ANNUAL REPORT

PACKAGES LIMITED FOR THE YEAR ENDED DECEMBER 31, 2014

Driven by Finesse

COVER CONCEPT

Islamic art is the truest reflection of the glorious rule, rich culture and definitive ideology of the Muslim reign. It combines the aesthetic use of fine patterns, opulent calligraphy and sublime craftsmanship; creating an artistic tradition that stretches in its diverse form across the various parts of the Islamic world.

At Packages, we honour the divine grandeur of Islamic art and its timeless legacy – a legacy which is synonymous to our belief of seeking structural brilliance through our unmatched expertise and relentless commitment.

On our cover this year, we offer a glimpse into the mystifying depths of Islamic art. The use of floriated arabesque pattern set in the tones of bronze, resonates with our own legacy – a labor of supreme passion and drive for finesse.

CONTENTS

COMPANY PROFILE

Historical Overview

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

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

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

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

In 1993, a joint venture agreement was signed with Mitsubishi Corporation of Japan for the manufacture of Polypropylene films at the Industrial Estate in Hattar, Khyber Pakhtunkhwa. This project, Tri-Pack Films Limited, commenced production in June 1995 with equity participation by Packages Limited, Mitsubishi Corporation of Japan, Al-Tawfeek Company for Investment Funds Saudi Arabia and general public. Packages Limited owns 33% of Tri Pack Films Limited’s equity.

In July, 1994, Coates Lorilleux Pakistan Limited (currently DIC Pakistan Limited), in which Packages Limited has 55% ownership, commenced production and sale of printing inks.

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

In 1996, Packages entered into a joint venture agreement with Printcare (Ceylon) Limited for the production of flexible packaging materials in Sri Lanka. The project Packages Lanka (Private) Limited, in which Packages Limited has 79% ownership, commenced production in 1998.

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

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

In 2005, the Company embarked upon its Paper & Paperboard 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

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.

Turbine and Primary Effluent Treatment Plant were capitalized and commercial operations were commenced during the year 2007. Second phase comprising of Writing and Printing Paper Machine PM-7, De-inking Pulp Plant, 41MW Power House, Steam Turbine and Secondary Effluent Treatment Plant was completed in the year 2009.

In 2008, the Company embarked upon capacity expansion in its tissue division through installation of a new tissue paper manufacturing machine PM-9 with production capacity of 33,000 tons per annum. With this capacity expansion, the Company is now in a position to take benefit from export potential of tissue products in the international market, particularly in the Middle East.

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

The rebuild project of Paper Machine PM-6, installed at Bulleh Shah Paper Mills, was completed in the second quarter of 2011 leading to capacity expansion of 30,000 tons. The machine started commercial operations with enhanced capability of producing high value added liquid packaging and bleached board.

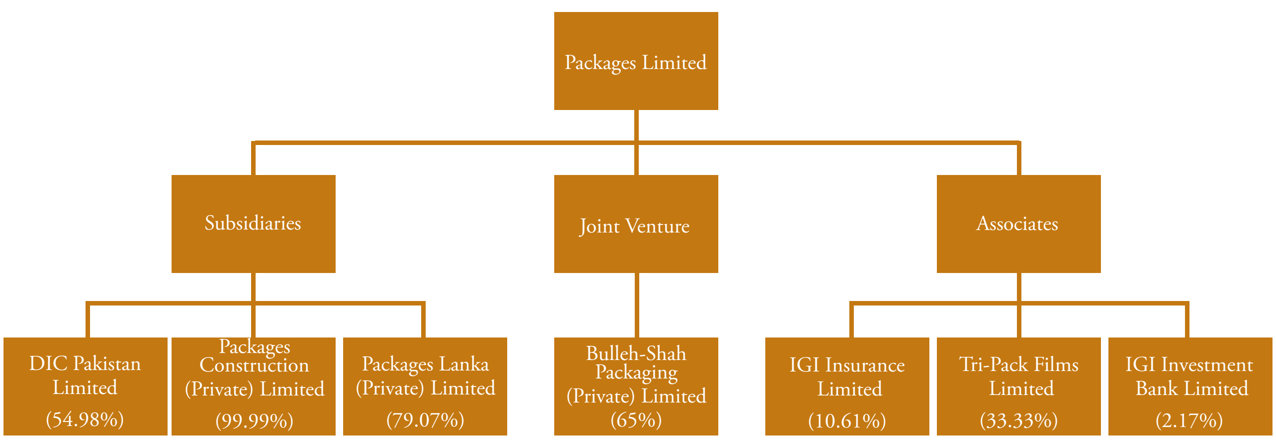
Moreover, the Corrugator Machine in Kasur Plant was upgraded in 2011 to improve efficiency, reliability, enhance capacity and reduce waste. This upgrade activity resulted in increased capacity of 14%.

In 2012, Packages invested in a New Rotogravure Machine for its Flexible Packaging Business with a total estimated project cost of PKR 326 million as part of the Company's efforts to remain abreast of improved technological developments in the Packaging business. In the same year, to enable continuous growth and technical development in the paper & paperboard segment, Packages signed a Joint Venture agreement with Stora Enso OYJ Group of Finland in its 100% wholly owned subsidiary, Bulleh Shah Packaging (Private) Limited. The Joint Venture included Paper & Paperboard and Corrugated business operations at Kasur and Karachi. The Joint Venture Agreement with Stora Enso OYJ Group, signed in 2012, was implemented in 2013 and Packages completed the transfer of assets and related obligations of Paper & Paperboard and Corrugated business operations to Bulleh Shah Packaging (Private) Limited along with cash equity injection. Packages now holds 65% equity in Bulleh Shah Packaging (Private) Limited. The joint venture partner, Stora Enso OYJ Group, is actively involved in providing technical expertise to further enhance the Paper & Paperboard and Corrugated business operations.

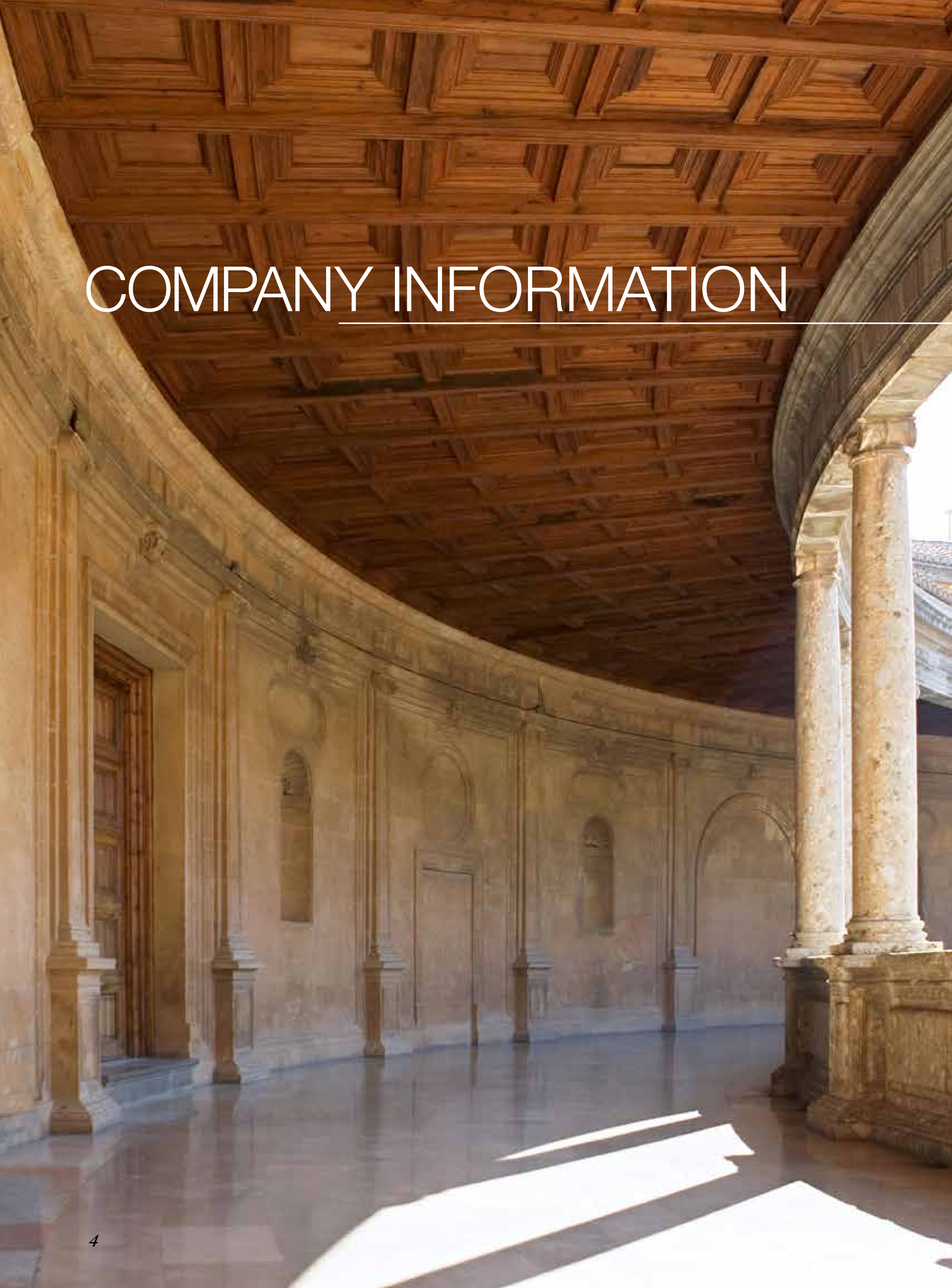
Year 2014

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

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



COMPANY INFORMATION



Board of Directors

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

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

Rizwan Ghani
(Executive Director)

Veli Jussi Olavi Potka
(Non-Executive Director)

Muhammad Aurangzeb
(Independent Director)

Shamim Ahmad Khan
(Non-Executive Director)

Syed Aslam Mehdi
(Non-Executive Director)

Syed Shahid Ali
(Non-Executive Director)

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

Bankers & Lenders

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

Head Office & Works

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

Offices:

Registered Office & Regional Sales Office

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

Regional Sales Office

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

Zonal Sales Offices

Office No. 606, 6th Floor
United Mall, Abdali Road, Multan
Tel : (061) 4584553

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

Web Presence

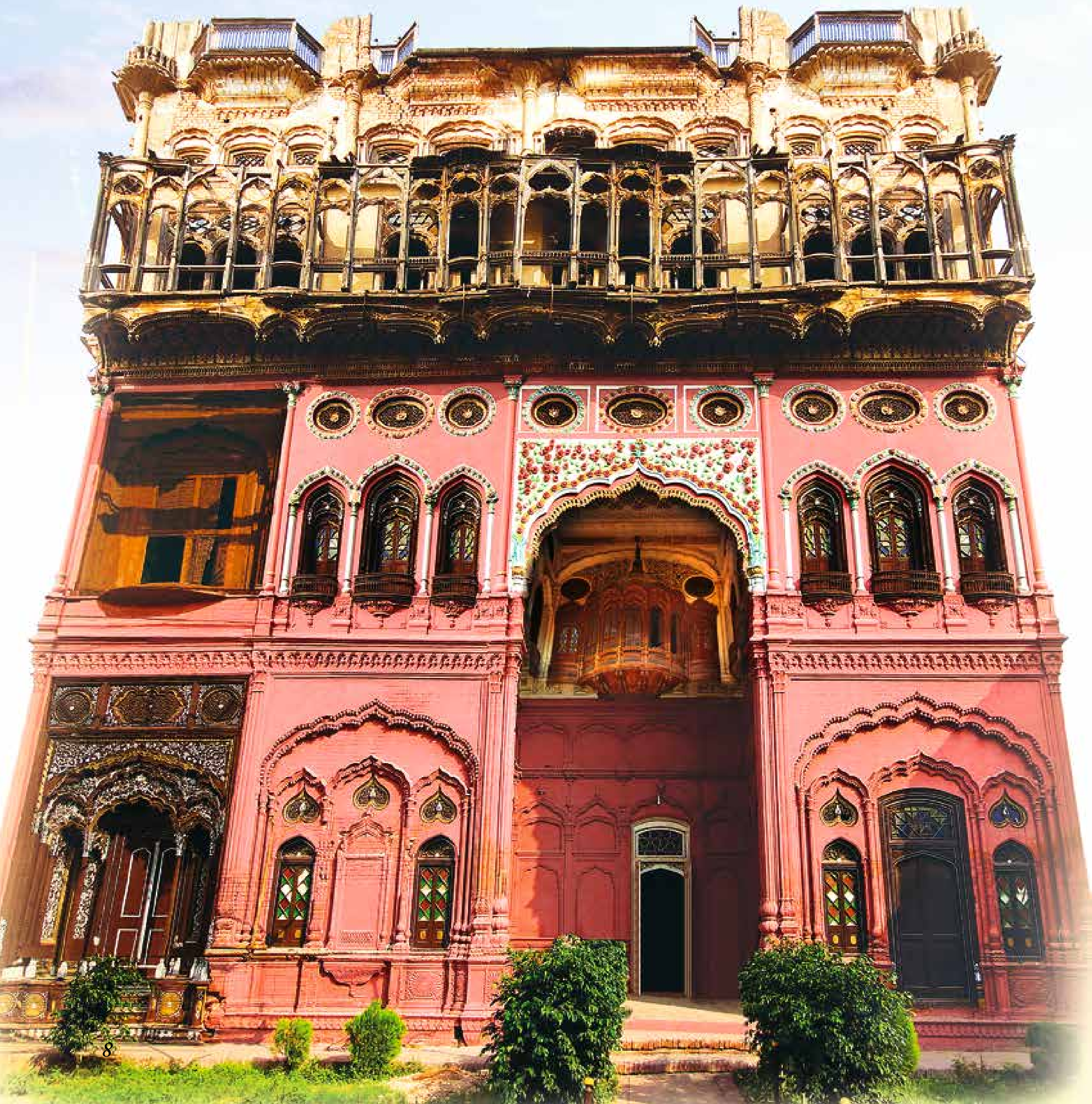
www.packages.com.pk

ORGANOGRAM


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

GEOGRAPHICAL PRESENCE OF THE GROUP

Islamabad, Lahore, Karachi, Kasur - Pakistan
Colombo - Sri Lanka



NATURE OF BUSINESS

1. PACKAGING DIVISION

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

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

1. Folding Cartons
2. Flexible Packaging

FOLDING CARTONS

With over 57 years of experience in providing reliable service and quality, Folding Cartons business provides a wide range of carton board packaging products to a wide range of industries.

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

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

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

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

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

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

FLEXIBLE PACKAGING

To accommodate increasing demand for sophisticated packaging, Packages established a Flexible Packaging business unit in 1986 at its Lahore Plant.

Flexible packaging business provides a one stop packaging solution by providing high quality detailed graphics in Flexographic and Rotogravure printing. Flexible Packaging business also provides lamination for plastic films, aluminum foil, paper, multi-layer blown film extrusion for high speed technology in multi-lane slitting, standalone spout inserted bags, poly-bags, zipper-bags, sleeves and ice cream cones.

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

- Food
- Pharmaceutical
- Personal & home care
- Soap & detergent
- Pesticide

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

- Quality Management System ISO 9000
- Environment Management System ISO 14000
- Hygiene Management System HACCP

2. CONSUMER PRODUCTS

Packages started commercial production of tissue and other consumer products in 1982 at the Lahore Plant. We currently provide a complete range of tissue and personal hygiene products that are convenient, quick and easy to use, ranging from facial tissues to tissue rolls, table napkins, pocket packs, kitchen towels, party packs, paper plates and paper cups. We bring to the consumers complete convenience with tissue and paper products for every occasion. Our high quality products are an ideal solution for all cleaning needs of our consumers.

We place great emphasis on product development. We continuously assess the demands and needs of our consumers and work hard on producing improved and innovative products to make life comfortable for our consumers every day.

Brands - Key brands of Consumer Products Division are:

- Rose Petal
- Tulip
- Double Horse

3. SERVICE DEPARTMENTS

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

CUSTOMER SERVICES DEPARTMENT (CSD)

Our service does not end once the contract has been signed; our CSD comprehensively monitors processes to ensure on-time delivery to the customer and follows new orders from Pre-Press up to final delivery to make sure our product exceeds customer's expectations. CSD also arranges development activities as well as technical support and after sales support to customers. Customer complaints are followed by proper feedback and management reporting. With these activities, our customers are given due attention and the essential quick response all the time.

PRE-PRESS DEPARTMENT

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

The department has been revolutionized over the last 17 years and now has prepress production designers and computer artists who make the soft copies of the designs. These halftone images and texts are simultaneously directed from computers to:

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

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

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

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

RESEARCH & DEVELOPMENT (R&D)

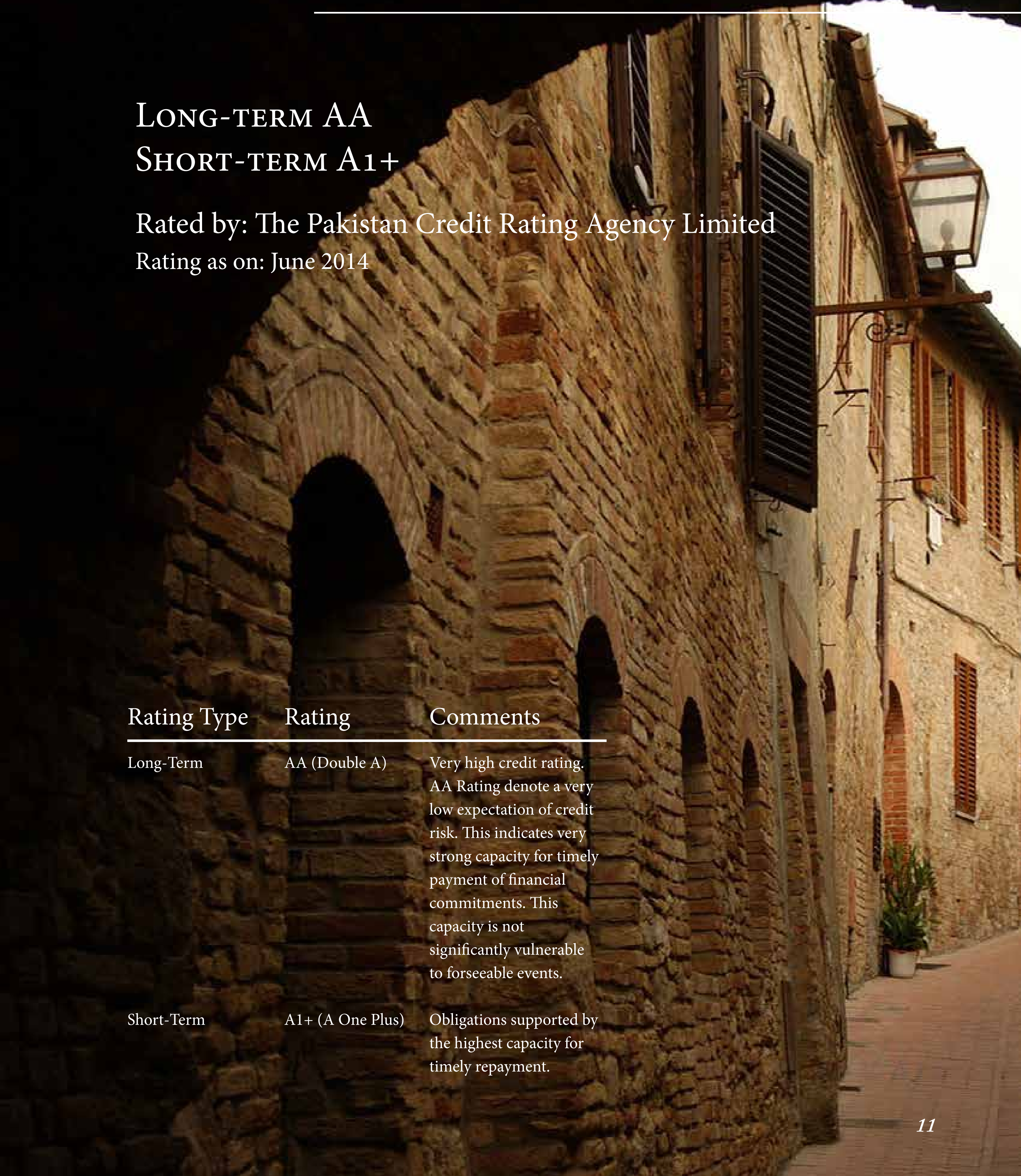
R&D continues to lead the way for Packages with focus on innovation. The rapid globalization of business is bringing about dramatic changes in packaging, challenging traditional ways and existing business models. Our belief that only timely innovations and continual development can help us survive in this competition is our strongest foothold.

