	9,605
Pension fund	11,528	12,395
Other benefit plan		
Accumulating compensated absences	14,249	11,439
	61,058	43,705

30.2 Salaries, wages and amenities include Rs. 66.143 million (2017: 63.492 million) in respect of services rendered by manpower contractors during the year.

30.3 Rent, rates and taxes include operating lease rentals amounting to Rs. 139.073 million (2017: Rs. 48.940 million).

(Rupees in thousand)	2018	2017
30.4 Professional services		
The charges for professional services include the following in respect of auditors' remuneration (excluding sales tax) for:		
Statutory audit	3,445	3,132
Half yearly review	968	968
Tax services	5,000	8,910
Workers' profit participation fund audit, management staff pension and employees' gratuity fund audit, audit of consolidated financial statements and certifications required under various regulations	2,353	4,574
Out of pocket expenses	882	871
	12,648	18,455

30.5 Administrative expenses include Rs. 42.877 million (2017: Rs. 50.235 million) for stores and spares consumed.

(Rupees in thousand)	Note	2018	2017
31. Distribution and marketing costs			
Salaries, wages and amenities	31.1 & 31.2	413,815	358,072
Travelling and conveyance		44,097	41,623
Rent, rates and taxes	31.3	10,779	8,430
Freight and distribution		246,264	200,231
Insurance		29,926	32,631
Advertisement and sales promotion		250,016	210,468
Depreciation on owned assets	18.1.5	15,714	13,009
Amortisation of intangible assets	20.1	1,918	–
Bad debts written off		71,055	18,764
Provision for doubtful debts	25.3	34,383	–
Others		49,868	34,754
		1,167,835	917,982

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

(Rupees in thousand)	2018	2017
Defined benefit plan		
Gratuity fund	7,956	5,522
Defined contribution plans		
Provident fund	7,151	5,850
Pension fund	8,625	7,549
Other benefit plan		
Accumulating compensated absences	10,564	5,327
	34,296	24,248

31.2 Salaries, wages and amenities include Rs. 37.578 million (2017: Rs. 46.394 million) in respect of labour contractors for services rendered during the year.

31.3 Rent, rates and taxes include operating lease rentals amounting to Rs. 8.979 million (2017: Rs. 8.430 million).

31.4 Distribution and marketing costs include Rs. 4.279 million (2017: Rs. 3.618 million) for stores and spares consumed.

(Rupees in thousand)	Note	2018	2017
32. Other expenses			
Worker's profit participation fund	15.7	181,336	377,540
Workers' welfare fund	15.8 & 32.1	–	17,065
Exchange loss - net		125,201	36,163
Donations	32.2	38,303	65,011
		344,840	495,779

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

32.2 The Company made a donation of Rs. 38.303 million (2017: Rs. 64.856 million) to its related party on the basis of common directrorship / governorship, Packages Foundation. Following is the interest of the Directors of the Company in the donee during the year:

Name of donee	Directors of the Company	Interest in donee
Packages Foundation	Syed Hyder Ali (Chief Executive)	Trustee
	Shamim Ahmad Khan	Trustee
	Syed Aslam Mehdi	Trustee

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

(Rupees in thousand)		Note	2018	2017
33.	**Other income**			
	Income on bank deposits		2,687	2,879
	Capital gain on disposal of government securities		–	3,177
	Gain on exchange of shares in associates		–	7,050
	Interest on loan to Sui Northern Gas Pipeline Limited		–	278
	Reversal of provision for doubtful debts	25.3	–	4,232
	Rental income from investment properties [including Rs. 134.866 million (2017: Rs. 110.129 million) from related parties]		140,499	114,637
	Profit on disposal of owned assets		12,183	14,315
	Management and technical fee from related parties		73,403	44,131
	Insurance commission from related party		5,888	4,958
	Liabilities no longer payable written back		19,445	7,488
	Reversal of provision for workers' welfare fund	15.8	1,176	7,351
	Others [including Rs .12.193 million (2017: Rs. 15.683 million) from related parties]		16,512	16,631
			271,793	227,127
34.	**Finance cost**			
	Interest and mark-up including commitment charges on:			
	Long term finances - secured		141,871	193,571
	Finances under mark-up arrangements - secured		204,158	71,671
	Liabilities against assets subject to finance lease		226	1,057
	Return on preference shares / convertible stock		155,550	155,550
	Commission on bank guarantees		20,229	21,067
	Bank charges		2,818	2,579
			524,852	445,495
35.	**Investment income**			
	Dividend income from related parties	35.1	551,656	301,784
	Dividend income from others		2,477,227	5,972,121
			3,028,883	6,273,905
35.1	**Dividend income from related parties**			
	Subsidiaries			
	DIC Pakistan Limited		140,156	57,413
	Packages Lanka (Private) Limited		86,084	115,038
	Associates			
	IGI Holdings Limited		196,083	–
	Tri-Pack Films Limited		129,333	129,333
			551,656	301,784

(Rupees in thousand)	Note	2018	2017
36. Taxation			
Current			
For the year		603,682	656,102
Prior years		54,727	207,668
		658,409	863,770
Deferred	10.2	50,870	76,133
	36.1	709,279	939,903

36.1 As explained in note 4.1, the Company's provision for taxation (current and deferred) is based on the consolidated results of the Group which represents tax under 'final tax regime' and minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001 net of investment tax credit available to the Group by virtue of investment in plant and machinery in accordance with Section 65B of the Income Tax Ordinance, 2001. The Group taxation has resulted in a reduction of Rs. 53.694 million (2017: Rs. 383.717 million) in the tax expense of the Company for the year.

36.2 Through the Finance Act, 2018 and Finance Supplementary (Second Amendment) Bill, 2019, amendments have been made to section 5A of the Income Tax Ordinance, 2001. As per the amended provision, income tax at the rate of 5% of accounting profit before tax for tax year 2019 is applicable where the Company does not distribute at least 20% of its after tax profits, in the form of cash, within six months of the end of tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution expires. The Company has distributed more than 20% of its after tax profits for the tax year 2018.

(Percentage)	2018	2017
36.3 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	29.00	30.00
Tax effect of:		
Amounts that are not deductible for tax purposes	0.52	0.58
Amounts that are exempt for tax purposes	(0.62)	(0.22)
Amounts that are chargeable to tax at different rates	(10.44)	(14.52)
Group taxation as explained in note 4.1	(1.51)	(5.36)
Change in prior years' tax	1.37	2.79
Deferred tax asset not recognised on minimum tax available for carry forward	7.17	0.90
Tax credits utilized	(4.90)	(1.04)
	(8.41)	(16.87)
Average effective tax rate charged to statement of profit or loss	20.59	13.13

36.4 Management assessment on sufficiency of provision for income taxes

A comparison of provision on account of income taxes with most recent tax assessment for last three tax years is as follows:

(Rupees in thousand)	2018	2017	2016
Tax assessed as per most recent tax assessment	1,276,757	978,344	695,979
Provision in accounts for income tax	1,492,859	1,184,080	754,681

The figures for tax year 2018 represent consolidated figures of the Group for the purposes of group taxation.

As at December 31, 2018, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the provision in accounts for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

37. As referred to in note 7.2, in addition to the preferred right of return at the rate of 10.00% per annum, either in cash or ordinary shares on a non-cumulative basis till the date of settlement of preference shares / convertible stock, the preference shareholders also have the right to share the excess amount with the ordinary shareholders on an as-converted basis in case the amount of dividend per share paid to an ordinary shareholder exceeds that paid to a preference shareholder. Since ordinary dividend of Rs. 30.00 per share was approved for the year ended December 31, 2017, which exceeded the preferred return for that year, the additional preference dividend to be paid to the preference shareholders has been distributed to the preference shareholders as participating dividend and charged directly to the equity.

38. Remuneration of Chief Executive, Directors and Executives

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

	Chief Executive		Executive Directors		Non-Executive Directors		Executives*	
(Rupees in thousand)	2018	2017	2018	2017	2018	2017	2018	2017
Short term employee benefits								
Managerial remuneration	13,569	17,182	8,449	8,414	–	–	177,101	147,004
Housing	14,972	12,482	3,094	3,780	–	–	71,867	56,399
Utilities	3,850	3,079	688	844	–	–	13,712	10,703
Bonus and Incentives	23,917	24,479	5,339	8,253	–	–	95,436	73,917
Leave passage	2,596	4,817	587	717	–	–	6,902	4,907
Reimbursement of medical expenses	3,838	4,181	67	44	–	–	6,142	1,913
Directors' fees	–	–	–	–	3,725	4,550	–	–
Technical fees	–	–	–	–	1,749	3,455	–	–
Other allowances and expenses	3,793	2,689	–	–	–	–	–	–
	66,535	68,909	18,224	22,052	5,474	8,005	371,160	294,843
Post employment benefits								
Contribution to provident, gratuity and pension funds	10,750	8,867	2,430	2,957	–	–	29,820	23,723
	77,285	77,776	20,654	25,009	5,474	8,005	400,980	318,566
Number of persons	1	1	1	2	8	7	57	49

* Comparative figures have been restated to reflect changes in the definition of 'executive' as per the Act.

The Company also provides the Chief Executive and some of the directors and executives with Company maintained cars, free transport and utilities.

38.2 Premium charged in the financial statements in respect of directors' indemnity insurance policy, purchased by the Company during the year, amounted to Rs. 0.753 million (2017: Rs. 0.753 million).

39. Transactions with related parties

The related parties comprise of subsidiaries, joint ventures, associates, key management personnel including directors and post-employement staff retirement plans. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, amounts due from directors and key management personnel are shown under receivables and remuneration of directors is disclosed in note 38. Significant related party transactions have been disclosed in respective notes in these financial statements, other than the following:

Relationship with the Company	Nature of transactions	Note	2018	2017
			(Rupees in thousand)	
i. Subsidiary companies	Purchase of goods and services		5,551,960	2,307,435
	Sale of goods and services		122,524	136,062
	Sale of operating fixed assets		–	2,403
	Dividend income		226,239	172,451
	Rental and other income		128,828	60,214
	Management and technical fee		73,403	44,131
ii. Joint ventures	Purchase of goods and services		–	1,861,762
	Sale of goods and services		18,998	49,577
	Sale of owned assets		–	1,144
	Rental and other income		579	48,065
iii. Associates	Purchase of goods and services		1,885,995	1,139,171
	Sale of goods and services		15,619	19,287
	Insurance premium		182,912	161,056
	Commission earned		5,888	4,958
	Insurance claims received		2,314	26,167
	Rental and other income		15,366	14,582
	Dividend income		325,416	129,333
	Dividend paid		739,614	607,740
iv. Retirement obligations	Expense charged in respect of retirement plans		159,380	124,388
	Dividend paid		84,973	70,811
v. Key management personnel	Salaries and other employee benefits	39.1	191,995	154,695
	Dividend paid		68,618	57,182

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

39.1 This represents remuneration of the Chief Executive, executive director and some of the executives that are included in the remuneration disclosed in note 38 to these financial statements.

40. Subsidiaries incorporated outside Pakistan

	Anemone holdings Limited	Flexible Packages Convertors (Proprietary) Limited	Packages Lanka (Private) Limited	Chantler Packages Inc.
Basis of association	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Country of incorporation / jurisdiction	Republic of Mauritius	South Africa	Sri Lanka	Canada
Registered address	C/o AXIS Fiduciary Ltd, 2nd floor, The Axis, 26 Cybercity, Ebene, Republic of Mauritius	316 Marks Street, Waltloo, Pretoria, South Africa	148, Minuwangoda Road, Ekala, Ja-ela, Sri Lanka	880 Lakeshore Road East, Mississauga, Ontario, Canada
Effective percentage of shareholding	100.00%	55.00%	79.07%	63.26%
Company's shareholding	Direct	Through Anemone Holdings Limited	Direct	Through Packages Lanka (Private) Limited
Name of Chief Executive Officer / Principal Officer	Khurram Raza Bakhtayari	Michael Hoffman	Salman Fazlur Rahman	Roy G. Ferguson
Operational status	Operational	Operational	Operational	Operational
Auditor's opinion on latest available finacial statements	Unmodified opinion on financial statements for the year ended December 31, 2018	Unmodified opinion on financial statements for the year ended December 31, 2018	Unmodified opinion on financial statements for the year ended December 31, 2018	Unmodified opinion on financial statements for the year ended December 31, 2017
Amount of investment - foreign currency	USD 3.846 million	No direct investment	SL Rupees 451.417 million	No direct investment
Amount of investment - local currency	Rs. 451.237 million	No direct investment	Rs. 442.938 million	No direct investment
Terms and conditions for which investment has been made	Unconditional equity investment	No direct investment	Unconditional equity investment	No direct investment
Litigations against the investee	None	None	None	None
Default / breach relating to foreign investment	None	None	None	None

40.1 For amount of returns received on these investments, refer note 35.

41. Capacity and production - Metric Tonnes

	Capacity 2018	Capacity 2017	Actual production 2018	Actual production 2017
Paper and paperboard produced	41,400	41,400	14,996	13,861
Paper and paperboard converted	57,500	52,855	42,380	41,851
Plastics all sorts converted	32,000	24,500	21,489	20,143

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

(Rupees in thousand)	Note	2018	2017
42. Cash flow information			
42.1 Cash generated from operations			
Profit before tax		3,445,384	7,156,201
Adjustments for:			
Depreciation on owned assets	18.1.5	741,072	663,216
Depreciation on assets subject to finance lease	18.2.1	910	5,501
Depreciation on investment properties	19	3,659	5,555
Capital gain on disposal of Government securities	33	–	(3,177)
Gain on exchange of shares in associates	33	–	(7,050)
Liabilities no longer payable written back	33	(19,445)	(7,488)
Amortisation of intangible assets	20.1	9,023	6,204
Provision for accumulating compensated absences	12.2	64,397	41,780
Provision for retirement benefits	11	63,492	37,150
Exchange loss - net	32	125,201	36,163
Provision for doubtful debts	31	34,383	–
Reversal of provision for doubtful debts	33	–	(4,232)
Bad debts written off	31	71,055	18,764
Provision for obsolete / slow-moving stock-in-trade	29	17,605	13,496
Provision for obsolete / slow-moving stores and spares	29	13,127	6,703
Stores and spares written off	29	2,739	1,220
Stock-in-trade written off	29	126,640	12,682
Capital work-in-progress charged to statement of profit or loss	18.3	3,926	9,443
Profit on disposal of owned assets	33	(12,183)	(14,315)
Reversal of provision for workers' welfare fund	33	(1,176)	(7,351)
Finance cost	34	524,852	445,495
Dividend income	35	(3,028,883)	(6,273,905)
Profit before working capital changes		2,185,778	2,142,055
Effect on cash flow due to working capital changes:			
Increase in stores and spares		(91,806)	(27,995)
Increase in stock-in-trade		(1,314,575)	(212,140)
Increase in trade debts		(281,950)	(234,781)
Increase in loans, advances, deposits, prepayments and other receivables		(9,999)	(54,049)
Increase in trade and other payables		338,227	639,024
		(1,360,103)	110,059
		825,675	2,252,114

(Rupees in thousand)	Note	2018	2017
42.2 Cash and cash equivalents			
Cash and bank balances	28	62,516	182,207
Finances under mark-up arrangements - secured	14	(4,414,019)	(299,596)
		(4,351,503)	(117,389)

(Rupees in thousand)	Opening balance as at January 1, 2018	Cash flows	Other changes	Closing balance as at December 31, 2018
42.3 Reconciliation of liabilities arising from financing activities				
Long term finances - secured	2,642,870	(1,321,420)	–	1,321,450
Liabilities against assets subject to finance lease	26,084	(13,730)	(12,354)	–
	2,668,954	(1,335,150)	(12,354)	1,321,450

* Other changes represent non-cash movements.

(Rupees in thousand)	2018	2017
43. Number of employees		
Total number of employees as at December 31	1,520	1,510
Average number of employees during the year	1,515	1,504
Number of factory employees as at December 31	690	710
Average number of factory employees during the year	700	718

The above number of employees do not include employees who have service contracts with the Company but work for and are paid for wholly by certain related parties. The employee benefits expense charged in the financial statements of related parties in respect of these employees aggregates to Rs. 309.951 million (2017: Rs. 335.813 million).

44. Rates of exchange

Liabilities in foreign currencies have been translated into Pak Rupees at USD 0.7189 (2017: USD 0.9050), Euro 0.6285 (2017: Euro 0.7588), CHF 0.7079 (2017: CHF 0.8857), GBP 0.5665 (2017: GBP 0.7768), equal to Rs. 100. Assets in foreign currencies have been translated into Pak Rupees at USD 0.7215 (2017: USD 0.9066) equal to Rs. 100.

			2018	2017
45.	**Earnings per share**			
45.1	**Basic earnings per share**			
	Profit for the year	Rupees in thousand	2,736,105	6,216,298
	Participating dividend on preference shares	Rupees in thousand	(82,449)	(45,000)
		Rupees in thousand	2,653,606	6,171,298
	Weighted average number of ordinary shares	Numbers	89,379,504	89,379,504
	Basic EPS	Rupees	29.69	69.05
45.2	**Diluted earnings per share**			
	Profit for the year	Rupees in thousand	2,736,105	6,216,298
	Return on preference shares / convertible stock - net of tax	Rupees in thousand	110,526	127,314
		Rupees in thousand	2,846,631	6,343,612
	Weighted average number of ordinary shares	Numbers	89,379,504	89,379,504
	Weighted average number of notionally converted preference shares / convertible stock	Numbers	8,186,842	8,186,842
		Numbers	97,566,346	97,566,346
	Diluted EPS	Rupees	29.18	65.02

46. Financial risk management

46.1 Financial risk factors

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

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

The Company's overall risk management procedures to minimize the potential adverse effects of financial market on the Company's performance are as follows:

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and the Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities or net investments in foreign operations that are denominated in a currency that is not the Company's functional currency. Currently, the Company's foreign exchange risk is restricted to Cash in hand, amounts receivable and amounts payable to foreign entities.

At December 31, 2018, if the Pak Rupee had strengthened / weakened by 10% against the USD with all other variables held constant, pre-tax profit for the year would have been Rs. 31.012 million higher / lower (2017: Rs. 51.629 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, 2018, if the Pak Rupee had strengthened / weakened by 10% against the Euro with all other variables held constant, pre-tax profit for the year would have been Rs. 21.479 million higher / lower (2017: Rs. 18.808 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 foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to equity securities price risk because of investments held by the Company and classified as available-for-sale. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Board.

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

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

(Rupees in thousand)	Impact on post - tax profit		Impact on other components of equity	
	2018	2017	2018	2017
Pakistan Stock Exchange Limited	–	–	2,869,798	3,566,469

Post-tax profit for the year would decrease / increase as a result of losses / gains on equity securities classified as at fair value through profit or loss. Other components of equity would decrease / increase as a result of losses / gains on equity securities classified as available-for-sale. As at December 31, 2018 the Company has no investment classified at fair value through profit or loss.

(iii) Cash flow and fair value interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates.

The Company's interest rate risk arises mainly from short term and long-term borrowings. These borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

At December 31, 2018, if interest rates on floating rate borrowings had been 1% higher / lower with all other variables held constant, pre-tax profit for the year would have been Rs. 22.752 million (2017: Rs. 35.064 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Company arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to distributors and customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the BOD. The utilisation of credit limits is regularly monitored. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk are as under:

(Rupees in thousand)	2018	2017
Long term loans	3,190	4,380
Long term security deposits	8,534	14,884
Trade debts	2,568,727	2,392,215
Loans, advances, deposits and other receivables	416,834	223,365
Balances with banks	52,305	177,728
	3,049,590	2,812,572

As of December 31, 2018, trade debts of Rs. 681.372 million (2017: Rs. 731.480 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)	2018	2017
Neither past due nor impaired	1,887,355	1,660,735
Past due but not impaired:		
Up to 90 days	565,890	668,151
90 to 180 days	74,781	40,066
181 to 365 days	40,701	23,263
	681,372	731,480
	2,568,727	2,392,215

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

The aging analysis of trade debts from related parties as at statement of financial position date is as follows:

(Rupees in thousand)	2018	2017
Neither past due nor impaired	14,580	10,240
Past due but not impaired:		
Up to 90 days	18,194	10,373
90 to 180 days	8,094	1
181 to 365 days	3,463	1,640
	29,751	12,014
	44,331	22,254

The credit quality of Company's financial assets that are neither past due nor impaired (mainly bank balances) can be assessed with reference to external credit ratings (if available) or to historical information about counterparty default rate:

(Rupees in thousand)	Rating Short term	Rating Long term	Rating Agency	2018	2017
Askari Bank Limited	A1+	AA+	PACRA	–	52
Bank Al-Habib Limited	A1+	AA+	PACRA	–	1,659
Citibank N.A.	P1	A	Moody's	60	480
Dubai Islamic Bank (Pakistan) Limited	A1	AA-	JCR-VIS	22	22
Habib Bank Limited	A1+	AAA	JCR-VIS	767	48,811
Habib Metropoliton Bank Limited	A1+	AA+	PACRA	–	15
JS Bank Limited	A1+	AA-	PACRA	858	50
MCB Bank Limited	A1+	AAA	JCR-VIS	569	142
Meezan Bank Limited	A1+	AA+	JCR-VIS	939	143
National Bank of Pakistan	A1+	AAA	PACRA	9,727	337
Samba Bank Limited	A1	AA	JCR-VIS	1,332	1,332
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	34,672	124,685
The Bank of Tokyo Mitsubishi UFJ Limited	P1	A1	Moody's	33	–
Bank Alfalah Limited	A1+	AA+	PACRA	476	–
United Bank Limited	A1+	AAA	JCR-VIS	2,850	–
				52,305	177,728

(c) Liquidity risk

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

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

Management monitors the forecasts of the Company's cash and cash equivalents (note 42.2) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Company. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as the impact of discounting is not significant.

(Rupees in thousand)	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At December 31, 2018					
Long term finances	2,254,100	1,321,450	–	–	932,650
Finances under mark-up arrangements - secured	4,414,019	4,414,019	–	–	–
Trade and other payables	3,366,171	3,366,171	–	–	–
Unclaimed dividend	62,030	62,030	–	–	–
Accrued finance cost	249,352	249,352	–	–	–
	10,345,672	9,413,022	–	–	932,650

(Rupees in thousand)	Carrying value	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At December 31, 2017					
Long term finances	3,575,520	1,321,420	1,321,450	–	932,650
Liabilities against assets subject to finance lease	26,084	12,889	3,225	9,970	–
Finances under mark-up arrangements - secured	299,596	299,596	–	–	–
Trade and other payables	2,943,677	2,943,677	–	–	–
Unclaimed dividend	39,307	39,307			
Accrued finance cost	189,760	189,760	–	–	–
	7,073,944	4,806,649	1,324,675	9,970	932,650

46.2 Financial instruments by categories

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

(Rupees in thousand)	Available for sale	Loans and receivables	Total
Assets as per Statement of Financial Position as at December 31, 2018			
Long term loans	–	2,419	2,419
Long term security deposits	–	8,534	8,534
Trade debts	–	2,568,727	2,568,727
Loans, advances, deposits and other receivables	–	416,834	416,834
Investments	32,858,257	–	32,858,257
Cash and bank balances	–	62,516	62,516
	32,858,257	3,059,030	35,917,287

(Rupees in thousand)	Available for sale	Loans and receivables	Total
Assets as per Statement of Financial Position as at December 31, 2017			
Long term loans	–	3,320	3,320
Long term security deposits	–	14,884	14,884
Trade debts	–	2,392,215	2,392,215
Loans, advances, deposits and other receivables	–	223,365	223,365
Investments	41,981,341	–	41,981,341
Cash and bank balances	–	182,207	182,207
	41,981,341	2,815,991	44,797,332

(Rupees in thousand)	At amortised cost 2018	2017
Liabilities as per Statement of Financial Position		
Long term finances	2,254,100	3,575,520
Liabilities against assets subject to finance lease	–	26,084
Finances under mark-up arrangements - secured	4,414,019	299,596
Trade and other payables	3,366,171	2,943,677
Unclaimed dividend	62,030	39,307
Accrued finance cost	249,352	189,760
	10,345,672	7,073,944

46.3 Offsetting financial assets and financial liabilities

There are no significant financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements.

46.4 Capital management

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

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. Consistent with the others in industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including the current and non-current borrowings as disclosed in note 7 less cash and cash equivalents as disclosed in note 42.2. Total capital is calculated as equity as shown in the statement of financial position plus net debt. The gearing ratios as at December 31, 2018 and 2017 were as follows:

(Rupees in thousand)	Note	2018	2017
Borrowings	7	2,254,100	3,575,520
Cash and cash equivalents	42.2	4,351,503	117,389
Net debt		6,605,603	3,692,909
Total equity		56,434,241	65,665,762
Gearing ratio	Percentage	10.48%	5.32%

In accordance with the terms of agreement with the lender of long term finance facility I (as disclosed in note 7.1.1 to these financial statements), the Company is required to comply with the following financial covenants:

The debt service coverage ratio shall not be less than 1.25 to 1. Earning for the purpose of calculation of this ratio represents profit before interest, tax, depreciation and amortisation.

The current ratio shall not be less than 1:1. Current assets for the purpose of computing current ratio, as per the terms of the above mentioned agreement, do not include prepayments.

The Company has complied with these covenants throughout the reporting period. As at December 31, 2018, the debt service coverage ratio was 2.56:1 (2017: 4.69:1) and the current ratio was 1.07:1 (2017: 1.71:1).

In accordance with the terms of agreement for preference shares with IFC, (as disclosed in note 7.2 to these financial statements), the Company is required to comply with the following financial covenants:

The debt service coverage ratio, calculated according to the terms of the above mentioned agreement shall not be less than 1.30.

The current ratio shall not be less than 1:1. Current assets for the purpose of computing current ratio, as per the terms of the above mentioned agreement, do not include prepayments.

The debt to equity ratio, as calculated under the terms of the said agreement, must be not more than 60%.

The Company has complied with these covenants throughout the reporting period. As at December 31, 2018, the debt service coverage ratio was 15.79 (2017: 20.94), the current ratio was 1.07:1 (2017: 1.71:1) and the debt to equity ratio was 2.04% (2017: 3.32%).

46.5 Fair value estimation

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

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

Specific valuation techniques used to value financial instruments include:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

(Rupees in thousand)	Level 1	Level 2	Level 3	Total
At December 31, 2018				
Assets				
Recurring fair value measurement of available for sale investments	32,843,232	–	–	32,843,232

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

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 statement of financial position 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 measure fair value of an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

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

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

47. Summary of significant transactions and events

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

Due to the first time application of financial reporting requirements under the Act, including presentation and disclosure requirements of the Fourth Schedule to the Act, some of the amounts reported for the previous year have been reclassified (refer to note 50);

Repaid principal on long term finances aggregating Rs. 1,321.420 million (refer to note 7 and 42.3);

Availed further short term running finance amounting to Rs. 4,114.423 million primarily to meet working capital needs of the Company (refer to note 14);

Declared dividend on ordinary shares amounting to Rs. 2,681.397 million and participating dividend on preference shares amounting to Rs. 82.499 million (refer to statement of changes in equity);

Contributed USD 2.312 million equivalent to Rs. 289.614 million as further equity in AHL, wholly-owned subsidiary of the Company (refer to note 21.1.1);

Increased the amount of provision recognized in respect of rent of land on lease from GoPb for the period from December 2015 to December 2018 to Rs. 357.590 million (refer to note 18.1.3);

Incurred fixed capital expenditure amounting to Rs. 2,215.130 million mainly in respect of balancing, modernization and replacement of the plant and machinery and capacity enhancement in the Packaging and Consumer Products divisions (refer to statement of cash flows and notes 18.1, 18.3 and 41);

Entered into an agreement for contribution of Rs 181 million by a customer towards the cost of certain plant and machinery items to be purchased and installed at the Company's Lahore premises and extended a guarantee therefor (refer to note 14.4); and

For a detailed discussion about the above as well as other projects and the Company's overall performance, please refer to the Directors' Report.

48. Date of authorisation for issue

These financial statements were authorised for issue on March 12, 2019 by the BOD.

49. Events after the reporting date

49.1 The BOD has proposed a final cash dividend for the year ended December 31, 2018 of Rs 15.00 per share (2017: Rs 30.00 per share), amounting to Rs 1,340.693 million (2017: Rs 2,681.385 million) at their meeting held on March 12, 2019 for approval of the members at the Annual General Meeting to be held on April 18, 2019.

49.2 On January 21, 2019, the Company entered into a 'Term Finance Arrangement' with Habib Bank Limited to finance its working capital requirements and fixed capital expenditure. The aggregate facility amount is Rs 2,000 million. It carries mark-up at the rate of six month KIBOR plus 0.10 per cent per annum. The loan will be repayable in 6 years, inclusive of a 1 year grace period, through semi annual installments.The facility is secured against shares of Nestle Pakistan Limited owned by the Company with 40% margin.

50. Corresponding figures

Due to revision in Fourth Schedule to the Act, following required changes have been made:

Particulars	(Rupees in thousand)
Unclaimed dividend' previously presented under 'Trade and other payables' now separately presented on the face of the statement of financial position	39,307
Long term security deposits' previously included in 'Long term loans and deposits' now separately presented on the face of the statement of financial position *	14,884

* Consequent to the reclassification, 'Long term loans and deposits' has been renamed as 'Long term loans'

Other corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made except for the following:

Particulars	(Rupees in thousand)
Long term advances' previously included in 'Others' under 'Trade and other payables' now separately presented on the face of the statement of financial position	65,787
'Current portion of long term advances' previously included in 'Others' under ' Trade and other payables' now presented under 'Current maturity of non-current liabilities'	8,008
'Trade discount' previously included in 'Advertisement and sales promotion' under ' Distribution and marketing costs' now shown as deduction from 'Sales' on the face of statement of profit or loss	211,456

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

Consolidated Financial Statements

For the year ended December 31, 2018

Directors' Report
On The Consolidated Financial Statements For The Year Ended December 31, 2018

Directors of the Company are pleased to present the audited consolidated financial statements of the Group for the year ended on December 31, 2018. Comparison of the consolidated results for the year 2018 as against year 2017 is as follows:

(Rupees in thousand)	2018	2017
Invoiced Sales – net	52,923	31,680
Profit from Operations	1,428	2,290
Share of Profit in Associates and Joint Venture	76	207
Investment Income	2,492	5,972
Profit after tax	1,160	10,800

During the year 2018, the Group achieved net sales of Rs. 52,923 million against net sales of Rs. 31,680 million achieved during last year which is an increase of 67%. In October 2017, Bulleh Shah Packaging Private Limited (BSPPL) changed the status from being a Joint Venture (JV) to a fully owned subsidiary of the Group. For consolidation purposes, as a JV, equity accounting was applied in line with accounting principles and the JV's proportionate share of profit / loss was recognised till October 2017. Accordingly, net sales of BSPPL, which amounts to Rs. 22.3 billion, have been included in Group results of current year against net sales of Rs. 4.2 billion in 2017 which represent the share of BSPPL's net sales as a subsidiary of the Group from October 2017.

The Group posted an operating profit of Rs. 1,428 million compared to Rs. 2,290 million generated during the last year. The decline in profitability of Group is mainly due to rupee devaluation, increase in cost of raw material and conversion costs. However, the management of these subsidiaries are taking steps to address this issue through better product mix and controlling fixed costs.

During the year 2018, investment income has declined by Rs. 3,480 million over corresponding period of 2017 mainly due to decline in dividend income received from Nestle and Tetra Pak which has resulted in decrease in earnings after tax.

The annexed audit opinion on the consolidated accounts for the year ended has been qualified to the extent of foreign subsidiaries of the Group, namely, Linnea Holdings Inc., Canada and Chantler Packages Inc., Canada due to delay in the finalization of audited accounts of these entities as the Group prepared the accounts on the basis of management accounts of the foreign entities. The delay has occurred on account of accounting software issues of these subsidiaries which were resolved but due to timing constraints the auditors were unable to obtain sufficient appropriate evidence with respect to these subsidiaries.

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

DIC Pakistan Limited

DIC Pakistan Limited is an un-listed public limited subsidiary of Packages Limited. It is mainly engaged in manufacturing, processing and selling of industrial inks. The Company achieved net sales of Rs. 4,441 million during the year 2018 as compared to Rs. 3,868 million of last year representing sales growth of 15%. The Company has generated profit before tax of Rs. 391 million during the year 2018 as against Rs. 456 million of 2017, this decline in profitability is mainly due to increased cost of raw material. Moving forward, the management will continue its focus on improving operating results through volume growth, tighter cost control and price rationalization.

Packages Lanka (Private) Limited

Packages Lanka (Private) Limited is a Sri Lanka based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging. The Company has achieved sale of SLR 2,439 million during the year 2018 as compared to SLR 2,206 million of 2017 representing growth of 11%. The Company has generated profit before tax of SLR 143 million in the year 2018 as compared to SLR 251 million of 2017. This decrease in profit is mainly due to growing competition as well as increase in raw material prices. Moving forward, the management will focus on improving operating results through tighter operating cost control, product diversification and price rationalisation.