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

SUPPLY MANAGEMENT

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

ENTITY RATING OF PACKAGES LIMITED



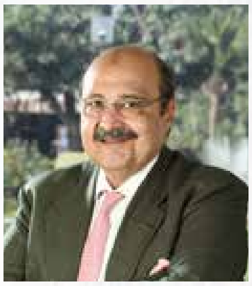
Long-term AA
Short-term A1+

Rated by: The Pakistan Credit Rating Agency Limited

Rating as on: June 2014

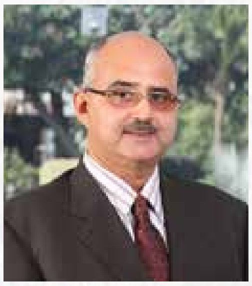
Rating Type	Rating	Comments
Long-Term	AA (Double A)	Very high credit rating. AA Rating denote a very low expectation of credit risk. This indicates very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to forseeable events.
Short-Term	A1+ (A One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

BOARD OF DIRECTORS



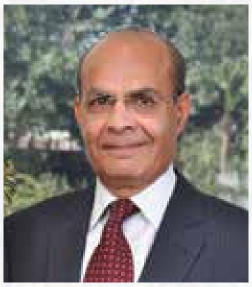
Mr. Towfiq Habib Chinoy

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



Syed Hyder Ali

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



Mr. Rizwan Ghani

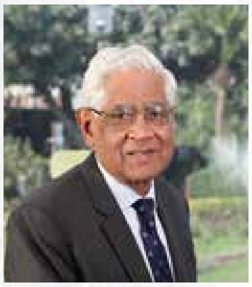
Mr. Rizwan Ghani joined the Company in 1982 and currently holds the position of Director and General Manager of the Company. He has a post graduate diploma in Business Studies from United Kingdom and has served as a Managing Director of Packages Lanka (Private) Limited. Currently he also holds directorship of Packages Lanka (Private) Limited.

Mr. Veli Jussi Olavi Potka

Mr. Veli Jussi Olavi Potka is associated with the Company as a Non-executive Director. He is presently based in Hong Kong and serves as the Senior Vice President at Renewable Packaging Asia, Stora Enso. He holds an M.Sc. degree in Economics and has been associated with Stora Enso since 1993 in various positions. He also holds a directorship in Bulleh Shah Packaging (Private) Limited.

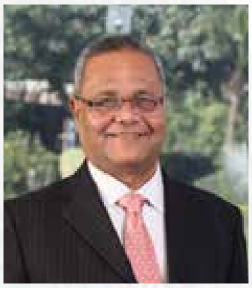
Mr. Muhammad Aurangzeb

Mr. Muhammad Aurangzeb is an Independent Director of the Company and has over 26 years of banking experience. He has served as Non-executive Director of RBS Berhad and was also a member of the Risk Management, Remuneration and Nominating Committee, all of which are sub-committees of the Board. He has also served on Boards of various business schools, Aga Khan Foundation and ABN AMRO Foundation. Presently he is Executive Vice President Morgan Chase for whole of Asia.



Mr. Shamim Ahmad Khan

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

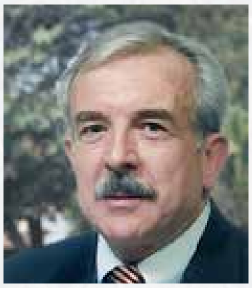


Syed Aslam Mehdi

Syed Aslam Mehdi, Non-executive Director, has a Master degree in Business Administration from Institute of Business Administration, Karachi and has been associated with Packages Group companies in various capacities over the years. He also served as the General Manager of the Company from September 2008 to September 2014. Currently, he is the Managing Director of Tri-Pack Films Limited and holds directorship of DIC Pakistan Limited, Packages Lanka (Private) Limited, Bulleh Shah Packaging (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.

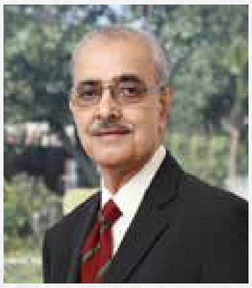
Syed Shahid Ali

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



Mr. Josef Meinrad Mueller

Mr. Josef Meirand Mueller is associated with the Company as a Non-executive Director. He was born in Switzerland where he obtained his education including an MBA from IMD (formerly IMEDE) in Lausanne where he also served as an Executive-in-Residence. He has over 35 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. Tariq Iqbal Khan

Mr. Tariq Iqbal Khan is associated with the Company as a Non-executive Director. He is a Fellow member of the Institute of Chartered Accountants of Pakistan, with diversified experience of more than 40 years. He has held leading policy-making positions in various associations and institutions in the country, including being a Founding Director and President of Islamabad Stock Exchange, Commissioner and Acting Chairman Securities and Exchange Commission of Pakistan and Managing Director/Chairman at Investment Corporation of Pakistan/National Investment Trust. He is currently a member on the Board of Gillette Pakistan Limited, International Steels Limited, Lucky Cement Limited, National Refinery Limited, Silk Bank Limited, Pakistan Oilfields Limited and FFC Energy Limited.

MANAGEMENT COMMITTEES

Executive Committee

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

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

Audit Committee

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

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

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

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

b) Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

- Major judgmental areas;
- Significant adjustments resulting from the audit;
- The going-concern assumption;
- Any changes in accounting policies and practices;
- Compliance with applicable accounting standards;
- Compliance with listing regulations and other statutory and regulatory requirements; and
- Significant related party transactions

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

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

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

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

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

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

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

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

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

l) Determination of compliance with relevant statutory requirements;

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

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

Human Resource and Remuneration (HR & R) Committee

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

This Committee is responsible for:

a) Recommending human resource management policies to the Board;

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

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

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

System and Technology Committee

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

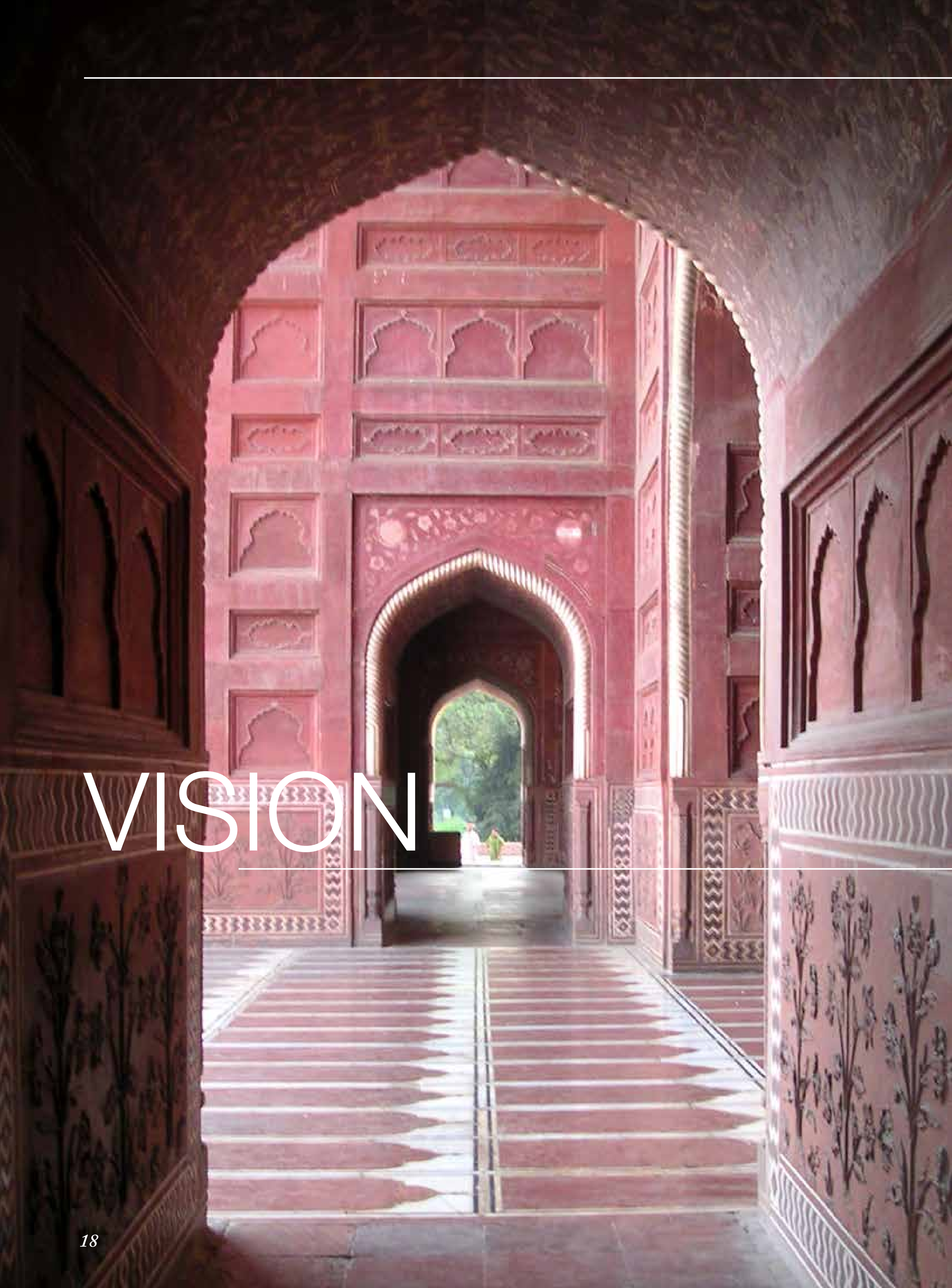
This Committee is responsible for:

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

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

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

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



VISION

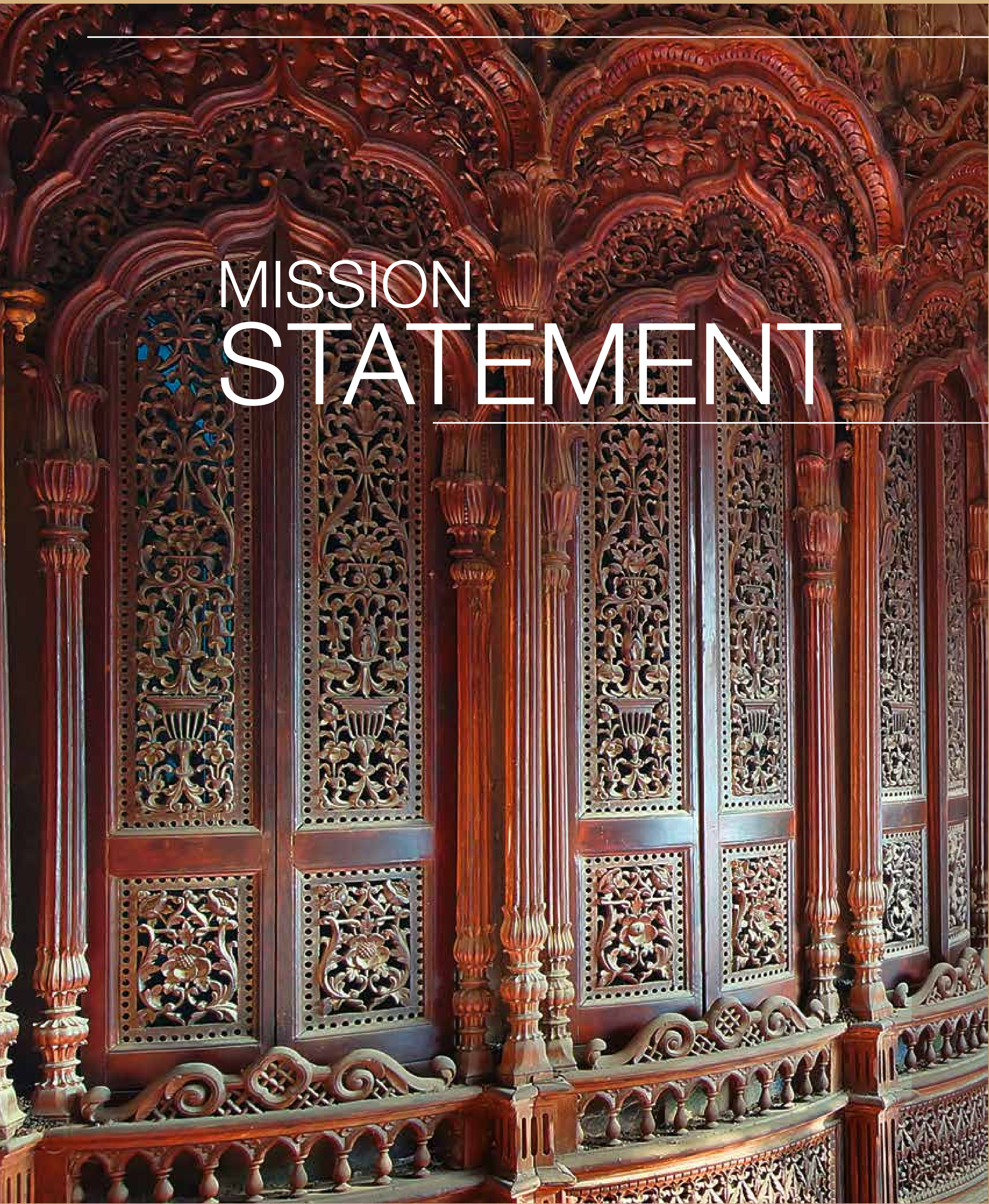
Position ourselves to be a regional player of quality packaging and consumer products.

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

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

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

MISSION STATEMENT



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

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

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

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

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

POLICIES

INTEGRATED MANAGEMENT SYSTEM (IMS) POLICY

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

We are committed to achieve this by:

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

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

QUALITY POLICY

Packages Limited is strongly committed to produce quality products that confirm to consumer's requirements at a competitive price. We shall continually improve our Quality Management System (QMS) and quality performance of all business processes.

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

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

TOTAL PRODUCTIVE MAINTENANCE (TPM) POLICY

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

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

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

- Zero accidents
- Zero breakdowns
- Zero defects

WHISTLE BLOWING POLICY

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

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

CORE VALUES

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

GOOD GOVERNANCE

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

WORK ENVIRONMENT

Our policies and core values are aimed towards creating an informal yet stimulating team-oriented work environment with a culture of sharing and open communication. We cherish the diversity of viewpoint of every individual; we realize this encourages innovation and develops character. All employees have the right to a stress and injury free work environment. We ensure our employee health and safety by providing various in-house facilities such as a gym and making sure that all staff understand and uphold our safety policy. All our employees are permitted and encouraged to afford time and attention to personal concerns.

OUR PEOPLE

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

CONSERVATION

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

CUSTOMER SATISFACTION

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

ETHICAL BEHAVIOR

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

CODE OF CONDUCT

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

Packages Limited 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 our customers, our communities, our shareholders and ourselves.

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

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

GENERAL PRINCIPLES

Compliance with the law, regulations, statutory provisions, ethical integrity and fairness is a constant commitment and duty of all packages employees and characterizes the conduct of the organization.

The Company' s business and activities have to be carried out in a transparent, honest & fair way, in good faith and in full compliance. Any form of discrimination, corruption and 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 Company to obey the law of the land and comply with its legal system. Accordingly every director and employee of the Company shall obey the law. Any director and employee guilty of violation will be liable to disciplinary consequences because of the violation of his/her duties.