Bulleh Shah Packaging (Private) Limited

Bulleh Shah Packaging (Private) Limited is principally engaged in the manufacturing and conversion of paper and paperboard products. The Company has achieved sales of Rs. 22,255 million during the year ended December 31, 2018 as compared Rs. 18,351 million during 2017 representing sales growth of 21%. The Company has recorded operating loss of Rs. 154 million during the year 2018 as compared to operating profit of Rs. 544 million in 2017. The decline in mainly attributable to rupee devaluation, increase in raw material and fuel prices which were not fully passed on to the customers.

Flexible Packages Convertors (Proprietary) Limited

Flexible Packages Convertors (Proprietary) Limited is a South Africa based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging. The Company achieved net sales revenue of ZAR 535 million during the year ended December 31, 2018 as compared ZAR 493 million during 2017. The Company has recorded profit before tax of ZAR 21 million in current year as compared to ZAR 15 million in 2017.

Packages Real Estate (Private) Limited [Formerly Packages Construction (Private) Limited]

Packages Real Estate (Private) Limited is a subsidiary of Packages Limited. It is primarily engaged in the business of all types of construction activities and development of real estate. It is currently operating the real estate project titled "Packages Mall" which became operational in April 2017. The Company has achieved sales of Rs. 3,204 million during the year ended December 31, 2018 as compared Rs. 1,702 million during 2017 representing sales growth of 88%. The Company has recorded operating profit of Rs. 666 million during the year 2018 as compared to Rs. 81 million in 2017 with an increase of 8.2 times.

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

Packages Power (Private) Limited

Packages Power (Private) Limited is a wholly owned subsidiary of Packages Limited duly formed for the purpose of setting up a 3.1 MW hydropower project as advertised by the Punjab Power Development Board (PPDB). The Company has moved forward with the requisite studies and approvals and is in liaison with the relevant Government authorities to take the project forward.

Omyapack (Private) Limited

OmyaPack (Private) Limited has started its commercial production in June 2018. The Company produced 1,963 and 539 dry metric tons of ground calcium carbonate in its wet and dry plant respectively. The Board of Directors strongly believe in the growth prospects of the Company leading to considerable benefit to the shareholders.

Investment In 100% Subsidiary Anemone Holdings Limited

Your Company contributed Rs. 289.614 million (equivalent to USD 2.312 million) as equity in Anemone Holdings Limited, Mauritius ("AHL"). AHL is a special purpose vehicle established in 2015 for the acquisition of operations of a flexible packaging company in South Africa.

Rent of land on lease from Government of Punjab (GoPb)

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

(Towfiq Habib Chinoy)
Chairman
Lahore, March 12, 2019

(Syed Hyder Ali)
Chief Executive & Managing Director
Lahore, March 12, 2019

سال مختتمہ 31 دسمبر 2018 کے لیے مجموعی مالیاتی حسابات پر ڈائریکٹرز کی رپورٹ

کمپنی کے ڈائریکٹرز گروپ کے آڈٹ شدہ مجموعی مالیاتی حسابات برائے سال مختتمہ 31 دسمبر 2018 پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔ سال 2018 کے لئے سالانہ آڈٹ شدہ مجموعی نتائج سال 2017 کے مقابلے میں درج ذیل رہے۔

	2018	2017
	(روپے ملین میں)	
انوائسڈ سیلز - خالص	**52,923**	31,680
آپریشنز سے حاصل منافع جات	**1,428**	2,290
منسلکہ اداروں اور مشترکہ منصوبوں میں شیئر کا منافع	**76**	207
سرمایہ کاری سے آمدنی	**2,492**	5,972
منافع بعد از ٹیکس	**1,160**	10,800

سال 2018 کے دوران گروپ نے 52,923 ملین روپے کی خالص سیلز حاصل کی جبکہ گزشتہ سال کے دوران 31,680 ملین روپے کی سیلز حاصل کی گئی تھی جس سے 67 فیصد کا اضافہ ظاہر ہوا۔ اکتوبر 2017 میں بلھے شاہ پیکجنگ پرائیویٹ لمیٹڈ (BSPPL) کا درجہ جوائنٹ وینچر ("JV") سے تبدیل ہوکر گروپ کا ایک مکمل ملکیتی ذیلی ادارہ بنا۔ جے وی ("JV") کے طور پر مجموعی حسابات اکٹھا کرنے کے مقاصد کیلئے اکاؤنٹنگ اصولوں کے مطابق ایکویٹی اکاؤنٹنگ کو لاگو کیا گیا۔ لہٰذا رواں سال میں 22.3 بلین روپے کی مجموعی سیلز گروپ کے نتائج میں شامل کی گئیں جو کہ 2017 میں 4.2 بلین روپے تھیں۔

گروپ نے 1,428 ملین روپے کا آپریٹنگ منافع حاصل کیا جو کہ گزشتہ سال کے دوران 2,290 ملین روپے تھا۔ گروپ کے منافع میں یہ کمی بنیادی طور پر روپے کی قدر میں کمی، خام مال کی قیمت اور کنورژن کاسٹ میں اضافہ کے باعث ہوئی۔ تاہم، ان ذیلی اداروں کی انتظامیہ مصنوعات کے بہتر امتزاج اور بڑھے شدہ اخراجات پر کنٹرول کے ذریعے اس معاملہ پر قابو پانے کیلئے اقدامات کر رہی ہے۔

سال 2018 کے دوران، سرمایہ کاری سے کی آمدنی میں 2017 کی اسی مدت کے مقابلے میں 3,480 ملین روپے سے کمی آئی جس کی بنیادی وجہ تھیلے اور ٹیٹرا پیک کی جانب سے موصول ہونے والی منافع منقسمہ میں کمی تھی۔ جس کا نتیجہ آمدن بعد از ٹیکس میں کمی کی صورت میں نکلا۔

سال مختتمہ کیلئے مجموعی اکاؤنٹس پر منسلکہ آڈٹ رائے برائے گروپ کے غیرملکی ذیلی اداروں، لینیا ہولڈنگز ان کارپوریشن کینیڈا اور شیلفر پیکجز ان کارپوریشن کینیڈا ہیں، کوالیفائیڈ ہے۔ تاخیر کا باعث ان اداروں کے اکاؤنٹنگ سوفٹ ویئر کے مسائل تھے جو کہ اب حل کر لیے گئے ہیں تاہم اس تاخیر کی وجہ سے آڈیٹرز ان اداروں کے بارے میں تسلی بخش ثبوت اکٹھا نہ کر سکے۔

یہ تاخیر اکاؤنٹنگ سافٹ ویئر میں مسائل کی وجہ سے ہوئی اور اس مذکورہ مسئلہ کے حل کیلئے کام جاری ہے۔

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

ڈی آئی سی پاکستان لمیٹڈ

ڈی آئی سی پاکستان لمیٹڈ پیکجز لمیٹڈ کا ایک نان لسٹڈ پبلک لمیٹڈ ذیلی ادارہ ہے۔ یہ بنیادی طور پر صنعتی انکس (Inks) کی تیاری، پروسیسنگ اور فروخت میں سرگرم عمل ہے۔ کمپنی نے سال 2018 کے دوران 4,441 ملین روپے کی خالص سیلز حاصل کی جبکہ اس کے مقابلے میں گزشتہ سال 3,868 ملین روپے تھی جو 15 فیصد کی سیلز گروتھ کو ظاہر کرتی ہے۔ کمپنی نے سال 2018 کے دوران 391 ملین روپے کا منافع قبل از ٹیکس حاصل کیا جو کہ 2017 میں 456 ملین روپے تھا۔ منافع جات میں کمی کی وجہ خام مال کے نرخوں میں اضافہ تھا۔ آگے بڑھتے ہوئے، کمپنی والیوم گروتھ، اخراجات پر سخت انتظامی کنٹرول اور پرائس ریشنلائزیشن کے ذریعے آپریٹنگ نتائج مزید بہتر بنانے پر توجہ دینے کا سلسلہ جاری رکھے گی۔

پیکجز لنکا (پرائیویٹ) لمیٹڈ

پیکجز لنکا (پرائیویٹ) لمیٹڈ سری لنکا میں قائم پیکجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر فلیکسبل پیکجنگ کی تیاری میں مصروف عمل ہے۔ کمپنی نے سال 2018 کے دوران 2,439 ملین سری لنکن روپے کی سیلز حاصل کی جو کہ 2017 میں 2,206 ملین سری لنکن روپے تھی جو 11 فیصد کی گروتھ ظاہر کرتی ہے۔ کمپنی نے سال 2018 میں 143 ملین سری لنکن روپے کا منافع قبل از ٹیکس حاصل کیا جو کہ 2017 میں 251 ملین سری لنکن روپے تھا۔ منافع میں یہ کمی بنیادی طور پر بڑھتی ہوئی مسابقت اور خام مال کے نرخوں میں اضافے کی وجہ سے ہوئی۔ مستقبل میں کمپنی آپریٹنگ اخراجات پر سخت کنٹرول، پروڈکٹ میں توسیع اور پرائس راشنلائزیشن کے ذریعے آپریٹنگ نتائج بہتر بنانے پر توجہ دیتی رہے گی۔

بلھے شاہ پیکجنگ (پرائیویٹ) لمیٹڈ

بلھے شاہ پیکجنگ (پرائیویٹ) لمیٹڈ بنیادی طور پر پیپر اور پیپر بورڈ پروڈکٹس کی تیاری اور منتقلی میں مصروف عمل ہے۔ کمپنی نے 31 دسمبر 2018 کو ختم ہونے والے سال کے دوران 22,255 ملین روپے کی سیلز حاصل کی جبکہ اس کے مقابلے میں 2017 کے دوران 18,351 ملین روپے تھی جس سے 21 فیصد کی سیلز گروتھ ظاہر ہوتی ہے۔ کمپنی نے سال 2018 کے دوران 154 ملین روپے کی آپریٹنگ کی دیکھی جبکہ 2017 میں 544 ملین روپے کا آپریٹنگ منافع تھا۔ اس کمی کی بنیادی وجوہات میں روپے کی قدر میں کمی، خام مال اور تیل کی قیمتوں میں اضافہ تھا جو کہ مکمل طور پر صارفین کو منتقل نہیں کیا گیا۔

فلیکس ایبل پیکجز کنورٹرز (پروپرائٹری) لمیٹڈ

فلیکس ایبل پیکجز کنورٹرز (پروپرائٹری) لمیٹڈ جنوبی افریقہ میں قائم پیکجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر فلیکس ایبل پیکجنگ میں مصروف عمل ہے۔ کمپنی نے 31 دسمبر 2018 کو ختم ہونے والے سال کے دوران 535 ملین زار ZAR کا خالص سیلز ریونیو حاصل کیا جو 2017 میں 493 ملین زار ZAR تھا۔ کمپنی نے سال رواں میں 21 ملین زار ZAR کا منافع قبل از ٹیکس حاصل کیا جو سال 2017 میں 15 ملین زار ZAR تھا۔

پیکجز ریئل اسٹیٹ (پرائیویٹ) لمیٹڈ
[سابقہ پیکجز کنسٹرکشن (پرائیویٹ) لمیٹڈ]

پیکجز ریئل اسٹیٹ (پرائیویٹ) لمیٹڈ پیکجز لمیٹڈ کا ایک ذیلی ادارہ ہے۔ یہ بنیادی طور پر تمام اقسام کی تعمیراتی سرگرمیوں اور ریئل اسٹیٹ کے فروغ کے کاروبار میں سرگرم عمل ہے۔ اس وقت یہ ریئل اسٹیٹ "پیکجز مال" کے نام سے ایک پروجیکٹ آپریٹ کر رہا ہے۔ پیکجز مال کا افتتاح اپریل 2017 میں کیا گیا تھا۔ کمپنی نے سال مختتمہ 31 دسمبر 2018 کے دوران 3,204 ملین روپے کی سیلز حاصل کی جو کہ 2017 کے دوران 1,702 ملین روپے تھی جو کہ 88 فیصد سیلز گروتھ کو ظاہر کرتا ہے۔ کمپنی نے سال 2018 کے دوران 666 ملین روپے کا آپریٹنگ منافع حاصل کیا 2017 میں 81 ملین روپے تھا جو کہ 8.2 گنا اضافہ ظاہر کرتا ہے

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

پیکجز پاور (پرائیویٹ) لمیٹڈ

پیکجز پاور (پرائیویٹ) لمیٹڈ 3.1 میگا واٹ ہائیڈرو پاور پروجیکٹ کے قیام کے مقصد کے لئے بنایا گیا پیکجز لمیٹڈ کا ایک مکمل ملکیتی ذیلی ادارہ ہے۔ جس کی تشہیر پنجاب پاور ڈیولپمنٹ بورڈ (پی پی ڈی بی) کی جانب سے کی گئی۔ کمپنی مطلوبہ جائزوں اور اجازت ناموں کے ساتھ پروجیکٹ کو آگے بڑھانے کے ضمن میں متعلقہ سرکاری حکام کے ساتھ رابطے میں ہے۔

اومیا پیک (پرائیویٹ) لمیٹڈ

اومیا پیک (پرائیویٹ) لمیٹڈ نے اپنی کمرشل پیداوار کا آغاز جون 2018 میں کیا۔ کمپنی نے 1,963 اور 539 میٹرک ٹن گرانولڈ پیکیجنگ کا یونٹ بالترتیب اپنے ویٹ (Wet) اور ڈرائی (Dry) پلانٹس سے تیار کیا۔ بورڈ آف ڈائریکٹرز اس امر پر مستحکم یقین رکھتے ہیں کہ کمپنی کے مستقبل میں ترقی کے روشن امکانات موجود ہیں جو شیئر ہولڈرز کیلئے بہترین فوائد کا ذریعہ ثابت ہوں گے۔

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

آپ کی کمپنی نے 289.614 ملین روپے (2.312 ملین امریکی ڈالر) بطور ایکویٹی اینیون ہولڈنگز لمیٹڈ، ماریشس ("AHL") میں شراکت داری کی۔ ("AHL") ایک خصوصی مقصد کا کاروبار ہے جو 2015 میں جنوبی افریقہ میں ایک فلیکس ایبل پیکجنگ کمپنی کے آپریشنز کے حصول کے لئے قائم کیا گیا تھا۔

حکومت پنجاب سے حاصل کردہ لیز لینڈ کا کرایہ

حکومت پنجاب کی جانب سے زمین کا کچھ قطعہ جس پر پیرنٹ کمپنی کی فیکٹری واقع ہے، پیرنٹ کمپنی کو دسمبر 1955 سے نومبر 2015 تک لیز پر دی گئی تھی۔ جس کے بعد لیز کی تجدید نہیں کی گئی۔ سال 2015 کے دوران پیرنٹ کمپنی نے بورڈ آف ریونیو (BoR)، حکومت پنجاب سے لیز کی تجدید کیلئے درخواست کی۔ تاہم کوئی واضح جواب موصول نہ ہوا۔ 5 جنوری 2019 کو سپریم کورٹ آف پاکستان نے اس معاملہ پر بورڈ آف ریونیو اور پیکجز کو طلب کیا۔ جس پر بورڈ آف ریونیو نے بتایا کہ حکومت پنجاب کی نئی پالیسی کے مطابق سرکاری زمین لیز پر نہیں دی جا سکتی بلکہ صرف نیلام عام کے ذریعے فروخت کی جا سکتی ہے۔ جس کے نتیجہ میں پیرنٹ کمپنی کو ہدایت کی گئی کہ وہ واجب الادا کرایہ کے تعین کیلئے بورڈ آف ریونیو کے پاس 500 ملین روپے بطور سکیورٹی جمع کروائے جبکہ یہ رقم کرایہ کی حتمی رقم میں بعد ازاں ایڈجسٹ کر لی جائے گی۔ پیرنٹ کمپنی نے قابل احترام سپریم کورٹ آف پاکستان کے احکامات کی روشنی میں یہ رقم جمع کروا دی ہے۔ علاوہ ازیں سپریم کورٹ نے ایڈیشنل ایڈووکیٹ جنرل پنجاب کو بھی ہدایت جاری کی کہ کورٹ کی منظوری سے دو سرویئرز تعینات کیے جائیں جو کہ دسمبر 2015 سے تا حال زمین کے صنعتی استعمال کے کرایہ کا حساب لگائیں۔ تاہم ابھی تک کوئی سرویئر تعینات نہیں کیا گیا۔ مزید براں کورٹ نے یہ بھی فیصلہ کیا کہ زمین بذریعہ نیلام عام فروخت کی جائے گی جس میں پیرنٹ کمپنی کا اس پر پہلا حق ہوگا۔

Syed Hyder Ali

(سید حیدر علی)

چیف ایگزیکٹو اور مینجنگ ڈائریکٹر

لاہور، 12 مارچ 2019

(توفیق حبیب چنائے)

چیئرمین

لاہور، 12 مارچ 2019

Independent Auditor's Report

To the members of Packages Limited

Opinion

We have audited the annexed consolidated financial statements of Packages Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

Total assets and liabilities of Rs. 196.143 million and Rs. 179.491 million respectively as at December 31, 2018 and net sales and net loss of Rs. 418.617 million and Rs. 111.954 million respectively for the year then ended have been incorporated in the consolidated financial statements based on the management accounts of the Group's foreign subsidiaries, Linnaea Holdings Inc. and Chantler Packages Inc. Due to certain accounting software issues of those subsidiaries, the management accounts were prepared with considerable delay. Hence, because of the timing constraints we were unable to obtain sufficient appropriate audit evidence about the amounts so incorporated and as a result, were unable to determine whether any adjustments to these amounts were necessary.

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

Key Audit Matters

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

Following are the Key audit matters:

S. No.	Key audit matters	Key audit matters
1	**Companies Act, 2017** (Refer note 2.2.3 to the annexed consolidated financial statements) The provisions of Fourth Schedule to the Companies Act, 2017 became applicable to the Group for the first time in the preparation of the annexed consolidated financial statements. As part of this transition to the requirements, the management performed a gap analysis to identify differences between the previous financial reporting framework and the current financial reporting framework and as a result certain amendments and additional disclosures were made in the Group's annexed consolidated financial statements. In view of the additional disclosures in the annexed consolidated financial statements due to first time application of the Fourth Schedule to the Companies Act, 2017, we considered this as a key audit matter.	We reviewed and understood the requirements of the Fourth Schedule to the Companies Act, 2017. Our audit procedures included the following: • Considered the management's process to identify the additional disclosures required in the Group's annexed consolidated financial statements; • Obtained relevant underlying supports for the additional disclosures and assessed there appropriateness for the sufficient audit evidence; and • Verified on test basis the supporting evidence for the additional disclosures and ensured appropriateness of the disclosures made.

Independent Auditor's Report

S. No.	Key audit matters	Key audit matters
2	**Contingent liabilities** (Refer notes 31.6, 31.7, 31.8, 31.9, 31.10, 32.1, 32.2, 32.3, 32.4, and 32.5 to the annexed consolidated financial statements) The Group has contingent liabilities in respect of various income and sales tax matters, which are pending adjudication at various levels with the taxation authorities and other legal forums. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Group for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingent liabilities relating to income and sales tax, a key audit matter.	Our audit procedures included the following: • we understood and tested key controls surrounding the governance procedures in evaluating such uncertain exposures as well as performed an assessment over the experience of management in evaluating these exposures; • we examined and challenged the analysis performed by management which set out the basis for their judgements in respect of the material tax exposures identified, together with relevant supporting evidence such as correspondence with tax authorities and legal opinions obtained. We used our understanding of the business and also read correspondence with tax authorities to challenge the completeness of identified exposure and the need for provision; • we circulated confirmations to the Group's external legal and tax counsels for their views on the open tax assessments; • we made our own assessment of the likelihood of the tax exposure occurring based on our knowledge of tax legislation and applicable precedents. In making our assessment we considered the range of interpretations of the applicable tax legislation in the relevant jurisdiction. We also evaluated the calculation of the exposure and agreed that to the annexed financial statements. We also involved our internal tax professionals to assess the appropriateness of management's conclusions on the contingent tax matters; and • we assessed whether the extent of the disclosures made, in particular, in relation to contingent liabilities and judgements was appropriate.
3	**Provision for rent of land on lease from the Government of the Punjab ('GoPb')** (Refer notes 19.4 and 22.1.1 to the annexed financial statements) The process for determination of the amount of rent in respect of land on lease from GoPb in accordance with the order of Supreme Court of Pakistan is underway. Meanwhile, the Group has recognized a provision in respect of the rent for the period from December 2015 to December 2018 in the annexed consolidated financial statements. The management is required to make significant judgment and estimates in relation to the fair value of the said land and related market terms for estimation of the amount of rent. Due to significance of the amount involved, inherent uncertainty with respect to the outcome of matter and use of significant management judgment and estimates to assess the same including related financial impacts, we have considered the above provision as a key audit matter.	Our audit procedures included the following: • we obtained and inspected the expired supplemental lease deed between Packages Limited (the 'Parent Company') and GoPb, Parent Company's request to GoPb for renewal of the lease dated June 30, 2015 and the Supreme Court's orders dated January 5, 2019 and January 16, 2019; • we reviewed the report of the external expert engaged by the management to assess the fair value of the said portion of land. We assessed the technical ability, objectivity and competence of the expert; • we reviewed the appropriateness and reasonableness of key assumptions used in determining the amount of provision by inspecting the property DC valuation by GoPb and correlation between fair value and property DC valuation on the basis of our knowledge of the business and industry; • we also involved our external expert to assess the appropriateness of management's estimate regarding the provision. We assessed the technical ability, objectivity and competence of our expert and worked with him to compare key assumptions and performed sensitivity analysis using a range of these assumptions; and • we assessed whether the extent of the disclosures made, in particular, in relation to the judgements was appropriate.

S. No.	Key audit matters	Key audit matters
4	**Impairment testing of Cash-Generating-Unit ('CGU')** (Refer note 22.1.7 to the annexed consolidated financial statements) The Group has invested in various companies engaged in manufacturing and services sectors. The Group carries out impairment assessment of such assets where there are indicators of impairment. During the current year, the management has tested the net assets of Group's wholly owned subsidiary, Bulleh Shah Packaging (Private) Limited (considered a CGU) for impairment on the basis of certain impairment indicators. The management has determined recoverable amount of such CGU based on 'fair value less costs of disposal'. The 'fair value less costs of disposal' has been worked out by the management using income approach. Moreover, 'fair value less costs of disposal' has also been materially assessed by an independent valuer using cost approach. Since the recoverable amount of the CGU worked out in both instances is higher than its carrying value, therefore, no impairment loss has been recognized. Due to the high level of judgment and estimation required to determine the recoverable amount of the above mentioned investment, we consider it to be a key audit matter.	Our audit procedures included the following: • We considered management's process for identifying the existence of impairment indicators in respect of the CGUs; • We assessed the valuation methodology used by the management; • We checked, on sample basis, the reasonableness of the input data used by the management; • We assessed the reasonableness of cash flow projections, challenging and performing audit procedures on assumptions such as growth rate, future revenue and costs, terminal growth rate and discount rate by comparing the assumptions to historical results, budgets and comparing the current year's results with prior year forecasts and other relevant information; • We tested mathematical accuracy of cash flows projections; • We performed independently, a sensitivity analysis in consideration of the potential impact of reasonably possible upside or downside changes in key assumptions; • We obtained an understanding of the work performed by the management's expert for determining the fair value less costs of disposal; • We examined the professional qualification of management's expert and assessed the independence, competence and experience of the management's expert in the field; • We involved our own expert to assess the work of management's expert after examining the professional qualification of our expert and assessing the independence, competence and experience of our expert in the field; • Our expert agreed with the 'fair value less costs of disposal' determined by the management's expert; and • We reviewed the adequacy of the disclosures made by the Group in this area with regard to applicable accounting and reporting standards.

Independent Auditor's Report

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

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

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

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

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

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Chartered Accountants
Lahore,
March 25, 2019

Consolidated Statement of Financial Position

as at December 31, 2018

(Rupees in thousand)	Note	2018	2017
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2017: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (2017: 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 (2017: 89,379,504) ordinary shares of Rs. 10 each	5	893,795	893,795
8,186,842 (2017: 8,186,842) 10% non-voting preference shares / convertible stock of Rs. 190 each	8	606,222	606,222
Reserves	6	54,905,687	62,382,915
Equity portion of loan from shareholder of the Parent Company	7	277,219	171,187
Un-appropriated profit		6,249,793	11,087,931
Capital and reserves attributable to owners of the Parent Company		62,932,716	75,142,050
Non-controlling interest		2,124,244	2,117,100
TOTAL EQUITY		65,056,960	77,259,150
NON-CURRENT LIABILITIES			
Long term finances	8	13,566,292	14,626,258
Loan from shareholder of the Parent Company - unsecured	9	220,916	409,380
Liabilities against assets subject to finance lease	10	20,994	49,391
Security deposits	11	315,902	277,655
Deferred income	12	84,229	107,889
Deferred taxation	13	2,030,711	2,565,506
Long term advances	14	96,592	72,472
Retirement benefits	15	692,767	516,586
Deferred liabilities	16	579,478	525,282
		17,607,881	19,150,419
CURRENT LIABILITIES			
Current portion of non-current liabilities	17	3,584,794	3,437,080
Finances under mark up arrangements - secured	18	11,618,495	5,091,722
Trade and other payables	19	8,986,971	7,390,625
Unclaimed dividend		62,030	39,307
Accrued finance cost	20	739,105	495,278
Provision for taxation		10,748	22,176
		25,002,143	16,476,188
CONTINGENCIES AND COMMITMENTS	21		
		107,666,984	112,885,757

(Rupees in thousand)	Note	2018	2017
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	22	27,084,557	25,992,806
Investment properties	23	11,822,054	12,342,428
Intangible assets	24	385,100	286,621
Investments accounted for using the equity method	25	8,312,837	9,802,130
Other long term investments	26	32,847,963	41,981,048
Long term security deposits		142,291	153,247
Long term loans	27	3,101	3,961
		80,597,903	90,562,241
CURRENT ASSETS			
Stores and spares	28	1,953,160	1,707,667
Stock-in-trade	29	11,836,992	8,439,160
Trade debts	30	6,660,220	5,946,606
Current portion of long term investments	26	10,000	–
Loans, advances, deposits, prepayments and other receivables	31	1,319,304	1,138,978
Income tax receivable	32	4,828,059	4,002,315
Cash and bank balances	33	461,346	1,088,790
		27,069,081	22,323,516
		107,666,984	112,885,757

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.

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

Consolidated Statement of Profit or Loss

for the year ended December 31, 2018

(Rupees in thousand)		Note	2018	2017
Revenue		34	52,922,723	31,679,743
Cost of sales and services		35	(46,183,738)	(25,852,219)
Gross profit			6,738,985	5,827,524
Administrative expenses		36	(2,267,348)	(1,715,650)
Distribution and marketing costs		37	(2,423,374)	(1,480,314)
Other expenses		38	(774,776)	(588,067)
Other income		39	154,353	246,421
			1,427,840	2,289,914
Finance costs		40	(2,268,319)	(1,175,701)
Investment income		41	2,491,996	5,972,121
Gains and losses relating to business combinations		54	–	4,965,355
Share of profit of investments accounted for using the equity method - net of tax		25.2	76,002	206,530
Profit before taxation			1,727,519	12,258,219
Taxation		42	(567,341)	(1,458,435)
Profit for the year			1,160,178	10,799,784
Profit is attributable to:				
Equity holders of the Parent Company			1,006,288	10,673,355
Non-controlling interest			153,890	126,429
			1,160,178	10,799,784
Earnings per share attributable to equity holders of the Parent Company during the year				
Basic	Rupees	50.1	10.34	118.91
Diluted	Rupees	50.2	11.45	110.70

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

Consolidated Statement of Comprehensive Income

for the year ended December 31, 2018

(Rupees in thousand)	Note	2018	2017
Profit for the year		1,160,178	10,799,784
Other comprehensive (loss) / income:			
Items that will not be reclassified to profit or loss			
Remeasurements of retirement benefits		(113,553)	(265,019)
Tax effect of remeasurements of retirement benefits	13.5	32,930	79,503
		(80,623)	(185,516)
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of available for sale investments	26.5	(9,123,085)	9,123,085
Exchange differences on translation of foreign operations		(74,666)	180,789
Share of other comprehensive (loss) / income of investments accounted for using the equity method - net of tax	25.3	(1,227,053)	4,787,516
		(10,424,804)	14,091,390
Other comprehensive (loss) / income for the year - net of tax		(10,505,427)	13,905,874
Total comprehensive (loss) / income for the year		(9,345,249)	24,705,658
Total comprehensive (loss) / income for the year attributable to:			
Equity holders of the Parent Company		(9,551,469)	24,478,375
Non-controlling interest		206,220	227,283
		(9,345,249)	24,705,658

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

Consolidated Statement of Change in Equity

for the year ended December 31, 2018

(Rupees in thousand)	Attributable to owners of the Parent company													
	Issued, subscribed and paid up capital		Reserves									Capital and reserves		
			Capital reserves							Revenue reserves				
	Ordinary Share capital	Preference Share/ convertible stock reserve	Share Premium	Exchange differences on translation of foreign subsidiaries	Fair value reserve	Other reserves relating to associates and joint ventures	Transaction with non-controlling interest	Equity portion of short term loan from shareholder of the Parent Company	Capital Redemption reserve	General reserve	Unappropriated profit	Total	Non-controlling interest	Total Equity
Balance as on January 1, 2017	893,795	606,222	3,766,738	(156,663)	28,858,325	(66,054)	22,981	77,991	1,615,000	15,310,333	1,879,569	52,808,237	1,950,579	54,758,816
Appropriation of reserves														
Transfer from general reserves	–	–	–	–	–	–	–	–	–	(1,000,000)	1,000,000	–	–	–
Transaction with preference shareholder														
Participating dividend on preference shares	–	–	–	–	–	–	–	–	–	–	(45,000)	(45,000)	–	(45,000)
Total transactions with owners, recognised directly in equity														
Final dividend for the year ended December 31, 2016 of Rs. 25.00 per share	–	–	–	–	–	–	–	–	–	–	(2,234,487)	(2,234,487)	–	(2,234,487)
Dividends relating to 2016 paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(104,273)	(104,273)
Equity portion of long term loan from shareholder of the Parent Company	–	–	–	–	–	–	–	68,110	–	–	–	68,110	22,510	90,620
Equity portion of short term loan from shareholder of the Parent Company	–	–	–	–	–	–	–	25,086	–	–	–	25,086	8,291	33,377
Non-controlling interests on acquisition of subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	12,710	12,710
	–	–	–	–	–	–	–	93,196	–	–	(2,234,487)	(2,141,291)	(60,762)	(2,202,053)
Total comprehensive income / (loss) for the year														
Profit for the year	–	–	–	–	–	–	–	–	–	–	10,673,355	10,673,355	126,429	10,799,784
Other comprehensive income / (loss) for the year	–	–	–	83,349	9,123,085	4,784,092	–	–	–	–	(185,506)	13,805,020	100,854	13,905,874
	–	–	–	83,349	9,123,085	4,784,092	–	–	–	–	10,487,849	24,478,375	227,283	24,705,658
Share of gains recognised directly in equity from investments accounted for using the equity method - net of tax	–	–	–	–	–	41,729	–	–	–	–	–	41,729	–	41,729
Balance as on December 31, 2017	893,795	606,222	3,766,738	(73,314)	37,981,410	4,759,767	22,981	171,187	1,615,000	14,310,333	11,087,931	75,142,050	2,117,100	77,259,150
Appropriation of reserves														
Transfer to general reserve	–	–	–	–	–	–	–	–	–	3,000,000	(3,000,000)	–	–	–
Transaction with preference shareholders														
Participating dividend on preference shares - note 43	–	–	–	–	–	–	–	–	–	–	(82,499)	(82,499)	–	(82,499)
Total transactions with owners, recognised directly in equity														
Final dividend for the year ended December 31, 2017 of Rs. 30.00 per share	–	–	–	–	–	–	–	–	–	–	(2,681,397)	(2,681,397)	–	(2,681,397)
Dividends relating to 2017 paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(150,364)	(150,364)
Further investment in subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	8,067	8,067
Transaction with non-controlling interests - note 53.3	–	–	–	–	–	–	–	–	–	–	–	–	(91,822)	(91,822)
Equity portion of long term loan from shareholder of the Parent Company	–	–	–	–	–	–	–	106,032	–	–	–	106,032	35,043	141,075
	–	–	–	–	–	–	–	106,032	–	–	(2,681,397)	(2,575,365)	(199,076)	(2,774,441)
Total comprehensive (loss) / income for the year														
Profit for the year	–	–	–	–	–	–	–	–	–	–	1,006,288	1,006,288	153,890	1,160,178
Other comprehensive loss	–	–	–	(121,401)	(9,123,085)	(1,232,742)	–	–	–	–	(80,530)	(10,557,758)	52,330	(10,505,428)
	–	–	–	(121,401)	(9,123,085)	(1,232,742)	–	–	–	–	925,758	(9,551,470)	206,220	(9,345,250)
Balance as on December 31, 2018	893,795	606,222	3,766,738	(194,715)	28,858,325	3,527,025	22,981	277,219	1,615,000	17,310,333	6,249,793	62,932,716	2,124,244	65,056,960

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

Consolidated Statement of Cash Flows

for the year ended December 31, 2018

(Rupees in thousand)	Note	2018	2017
Cash flows from operating activities			
Cash generated from operations	49.1	2,819,996	4,100,198
Finance costs paid		(1,947,291)	(982,234)
Income tax paid		(1,967,074)	(2,023,783)
Income tax refunded		100,000	–
Acquisition-related costs of business combinations paid		–	(57,323)
Long term loans - net		1,194	80,621
Long term security deposits - net		(1,624)	(115,646)
Payments for accumulating compensated absences		(48,057)	(24,196)
Retirement benefits paid		(37,956)	(26,829)
Net cash (outflow) / inflow from operating activities		(1,080,812)	950,808
Cash flows from investing activities			
Fixed capital expenditure		(4,927,662)	(4,386,117)
Long term advances - net		22,689	(2,476)
Acquisitions under business combinations, net of cash and cash equivalents		–	(4,831,904)
Investments made in Government securities		–	(1,599,994)
Proceeds from disposal of Government securities		–	1,603,171
Proceeds from disposal of operating fixed assets		95,132	110,180
Dividends received		2,740,507	6,107,411
Net cash outflow from investing activities		(2,069,334)	(2,999,729)
Cash flows from financing activities			
Proceeds from long term finances		3,411,079	2,604,853
Repayment of long term finances		(4,313,101)	(664,205)
Repayment of loan from shareholder of the Parent Company		(100,000)	–
Further investment in subsidiary by non-controlling interest		8,067	–
Transactions with non-controlling interest		(91,822)	–
Repayment of liabilities against assets subject to finance lease		(26,757)	(17,528)
Dividends paid to equity holders of the Parent Company		(2,658,674)	(2,221,580)
Participating dividend on preference shares paid		(82,499)	(45,000)
Dividends paid to non-controlling interest		(150,364)	(104,273)
Net cash outflow from financing activities		(4,004,071)	(447,733)
Net decrease in cash and cash equivalents		(7,154,217)	(2,496,654)
Cash and cash equivalents at the beginning of the year		(4,002,932)	(1,506,278)
Cash and cash equivalents at the end of the year	49.2	(11,157,149)	(4,002,932)

Refer note 49.3 for reconciliation of liabilities arising from financing activities.