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

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

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

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

DECADE AT A GLANCE

(Rupees in Million)	2014		2013		2012	
Assets Employed:						
Fixed Assets at Cost	9,835		9,744		9,275	
Accumulated Depreciation/Amortization	5,973		5,956		5,749	
Net Fixed Assets	3,861		3,788		3,526	
Other Non-Current Assets	47,445		41,122		20,893	
Current Assets	8,548		8,359		7,030	
Current Liabilities	5,130		5,331		4,482	
Net Current and Other Non-Current Assets	50,864		44,150		23,441	
Assets of Disposal Group	-		-		14,543	
Net Assets Employed	54,725		47,938		41,510	
Financed By:						
Paid up Capital	864		844		844	
Reserves	47,567		39,640		28,173	
Preference Shares/Convertible stock reserve	1,572		1,606		1,606	
Shareholder's Equity	50,003		42,090		30,623	
Deferred Liabilities	467		654		748	
Long Term Finances	4,255		5,195		4,471	
Total Non-Current Liabilities	4,722		5,848		5,219	
Liabilities of Disposal Group	-		-		5,669	
Total Funds Invested	54,725		47,938		41,510	
Invoiced Sales - Gross	17,627	*	17,314	*	13,871	*
Materials Consumed	9,131	*	9,131	*	7,407	*
Cost of Goods Sold	12,873	*	12,893	*	10,270	*
Gross Profit	2,215	*	1,995	*	1,475	*
Employees Remuneration	1,490	*	1,363	*	1,018	*
Profit/(loss) from Operations	947	*	997	*	** 1,011	*
Profit/(loss) Before Tax	2,750	*	2,194	*	2,378	*
Profit/(loss) After Tax	2,536	*	1,796	*	1,488	*
EBITDA from operations	1,383	*	1,268	*	1,103	*
Key Ratios:						
Profitability						
Gross Profit (%)	14.68	*	13.40	*	12.56	*
Profit before Tax (%)	18.22	*	14.74	*	20.25	*
EBITDA Margin to Sales (%)	9.16	*	8.51	*	9.40	*
Return on Assets	0.04	*	0.03	*	0.05	*
Total Assets Turnover Ratio	0.25	*	0.28	*	0.37	*
Fixed Assets Turnover Ratio	4.18	*	4.35	*	3.75	*
Liquidity						
Current Ratio	1.67		1.57		1.57	
Quick Ratio	1.13		1.07		1.03	
Gearing						
Debt : Equity Ratio	8:92		11:89		15:85	
Return on Equity (%)	5.07	*	4.27	*	** 4.85	*
Investment						
Basic EPS (Rs.)	29.89	*	21.28	*	17.64	*
Diluted EPS (Rs.)	26.59	*	20.01	*	17.09	*
Price - Earning Ratio	22.70	*	12.81	*	8.57	*
Interest Cover Ratio	4.67	*	3.61	*	5.52	*
Dividend Yield (%)	1.33		2.93		2.98	
Dividend Cover Ratio	3.26	*	2.66	*	3.92	*
Cash dividend %	90.00		80.00		45.00	
Stock dividend %	-		-		-	
Break-up value per Ordinary share (Rs.)	560.68		479.78		343.89	
Market Value per Ordinary Share - Year End (Rs.)	678.29		272.63		151.16	
Cash Dividend per share	9.00		8.00		4.50	

* Represents continuing operation

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

2011	2010	2009	2008	2007	2006	2005
28,472	27,749	26,887	25,789	23,691	18,217	10,925
10,057	9,101	7,605	6,323	5,502	4,984	4,633
18,415	18,649	19,282	19,466	18,189	13,233	6,292
16,402	12,442	8,347	8,645	10,413	6,026	770
8,841	8,534	7,979	6,923	4,837	3,414	4,559
3,442	2,421	1,743	5,617	1,965	2,312	2,336
21,800	18,555	14,583	9,952	13,285	7,128	2,993
-	-	-	-	-	-	-
40,215	37,204	33,865	29,418	31,473	20,361	9,285
844	844	844	844	734	699	699
26,666	24,480	20,967	15,429	17,437	12,974	7,037
1,606	1,606	1,606	-	-	-	-
29,115	26,930	23,417	16,273	18,171	13,673	7,736
2,525	2,317	2,478	841	956	688	547
8,575	7,956	7,971	12,304	12,347	6,000	1,001
11,100	10,274	10,448	13,145	13,302	6,688	1,548
-	-	-	-	-	-	-
40,215	37,204	33,865	29,418	31,473	20,361	9,285
13,797 *	21,837	16,533	14,301	10,540	9,028	8,163
7,282 *	10,211	8,685	7,639	5,108	4,247	3,521
10,071 *	17,733	13,736	11,281	7,829	6,552	5,746
1,315 *	803	307	943	1,199	1,295	1,353
912 *	1,502	1,229	1,033	835	758	651
** 872 *	(104)	(384) **	405	588	758	902
1,037 *	(317)	5,770	(308)	4,633	6,348	1,330
161 *	(332)	4,064	(196)	4,326	6,101	1,015
896 *	1,242	719	955	1,167	1,098	1,217
11.55 *	4.33	2.19	7.72	13.28	16.50	19.06
9.11 *	(1.71)	41.08	(2.52)	51.31	80.90	18.73
7.87 *	6.70	5.12	7.81	12.93	14.00	17.14
0.01 *	(0.01)	0.11	(0.01)	0.13	0.27	0.09
0.26 *	0.47	0.39	0.35	0.27	0.35	0.61
0.62 *	1.04	0.73	1.08	0.87	2.54	2.35
2.57	3.52	4.58	1.23	2.46	1.48	1.95
0.96	1.57	1.72	0.43	0.97	0.55	1.30
24:76	23:77	25:75	44:56	40:60	30:70	11:89
** 0.55 *	(1.23)	(13.05) **	(1.20)	4.39 **	14.80 **	13.12
1.90 *	(3.94)	48.16	(2.32)	58.96	87.30	16.24
1.90 *	(3.94)	44.72	(2.32)	-	-	-
43.43 *	(32.65)	2.99	(34.98)	6.17	2.41	12.44
3.16 *	0.74	5.55	0.81	13.84	92.93	9.18
1.81	2.53	2.26	-	-	2.86	2.97
1.27 *	(1.21)	14.82	-	-	14.55	2.42
15.00	32.50	32.50	-	-	60.00	60.00
-	-	-	-	15.00	5.00	-
326.02	300.12	258.49	192.85	247.65	195.66	110.71
82.72	128.61	144.00	81.19	363.80	210.00	202.00
1.50	3.25	3.25	-	-	6.00	6.00

HORIZONTAL & VERTICAL ANALYSIS
BALANCE SHEET

Horizontal Analysis

(Rupees in Million)

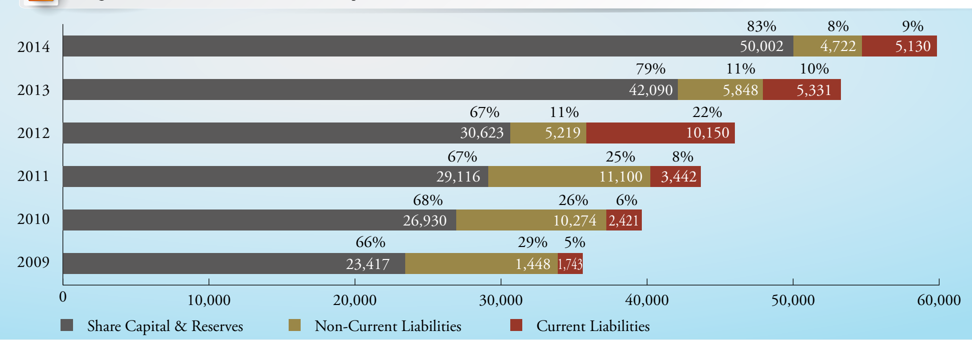
EQUITY & LIABILITIES	2014 Rs.	14 vs 13 %	2013 Rs.	13 vs 12 %	2012 Re-stated Rs.	12 vs 11 %	2011 Re-stated Rs.	11 vs 10 %	2010 Rs.	10 vs 09 %	2009 Rs.
SHARE CAPITAL & RESERVES											
Issued subscribed and paid up capital	864	2.35	844	-	844	-	844	-	844	-	844
Reserves	44,766	17.64	38,054	22.46	31,075	10.28	28,179	16.35	24,219	41.64	17,099
Preference shares/convertible stock reserve	1,572	(2.14)	1,606	-	1,606	-	1,606	-	1,606	-	1,606
Unappropriated profit/(loss)	2,801	76.60	1,586	(154.65)	(2,902)	91.80	(1,513)	(679.69)	261	(93.25)	3,868
NON-CURRENT LIABILITIES											
Long-term finances	4,229	(18.20)	5,170	15.63	4,471	(47.86)	8,575	7.77	7,957	(0.16)	7,970
Deferred taxation	293	(42.92)	513	60.31	320	(83.64)	1,956	(9.78)	2,168	(7.86)	2,353
Liabilities against assets subject to finance lease	26	7.02	24	100.00	-	-	-	-	-	-	-
Retirement benefits	-	(100.00)	0.58	(99.81)	307	(24.57)	407	243,612.57	0.17	100.00	-
Deferred liabilities	175	24.70	140	15.70	121	(25.31)	162	8.72	149	19.20	125
CURRENT LIABILITIES											
Current portion of long-term finances	205	0.34	204	(79.60)	1,000	162.47	381	2,621.43	14	100.00	-
Finances under mark up arrangements - secured	1,263	(16.83)	1,518	87.64	809	1.63	796	464.54	141	63.95	86
Derivative financial instruments	-	(100.00)	27	(83.64)	165	100.00	-	-	-	-	-
Trade and other payables	3,145	3.04	3,052	54.38	1,977	14.21	1,731	(3.51)	1,794	27.51	1,407
Accrued finance cost	518	(2.33)	530	-	530	(0.75)	534	13.14	472	88.80	250
Liabilities directly associated with non-current assets classified as held for sale	-	-	-	(100.00)	5,669	100.00	-	-	-	-	-
TOTAL	59,854	12.36	53,269	15.82	45,992	5.35	43,658	10.18	39,625	11.28	35,608

Vertical Analysis

(Rupees in Million)

EQUITY & LIABILITIES	2014 Rs.	2014 %	2013 Rs.	2013 %	2012 Re-stated Rs.	2012 Re-stated %	2011 Re-stated Rs.	2011 Re-stated %	2010 Rs.	2010 %	2009 Rs.	2009 %
SHARE CAPITAL & RESERVES												
Issued subscribed and paid up capital	864	1.44	844	1.58	844	1.84	844	1.93	844	2.13	844	2.37
Reserves	44,766	74.79	38,054	71.44	31,075	67.57	28,179	64.54	24,219	61.12	17,099	48.02
Preference shares/convertible stock reserve	1,572	2.63	1,606	3.01	1,606	3.49	1,606	3.68	1,606	4.05	1,606	4.51
Unappropriated profit/(loss)	2,801	4.68	1,586	2.98	(2,902)	(6.31)	(1,513)	(3.47)	261	0.66	3,868	10.86
NON-CURRENT LIABILITIES												
Long-term finances	4,229	7.07	5,170	9.71	4,471	9.72	8,575	19.64	7,957	20.08	7,970	22.38
Deferred taxation	293	0.49	513	0.96	320	0.70	1,956	4.48	2,168	5.47	2,353	6.61
Liabilities against assets subject to finance lease	26	0.04	24	0.05	-	-	-	-	-	-	-	-
Retirement benefits	-	-	1	0.00	307	0.67	407	0.93	0.17	0.00	-	-
Deferred liabilities	175	0.29	140	0.26	121	0.26	162	0.37	149	0.38	125	0.35
CURRENT LIABILITIES												
Current portion of long-term finances	205	0.34	204	0.38	1,000	2.17	381	0.87	14	0.04	-	-
Finances under mark up arrangements - secured	1,263	2.11	1,518	2.85	809	1.76	796	1.82	141	0.36	86	0.24
Derivative financial instruments	-	-	27	0.05	165	0.36	-	-	-	-	-	-
Trade and other payables	3,145	5.25	3,052	5.73	1,977	4.30	1,731	3.96	1,794	4.53	1,407	3.95
Accrued finance cost	518	0.86	530	0.99	530	1.15	534	1.22	472	1.19	250	0.70
Liabilities directly associated with non-current assets classified as held for sale	-	-	-	-	5,669	12.33	-	-	-	-	-	-
TOTAL	59,854	100.00	53,269	100.00	45,992	100.00	43,658	100.00	39,625	100.00	35,608	100.00

Equity and Liabilities (Rupees in Million)



Horizontal Analysis

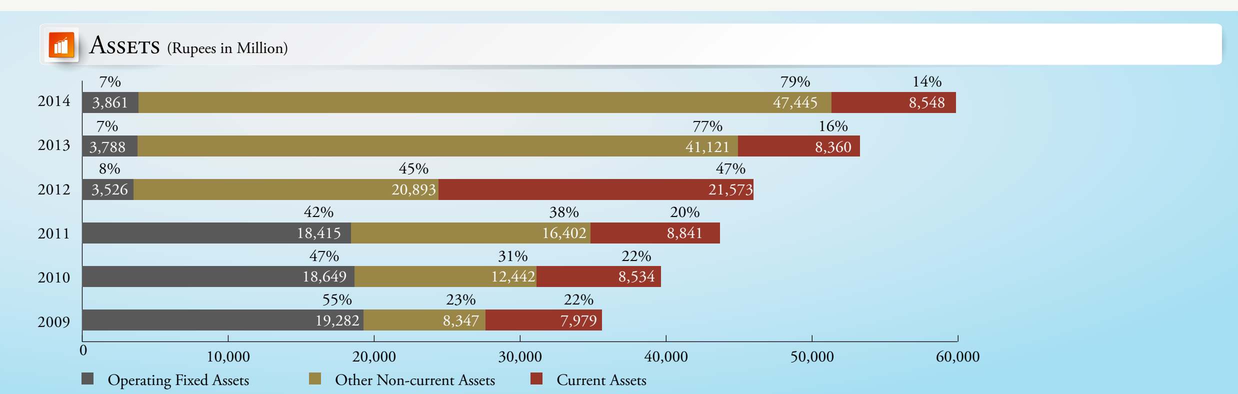
(Rupees in Million)

ASSETS	2014 Rs.	14 vs 13 %	2013 Rs.	13 vs 12 %	2012 Re-stated Rs.	12 vs 11 %	2011 Re-stated Rs.	11 vs 10 %	2010 Rs.	10 vs 09 %	2009 Rs.
NON-CURRENT ASSETS											
Property, plant and equipment	3,686	0.57	3,665	5.96	3,459	(81.15)	18,346	(1.45)	18,615	(3.18)	19,227
Investment property	138	51.65	91	250.00	26	(13.33)	30	(6.25)	32	(41.82)	55
Intangible assets	37	15.63	32	(21.95)	41	5.13	39	1,850.00	2	100.00	-
Investments	47,304	15.24	41,048	97.38	20,796	27.68	16,288	33.30	12,219	50.87	8,099
Long-term loans and deposits	53	(20.90)	67	(30.93)	97	(12.61)	111	(13.95)	129	(7.86)	140
Retirement benefits	88	1366.67	6	100.00	-	(100.00)	3	(96.84)	95	(12.04)	108
CURRENT ASSETS											
Stores and spares	493	(13.36)	569	23.16	462	(52.81)	979	(6.76)	1,050	20.55	871
Stock-in-trade	2,231	8.04	2,065	8.12	1,910	(57.80)	4,526	23.36	3,669	(10.56)	4,102
Trade debts	1,527	(5.91)	1,623	(28.82)	2,280	29.25	1,764	7.36	1,643	(6.22)	1,752
Loans, advances, deposits, prepayments and other receivables	1,797	6.27	1,691	309.44	413	(9.23)	455	71.70	265	29.90	204
Income Tax receivable	2,248	3.31	2,176	35.75	1,603	70.35	941	22.85	766	28.96	594
Cash and bank balances	252	6.78	236	(34.81)	362	105.68	176	(84.56)	1,140	150.00	456
Non-current assets classified as held for sale	-	-	-	(100.00)	14,543	100.00	-	-	-	-	-
TOTAL	59,854	12.36	53,269	15.82	45,992	5.35	43,658	10.18	39,625	11.28	35,608

Vertical Analysis

(Rupees in Million)

ASSETS	2014 Rs.	2014 %	2013 Rs.	2013 %	2012 Re-stated Rs.	2012 Re-stated %	2011 Re-stated Rs.	2011 Re-stated %	2010 Rs.	2010 %	2009 Rs.	2009 %
NON-CURRENT ASSETS												
Property, plant and equipment	3,686	6.16	3,665	6.88	3,459	7.52	18,346	42.02	18,615	46.97	19,227	54.00
Investment property	138	0.23	91	0.17	26	0.06	30	0.07	32	0.08	55	0.15
Intangible assets	37	0.06	32	0.06	41	0.09	39	0.09	2	0.01	-	-
Investments	47,304	79.03	41,048	77.06	20,796	45.22	16,288	37.31	12,219	30.84	8,099	22.74
Long-term loans and deposits	53	0.09	67	0.13	97	0.21	111	0.25	129	0.33	140	0.39
Retirement benefits	88	0.15	6	0.01	-	-	3	0.01	95	0.24	108	0.30
CURRENT ASSETS												
Stores and spares	493	0.82	569	1.07	462	1.00	979	2.24	1,050	2.65	871	2.45
Stock-in-trade	2,231	3.73	2,065	3.88	1,910	4.15	4,526	10.37	3,669	9.26	4,102	11.52
Trade debts	1,527	2.55	1,623	3.05	2,280	4.96	1,764	4.04	1,643	4.15	1,752	4.92
Loans, advances, deposits, prepayments and other receivables	1,797	3.00	1,691	3.17	413	0.90	455	1.04	265	0.67	204	0.57
Income Tax receivable	2,248	3.76	2,176	4.08	1,603	3.49	941	2.16	766	1.93	594	1.67
Cash and bank balances	252	0.42	236	0.44	362	0.79	176	0.40	1,140	2.88	456	1.28
Non-current assets classified as held for sale	-	-	-	-	14,543	31.62	-	-	-	-	-	-
TOTAL	59,854	100	53,269	100	45,992	100	43,658	100	39,625	100	35,608	100



HORIZONTAL & VERTICAL ANALYSIS
PROFIT AND LOSS ACOUNT

Horizontal Analysis

(Rupees in Million)

	2014 Rs.	14 vs 13 %	2013 Rs.	13 vs 12 %	2012 Re-stated Rs.	12 vs 11 %	2011 Represented Rs.	11 vs 10 %	2010 Rs.	10 vs 09 %	2009 Rs.
Continuing operations											
Local sales	17,582	1.95	17,245	24.89	13,808	0.62	13,723	(33.38)	20,598	30.57	15,776
Export sales	45	(34.12)	69	9.52	63	(14.86)	74	(94.03)	1,239	63.67	757
Gross sales	17,627	1.81	17,314	24.82	13,871	0.54	13,797	(36.82)	21,837	32.08	16,533
Sales tax and excise duty	(2,516)	4.60	(2,405)	13.98	(2,110)	(11.83)	(2,393)	(26.75)	(3,267)	32.48	(2,466)
Commission	(24)	16.49	(21)	31.25	(16)	(11.11)	(18)	(47.06)	(34)	47.83	(23)
Net sales	15,087	1.34	14,888	26.76	11,745	3.15	11,386	(38.57)	18,536	31.99	14,044
Cost of sales	(12,873)	(0.16)	(12,893)	25.54	(10,270)	1.98	(10,071)	(43.21)	(17,733)	29.10	(13,736)
Gross profit	2,214	10.98	1,995	35.25	1,475	12.17	1,315	63.76	803	160.71	308
Administrative expenses	(787)	33.89	(588)	82.61	(322)	12.20	(287)	(43.84)	(511)	9.19	(468)
Distribution and marketing costs	(580)	(1.01)	(586)	46.50	(400)	3.63	(386)	(33.33)	(579)	30.41	(444)
Projects expenditure	-	-	-	-	-	(100.00)	(56)	1,300.00	(4)	100.00	-
Other operating expenses	(222)	44.14	(154)	396.77	(31)	675.00	(4)	(73.33)	(15)	(87.39)	(119)
Other operating income	322	(2.08)	329	13.84	289	(0.34)	290	43.56	202	(47.53)	385
Profit/(loss) from operations	947	(4.88)	996	(1.48)	1,011	15.94	872	(938.46)	(104)	(69.23)	(338)
Finance costs	(752)	(11.06)	(845)	60.04	(528)	9.09	(484)	(60.00)	(1,210)	(5.32)	(1,278)
Investment income	2,554	25.00	2,043	33.18	1,534	47.50	1,040	4.31	997	(89.14)	9,180
Reversal of impairment/(impairment) on investments	-	-	-	(100.00)	361	(192.33)	(391)	100.00	-	(100.00) *	(1,794)
Profit/(loss) before tax	2,749	25.30	2,194	(7.74)	2,378	129.32	1,037	(427.13)	(317)	(105.49)	5,770
Taxation	(213)	(46.43)	(398)	(55.28)	(890)	1.60	(876)	5,740.00	(15)	(99.12)	(1,706)
Profit/(loss) for the year from continuing operations	2,536	41.22	1,796	20.70	1,488	824.22	161	(148.49)	(332)	(108.17)	4,064
Loss for the year from Discontinued operations	-	-	(249)	93.66	(3,929)	(127.24)	(1,729)	(100.00)	-	-	
Profit/(loss) for the year	2,536	63.95	1,547	163.38	(2,441)	(55.68)	(1,568)	(372.29)	(332)	(108.17)	4,064
Basic earnings/(loss) per share											
- From Continuing operations	29.89		21.28		17.64		1.90				
- From Discontinued operations	-		(2.95)		(46.56)		(20.48)				
- From profit/(loss) for the year	29.89		18.33		(28.92)		(18.58)		3.94		48.16
Diluted earnings/(loss) per share											
- From Continuing operations	26.59		20.01		17.09		1.90				
- From Discontinued operations	-		(2.95)		(46.56)		(20.48)				
- From profit/(loss) for the year	26.59		17.06		(29.47)		(18.58)		3.94		48.16

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

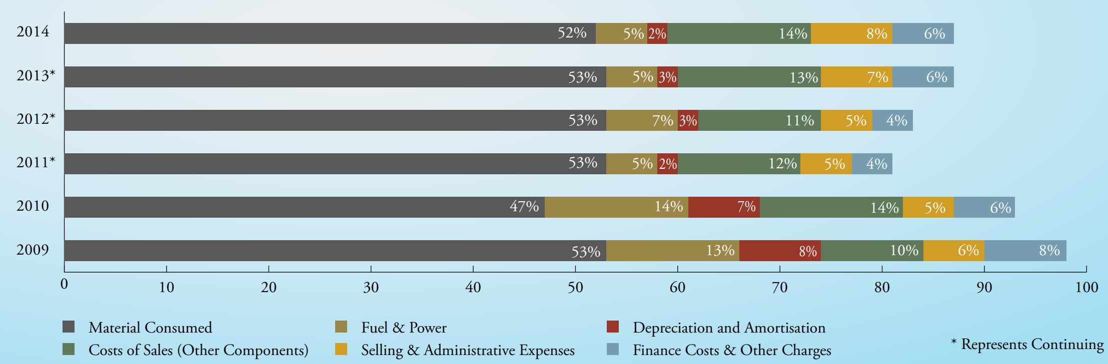
Vertical Analysis

(Rupees in Million)

	2014		2013		2012 Re-stated		2011 Represented		2010		2009	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Continuing operations												
Local sales	17,582	99.74	17,245	99.60	13,808	99.55	13,723	99.46	20,598	94.33	15,776	95.42
Export sales	45	0.26	69	0.40	63	0.45	74	0.54	1,239	5.67	757	4.58
Gross sales	17,627	100.00	17,314	100.00	13,871	100.00	13,797	100.00	21,837	100.00	16,533	100.00
Sales tax and excise duty	(2,516)	(14.27)	(2,405)	(13.89)	(2,110)	(15.21)	(2,393)	(17.34)	(3,267)	(14.96)	(2,466)	(14.92)
Commission	(24)	(0.14)	(21)	(0.12)	(16)	(0.12)	(18)	(0.13)	(34)	(0.16)	(23)	(0.14)
Net sales	15,087	85.59	14,888	85.99	11,745	84.67	11,386	82.53	18,536	84.88	14,044	84.95
Cost of sales	(12,873)	(73.03)	(12,893)	(74.47)	(10,270)	(74.04)	(10,071)	(72.99)	(17,733)	(81.21)	(13,736)	(83.08)
Gross profit	2,214	12.56	1,995	11.52	1,475	10.63	1,315	9.53	803	3.68	308	1.86
Administrative expenses	(787)	(4.47)	(588)	(3.40)	(322)	(2.32)	(287)	(2.08)	(511)	(2.34)	(468)	(2.83)
Distribution and marketing costs	(580)	(3.29)	(586)	(3.38)	(400)	(2.88)	(386)	(2.80)	(579)	(2.65)	(444)	(2.69)
Projects expenditure	-	-	-	-	-	-	(56)	(0.41)	(4)	(0.02)	-	-
Other operating expenses	(222)	(1.26)	(154)	(0.89)	(31)	(0.22)	(4)	(0.03)	(15)	(0.07)	(119)	(0.72)
Other operating income	322	1.83	329	1.90	289	2.08	290	2.10	202	0.93	385	2.33
Profit/(loss) from operations	947	5.37	996	5.75	1,011	7.29	872	6.32	(104)	(0.48)	(338)	(2.04)
Finance costs	(752)	(4.26)	(845)	(4.88)	(528)	(3.81)	(484)	(3.51)	(1,210)	(5.54)	(1,278)	(7.73)
Investment income	2,554	14.49	2,043	11.80	1,534	11.06	1,040	7.54	997	4.57	9,180	55.53
Reversal of impairment/ (impairment) on investments	-	-	-	-	361	2.60	(391)	(2.83)	-	-	(1,794)	(10.85)
Profit/(loss) before tax	2,749	15.60	2,194	12.67	2,378	17.14	1,037	7.52	(317)	(1.45)	5,770	34.90
Taxation	(213)	(1.21)	(398)	(2.30)	(890)	(6.42)	(876)	(6.35)	(15)	(0.07)	(1,706)	(10.32)
Profit/(loss) for the year from continuing operations	2,536	14.39	1,796	10.37	1,488	10.73	161	1.17	(332)	(1.52)	4,064	24.58
Loss for the year from Discontinued operations			(249)		(3,929)		(1,729)					
Profit/(loss) for the year	2,536	14.39	1,547	8.93	(2,441)	(17.60)	(1,568)	(11.36)	(332)	(1.52)	4,064	24.58
Basic earnings/(loss) per share												
- From Continuing operations	29.89		21.28		17.64		1.90					
- From Discontinued operations	-		(2.95)		(46.56)		(20.48)					
- From profit/(loss) for the year	29.89		18.33		(28.92)		(18.58)		3.94		48.16	
Diluted earnings/(loss) per share												
- From Continuing operations	26.59		20.01		17.09		1.90					
- From Discontinued operations	-		(2.95)		(46.56)		(20.48)					
- From profit/(loss) for the year	26.59		17.06		(29.47)		(18.58)		3.94		48.16	

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

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

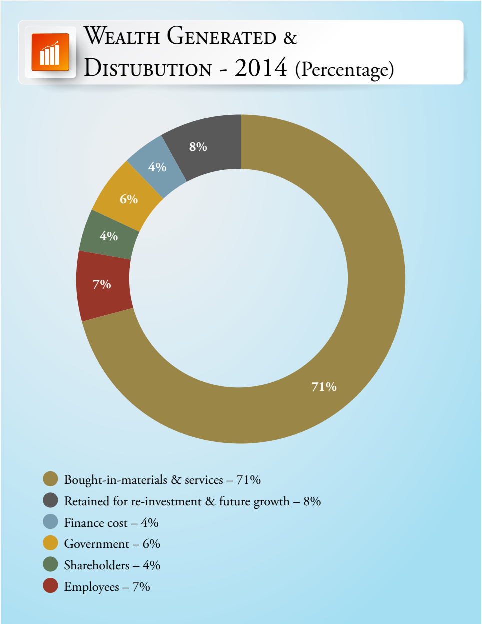


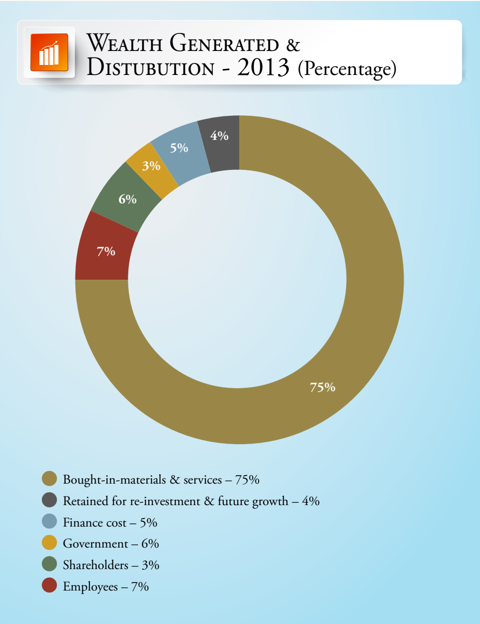
* Represents Continuing Operations only

VALUE ADDED AND ITS DISTRIBUTION

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

(Rupees in thousand)	2014		2013		2012 Re-stated	
Wealth Generated						
Sales	17,627,358		20,712,895		25,934,550	
Dividend income	2,553,678		2,043,111		1,534,440	
Other income-net of impairment	322,147		380,164		(3,924,330)	
	20,503,183	100%	23,136,170	100%	23,544,660	100%
Wealth Distributed						
Bought-in-materials & services	14,512,187	71%	17,439,557	75%	20,462,929	87%
To employees						
Remuneration, benefits and facilities	1,489,766	7%	1,632,963	7%	1,955,438	8%
To Government						
Income Tax, Sales Tax, Custom & Excise Duties, Workers' Funds, EOBI & Social Security Contribution, Professional & Local Taxes	1,159,540	6%	1,405,733	6%	2,132,850	9%
To providers of capital						
Cash dividend to the ordinary shareholders	786,416	4%	675,036	3%	379,708	2%
Finance costs	751,551	4%	1,090,129	5%	1,505,875	6%
Retained/(utilized) for re-investment & future growth	1,803,723	8%	892,752	4%	(2,892,150)	-12%
	20,503,183	100%	23,136,170	100%	23,544,660	100%

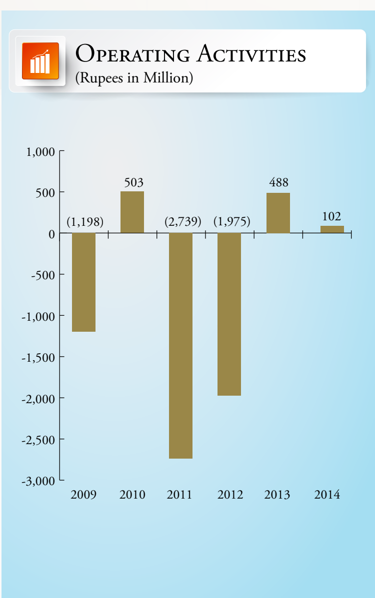


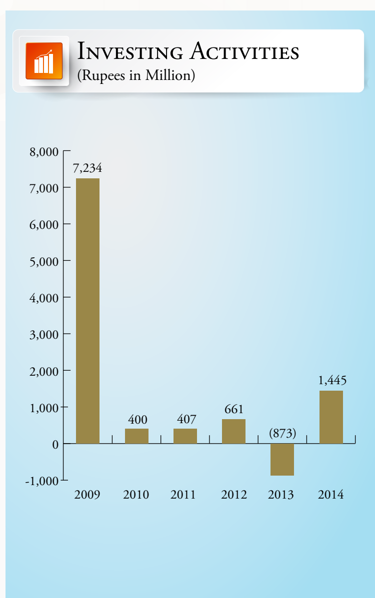


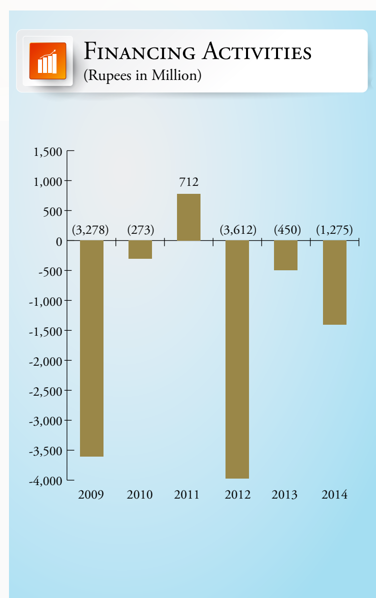
SOURCES AND APPLICATION OF FUNDS

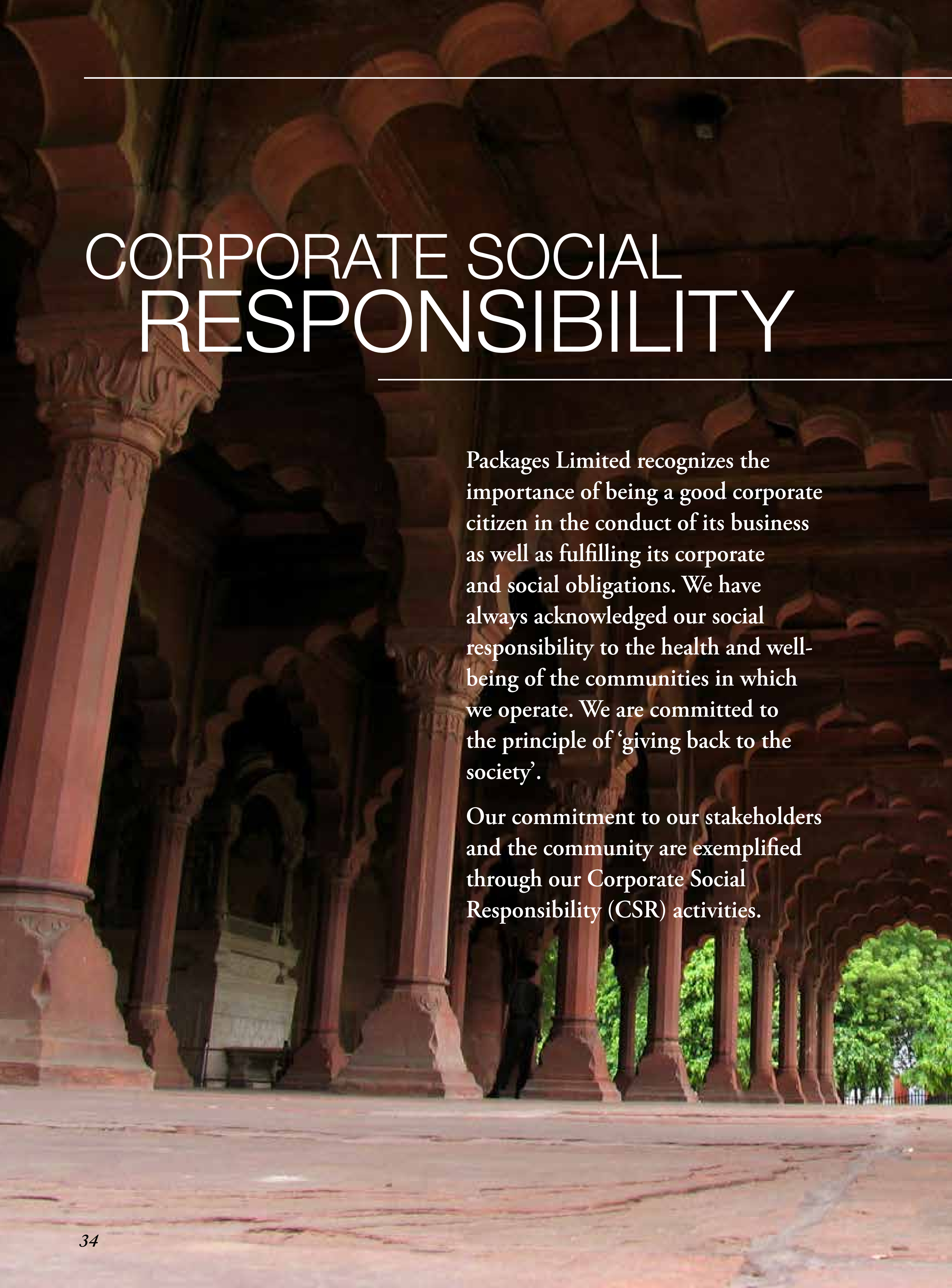
Over the last six years

(Rupees in thousand)	2014	2013	2012	2011	2010	2009
Cash flow from operating activities						
Cash generated/(used in) from operations	1,432,406	2,530,095	395,637	(810,780)	2,048,790	618,112
Finance cost paid	(764,241)	(1,090,306)	(1,509,395)	(1,423,001)	(988,292)	(1,479,667)
Taxes paid	(535,873)	(548,880)	(758,677)	(431,528)	(490,263)	(285,615)
Payments for accumulating compensated absences	(17,079)	(81,855)	(28,670)	(10,524)	(16,805)	(6,971)
Retirement benefits paid	(13,450)	(320,767)	(73,960)	(62,831)	(50,488)	(44,236)
Net cash generated from/(used in) operating activities	101,763	488,287	(1,975,065)	(2,738,664)	502,942	(1,198,377)
Cash flow from investing activities						
Fixed capital expenditure	(629,738)	(824,797)	(1,234,627)	(1,225,371)	(633,758)	(972,975)
Investment-net	(600,000)	(2,274,953)	4	3,035	50,968	(10,000)
Net decrease in long-term loans and deposits	14,448	11,499	13,768	17,556	11,148	15,525
Proceeds from disposal of property, plant and equipment	106,792	69,982	113,764	190,023	25,034	23,543
Proceeds from assets written off due to fire	–	102,003	233,463	384,563	–	–
Proceeds from disposal of investments	–	–	–	–	–	7,865,000
Dividends received	2,553,678	2,043,111	1,534,440	1,037,255	946,292	313,087
Net cash generated/(used in) from investing activities	1,445,180	(873,155)	660,812	407,061	399,684	7,234,180
Cash flow from financing activities						
Re-payment of long-term finances-secured	(600,000)	(1,100,000)	(5,485,714)	(14,286)	–	(7,354,400)
Proceeds from long-term finances	–	1,000,000	2,000,000	1,000,000	–	–
Liabilities against assets subject to finance lease-net	(3,599)	27,884	–			
Proceeds from issuance of preference shares/convertible stock-net	–	–	–	–	–	4,076,452
Dividend paid	(671,684)	(378,218)	(126,044)	(273,574)	(272,938)	–
Net cash (used in)/generated from financing activities	(1,275,283)	(450,334)	(3,611,758)	712,140	(272,938)	(3,277,948)
Net increase/(decrease) in cash and cash equivalents	271,660	(835,202)	(4,926,011)	(1,619,463)	629,688	2,757,855
Cash and cash equivalents at the beginning of the year	(1,281,764)	(5,546,562)	(620,551)	998,912	369,224	(2,388,631)
Cash and cash equivalents transferred to Joint Venture	–	5,100,000	–			
Cash and cash equivalents at the end of the year	(1,010,104)	(1,281,764)	(5,546,562)	(620,551)	998,912	369,224









CORPORATE SOCIAL RESPONSIBILITY

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

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

Environment

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

We have phased out Chlorofluorocarbons (CFCs) according to Montreal Protocol and have been consistently reducing the consumption of Hydrochlorofluorocarbons (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. Following the replacement of our factory's street lights with solar backed LED lights last year, we further invested in the installation of solar panels in year 2014. These solar panels are now partly providing power to our manufacturing facilities and administrative offices.