The annexed notes 1 to 58 form an integral part of these consolidated financial statements.

Syed Hyder Ali
Chief Executive & Managing Director

Asghar Abbas
Director

Khurram Raza Bakhtayari
Chief Financial Officer

Notes to and Forming Part of the Consolidated Financial Statements

for the year ended December 31, 2018

1. The Group and its operations

Packages Limited (the 'Parent Company') and its subsidiaries, DIC Pakistan Limited ('DIC'), Bulleh Shah Packaging (Private) Limited ('BSPPL'), Packages Lanka (Private) Limited ('PPL'), Linnaea Holdings Inc. ('LHI'), Chantler Packages Inc. ('CPI'), Packages Real Estate (Private) Limited ('PREPL') (formerly Packages Construction (Private) Limited), Packages Power (Private) Limited ('PPPL'), Anemone Holdings Limited ('AHL') and Flexible Packages Convertors (Proprietary) Limited ('FPCL') (together, the 'Group') are engaged in the following businesses:

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

The Group also holds investment in companies engaged in the manufacture and sale of biaxially oriented polypropylene ('BOPP') film and cast polypropylene ('CPP') film, plastic, insurance business and production and sale of ground calcium carbonate products.

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

2. Basis of preparation

2.1 Statement of compliance

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

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

ii) Provisions of and directives issued under the Act.

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

2.2 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Group's consolidated financial statements covering annual periods, beginning on or after the following dates:

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on January 1, 2018 but are considered not to be relevant or to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated financial statements, except for the following:

IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. The Group's accounting treatment is already in line with this interpretation.

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

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2019, but are considered not to be relevant or to have any significant effect on the

Group's operations and are, therefore, not detailed in these consolidated financial statements, except for the following:

IFRS 9, 'Financial instruments': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the Securities and Exchange Commission of Pakistan ('SECP') to be effective for annual periods ending on or after June 30, 2019. This standard replaces the guidance in IAS 39, 'Financial instruments: Recognition and measurement'. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model. The Group has yet to assess the full impact of this standard.

IFRS 15, 'Revenue from contracts with customers': (effective for periods beginning on or after January 1, 2018). This standard has been notified by the SECP to be effective for annual periods beginning on or after July 1, 2018. This standard deals with revenue recognition and establishes principles for reporting useful information to users of the consolidated financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, 'Revenue', and IAS 11, 'Construction contracts' and related interpretations. The Group has yet to assess the full impact of the standard.

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

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

2.2.3 Changes due to The Companies Act, 2017

This was the first year that the Act was applicable to the Group's consolidated financial statements. The Act has brought certain changes with regard to the preparation and presentation of the Group's consolidated financial statements. These changes also include change in nomenclature of primary statements, etc. Further, the disclosure requirements contained in the Fourth Schedule to the Act have been revised, resulting in the:

- Elimination of duplicative disclosures with the IFRS disclosure requirements; and
- Incorporation of significant additional disclosures

In view of the above, the presentation of these consolidated financial statements has been realigned with the provisions contained in the Act. The application of the Act, however, does not have any impact in the recognition and measurement of the amounts reported in these consolidated financial statements.

3. Basis of measurement

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

3.2 Critical accounting estimates and judgements

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

i) Estimated useful lives and residual values of property, plant and equipment - note 4.3 & 22
ii) Estimated useful lives and residual values of investment properties - note 4.4 & 23
iii) Employee retirement and other service benefit obligations- note 4.8, 15 & 16
iv) Provision for taxation - note 4.2, 13, 32 & 42
v) Impairment testing of non-financial assets - notes 4.3.4, 4.5.1, 24 & 24.1
vi) Impairment testing of investments - note 22.1.7

4. Summary of significant accounting policies

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

4.1 Principles of consolidation and equity accounting

a) Subsidiaries

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

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

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

Non-controlling interest ('NCI') in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in consolidated other comprehensive income are reclassified to consolidated statement of profit or loss.

b) Associates

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

c) Joint arrangements

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

Joint ventures

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

d) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in the consolidated statement of profit or loss, and the Group's share of movements in consolidated other comprehensive income of the investee in consolidated other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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 statement of profit or loss.

e) Changes in ownership interests

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

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

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

4.2 Taxation

Income tax expense comprises current and deferred tax. SECP, has registered the Parent Company and its wholly-owned subsidiary, Bulleh Shah Packaging (Private) Limited ('BSPPL'), (together the 'Taxation Group') tax for the purpose of group taxation under Section 59AA of the Income tax Ordinance, 2001. Consequent to the filing of application by the Taxation Group with the Federal Board of Revenue for group taxation for the tax year 2019, the Taxation Group will be taxed as one fiscal unit for the said tax year.

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated 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 statement of financial position date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

Deferred tax liability is not recognized in respect of taxable temporary differences associated with undistributed reserves and exchange translation reserves of subsidiaries, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Group taxation adjustments

Current and deferred taxes based on the consolidated results of the Taxation Group are allocated within the Taxation Group on the basis of separate return method, modified for determining realizibility of tax credits and tax losses which are assessed at Group level. Any adjustments in the current and deferred taxes of the Taxation Group on account of group taxation are credited or charged to consolidated statement of profit or loss in the year in which they arise.

4.3 Property, plant and equipment

4.3.1 Operating fixed assets

4.3.1.1 Owned assets

Operating fixed assets, except freehold land, are stated at cost less accumulated depreciation and any identified impairment loss except for leasehold land which is stated at cost less accumulated amortisation. Freehold land is stated at cost less any identified impairment loss. Cost of leasehold land is amortised using the straight line method over the period of lease term. Cost in relation to certain plant and machinery signifies historical cost, gains and losses transferred from equity on qualifying cash flow hedges as referred to in note 4.18 and borrowing costs as referred to in note 4.21. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

Leasehold land	1.01%	to	2.63%
Buildings	2.50%	to	20.00%
Plant and machinery	3.33%	to	50.00%
Other equipments	3.33%	to	50.00%
Furniture and fixtures	10.00%	to	33.33%
Vehicles	15.00%	to	33.33%

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Group's estimate of the residual values and useful lives of its owned assets as at December 31, 2018 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to owned assets is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed of.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.3.4 to these consolidated financial statements.

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

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

4.3.1.2 Leased assets

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

Residual values and the useful lives of leased assets are reviewed at each financial year end and adjusted if impact on depreciation is significant. The Group's estimate of the residual values and useful lives of its leased assets as at December 31, 2018 has not required any adjustment as there were no assets subject to finance lease as at year end.

4.3.2 Capital work-in-progress

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

4.3.3 Major spare parts and stand-by equipment

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

4.3.4 Impairement of non-financial assets

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

4.4 Investment properties

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment properties of the Group comprise of land, buildings and related assets and equipment. Investment properties also include property that is being constructed or developed for future use as investment property. Some of the investment properties are leased to tenants under long term operating leases with rentals, payable monthly. The investment properties, except freehold land, are stated at cost, including related transaction costs and applicable borrowing costs less accumulated depreciation and any identified impairment losses. Freehold land is stated at cost less any identified impairment loss. Under construction properties are classified as investment property under development and carried at cost less any identified impairment losses.

Depreciation on investment properties is charged to consolidated statement of profit or loss on the straight line method so as to write off the depreciable amount of investment property over its estimated useful life at the rates ranging from 2.50% to 20.00% per annum. Depreciation on additions to investment properties is charged from the month in which a property is acquired or capitalised while no depreciation is charged for the month in which the property is disposed of.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Group's estimate of the residual values and useful lives of its investment properties as at December 31, 2018 has not required any adjustment as its impact is considered insignificant.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.3.4 to these consolidated financial statements.

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

4.5 Intangible assets

4.5.1 Goodwill

Goodwill arises through acquisitions of subsidiaries and represents the excess of the consideration transferred over the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interests in the acquiree. Goodwill on acquisition of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates and joint ventures is included in 'investments in associates' and 'investments in joint ventures' respectively and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit.

4.5.2 Software

Expenditure incurred to acquire computer softwares and SAP Enterprise Resource Planning ('ERP') System and develop websites are capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss.

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

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

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

4.5.3 Research and development

Research expenditure and development expenditure that do not meet the criteria in 4.5.2 above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

4.5.4 Amortisation methods and periods

Intangible assets are amortised using the straight line method over the estimated useful lives at the rates ranging from 10.00% to 33.00%. Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Useful lives of intangible assets are reviewed, at each statement of financial position date and adjusted if the impact of on amortisation is significant. The Group's estimate of the useful lives of its intangible assets as at December 31, 2018 has not required any adjustment as its impact is considered insignificant.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount as fully explained in note 4.3.4 to these consolidated financial statements.

4.6 Leases

(1) The Group is the lessee:

Finance leases

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

The related rental obligations, net of finance charges, are included in liabilities against assets subject to finance lease as referred to in note 10. The liabilities are classified as current and long term depending upon the timing of the payment.

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

Operating leases

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

(2) The Group is the lessor:

Operating leases

Properties leased / licensed out under operating leases are included in investment properties in the consolidated statement of financial position as referred to in note 23. See note 4.19 for the recognition of rental income / license fee. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment.

The Group makes payments to agents for services in connection with negotiating lease contracts with the Group's lessees. The letting fees are capitalised within the carrying amount of the related investment properties and amortised over the lease term.

4.7 Business combinations

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

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

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

Acquisition-related costs are expensed as incurred.

The excess of the:

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

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

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

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

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

4.8 Employee benefits

4.8.1 Short term obligations

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

4.8.2 Post employment benefits

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

(i) Defined benefit plans

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

(a) Gratuity plan

There are approved funded defined benefit gratuity plans for all permanent employees of the Parent Company and BSPPL subject to attainment of service of prescribed minimum period. Monthly contributions are made to the funds on the basis of actuarial recommendations at the rate of 4.50 percent per annum of basic salaries. The latest actuarial valuation for the gratuity scheme was carried out as at December 31, 2018. The actual return on plan assets during the year was Rs. 29.701 million (2017: Rs. 39.656 million). The employees of the Parent Company and BSPPL are entitled to gratuity payments on the basis of their service with the Group and in accordance with the Group policy.

The future contribution rates of these plans include allowances for deficit and surplus. Projected unit credit method, using the following significant assumptions, is used for valuation of this scheme:

Per annum	2018	2017
Discount rate	13.25% - 13.75%	8.25%
Expected rate of increase in salary level	9.50% - 13.75%	8.25%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table
Expected rate of return	13.25%	8.25%

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

The Group is expected to contribute Rs. 41.519 million to the gratuity fund in the next financial year.

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

(b) Pension plan

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

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

Defined contribution plan for active employees hired before January 1, 2016; and
Defined benefit plan for pensioners who have retired on or before December 31, 2012.

Packages Limited

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

Bulleh Shah Packaging (Private) Limited

In respect of the defined contribution plan, BSPPL contributes 20% of members' monthly basic salary to the scheme; whereas, an employee may or may not opt to contribute 6% of his monthly basic salary to the scheme.

The obligation in respect of the defined benefit plans are determined by the funds' actuary at each year end. Any funding gap identified by the funds' actuary is paid by the Parent Company and BSPPL from time to time. The last actuarial valuation was carried out as at December 31, 2018.

Per annum	2018	2017
Discount rate	13.25% - 13.75%	8.25% - 12.00%
Expected rate of increase in pension level	9.50% - 13.75%	8.25% - 12.00%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table
Expected rate of return	13.25%	8.25%

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

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

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

(c) Accumulating compensated absences

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

Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to consolidated statement of profit or loss. The most recent valuation was carried out as at December 31, 2018 using the Projected Unit Credit Method.

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

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

Per annum	2018	2017
Discount rate	13.25% - 13.75%	8.25%
Expected rate of increase in salary level	9.50% - 13.75%	8.25%
Expected mortality rate	SLIC (2001-2005) mortality table	SLIC (2001-2005) mortality table

(ii) Defined contribution plans

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

The Parent Company operates a recognised / approved contributory provident fund for its permanent employees. Equal monthly contributions at the rate of 10.00% per annum of basic salaries plus dearness allowance and cost of living allowance are made by the Parent Company and the employees to the fund. The nature of contributory pension fund has been explained in note 4.8.2 (b) above.

BSPPL operates a recognised / approved contributory provident fund for its permanent employees. Equal monthly contributions at the rate of 10.00% per annum of basic salaries plus dearness allowance and cost of living allowance are made by BSPPL and the employees to the fund. The nature of contributory pension fund has been explained in note 4.8.2 (b) above.

Employees of Packages Lanka (Private) Limited, a subsidiary incorporated in Sri Lanka, are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The contributions are made at the rate of 12.00% and 3.00% per annum of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund, respectively.

4.9 Stores and spares

These are valued at moving weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the statement of financial position date. For items which are slow moving and / or identified as obsolete, adequate provision is made for any excess book value over estimated realisable value on a regular basis.

4.10 Stock-in-trade

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

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

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

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

4.11 Investments

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

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

Investments in equity instruments of associates and joint ventures are accounted for using equity method of accounting as referred to in note 4.1 (d).

4.12 Financial instruments

4.12.1 Financial assets

4.12.1.1 Classification

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

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

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

c) Available for sale financial assets

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

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

d) Held to maturity

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

4.12.1.2 Recognition and measurement

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

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

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

The Group assesses at each statement of financial position date whether there is an objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss is removed from equity and recognised in the consolidated statement of profit or loss. Impairment losses recognised in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated statement of profit or loss. Impairment testing of trade debts and other receivables is described in note 4.13.

4.12.2 Financial liabilities

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

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

4.12.3 Offsetting of financial assets and liabilities

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

4.13 Trade debts and other receivables

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

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

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

4.14 Cash and cash equivalents

Cash and cash equivalents are carried in the consolidated statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand, demand deposits and other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark up arrangements. In the consolidated statement of financial position, finances under mark up arrangements are included in current liabilities.

4.15 Non-current assets / disposal group held for sale

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

4.16 Borrowings

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

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

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

4.17 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

4.18 Derivative financial instruments

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

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

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

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

4.19 Revenue recognition

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

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

ii) License fee from operating leases / license is recognised on a straight-line basis over the lease / license term. When the Group provides incentives to its tenants, the cost of incentives is recognised over the lease / license term, on a straight-line basis, as a reduction of rental income;

(iii) Service and management charges are recognised in the accounting period in which the services are rendered. When the Group is acting as an agent, the commission rather than gross income is recorded as revenue;

(iv) Ancillary and marketing income is recognised when the event is performed;

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

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

4.20 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the consolidated financial statements of the each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees.

b) Transactions and balances

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the consolidated statement of financial position date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to consolidated statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined. Foreign exchange gains and losses are recognised in the consolidated statement of profit or loss except in case of items recognised in other comprehensive income or equity in which case it is included in other comprehensive income or equity respectively.

c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each consolidated statement of financial position item presented are translated at the closing rate at the date of that consolidated statement of financial position;

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

(c) All resulting exchange differences are recognised in consolidated other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in consolidated other comprehensive income.

4.21 Borrowing costs

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

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

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

4.22 Dividend

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

4.23 Compound financial instruments

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

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

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

4.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating decision-maker. The Chief Operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the BOD of the Parent Company.

4.25 Provisions

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

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

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

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate.

4.26 Share capital

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

4.27 Earnings per share

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

4.28 Contingent liabilities

Contingent liability is disclosed when:

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

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

5. Issued, subscribed and paid up capital

2018 (Number of shares)	2017		2018 (Rupees in thousand)	2017
		Fully paid ordinary shares of Rs. 10 each as at the beginning and end of the year		
33,603,295	33,603,295	- issued against cash	336,033	336,033
148,780	148,780	- issued against consideration other than cash (property, plant and equipment)	1,488	1,488
5,000,000	5,000,000	- issued against conversion of preference shares / convertible stock	50,000	50,000
50,627,429	50,627,429	- issued as bonus shares	506,274	506,274
89,379,504	89,379,504		893,795	893,795

5.1 26,707,201 (2017: Nil) and Nil (2017: 24,653,801) ordinary shares of the Parent Company are held by the Group's associates, IGI Investments (Private) Limited and IGI Holdings Limited ('IGIHL') respectively.

(Rupees in thousand)	Note	2018	2017
6. Reserves			
Composition of reserves is as follows:			
Capital reserves			
Share premium	6.1	3,766,738	3,766,738
Exchange differences on translation of foreign operations	6.2	(194,715)	(73,314)
Fair value reserve	6.3	28,858,325	37,981,410
Other reserves relating to associates and joint ventures	6.4	3,527,025	4,759,767
Transaction with non-controlling interests	6.5	22,981	22,981
Capital redemption reserve	6.6	1,615,000	1,615,000
		37,595,354	48,072,582
Revenue reserve			
General reserve		17,310,333	14,310,333
		54,905,687	62,382,915

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

6.2 This represents exchange differences arising on translation of the foreign controlled entities that are recognised in other comprehensive income as described in note 4.20 (c). The cumulative amount is reclassified to consolidated statement of profit or loss when the net investment is disposed of.

6.3 This represents the unrealised gain on remeasurement of investments at fair value and is not available for distribution. This amount shall be transferred to statement of profit or loss on realisation.

6.4 This represents Group's share of net other comprehensive income of the associates and joint ventures. The amount shall be transferred to consolidated statement of profit or loss on subsequent reclassification.

6.5 This reserve is used to record the differences described in note 4.1 (e) which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

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

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

This represents equity portion of interest free loan from shareholder of the Parent Company. On April 26, 2017 the terms of the loan were modified and tenure of the loan was extended to December 31, 2017. The terms of the loan were again modified and tenure of the loan was extended to December 31, 2019. The gain of Rs. 33.377 million on renegotiation(s) and gain of Rs. 90.620 million on initial recognition of long term loan were classified directly in equity as a capital contribution of the shareholder of the Parent Company. On December 31, 2018 the tenure of loan was further extended to December 31, 2022. The gain of Rs. 141.074 million on initial recognition is classified directly in equity as a capital contribution of the shareholder of the Parent Company.

(Rupees in thousand)	Note	2018	2017
Opening balance		171,187	77,991
Equity portion of long term loan at initial recognition	9.2	141,075	90,620
Equity portion of short term loan at renegotiation(s)		–	33,377
Amount attributable to NCI		(35,043)	(30,801)
Closing balance		277,219	171,187

8. Long term finances

These are composed of:			
Local currency loans - secured			
Long term finance facility I	8.1	571,450	1,142,870
Long term finance facility II	8.2	750,000	1,500,000
Long term finance facility III	8.3	4,062,819	4,495,649
Long term finance facility IV	8.4	2,992,989	3,491,223
Long term finance facility V	8.5	3,290,000	4,935,000
Long term finance facility VI	8.6	1,000,000	–
Long term finance facility VII	8.7	2,000,000	–
		14,667,258	15,564,742
Foreign currency loans - secured			
Term finance loan I	8.8	856,055	875,754
Term finance loan II	8.9	542,084	552,403
Term finance loan III	8.10	88,131	62,651
		1,486,270	1,490,808
Preference shares / convertible stock - unsecured	8.11	932,650	932,650
		17,086,178	17,988,200
Current portion shown under current liabilities	17	(3,519,886)	(3,361,942)
		13,566,292	14,626,258

8.1 Long term finance facility I

This loan has been obtained from Meezan Bank Limited under the Islamic mode of finance as a Musharika. It is secured by a first pari passu charge over all present and future moveable fixed assets and specific land and buildings of the Parent Company located at Kasur and Karachi amounting to Rs. 2,500 million. The balance is repayable in 2 equal semi-annual instalments ending on December 28, 2019. The loan carries mark-up at the rate of six month Karachi Inter Bank Offered Rate ('KIBOR') plus 0.10% per annum. The effective mark-up charged during the year ranges from 6.31% to 7.14% (2017: 6.24% to 6.31%) per annum.

8.2 Long term finance facility II

This represents a Term Finance Facility (the 'Facility') of Rs. 11 billion obtained from Habib Bank Limited to finance the redemption of preference shares issued to International Finance Corporation, Washington D.C, United States of America ('IFC'). The Facility is secured against pledge of Nestle Pakistan Limited's shares owned by the Parent Company under a "Share Pledge Agreement" as referred to note 21.1 The Parent Company made a drawdown of Rs. 3,000 million on September 8, 2016 out of which, Rs. 1,500 million was prepaid before December 31, 2016 as permitted under the Facility. As per the agreement, the 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% per annum. The balance is repayable in 2 equal semi-annual instalments ending on September 8, 2019. The effective mark up rate charged during the year ranges from 6.40% to 8.35% (2017: 6.30% to 6.40%) per annum.

8.3 Long term finance facility III

This represents term finance facility of Rs. 4,500 million from MCB Bank Limited. PREPL obtained first disbursement in September 2015. As at December 31, 2018 the amount outstanding is Rs. 4,000 million (2017: Rs. 4,500 million) against term finance. The loan carries markup at annual rate of 6 months KIBOR plus 0.14% and 0.40% during first and last three and half years respectively during the tenure of the loan. Markup is payable half yearly in arrears. The tenure of the loan is seven years and it is repayable after a grace period of three and half years from first disbursement date in seven semi-annual installments commencing from September 30, 2019. However, Group made early repayments aggregating to Rs. 500 million during the year.

First exclusive charge over all present and future movable fixed assets of the Group's subsidiary, namely PREPL including but not limited to plant, machinery, equipment, fixtures and other installations and such movables of whatsoever nature installed or to be installed at the premises of PREPL located anywhere in Pakistan.

First exclusive equitable mortgage charge on all that piece and parcel of property owned by the Parent Company, measuring 119 kanals 15 marlas and 62.25 Sq. fts in aggregate, situated at Moza Amar Saddhu, Tehsil / District Lahore together with all present and future construction thereon, and present & future fixtures and fittings attached thereto, that are presently and/or in future the property of the Parent Company.

8.4 Long term finance facility IV

This represents term finance facility of Rs. 3,500 million from Allied Bank Limited. The Group obtained first disbursement in February 2016. As at December 31, 2018 the amount outstanding is Rs. 3,000 million (2017: Rs. 3,500 million) against term finance.The loan carries markup at annual rate of six months KIBOR plus 0.275% uptil May 2018.The rate was revised to 6 months KIBOR plus 0.17% with effect from June 01, 2018. Markup is payable half yearly in arrears.The tenure of the loan is seven years and it is repayable after a grace period of three and half years from first disbursement date in seven semi-annual installments commencing from February 10, 2020. However Group's subsidiary, namely PREPL made early repayment aggregating to Rs. 500 million during the year.

First pari passu charge over all present and future movable fixed assets of the Group's subsidiary, namely PREPL including but not limited to plant, machinery, equipment, machinery in transit, tools, spares, fittings and fixtures and other installations installed or to be installed, stored and kept at the premises of customer located anywhere in Pakistan.

First pari passu charge on all that piece and parcel of property owned by the Parent Company, measuring 119 kanals 15 marlas and 62.25 Sq. fts in aggregate, situated at Moza Amar Saddhu, Tehsil/District Lahore together with all present and future construction thereon, and present & future fixtures and fittings attached thereto, that are presently and/or in future the property of the Parent Company.

8.5 Long term finance facility V

This loan has been obtained from a consortium of commercial banks comprising of MCB Bank Limited ('MCB'), Allied Bank Limited and United Bank Limited (together 'the consortium members') led by MCB to fund the capital expenditure costs of the Group. Under the terms of the agreement, MCB is also acting as the agent bank and the security trustee. The aggregate loan amount is Rs. 7,000 million. It carries mark-up at six month KIBOR plus 0.15% per annum (2017: KIBOR plus 0.45% per annum). The effective mark up charged during the year ranges from 6.60% to 8.25% per annum (2017: 6.50% to 6.60% per annum). Mark up is payable semi-annually in arrears. This loan is repayable in 4 years after expiry of second availability period. The balance is repayable in 4 equal semi-annual instalments ending on September 2020.

It is secured by an aggregate sum of Rs. 9,333 million by a first priority charge on the hypothecated assets of the Group's subsidiary, namely BSPPL at least the charge amount and a first priority mortgage of title deeds of the immovable properties of at least the charge amount.

8.6 Long term finance facility VI

This loan has been obtained from MCB Islamic Bank Limited against diminishing musharaka agreement to meet the capital expenditure requirements already incurred by the BSPPL from own sources. The aggregate loan amount is Rs. 1,000 million. It carries mark up at three month KIBOR plus 0.10% annum (2017: Nil). The effective mark up charged during the year ranges from 8.02% to 9.38% per annum (2017: Nil). Mark up is payable quarterly in arrears.'This loan is repayable in 4 years including a grace period of 1 year. The balance is repayable in 12 equal quarterly installments ending on August 2022.

It is secured by an aggregate sum of Rs. 2,666 million by a ranking charge over all the present and future fixed assets i.e land, building and plant and machinery of BSPPL.

8.7 Long term finance facility VII

This loan has been obtained from Allied Bank Limited for the purpose of re-profiling of statement of financial position and meeting capital expenditure requirements of BSPPL. The aggregate loan amount is Rs. 2,000 million. It carries mark-up at six month KIBOR plus 0.10% per annum (2017: Nil).The effective mark-up charged during the year ranges from 8.19% to 10.67% per annum (2017: Nil). Mark-up is payable semi-annually in arrears. This loan is repayable in 7 years including a grace period of 2 years. The balance is repayable in 10 equal semi-annual installments ending on September 2025.

It is secured by an aggregate sum of Rs. 2,666 million inclusive of 25% margin by a ranking charge over all the present and future fixed assets i.e land, building and plant and machinery of BSPPL.

8.8 Term finance loan I

This represents loan obtained from Habib Bank Limited, Offshore Banking Unit, Bahrain ('HBL Bahrain') of USD 9.5 million to finance the acquisition of Group subsidiary, namely, FPC. This facility is secured against the Group's shareholding in FPC and has been provided against a guarantee in the form of a Standby Letter of Credit ('SBLC') issued by Habib Bank Limited Pakistan ('HBL Pakistan') in favour of HBL Bahrain as referred to in note 21.1. SBLC is secured against pledge of Nestle Pakistan Limited shares owned by the Parent Company. It carries mark up at the rate of London Inter Bank Offer Rate ('LIBOR') plus 5.25% per annum and the balance USD 8.8 million is payable in 10 equal semi-annual installments starting from November 2017 and ending in May 2022.

8.9 Term finance loan II

This represents a term loan from First National Bank South Africa at a prime rate with a sixty month fixed repayment period, against the security of a portion of plant and machinery of the Group amounting to Rs. 888.104 million (2017: Rs. 802.179 million).

8.10 Term finance loan III

This term loan has been obtained from MCB Bank Limited, Sri Lanka and is repayable in bi-annual installments within two years. The loan carries markup at Average Weighted Prime Lending Rate ('AWPLR').

8.11 Preference shares / convertible stock - unsecured

During the year 2009, the Parent Company issued 10.00% local currency non-voting preference shares / convertible stock at the rate of Rs. 190 per share amounting to USD 50 million equivalent to Rs. 4,120.50 million under "Subscription Agreement" dated March 25, 2009 with IFC.

Terms of redemption / conversion

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

Rate of return

The preference share / convertible stock holders have a preferred right of return at the rate of 10.00% per annum on a non-cumulative basis till the date of settlement of preference shares / convertible stock either in cash or ordinary shares. In case the amount of dividend paid to an ordinary shareholder exceeds that paid to a preference shareholder, the preference shareholders have the right to share the excess amount with the ordinary shareholders on an as-converted basis.

Preference shares / convertible stock are recognised in the consolidated statement of financial position as follows:

(Rupees in thousand)	Note	2018	2017
Face value of preference shares / convertible stock [8,186,842 (2017: 8,186,842) shares of Rs. 190 each]		1,555,500	1,555,500
Transaction costs		(16,628)	(16,628)
		1,538,872	1,538,872
Equity component - classified under capital and reserves		(606,222)	(606,222)
Liability component - classified under long term finances		932,650	932,650
Accrued return on preference shares / convertible stock classified under accrued finance cost	20	155,550	155,550

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

(Rupees in thousand)	Note	2018	2017
9. Loan from shareholder of the Parent Company - unsecured			
Loan - before change of terms	9.1	–	409,380
Loan - after change of terms	9.2	220,916	–
		220,916	409,380

9.1 Loan - before change of terms

This represents loan of Rs. 500 million obtained from Syed Babar Ali. It was carried at amortized cost using a market interest rate of 10.5% for similar instrument. Its movement is as follows:

(Rupees in thousand)	Note	2018	2017
Recognised as long term loan	9.1.1	500,000	500,000
Equity portion at initial recognition	9.1.1	(90,620)	(90,620)
		409,380	409,380
Repayment during the year		(100,000)	–
Interest accrued during the year	40	52,611	–
		361,991	409,380
De-recognition of loan due to re-negotiation	9.1.2	(361,991)	–
		–	409,380

9.1.1 The Group re-negotiated the terms of repayment of the loan with Syed Babar Ali in 2017. The tenure of loan was extended to December 31, 2017. The gain of Rs. 33.376 million was recognized in equity as a result of re-negotiations. On December 31, 2017 tenure of loan was further extended to December 31, 2019. Consequently, the loan was recognized as a long term loan and gain of Rs. 90.620 million on initial recognition of loan was recognized as equity contribution from shareholder of the Parent Company.

9.1.2 On May 7, 2018 Syed Babar Ali, shareholder of the Parent Company entered into an agreement with Babar Ali Foundation ('BAF'), a related party (group entity), regarding assignment of the loan. In accordance with the agreement, Syed Babar Ali assigned his rights from the Group to BAF. The terms of repayment remained unchanged for the Group in accordance with original agreement with Syed Babar Ali. On December 31, 2018 the Group and BAF re-negotiated the terms of loan. In accordance with the revised terms the tenure of loan is extended to December 31, 2022. Consequently, the loan was de-recognized and recognized as a new loan as referred in note 9.2.

(Rupees in thousand)	Note	2018	2017
9.2 Loan - after change of terms			
Recognised as long term loan	9.1	361,991	–
Equity portion of loan at initial recognition	7	(141,075)	–
		220,916	–

This represents loan repayable to BAF and is interest free. It is being carried at amortized cost using market rate of 16% for a similar instrument.