Our employees joined 192 countries around the globe in the Earth Day celebrations on April 22, 2014 by kicking off the 'DARE TO CARE' campaign with full vigor and zest. The campaign was aimed to promote sustainability by making small changes in the working habits to positively impact the environment. Through these activities, we demonstrate our commitment to the community to protect the environment.

change and deforestation.

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

The campaign aimed to encourage employees across Packages to make small changes to their working habits to positively impact the environment and to

HEALTH AND SAFETY

On a daily basis, we strive to safeguard the health and well-being of our employees, customers and the communities in which we operate.

Our main procedures in safety include a comprehensive risk assessment and controls, permit to work, log out tag out, near miss reporting, incident reporting, emergency response, and compliance evaluation procedures. All newly hired employees go through safety orientation programs and sign an affidavit of their awareness. We routinely conduct trainings, both internal and external, regarding occupational health and safety, dengue prevention, road safety, safe removal of waste, first aid and fire safety. In 2014, amongst other trainings, our employees also attended certification training by The National Examination Board in Occupational Health and Safety (NEBOHS), which certified our delegates in health, safety & environmental practice and management.

As part of our drive for continuous improvement in food safety to strengthen consumer confidence in our products, we became certified for Food Safety System Certification (FSSC). FSSC is part of the world's fastest growing Global Food Safety Initiative (GFSI) certification program accredited by The Consumer Goods Forum. We are also in the process of acquiring 'Halal Compliance' and 'Forest Stewardship Council' certifications.

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

SOCIETY

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

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

COMMUNITY WELFARE SCHEMES

In our 57 years as a corporate citizen, we have consistently and consciously tried to make a difference in the society by our corporate giving, assistance in community development and supporting groups aiming for a progressive social change and the up-lift of the community at large. During the year, we have offered our contributions and assistance to a number of hospitals and trusts and various non-profit organizations.

ROSE FESTIVAL

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

PROMOTING TRADITIONAL 'MELA' CULTURE

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

SPORTS ACTIVITIES

The Management believes in the maxim, "A healthy body has a healthy mind" and therefore promotion of sports always plays a vital role in our CSR initiatives. To carry out all these sports activities, we have in house sports complex. Some of these activities aim to promote sports at grass root level within the country are:

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

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

HUMAN CAPITAL

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

Trainings

Recognizing the importance of employees as valuable assets, the Company provides continuous training and development opportunities to its workforce. 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.

In continuation of our efforts for capacity building of our employees, we organized a Certificate Program in Business Management in collaboration with Lahore University of Management Sciences (LUMS) and a collaborative training program with Human Resources and Industry Development Association (HIDA) for training in production management and technical cooperation. The objective of these programs is to provide essential management knowledge, skills and tools that will enhance performance and prepare individuals for higher roles and responsibilities. It also focuses on developing competencies necessary to respond to changing business environment.

FAIR PRICE SHOP

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

SCHOLARSHIPS

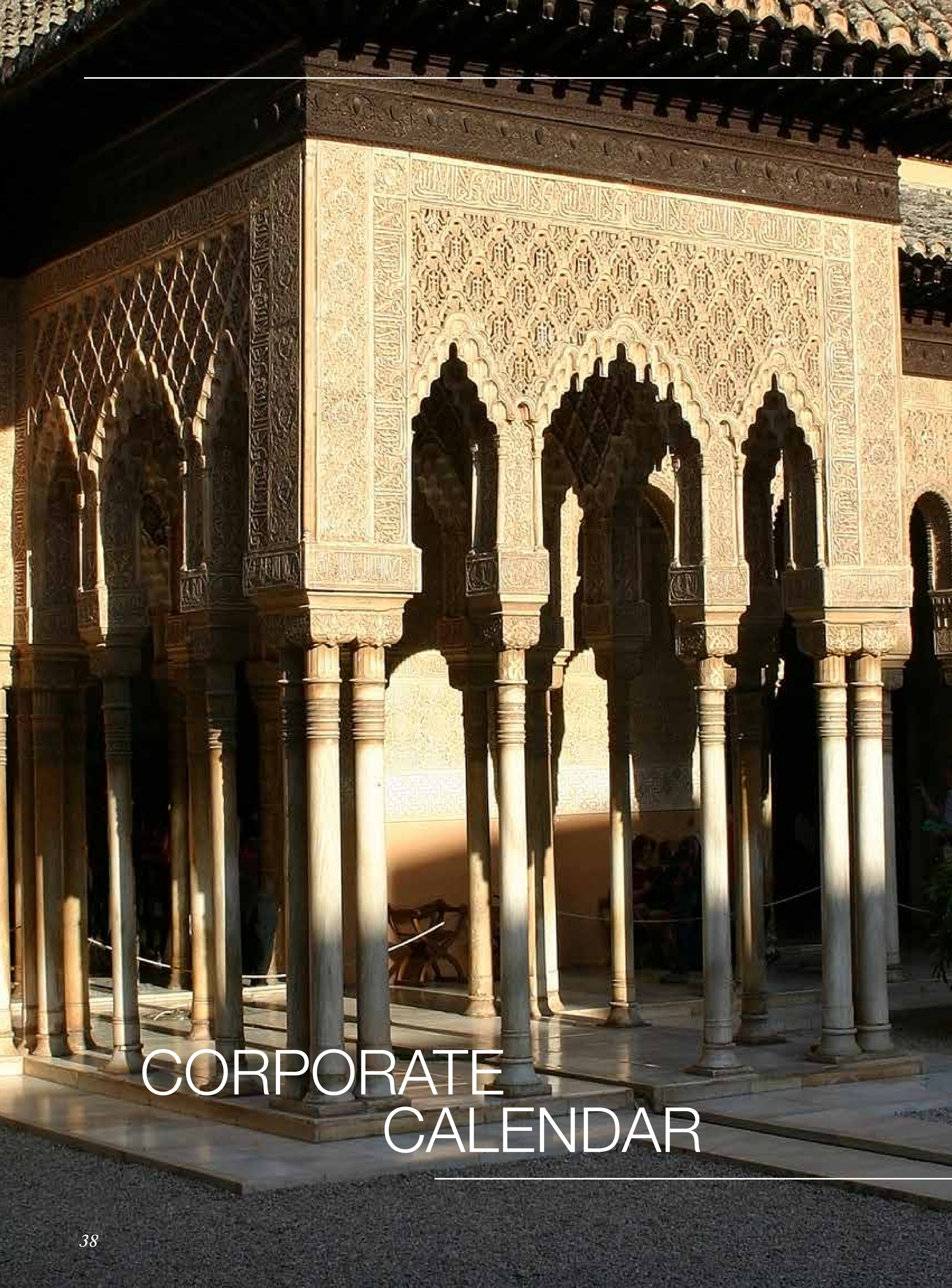
We offer merit scholarships to the children of our employees to appreciate their talent and promote healthy competition in the form of monitory reimbursements that vary with the level of education.

HAJJ FACILITY

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

LONG SERVICE AWARDS

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



CORPORATE CALENDAR

Major Events and Meetings	Date
Audit Committee & Board of Directors (BOD) meetings to consider annual accounts of the Company for the year ended December 31, 2013	February 19, 2014
Commencement of commercial operations on the new Offset Printing Line	March 25, 2014
Annual General Meeting of shareholders to consider annual accounts of the Company for the year ended December 31, 2013 and dividend announcement	April 03, 2014
Audit Committee & BOD meetings to consider quarterly accounts of the Company for the quarter ended March 31, 2014	April 24, 2014
Commencement of the Real Estate Project development through the Company's wholly owned subsidiary, Packages Construction (Private) Limited	May 03, 2014
Extraordinary General Meeting of the Company for the Election of Directors	May 20, 2014
Board of Directors meeting for appointment of Chairman, Managing Director and other Board Committees	May 20, 2014
Audit Committee & BOD meetings to consider half yearly accounts of the Company for the period ended June 30, 2014	August 21, 2014
Audit Committee & BOD meetings to consider quarterly accounts of the Company for the period ended September 30, 2014	October 16, 2014
Decision to evaluate acquisition of voting interest in the business of Flexible Packaging Convertors (Proprietary) Limited, a company incorporated under the laws of South Africa	October 31, 2014

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 60th Annual General Meeting of Packages Limited will be held on Thursday, April 16, 2015 at 10.30 a.m. at the Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi to transact the following businesses:

A. ORDINARY BUSINESS

1. To confirm the Minutes of the Extraordinary General Meeting of the Company held on May 20, 2014.

2. To receive and adopt the Audited Accounts of the Company for the year ended December 31, 2014 together with the Directors' and Auditors' Reports thereon.

3. To consider and approve the payment of cash dividend for the year ended December 31, 2014 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. 9.00 (90%) per ordinary share of Rs. 10.

4. To appoint Auditors for the year 2015 and to fix their remuneration.

B. SPECIAL BUSINESS

5. To consider, and if thought fit, authorize the Board of Directors to license and/or lease the Company's land measuring 76.15 Kanals and the access road and parking situated at Mouza Amer Sidhu, Lahore (the "Project Land") to Packages Construction (Private) Limited ("PCL").

By Order of the Board

Karachi
February 25, 2015

Adi J. Cawasji
Company Secretary

NOTES:

I. CLOSURE OF SHARE TRANSFER BOOKS:

The Share Transfer Books of the Company will remain closed from April 9, 2015 to April 16, 2015 (both days inclusive). Transfers received in order at the office of the Company's Registrars, Messrs FAMCO Associates (Pvt.) Limited, 8-F, Next to Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi-75400 by close of business on April 8, 2015 will be treated in time for payment of the final dividend to the transferees.

II. PARTICIPATION IN THE ANNUAL GENERAL MEETING:

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

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

III. NOTICE TO SHAREHOLDERS WHO HAVE NOT PROVIDED THEIR CNICS:

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

IV. INFORMATION FOR THE SHAREHOLDERS IN TERMS OF CIRCULAR NO.19/2014 DATED OCTOBER 24, 2014 OF THE SECURITY & EXCHANGE COMMISSION OF PAKISTAN (SECP):

1. The Government of Pakistan through Finance Act, 2014 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies.

   These tax rates are as under:

(a)	For filers of Income Tax returns:	10%
(b)	For non-filers of Income Tax returns:	15%

   To enable the Company to make tax deduction on the amount of cash dividend @10% instead of @15%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend i.e. May 5, 2015 otherwise tax on their cash dividend will be deducted @15% instead @10%.

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

   Contact persons:

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

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

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

V. PAYMENT OF DIVIDEND ELECTRONICALLY (E-MANDATE):

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

VI. AUDITED FINANCIAL STATEMENTS THROUGH E-MAIL:

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

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

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

VII. CHANGE OF ADDRESS AND NON-DEDUCTION OF ZAKAT DECLARATION FORM:

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

VIII. GUIDELINES FOR CDC ACCOUNT HOLDERS:

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

IX. FORM OF PROXY:

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

STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984 REGARDING THE SPECIAL BUSINESS

This statement is being furnished in terms of the requirement under Section 160(1)(b) of the Companies Ordinance, 1984, read with SECP's S.R.O 1227(1)/2005 dated December 12, 2005 and sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting of Packages Limited (the "Company") to be held on April 23, 2015.

Item No.5 of Agenda: License/Lease of Company's land measuring 76.15 kanals and the access road and parking situated at Mouza Amer Sidhu, Lahore (the "Project Land") to Packages Construction (Private) Limited ("PCL").

The Board of Directors had earlier approved establishment of a real estate development project under the name and style "Packages Mall" (the "Mall") pursuant to Board Resolutions dated May 3, 2014 and August 21, 2014 and had decided that the Mall would be constructed, owned and operated by PCL, a wholly-owned subsidiary, on the Project Land.

In the Board meeting of the Company held on February 25, 2015, the Directors resolved to license and/or lease the Project Land to PCL, subject to all necessary corporate and regulatory approvals. Approval of the shareholders is being sought under Section 196 (3) (a) of the Companies Ordinance.

Particulars of the Project Land are as follows:

Description	:	Land measuring 76.15 kanals, and the access road and parking situated at Mouza Amer Sidhu, Lahore
Cost as at December 31, 2014	:	Rs. 3.488 million
Book value as at December 31, 2014	:	Rs. 3.488 million
Current market/fair price value as at December 31, 2014	:	Rs.1,142 million

Proposed rent/fee: 2% of license/rental income excluding taxes per annum commencing from the date of commercial operations of the Mall.

The aforementioned transaction would allow the Company to continue to focus on its main business activities while at the same time diversifying its business exposure through its subsidiary. Development of the Mall in a separate company would also allow the Company to obtain equity support from strategic investors which would be limited to the Mall and not involve the other business ventures of the Company. The Company is expected to benefit from the revenue generated from the rent/fee for the Project Land as well as dividend income from its shareholding in PCL.

For the purposes of the above, it is proposed to consider and if thought fit, pass the following Ordinary Resolution, with or without modification:-

RESOLVED that the Board of Directors are hereby authorized under Section 196 (3)(a) of the Companies Ordinance, 1984 to license and/or lease the Company's land measuring 76.15 kanals and the access road and parking situated at Mouza Amer Sidhu, Lahore (the "Project Land") to Packages Construction (Private) Limited ("PCL"), on the following terms:

1. PCL shall have the right to develop, construct and own the Mall on the Project Land, and to further sub-license and/or sub-lease the shops, retail outlets and other commercial spaces in the Mall to the proposed tenants/licensees.

2. In case the Project Land is initially licensed to PCL, PCL will have a right to convert the license to a lease. The license/lease shall be for an initial term of 30 (Thirty) years renewable for at least two further terms of 30 (Thirty) years each. These can be further extended.

3. The Mall shall be transferred to the Company on the final expiry of the license and/or lease of the Project Land if not renewed at a value determined by an independent valuator.

4. PCL shall pay a rent/fee of 2% as a percentage of its license/rental income excluding taxes per annum commencing from the date of commercial operations of the Mall.

DIRECTORS' REPORT

TO THE SHAREHOLDERS

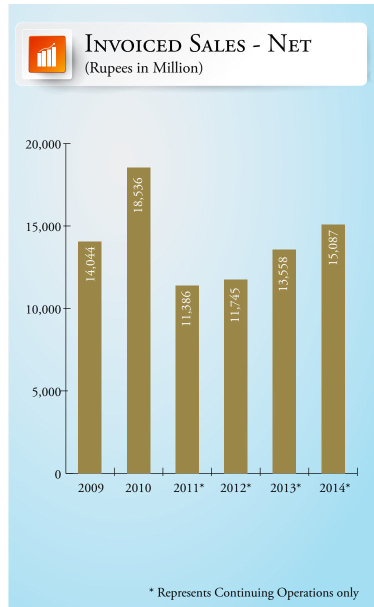
بسم الله الرحمن الرحيم

The Directors of the Company have the pleasure in submitting their Annual Report along with the Audited Financial Statements of the Company for the year ended December 31, 2014.

Financial Performance

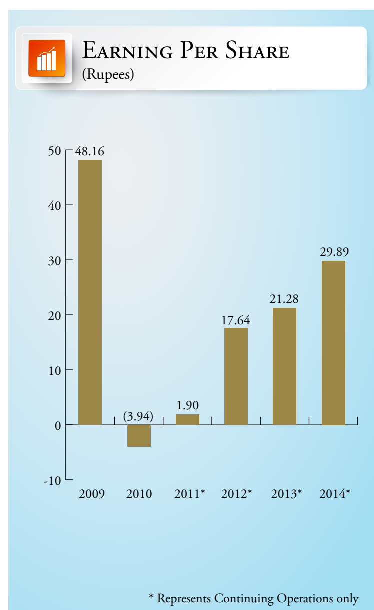
Your Company has performed well during the current year. As you were informed last year, subsequent to the consummation of the joint venture with Stora Enso OYJ Group of Finland in 2013, your Company's operations were divided into Continuing and Discontinued Operations for financial reporting purposes. Paper & Paperboard and Corrugated businesses were recognized as Discontinued Operations with respect to Packages Limited.

The results of Continuing Operations include Folding Cartons, Flexible Packaging and Consumer Products Divisions



FINANCIAL PERFORMANCE

(Rupees in million)	2014	2013
Continuing Operations		
Sales	15,087	14,888
Less: Imported raw materials transferred at cost to Discontinued Operations	-	(1,330)
Net Sales	15,087	13,558
EBITDA - Operations	1,384	1,268
Depreciation & amortization	(537)	(446)
EBIT - Operations	847	822
Finance costs	(752)	(845)
Other operating income & expenses-net	100	175
Investment income	2,554	2,043
Earnings before tax	2,749	2,195
Taxation	(213)	(399)
Earnings after tax-Continuing Operations	2,536	1,796
Basic earnings per share – Rupees	29.89	21.28
Discontinued Operations		
Loss after tax	-	(249)
Basic loss per share – Rupees	-	(2.95)



Continuing operations have achieved net sales of Rs. 15,087 million in 2014 against net sales of Rs. 13,558 million of last year representing sales growth of 11%.

The operations generated Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) of Rs. 1,384 million during 2014 against Rs. 1,268 million of 2013 resulting in an increase of Rs. 116 million. The improvement in earnings is mainly due to revenue growth, prudent management of raw material costs, cost rationalization in operations and production efficiencies.

The Company actively focused on strengthening its working capital cycle during 2014 and took initiatives to rationalize inventory levels and trade debts. The working capital as a percentage to sales improved to 16% as at December 31, 2014 compared to 18% as at December 31, 2013. Continued improvements in working capital efficiency supported positive cash flow generation from operations.

The Company has also installed solar panels for its administrative offices and plan to further extend this initiative to production operations.

PACKAGING DIVISION

Packaging Operations have achieved net sales of Rs. 12,272 million during 2014 as compared to Rs. 10,720 million of 2013 representing sales growth of 15%. EBITDA also improved by Rs. 114 million i.e. 10% during 2014 over 2013 values. The Company is continuing with its focus on revenue growth, better product mix, production efficiencies and higher capacity utilization to improve operating results of this business segment.

In 2014, the Company made an investment of Rs. 222 million in a new Offset Printing Line in continuation of its efforts to remain abreast of improved technological developments in the Packaging business. The new Offset Printing Line commenced its commercial operations during the first quarter of 2014 and has added additional capacity to meet growing customer demand in the folding cartons business.

CONSUMER PRODUCTS DIVISION

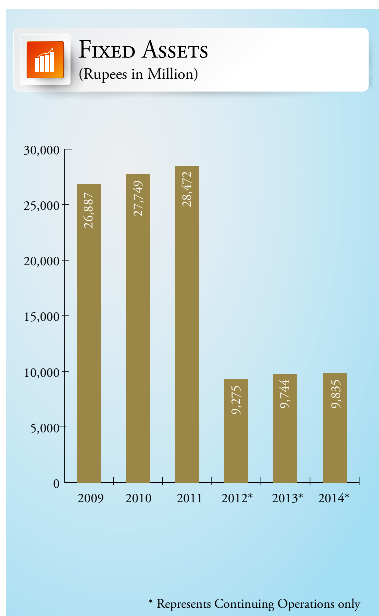
Consumer Products Division registered sales of Rs. 2,709 million during the year 2014 as compared to Rs. 2,545 million of 2013 representing sales growth of 6%. In order to improve working capital efficiency and rationalize inventory levels in the value chain, the Division changed its credit policy with respect to sales to distributors with effect from July 2014. Now all sales to distributors are being done against cash. This led to stock and sales pattern readjustments in 2014 but is expected to streamline working capital cycle of the Division in 2015.

The Division's EBITDA declined by Rs 52 million in 2014 compared to 2013 values as positive sales volume development was not enough to compensate for the continued high costs related to manufacturing. Increasing shortages in power and gas supply was the single most important factor that pushed up the input costs and eroded the Division's profitability in 2014. To mitigate the impact of high energy costs, the Division is aggressively focusing on efficient cost controls, margin management and distribution efforts to further enhance its position in the market.

PRODUCTION STATISTICS

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

	2014	2013
Consumer products produced - tons	10,116	9,367
Carton board & Consumer products converted - tons	32,511	30,154
Plastics all sorts converted - tons	17,553	16,041



INVESTMENT INCOME

Investment income has increased by Rs. 511 million during 2014 over 2013 that is indicative of improved operational performance of the investee companies.

FINANCE COSTS

The finance cost has decreased by Rs. 94 million during 2014 over 2013 mainly due to reduced debt levels owing to better working capital management and exercise of the conversion option by International Finance Corporation ('IFC') as explained below.

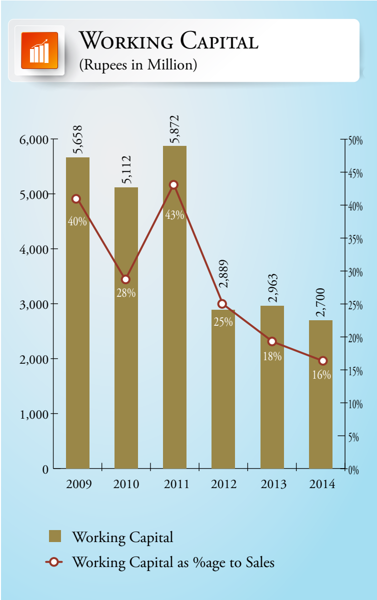
CONVERSION OF PREFERENCE SHARES

During the second half of 2014, in accordance with its "Subscription Agreement" dated March 25, 2009, IFC requested for the conversion of 3,000,000 preference shares into ordinary shares on the basis of one ordinary share for one preference share. Accordingly, the Company converted 2,000,000 preference shares into ordinary shares during 2014 and 1,000,000 preference shares into ordinary shares subsequent to the year ended December 31, 2014. This has decreased finance cost of the Company by Rs. 57 million for the year 2014 as no return on preference shares/convertible stock is payable on the converted shares in accordance with the terms of the Subscription Agreement.

FINANCIAL MANAGEMENT

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

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

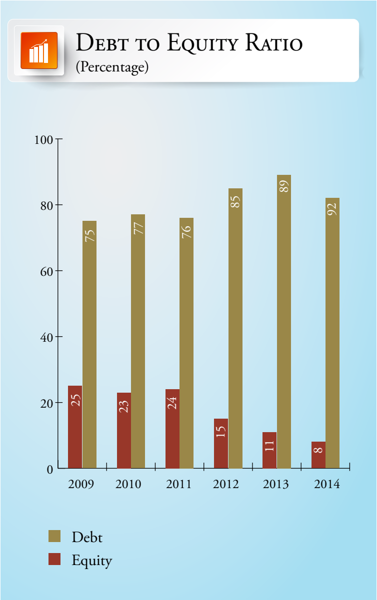


Working capital requirements are planned to be financed through efficient management of trade receivables, payables and inventory levels. Business unit managers are assigned working capital targets which are monitored on regular basis.

Capital expenditure is managed carefully through a rigorous evaluation of profitability and risks and regular project review for delivery on time and at budgeted cost. Large capital expenditure is further backed by long term contracts so as to minimize cash flow risk to the business. Capital expenditure during 2014 was at Rs. 630 million.

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

The Board is satisfied that there are no short or long term financial constraints including access to credit and a strong balance sheet as at December 2014 that has net debt : equity ratio at 8:92.



RISK MITIGATION

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

CREDIT RISK

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

LIQUIDITY RISK

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

INTEREST RATE RISK

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

FOREIGN EXCHANGE RISK

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

CAPITAL MANAGEMENT

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

CONTRIBUTION TO NATIONAL EXCHEQUER

Your Company is a noteworthy contributor to the national economy and has contributed Rs. 1,159.5 million during the year 2014 to the national exchequer on account of Sales Tax, Income Tax, Import Duties and Statutory Levies.

ENVIRONMENT HEALTH & SAFETY (EHS)

Your Company is striving to meet the best environmental, health and safety standards by developing best operational practices. The prime areas of focus in 2014 continued to be food safety, fire safety and training & development. We are also focusing on behavior based safety and risk control which enables minimizing the risks of injuries and accidents.

	2014	2013
Number of injuries	25	56

Type of injury	**No. of injuries 2014**
Medical treatment case	6
First Aid case	11
Lost work injury	8
Total	25

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

1. Disaster Management and Emergency Response
2. Halal Food Science and Audit Methodology
3. Permit to Work
4. Firefighting and First Aid
5. Electrical Hazards and Controls
6. Total Productivity Management
7. FSC Chain of Custody Principles and Standards
8. Working at Height
9. Handling of Compressed Gas Cylinders

CORPORATE SOCIAL RESPONSIBILITY

The Company believes that Corporate Social Responsibility ('CSR') is not only about good management of the business but also developing excellent and responsive long term relationships with all its stakeholders, whether customers, employees, suppliers or the community at large in which it operates.

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

In 2014, the Company donated to the Shalamar Institute of Health Sciences ('SIHS') in Lahore for revamping their Physiotherapy Department. The contribution to SIHS is in line with the Company's CSR agenda and will serve to help relieve impairments, promote mobility, function and quality of life of the people.

In 2014, the Company also contributed to the Punjab Chief Minister's Relief Fund for Internally Displaced Persons (IDPs) to partake in lessening the plight of the people displaced due to the security challenges faced by the Country.

RETIREMENT FUNDS

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

The value of investments of provident, gratuity and pension funds based on their audited accounts as at December 31, 2014 were the following:

Provident Fund	**Rs. 2,299.868 million**
Gratuity Fund	**Rs. 341.732 million**
Pension Fund	**Rs. 1,729.190 million**

APPROPRIATION

In view of the positive financial results of the Company during the year 2014, the Board of Directors of the Company has recommended cash dividend of 90 percent (i.e. Rs. 9 per share). Accordingly, the following appropriations have been made:

(Rupees in thousand)	
Total Comprehensive Income for the year 2014 after appropriation of preference dividend/return of Rs. 355.050 million	2,590,139
Un-appropriated profit brought forward	210,680
Available for appropriation	2,800,819
Transfer to General reserve	1,500,000
Cash dividend	786,416
To be carried forward to 2015	514,403

AUDITORS

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

As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as Auditors of the Company for the year ending December 31, 2015 at a fee to be mutually agreed.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

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

MATERIAL CHANGES

There have been no material changes since December 31, 2014 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, 2014.

CHANGES IN THE COMPOSITION OF BOARD AND ITS AUDIT COMMITTEE

During the year 2014, fresh election of the Directors of the Company was conducted on May 20, 2014 and the entire Board has been re-elected for the next term of three years effective May 26, 2014.

Mr. Towfiq Habib Chinoy has been re-appointed as the Chairman of the Board of Directors and Syed Hyder Ali reassigned to the office of Chief Executive Officer of the Company for the next term of three years effective May 26, 2014 in accordance with Company's policies and rules of service. Mr. Veli Jussi Olavi Potka has been elected as a nominee of Stora Enso in place of Mr. Mats Nordlander.

The Board wishes to place on record its appreciation of the services rendered by its members during their last term and expect them to continue providing valuable guidance and making positive contribution in the future.

During the year 2014, two casual vacancies arose on the Board of Directors of the Company which were duly filled by the Board as follows:

1. Mr. Alamuddin Bullo, nominee of State Life Insurance Corporation of Pakistan, resigned from the Board of Directors of the Company on April 21, 2014 and Mr. Josef Meinrad Mueller was appointed on the Board of Directors of the Company in his place.

2. Mr. Khalid Yacob, resigned from the Board of Directors of the Company on October 16, 2014 and Mr. Rizwan Ghani was appointed on the Board of Directors of the Company in his place.

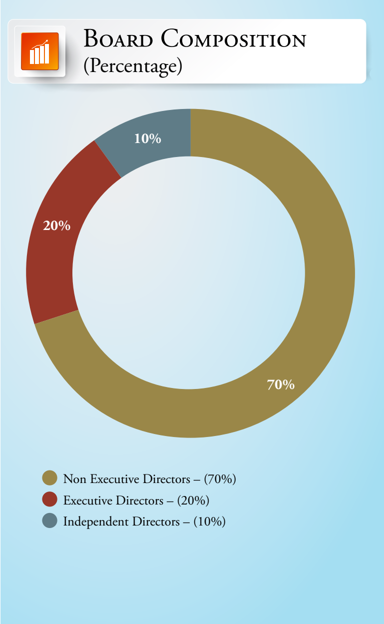
The Board wishes to place on record its appreciation of the valuable services rendered by outgoing Directors during the tenure of their office and welcomes the new Directors who will hold office for the remainder of the term of outgoing members.

MEETINGS OF BOARD OF DIRECTORS

During the year 2014, seven (7) Board meetings were held and the number of meetings attended by each Director is given hereunder:-

Name of Director	No. of meetings attended
Mr. Towfiq Habib Chinoy – Chairman	5
Syed Hyder Ali - Chief Executive	7
Mr. Alamuddin Bullo (Resigned on April 21, 2014)	Nil
Mr. Josef Meinrad Mueller (Appointed on April 21, 2014)	1
Mr. Khalid Yacob (Resigned on October 16, 2014)	5
Mr. Rizwan Ghani (Appointed on October 16, 2014)	2
Mr. Mats Nordlander (Retired with effect from May 26, 2014)	1
Mr. Veli Jussi Olavi Potka (Elected on May 26, 2014)	3
Mr. Muhammad Aurangzeb	4
Mr. Shamim Ahmad Khan	7
Syed Aslam Mehdi	7
Syed Shahid Ali	3
Mr. Tariq Iqbal Khan	6

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



AUDIT COMMITTEE

An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance, which comprises of six Non-executive directors.

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

Name of Member	No. of meetings attended
Mr. Tariq Iqbal Khan (Chairman) (Appointed with effect from May 26, 2014)	2
Mr. Mats Nordlander (Retired with effect from May 26, 2014)	Nil
Mr. Mohammad Aurangzeb	3
Mr. Shamim Ahmad Khan	4
Syed Aslam Mehdi	4
Syed Shahid Ali	3

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

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

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

The Directors, CEO, COO, CFO, Company Secretary, Head of Internal Audit, other executive employees and their spouses or minor children did not carry out any trade in the shares of the Company during the year. For the purpose of this regulation, executives are considered as those employees having annual basic salary of more than Rs. 500,000 being the threshold for the year 2014 set by the Board.

PATTERN OF SHAREHOLDING

A statement of the pattern of shareholding of different classes of shareholders as at December 31, 2014 is included in the annexed shareholders' information.

FUTURE OUTLOOK

The management believes that economic activity will show improvement. The shift from unpacked to packed products is likely to gain accelerated momentum with growing middle class, urbanization and a changing life style. Looking ahead, the Packaging Division will continue to focus on its service levels to secure the Company's position with customers and realize cost efficiencies on the back of price rationalization and product mix realignment.

The Tissue market is expected to grow, however, uncertain economic environment, inflation and energy crisis will continue to pose profitability challenges. While the short term conditions pose a challenge to the economy, the medium to longer term trends based on rising incomes, aspirations for quality of life, and consumption levels are positive creating an opportunity for the FMCG sector and for the Company. The management will continue to focus on Tissue Division's targeted growth initiatives, innovation, brand building and cost saving programs.

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 wholly owned subsidiary, Packages Construction (Private) Limited.

Following are the key features of the Project:

- Ground plus two floor building with climate control enclosed environment, security and ample parking;
- The design and layout of the mall is based on inputs from international retail consultants;
- Space shall be leased out and managed by a professional property management team; and
- A structured tenancy mix aimed to appeal to a wide cross section of the market including major anchor tenants, cinemas, food courts, international brand specialty shops, local brands and retailers.

Continuing with the implementation of its strategy of improving geographical footprint, the Company in 2014, decided to evaluate acquisition of the operations of a flexible packaging company, Flexible Packaging Convertors (Proprietary) Limited ('FPC'), located in the Republic of South Africa. This investment is subject to applicable regulatory approvals in the relevant jurisdictions.

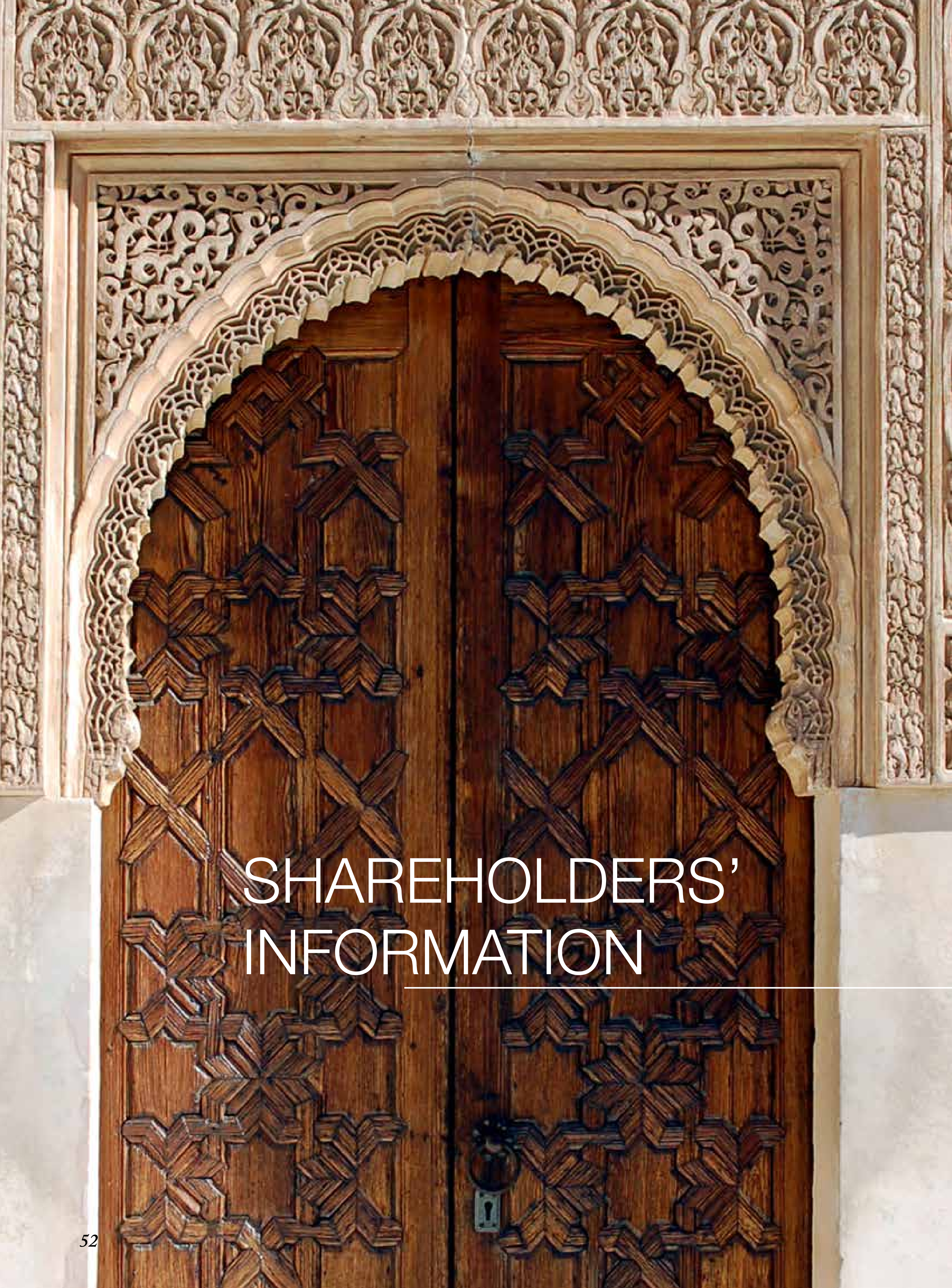
COMPANY'S STAFF AND CUSTOMERS

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

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

(Towfiq Habib Chinoy)
Chairman
Karachi, February 25, 2015

(Syed Hyder Ali)
Chief Executive & Managing Director
Karachi, February 25, 2015



SHAREHOLDERS' INFORMATION

REGISTERED OFFICE

4th Floor, The Forum
Suite # 416-422, G-20, Block 9
Khayaban-e-Jami, Clifton
Karachi-75600
PABX :(021) 35831618
:(021) 35831664
:(021) 35833011
:(021) 35874047 - 49
Fax :(021) 35860251

SHARES REGISTRAR

FAMCO Associates (Pvt.) Limited
8-F, Next to Hotel Faran
Nursery, Block 6, P.E.C.H.S.
Shahrah-e-Faisal
Karachi-75400
PABX :(021) 34380101-2
Fax :(021) 34380106

LISTING ON STOCK EXCHANGES

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

LISTING FEES

The annual listing fee for the financial year 2014-15 has been paid to all the three stock exchanges within the prescribed time limit.