(Rupees in thousand)	Note	2018	2017
10. Liabilities against assets subject to finance lease			
Present value of minimum lease payments		42,656	81,993
Current maturity shown under current liabilities	17	(21,662)	(32,602)
		20,994	49,391

Interest rate used as discounting factor ranges from 6.28% to 11.50% per annum (2017: 6.42% to 11.72% per annum). Taxes, repairs and insurance costs are borne by the lessee.A portion of motor vehicles upto the extent of Rs. 12.350 million (2017: Rs. 18.006 million) is encumbered as security against finance lease liabilities.

The amount of the future payment of the lease as shown in the consolidated statement of financial position 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 2018	2017
Not later than one year	25,277	3,615	21,662	32,602
Later than one year and not later than five years	22,898	1,904	20,994	49,391
	48,175	5,519	42,656	81,993

11. Security deposits

These represent interest free security deposits from tenants and are repayable on cancellation / withdrawal of the license / lease agreement or on cessation of business with the Group. Gross value received from tenants as at year end is Rs. 439.355 million (2017: Rs. 418.251 million). These have been carried at amortized cost using a market interest rate of 10% for a similar instrument. The gain on initial recognition is recognised as deferred income and would spread over the license lease term.These are not kept in a separate bank account as the Group can utilize the amount for any purpose in accordance with the agreements with tenants.

(Rupees in thousand)	Note	2018	2017
Gross proceeds from tenants		439,355	418,251
Recognised as income during the year		(28,966)	–
Interest accrued during the year	40	24,590	–
		434,979	418,251
Deferred income	12	(119,077)	(140,596)
		315,902	277,655

(Rupees in thousand)		Note	2018	2017
12.	**Deferred income**			
	Deferred income recognised	11	119,077	140,596
	Income to be recognised in the following year classified under current liabilities	17	(34,848)	(32,707)
			84,229	107,889
13.	**Deferred taxation**			
	The liability for deferred taxation comprises temporary differences relating to:			
	Accelerated tax depreciation		2,377,428	2,480,498
	Unused tax losses	13.2	(1,100,362)	(965,476)
	Intangible assets		(4,423)	–
	Fair value gain on acquisition of subsidiary		576,238	899,608
	Provision for slow moving items		(9,151)	–
	Provision for doubtful receivables		(8,427)	–
	Investments in associates and joint ventures		372,000	372,000
	Straightlining of operating leases		(16,452)	–
	Provision for unfunded defined benefit plan		(6,422)	–
	Provision for accumulating compensated absences		(146,850)	(154,534)
	Others		(2,868)	(66,590)
			2,030,711	2,565,506

13.1 Deferred tax asset on tax losses representing minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 is recognised to the extent that the realisation of related tax benefits through future taxable profits of the Group is probable. The Group has not recognised deferred tax asset of Rs. 663.436 million (2017: 214.823), out of which Rs. 185.754 million is set to lapse in the accounting year 2022 and Rs. 477.682 million is set to lapse in the accounting year 2023, in respect of minimum tax available for carry forward arisen after the formation of the Taxation Group as referred to in note 4.2, as sufficient taxable profits would not be available to the Taxation Group to utilise these in the foreseeable future. Deferred tax asset has also not been recognised on aggregate minimum tax credits prior to the formation of the Taxation Group amounting to Rs. 583.654 million (2017: Rs. 801.931 million) as the same can not be realised against the taxable profits of the Taxation Group. Presently, the Parent Company and BSPPL do not intend to opt out of the Taxation Group in forseeable future. However, in case the Parent Company and BSPPL opt out of the Taxation Group, these minimum tax credits will become available for realisation against the taxable profits of the Parent Company and BSPPL. Out of these minimum tax credits, Rs. 166.389 million, Rs. 157.677 million and Rs. 259.558 million are set to lapse by December 31, 2019, 2020 and 2021 respectively.

13.2 The unabsorbed depreciation loss of Rs. 3,218.255 million (2017: Rs. 3,218.255 million) is available for set off against income of BSPPL under separate return for indefinite period, but not available under the group taxation model.

13.3 For the purpose of current taxation, unused tax losses available for carry forward to PREPL are Rs. 1,355.553 million (2017: Rs. 852.604 million). PREPL has not recognized any related deferred tax asset based on prudence principle as sufficient tax profits would not be available to set these off in the foreseeable future. Tax losses amounting to Rs. 0.112 million, Rs. 39.678 million, Rs. 74.285 million Rs. 94.745 million and Rs. 105.759 million are set to lapse by years ending on December 31, 2020, 2021, 2022, 2023 and 2024 respectively.

13.4 At December 31, 2018, AHL had accumulated tax losses of Rs. 199.833 million (2017: Rs. 133.655 million) which are available for set off against taxable profit of AHL up to the year ending December 31, 2023. No deferred tax assets has been recognised against the tax loss carried forward due to the unpredictability of future profit streams of the AHL.

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

(Rupees in thousand)	Note	2018	2017
Opening balance		2,565,506	802,529
Acquisition of subsidiary		–	1,466,019
Charged to consolidated statement of profit or loss	42	(528,421)	328,550
Charged / (Credited) to consolidated other comprehensive income		32,930	(79,503)
Exchange (gain) / loss		(39,304)	47,911
Closing balance		2,030,711	2,565,506
14. Long term advances			
Long term advances	14.1	104,990	82,301
Current portion of long term advances classified under current liabilities	17	(8,398)	(9,829)
		96,592	72,472

14.1 This represents contributions made by employees for purchase of the Group vehicles. The vehicles are transferable to employees at tax written down value after a period of five years.

(Rupees in thousand)	Note	2018	2017
15. Retirement benefits			
Classified under non-current liabilities			
Funded			
Pension fund	15.1	244,596	181,715
Gratuity fund	15.1	425,234	317,539
		669,830	499,254
Unfunded			
Staff gratuity	15.2	22,937	17,332
		692,767	516,586

(Rupees in thousand)	Pension fund 2018	Pension fund 2017	Gratuity fund 2018	Gratuity fund 2017
15.1 Amounts recognised in consolidated statement of financial position				
The amounts recognised in the consolidated statement of financial position are as follows:				
Fair value of plan assets	446,098	521,244	475,936	510,715
Present value of defined benefit obligation	(690,694)	(702,959)	(901,170)	(828,254)
Liability as at December 31	(244,596)	(181,715)	(425,234)	(317,539)
15.1.1 Movement in net liability for retirement benefits				
Net liability as at January 1	(181,715)	(14,983)	(317,539)	(72,321)
Acquisition of subsidiary	–	–	–	(127,089)
Charged to consolidated statement of profit or loss	(14,992)	(1,199)	(79,995)	(43,028)
Net remeasurement for the year recorded in consolidated other comprehensive income ('OCI')	(47,889)	(165,533)	(65,048)	(99,421)
Contribution by the Group	–	–	37,348	24,320
Net liability as at December 31	(244,596)	(181,715)	(425,234)	(317,539)

(Rupees in thousand)	Pension fund 2018	2017	Gratuity fund 2018	2017
15.1.2 Movement in present value of defined benefit obligation				
Present value of defined benefit obligation as at January 1	702,959	706,447	828,254	488,985
Acquisition of subsidiary	–	–	–	267,305
Service cost	–	–	55,335	36,506
Interest cost	54,907	53,604	65,305	42,303
Benefits paid	(74,823)	(72,795)	(75,025)	(35,127)
Actuarial (gains) / losses from change in financial assumptions	(21,937)	(19,902)	(25,354)	121
Experience adjustments	29,588	35,605	52,655	28,161
Present value of defined benefit obligation as at December 31	690,694	702,959	901,170	828,254
15.1.3 Movement in fair value of plan assets				
Fair value as at January 1	521,244	691,464	510,715	416,664
Acquisition of subsidiary	–	–	–	140,216
Interest income on plan assets	39,915	52,405	40,645	35,781
Group contributions	–	–	37,348	24,320
Benefits paid	(74,823)	(72,795)	(75,025)	(35,127)
Return on plan assets, excluding interest income	(40,238)	(149,830)	(37,747)	(71,139)
Fair value as at December 31	446,098	521,244	475,936	510,715

15.1.4 Risks faced by the Group on account of gratuity and pension funds

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

Asset volatility - Most assets are invested in risk free investments of 3, 5 or 10 years in Government Bonds. However, investments in equity instruments are subject to adverse fluctuations as a result of change in the market price.

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

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

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

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

(Rupees in thousand)	Pension fund 2018	2017	Gratuity fund 2018	2017
15.1.5 Amounts recognised in the consolidated statement of profit or loss				
Current service cost	–	–	55,335	36,506
Interest cost for the year	54,907	53,604	65,305	42,303
Interest income on plan asset	(39,915)	(52,405)	(40,645)	(35,781)
Net expense charged to consolidated statement of profit or loss	14,992	1,199	79,995	43,028
15.1.6 Remeasurements charged to consolidated OCI				
Actuarial (gains) / losses from change in financial assumptions	(21,937)	(19,902)	(25,354)	121
Experience adjustments	29,588	35,605	52,655	28,161
Return on plan assets, excluding interest income	40,238	149,830	37,747	71,139
Total remeasurements charged to consolidated OCI	47,889	165,533	65,048	99,421
15.1.7 Plan assets				
Plan assets are comprised as follows:				
Debt instruments	257,175	225,959	253,313	226,631
Shares and units of mutual funds	184,327	277,562	213,275	264,056
Cash at banks	4,506	14,751	9,348	20,028
Others	90	2,972	–	–
	446,098	521,244	475,936	510,715

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

(Rupees in thousand)	2018	2017	2016	2015	2014
As at December 31					
Present value of defined benefit obligation	690,694	702,959	706,447	651,753	641,863
Fair value of plan assets	446,098	521,244	691,464	627,009	700,115
(Deficit) / surplus	(244,596)	(181,715)	(14,983)	(24,744)	58,252
Experience adjustment on obligation	4%	5%	4%	-5%	2%
Experience adjustment on plan assets	-9%	-28%	12%	-11%	24%

Fair value of plan assets include ordinary shares of the Parent Company, whose fair value as at December 31, 2018 is Rs. 255.381 million (2017: Rs. 336.507 million).

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

(Rupees in thousand)	2018	2017	2016	2015	2014
As at December 31					
Present value of defined benefit obligation	901,170	828,254	488,985	378,247	309,873
Fair value of plan assets	475,936	510,715	416,664	362,566	339,502
(Deficit) / surplus	(425,234)	(317,539)	(72,321)	(15,681)	29,629
Experience adjustment on obligation	6%	3%	13%	6%	13%
Experience adjustment on plan assets	-6%	14%	13%	1%	21%

Fair value of plan assets include ordinary shares of the Parent Company, whose fair value as at December 31, 2018 is Rs. 40.420 million (2017: Rs. 53.274 million).

(Rupees in thousand)	2018	2017
15.2 Unfunded retirement benefits - staff gratuity		
As at the beginning of the year	17,332	15,521
Interest cost	2,126	1,842
Charge for the year	2,331	1,804
Payments made during the year	(608)	(2,508)
Actuarial loss	616	66
Exchange adjustment	1,140	607
As at the end of the year	22,937	17,332

(Rupees in thousand)	2018 Pension fund	2018 Gratuity fund
15.3 Sensitivity analysis		
Year end sensitivity analysis on defined benefit obligation:		
Discount rate + 100 bps	647,578	2,213,313
Discount rate - 100 bps	739,507	2,530,932
Salary increases / indexation + 100 bps	739,704	2,563,191
Salary increases / indexation - 100 bps	646,931	2,265,223

(Rupees in thousand)	Note	2018	2017
16. Deferred liabilities			
This represents provision made to cover the obligation for accumulating compensated absences.			
Opening balance		525,282	349,437
Acquisition of subsidiary		–	133,908
Charged to consolidated statement of profit or loss	16.2	102,253	66,133
		627,535	549,478
Payments made during the year		(48,057)	(24,196)
Closing balance	16.1	579,478	525,282

(Rupees in thousand)	2018	2017
16.1 Movement in liability for accumulating compensated absences		
Present value of obligation as at January 1	525,282	349,437
Acquisition of subsidiary	–	133,908
Current service cost	46,979	29,039
Interest cost on defined benefit obligation	29,408	29,337
Benefits paid during the year	(48,057)	(24,196)
Remeasurement during the year	25,866	7,757
Present value of obligation as at December 31	579,478	525,282
16.2 Charges during the year		
Current service cost	46,979	29,039
Interest cost	29,408	29,337
Remeasurement during the year	25,866	7,757
Expense charged to the consolidated statement of profit or loss	102,253	66,133

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

(Rupees in thousand)	2018	2017	2016	2015	2014
As at December 31					
Present value of accumulating compensated absences	579,478	525,282	349,437	234,990	201,030
Actuarial remeasurements	25,866	7,757	111,678	30,679	32,372

(Rupees in thousand)	2018 Accumulating compensated absenses
16.4 Sensitivity analysis	
Year end sensitivity analyses on defined benefit obligation are as follows:	
Discount rate + 100 bps	526,452
Discount rate - 100 bps	611,962
Salary increases + 100 bps	611,295
Salary increases - 100 bps	526,331

(Rupees in thousand)	Note	2018	2017
17. Current portion of non-current liabilities			
Current portion of long term finances - secured	8	3,519,886	3,361,942
Current portion of liabilities against assets subject to finance lease	10	21,662	32,602
Current portion of long term advances	14	8,398	9,829
Current portion of deferred income	12	34,848	32,707
		3,584,794	3,437,080
18. Finances under mark-up arrangements - secured			
Running finances - secured	18.1	10,523,495	3,001,722
Short term finances - secured	18.2	1,095,000	2,090,000
		11,618,495	5,091,722

18.1 Running finances - secured

Short term running finances available from a consortium of commercial banks under mark-up arrangements amount to Rs. 18,151 million (2017: Rs. 18,240 million). The rates of mark-up are primarily based on KIBOR plus spread and range from 6.16% to 11.00% (2017: 6.13% to 7.40%) per annum or part thereof on the balances outstanding. In the event the Group fails to pay the balances on the expiry of the quarter, year or earlier demand, mark up is to be computed at the rates ranging from 7.46% to 22.00% (2017: 7.38% to 9.03%) per annum or part thereof on the balances unpaid. The aggregate running finances are secured by hypothecation of stores, spares, stock-in-trade and trade debts.

18.2 Short term finances - secured

Facilities for obtaining short term finances of Rs. 15,265 million (2017: Rs. 16,365 million) are available to the Group as a sub-limit of the running finance facilities referred to in note 18.1. The rates of mark up are based on KIBOR plus spread ranging from 6.12% to 10.59% (2017: 6.04% to 6.28%) or part thereof on the balances outstanding.

18.3 Letters of credit and bank guarantees

Of the aggregate facilities of Rs. 17,159 million (2017: Rs. 16,109 million) for opening letters of credit (including Rs. 10,959 million available to Group as sub-limit of the running finance facilities referred to in note 18.1) and Rs. 2,444 million (2017: Rs. 1,867 million) for guarantees, the amounts utilised at December 31, 2018 were Rs. 2,915 million (2017: Rs. 2,974 million) and Rs. 1,574 million (2017: Rs. 1,208 million) respectively. The facilities for guarantee are secured by second hypothecation charge over stores, spares, stock-in-trade and trade debts. Guarantees issued includes an amount of Rs. 181 million (2017: Nil) which has been issued in favour of a customer under an agreement whereby the Group has committed to purchase and install certain plant and machinery at its Lahore premises by December 1, 2019. Under the agreement, the customer is required to contribute Rs. 181 million as its share towards the cost of said plant and machinery. The contribution has been received by the Group subsequent to year end. Furthermore, it also includes a guarantee issued in favour of Sui Northern Gas Pipelines Limited ('SNGPL') against supply of sui gas amounting to Rs. 944.620 million (2017: Rs. 944.620 million).

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

18.4 Bills discounted - secured

Facilities for discounting of export / inland bills of Rs. 481 million (2017: Rs. 631 million) are available to Group as a sub-limit of the running finance facilities referred to in note 18.1. Mark up is fixed as per mutual agreement at the time of transaction. The outstanding balance of bills discounted is secured, in addition to the securities referred to in note 18.1, on the specific bills discounted. The facility has not been availed in the current year.

(Rupees in thousand)	Note	2018	2017
19. Trade and other payables			
Trade creditors	19.1	4,370,850	3,790,051
Accrued liabilities	19.2-19.5	3,033,957	1,960,100
Bills payable		206,436	171,940
Retention money payable		43,150	169,450
Sales tax payable		6,885	6,398
Sales tax withholding payable		8,099	–
Federal excise duty payable		–	3,590
VAT payable		–	11,939
Advances from customers	19.6	160,227	151,710
Payable to retirement funds	19.7	33,189	17,165
Deposits - interest free repayable on demand	19.8	14,635	13,035
Profit payable on term finance certificate ('TFC')	33.3	1,332	1,332
Workers' profit participation fund	19.9	895,385	803,402
Workers' welfare fund	19.10	9,043	27,413
Operating lease rentals		58,755	76,875
Others	19.11	145,028	186,225
		8,986,971	7,390,625

(Rupees in thousand)	2018	2017
19.1 Trade creditors include amount due to related parties as follows:		
Joint venture		
Omya Pack (Private) Limited	11,118	–
Associates		
Tri-Pack Films Limited	22,938	47,504
IGI Holdings Limited	11,415	11,525
IGI Life Insurance Limited	802	3,804
IGI General Insurance Limited	5,280	722
Other related parties		
DIC Asia Pacific Pte Limited	24,467	9,088
Printcare Universal (Pvt) Limited	10	–
DIC Corporation Japan	2,027	9,463
DIC India Limited	117	15,149
DIC Malaysia SDN. BHD	923	1,771
Sun Chemical S.A	6,495	697
Sun Chemical S.P.A	303	–
Sun Chemical Ag	3,465	–
PT Pardic Jaya Chemicals Indonesia	4,329	22,971
Nantong DIC Color Company Limited	533	1,464
DIC Graphics (Thailand) Company Limited	617	–
Coates Screen Inks GMBH	–	22
	94,839	124,180
19.2 Accrued liabilities include amounts in respect of related parties (Group Companies) as follows:		
Associate		
IGI Life Insurance Limited	5,330	5,028
IGI General Insurance Limited	1,134	2,239
Other related parties		
DIC Corporation Japan	26,155	35,902
DIC Asia Pacific Pte Limited	8,995	41,173
	41,614	84,342

19.3 Included in accrued liabilities is a provision for Rs. 517.268 million (2017: Rs. 492.195 million) relating to Gas Infrastructure Development Cess ('GIDC') and differential of applicable tariff rate to industrial and captive power users along with the late payment surcharge ('LPS') on the outstanding balance of GIDC. The Parent Company's subsidiary, BSPPL contended itself as an 'industrial power user' whereas it was classified as a 'captive power user' by Sui Northern Gas Pipelines Limited (SNGPL). The matter was being contested before the Lahore High Court ('LHC'). On January 17, 2018, the LHC set aside the decision of Oil and Gas Regulatory Authority ('OGRA'), declaring BSPPL as an industrial power user (the order). However, SNGPL has filed an appeal against the order with the Honourable Supreme Court of Pakistan. No decision has been made by the Honourable Supreme Court of Pakistan till date of issuance of these consolidated financial statements.

19.4 Included in accured liabilities is a provision amounting to Rs. 357.590 million (2017: Rs. 125.000 million) in respect of rent of land on lease from the Government of the Punjab ('GoPb') for the period from December 2015 to December 2018 as referred to in note 22.1.1.

19.5 This includes payable to Walton Cantonment Board ('WCB') against:

(Rupees in thousand)	2018	2017
Commercialisation fee	161,278	–
Building approval, development charges and composition fee	154,635	–
	315,913	–
Property tax payable	371,733	115,361
	687,646	115,361

19.5.1 In 2016 WCB issued a notice to the Group requiring payment of commercialisation fee of Rs. 544 million. The Group challenged the demand of WCB before the Lahore High Court ('LHC') through Writ Petition No. 8636/17. The LHC after hearing the point of view of the Group, by its order dated March 24, 2017, remitted the matter to WCB to decide the same within 40 days and further directed that no coercive to be taken against the Group in the meanwhile.

WCB passed an order WC / Packages Mall / 855 dated January 14, 2019 pursuant to which WCB raised challans aggregating to Rs. 315.921 million in respect of commercialisation / conversion, building approval, development charges and composition fee. The Group paid the entire amount on January 15, 2019. The Supreme Court of Pakistan ('SCP') vide its order dated January 16, 2019 observed that the matter stood concluded and further directed WCB to decide the matter of optional parking space within one month.

19.5.2 WCB issued a demand challan dated June 30, 2017 to the Group requiring immediate payment of property tax of Rs 30.361 million relating to the period April 20, 2017 to June 30, 2017. The Group made an on account payment of Rs 30.361 million on without prejudice basis since closure of premises had been threatened by WCB.

WCB issued another demand challan to the Group in July 2017 requiring payment of property tax of Rs 256.372 million relating to the period July 2017 to June 2018 followed by an assessment notice. The demand was challenged by the Group's legal counsel and the same was rejected by WCB. Aggrieved by the decision of the WCB, the Group challenged the demand of WCB before the LHC through Writ Petition No. 208653/18. The LHC after hearing the point of view of the Group, vide its order dated May 04, 2018, restrained WCB from taking any coercive action against the Group and directed WCB to submit a reply thereto. The SCP vide its order dated January 16, 2019 noted that the matter will be decided by the LHC. On March 15, 2019, the Group has withdrawn its writ petition so that the matter may be decided by WCB in accordance with the applicable law.

In view of the foregoing, in spite of the fact that Group management considers that there are strong grounds to support the Group's stance, provision uptill December 31, 2018 has been made in these financial statements.

19.6 Included in advances from customers, Nil (2017: Rs. 0.432 million) is due to Tri-Pack Films Limited, an associate.

(Rupees in thousand)	Note	2018	2017
19.7 Payable to retirement funds			
Employees' provident funds	19.7.1	17,190	9,685
Employees' gratuity funds		3,090	1,787
Management staff pension funds	19.7.2	12,909	5,693
		33,189	17,165

19.7.1 Employees' provident funds related disclosure

All investments in collective investment schemes, listed equity, and listed debt securities out of provident fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified thereunder and subject to the regulations formulated for this purpose in terms of SRO 731(I)/2018 issued by SECP on June 6, 2018.

19.7.2 Management staff pension funds related disclosure

All investments in collective investment schemes, listed equity, and listed debt securities out of pension fund have been made in accordance with the provisions of Section 218 of the Act and the conditions specified thereunder and subject to the regulations formulated for this purpose in terms of SRO 731(I)/2018 issued by SECP on June 6, 2018.

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

(Rupees in thousand)	Note	2018	2017
19.9 Workers' profit participation fund			
Opening balance		803,402	487,351
Refund claimed		1,546	2,320
Provision for the year	38	202,282	401,994
		1,007,230	891,665
Payments made during the year		(111,845)	(88,263)
Closing balance		895,385	803,402

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

(Rupees in thousand)	Note	2018	2017
19.10 Workers' welfare fund			
Opening balance		29,151	19,540
Provision for the year	38	7,062	26,054
Reversal of excess provision of prior years	39	(1,176)	(7,351)
		35,037	38,243
Payments made during the year		(25,994)	(9,092)
Closing balance		9,043	29,151

19.11 Includes amount of Rs. 7.526 million (2017: Rs. 5.270 million) due to DIC Asia Pacific Pte. Limited, a related party (based on its significant influence over the DIC).

(Rupees in thousand)	Note	2018	2017
20. Accrued finance costs			
Accrued mark up / return on:			
Long term local currency loans - secured		363,351	290,138
Long term foreign currency loans - secured		–	6,150
Preference shares / convertible stock - unsecured	40	155,550	155,550
Finances under mark up arrangements - secured		220,204	43,440
		739,105	495,278

21. Contingencies and commitments

21.1 Contingencies

(i) Claims against the Company by ex-employees not acknowledged as debts amounting to Rs. 17.885 million (2017: Rs. 28.294 million).

(ii) Guarantees issued in favour of Office of Excise and Taxation, Lahore; Director Taxes, Excise and Taxation Department, Sindh and Total Parco Pakistan Limited aggregating to Rs. 4.624 million (2017: Rs. 1.624 million).

(iii) Pursuant to the orders of the Honorable Supreme Court of Pakistan as referred to in note 19.5, the Group has submitted an application dated January 25, 2019 with Walton Cantonment Board requesting commercialisation at a reduced rate of the additional area representing additional optional parking space, roads network, green area, security pods and loading docks. The total commercialisation fee calculated on the full charge basis is estimated to be Rs. 268.400 million. As final charge leviable in the matter is not ascertainable at this stage, therefore no provision has been recorded in these consolidated financial statements.

(iv) Letters of guarantees issued to various parties aggregating to Rs. 1,057.720 million (2017: Rs. 1,017.591 million).

(v) Standby letter of credit issued by Habib Bank Limited - Pakistan ('HBL Pakistan') in favour of Habib Bank Limited - Bahrain ('HBL Bahrain') on behalf of the Company amounting to USD 7.111 million equivalent to Rs. 989.176 million (2017: USD 11.063 million equivalent to Rs. 1,223.503 million) to secure long term finance facility provided by HBL Bahrain to Anemone Holdings Limited ('AHL'), wholly owned subsidiary of the Company. The standby letter of credit is secured against pledge of Nestle Pakistan Limited's shares owned by the Company as referred to in note 26.2.

21.2 Commitments

(i) Letters of credit and contracts for capital expenditure Rs. 1,252.734 million (2017: Rs. 558.812 million).

(ii) Letters of credit and contracts other than for capital expenditure Rs. 1,568.659 million (2017: Rs. 2,587.985 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	2018	2017
Not later than one year		126,279	175,359
Later than one year and not later than five years		588,202	480,532
Later than five years		49,792	15,628
		764,273	671,519
There are no commitments with related parties.			
22. Property, plant and equipment			
Operating fixed assets			
Owned assets	22.1	24,829,244	23,787,270
Assets subject to finance lease	22.2	75,517	84,248
		24,904,761	23,871,518
Capital work-in-progress	22.3	2,054,719	1,999,477
Major spare parts and stand-by equipment	22.4	125,077	121,811
		27,084,557	25,992,806

22.1 Owned assets

(Rupees in thousand)	Note	2018 Cost as at January 1, 2018	Exchange differences	Additions / (deletions)	Transfer (out) in	Cost as at December 31, 2018	Accumulated depreciation as at January 1, 2018	Exchange differences	Depreciation charge / (deletions) for the year	Transfer in (out)	Accumulated depreciation as at December 31, 2018	Book value as at December 31, 2018
Freehold land		773,039	15,675	16,615	–	715,371	–	–	–	–	–	715,371
			–		(89,958)				–	–		
Leasehold land	22.1.3	–	–	52,997	89,958	142,955	–	–	22,739	–	22,739	120,216
Buildings on freehold land		3,555,044	5,629	76,684	17,365	3,650,686	327,847	365	224,865	2,353	551,394	3,099,292
				(4,036)	–				(4,036)	–		
Buildings on leasehold land	22.1.1	379,624	3,444	1,705	31,830	416,412	150,612	1,099	20,021	20,478	192,019	224,393
				(191)	–				(191)	–		
Plant and machinery		24,939,960	247,537	3,747,752	–	28,573,144	6,372,002	79,772	2,897,725	–	9,032,656	19,540,488
				(362,105)	–				(316,843)	–		
Other equipments (computers, lab equipments and other office equipments)		1,517,181	11,234	203,629	–	1,545,557	1,024,931	8,719	178,853	–	1,028,635	516,922
				(186,431)	(56)				(183,842)	(26)		
Furniture and fixtures		153,549	3,736	26,696	–	178,038	59,810	1,612	25,751	–	81,791	96,247
				(5,943)	–				(5,382)	–		
Vehicles		549,679	731	219,679	45,548	683,692	145,604	499	69,800	17,437	167,377	516,315
				(131,945)	–				(65,963)	–		
		31,868,076	287,986	4,345,757	184,701	35,905,855	8,080,806	92,066	3,439,754	40,268	11,076,611	24,829,244
				(690,651)	(90,014)				(576,257)	(26)		

(Rupees in thousand)	2017 Cost as at January 1, 2017	Acquisition of subsidiary	Exchange differences	Additions / (deletions)	Transfer in	Cost as at December 31, 2017	Accumulated depreciation as at January 1, 2017	Exchange differences	Depreciation charge / (deletions) for the year	Transfer in	Accumulated depreciation as at December 31, 2017	Book value as at December 31, 2017
Freehold land	236,207	349,156	4,476	121,247	61,953	773,039	–	–	–	–	–	773,039
				–	–				–	–		
Buildings on freehold land	629,071	2,838,797	3,153	49,168	34,855	3,555,044	214,280	604	80,928	32,035	327,847	3,227,197
				–	–				–	–		
Buildings on leasehold land - note 22.1.2	242,684	108,444	5,879	6,784	15,833	379,624	132,048	1,358	14,641	2,565	150,612	229,012
				–	–				–	–		
Plant and machinery	10,047,411	14,051,384	352,111	685,330	–	24,939,960	5,158,859	73,462	1,316,631	–	6,372,002	18,567,958
				(196,276)	–				(176,950)	–		
Other equipments (computers, lab equipments and other office equipments)	1,193,035	107,382	27,750	206,744	–	1,517,181	834,264	21,139	186,083	–	1,024,931	492,250
				(17,730)	–				(16,555)	–		
Furniture and fixtures	77,221	9,026	3,386	64,548	–	153,549	45,527	989	13,918	–	59,810	93,739
				(632)	–				(624)	–		
Vehicles	383,482	115,262	801	143,599	1,549	549,679	135,544	508	44,962	557	145,604	404,075
				(95,014)	–				(35,967)	–		
	12,809,111	17,579,451	397,556	1,277,420	114,190	31,868,076	6,520,522	98,060	1,657,163	35,157	8,080,806	23,787,270
				(309,652)	–				(230,096)	–		

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

The Group management has, on the basis of assessment of fair value of the said portion of land by an independent valuer and its understanding of the prevalent market terms relating to rent of such properties in the vicinity of the said portion of land, booked a provision of Rs. 357.590 million (2017: Rs. 125.000 million) in respect of rent for the period from December 2015 to December 2018. The Group management is confident that the final amount of rent will be in congruence with the provision made in these consolidated financial statements, inter alia on the basis of the fair value determined by the independent valuer and the relevant facts and circumstances. Furthermore, the management also intends to acquire the title of the said portion of land when the open auction takes place and is confident that it will be able to meet the highest bid.

22.1.2 During the previous year, the Group derecognised the balance payable to its EPC contractor, Runh Power Corp., Ltd ('the Contractor') to the extent of Rs. 146.720 million (USD 1.40 million) on account of non-fulfilment of performance guarantees and test runs which the Contractor had committed through a final settlement agreed between the Group and the Contractor on May 30, 2016. The corresponding amount was reduced from the cost of plant and machinery. Till the date of issuance of these consolidated financial statements, the Contractor has not raised any claim in respect of this amount.

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

22.1.4 The cost of fully depreciated assets as at December 31, 2018 is Rs. 4,421.513 million (2017: Rs. 3,444.478 million).

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

(Rupees in thousand)	Note	2018	2017
Cost of sales and services	35	3,257,031	1,554,145
Administrative expenses	36	154,121	75,635
Distribution and marketing costs	37	28,602	20,495
Investment property under construction		–	6,888
		3,439,754	1,657,163

22.1.6 Following are the particulars of the Group's immovable fixed assets:

Location	Usage of immovable property	Total area (in Acres)
Kot Radha Kishan Road, District Kasur	Factory site and offices	231.60
Depalpur, Pakpatan Road, District Okara	Purchase center for biomass fuel	13.00
Shahrah-e-Roomi, Lahore, Punjab	Plant site and administrative offices	50.61
Herdo Sehari, Kasur, Punjab	Administrative offices	34.84
Lakho Baryar, Kasur, Punjab	Administrative offices	65.63
No. 148 Minuwangoda Road Ekala, Ja-Ela, Sri Lanka	Freehold land	7.65

22.1.7 Based on the following impairment indicators applicable to net assets of BSPPL [considered a cash-generating-unit ('CGU')], an impairment test has been carried out by the Group management during the year:

- Decrease in the economic performance of the CGU; and
- Significant change in the economic conditions.

The recoverable amount of such CGU has been determined based on 'fair value less costs of disposal'. The 'fair value less costs of disposal' has been worked out by the management using income approach. This involves a number of estimation techniques and management's judgement to obtain reasonable expected future cash flows of CGU's business and related discount rates. Moreover, 'fair value less costs of disposal' has also been materially assessed by an independent valuer using cost approach. Since the recoverable amount of the CGU worked out in both instances is higher than its carrying value, therefore, no impairment loss has been recognized.

22.1.8 Disposal of owned assets

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

(Rupees in thousand)				2018		
Particulars of assets	Sold to	Cost	Book value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal
Vehicles	**Employees**					
	Abdul Razzaq	1,498	629	849	220	As per Group policy
	Armaghan Ahmed	1,054	854	831	(23)	- do -
	Awais Amjad	1,518	987	1,059	72	- do -
	Faizan Mir	732	703	622	(81)	- do -
	Bilal Ahmad	1,512	1,043	1,058	15	- do -
	Farheen Ahmad	1,719	1,358	1,251	(107)	- do -
	Ishtiaq Ahmad Noor	1,512	847	1,063	216	- do -
	Khalid Yacob	2,512	1,005	1,030	25	- do -
	Mansoor Hassan Bhatti	2,383	953	1,149	196	- do -
	Khalid Yacob	1,723	689	689	-	- do -
	Laila Hussain	732	703	695	(8)	- do -
	Mauooz Ul Hassan	732	651	622	(29)	- do -
	Mehreen Bilal	1,530	642	1,512	870	- do -
	Mobin Javed	1,261	504	788	284	- do -
	Mohammad Akmal	1,751	771	1,054	283	- do -
	Moiz Ahmad	1,282	859	855	(4)	- do -
	Muhammad Atif	732	608	622	14	- do -
	Muhammad Azam Uddin	1,788	1,395	1,428	33	- do -
	Muhammad Bilal Ashraf	1,327	1,009	999	(10)	- do -
	Muhammad Jamil Anjum	1,230	517	760	243	- do -
	Muhammad Nasir Islam	1,314	539	832	293	- do -
	Muhammad Saeed	1,563	625	1,038	413	- do -
	Mukkaram Javed Naushahi	1,250	1,100	1,063	(37)	- do -
	Omer Ejaz	1,514	605	1,207	602	- do -
	Osaid Ur Rehman	708	595	602	7	- do -
	Owais Khan	688	544	498	(46)	- do -
	Rabia Batool	1,094	755	790	35	- do -
	Rehan Yacob	2,428	1,894	2,090	196	- do -
	Imtiaz Ahmad	1,527	1,161	1,189	28	- do -
	Syed Noman Shah	703	591	598	7	- do -
	Shafique Tahir	1,391	1,294	1,391	97	- do -
	Shakir Zia	2,171	1,259	1,352	93	- do -
	Soban Waqar	1,054	885	762	(123)	- do -
	Sulaiman Abdul Rehman	1,537	1,337	1,308	(29)	- do -
	Syed Hassan Jawad	1,327	1,181	1,136	(45)	- do -
	Syed Wasik Ali	1,512	983	1,058	75	- do -
	Talha Ahmad Iftikhar	1,657	1,425	1,465	40	- do -
	Tariq Azam Khan	1,129	903	960	57	- do -
	Usman Akram	1,034	755	635	(120)	- do -
	Zeeshan Bahadur	708	573	513	(60)	- do -
	Muhammad Tariq	1,022	419	590	171	- do -
	Muhammad Ilyas	669	288	298	10	- do -
	Farhan Amin	669	281	298	17	- do -
	Mian Abdul Rashid Shaheen	1,034	455	598	143	- do -
	Nasir Mehmood Butt	985	394	577	183	- do -
	Sikandar Abbas	1,032	413	599	186	- do -
	Ali Iqbal Rabbani	800	328	406	78	- do -
	Muhammad Kamran Bhatti	812	613	1,007	394	- do -
	Abdul Wajid	892	816	1,061	245	- do -
	Zohaib Nasir	599	570	929	359	- do -
	Nabeel Siddique	1,391	1,308	1,318	10	- do -
	Shahzad Shafiq Shami	675	525	774	249	- do -
	Muhammad Awais	628	596	683	87	- do -
	Muhammad Amin	561	436	599	163	- do -
	Imran Ilahi	369	281	489	208	- do -
	Muhammad Hammad	461	391	364	(27)	- do -
	Rizwan Yaqub	459	368	363	(5)	- do -
	Muhammad Hussaan	372	282	308	26	- do -
	Syed Danial	512	444	421	(23)	- do -
	Usman Ashraf	409	361	355	(6)	- do -
	Sharjil Naushad	263	251	278	27	- do -
	Zafar Iqbal	221	221	255	34	- do -
	Isac James	12	–	43	43	- do -
	Shahzad Akbar	42	30	57	27	- do -
	Gulzar Ahmad	50	38	46	8	- do -
	Carried forward	69,776	45,840	52,139	6,299	

(Rupees in thousand)				2018		
Particulars of assets	**Sold to**	**Cost**	**Book value**	**Sales proceeds**	**Gain / (loss) on disposal**	**Mode of disposal**
	Brought forward	69,776	45,840	52,139	6,299	
	Naveed Shafique	25	–	39	39	- do -
	Khurram Munir	1,700	1,394	1,372	(22)	- do -
	Muhammad Rashid	1,512	922	1,061	139	- do -
	Raza un Nabi	985	394	533	139	- do -
	Asif Javaid	790	316	398	82	- do -
	Adnan Baig	718	287	323	36	- do -
	Muhammad Adeel	657	263	280	17	- do -
	Shabee ul Hassan	1,009	404	497	93	- do -
	Mansha Tabassum	741	296	281	(15)	- do -
	Zohair Tarar	741	296	281	(15)	- do -
	Shaeer Ahmed	1,340	335	1,105	770	- do -
	Outsiders					
	IGI General Insurance Limited - related party (associate)	1,678	1,544	1,675	131	Insurance Claim
	Anjum Javed	708	573	602	29	Negotiation
	Hina Kanwal	1,327	1,194	1,327	133	- do -
	Khurram Imtiaz	1,584	776	1,378	602	- do -
	Nazim Hussain	1,094	897	930	33	- do -
	Zahid Maqbool	1,078	614	912	298	- do -
	Kashif Mehmood	673	269	299	30	- do -
	Ahmad Kamal Khan	22	5	–	5	- do -
	Ahmad Kamal Khan	460	345		345	- do -
	Umer Farooq Bajwa	681	306	302	(4)	- do -
	Adnan Qureshi	861	215	940	725	- do -
	Irfan Khan	1,834	459	1,140	681	- do -
	Margalla Motors	822	206	400	194	- do -
	Muhammad Asim Mumtaz	981	392	763	371	- do -
	Shahid Ali Khan Lodhi	964	386	605	219	- do -
	Khurram Imtiaz	1,027	411	702	291	- do -
	Zafar Haider	1,056	422	680	258	- do -
	Muhammad Asif Ameer	1,050	420	420	–	- do -
	Sabih Ahmad Jilani	683	348	357	9	- do -
	Abdul Qayum Nadim	672	269	298	29	- do -
	M/s Echo Supplies	155	336	–	336	- do -
	Syed Ali Hassan Shah	460	38	38	–	- do -
	Asim Mumtaz	1,101	863	1,583	720	- do -
	Muhammad Asif	1,145	871	1,593	722	- do -
	M/s Khurram Motors	733	733	1,623	890	- do -
	Asim Mumtaz	830	626	1,407	781	- do -
	Sajid Siddique	541	541	1,210	669	- do -
	Qayyum	558	454	820	366	- do -
	Imran Ali	1,069	1,069	1,069	–	- do -
	Muhammad Israel	31	13	16	3	- do -
	Gateway Enterprises	860	149	49	(100)	- do -
	Items retired as no longer usable	25,213	178	–	(178)	Scrapped
Plant and machinery	Items sold	87,296	63	2,822	2,759	Negotiation
	Items retired as no longer usable	274,809	45,200	8,162	(37,038)	Scrapped
Other equipment	**Employees**					
	Dr. Asad Javaid	112	84	35	(49)	Negotiation
	Outsiders					
	RNM Solutions Pty. Limited	1,350	948	295	(653)	Negotiation
	M/s Hi Tech Inks	458	379	377	(2)	-do-
	IGI General Insurance Limited - related party (associate)	130	93	97	4	Insurance Claim
	Items sold	12,298	356	1,148	792	Negotiation
	Items retired as no longer usable	172,083	729	–	(729)	Scrapped
Furniture and fixtures	Items sold	1,442	87	63	(24)	Negotiation
	Items retired as no longer usable	4,501	471	–	(471)	Scrapped
Buildings on freehold land	Items retired as no longer usable	4,036	–	–	–	Scrapped
Buildings on leasehold land	Items retired as no longer usable	191	–	–	–	Scrapped
		690,651	114,393	95,132	(19,261)	

(Rupees in thousand)				2017		
Particulars of assets	Sold to	Cost	Book value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal
Plant and machinery	**Employees**					
	Muhammad Sultan	716	109	–	109	Negotiation
	Nazir Ahmed	2,590	372	–	372	-do-
	Outsiders					
	Bulleh Shah Packaging (Private) Limited - related party (subsidiary)	3,780	256	256	–	- do -
	M/s Boss Link Pakistan Company	20,077	91	–	91	- do -
	M/s Noshahi Enterprises	169	1,099	–	1,099	- do -
	M/s Boss Link Pakistan Company	10,021	1,189	–	1,189	- do -
	M/s Al-Madina Engineering	22,528	2,941	–	2,941	- do -
	Sunlyn (Pty) Limited - related party (group company)	15,480	12,018	24,072	12,054	- do -
	M/s Shehara Engineering	25,523	–	46	46	- do -
	M/s Shehara Engineering	9,751		120	120	- do -
	Items sold	180	–	46	46	Negotiation
	Items retired as no longer usable	85,461	7,052	–	(7,052)	Scrapped
Vehicles	**Employees**					
	Ameer Taimoor Ali	1,019	917	901	(16)	As per Group policy
	Anis Ahmed	1,495	598	1,013	415	- do -
	Arslan Bashir	1,297	1,141	1,126	(15)	- do -
	Ather Ayub Khan	3,742	2,545	3,116	571	- do -
	Gohar Ali Shahzad	1,788	1,609	1,592	(17)	- do -
	Hammas Ali Naik	1,391	1,308	1,391	83	- do -
	Kashif Ahmed	1,560	874	982	108	- do -
	Major (r) Fazal Ahmad	1,760	1,338	1,412	74	- do -
	Major (r) Shoib Nangiana	1,365	546	769	223	- do -
	Mehreen Zafar	1,057	719	651	(68)	- do -
	Mian Javaid Iqbal	1,555	622	1,197	575	- do -
	Mudassar Anjum	1,788	1,591	1,547	(44)	- do -
	Muhammad Ahmad	1,534	1,227	1,393	166	- do -
	Muhammad Ashiq	1,640	1,279	1,403	124	- do -
	Muhammad Farhan	2,383	1,168	1,830	662	- do -
	Muhammad Rizwan	1,438	575	963	388	- do -
	Mumtaz Ali	1,020	551	646	95	- do -
	Munir Alam Shah	708	694	626	(68)	- do -
	Musab Mukhtar Malik	1,112	734	792	58	- do -
	Mustansar Bashir	1,973	789	1,380	591	- do -
	Nauman Noor	1,548	741	982	241	- do -
	Raheel Shakeel	1,014	852	897	45	- do -
	Raja Asad	1,807	1,608	1,653	45	- do -
	Shahid Islam	700	525	430	(95)	- do -
	Shahida Naeem	1,680	672	1,021	349	- do -
	Subbayal Najeeb	1,039	821	820	(1)	- do -
	Subhan Zahid	2,017	2,017	2,017	-	- do -
	Syed Baqir Ali Shah	1,498	869	939	70	- do -
	Syed Rizwan Ali	708	637	650	13	- do -
	Syed Zia Ul Hassan	1,642	1,495	1,453	(42)	- do -
	Tahira Yasmeen	1,275	574	832	258	- do -
	Umer Shabbir	678	617	678	61	- do -
	Usaid Faizi	1,014	963	894	(69)	- do -
	Uzair Haseeb	688	599	585	(14)	- do -
	Waqas Munir	2,448	1,836	1,999	163	- do -
	Zeeshan Akram	1,000	640	694	54	- do -
	Zeeshan Akram	1,667	1,584	1,667	83	- do -
	Abdul Rehman	750	300	418	118	- do -
	Adnan Tufail	1,050	431	485	54	- do -
	Carried forward	252,124	57,932	74,185	16,253	

(Rupees in thousand)				2017		
Particulars of assets	Sold to	Cost	Book value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal
	Brought forward	252,124	57,932	74,185	16,253	
	Akhtar Bashir	1,003	411	590	179	- do -
	Zia Ur Rehman	683	485	431	(54)	- do -
	Adi J Cawasji	1,286	322	322	–	- do -
	Syed Ghani Shah	601	240	283	43	- do -
	Syed Imran Adil	749	300	396	96	- do -
	Zehra Qaiser	825	330	435	105	- do -
	Muhammad Abbas	850	349	456	107	- do -
	Hina Jamil	860	344	464	120	- do -
	Kamal Bariq	650	260	291	31	- do -
	Samreen Saleem	647	278	459	181	- do -
	Usman Tahir	707	283	416	133	- do -
	Rizwan Ahmad Butt	923	369	738	369	- do -
	Muhammad Usman	1,191	488	697	209	- do -
	Nazish Siddique	707	283	314	31	- do -
	Arslan Shahid	915	527	628	101	- do -
	Ihtasham Ashraf	652	267	292	25	- do -
	Tahir Mahmood	1,125	450	547	97	- do -
	Ehtisham Qureshi	1,425	570	748	178	- do -
	Amad Rafiq	1,260	731	830	99	- do -
	Shahzad Naeem	1,657	1,276	1,512	236	- do -
	Usman Tahir	1,073	687	800	113	- do -
	Muhammad Sajid	70	23	70	47	- do -
	Rafiq Shahid	1,742	819	1,147	328	- do -
	Usman Malik	550	220	247	27	- do -
	Shiraz Khan	732	293	327	34	- do -
	Muhammad Abbas	688	440	424	(16)	- do -
	Muhammad Naeem Chohan	1,662	1,080	1,278	198	- do -
	Salman Hassan	1,014	821	890	69	- do -
	Rashid Butt	1,099	920	978	58	- do -
	Outsiders					
	IGI Holdings Limited - related party (associate)	1,811	1,141	1,313	172	Insurance Claim
	Bulleh Shah Packaging (Private) Limited - related party (subsidiary)	1,533	1,487	1,487	-	Negotiation
	Omya Pack (Private) Limited - related party (joint venture)	1,686	1,332	1,600	268	-do-
	Farid Khan	1,394	558	1,260	702	-do-
	Akhtar Javed	1,145	462	1,031	569	-do-
	Ayesha Siddiq	800	472	1,024	552	-do-
	Bilal Wayne	681	448	496	48	-do-
	Mian Tariq	1,340	335	1,107	772	-do-
	Rizwan Butt	1,340	340	1,085	745	-do-
	Damith Prasanna	90	–	29	29	-do-
Other equipment	**Outsiders**					
	M/s Second Collection Shop	4,282	–	40	40	Negotiation
	Items sold	10,665	417	3,882	3,465	Negotiation
	Items retired as no longer usable	2,783	758	–	(758)	Scrapped
Furniture and fittings	Items sold	538	1	46	45	Negotiation
	Items retired as no longer usable	94	7	–	(7)	Scrapped
		309,652	79,556	105,595	26,039	

22.2 Assets subject to finance lease

(Rupees in thousand)	Cost as at January 1, 2018	Exchange differences	Additions / (deletions)	Transfer out	Cost as at December 31, 2018	Accumulated depreciation as at January 1, 2018	Exchange differences	Deprecation charge / (deletions) for the year	Transfer out	Accumulated depreciation as at December 31, 2018	Book value as at December 31, 2018
					2018						
Vehicles	77,184	3,956	3,835	–	39,427	32,715	1,666	7,036	–	23,980	15,447
			–	(45,548)				–	(17,437)		
Plant and equipment	48,217	2,807	24,952	–	75,976	8,438	1,016	6,452	–	15,906	60,070
			–					–	–		
	125,401	6,763	28,787	–	115,403	41,153	2,682	13,488	–	39,886	75,517
			–	(45,548)				–	(17,437)		

(Rupees in thousand)	Cost as at January 1, 2017	Exchange differences	Additions / (deletions)	Transfer out	Cost as at December 31, 2017	Accumulated depreciation as at January 1, 2017	Exchange differences	Deprecation charge / (deletions) for the year	Transfer out	Accumulated depreciation as at December 31, 2017	Book value as at December 31, 2017
					2017						
Vehicles	79,782	4,971	5,685	–	77,184	26,707	2,408	11,277	–	32,715	44,469
			(11,705)	(1,549)				(7,120)	(557)		
Plant and equipment	41,107	7,110	–	–	48,217	3,083	1,068	4,287	–	8,438	39,779
			–					–	–		
	120,889	12,081	5,685	–	125,401	29,790	3,476	15,564	–	41,153	84,248
			(11,705)	(1,549)				(7,120)	(557)		

(Rupees in thousand)	Note	2018	2017
22.2.1 Depreciation charge for the year has been allocated as follows:			
Cost of sales and services	35.1	6,538	5,104
Administrative expenses	36	3,887	7,572
Distribution and marketing costs	37	3,063	2,888
		13,488	15,564

22.2.2 Disposals of assets subject to finance lease

There were no disposals of assets subject to finance lease in 2018. Detail of assets subject to finance lease disposed of during 2017 is as follows:

(Rupees in thousand)				2017			
Particulars of assets	**Sold to**	**Cost**	**Accumulated depreciation**	**Book value**	**Sales proceeds**	**Gain/(loss) on disposal**	**Mode of disposal**
Vehicles	**Employees**						
	Musa Naseer	2,146	429	1,717	1,717	–	As per Group policy
	Muhammad Yousaf	1,094	77	1,017	1,017	–	- do -
	Zafar Nagra	1,034	176	858	858	–	- do -
	Outsiders						
	M/s We Buy Cars	1,171	813	358	358	–	Negotiation
	M/s We Buy Cars	4,856	4,519	337	337	–	- do -
	M/s We Buy Cars	1,404	1,106	298	298	–	- do -
		11,705	7,120	4,585	4,585	–	

22.3 Capital work-in-progress

(Rupees in thousand)	Note	Balance as at January 1, 2018	Exchange differences	Capital expenditure incurred during the year	Advances given during the year	Transfers within capital work in progress	Charged off during the year	Transfers to operating fixed assets	Transfer to other assets	Transfer to investment properties	Balance as at December 31, 2018
		2018									
Civil works		123,112	–	111,203	–	6,095	(301)	(173,393)	–	(6,492)	60,224
Plant and machinery		1,754,533	1,152	3,499,815	–	(1,657,769)	(2,660)	(1,701,913)	–	–	1,893,158
Advances to suppliers		121,832	–	–	286,359	(243,026)	(1,318)	(60,563)	(2,424)	(448)	100,412
Other	22.3.2	–	–	925	–	–	–	–	–	–	925
		1,999,477	1,152	3,611,943	286,359	(1,894,700)	(4,279)	(1,935,869)	(2,424)	(6,940)	2,054,719

(Rupees in thousand)	Balance as at January 1, 2017	Acquisition of subsidiary	Exchange differences	Capital expenditure incurred during the year	Advances given during the year	Transfers within capital work in progress	Charged off during the year	Transfers to operating fixed assets	Transfer to other assets	Transfer to investment properties	Balance as at December 31, 2017
	2017										
Civil works	4,050	4,473	–	145,085	–	657	(144)	(23,937)	–	(7,072)	123,112
Plant and machinery	65,657	858,254	2,043	1,430,207	–	47,092	(9,299)	(639,421)	–	–	1,754,533
Advances to suppliers	38,952	7,884	–	_	179,015	(47,749)	_	(55,734)	(536)	–	121,832
	108,659	870,611	2,043	1,575,292	179,015	–	(9,443)	(719,092)	(536)	(7,072)	1,999,477

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

22.3.2 This represents capital expenditure incurred on application filing and pursuance of generation license with National Electric Power Regulatory Authority ('NEPRA') for the 2.45 MW Hydropower project of the Group.

(Rupees in thousand)	Note	2018	2017
22.4 Major spare parts and stand-by equipment			
Balance at the beginning of the year		121,811	61,729
Acquisition of subsidiary		–	54,887
Additions during the year		28,704	8,506
Depreciation charged		(8,213)	–
Transfers made during the year		(17,225)	(3,311)
Balance at the end of the year		125,077	121,811
23. Investment properties			
Developed	23.1	11,822,054	12,342,428
		11,822,054	12,342,428

23.1 Investment property - developed

(Rupees in thousand)	Cost as at January 1, 2018	Additions	Transfer in / (out)	Cost as at December 31, 2018	Accumulated depreciation as at January 1, 2018	Depreciation charge for the year	Transfer out	Accumulated depreciation as at December 31, 2018	Book value as at December 31, 2018
				2018					
Land	24,892	–	448	25,340	–	–	–	–	25,340
Buildings on freehold land	7,667,761	264,867	(42,704)	7,889,924	212,281	299,981	(22,831)	489,431	7,400,493
Buildings on leasehold land	910	–	–	910	419	1,707	–	2,126	(1,216)
Mall equipment	40,169	40	–	40,209	5,151	8,042	–	13,193	27,016
External development	1,178,359	9,371	–	1,187,730	26,078	39,456	–	65,534	1,122,196
HVAC system	1,367,588	17,644	–	1,385,232	120,754	183,217	–	303,971	1,081,261
Electrical system	2,631,372	52,164	–	2,683,536	203,940	312,632	–	516,572	2,166,964
	12,911,051	344,086	(42,256)	13,212,881	568,623	845,035	(22,831)	1,390,827	11,822,054

(Rupees in thousand)	Cost as at January 1, 2017	Acquisition of subsidiary	Transfer from under construction property	Additions	Transfer (out) / in	Cost as at December 31, 2017	Accumulated depreciation as at January 1, 2017	Depreciation charge for the year	Transfer in	Accumulated depreciation as at December 31, 2017	Book value as at December 31, 2017
						2017					
Land	68,101	18,744	–	–	(61,953)	24,892	–	–	–	–	24,892
Buildings on freehold land	83,540	–	7,593,817	18,187	(27,783)	7,667,761	51,149	193,167	(32,035)	212,281	7,455,480
Buildings on leasehold land	16,743	–	–	–	(15,833)	910	2,153	831	(2,565)	419	491
Mall equipment	–	–	34,594	5,575	–	40,169	–	5,151	–	5,151	35,018
External development	–	–	1,174,159	4,200	–	1,178,359	–	26,078	–	26,078	1,152,281
HVAC system	–	–	1,363,841	3,747	–	1,367,588	–	120,754	–	120,754	1,246,834
Electrical system	–	–	2,598,486	32,886	–	2,631,372	–	203,940	–	203,940	2,427,432
	168,384	18,744	12,764,897	64,595	(105,569)	12,911,051	53,302	549,921	(34,600)	568,623	12,342,428

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

(Rupees in thousand)	Note	2018	2017
Cost of sales and services	35.3	843,389	545,903
Administrative expenses	36	1,646	4,018
		845,035	549,921

23.1.2 Following are the particulars of the Groups immovable fixed assets:

Location	Usage of immovable property	Total area (in Acres)
Dullu Kalan, Lahore, Punjab	Rented out	16.48
Depalpur, Punjab	Kept for capital appreciation	13.39
Pakpattan, Punjab	Kept for capital appreciation	21.00
Faizabad, Punjab	Kept for capital appreciation	8.80
Hujra, Punjab	Kept for capital appreciation	10.00
Korangi Industrial Area, Karachi, Sindh	Rented out	3.33

23.1.3 Fair value of investment properties

Level 2 fair values

Fair value of certain investment properties, based on the valuation carried out by an independent valuer, as at December 31, 2018 is Rs. 3,024.494 million (2017: Rs. 2,742.454 million). The valuation is considered to be level 2 in the fair value hierarchy due to significant observable inputs used in the valuation. The different levels have been defined in note 53.4.

Valuation techniques used to derive level 2 fair values

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

Level 3 fair values

In the absence of current prices in an active market, the fair value is determined by considering the aggregate of the estimated cash flows expected to be received from licensing / leasing out the property less the costs to complete and the estimated operating expenses. The valuation is considered to be level 3 in the fair value hierarchy due to significant unobservable inputs used in the valuation. The different levels have been defined in note 53.4. Fair value of such investment properties has been determined to be Rs. 16,159 million (2017: Rs. 17,611 million).

Valuation techniques used to derive level 3 fair values

The Group has determined the fair value as on December 31, 2018 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 statement of financial position date are as follows:

	2018	2017
Gross rentable area (sq ft)	581,492	581,553
Rent rates assumed per sq ft (Rs.)	76 - 1,000	75 - 1,000
Inflation in rent and operating costs	1.9% - 9.0%	1.90% - 7.50%
Discount rate (%)	15.00%	14.00%
Fair value (Rs. in million)	16,159	17,611

(Rupees in thousand)	Note	Goodwill	Computer software and ERP System	Total
24. Intangible assets				
Year ended December 31, 2018				
Cost				
As at January 1, 2018		178,880	323,046	501,926
Additions during the year		–	130,924	130,924
Deletions during the year		–	(2,139)	(2,139)
Exchange differences		–	(23)	(23)
As at December 31, 2018		178,880	451,808	630,688
Accumulated amortisation				
As at January 1, 2018		–	(216,331)	(216,331)
Amortisation for the year	24.2	–	(31,396)	(31,396)
Amortisation on deletions for the year		–	2139	2,139
As at December 31, 2018		–	(245,588)	(245,588)
Book value as at December 31, 2018		178,880	206,220	385,100
Year ended December 31, 2017				
Cost				
As at January 1, 2017		152,505	213,599	366,104
Acquisition of subsidiary		–	87,207	87,207
Additions during the year		–	21,658	21,658
Exchange differences		26,375	582	26,957
As at December 31, 2017		178,880	323,046	501,926
Accumulated amortisation				
As at January 1, 2017		–	(201,810)	(201,810)
Amortisation for the year	24.2	–	(14,521)	(14,521)
As at December 31, 2017		–	(216,331)	(216,331)
Intangible assets under development		–	1,026	1,026
Book value as at December 31, 2017		178,880	107,741	286,621

24.1 Impairment test for Goodwill

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

Flexible Packages Convertors (Proprietary) Limited, ('FPCL') South African project

The recoverable amount of the subsidiary is determined on the discounted cash flow basis.

FPC as a whole is determined to be a segment due to the fact that there are no distinguishable segments.

These calculations use cash flow projections based on financial budgets approved by management covering a five year period. The present value of the expected cash flows of the above segments is determined by applying a suitable internal rate of return.

As the goodwill arose as a result of an acquisition of business during the financial period ended December 31, 2015 an impairment test is performed annually.

FPCL tests whether goodwill has suffered any impairment on an annual basis. For the 2018 and 2017 reporting period, the recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

Percentage	2018	2017
The key assumptions used for the discounted cash flow calculation are as follows:		
Internal rate of return (IRR)	26.74%	26.74%
Discount rate (pre-tax)	15.00%	15.00%
Growth rate	10.00%	10.00%

(Rupees in thousand)		Note	2018	2017
24.2	**The amortisation charge for the year has been allocated as follows:**			
	Cost of sales and services	35	12,802	7,571
	Administrative expenses	36	16,676	6,950
	Distribution and marketing costs	37	1,918	–
			31,396	14,521
25.	**Investments accounted for using the equity method**			
25.1	**Amounts recognised in consolidated statement of financial position**			
	Investments in associates	25.4	8,009,152	9,470,360
	Investment in joint ventures	25.5	303,685	331,770
			8,312,837	9,802,130
25.2	**Amounts recognised in consolidated statement of profit or loss**			
	Investments in associates	25.4	96,950	393,608
	Investment in joint ventures	25.5	(20,948)	(187,078)
			76,002	206,530
25.3	**Amounts recognised in consolidated other comprehensive income**			
	Investments in associates	25.4	(1,232,742)	4,797,476
	Investment in joint ventures	25.5	5,689	(9,960)
			(1,227,053)	4,787,516
25.4	**Investments in associates**			
	Cost			
	Opening balance		3,386,278	3,421,278
	Disposal of interest in associate on exchange of shares		–	(35,000)
	Closing balance		3,386,278	3,386,278
	Post acquisition share of profits and reserves net of impairment losses			
	Opening balance		6,084,082	969,399
	Share of profit from associates - net of tax		96,950	393,608
	Share of other comprehensive (loss) / income - net of tax		(1,232,742)	4,797,476
	Gain on exchange of shares of associate		–	17,932
	Reversal of accumulated loss		–	35,000
	Dividends received during the year		(325,416)	(129,333)
	Closing balance		4,622,874	6,084,082
	Balance as on December 31		8,009,152	9,470,360

(Rupees in thousand)	Note	2018	2017
25.4.1 Investments in equity instruments of associates - Quoted			
Tri-Pack Films Limited, Pakistan			
12,933,333 (2017: 12,933,333) fully paid ordinary shares of Rs. 10 each			
Equity held 33.33% (2017: 33.33%)			
Market value - Rs. 1,184.901 million (2017: Rs. 1,808.985 million)		2,980,549	3,075,353
IGI Holdings Limited, Pakistan			
15,033,433 (2017: 13,072,093) fully paid ordinary shares of Rs. 10 each			
Equity held 10.54% (2017: 10.54%)			
Market value - Rs. 3,024.248 million (2017: Rs. 3,828.720 million)	25.4.1.1	5,028,603	6,395,007
		8,009,152	9,470,360

25.4.1.1 The Group's investment in IGIHL is less than 20% but it is considered to be an associate as per the requirement of IAS 28, 'Investments in Associates' because the Group has significant influence over the financial and operating policies through representation on the board of directors of IGIHL. Consequently, following subsidiaries of IGIHL have also been considered as associates of the Group:

IGI General Insurance Limited
IGI Life Insurance Limited
IGI Investments (Private) Limited
IGI Finex Securities Limited

(Rupees in thousand)	Note	2018	2017
25.5 Investment in joint ventures			
Cost			
Opening balance		1,346,670	10,329,991
Interest in joint venture transferred to interest in subsidiary - Bulleh Shah Packaging (Private) Limited, Pakistan			
Cost of investment		–	9,973,651
Reserves on date of transfer		–	(990,330)
		–	(8,983,321)
Closing balance		1,346,670	1,346,670
Post acquisition share of loss and reserves			
Opening balance		(1,014,900)	(853,633)
Share of loss from joint ventures - net of tax		(20,948)	(187,078)
Share of other comprehensive income / (loss) from joint ventures - net of tax		5,689	(9,960)
Share of gains recognised directly in equity from joint ventures - net of tax		–	41,729
Dividends received during the year		(12,826)	(5,958)
Closing balance		(1,042,985)	(1,014,900)
Balance as on December 31	25.5.1	303,685	331,770

(Rupees in thousand)	Note	2018	2017
25.5.1 Investments in equity instruments of joint ventures - Unquoted			
Plastic Extrusions (Proprietary) Limited, South Africa			
500 (2017: 500) fully paid ordinary shares of ZAR 1 each			
Equity held 50.00% (2017: 50.00%)	25.5.1.1 & 25.5.1.2	27,441	24,081
OmyaPack (Private) Limited, Pakistan			
31,000,000 (2017: 31,000,000) fully paid ordinary shares of Rs. 10 each			
Equity held 50.00% (2017: 50.00%)		276,244	307,689
		303,685	331,770

25.5.1.1 The date of the end of the reporting period of the financial statements of Plastic Extrusions Proprietary Limited is August 31, 2018. However, the information used in the Group's consolidated financial statements relates to the financial information of the joint venture for the twelve months ended December 31, 2018.