STOCK CODE

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

SHARES REGISTRAR

Packages' shares department is operated by FAMCO Associates (Pvt.) Limited and serves over 3,500 shareholders. It is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function.

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

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

CONTACT PERSONS

Mr. S.M. Munawar Moosvi
PABX : (021) 35831618
: (021) 35831664
: (021) 35833011
Fax : (021) 35860251

Mr. Ovais Khan
PABX : (021) 34380101-2
Fax : (021) 34380106

SERVICE STANDARDS

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

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

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

STATUTORY COMPLIANCE

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

DEMATERIALISATION OF SHARES

The equity shares of the company are under the dematerialization category. As of date 72.27% 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, 2014 payment of cash dividend as follows:-

a) to the preference share/convertible stock holder (International Finance Corporation) at the rate of Rs. 19.00 (10%) per preference share/ convertible stock of Rs. 190.00 in terms of the Subscription Agreement between Packages Limited and International Finance Corporation (2013: 10% or Rs. 19.00 per preference share/ convertible stock of Rs. 190.00).

b) to the ordinary shareholders at the rate of 90% (Rs. 9.00 per ordinary share of Rs. 10.00) subject to approval by the ordinary shareholders of the company at the Annual General Meeting (2013: cash dividend at the rate of 80% or Rs.8.00 per ordinary share).

BOOK CLOSURE DATES

The Register of Members and Share Transfer Books of the company will remain closed from April 9, 2015 to April 16, 2015 both days inclusive.

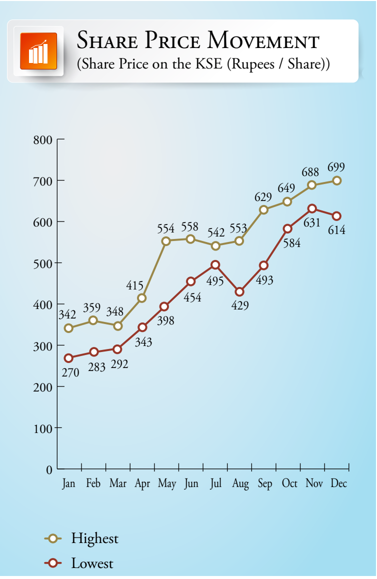
DIVIDEND REMITTANCE

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

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

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

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



WITHHOLDING OF TAX & ZAKAT ON ORDINARY DIVIDEND

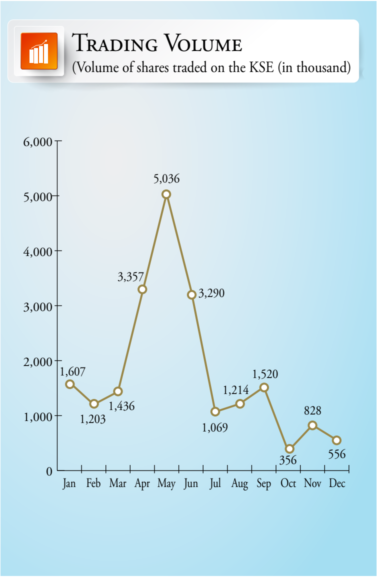
As per the provisions of the Income Tax Ordinance, 2001, Income Tax is deductible at source by the company at following rates (wherever applicable):

a) For filers of Income Tax returns: 10%
b) For non-filers of Income Tax returns 15%

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

DIVIDEND WARRANTS

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



INVESTORS' GRIEVANCES

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

LEGAL PROCEEDINGS

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

GENERAL MEETINGS & VOTING RIGHTS

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

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

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

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

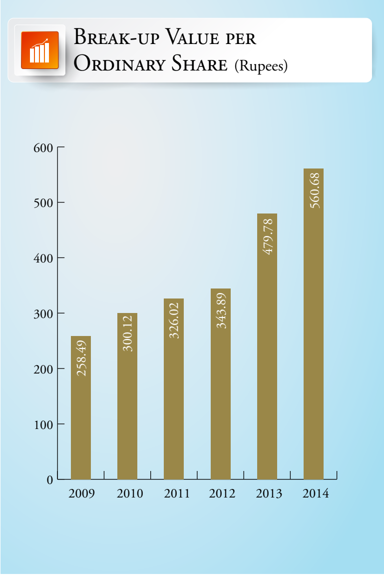
PROXIES

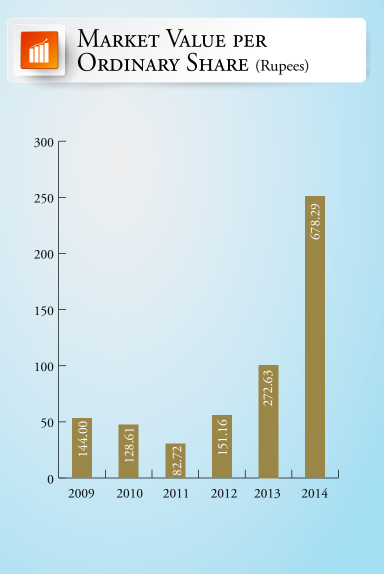
Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the company who is entitled to attend and vote at a general meeting of the company can appoint another person as his/her proxy to attend and vote instead of him/her. Every notice calling a general meeting of the company contains a statement that a shareholder entitled to attend and vote is entitled to appoint a proxy. A proxy may not be a member of the company.

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

WEB PRESENCE

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





PATTERN OF SHAREHOLDING

The shareholding pattern of the equity share capital of the company as at December 31, 2014 is as follows:

Shareholding From	Shareholding To	Numbers of Shareholders	Total shares held
1	100	1,842	32,003
101	500	608	164,173
501	1,000	261	202,272
1,001	5,000	453	1,058,149
5,001	10,000	106	763,236
10,001	15,000	48	598,385
15,001	20,000	20	354,279
20,001	25,000	23	517,903
25,001	30,000	17	475,178
30,001	35,000	9	292,927
35,001	40,000	13	490,145
40,001	45,000	13	552,421
45,001	50,000	9	432,309
50,001	55,000	3	156,175
55,001	60,000	4	226,264
60,001	65,000	2	124,167
65,001	70,000	2	131,332
70,001	75,000	2	142,888
75,001	80,000	1	76,413
80,001	85,000	2	161,988
90,001	95,000	3	275,176
95,001	100,000	3	295,016
105,001	110,000	1	109,391
110,001	115,000	3	340,359
125,001	130,000	1	126,183
130,001	135,000	1	133,636
135,001	140,000	1	136,999
150,001	155,000	2	302,950
155,001	160,000	2	318,098
160,001	165,000	1	161,746
180,001	185,000	1	184,000
195,001	200,000	2	395,584
205,001	210,000	1	206,609
210,001	215,000	1	211,480
220,001	225,000	1	221,210
260,001	265,000	1	261,923
265,001	270,000	1	265,960
275,001	280,000	1	276,734
285,001	290,000	3	866,441
290,001	295,000	1	290,473
295,001	300,000	1	300,000
300,001	305,000	1	304,718
305,001	310,000	1	307,820
325,001	330,000	1	328,500
370,001	375,000	1	375,000
395,001	400,000	1	400,000
400,001	405,000	1	403,055
440,001	445,000	2	880,856
505,001	510,000	1	509,200
520,001	525,000	1	523,879
530,001	535,000	1	533,853
550,001	555,000	1	554,078
630,001	635,000	1	635,000
635,001	640,000	1	635,829
650,001	655,000	1	651,900
820,001	825,000	1	821,714
860,001	865,000	1	864,887
905,001	910,000	1	907,753
955,001	960,000	1	958,585
990,001	995,000	1	990,641
1,115,001	1,120,000	1	1,116,263
1,195,001	1,200,000	1	1,198,668
1,655,001	1,660,000	1	1,659,979
1,790,001	1,795,000	1	1,791,159
2,285,001	2,290,000	1	2,287,175
3,095,001	3,100,000	1	3,097,030
3,160,001	3,165,000	1	3,160,607
3,255,001	3,260,000	1	3,256,676
3,405,001	3,410,000	1	3,408,053
3,915,001	3,920,000	1	3,917,505
4,335,001	4,340,000	1	4,339,378
5,395,001	5,400,000	1	5,396,650
6,395,001	6,400,000	1	6,397,417
21,130,001	21,135,000	1	21,133,101
Total :		**3,504**	**86,379,504**

INFORMATION AS REQUIRED UNDER THE CODE OF CORPORATE GOVERNANCE

Shareholders' category		Number of shareholders	Number of shares held
i.	Associated Companies, Undertakings and Related Parties (name wise details)		
	Gurmani Foundation	1	1,198,668
	IGI Insurance Limited	1	21,133,101
	Babar Ali Foundation	1	3,097,030
	Packages Limited Employees Gratuity Fund	2	104,494
	Packages Limited Employees Provident Fund	2	2,067,893
	Packages Limited Management Staff Pension Fund	2	660,036
	Total :	9	28,261,222
ii.	Mutual Funds (name wise details)		
	CDC - Trustee AKD Index Tracker Fund	1	6,617
	CDC - Trustee Al Meezan Mutual Fund	1	554,078
	CDC - Trustee Al-Ameen Shariah Stock Fund	1	651,900
	CDC - Trustee Alfalah GHP Alpha Fund	1	28,500
	CDC - Trustee Alfalah GHP Islamic Fund	1	10,600
	CDC - Trustee First Capital Mutual Fund	1	5,000
	CDC - Trustee IGI Stock Fund	1	45,000
	CDC - Trustee KSE Meezan Index Fund	1	56,550
	CDC - Trustee Meezan Balanced Fund	1	290,473
	CDC - Trustee Meezan Islamic Fund	1	3,408,053
	CDC - Trustee Meezan Tahaffuz Pension Fund - Equity Sub Fund	1	289,151
	CDC - Trustee National Investment (Unit) Trust	1	4,339,378
	CDC - Trustee NIT-Equity Market Opportunity Fund	1	21,482
	CDC - Trustee Pak Strategic Allocation Fund	1	1,350
	CDC - Trustee Pakistan Capital Market Fund	1	150
	CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	1	44,000
	CDC - Trustee UBL Stock Advantage Fund	1	440,050
	CDC- Trustee Al-Ameen Islamic Retirement Savings Fund-Equity Sub Fund	1	33,800
	CDC- Trustee HBL Islamic Stock Fund	1	72,250
	MCBFSL - Trustee ABL Islamic Stock Fund	1	31,450
	Total :	20	10,329,832

Shareholders' category		Number of shareholders	Number of shares held
iii.	Directors and their spouse(s) and minor children (name wise details)		
	Muhammad Aurangzeb	1	500
	Shamim Ahmad Khan	1	603
	Syed Aslam Mehdi	1	9,781
	Syed Hyder Ali	1	2,287,175
	Syed Shahid Ali	1	290,000
	Towfiq Habib Chinoy	1	20,071
	Total :	6	2,608,130

	Shareholders' category	Number of shareholders	Number of shares held
iv.	Executives	13	5,055,593
v.	Public Sector Companies and Corporations	3	4,739,419
vi.	Banks, Development Finance Institutions, Non-Banking Finance		
	Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	30	3,576,114
vii.	Shareholders Holding five percent or more Voting Rights in the Company (name wise details)		
	CDC – Trustee National Investment (UNIT) Trust	1	4,339,378
	IGI Insurance Limited	1	21,133,101
	Stora Enso AB, Sweden	1	5,396,650
	THS Kingsway Fund-Frontier Consumer	1	6,397,417
	Total :	4	37,266,546

	Shareholders' category	Number of shareholders	Number of shares held	Percentage
1	Directors, Chief Executive Officer, and their spouses			
	and minor children	6	2,608,130	3.02
2	Associated Companies, undertakings and related parties	9	28,261,222	32.72
3	Banks Development Financial Institutions,			
	Non Banking Financial Institutions	14	1,703,147	1.97
4	Insurance Companies	11	6,173,798	7.15
5	Modarabas and Mutual Funds	22	10,332,091	11.96
6	Shareholder holding 10%	1	21,133,101	24.47
7	General Public:			
	a. Local	3,320	18,323,091	21.21
	b. Foreign	6	7,008,339	8.11
8	Others	116	11,969,686	13.86
	Total (excluding shareholder holding 10%)	3,504	86,379,504	100.00

STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 35 of Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Independent Director	Mr. Muhammad Aurangzeb
Executive Directors	Syed Hyder Ali Mr. Rizwan Ghani
Non-Executive Directors	Mr. Towfiq Habib Chinoy Mr. Josef Meinrad Mueller Syed Aslam Mehdi Mr. Shamim Ahmad Khan Syed Shahid Ali Mr. Tariq Iqbal Khan Mr. Veli-Jussi Olavi Potka

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

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

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

4. Casual vacancies that occurred on the Board on April 21, 2014 and October 16, 2014 were filled up by the Directors on the same day.

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

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

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

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

9. The Company arranged one orientation course for its Directors during the year to apprise them of their duties and responsibilities. As per clause (xi) of the Code, six directors meet the certification requirements while the remaining four directors need to obtain certification under the directors training program by June 2016 to meet the criteria specified by the Securities and Exchange Commission of Pakistan. Due to preoccupation, none of the aforesaid four directors have attended the directors training program as required under the Code in 2014, however, two of the said directors have been earmarked to obtain certification under the directors training program during the next six months.

10. The Board had approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment as determined by the CEO. New appointments of CFO and Head of Internal Audit were made during the year.

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

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

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

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

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

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

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

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

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

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

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

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

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

(Towfiq Habib Chinoy)
Chairman
Karachi, February 25, 2015

Review Report to the Members

on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Packages Limited ('the Company') for the year ended December 31, 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi, Lahore and Islamabad Stock Exchanges, where the Company is listed.

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

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

Regulations 35(x) of the Listing Regulations requires the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee.

We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended December 31, 2014.

We draw attention to note 9 of the statement of compliance, which states that during the year no director has obtained certification under any director's training program as required under clause XI of the Code of Corporate Governance. Our report is not qualified in respect of this matter.

A.F. Ferguson & Co.
Chartered Accountants
Lahore, February 25, 2015

Name of engagement partner:
Asad Aleem Mirza

Auditors' Report to the Members

We have audited the annexed balance sheet of Packages Limited as at December 31, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion

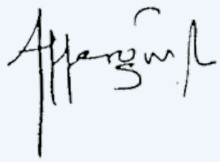
  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes resulted on initial application of standards, amendments, or an interpretation to the existing standards as stated in note 2.2.1 to the annexed financial statements, with which we concur;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at December 31, 2014 and of the profit, total comprehensive income, changes in equity and its cash flows for the year then ended; and

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



A.F. Ferguson & Co.
Chartered Accountants
Lahore, February 25, 2015

Name of engagement partner:
Asad Aleem Mirza

Financial Statements
For the year ended December 31, 2014

Balance Sheet
as at December 31, 2014

(Rupees in thousand)	Note	2014	2013
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2013: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (2013: 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 86,379,504 (2013: 84,379,504) ordinary shares of Rs. 10 each	5	863,795	843,795
Reserves	6	44,766,414	38,054,142
Preference shares / convertible stock reserve	7	1,571,699	1,605,875
Accumulated profit		2,800,819	1,585,716
		50,002,727	42,089,528
NON-CURRENT LIABILITIES			
Long-term finances	7	4,228,815	5,170,577
Liabilities against assets subject to finance lease	8	25,685	24,182
Deferred taxation	9	292,841	513,563
Retirement benefits	10	–	578
Deferred liabilities	11	174,581	139,576
		4,721,922	5,848,476
CURRENT LIABILITIES			
Current portion of long-term liabilities	12	204,696	203,702
Finances under mark up arrangements - secured	13	1,262,596	1,517,638
Derivative financial instruments	14	–	27,272
Trade and other payables	15	3,144,680	3,052,362
Accrued finance costs	16	517,634	530,324
		5,129,606	5,331,298
CONTINGENCIES AND COMMITMENTS	17	–	–
		59,854,255	53,269,302

(Rupees in thousand)	Note	2014	2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	18	3,685,677	3,665,286
Investment property	19	137,787	90,838
Intangible assets	20	37,652	32,185
Investments	21	47,304,365	41,048,030
Long-term loans and deposits	22	52,558	67,006
Retirement benefits	10	87,881	6,540
		51,305,920	44,909,885
CURRENT ASSETS			
Stores and spares	23	492,967	568,593
Stock-in-trade	24	2,230,500	2,064,901
Trade debts	25	1,527,372	1,622,809
Loans, advances, deposits, prepayments and other receivables	26	1,797,214	1,691,387
Income tax receivable	27	2,247,790	2,175,853
Cash and bank balances	28	252,492	235,874
		8,548,335	8,359,417
		59,854,255	53,269,302

The annexed notes 1 to 49 form an integral part of these financial statements.