25.5.1.2 Joint venture incorporated outside Pakistan

	Plastic Extrusions Proprietary Limited
Basis of association	Joint Venture
Country of incorporation / jurisdiction	South Africa
Registered address	72 Battery Crescent, Waltloo, Pretoria, South Africa
Effective percentage of shareholding	27.50%
Company's shareholding	Through Flexible Packages Convertors (Proprietary) Limited
Name of Chief Executive Officer / Principal Officer	Lance John Muller
Operational status	Operational
Auditor's opinion on latest available finacial statements	Unmodified opinion on financial statements for the year ended August 31, 2018
Amount of investment - foreign currency	USD 1.37 million
Amount of investment - local currency	Rs. 10.799 million
Terms and conditions for which investment has been made	Unconditional equity investment
Litigations against the investee	None
Default / breach relating to foreign investment	None
Dividend received during 2018	ZAR 1.400 million
Dividend received during 2017	ZAR 0.750 million

25.6 Investments in associated companies have been made in accordance with the requirements under the Act.

(Rupees in thousand)	Note	2018	2017
26. Other long term investments			
Quoted			
Nestle Pakistan Limited			
3,649,248 (2017: 3,649,248) fully paid ordinary shares of Rs. 10 each			
Equity held 8.05% (2017: 8.05%)			
Cost - Rs. 5,778.896 million (2017: Rs. 5,778.896 million)	26.1 & 26.2	32,843,232	41,966,317
Unquoted	26.3		
Tetra Pak Pakistan Limited			
1,000,000 (2017:1,000,000) fully paid non-voting ordinary shares of Rs. 10 each	26.1 & 26.4	10,000	10,000
Coca-Cola Beverages Pakistan Limited			
500,000 (2017: 500,000) fully paid ordinary shares of Rs. 10 each Equity held 0.14% (2017: 0.14%)		4,706	4,706
Pakistan Tourism Development Corporation Limited			
2,500 (2017: 2,500) fully paid ordinary shares of Rs. 10 each		25	25
Orient Match Company (Private) Limited			
1,900 (2017: 1,900) fully paid ordinary shares of Rs. 100 each		–	–
		14,731	14,731
Current portion shown under current assets	26.4	(10,000)	–
		32,847,963	41,981,048

26.1 Nestle Pakistan Limited and Tetra Pak Pakistan Limited are associated undertakings of the Group as per the Act. However, for the purpose of measurement, investments in others have been classified as available for sale as referred to in note 4.12.1.1. Investments in associated companies have been made in accordance with the requirements under the Act.

26.2 As of December 31, 2018, an aggregate of 775,000 (2017: 775,000) shares of Nestle Pakistan Limited having market value of Rs. 6,975.000 million (2017: 8,912.492 million) have been pledged in favour of HBL Pakistan. Out of aggregate shares pledged, 410,000 (2017: 410,000) shares are pledged against issuance of standby letter of credit in favour of HBL Bahrain as referred to in note 21.1 and the remaining 365,000 shares (2017: 365,000) are pledged against the term finance loan from HBL as referred to in note 8.2.

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

26.4 These non-voting ordinary shares of Tetra Pak Pakistan Limited entitle the Group to receipt of dividend for a period of ten years starting from 2009 and ending in 2018, both years inclusive. These shares do not entitle the Parent Company to any voting or other rights. The investment has been classified under current assets during the current year.

(Rupees in thousand)	2018	2017
26.5 Cumulative fair value gain on available for sale financial assets		
Balance as at beginning of the year	37,981,410	28,858,325
Changes in fair value of available for sale financial assets	(9,123,085)	9,123,085
Balance as at end of the year	28,858,325	37,981,410

(Rupees in thousand)	Note	2018	2017
27. Long term loans			
Loans to employees - considered good	27.1	4,201	5,395
Current portion shown under current assets	31	(1,100)	(1,434)
		3,101	3,961

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

Loans to employees aggregating Rs. 2.859 million (2017: Rs. 3.977 million) are secured by joint registration of motor cycles in the name of employees and the Group. The remaining loans are unsecured.

(Rupees in thousand)	Note	2018	2017
28. Stores and spares			
Stores [including in transit Rs. 63.773 million (2017: Rs. 34.174 million)]		839,674	734,814
Spares [including in transit Rs. 9.820 million (2017: Rs. 23.943 million)]		1,133,316	979,556
	28.1	1,972,990	1,714,370
Provision for obsolete / slow moving stores and spares	28.2	(19,830)	(6,703)
		1,953,160	1,707,667

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

28.2 The movement in provision for obsolete / slow moving stores and spares during the year is as follows:

(Rupees in thousand)	2018	2017
Balance as at January 1	6,703	–
Provision for the year	13,127	6,703
Balance as at December 31	19,830	6,703

(Rupees in thousand)		Note	2018	2017
29.	**Stock in trade**			
	Raw materials [including in transit Rs. 1,517.67 million (2017: Rs. 1,142.92 million)]	29.1	6,996,857	4,180,635
	Work-in-process	29.2	973,939	727,962
	Finished goods	29.3 & 29.4	3,839,768	3,526,660
	Goods purchased for resale	29.5	85,103	44,490
			11,895,667	8,479,747
	Provision for obsolete / slow moving stock in trade	29.6	(58,675)	(40,587)
			11,836,992	8,439,160

29.1 Raw materials amounting to Rs. 125.797 million (2017: Rs. 67 million) are in the possession of various vendors of the Group for further processing into semi-finished and finished goods to be supplied to the Group.

29.2 Work-in-process amounting to Rs. 10.548 million (2017: Rs. 9.200 million) is in the possession of various vendors of the Group for further processing into other semi-finished and finished goods to be supplied to the Group.

29.3 Finished goods amounting to Rs. 0.26 million (2017: Rs. 0.1902 million) are in the possession of various vendors of the Group that are yet to be sold by the company to these vendors.

29.4 Finished goods with a cost of Rs. 1,115.002 million (2017: Rs. 606.380 million) are being valued at net realizable value ('NRV') of Rs. 1,026.120 million (2017: Rs. 526.590 million).

29.5 Goods purchased for resale amounting to Rs. 36.50 million (2017: Nil) are in the possession of various vendors of the Group that are yet to be sold by the Group to these vendors. Furthermore, goods purchased for resale costing Rs. 3.56 million (2017: Rs. 4.84 million) are carried at their NRV amounting to Rs. 3.07 million (2017: Rs. 4.41 million) and the resulting NRV write down expense amounting to Rs. 0.490 million (2017: Rs. 0.430 million) has been charged to cost of sales and services.

(Rupees in thousand)		Note	2018	2017
29.6	The movement in provision for obsolete / slow moving stock in trade during the year is as follows:			
	Opening balance		40,587	23,048
	Provision for the year	35.1	18,456	20,013
	Stocks written off against provision		(368)	(2,474)
	Closing balance		58,675	40,587
30.	**Trade debts**			
	Considered good			
	Related parties - unsecured	30.1	20,959	21,959
	Others	30.2 & 30.3	6,639,261	5,924,647
			6,660,220	5,946,606
	Considered doubtful		130,712	86,248
			6,790,932	6,032,854
	Provision for doubtful debts	30.4	(130,712)	(86,248)
			6,660,220	5,946,606

(Rupees in thousand)		2018	2017
30.1	**Related parties - unsecured**		
	Joint Ventures		
	Plastic Extrusions (Proprietary) Limited	10,329	10,456
	Omya Pack (Private) Limited	208	234
	Associate		
	Tri-Pack Films Limited	5,477	4,310
	Other related party		
	Ceylon Tea Services Limited	4,945	6,959
		20,959	21,959

30.1.1 The maximum aggregate amount due from these related parties at the end of any month during the year was Rs. 82.401 million (2017: Rs. 94.766 million).

30.2 Includes receivable from parties in the following foreign jurisdictions against export sales:

(Rupees in thousand)		2018	2017
Jurisdiction	**Type of transaction**		
Bahrain	Contract	96,919	76,378
Oman	Contract	6,932	11,263
Kenya	Contract	12,035	20,397
		115,886	108,038

30.3 Includes trade debts of Rs. 609.243 million (2017: Rs. 565.729 million) which are secured by way of inland letters of credit.

(Rupees in thousand)		Note	2018	2017
30.4	The movement in provision during the year is as follows:			
	Balance as at January 1		86,248	34,351
	Acquisition of subsidiaries		–	28,914
	Provision for the year	37	47,840	21,218
	Bad debts written off		(6,681)	(3,014)
	Exchange loss		3,305	4,779
	Balance as at December 31		130,712	86,248

(Rupees in thousand)	Note	2018	2017
31. Loans, advances, deposits, prepayments and other receivables			
Current portion of loans to employees	27	1,100	1,434
Advances - considered good			
To employees	31.1	17,478	16,334
To suppliers	31.2	71,303	96,053
		88,781	112,387
Due from related parties - unsecured	31.3 & 31.4	69,115	22,505
Trade deposits - considered good		59,759	77,302
Security deposits		29,481	18,139
Prepayments	31.5	74,922	70,989
Balances with statutory authorities			
Customs duty		43,701	31,738
Sales tax recoverable	31.6 & 31.7	539,754	379,260
Sales tax refundable		–	42,352
Export rebate recoverable		–	13,785
		583,455	467,135
Other receivables - considered good	31.11	412,691	369,087
		1,319,304	1,138,978

31.1 Included in advances to employees are amounts due from executives of Rs. 2.354 million (2017: Rs. 4.94 million).

(Rupees in thousand)	Note	2018	2017
31.2 Advances to suppliers			
Considered good		71,303	96,053
Considered doubtful		–	1,000
		71,303	97,053
Provision for doubtful advances	31.2.1	–	(1,000)
		71,303	96,053
31.2.1 The movement in provision for doubtful advances during the year is as follows:			
Balance as at January 1		1,000	1,000
Advances written off		(1,000)	–
Balance as at December 31		–	1,000

(Rupees in thousand)		2018	2017
31.3	**Due from related parties - unsecured**		
	Joint venture		
	Omya Pack (Private) Limited	14,095	8,080
	Associates		
	IGI Finex Securities Limited	257	81
	IGI Holdings Limited	3,958	–
	IGI General Insurance Limited	3,803	4,719
	IGI Investments	3,002	–
	IGI Life Insurance Limited	38,596	4,199
	Tri-Pack Films Limited	4,899	2,542
	Other related parties		
	DIC Asia Pacific Pte Limited	–	2,267
	Packages Foundation	505	617
		69,115	22,505

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

31.4 The maximum aggregate amount due from these related parties at the end of any month during the year was Rs. 92.523 million (2017: Rs. 25.546 million).

31.5 Prepayments include Rs. 18.208 million (2017: Rs. 15.389 million) made to IGI Life Insurance Limited, a related party and Nill (2017: Rs. 2.622 million) made to IGI Holdings Limited an associate.

31.6 The Deputy Commissioner Inland Revenue ('DCIR') in his order dated June 24, 2015 alleged that in respect of tax periods from 2008 to 2012, the Parent Company had incorrectly adjusted input sales tax credit amounting to Rs. 146.107 million on purchases of raw materials from certain suppliers who were subsequently blacklisted / suspended and disallowed the same along with levy of default surcharge and penalty thereon with the total demand aggregating to Rs. 292.214 million. During 2016, the taxation authorities adjusted an amount of Rs. 292.214 million from income tax refunds of the Parent Company against the said demand.

However, the Appellate Tribunal Inland Revenue ('ATIR'), through order dated August 28, 2017, has decided the case in favour of the Group. The Group has filed an application before the respective authorities to give effect to the order during the previous year, the outcome of which is still pending. Since the case has been decided in the Group's favour, therefore, the management has not created any provision against the recoverable amount of Rs. 292.214 million.

31.7 The sales tax authorities have raised various demands aggregating to Rs. 50.841 million against the Parent Company for the tax periods from 2011 to 2015 that primarily pertain to disallowance of input sales tax on certain payments and alleged default on charging of output sales tax on certain goods delivered and services rendered by the Parent Company. During the previous years, the Group made aggregate advance payments amounting to Rs. 43.561 million against such demands. While the Group's appeals in this respect are presently pending adjudication at the CIR(A), ATIR and High Court of Sindh, the Group has not made any provision against the above demands nor the advance payments as the management is confident that the ultimate outcome of the appeals would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and legal counsel and the relevant law and facts.

31.8 In respect of tax periods from 2014 to 2016, the Additional Commissioner, Punjab Revenue Authority, through his order dated August 8, 2018 has created a demand of Rs. 757.841 million against the Parent Company in respect of alleged default on witholding of Punjab Sales Tax on various heads of accounts alongwith penalty thereon. The Group has filed an appeal against the above order with the Commissioner (Appeals) on December 13, 2018, the outcome of which is still pending. The appeal against the impugned order has been filed on the basis of following major grounds:

The relevant section of the Punjab Sales Tax on Services Act, 2012 has been wrongly applied retrospectively to the alleged period of default;

The heads of accounts include multiple line items on which Punjab Sales Tax is not applicable; and

It has been wrongly assumed that all the expenses disclosed in the financial statements under the identified heads have actually been paid during the said tax periods.

The Group has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

31.9 In respect of tax period from January 2016 to December 2016, the Deputy Commissioner Inland Revenue, Federal Board of Revenue, through his order dated December 28, 2018 has created a demand of Rs. 493.391 million in respect of disallowance of input tax claimed by the Parent Company, alleged default on charging of output sales tax and default on withholding of General Sales Tax alongwith penalty thereon. The Group has filed an appeal against the above order with the Commissioner Inland Revenue (Appeals) ['CIR(A)']on February 7, 2019, the outcome of which is still pending. The appeal against the impugned order has been filed on the basis of following major grounds:

The disallowed input tax relates to purchases of goods and services which relate to the furtherance of taxable business activity and for whom sales tax invoices from suppliers are available, therefore, the claim should have been allowed;

The demand for alleged under-paid output tax relates to zero-rated supplies on the basis of applicable law and established precedents; and

The relevant section of the Sales Tax Act, 1990 has been wrongly applied retrospectively to the alleged period of default on withholding of General Sales Tax

The Group has not made any provision against the above demand as the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

31.10 PREPL received, vide order PRA/18/14 dated November 20, 2018, a tax demand of Rs. 614.817 million including penalty of Rs. 29.277 from Additional Commissioner, Enforcement - I, Punjab Revenue Authority ('AC') under section 52 of Punjab Sales Tax on Services Act, 2012, read with Punjab Sales Tax on Services (Withholding Rules, 212 /2015) against short payment of withholding tax on various mall construction related services during 2014 to 2016.

The Group being aggrieved filed appeal before Commissioner (Appeals) which is pending adjudication. The Group has obtained a direction from Lahore High Court by filing a writ petition in which Commissioner (Appeals) was directed to decide the stay application. The management based on opinion of legal counsel is hopeful of a favorable outcome of this case accordingly, no provision has been made in these consolidated financial statements.

31.11 Other receivables include Rs. 30 million (2017: Rs. 30 million) in respect of claim receivable for shredder machinery destroyed in fire from IGI General Insurance Limited, an associate of the Group. It is neither past due, nor impaired.

(Rupees in thousand)	Note	2018	2017
32. Income tax receivable			
Income tax refundable	32.1	4,792,046	3,966,302
Income tax recoverable	32.2	36,013	36,013
		4,828,059	4,002,315

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

The Group filed an appeal against the revised orders of the ITO before the then Commissioner of Income Tax (Appeals) ['CIT(A)'], Karachi. CIT(A) in his order issued in 1988, held the assessments reframed by the ITO for the years 1983 and 1984 presently to be void and of no legal effect. The ITO filed an appeal against the CIT(A)'s order with the then Income Tax Appellate Tribunal ('ITAT'). The ITAT has, in its order issued in 1996, maintained the order of CIT(A). The assessing officer, after the receipt of the appellate order passed by CIT(A), issued notices under section 65 of the repealed Income Tax Ordinance, 1979 for re opening of the assesments for said tax years. The Group filed a writ petition for setting aside the aforesaid notices with the High Court of Sindh in 2011, the outcome of which is still pending.

The amount recoverable of Rs. 36.013 million represents the additional taxes paid as a result of the disallowance of the tax credits on reframing of the assessments. The Group has not made any provision against the above recoverable as the management is confident that the ultimate outcome of the writ petition would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

32.2 In respect of tax year 2007 the department rejected the Parent Company's claim for interest / additional payment for delayed refunds for the tax years from 1983-84 to 2003 amounting to Rs. 64.616 million and adjusted the Parent Company's tax liability for the said year accordingly. The Group being agreived of the said order filed an appeal with CIR(A). CIR(A) through his order dated January 26, 2009 maintained the rejection. An appeal against the said order was filed by the Group with ATIR. ATIR through its order dated February 23, 2010 maintained the rejection. The Group has now filed an appeal in the High Court of Sindh against ATIR's order on June 28, 2010, the outcome of which is still pending. However, the Group has not made any provision against the above recoverable as the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advices of the tax consultant and legal counsel, the relevant law and facts.

32.3 In respect of tax year 2014, the department, against taxable loss of Rs. 706.039 million as per return filed by the Parent Company, assessed a taxable income of Rs. 2,614.710 million and amended the deemed order for the year raising a tax demand of Rs. 606.328 million. In this order, among other issues, the income tax department did not accept the Group's contention for non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL under section 97 of the Income Tax Ordinance, 2001. Such transfer has been taxed as capital gain on the value of assets transferred.

Further, certain other disallowances inter alia including on account of allocation of various expenses towards dividend and other incomes, effectively reducing the available tax losses by approximately Rs. 1,200 million, were also made by the department in respect of previous tax years.

The Group being aggrieved of this order filed an appeal before the CIR(A). CIR(A), through order dated March 2, 2018, has accepted all the contentions of the Group except non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL and taxation of provision for retirement benefits on accrual basis thereby reducing the tax refundable claimed by the Parent Company from Rs. 352.953 million to Rs. 273.986 million. The Group has filed an appeal against the above order before ATIR on May 4, 2018, the outcome of which is still pending. The Group has not made any provision against the above demand and disallowance as the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

32.4 In respect of tax year 2016, the department, against taxable income of Rs. 1,157.926 million as per return filed by the Parent Company, assessed a taxable income of Rs. 2,437.836 million and amended the deemed order for the year raising a tax demand of Rs. 464.187 million. The Group being aggrieved of the said order filed the appeal before CIR(A). CIR(A), through order dated December 11, 2017, has accepted all the contentions of the Group except the allowability of provision for workers' profit participation fund on payment rather than accrual basis and remanded back credit for minimum tax thereby reducing the tax demand to Rs. 86.864 million. The Group has filed an appeal against the above order before ATIR on January 9, 2018, the outcome of which is still pending. The Group has not made any provision against the above disallowance as the management is confident that the ultimate outcome of the appeal would be in favour of the Group, inter alia on the basis of the advice of the tax consultant and the relevant law and facts.

32.5 In respect of tax year 2016, the Department of Inland Revenue Services (the 'department') has by an order dated April 30, 2018, against a taxable loss of Rs. 3,309.505 million as per return filed by the BSPPL, assessed a taxable income of Rs. 773.450 million and amended the deemed order for the year raising a tax demand of Rs. 89.824 million. In this order, among other issues, the department disallowed the adjustment of tax loss carried forward of Rs. 3,507.631 million against the taxable income of the said year on the grounds that the contention of the Parent Company in respect of tax year 2014 for non-taxation of the transfer of paper and paperboard and corrugated business segments to BSPPL under section 97 of the Income Tax Ordinance, 2001 has been rejected in the assessment order dated May 28, 2016 passed by the department for the Parent Company, thereby taxing such transfer as capital gain on the value of assets transferred. The Group has filed an appeal against the above order before the ATIR on May 4, 2018, the outcome of which is still pending.

Further, certain other disallowances were made by the department inter alia including refund adjustment pertaining to tax year 2014 of Rs. 141.323 million claimed by BSPPL, on the grounds that return of income for the tax year 2014 was amended by the department via an order dated February 28, 2017, thereby eliminating the amount of tax refundable claimed by BSPPL for the tax year 2014.

The Group being aggrieved of the order dated April 30, 2018 filed the appeal before CIR(A). CIR(A), through order dated July 6, 2018, has accepted some contentions of the Group, remanded back few contentions to the department, disallowed the adjustment of tax loss carried forward of Rs. 3,507.631 million and disallowed the refund adjustment pertaining to tax year 2014 of Rs. 141.324 million. The Group has filed an appeal dated August 7, 2018 before Appellate Tribunal Inland Revenue against the CIR(A)'s disallowances and has not made any provision against the above disallowances as the management is confident that the ultimate outcome of the appeal would be in favor of the Group, inter alia on the basis of the advice of the tax consultants of the Group and the relevant law and the facts.

(Rupees in thousand)	Note	2018	2017
33. Cash and bank balances			
At banks:			
On deposit accounts [including ZAR 54,914 million (2017: Nil)]	33.1	531	350
On saving accounts	33.2	262,122	683,981
On current accounts [including USD 57,441 million (2017: USD 0.472 million) and SLR 26.474 million (2017: SLR 37.898 million) and ZAR 4.901 million (2017: Nil)]	33.3	182,252	396,947
		444,905	1,081,278
In hand [including USD 5,906 (2017: USD 8,684) and GBP 3,505 (2017: GBP Nil) and ZAR 23,246 (2017: Nil)]		16,441	7,512
		461,346	1,088,790

33.1 The balances in saving accounts bear mark up which ranges from 3.75% to 8.00% (2017: 3.75% to 5.50%) per annum.

33.2 Included in these are restricted funds of Rs. 7.523 million (2017: Rs. 7.193 million) in respect of deposits that are repayable on demand as referred to in note 19.8.

33.3 Included in these are total restricted funds of Rs. 1.332 million (2017: Rs. 1.332 million) held as payable to TFC holders.

(Rupees in thousand)		Note	2018	2017
34.	**Revenue**			
	The Group derives the following types of revenue:			
	Sale of goods	34.1	49,718,899	29,977,866
	Services	34.2	3,203,824	1,701,877
			52,922,723	31,679,743

34.1	**Sale of goods**			
	Local sales			
	Own manufactured		56,367,742	33,541,623
	Purchased for resale		448,052	338,041
			56,815,794	33,879,664
	Export sales		742,562	699,997
			57,558,356	34,579,661
	Sales tax		(7,513,693)	(4,371,619)
	Trade discount		(308,486)	(211,456)
	Commission		(17,278)	(18,720)
			(7,839,457)	(4,601,795)
			49,718,899	29,977,866

34.2	**Services**			
	License fee	34.2.1	1,888,730	909,456
	Service and management charges	34.2.2	1,028,127	693,198
	Advertisements and parking income	34.2.3	286,967	99,223
			3,203,824	1,701,877

34.2.1	The future aggregate minimum rentals / license receivable under non-cancellable operating leases are as follows:			
	Not later than one year		2,024,531	1,935,246
	Later than one year and not later than five years		7,730,111	6,494,551
			9,754,642	8,429,797

Variable license fee recognised during the year as income was Rs. 90.523 million (2017: Rs. 63.651 million). License fee also includes Rs. 28.966 million (2017: Nil) in respect of amortisation of deferred income as referred to in note 12.

34.2.2 This includes Rs. 907.269 million (2017: Rs. 544.239 million) chargeable to sales tax and it is exclusive of sales tax of Rs. 152.356 million (2017: Rs. 96.203 million).

34.2.3 This includes Rs. 222.747 million (2017: Rs. 61.065 million) chargeable to sales tax and it is exclusive of sales tax of Rs. 35.898 million (2017: Rs. 17.962 million).

(Rupees in thousand)		Note	2018	2017
35.	**Cost of sales and services**			
	Cost of sales - own manufactured	35.1	43,822,950	24,222,490
	Cost of sales - purchased for resale	35.2	329,030	239,593
	Cost of services	35.3	2,031,758	1,390,136
			46,183,738	25,852,219
35.1	**Cost of sales - own manufactured**			
	Materials consumed		28,337,158	16,944,962
	Salaries, wages and amenities	35.1.1 & 35.1.2	3,870,001	2,280,406
	Travelling and conveyance		121,239	57,485
	Fuel and power	35.1.3	4,547,045	1,619,481
	Production supplies consumed		1,058,803	558,690
	Rent, rates and taxes	35.1.4	174,517	72,033
	Insurance		183,265	84,275
	Repairs and maintenance		962,220	589,745
	Packing expenses		791,258	524,527
	Depreciation on owned assets	22.1.5	3,257,031	1,554,145
	Depreciation on assets subject to finance lease	22.2.1	6,538	5,104
	Amortisation of intangible assets	24.2	12,802	7,571
	Safety equipment		23,638	–
	Technical fee and royalty	35.1.5	98,574	115,144
	Provision for obsolete / slow moving stock-in-trade	29.6	18,456	20,013
	Provision for obsolete / slow moving stores and spares	28.2	13,127	6,703
	Material handling charges		262,847	40,887
	Medical expenses		31,098	11,703
	Other expenses		612,418	391,641
			44,382,035	24,884,515
	Opening work-in-process		727,962	393,587
	Acquisition of subsidiary		–	12,289
	Closing work-in-process		(973,939)	(727,962)
	Cost of goods manufactured	35.1.6	44,136,058	24,562,429
	Opening stock of finished goods		3,526,660	700,525
	Acquisition of subsidiary		–	2,486,196
			47,662,718	27,749,150
	Closing stock of finished goods		(3,839,768)	(3,526,660)
			43,822,950	24,222,490

(Rupees in thousand)		2018	2017
35.1.1	Salaries, wages and amenities include following in respect of retirement benefits:		
	Defined benefit plans		
	Gratuity fund	53,494	25,418
	Defined contribution plans		
	Provident fund	52,184	24,953
	Pension fund	75,658	37,682
	Other benefit plan		
	Accumulating compensated absences	54,691	42,437
		246,408	112,687

35.1.2 Salaries, wages and amenities include Rs. 360.139 million (2017: Rs. 330.061 million) in respect of services rendered by manpower contractors during the year.

35.1.3 This includes the reversal of provision recorded against the LPS on rate differential of Nil (2017: Rs. 159.680 million) .

35.1.4 Rent, rates and taxes include operating lease rentals amounting to Rs. 109.161 million (2017: Rs. 30.573 million).

35.1.5 This Includes Rs. 48.659 million (2017: Rs. 74.302 million) royalty charged by DIC Corporation, Japan, a related party (having its registered office at DIC Building, 7-20, Nihonbashi 3-chome, Chuo-ku, Tokyo 103-8233, Japan).

35.1.6 Cost of goods manufactured includes Rs 3,106.539 million (2017: Rs 2,065.338 million) for stores and spares consumed, Rs 80.745 million (2017: Rs 28.184 million), Rs 16.881 million (2017: Rs 2.543 million) and Rs 65.072 million (2017: Rs 0.851 million) for raw material, stores and spares and finished goods written off respectively.

(Rupees in thousand)		Note	2018	2017
35.2	**Cost of sales - purchased for resale**			
	Purchases		369,643	254,728
	Opening stock of goods purchased for resale		44,490	29,355
	Closing stock of goods purchased for resale		(85,103)	(44,490)
			329,030	239,593
35.3	**Cost of services**			
	Salaries, wages and benefits		149,555	95,734
	Depreciation on investment properties	23.1.1	843,389	545,903
	Fuel and power		423,372	325,053
	Rent, rates and taxes		255,613	164,285
	Insurance		40,113	30,665
	Consultancy		10,041	12,680
	Mall operating expenses		309,675	215,816
			2,031,758	1,390,136

(Rupees in thousand)		Note	2018	2017
35.3.1	Salaries, wages and amenities include following in respect of retirement benefits:			
	Defined benefit plans			
	Gratuity fund		381	1,624
	Defined contribution plans			
	Provident fund		854	3,227
	Pension fund		1,634	761
	Other benefit plan			
	Accumulating compensated absences		680	5,753
			4,022	11,365
36.	**Administrative expenses**			
	Salaries, wages and amenities	36.1 & 36.2	1,141,324	968,795
	Travelling and conveyance		62,550	51,770
	Rent, rates and taxes	36.3	265,751	180,287
	Insurance		38,416	27,108
	Printing, stationery and periodicals		38,494	27,283
	Postage, telephone and telex		41,635	28,730
	Medical expenses		5,518	1,735
	Entertainment expenses		6,848	452
	Motor vehicles running		25,444	13,943
	Computer charges		56,493	26,953
	Training expenses		4,498	2,823
	Professional services	36.4	187,946	132,240
	Consultancy and transaction advisory fee		–	3,926
	Repairs and maintenance		29,675	29,898
	Depreciation on owned assets	22.1.5	154,121	75,635
	Depreciation on assets subject to finance lease	22.2.1	3,887	7,572
	Amortisation of intangible assets	24.2	16,676	6,950
	Depreciation on investment properties	23.1.1	1,646	4,018
	Security services		4,339	3,821
	Other expenses		182,087	121,711
			2,267,348	1,715,650

(Rupees in thousand)		2018	2017
36.1	Salaries, wages and amenities include following in respect of retirement benefit		
	Defined benefit plans		
	Gratuity funds	16,439	10,167
	Pension funds	14,992	1,199
	Defined contribution plans		
	Provident funds	16,900	10,680
	Pension funds	24,106	14,185
	Other benefit plan		
	Accumulating compensated absences	21,716	12,480
		94,153	48,711

36.2 Salaries, wages and amenities include Rs. 66.143 million (2017: 63.492 million) in respect of services rendered by manpower contractors during the year.

36.3 Rent, rates and taxes include operating lease rentals amounting to Rs. 139.073 million (2017: Rs. 48.940 million).

(Rupees in thousand)		2018	2017
36.4	**Professional services**		
	The charges for professional services include the following in respect of auditors' services for:		
	Statutory audit	16,202	11,320
	Half yearly review	3,339	2,611
	Tax services	18,721	14,566
	Workers' profit participation fund audit, management staff pension and gratuity fund audit, audit of consolidated financial statements and other certification charges	5,001	5,331
	Out of pocket expenses	2,926	1,561
		46,189	35,389

36.5 Administrative expenses include Rs. 59.430 million (2017: Rs. 55.699 million) for stores and spares consumed.

(Rupees in thousand)		Note	2018	2017
37.	**Distribution and marketing costs**			
	Salaries, wages and amenities	37.1 & 37.2	753,327	559,916
	Travelling and conveyance		81,682	101,579
	Rent, rates and taxes	37.3	10,779	8,430
	Freight and distribution		685,611	334,169
	Insurance		37,026	41,147
	Electricity		999	947
	Postage, telephone and telex		699	580
	Advertisement and sales promotion		583,346	311,372
	Depreciation on owned assets	22.1.5	28,602	20,495
	Amortisation on intangible assets	24.2	1,918	–
	Depreciation on assets subject to finance lease	22.2.1	3,063	2,888
	Repairs and maintenance		54	602
	Provision for doubtful debts - net	30.4	47,840	21,218
	Consultancy		15,762	–
	Bad debts written off		71,940	19,834
	Other expenses		100,726	57,137
			2,423,374	1,480,314
37.1	Salaries, wages and amenities include following in respect of retirement benefits:			
	Defined benefit plans			
	Gratuity funds		9,681	5,819
	Defined contribution plans			
	Provident funds		9,481	6,140
	Pension funds		12,337	8,033
	Other benefit plan			
	Accumulating compensated absences		12,923	5,608
			44,422	25,600

37.2 Salaries, wages and amenities include Rs. 37.578 million (2017: Rs. 46.394 million) in respect of labour contractors for services rendered during the year.

37.3 Rent, rates and taxes include operating lease rentals amounting to Rs. 8.979 million (2017: Rs. 8.430 million).

37.4 Distribution and marketing costs include Rs. 5.022 million (2017: Rs. 3.995 million) for stores and spares consumed.

(Rupees in thousand)		Note	2018	2017
38.	**Other expenses**			
	Worker's profit participation fund	19.9	202,282	401,994
	Workers' welfare fund	19.10 & 38.1	7,062	26,054
	Loss on disposal of owned assets	22.1.8	19,261	–
	Exchange loss - net		500,921	95,008
	Donations	38.7 & 38.3	38,303	65,011
	Receivables written off		6,947	–
			774,776	588,067

38.1 As explained in note 4.2, the Parent Company and BSPPL have opted for group taxation. Consequently, the workers' welfare fund expense of the Taxation Group included in this head is based on consolidated results of the Taxation Group.

38.2 The Parent Company made a donation of Rs. 38.303 million (2017: Rs. 64.856 million) to its related party, Packages Foundation. Following is the interest of Directors of the Parent Company in the donees during the year:

Name of donee	Directors of the Company	Interest in donee
Packages Foundation	Syed Hyder Ali (Chief Executive Officer)	Trustee
	Shamim Ahmad Khan	Trustee
	Syed Aslam Mehdi	Trustee

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

38.3 This includes donation made to Idara-e-Taleem-o-Aagahi Trust of Nil (2017: Rs. 1.520 million) by the Group. None of the directors and their spouses had any interest in the donee.

(Rupees in thousand)		Note	2018	2017
39.	**Other income**			
	Income on bank deposits		23,284	21,328
	Capital gain on disposal of Government securities		–	3,177
	Interest charged on trade and other receivables		–	4,348
	Interest on loan to SNGPL		–	278
	Rental income from investment properties		21,088	54,423
	Profit on disposal of owned assets		–	26,039
	Service fees		3,413	4,488
	Scrap sales		21,132	14,003
	Insurance commission from related party		13,035	7,669
	Liabilities no longer payable written back		39,818	20,786
	Gain on exchange of shares of associates	26.4	–	17,932
	Reversal of provision for workers' welfare fund	19.10	1,176	7,351
	Rebate income	39.1	4,793	43,524
	Others		26,614	21,075
			154,353	246,421

39.1 This includes indent commission income aggregating Rs. 0.604 million (2017: Rs. 0.805 million) charged to Sun Chemicals Limited, DIC India Limited, DIC Asia Pacific Pte Ltd and DIC Compounds (Malaysia) related parties of the Group.

(Rupees in thousand)	Note	2018	2017
40. Finance costs			
Interest and mark up including commitment charges on			
Long term finances			
Local currency - secured		1,107,136	610,435
Foreign currency - secured		100,249	78,763
Finances under mark-up arrangements - secured		727,755	204,385
Liabilities against assets subject to finance lease		59,209	57,970
Loan from shareholder of Parent Company	9.1	52,611	33,377
Return on preference shares / convertible stock	8.11	155,550	155,550
Interest on security deposits	11	24,590	–
Commission on guarantees		20,229	21,067
Bank charges		20,990	14,154
		2,268,319	1,175,701

41. This represents dividend income from other long term investments as referred to in note 26.

(Rupees in thousand)	Note	2018	2017
42. Taxation			
Current			
Current year	42.1	1,048,460	939,443
Prior years		47,302	190,442
		1,095,762	1,129,885
Deferred	35.5	(528,421)	328,550
		567,341	1,458,435

42.1 As explained in note 4.2, the Taxation Group's provision for taxation (current and deferred) included in the charge for the current year is based on the consolidated results of the Taxation Group which represents tax under 'final tax regime' and minimum tax on turnover under section 113 of the Income Tax Ordinance, 2001 net of investment tax credit available to the Taxation Group by virtue of investment in plant and machinery in accordance with Section 65B of the Income Tax Ordinance, 2001. The Group taxation has resulted in a reduction of Rs. 50.407 million (2017: Rs. 69.471 million) in the tax expense of the Taxation Group for the year.

42.2 Through the Finance Act, 2018 and Finance Supplementary (Second Amendment) Bill, 2019, amendments have been made to section 5A of the Income Tax Ordinance, 2001. As per the amended provision, income tax at the rate of 5% of accounting profit before tax for tax year 2019 is applicable where a listed company does not distribute at least 20% of its after tax profits, in the form of cash, within six months of the end of tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution expires. The Parent Company has distributed more than 20% of its after tax profits for the tax year 2018.

Percentage		2018	2017
42.3	**Tax charge reconciliation**		
	Numerical reconciliation between the average effective tax rate and the applicable tax rate		
	Applicable tax rate	29.00	30.00
	Tax effect of amounts that are:		
	Associates and joint ventures results reported net of tax	8.11	(10.13)
	Differences in overseas taxation rates	–	(0.01)
	Asset for share transaction of foreign subsidiary	–	–
	Not deductible for tax purposes	19.11	0.42
	Deductible for tax purposes	(0.99)	(0.20)
	Exempt for tax purposes	(1.23)	(0.13)
	Chargeable to tax at different rates	(19.84)	(8.48)
	Effect of change in prior years' tax	1.19	1.49
	Group taxation as explained in note 4.2	(14.54)	(2.55)
	Effect of changes in tax rate	(2.73)	–
	Adjustments of brought forward losses	(4.59)	–
	Tax credits and losses in respect of which no deferred tax asset has been recognised	–	(0.62)
	Tax effect under presumptive tax regime and others	3.43	0.23
	Tax credits and losses recognised during the year	–	–
	Deferred tax asset not recognized	14.21	2.06
	Minimum tax	32.46	0.16
	Effect of allowance against property income	(4.50)	(0.34)
	Investment tax credit	(28.27)	–
		1.82	(18.10)
	Average effective tax rate charged to statement of profit or loss	30.82	11.90

42.4 Management assessment on sufficiency of provision for income taxes

A comparison of provision on account of income taxes with most recent tax assessment for last three tax years is as follows:

(Rupees in thousand)	2018	2017	2016
Tax assessed as per most recent tax assessment	1,276,757	978,344	695,979
Provision in accounts for income tax	1,492,859	1,184,080	754,681

As at December 31, 2018, as per the treatments adopted in tax returns filed that are based on the applicable tax laws and decisions of appellate authorities on similar matters, the Group's provision in accounts for income tax is sufficient as there are strong grounds that the said treatments are likely to be accepted by the tax authorities.

43. As referred to in note 8.11, in addition to the preferred right of return at the rate of 10% per annum, either in cash or ordinary shares on a non-cumulative basis till the date of settlement of preference shares / convertible stock, the preference shareholders also have the right to share the excess amount with the ordinary shareholders on an as-converted basis in case the amount of dividend per share paid to an ordinary shareholder exceeds that paid to a preference shareholder. Since ordinary dividend of Rs. 30.00 per share was approved for the year ended December 31, 2017, which exceeded the preferred return for that year, the additional preference dividend to be paid to the preference shareholders has been distributed to the preference shareholders as participating dividend and charged directly to the equity.

44. Remuneration of Chief Executive, Directors and Executives

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

	Chief Executive		Executive Directors		Non-Executive Directors		Executives*	
(Rupees in thousand)	2018	2017	2018	2017	2018	2017	2018	2017
Short term employee benefits								
Managerial remuneration	20,570	19,374	8,449	8,414	–	–	501,718	433,929
Housing	14,972	12,482	3,094	3,780	–	–	151,826	130,448
Utilities	3,850	3,079	688	844	–	–	31,919	28,940
Bonus and incentives	23,917	24,479	5,339	8,253	–	–	208,050	142,341
Leave passage	2,596	4,817	587	717	–	–	17,153	13,734
Reimbursement of medical expenses	3,838	4,181	67	44	–	–	11,596	5,435
Directors' fees	–	–	–	–	3,725	4,550	–	–
Technical fees	–	–	–	–	1,749	3,455	–	–
Other allowances and expenses	3,793	2,689	–	–	–	–	47,921	77,264
	73,536	71,101	18,224	22,052	5,474	8,005	970,183	832,091
Post employment benefits								
Contribution to provident, gratuity and pension funds	10,750	8,867	2,430	2,957	–	–	83,385	67,090
	84,286	79,968	20,654	25,009	5,474	8,005	1,053,568	899,181
Number of persons	1	1	1	2	8	7	116	104

* Comparative figures have been restated to reflect changes in the definition of 'executive' as per the Act.

The Group also provides the Chief Executive and some of the directors and executives with Group maintained cars, free transport and utilities.

44.2 Premium charged in the consolidated financial statements in respect of directors' indemnity insurance policy, purchased by the Group during the year, amounted to Rs. 0.753 million (2017: Rs. 0.753 million).

45. Transactions with related parties

The related parties comprise joint ventures, associates, directors, key management personnel, staff retirement 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 44. Significant related party transactions have been disclosed in respective notes in these financial statements, other than the following:

Relationship with the Company	Nature of transactions	2018 (Rupees in thousand)	2017
i. Joint ventures	Purchase of goods & services	82,401	2,095,076
	Sale of goods & services	236,473	341,632
	Dividend income	12,826	5,958
	Rental income	3,729	48,065
	Sale of property, plant & equipment	–	1,144
ii. Associates	Purchase of goods & services	2,368,732	1,389,588
	Sale of goods & services	22,558	21,950
	Dividend income	325,416	129,333
	Rental and other income	22,244	16,255
	Insurance claims	15,484	25,601
	Commission earned	13,502	6,799
	Dividend paid	739,614	607,740
iii. Other related parties	Purchase of goods & services	789,754	464,255
	Sale of goods & services	237,442	–
	Commission earned	1,040	1,224
	Repayment of loan	100,000	–
	Commission expense	15,334	14,463
	Royalty and technical fee - expense	48,659	74,342
	Dividend paid	114,758	47,009
	Donations	38,303	64,857
iv. Retirement obligation	Expense charged in respect of retirement plans	270,533	124,388
	Dividend paid	84,973	70,811
v. Key management personnel	Salaries and other employee benefits	213,797	156,888
	Dividend paid	68,618	57,182

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

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

45.1 Following are the related parties with whom the Group had entered into transactions or had arrangements / agreements in place:

Name of entity	Basis of relationship	Aggregate % of shareholding in the Group
DIC Graphics (Thailand) Company Limited	Other related party	N/A
DIC Australia Pty Limited	Other related party	N/A
PT DIC Graphics	Other related party	N/A
DIC Lanka (Private) Limited	Other related party	N/A

46. Capacity and production - tonnes

	Capacity		Actual production	
	2018	2017	2018	2017
Paper and paperboard produced	281,400	281,400	218,323	219,776
Paper and paperboard converted	57,500	52,855	42,380	41,851
Plastics all sorts converted	51,200	43,700	38,166	36,943
Inks produced	15,905	14,780	10,180	9,925
Flexible packaging material - meters ‘000’	232,474	209,605	82,519	73,351
Corrugator	96,000	96,000	88,946	87,616

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

	2018	2017
47. Number of employees		
Total number of employees as at December 31	3,429	3,483
Average number of employees during the year	3,458	3,363
Total number of factory employees as at December 31	2,135	1,984
Average number of factory employees during the year	2,156	1,937

48. Rates of exchange

Liabilities in foreign currencies have been translated into PKR at USD 0.7189 (2017: USD 0.9050), EURO 0.6285 (2017: EURO 0.7588), CHF 0.7079 (2017: CHF 0.8857), SEK 6.4475 (2017: SEK 7.4627), GBP 0.5665 (2017: GBP 0.6724), SGD 0.9812 (2017: SGD 1.2096), YEN 79.3777 (2017: YEN 102.0721), SLR 132.2751 (2017:138.4658) and ZAR 10.4232 (2017: 11.1607) equal to Rs. 100. Assets in foreign currencies have been translated into PKR at USD 0.7215 (2017: USD 0.90662), SLR 131.2336 (2017: 139.1595) and ZAR 10.3434 (2017: 11.2120) equal to Rs. 100.

(Rupees in thousand)	Note	2018	2017
49. Cash flow information			
49.1 Cash generated from operations			
Profit before tax		1,727,519	12,258,219
Adjustments for:			
Depreciation on owned assets	22.1.5	3,439,754	1,650,275
Depreciation on assets subject to finance lease	22.2.1	13,488	15,564
Depreciation on investment properties	23.1.1	845,035	549,921
Amortisation on intangible assets	24.2	31,396	14,521
Amortisation of deferred income	11	(28,966)	–
Provision for accumulating compensated absences	16	102,253	66,133
Provision for retirement benefits	15	99,444	47,873
Provision for doubtful debts	30.4	47,840	21,218
Exchange adjustments		190,219	(40,524)
Loss / (profit) on disposal of operating fixed assets	38 & 39	19,261	(26,039)
Liabilities no longer payable written back	39	(39,818)	(20,786)
Reversal of provision for workers' welfare fund	39	(1,176)	(7,351)
Gain on exchange of shares of associates	39	–	(17,932)
Capital work-in-progress charged to consolidated statement of profit or loss	22.3	4,279	9,443
Provision for obsolete / slow-moving stores and spares	27.2	13,127	6,703
Provision for obsolete / slow-moving stock-in-trade	29.6	15,649	20,013
Finance costs	40	2,268,319	1,175,701
Dividend income	41	(2,491,996)	(5,972,121)
Gains and losses relating to business combinations	54	–	(4,965,355)
Share of (profit) of investments accounted for under equity method - net of tax	25.2	(76,002)	(206,530)
Profit before working capital changes		6,179,625	4,578,946
Effect on cash flow due to working capital changes:			
Increase in stores and spares		(258,620)	(132,986)
Increase in stock-in-trade		(3,413,481)	(700,891)
Increase in trade debts		(764,759)	(853,980)
(Increase) / decrease in loans, advances, deposits, prepayments and other receivables		(88,505)	103,289
Increase in rental security deposits		21,104	418,251
Increase in trade and other payables		1,144,632	687,569
		(3,359,629)	(478,748)
		2,819,996	4,100,198
49.2 Cash and cash equivalents			
Cash and bank balances	33	461,346	1,088,790
Finances under mark up arrangements - secured	18	(11,618,495)	(5,091,722)
		(11,157,149)	(4,002,932)

(Rupees in thousand)	Opening balance as at January 1, 2018	Cash flows	Other* changes	Closing balance as at December 31, 2018
49.3 Reconciliation of liabilities arising from financing activities				
Long term finances	17,988,200	(902,022)	–	17,086,178
Liabilities against assets subject to finance lease	81,993	(26,757)	(12,580)	42,656
Loan from shareholder of Parent Company	409,380	(100,000)	(88,464)	220,916
	18,479,573	(1,028,779)	(101,044)	17,349,750

* Other changes represent non-cash movements.

(Rupees in thousand)		2018	2017
50. Earnings per share			
50.1 Basic earnings per share			
Profit for the year	Rupees in thousand	1,006,288	10,673,355
Participating dividend on preference shares	Rupees in thousand	(82,499)	(45,000)
	Rupees in thousand	923,789	10,628,355
Weighted average number of ordinary shares	Numbers	89,379,504	89,379,504
Basic EPS	Rupees	10.34	118.91
50.2 Diluted earnings per share			
Profit for the year	Rupees in thousand	1,006,288	10,673,355
Return on preference shares / convertible stock - net of tax	Rupees in thousand	110,526	127,314
	Rupees in thousand	1,116,814	10,800,669
Weighted average number of ordinary shares	Numbers	89,379,504	89,379,504
Weighted average number of notionally converted preference shares / convertible stock	Numbers	8,186,842	8,186,842
		97,566,346	97,566,346
Diluted EPS	Rupees	11.45	110.70

51. Segment Information

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

Types of Segments	Nature of business
Packaging	Manufacture and market packing products
Consumer Products Division	Manufacture and market consumer / tissue products
Ink	Manufacture and market industrial and commercial ink products
Real Estate	Construction and development of real estate
Paper and Board	Manufacture and market paper and board products
Unallocated	Workshop and other general business

	Packaging Division		Consumer Products Division		Ink Division		Real Estate		Paper and Paper Board		Unallocated		Total	
(Rupees in thousand)	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Total revenue	30,616,746	21,403,279	4,561,870	4,175,000	4,440,983	3,868,353	3,203,825	1,701,878	14,741,286	4,122,643	158,442	548,123	57,723,152	35,819,276
Intersegment revenue	(1,259,712)	(1,387,440)	(108,205)	(129,920)	(961,074)	(1,043,229)	–	–	(2,471,438)	(1,437,625)	–	(141,319)	(4,800,429)	(4,139,533)
Revenue from external customers	29,357,034	20,015,839	4,453,665	4,045,080	3,479,909	2,825,124	3,203,825	1,701,878	12,269,848	2,685,018	158,442	406,804	52,922,723	31,679,743
%age of revenue	55%	63%	8%	13%	7%	9%	6%	5%	23%	8%	0%	1%	100%	100%
Interest revenue	–	2,041	–	–	–	–	19,653	16,005	–	–	3,631	3,560	23,284	21,606
Interest expense	(796,007)	(356,389)	(91,058)	(20,758)	(63,728)	(30,522)	(686,292)	(367,393)	(511,557)	(87,891)	(119,677)	(312,748)	(2,268,319)	(1,175,701)
Depreciation and amortisation	(1,607,953)	(971,589)	(137,213)	(127,138)	(30,456)	(29,591)	(874,948)	(562,701)	(1,537,217)	(398,092)	(141,886)	(141,170)	(4,329,673)	(2,230,281)
Segment profit / (loss) before tax	452,108	1,407,453	487,435	669,960	390,913	455,641	(19,852)	(286,548)	(1,108,336)	(93,633)	2,065,466	5,240,026	2,267,734	7,392,899
Segment taxation	(452,654)	(106,493)	(153,409)	(12,084)	(114,077)	(130,069)	(219,793)	(81,010)	378,323	(15,250)	(5,731)	(895,512)	(567,341)	(1,240,418)
Segment (loss) / profit after tax	(546)	1,300,960	334,026	657,876	276,836	325,572	(239,645)	(367,558)	(730,013)	(108,883)	2,059,735	4,344,514	1,700,393	6,152,481
%age of profit / (loss) after tax	0%	21%	20%	11%	16%	5%	-14%	-6%	-43%	-2%	121%	71%	100%	100%
Segment assets	24,105,218	21,923,522	2,349,911	1,849,118	2,498,477	1,781,752	12,618,377	13,518,943	18,614,594	15,900,473	44,147,745	6,722,694	104,334,322	61,696,502
Segment liabilities	3,501,543	3,256,886	359,219	215,559	331,352	211,309	146,773	264,349	1,940,357	1,485,524	36,896,283	30,335,550	43,175,527	35,769,177

(Rupees in thousand)		2018	2017
51.1	**Reconciliation of segment profit**		
	Total profit for reportable segments	2,267,734	7,392,899
	Net income from associates and joint ventures	65,505	197,486
	Intercompany adjustment	(605,720)	(297,521)
	Gains and losses relating to business combination	–	4,965,355
	Profit before tax as per consolidated statement of profit or loss	1,727,519	12,258,219

Segment assets are measured in the same way as in the consolidated financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset. Investment in shares (classified as available-for-sale financial assets, held-to-maturity investments or financial assets at fair value through profit or loss) held by the group are not considered to be segment assets, but are managed by the treasury function.

(Rupees in thousand)		2018	2017
51.2	**Reconciliation of segment assets**		
	Total assets for reportable segments	104,334,322	61,696,502
	Intersegment assets	(11,427,843)	(9,039,584)
	Other corporate assets	14,760,505	60,228,839
	Total assets as per consolidated statement of financial position	107,666,984	112,885,757

Segment liabilities are measured in the same way as in the consolidated financial statements. These liabilities are allocated based on the operations of the segment. The group's borrowings are not considered to be segment liabilities, but are managed by the treasury function.

(Rupees in thousand)		2018	2017
51.3	**Reconciliation of reportable segment liabilities**		
	Total liabilities for reportable segments	6,279,244	5,433,627
	Intersegment liabilities	(565,503)	(142,570)
	Unallocated liabilities	36,896,283	30,335,550
	Total liabilities as per consolidated statement of financial position	42,610,024	35,626,607
51.4	**Reconciliation of segment taxation**		
	Total tax expense for reportable segments	(567,341)	(1,240,417)
	Intercompany adjustment	–	(218,018)
	Tax as per consolidated statement of profit or loss	(567,341)	(1,458,435)
51.5	**Reconciliation of segment profit after tax**		
	Total profit after tax for reportable segments	1,700,393	6,152,482
	Intercompany adjustment for loss before tax	(540,215)	(100,035)
	Gains and losses relating to business combinations	–	4,965,355
	Intercompany adjustment for taxation	–	(218,018)
	Profit as per consolidated statement of profit or loss	1,160,178	10,799,784

51.6 Information by geographical area

(Rupees in thousand)	Revenue 2018	Revenue 2017	Non - current assets 2018	Non - current assets 2017
Afghanistan	23,699	29,042	–	–
Bahrain	209,551	213,800	–	–
Bangladesh	5,591	9,885	–	–
UAE	6,202	5,065	–	–
UK	–	1,111	–	–
Pakistan	45,498,186	25,965,764	77,637,829	87,850,176
Kenya	55,006	76,554	–	–
Angola	7,604	–	–	–
Swaziland	72,232	–	–	–
Mauritius	49,074	–	193,558	914
Zimbabwe	38,137	–	–	–
Botswana	2,070	–	–	–
Mozambique	22,371	–	–	–
Xinevane	27,850	–	–	–
South Africa	4,679,896	3,915,746	2,091,737	2,157,612
Phillippines	20,080	–	–	–
Qatar	30,414	–	–	–
Oman	–	9,682	–	–
Hong Kong	452	–	–	–
Canada	387,006	4,696	70,395	–
Sri lanka	1,787,302	1,448,398	604,384	553,539
	52,922,723	31,679,793	80,597,903	90,562,241

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

51.7 Information about major customers

Included in the total revenue is revenue from five (2017: five) customers of the Group from the packaging (2017: packaging) segment which represents approximately Rs. 12,196.089 million (2017: Rs. 10,029.170 million) of the Group's total revenue. The Group's revenue from other segments is earned from a large mix of customers.

52. Financial risk management

52.1 Financial risk factors

Included in the total revenue is revenue from five (2017: five) customers of the Group from the packaging (2017: packaging) segment which represents approximately Rs. 12,196.089 million (2017: Rs. 10,029.170 million) of the Group's total revenue. The Group's revenue from other segments is earned from a large mix of customers.

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

The Group's overall risk management procedures to minimize the potential adverse effects of financial market on the Group's performance are as follows:

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Euro and the Sri Lankan rupee. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities or net investments in foreign operations that are denominated in a currency that is not the Group's functional currency.

At December 31, 2018, if the Rupee had strengthened / weakened by 10% against the US dollar with all other variables held constant, pre-tax profit for the year would have been Rs. 135.321 million lower / higher (2017: Rs. 123.211 million) lower / higher, mainly as a result of foreign exchange gains / losses on translation of US dollar-denominated financial assets and liabilities.

At December 31, 2018, if the Rupee had strengthened / weakened by 10% against the Euro with all other variables held constant, pre-tax profit for the year would have been Rs. 45.524 million lower / higher (2017: Rs. 70.830 million lower / higher), mainly as a result of foreign exchange gains / losses on translation of Euro-denominated financial assets and liabilities.

At December 31, 2018, 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. 73.942 million lower/ higher (2017: Rs. 103.093 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, 2018, if the Rupee had strengthened / weakened by 10% against the South African Rand with all other variables held constant, other component of equity would have been Rs. 26.992 million lower / higher (2017: Rs. 22.511 million lower / higher), 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 BOD of the Parent Company.

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

The table below summarises the impact of increases / decreases of the KSE-100 index on the 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:

(Rupees in thousand)	Impact on post - tax profit 2018	2017	Impact on other components of equity 2018	2017
Pakistan Stock Exchange	–	–	2,869,798	3,566,469

Post-tax profit for the year would decrease / increase as a result of losses / gains on equity securities classified as at fair value through profit or loss. Other components of equity would decrease / increase as a result of losses / gains on equity securities classified as available-for-sale. As at December 31, 2018 the Group has no investment classified at fair value through profit or loss.

(iii) Cash flow and fair value interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Group has no significant floating interest rate assets, the Group's income is substantially independent of changes in market interest rates.

The Group's interest rate risk arises from short term and long-term borrowings. These borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

At December 31, 2018, if interest rates on floating rate borrowings had been 1% higher / lower with all other variables held constant, profit for the year would have been Rs. 221.880 million (2017: Rs. 104.330 million lower / higher), mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Group arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to distributors and wholesale and retail customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored and major sales to retail customers are settled in cash. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk are as under:

(Rupees in thousand)	2018	2017
Long term loans	3,101	3,961
Long term security deposits	142,291	153,247
Trade debts	6,660,220	5,946,606
Loans, advances, deposits, prepayments and other receivables	543,577	488,467
Balances with banks	444,905	1,081,278
	7,794,094	7,673,559

As of December 31, 2018, trade receivables of Rs. 2,110.454 million (2017: Rs. 2,336.837 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)	2018	2017
Neither past due nor impaired	4,549,766	3,609,769
Past due but not impaired:		
Up to 90 days	1,816,323	2,154,768
90 to 180 days	233,027	157,657
181 to 365 days	61,104	24,412
	2,110,454	2,336,837
	6,660,220	5,946,606

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 statement of profit or loss.

The aging analysis of trade receivables from related parties as at statement of financial position date is as follows:

(Rupees in thousand)	2018	2017
Neither past due nor impaired	8,029	62,904
Past due but not impaired:		
Up to 90 days	6,295	10,373
90 to 180 days	2,429	1
181 to 365 days	4,206	1,640
	12,930	12,014
	20,959	74,918

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	2018	2017
Absa Bank Limited	A1+	AA+	Moody's	4	–
Allied Bank Limited	A1+	AAA	PACRA	1,748	47,746
Askari Bank Limited	A1+	AA+	PACRA	–	52
Bank Alfalah Limited	A1+	AA+	PACRA	476	–
Bank Al-Habib Limited	A1+	AA+	PACRA	–	1,659
Bidvest Bank Limited	–	AA2	Moody's	36,738	–
Citibank N.A.	P1	A	Moody's	60	480
Commercial Bank of Ceylon Limited, Sri Lanka	AA	–	Fitch	7	6
Deutsche Bank AG	P-2	A3	Moody's	304	980
Dubai Islamic Bank (Pakistan) Limited	A1	AA-	JCR-VIS	22	22
Faysal Bank Limited	A-1+	AA	JCRVIS	–	49,366
First National Bank, South Africa	–	BBB	JCR-VIS	–	12,961
Habib Bank Limited, Pakistan	A1+	AAA	JCR-VIS	109,938	461,756
Habib Bank Limited, Mauritius	A	–	JCR-VIS	901	350
Habib Metropoliton Bank Limited	A1+	AA+	PACRA	–	15
Hatton Bank Limited, Sri Lanka	–	AA-	Fitch	3,612	7,206
JS Bank Limited	A1+	AA-	PACRA	472	50
MCB Bank Limited, Pakistan	A1+	AAA	JCR-VIS	196,538	284,976
MCB Bank Limited, South Africa	–	–	–	–	49,882
MCB Islamic Bank Limited, Pakistan	A1	A	PACRA	631	–
Meezan Bank Limited	A1+	AA+	JCR-VIS	967	143
National Bank of Pakistan	A1+	AAA	PACRA	15,755	28,708
National Development Bank, Sri Lanka	A+	–	Fitch	15,088	8,853
Nedbank Limited	A1+	AA	Moody's	185	–
Samba Bank Limited	A1	AA	JCR-VIS	1,332	1,332
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	52,672	124,685
The Bank of Tokyo Mitsubishi UFJ Limited	P1	A1	Moody's	33	–
United Bank Limited	A1+	AAA	JCR-VIS	7,426	50
				444,905	1,081,278

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

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

(Rupees in thousand)	At December 31, 2018 Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term finances	3,519,886	2,022,398	9,811,244	1,732,650
Liabilities against assets subject to finance lease	21,662	–	20,994	–
Security deposits	–	315,902	–	–
Long term loan from shareholder of the Parent Company - unsecured	–	–	220,916	–
Finances under mark up arrangements - secured	11,618,495	–	–	–
Trade and other payables	8,811,760	–	–	–
Unclaimed Dividend	62,030	–	–	–
Accrued finance cost	739,105	–	–	–
	24,772,938	2,338,300	10,053,154	1,732,650

(Rupees in thousand)	At December 31, 2017 Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long term finances	3,361,942	1,321,450	12,372,158	932,650
Liabilities against assets subject to finance lease	32,602	3,225	46,166	–
Security deposits	–	–	277,655	–
Finances under mark up arrangements - secured	5,091,722	–	–	–
Long term loan from shareholder of the Parent Company - unsecured	–	–	409,380	–
Trade and other payables	7,216,988	–	–	–
Accrued finance costs	495,278	–	–	–
	16,198,532	1,324,675	13,105,359	932,650

52.2 Financial instruments by categories

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

(Rupees in thousand)	Available for sale	Loans and receivables	Total
Financial assets as at December 31, 2018			
Long term loans	–	3,101	3,101
Long term deposits	–	142,291	142,291
Trade debts	–	6,660,220	6,660,220
Loans, advances, deposits, prepayments and other receivables	–	543,577	543,577
Investments	32,847,963	–	32,847,963
Balances with banks	–	444,905	444,905
	32,847,963	7,794,094	40,642,057

(Rupees in thousand)	Available for sale	Loans and receivables	Total
Financial assets as at December 31, 2017			
Long term loans	–	3,961	3,961
Long term deposits	–	153,247	153,247
Trade debts	–	5,946,606	5,946,606
Loans, advances, deposits, prepayments and other receivables	–	488,467	488,467
Investments	41,981,048	–	41,981,048
Balances with banks	–	1,081,278	1,081,278
	41,981,048	7,673,559	49,654,607

(Rupees in thousand)	At amortised cost 2018	2017
Financial liabilities		
Long term finances	17,086,178	17,988,200
Liabilities against assets subject to finance lease	42,656	81,993
Security deposits	315,902	277,655
Long term loan from shareholder of the Parent Company - unsecured	220,916	409,380
Finances under mark-up arrangements - secured	11,618,495	5,091,722
Trade and other payables	8,811,760	7,177,681
Unclaimed dividend	62,030	39,307
Accrued finance cost	739,105	495,278
	38,897,042	31,561,216

52.3 Capital risk management

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

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. Consistent with the others in industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including the current and non-current borrowings as disclosed in note 6 less cash and cash equivalents as disclosed in note 49. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt. The gearing ratio as at year end is as follows:

(Rupees in thousand)	Note	2018	2017
Long term finances	7	13,566,292	14,626,258
Current portion of long term finances	17	3,519,886	3,361,942
Cash and cash equivalents	51	11,157,149	4,002,932
Net debt		28,243,327	21,991,132
Total equity		62,932,716	75,142,050
Total capital		91,176,043	97,133,182
Gearing ratio		31%	23%

In accordance with the terms of agreement with the lender of long term finance facilities (as disclosed in note 8 to these financial statements), the Group is required to comply with financial covenants. The Group has complied with these covenants throughout the reporting period except for the following covenants:

BSPL has complied with all the covenants during the year except for that required to maintain current ratio criteria at the end of financial year. As at December 31, 2018, the debt service coverage ratio was 2.25:1 (2017: 1.75:1) and the current ratio was 0.51:1 (2017: 1.01:1). However, this is not considered a material adverse event under the terms of the loan and consequently does not trigger an event of default.

PREPL has complied with all the covenants throughout the reporting period except for the covenant of syndicated term finance loan related to 'minimum debt service coverage ratio' as defined in the Common Terms and Accounts Agreement between PREPL and the consortium members at the end of financial year. As at December 31, 2018, the debt service coverage ratio was 0.18:1 (2017: 1.23:1) and the current ratio was 1.14:1 (2017: 1.21:1).

52.4 Fair value of financial instruments

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

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

Specific valuation techniques used to value financial instruments include:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

(Rupees in thousand)	At December 31, 2018			
	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, 2017			
	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurement of available for sale investments	41,966,317	–	–	41,966,317

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 statement of financial position 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.

53. Interests in other entities

53.1 Subsidiaries

The Group's principal subsidiaries at December 31, 2018 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		Ownership interest held by non-controlling interests		Principal activities	Registered address	Principle place of business	Manufacturing units and offices
		2018	2017	2018	2017				
Bulleh Shah Packaging (Private) Limited	Pakistan	100.00%	100.00%	0.00%	0.00%	Manufacturing and sale of paper, paperboard and corrugated boxes.	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan	416-422, G-20, The Forum, Block - 9, Khayaban -e- Jami, Clifton Karachi & G.D. Arcade, 2nd Floor, 73-E, Fazal-ul-Haq Road, Blue Area, Islamabad – 44000, Pakistan	7 km, Kot Radha Kishan Road, Off 4 km Kasur-Raiwind Road, District Kasur & Main Korangi Road, Sector 28, Landhi Town, Karachi
Anemone Holdings Limited	Mauritius	100.00%	100.00%	0.00%	0.00%	Intermediate holding company of FPC	2nd floor, The AXIS, 26 Cybercity, Ebene, Republic of Mauritius	2nd floor, The AXIS, 26 Cybercity, Ebene, Republic of Mauritius	None
DIC Pakistan Limited	Pakistan	54.98%	54.98%	45.02%	45.02%	Manufacturing and sale of inks	G-20, Block 9, Khyaban-e-Jami, Clifton, Karachi	Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore & Plot No. 6, Sector No. 28, Korangi Industrial Area, Karachi.	Plot No. 6, Sector No. 28, Korangi Industrial Area, Karachi
Flexible Packages Convertors (Proprietary) Limited	South Africa	55.00%	55.00%	45.00%	45.00%	Manufacturing and sale of flexible packaging	316 Marks Street, Watloo 0184, Pretoria South, Gauteng, RSA	316 Marks Street, Watloo 0184, Pretoria South, Gauteng, RSA	None
Packages Lanka (Private) Limited	Sri Lanka	79.07%	79.07%	20.93%	20.93%	Manufacturing and sale of flexible packaging	148, Minuwandoga Road, Ekala, Ja-Ela	148, Minuwandoga Road, Ekala, Ja-Ela	None
Linnaea Holdings Inc.	Canada	79.07%	79.07%	20.93%	20.93%	Intermediate holding company of CPI	880 Lakeshore Road East, Mississauga, Ontario	880 Lakeshore Road East, Mississauga, Ontario	None
Chantler Packages Inc. ('CPI')	Canada	63.26%	63.26%	36.74%	36.74%	Manufacturing and sale of flexible packaging	880 Lakeshore Road East, Mississauga, Ontario	880 Lakeshore Road East, Mississauga, Ontario	None
Packages Real Estate (Private) Limited [formerly Packages Construction (Private) Limited]	Pakistan	75.16%	75.16%	24.84%	24.84%	Development and construction of real estate	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Clifton, Karachi	Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore	None
Packages Power (Private) Limited	Pakistan	100.00%	100.00%	0.00%	0.00%	Generation and sale of electricity	4th floor, the Forum, Suite No. 416-422, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi, Pakistan	Shahrah-e-Roomi, P.O. Amer Sidhu, Lahore	None

53.1.1 In addition to the sales offices mentioned above, the Group has following sales offices in respect of the Parent Company:

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

C-2, Hassan Arcade Nusrat Road, Multan Cantt., Pakistan.

53.2 Non-controlling interests ('NCI')

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

Summarised statement of financial position	DIC Pakistan Limited		Flexible Packages Convertors (Proprietary) Limited		Packages Lanka (Private) Limited and its subsidiaries (*)		Packages Real Estate (Private) Limited [formerly Packages Construction (Private) Limited]	
(Rupees in thousand)	2018	2017	2018	2017	2018	2017	2018	2017
Current assets	2,279,471	1,633,220	1,616,570	1,486,356	1,063,602	691,083	700,014	1,084,566
Current liabilities	1,484,462	795,084	1,523,333	1,354,627	996,104	503,325	1,376,688	1,076,675
Current net assets / (liabilities)	795,009	838,136	93,237	131,729	67,498	187,758	(676,674)	7,891
Non-current assets	219,006	148,532	2,285,295	2,158,527	937,067	615,934	11,918,363	12,434,377
Non-current liabilities	61,955	56,529	791,754	836,111	264,701	82,038	7,689,955	8,791,962
Non-current net assets	157,051	92,003	1,493,541	1,322,416	672,366	533,896	4,228,408	3,642,415
Net assets	952,060	930,139	1,586,778	1,454,145	739,864	721,654	3,551,734	3,650,306
Accumulated NCI	428,617	418,749	657,484	654,327	155,892	137,288	882,251	906,736

Summarised statement of Comprehensive income	DIC Pakistan Limited		Flexible Packages Convertors (Proprietary) Limited		Packages Lanka (Private) Limited and its subsidiaries (*)		Packages Real Estate (Private) Limited [formerly Packages Construction (Private) Limited]	
(Rupees in thousand)	2018	2017	2018	2017	2018	2017	2018	2017
Revenue	4,440,983	3,868,353	4,899,234	3,915,746	2,224,581	1,525,884	3,203,825	1,701,878
Profit / (loss) for the year	276,836	325,572	140,758	95,540	(46,913)	134,563	(239,645)	(367,561)
Other comprehensive income / (loss)	–	–	(235,698)	132,289	202,491	20,482	–	–
Total comprehensive income / (loss)	276,836	325,572	(94,940)	227,829	155,578	155,045	(239,645)	(367,561)
Total comprehensive income / (loss) allocated to NCI	124,632	146,573	(28,988)	42,993	25,952	28,164	(59,528)	(91,302)
Dividends paid to NCI	114,759	47,010	12,360	27,065	23,245	30,198	–	–

Summarised cash flow	DIC Pakistan Limited		Flexible Packages Convertors (Proprietary) Limited		Packages Lanka (Private) Limited and its subsidiaries (*)		Packages Real Estate (Private) Limited [formerly Packages Construction (Private) Limited]	
(Rupees in thousand)	2018	2017	2018	2017	2018	2017	2018	2017
Cash flows from operating activities	(315,749)	(7,352)	713,692	100,623	(63,359)	72,833	838,007	(34,659)
Cash flows from investing activities	(102,209)	(28,956)	(228,387)	(167,177)	(84,121)	(271,951)	(92,043)	(1,991,410)
Cash flows from financing activities	(254,915)	(104,423)	(272,540)	(1,514)	(45,177)	(59,831)	(1,100,000)	2,495,859
Net (decrease) / increase in cash and cash equivalents	(672,873)	(140,731)	212,765	(68,068)	(192,657)	(258,949)	(354,036)	469,790

(*) These include un-audited figures of the subsidiaries of Packages Lanka (Private) Limited, namely Linnaea Holdings Inc. and Chantler Packages Inc. for the year ended December 31, 2018.

53.3 Transactions with non-controlling interests

On October 5, 2018, Flexible Packages Convertors (Proprietary) Limited ('FPC') repurchased 45% of its total ordinary shares held by Flexco Investments Proprietary Limited ('FlexCo') for an aggregate consideration of ZAR 100 million equivalent to Rs. 835.881 million and re-issued the shares to Bopa Moruo Private Equity Fund I (RF) Proprietary Limited ('Bopa Muro') and Nivi Investments Proprietary Limited ('Nivi') for a total consideration of ZAR 89.015 million equivalent to Rs. 744.060 million. The net impact of the transaction on non-controlling interests has been recognized directly in equity and attributed to the non-controlling interests.

53.4 Interests in associates and joint ventures

Set out below are the associates and joint ventures of the Group as at December 31, 2018 which, in the opinion of the directors, are material to the Group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of Entity	Place of business / country of incorporation	% of ownership interest 2018	% of ownership interest 2017	Nature of relationship	Measurement method	Quoted fair value 2018	Quoted fair value 2017	Carrying amount 2018	Carrying amount 2017
Tri-Pack Films Limited	Pakistan	33.33%	33.33%	Associate	Equity method	1,184,901	1,808,985	2,980,549	3,075,353
IGI Holdings Limited	Pakistan	10.54%	10.54%	Associate	Equity method	3,024,248	3,828,720	5,028,603	6,395,007
Plastic Extrusions (Proprietary) Limited	South Africa	50.00%	50.00%	Joint venture	Equity method	(*)	(*)	27,441	24,081
OmyaPack (Private) Limited	Pakistan	50.00%	50.00%	Joint venture	Equity method	(*)	(*)	276,244	307,689
Total equity accounted investments								8,312,837	9,802,130

Tri-Pack Films Limited is in the business of manufacture and sale of biaxially oriented polypropylene (BoPP) film and cast polypropylene (CPP) films.

IGI Holdings Limited (formerly IGI Insurance Limited) is engaged in insurance business.
Plastic Extrusions (Proprietary) Limited is engaged in the manufacture and sale of plastics.
OmyaPack (Private) Limited is engaged in manufacture and sale of high quality ground calcium carbonate products.

(*) These are privately held entities for which no quoted price is available.

53.4.1 There are no commitments and contingent liabilities of the Group in respect of associates and joint ventures.

53.4.2 Summarised financial information for associates

The table below provides summarised financial information of those associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts:

(Rupees in thousand)	Tri-Pack Films Limited 2018	Tri-Pack Films Limited 2017	IGI Holdings Limited 2018	IGI Holdings Limited 2017
Summarised statement of financial position				
Current assets	6,523,434	5,011,279	11,605,387	13,730,302
Non-current assets	6,081,354	6,183,335	76,755,495	89,084,680
Total assets	12,604,788	11,194,614	88,360,882	102,814,982
Current liabilities	7,531,001	5,386,771	8,033,695	7,055,598
Non-current liabilities	1,342,308	1,853,374	19,980,738	22,235,096
Total liabilities	8,873,309	7,240,145	28,014,433	29,290,694
Net assets	3,731,479	3,954,469	60,346,449	73,524,288
Reconciliation to carrying amounts:				
Opening net assets	3,954,469	3,800,818	73,524,288	15,881,663
Profit for the year	157,357	572,642	616,438	4,068,363
Other comprehensive (loss) / income	7,653	(30,991)	(11,920,203)	53,591,303
Dividends paid	(388,000)	(388,000)	(1,874,074)	(17,041)
Closing net assets	3,731,479	3,954,469	60,346,449	73,524,288
Group's share - %	33.33%	33.33%	10.54%	10.54%

(Rupees in thousand)	Tri-Pack Films Limited 2018	2017	IGI Holdings Limited 2018	2017
Group's share	1,223,159	1,317,963	5,012,493	6,378,897
Goodwill	1,757,390	1,757,390	16,110	16,110
Carrying amount	2,980,549	3,075,353	5,028,603	6,395,007
Summarised statement of comprehensive income				
Revenue	13,224,068	12,255,793	9,405,679	10,406,793
Profit for the year	157,357	572,642	616,438	4,068,363
Other comprehensive (loss) / income	7,653	(30,991)	(11,920,203)	53,591,303
Total comprehensive income	165,010	541,651	(11,303,765)	57,659,666
Dividends received from associates	129,333	129,333	196,083	–

The information related to IGI Holdings Limited for the year ended December 31, 2018 is un-audited.

53.4.2.1 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:

(Rupees in thousand)	OmyaPack (Private) Limited 2018	2017
Summarised statement of financial position		
Current assets		
Cash and cash equivalents	12,653	308,498
Other current assets	166,226	57,723
Total current assets	178,879	366,221
Non-current assets	817,639	359,561
Current liabilities		
Financial liabilities (excluding trade payables)	2,116	110,379
Other current liabilities	241,888	–
Total current liabilities	244,004	110,379
Non-current liabilities		
Financial liabilities (excluding trade payables)	200,000	–
Other non-current liabilities	–	–
Total non-current liabilities	200,000	–
Net assets	552,514	615,403

(Rupees in thousand)	OmyaPack (Private) Limited 2018	2017
Reconciliation to carrying amounts:		
Opening net assets	615,403	614,158
(Loss) / profit for the year	(62,890)	1,245
Closing net assets	552,513	615,403
Group's share - %	50.00%	50.00%
Group's share	276,244	307,689
Carrying amount	276,244	307,689
Summarised statement of comprehensive income		
Revenue	67,011	–
Interest income	3,353	28,406
Depreciation and amortisation	33,027	544
Interest expense	4,801	–
Income tax income	24,323	(514)
(Loss) / profit for the year	(62,890)	1,245
Other comprehensive loss	–	–
Total comprehensive loss	(62,890)	1,245

53.4.2.2 Individually immaterial joint ventures

In addition to the interests in joint ventures disclosed above, the Group also has interests in individually immaterial joint venture, Plastic Extrusions (Proprietary) Limited, that is accounted for using the equity method:

(Rupees in thousand)	2018	2017
Aggregate carrying value of individually immaterial associates and joint ventures	27,441	24,081
Aggregate amounts of the Group's share of:		
Profit from continuing operations	10,497	9,044
Other comprehensive income	5,689	3,424
Total comprehenive income	16,186	12,468

54. Business combination during the previous year

On September 18, 2017, the Parent Company purchased 35% shareholding held by Stora Enso South Asia Holdings AB ('Stora Enso') in BSPPL, previously a joint venture of the Group. The gains and losses relating to the business combination were recognized in the consolidated statement of profit or loss.

55. Summary of significant transactions and events

The Company's financial position and performance was particularly affected by the following events and transactions during the reporting period:

Due to the first time application of financial reporting requirements under the Act, including presentation and disclosure requirements of the Fourth Schedule to the Act, some of the amounts reported for the previous year have been reclassified (refer to note 58);

Repaid principal on long term finances aggregating Rs. 4,313.101 million (refer to statement of cash flows);

Availed further short term running finance amounting to Rs. 11,618.495 million primarily to meet working capital needs of the Group (refer to note 18);

Increase in mark-up on short term borrowings by Rs. 523.370 million (refer note 40);

Declared dividend on ordinary shares amounting to Rs. 2,681.397 million and participating dividend on preference shares amounting to Rs. 82.499 million (refer to statement of changes in equity);

Increased the amount of provision recognized in respect of rent of land on lease from GoPb for the period from December 2015 to December 2018 to Rs. 357.590 million (refer to note 22.1.1);

Incurred fixed capital expenditure amounting to Rs. 4,927.662 million mainly in respect of balancing, modernization and replacement of the plant and machinery and capacity enhancement in the respective divisions of Group. (refer to statement of cash flows);

Increase in exchange loss by Rs. 405.913 million (refer note 38);

The Group has obtained a diminishing musharaka financing facility of Rs. 1,000 million from MCB Islamic Bank Limited, a term finance facility of Rs. 2,000 million from Allied Bank Limited, a Term loan Rs. 44.065 million from MCB Bank Limited, Siri lanka as referred in note 8.6, 8.7 and 8.10 respectively.

Settlement of dispute of commercialisation fee and resolution of building approval, development charges and composition fee matter with Walton Cantonment Board aggregating to Rs. 315.913 million (refer note 19.5);

Negotiation of terms of repayment of loan from shareholder of the Parent Company and recognition of gain of Rs. 141.075 million on initial recognition (refer note 9.2);

Entered into an agreement for contribution of Rs. 181 million by a customer towards the cost of certain plant and machinery items to be purchased and installed at the Company's Lahore premises and extended a guarantee therefor (refer to note 18.3)

For a detailed discussion about the above as well as other events and the Group's overall performance, please refer to the Directors' Report.

56. Date of authorisation for issue

These consolidated financial statements were authorised for issue on March 12, 2019 by the BOD of the Parent Company.

57. Events after the reporting date

57.1 The BOD of the Parent Company has proposed a final cash dividend for the year ended December 31, 2018 of Rs 15.00 per share (2017: Rs 30.00 per share), amounting to Rs 1,340.693 million (2017: Rs 2,681.385 million) at their meeting held on March 12, 2019 for approval of the members at the Annual General Meeting to be held on April 18, 2019.

57.2 On January 21, 2019, the Group entered into a 'Term Finance Arrangement' with Habib Bank Limited to finance its working capital requirements and fixed capital expenditure. The aggregate facility amount is Rs 2,000 million. It carries mark-up at the rate of six month KIBOR plus 0.10 per cent per annum. The loan will be repayable in 6 years, inclusive of a 1 year grace period, through semi-annual installments.The facility is secured against shares of Nestle Pakistan Limited owned by the Parent Company with 40% margin.

57.3 On January 23, 2019, the Group entered into a musharaka agreement with Habib Bank Limited as part of its re-profiling of the statement of financial position. The aggregate facility amount is Rs 2,000 million. It carries mark-up at the rate of six month KIBOR plus 0.10 per cent per annum. This facility is valid for disbursements upto June 30, 2019. The Group has not drawn down from this facility yet, however, any draw down will be repayable in 5 years inclusive of a 2 year grace period. It is secured by an aggregate sum of Rs 2,667 million by a ranking charge on the hypothecated assets of BSPPL.

58. Corresponding figures

Due to revision in Fourth Schedule to the Act, following required changes have been made:

Particulars	(Rupees in thousand)
Unclaimed dividend' previously presented under 'Trade and other payables' now separately presented on the face of the consolidated statement of financial position	39,307
Long term security deposits' previously included in 'Long term loans and deposits' now separately presented on the face of the consolidated statement of financial position*	153,247

*Consequent to the reclassification, 'Long term loans and deposits' has been renamed as 'Long term loans'

Other corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan. However, no significant reclassification has been made except for the following:

'Long term advances' previously included in 'Others' under 'Trade and other payables' now separately presented on the face of the consolidated statement of financial position	82,301
'Current portion of long term advances' previously included in 'Others' under 'Trade and other payables' now presented under 'Current maturity of non-current liabilities'	9,829
'Trade discount' previously included in 'Advertisement and sales promotion' under 'Distribution and marketing costs' now shown as deduction from 'Sales' on the face of consolidated statement of profit or loss	211,456

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

Notes

Notes

Notes

Video-Link Facility

In this regard, please fill the following form and submit to registered address of the Company 7 days before holding of the Annual General Meeting.

If the Company receives consent from Members holding ten percent (10%) or more shareholding residing in a city, to participate in the Meeting through video- link at least [7] days prior to date of Meeting, the Company will arrange video- link facility in the city subject to availability of such facility in that city.

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

Video-Link Consent Form

I/We, ____________________ of _________________ being a member of Packages Limited, holder of ________ Ordinary shares as

per Register Folio No. / CDC Account No.________________ hereby opt for video-link facility at ______________.

____
Signature of member

AFFIX
CORRECT
POSTAGE

The Company Secretary
PACKAGES LIMITED
4th Floor, The Forum
Suite # 416 - 422
G-20, Block 9, Khayaban-e-Jami
Clifton, Karachi - 75600

ویڈیو لنک کی سہولت

اس سلسلے میں برائے مہربانی درج ذیل فارم کو بھریں اور سالانہ اجلاس عام کے انعقاد سے 7 روز قبل کمپنی کے رجسٹرڈ پتے پر جمع کرادیں۔

اگر کمپنی کو ایک شہر میں مقیم دس فیصد (10%) یا زائد شیئر ہولڈنگ کے حامل ممبران کی جانب سے اجلاس میں بذریعہ ویڈیو لنک شرکت کے سلسلے میں ارادے کی اطلاع اجلاس کی تاریخ سے کم از کم سات (7) دن قبل موصول ہوگئی تو کمپنی اس شہر میں ویڈیو لنک کی سہولت کا انتظام کرے گی جو کہ اس شہر میں ایسی سہولت کی دستیابی سے مشروط ہوگا۔

کمپنی سالانہ اجلاس کی تاریخ سے کم از کم 5 روز قبل ممبران کو ویڈیو لنک کی سہولت کے مقام کے بارے میں ان کی اس سہولت تک رسائی کے لئے تمام تر ضروری معلومات کے ساتھ آگاہ کردے گی۔

ویڈیو لنک کے ذریعے شرکت کے ارادے کا فارم

میں/ہم ______________ ساکن ______________ بطور پیکیجز لمیٹڈ کا/ کے رکن

حامل ______________ عمومی شیئرز بمطابق رجسٹرڈ فولیو نمبر/ سی ڈی سی اکاؤنٹ نمبر ______________ بذریعہ ہذا

______________ میں ویڈیو لنک کی سہولت حاصل کرنے کا/ کے خواہشمند ہوں/ ہیں۔

ممبر کے دستخط ______________

AFFIX
CORRECT
POSTAGE

The Company Secretary
PACKAGES LIMITED
4th Floor, The Forum
Suite # 416 - 422
G-20, Block 9, Khayaban-e-Jami
Clifton, Karachi - 75600

Electronic Transmission Consent

Pursuant to the allowance granted through SRO 787(I)/2014 dated September 8, 2014, by the Securities and Exchange Commission of Pakistan, the Company can circulate its Audited Financial Statements along with the Company's Notice of Annual General Meetings etc., through email to its shareholders. Those shareholders who wish to receive the Company's Annual Reports via email are requested to provide a completed consent form to the Company's Share Registrar, FAMCO Associates (Pvt) Limited.

PLEASE NOTE THAT RECEIPT OF THE ANNUAL REPORTS VIA EMAIL IS OPTIONAL AND NOT COMPULSORY.

Electronic Transmission Consent Form

Date:____________________

The Share Registrar
FAMCO Associates (Pvt) Limited
8F, Block 6, PECHS, Nursery,
Next to Hotel Faran, Shahrah-e-Faisal,
Karachi.

Pursuant to the directions given by the Securities and Exchange Commission of Pakistan through its SRO 787(I)/2014 dated September 8, 2014, I, Mr./Ms.______________________S/o, D/o, W/o _________________________________ hereby consent to have Packages Limited's Audited Financial Statements and Notice of Annual General Meetings etc., delivered to me via email on my email address provided below:

Name of Member / Shareholder ____

Folio/ CDC Account Number ____

Email Address: ____

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statements and Notice of Annual General Meetings etc.

____
Signature of the Member/ Shareholder

AFFIX
CORRECT
POSTAGE

The Company Secretary
PACKAGES LIMITED
4th Floor, The Forum
Suite # 416 - 422
G-20, Block 9, Khayaban-e-Jami
Clifton, Karachi - 75600

الیکٹرونک منتقلی کا اجازت نامہ

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ ایس آر او 2014/(I)787 مورخہ 8 ستمبر 2014 کے ذریعے حاصل اختیار کے مطابق کمپنی اپنے آڈٹ شدہ مالیاتی حسابات بشمول کمپنی کے سالانہ اجلاس عام کے نوٹس وغیرہ اپنے شیئر ہولڈرز کو بذریعہ ای میل ارسال کرسکتی ہے۔ وہ شیئر ہولڈرز جو کمپنی کی سالانہ رپورٹس بذریعہ ای میل وصول کرنے کے خواہشمند ہیں، ان سے درخواست ہے کہ وہ مکمل اجازت نامہ کمپنی کے شیئر رجسٹرار فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو فراہم کریں۔

برائے مہربانی آگاہ رہیں کہ سالانہ رپورٹس کی بذریعہ ای میل وصولی اختیاری ہے اور لازمی نہیں ہے۔

تاریخ: ____________________

شیئر رجسٹرار

فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ

8F، بلاک-6، پی ای سی ایچ ایس، نرسری،

متصل ہوٹل فاران، شاہراہ فیصل، کراچی۔

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے ان کے ایس آر او 2014/(I)787 مورخہ 8 ستمبر 2014 کے ذریعے دی گئی ہدایات کے مطابق میں جناب/محترمہ ____________________ ولد/دختر/زوجہ ____________________ بذریعہ ہذا اجازت دیتا/دیتی ہوں کہ پیکیجز لمیٹڈ کے آڈٹ شدہ مالیاتی حسابات اور سالانہ اجلاس عام کے نوٹس وغیرہ مجھے بذریعہ ای میل ذیل میں فراہم کردہ میرے ای میل ایڈریس پر ارسال کردیئے جائیں۔

ممبر/شیئر ہولڈر کا نام ____

فولیو/سی ڈی سی اکاؤنٹ نمبر ____

ای میل ایڈریس ____

آگاہ کیا جاتا ہے کہ مذکورہ بالا فراہم کردہ معلومات درست اور حقیقی ہیں اور میں اپنے ای میل ایڈریس میں کسی تبدیلی یا کمپنی کے آڈٹ شدہ مالیاتی حسابات اور سالانہ اجلاس عام کے نوٹس وغیرہ کی ای میل پر ترسیل کے بارے میں اپنا اجازت نامہ واپس لینے کے بارے میں تحریری طور پر کمپنی اور اس کے شیئر رجسٹرار کو آگاہ کردوں گا/گی۔

ممبر/شیئر ہولڈر کے دستخط ____________________

AFFIX
CORRECT
POSTAGE

The Company Secretary
PACKAGES LIMITED
4th Floor, The Forum
Suite # 416 - 422
G-20, Block 9, Khayaban-e-Jami
Clifton, Karachi - 75600

Form of Proxy

64th Annual General Meeting

I/We ____

of ____ being a member of Packages Limited and

holder of ____________________ Ordinary Shares as per Share Register Folio No. ____________________
(Number of Shares)

and/or CDC Participant I.D. No. ____________________ and Sub Account No. ____________________

hereby appoint ____________________ of ____________________

or failing him ____________________ of ____________________

or failing him ____________________ of ____________________

as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on Thursday, April 18, 2019 at 10.30 a.m. at Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi and at any adjournment thereof.

Signed this ____________ day of ____________ 2019

WITNESSES:

1. Signature : ____________________
   Name : ____________________
   Address : ____________________

   CNIC or
   Passport No. : ____________________

2. Signature : ____________________
   Name : ____________________
   Address : ____________________

   CNIC or
   Passport No.: ____________________

Signature

Please affix
Rupees five
revenue stamp

(Signature should agree with the specimen signature registered with the Company)

Note: Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. A proxy need not be a member of the Company.

CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary
PACKAGES LIMITED
4th Floor, The Forum
Suite # 416 - 422
G-20, Block 9, Khayaban-e-Jami
Clifton, Karachi - 75600

تشکیل نیابت داری
64 واں سالانہ اجلاسِ عام

میں/ ہم ____________________

ساکن ____________________ بطور پیکیجز لمیٹڈ

رکن وحامل ____________ عام حصص بمطابق شیئر رجسٹر فولیو نمبر ____________

(حصص کی تعداد)

اور یا سی ڈی سی کے شراکتی آئی ڈی نمبر ____________ اور ذیلی کھاتہ نمبر ____________ جناب ____________

ساکن ____________ یا بصورت دیگر جناب ____________ ساکن ____________

کو اپنی جگہ بروز جمعرات مورخہ 18 اپریل 2019 بوقت 10:30 بجے صبح، بمقام پیچ لگژری ہوٹل، مولوی تمیز الدین خان روڈ، کراچی میں منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا ہوں/کرتے ہیں۔

دستخط کیے گئے مورخہ ____________ 2019

گواہان:

(1) دستخط: ____________

نام: ____________

پتہ: ____________

سی این آئی سی یا پاسپورٹ نمبر: ____________

برائے کرم پانچ روپے مالیت کے ریونیو ٹکٹ چسپاں کریں۔

دستخط

(دستخط کمپنی میں درج نمونے کے دستخط کے مطابق ہونے چاہئیں)

(2) دستخط: ____________

نام: ____________

پتہ: ____________

سی این آئی سی یا پاسپورٹ نمبر: ____________

نوٹ: پراکسیز کے موثر ہونے کے لئے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہوں۔ نیابت دار کا کمپنی کا رکن ہونا ضروری نہیں ہے۔

سی ڈی سی کے حصص یافتگان اور ان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کمپنی میں جمع کرائیں۔

AFFIX
CORRECT
POSTAGE

The Company Secretary
PACKAGES LIMITED
4th Floor, The Forum
Suite # 416 - 422
G-20, Block 9, Khayaban-e-Jami
Clifton, Karachi - 75600

PACKAGES LIMITED

Dear Shareholder,

ELECTRONIC CREDIT MANDATE FORM

We wish to inform you that in accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for alisted company to pay cash dividend to its shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

In order to receive your dividends directly in your Bank account, please complete the particulars as mentioned below and return this letter duly signed along with a copy of your CNIC to the Registrar of the Company M/s FAMCO Associates (Pvt.) Limited, 8F, Near Hotel Faran, Nursery, Block 6, P.E.S.C.H.S., Shahrah-e-Faisal, Karachi.

In case your shares are held in CDC then you must submit this dividend mandate form directly to your Broker/Participant/CDC Account Services.

Yours sincerely,
For PACKAGES LIMITED

(Adi J. Cawasji)
Company Secretary

SHAREHOLDER'S SECTIONS:
I hereby communicate to receive my future dividends directly in my Bank account as detailed below:

Name of shareholder : ______________________

Company name: Packages Limited

Folio No. / CDC Participant ID & A/C No. : ______________________

Contact number of shareholder : Landline: ______________ Cell: ______________

Name of Bank : ______________________

Bank branch & full mailing address : ______________________

IBAN Number (See Note below) : ______________________

Title of Account : ______________________

CNIC No. (copy attached) : ______________________

NTN (in case of corporate entity) : ______________________

It is stated that the above particulars given by me are correct to the best of my knowledge and I shall keep the Company/Participant/CDC Investor Account Services informed in case of any change in the said particulars in future.

______________ Shareholders Signature

CNIC No. ______________________
(Copy attached)

Note:
Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account.

The payment of cash dividend will be processed on the basis of the account number alone. Your company is entitled to rely on the account number as per your instructions. The company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instruction and / or due to any event beyond the control of the company.

Head Office, Sales Office & Works :
SHAHRAH-E-ROOMI, P.O. AMER SIDHU, LAHORE - 54760, PAKISTAN PH : 35811541-46, 35811191-94 CABLE : PACKAGE LAHORE FAX : (042) 35811195

Registered Office & Regional Sales office :
4TH FLOOR, THE FORUM, SUITE, # 416-422, G-20, BLOCK 9, KHAYABAN-E-JAMI, CLIFTON, KARACHI-75600, PAKISTAN. PH :35874047-49, 35378650-51, 35833011 FAX: (021) 35860251

Regional Sales Office;
G.D. ARECADE, 2ND FLOOR, 73E FAZAL-UL-HAQ ROAD, BLUE AREA, ISLAMABAD - 44000, PAKISTAN PH : 2348307-09, 2348306 FAX : (051) 2348310

PACKAGES LIMITED

معزز شیئر ہولڈر،

الیکٹرونک کریڈٹ کے مینڈیٹ کا فارم

ہم آپ کو مطلع کرنا چاہتے ہیں کہ کمپنیز ایکٹ 2017 کے سیکشن 242 کی شقوں کے مطابق ایک لسٹڈ کمپنی کے لیے یہ ضروری ہے کہ وہ اپنے شیئر ہولڈرز کو نقد منافع منقسمہ کی ادائیگی صرف بذریعہ الیکٹرونک طریقہ کار براہ راست استحقاق کے حامل شیئر ہولڈرز کی جانب سے نامزد کردہ بینک اکاؤنٹ میں کرے۔

اپنے منافع منقسمہ کو براہ راست اپنے بینک اکاؤنٹ میں وصولی کی غرض سے برائے مہربانی ذیل میں درج کوائف کو مکمل کریں اور اس لیٹر کو باقاعدہ دستخط کر کے اپنے سی این آئی سی کی کاپی کے ہمراہ کمپنی کے رجسٹرار میسرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 8-ایف، نزد ہوٹل فاران، نرسری، بلاک-6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کو جمع کرادیں۔

اگر آپ کے شیئرز سی ڈی سی میں جمع ہیں تو آپ کو لازماً منافع منقسمہ کے مینڈیٹ کے اس فارم کو براہ راست اپنے بروکر/ پارٹیسپینٹ/سی ڈی سی اکاؤنٹ سروسز کو جمع کرانا ہوگا۔

آپ کا مخلص
برائے پیکیجز لمیٹڈ

(عدی جے کاؤسجی)
کمپنی سیکریٹری

شیئر ہولڈرز پر کریں:

میں بذریعہ ہذا اطلاع دیتا ہوں کہ آئندہ میں اپنے منافع منقسمہ کو براہ راست اپنے بینک اکاؤنٹ میں درج ذیل تفصیل کے مطابق وصول کروں گا۔

شیئر ہولڈر کا نام	:	--
فولیو نمبر/سی ڈی سی پارٹیسپینٹ آئی ڈی اور اکاؤنٹ نمبر	:	کمپنی کا نام: پیکیجز لمیٹڈ ----------------
شیئر ہولڈر کا رابطہ نمبر	:	لینڈ لائن نمبر: ---------------- موبائل فون نمبر: ----------------
بینک کا نام	:	--
بینک برانچ اور ڈاک کا مکمل پتہ	:	--
آئی بی اے این نمبر (نیچے درج نوٹ ملاحظہ فرمائیں)	:	--
اکاؤنٹ کا ٹائٹل	:	--
سی این آئی سی نمبر (کاپی منسلک کریں)	:	--
این ٹی این (کارپوریٹ ادارے کی صورت میں)	:	--

آگاہ کیا جاتا ہے کہ میری جانب سے فراہم کردہ مذکورہ بالا کوائف درست اور میری معلومات کے عین مطابق ہیں اور میں آئندہ ان کوائف میں کسی بھی تبدیلی کی صورت میں کمپنی/ پارٹیسپینٹ/سی ڈی سی انویسٹر اکاؤنٹ سروسز کو مطلع کرتا رہوں گا۔

شیئر ہولڈر کے دستخط

سی این آئی سی نمبر: ----------------------
(کاپی منسلک کریں)

نوٹ:

برائے مہربانی اپنا مکمل آئی بی اے این اپنی متعلقہ برانچ سے چیک کرنے کے بعد فراہم کریں تاکہ الیکٹرونک کریڈٹ براہ راست آپ کے بینک اکاؤنٹ میں ممکن ہو سکے۔

نقد منافع منقسمہ کی ادائیگی صرف اکاؤنٹ نمبر کی بنیاد پر عمل میں لائی جائے گی۔ آپ کی کمپنی آپ کی ہدایات کے مطابق اکاؤنٹ نمبر پر انحصار کرنے کا استحقاق رکھتی ہے۔ کمپنی ایسے کسی بھی نقصان، ضیاع، مالی ذمے داری یا دعویٰ کے لئے بلواسطہ یا بلاواسطہ قطعی ذمے دار نہ ہوگی جو کسی غلطی، تاخیر ایسی کسی مالی ادائیگی کی پرفارمنس میں ناکامی کی صورت میں سامنے آئے جو ادائیگی کی غلط اور نامناسب ہدایات کی وجہ سے ہو اور/ یا کسی ایسے واقعے کے باعث پیش آئے جس پر کمپنی کا کوئی اختیار نہ ہو۔

Head Office, Sales Office & Works :
SHAHRAH-E-ROOMI, P.O. AMER SIDHU, LAHORE - 54760, PAKISTAN PH : 35811541-46, 35811191-94 CABLE : PACKAGES LAHORE FAX : (042) 35811195

Registered Office & Regional Sales Office :
4TH FLOOR, THE FORUM, SUITE # 416-422, G-20, BLOCK 9, KHAYABAN-E-JAMI, CLIFTON, KARACHI-75600, PAKISTAN. PH : 35874047-49, 35378650-51, 35831618, 35833011 FAX: (021) 35860251

Regional Sales Office :
G. D. ARCADE, 2ND FLOOR, 73E FAZAL-UL-HAQ ROAD, BLUE AREA, ISLAMABAD-44000, PAKISTAN PH : 2348307-09, 2348306 FAX : (051) 2348310

INVESTORS' EDUCATION

In pursuance of SRO 924(1)/2015 dated September 9th, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been reproduced to educate investors:

packages.com.pk

Packages Limited

Head Office
Shahrah-e-Roomi, P.O. Amer Sidhu
Lahore - 54760, Pakistan
Tel: +92 42 35811541-46
Fax: +92 42 35811195