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

Profit and Loss Account

for the year ended December 31, 2014

(Rupees in thousand)		Note	2014	2013
Continuing operations				
Local sales			17,581,898	17,245,668
Export sales			45,460	68,615
			17,627,358	17,314,283
Less: Sales tax and excise duty			2,515,545	2,405,078
Commission			24,463	21,348
			2,540,008	2,426,426
Net sales			15,087,350	14,887,857
Cost of sales		29	(12,872,825)	(12,892,590)
Gross profit			2,214,525	1,995,267
Administrative expenses		30	(787,249)	(587,636)
Distribution and marketing costs		31	(580,062)	(586,466)
Other operating expenses		32	(221,968)	(153,971)
Other income		33	322,147	329,377
Profit from operations			947,393	996,571
Finance costs		34	(751,551)	(845,253)
Investment income		35	2,553,678	2,043,111
Profit before tax			2,749,520	2,194,429
Taxation		36	(213,216)	(398,617)
Profit for the year from continuing operations			2,536,304	1,795,812
Loss for the year from discontinued operations		37	–	(249,103)
Profit for the year			2,536,304	1,546,709
Basic earnings/(loss) per share				
From continuing operations	Rupees	45	29.89	21.28
From discontinued operations	Rupees	45	–	(2.95)
From profit for the year	Rupees	45	29.89	18.33
Diluted earnings/(loss) per share				
From continuing operations	Rupees	45	26.59	20.01
From discontinued operations	Rupees	45	–	(2.95)
From profit for the year	Rupees	45	26.59	17.06

The annexed notes 1 to 49 form an integral part of these financial statements.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Rizwan Ghani
Director

Statement of Comprehensive Income
for the year ended December 31, 2014

(Rupees in thousand)	2014	2013
Profit for the year	2,536,304	1,546,709
Other comprehensive income:		
Items that will not be re-classified to profit or loss		
Re-measurement of retirement benefits asset / liability	82,823	23,421
Tax effect	(28,988)	(2,342)
	53,835	21,079
Items that may be re-classified subsequently to profit or loss		
Surplus on re-measurement of available for sale financial assets	5,656,334	10,278,726
Other comprehensive income for the year - net of tax	5,710,169	10,299,805
Total comprehensive income for the year	8,246,473	11,846,514
Attributable to:		
Continuing operations	8,246,473	12,095,617
Discontinued operations	–	(249,103)
	8,246,473	11,846,514

The annexed notes 1 to 49 form an integral part of these financial statements.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Rizwan Ghani
Director

Statement of Changes in Equity

for the year ended December 31, 2014

(Rupees in thousand)	Share capital	Share premium	Fair value reserve	General reserve	Preference shares / convertible stock reserve	Accumulated (loss) / profit	Total
Balance as on December 31, 2012	843,795	2,876,893	13,288,190	14,910,333	1,605,875	(2,902,364)	30,622,722
Appropriation of funds							
Transferred to profit and loss account	–	–	–	(3,300,000)	–	3,300,000	–
Total transactions with owners, recognised directly in equity							
Final dividend for the year ended December 31, 2012 Rs 4.50 per share	–	–	–	–	–	(379,708)	(379,708)
Total comprehensive income for the year ended December 31, 2013							
Profit for the year	–	–	–	–	–	1,546,709	1,546,709
Other comprehensive income:							
Surplus on re-measurement of available for sale financial assets	–	–	10,278,726	–	–	–	10,278,726
Re-measurement of retirement benefit asset / liability - net of tax	–	–	–	–	–	21,079	21,079
Total comprehensive income for the year	–	–	10,278,726	–	–	1,567,788	11,846,514
Balance as on December 31, 2013	843,795	2,876,893	23,566,916	11,610,333	1,605,875	1,585,716	42,089,528
Appropriation of funds							
Transferred to General reserve account	–	–	-	700,000	–	(700,000)	–
Total transactions with owners, recognised directly in equity							
Final dividend for the year ended December 31, 2013 Rs 8.00 per share	–	–	–	–	–	(675,036)	(675,036)
Conversion of preference shares / convertible stock into ordinary share capital (2,000,000 ordinary shares of Rs. 10 each)	20,000	355,938	–	–	(34,176)	–	341,762
	20,000	355,938	–	–	(34,176)	(675,036)	(333,274)
Total comprehensive income for the year ended December 31, 2014							
Profit for the year	–	–	–	–	–	2,536,304	2,536,304
Other comprehensive income:							
Surplus on re-measurement of available for sale financial assets	–	–	5,656,334	–	–	–	5,656,334
Re-measurement of retirement benefit asset / laibility - net of tax	–	–	–	–	–	53,835	53,835
Total comprehensive income for the year	–	–	5,656,334	–	–	2,590,139	8,246,473
Balance as on December 31, 2014	863,795	3,232,831	29,223,250	12,310,333	1,571,699	2,800,819	50,002,727

The annexed notes 1 to 49 form an integral part of these financial statements.

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

Cash Flow Statement

for the year ended December 31, 2014

(Rupees in thousand)	Note	2014	2013
Cash flows from operating activities			
Cash generated from operations	43	1,432,406	2,530,095
Finance cost paid		(764,241)	(1,090,306)
Taxes paid		(535,873)	(548,880)
Payments for accumulating compensated absences		(17,079)	(81,855)
Retirement benefits paid		(13,450)	(320,767)
Net cash generated from operating activities		101,763	488,287
Cash flows from investing activities			
Fixed capital expenditure		(629,738)	(824,797)
Investments - net		(600,000)	(2,274,953)
Decrease in long-term loans and deposits		14,448	11,499
Proceeds from disposal of property, plant and equipment		106,792	69,982
Proceeds from assets written off due to fire		–	102,003
Dividends received		2,553,678	2,043,111
Net cash generated from / (used in) investing activities		1,445,180	(873,155)
Cash flows from financing activities			
Re-payment of long-term finances - secured		(600,000)	(1,100,000)
Proceeds from long-term finances - secured		–	1,000,000
Liabilities against assets subject to finance lease - net		(3,599)	27,884
Dividends paid		(671,684)	(378,218)
Net cash used in financing activities		(1,275,283)	(450,334)
Net increase / (decrease) in cash and cash equivalents		271,660	(835,202)
Cash and cash equivalents at the beginning of the year		(1,281,764)	(5,546,562)
Cash and cash equivalents transferred		–	5,100,000
Cash and cash equivalents at the end of the year	44	(1,010,104)	(1,281,764)

The annexed notes 1 to 49 form an integral part of these financial statements.

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

1. Legal status and nature of business

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

2. Basis of preparation

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

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

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

2.2.1 Amendments to published standards effective in current year

New and amended standards and interpretations mandatory for the first time for the financial year beginning January 1, 2014:

- IAS 32 (Amendments), 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 1, 2014. These amendments update the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The application of these amendments has no material impact on the Company's financial statements.

- IAS 36 (Amendment), 'Impairment of assets' on recoverable amount disclosures is applicable on accounting period beginning on or after January 1, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of these amendments has no material impact on the Company's financial statements.

- IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' on novation of derivatives is applicable on accounting period beginning on or after January 1, 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria. The application of these amendments has no material impact on the Company's financial statements.

- IFRIC 21, 'Levies' sets out the clarification on accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is, that gives rise to pay a levy and when should a liability be recognised. The impact on the Company's financial statements due to application of IFRIC 21 is not material.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after January 1, 2015 or later periods, but the Company has not early adopted them:

- Annual improvements 2012 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards: IFRS 2, 'Share-based payment', IFRS 3, 'Business Combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and IAS 39, Financial instruments – Recognition and measurement'. The Company shall apply these amendments from January 1, 2015 and does not expect to have a material impact on its financial statements.

- Annual improvements 2013 applicable for annual periods beginning on or after July 1, 2014. The amendments include changes from the 2011-13 cycle of the annual improvements project that affect 4 standards: IFRS 1, 'First time adoption', IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'. The Company shall apply these amendments from January 1, 2015 and does not expect to have a material impact on its financial statements.

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

- Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture', regarding bearer plants are applicable on accounting periods beginning on or after January 1, 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16 instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. These amendments do not have a material impact on the Company's financial statements.

- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on accounting periods beginning on or after January 1, 2016. IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The Company shall apply these amendments from January 1, 2016 and does not expect to have a material impact on its financial statements.

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

- IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after July 1, 2014. These amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Company shall apply these amendments from January 1, 2015 and does not expect to have a material impact on its financial statements.

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

- IFRS 9, 'Financial instruments'. This is applicable on accounting periods beginning on or after January 1, 2018. IASB has published the complete version of IFRS 9, 'Financial Instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Company shall apply this standard from January 1, 2018 and does not expect to have a material impact on its financial statements.

- IFRS 10, 'Consolidated financial statements' is applicable on accounting periods beginning on or after January 1, 2015. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. The Company shall apply this standard from January 1, 2015 and does not expect to have a material impact on its financial statements.

- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' are applicable on accounting periods beginning on or after January 1, 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, whether it is housed in a subsidiary or not. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The Company shall apply these amendment from January 1, 2016 and does not expect to have a material impact on its financial statements.

- IFRS 11, 'Joint arrangements' is applicable on accounting periods beginning on or after January 1, 2015. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Company shall apply this standard from January 1, 2015 and does not expect to have a material impact on its financial statements.

- IFRS 11 (Amendment), 'Joint arrangements' on acquisition of an interest in a joint operation is applicable on accounting periods beginning on or after 1 January 2016.This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The Company shall apply this amendment from January 1, 2016 and does not expect to have a material impact on its financial statements.

- IFRS 12, 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 1, 2015. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company shall apply this standard from January 1, 2015 and does not expect to have a material impact on its financial statements.

- Amendments to IFRS 10, 11 and 12 on transition guidance are applicable on accounting periods beginning on or after January 1, 2015. These amendments also provide additional transition relief in IFRS 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Company shall apply these amendments from January 1, 2015 and does not expect to have a material impact on its financial statements.

- Amendments to IFRS 10, 11 and IAS 27 on consolidation for investment entities. These are applicable on accounting periods beginning on or after January 1, 2015. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12, 'Disclosures of interests in other entities' to introduce disclosures that an investment entity needs to make. The Company shall apply these amendments from January 1, 2015 and does not expect to have a material impact on its financial statements.

- IFRS 13, 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 1, 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The Company shall apply this standard from January 1, 2015 and does not expect to have a material impact on its financial statements.

- IFRS 14, 'Regulatory deferral accounts' is applicable on accounting periods beginning on or after 1 January 2016. This standard permits first time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. The Company shall apply this standard from January 1, 2016 and does not expect to have a material impact on its financial statements.

- IFRS 15, 'Revenue from contracts with customers' is applicable on accounting periods beginning on or after January 1, 2017. This is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. The Company shall apply this standard from January 1, 2017 and does not expect to have a material impact on its financial statements.

3. Basis of measurement

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

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

i) Estimated useful lives of property, plant and equipment - note 4.2
ii) Provision for employees' retirement benefits - note 4.7 & 10
iii) Provision for taxation - note 36

4. Significant accounting policies

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

4.1 Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.2 Property, plant and equipment

Property, plant and equipment, except freehold land, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain plant and machinery signifies historical cost, gains and losses transferred from equity on qualifying cash flow hedges as referred to in note 4.17 and borrowing costs as referred to in note 4.20.

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

Depreciation on all property, plant and equipment is charged to profit on the straight-line method so as to write off the depreciable amount of an asset over its estimated useful life at the following annual rates:

- Buildings	2.5%	to	20%
- Plant and machinery	6.25%	to	33.33%
- Other equipments	10%	to	33.33%
- Furniture and fixtures	10%	to	20%
- Vehicles			20%

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its property, plant and equipment as at December 31, 2014 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed off.

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

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

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

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

4.3 Investment property

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

Depreciation on buildings is charged to profit on the straight line method so as to write off the depreciable amount of building over its estimated useful life at the rates ranging from 3.33% to 6.67% per annum. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalised while no depreciation is charged for the month in which the property is disposed off.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its investment property as at December 31, 2014 has not required any adjustment as its impact is considered insignificant.

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

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

4.4 Intangible assets

Expenditure incurred to acquire computer software and SAP Enterprise Resource Planning (ERP) System are capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method over a period of three to five years.

Development costs are recognised as intangible assets when the following criteria are met:

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

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

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

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

4.5 Leases

(1) The Company is the lessee:

Finance leases

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

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

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

Operating leases

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

(2) The Company is the lessor:

Operating leases

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

4.6 Investments

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

Investments in equity instruments of subsidiaries, associates and joint ventures

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

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

At each balance sheet date, the Company reviews the carrying amounts of the investments in subsidiaries and associates to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. In making an estimate of recoverable amount of these investments, the management considers future stream of cash flows and an estimate of the terminal value of these investments. Impairment losses are recognised as expense in the profit and loss account.

Investments in subsidiaries, associates and joint ventures, that suffered an impairment, are reviewed for possible reversal of impairment at each reporting date. Impairment losses recognised in the profit and loss account on investments in subsidiaries and associates are reversed through the profit and loss account.

Other investments

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

Held to maturity

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

Available for sale

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

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

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

At each balance sheet date, the Company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense in the profit and loss account. In respect of 'available for sale' financial assets, cumulative impairment loss less any impairment loss on that financial asset previously recognised in profit and loss account, is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

4.7 Employee retirement benefits

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

4.7.1 Defined benefit plans

(a) Gratuity plan

There is an approved funded defined benefit gratuity plan for all employees. Monthly contributions are made to this fund on the basis of actuarial recommendations at the rate of 4.5 percent per annum of basic salaries. The latest actuarial valuation for the gratuity scheme was carried out as at December 31, 2014. The actual return on plan assets during the year was 93.2 million. The actual return on plan assets represent the difference between the fair value of plan assets at the beginning of the year and end of the year adjustments for contributions made by the Company as reduced by benefits paid during the year.

The future contribution rates of these plans include allowances for deficit and surplus. Projected unit credit method, using the following significant assumptions, is used for valuation of this scheme:

Discount rate 10.5 percent per annum;
Expected rate of increase in salary level 8.5 percent per annum;
Expected mortality rate SLIC (2001-2005) mortality table; and
Expected rate of return 10.5 percent per annum.

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

The Company is expected to contribute Rs. 15.012 million to the gratuity fund in the next financial year.

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

(b) Pension plan

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

Consequently, the pension plan / fund currently operates two different plans for its employees:

- Defined contribution plan for all active employees; and
- Defined benefit plan for pensioners who have retired before December 31, 2012.

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

The obligation in respect of the defined benefit plan is determined by the Fund's Actuary at each year end. Any funding gap identified by the Fund's Actuary is paid by the Company from time to time. The last actuarial valuation was carried out as at December 31, 2014.

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

(c) Accumulating compensated absences

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

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

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

Discount rate 10.5 percent per annum;
Expected rate of increase in salary level 8.5 percent per annum; and
Expected mortality rate SLIC (2001-2005) mortality table.

4.7.2 Defined contribution plan

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

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

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

4.8 Stores and spares

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

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

4.9 Stock-in-trade

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

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

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

4.10 Financial instruments

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

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

4.11 Offsetting of financial assets and liabilities

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

4.12 Trade debts

Trade debts are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

4.13 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark up arrangements. In the balance sheet, finances under mark up arrangements are included in current liabilities.

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

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

4.15 Borrowings

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

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

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

4.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

4.17 Derivative financial instruments

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

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

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

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

4.18 Revenue recognition

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

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

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

4.19 Foreign currency transactions and translation

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

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

4.20 Borrowing costs

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

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

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

4.21 Dividend

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

4.22 Compound financial instruments

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

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

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

4.23 Provisions

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

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

Restructuring provisions include lease termination penalties and employee termination payments and such other costs that are necessarily entailed by the restructuring and not associated with on-going activities of the Company. Provisions are not recognised for future operating losses.

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

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

5. Issued, subscribed and paid up capital

2014	2013		2014	2013
(Number of shares)			(Rupees in thousand)	
		Ordinary shares of Rs. 10 each as at the beginning of the year		
33,603,295	33,603,295	- fully paid in cash	336,033	336,033
148,780	148,780	- fully paid for consideration other than cash	1,488	1,488
50,627,429	50,627,429	- fully paid bonus shares	506,274	506,274
84,379,504	84,379,504		843,795	843,795
		Issuance of shares upon conversion of preference shares / convertible stock - note 5.1		
2,000,000	–		20,000	–
		Ordinary shares of Rs. 10 each as at the end of the year		
33,603,295	33,603,295	- fully paid in cash	336,033	336,033
148,780	148,780	- fully paid for consideration other than cash	1,488	1,488
2,000,000	–	- fully paid against conversion of preference shares / convertible stock	20,000	–
50,627,429	50,627,429	- fully paid bonus shares	506,274	506,274
86,379,504	84,379,504		863,795	843,795

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

5.2 21,133,101 (2013: 21,133,101) ordinary shares of the Company are held by IGI Insurance Limited, an associated undertaking.

(Rupees in thousand)	Note	2014	2013
6. Reserves			
Movement in and composition of reserves is as follows:			
Capital			
Share premium			
At the beginning of the year		2,876,893	2,876,893
Conversion of preference shares / convertible stock	6.1	355,938	–
	6.2	3,232,831	2,876,893
Fair value reserve			
At the beginning of the year		23,566,916	13,288,190
Fair value gain during the year		5,656,334	10,278,726
	6.3	29,223,250	23,566,916
		32,456,081	26,443,809
Revenue			
General reserve			
At the beginning of the year		11,610,333	14,910,333
Transferred from / (to) profit and loss account		700,000	(3,300,000)
		12,310,333	11,610,333
		44,766,414	38,054,142

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

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

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

(Rupees in thousand)	Note	**2014**	2013
7. Long-term finances			
These are composed of:			
Local currency loan - secured			
Term Finance Loan	7.1.1	300,000	900,000
Long Term Finance Facility	7.1.2	2,000,000	2,000,000
		2,300,000	2,900,000
Preference shares / convertible stock - unsecured	7.2	2,128,815	2,470,577
		4,428,815	5,370,577
Current portion shown under current liabilities	12	(200,000)	(200,000)
		4,228,815	5,170,577

7.1 Local currency loans - secured

7.1.1 Term Finance Loan

During the current year, the Company has made a prepayment of Rs. 400 million towards the Term Finance Loan availed from Bank Al-Habib Limited. This loan is secured by a ranking charge of Rs. 1,273 million (2013: 1,273 million) over present and future fixed assets of the Company located at Lahore excluding land and buildings. It carries mark up at the rate of six months KIBOR plus 0.65 percent per annum. The balance is repayable in 3 equal semi-annual installments ending on May 19, 2016. The effective mark up charged during the year ranges from 9.81 percent to 10.82 percent per annum. (2013: 9.81 percent to 10.18 percent per annum)

7.1.2 Long Term Finance Facility

This loan has been obtained from Meezan Bank Limited under the Islamic mode of finance as a Musharika. It is secured by a ranking charge over all present and future fixed assets of the Company located at Lahore and Kasur excluding land and buildings located at Lahore amounting to Rs. 2,500 million. It carries mark up at six month KIBOR plus 0.65 percent per annum and is payable in 7 equal semi-annual installments starting on December 31, 2016 and ending on December 31, 2019. The effective mark up charged during the year ranges from 10.81 percent to 10.82 percent per annum (2013: 9.74 percent to 10.07 percent per annum)

7.2 Preference shares / convertible stock - unsecured

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

Terms of redemption / conversion

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

Rate of return

The preference share / convertible stock holders have a preferred right of return at the rate of 10 percent per annum on a non-cumulative basis till the date of settlement of preference shares / convertible stock either in cash or ordinary shares.

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

(Rupees in thousand)	Note	2014	2013
Face value of preference shares / convertible stock		3,740,500	4,120,500
Transaction costs		(39,986)	(44,048)
		3,700,514	4,076,452
Equity component - classified under capital and reserves	7.2.1	(1,571,699)	(1,605,875)
Liability component - classified under long-term finances		2,128,815	2,470,577
Accrued return on preference shares / convertible stock classified under accrued finance cost		355,047	412,050

7.2.1 Movement in equity component - classified under capital and reserves

	2014	2013
Opening balance	1,605,875	1,605,875
Transfer from long-term finances to capital and reserves (3,000,000 shares 2013: Nil)	341,762	–
Conversion into ordinary share capital and share premium (2,000,000 shares 2013: Nil)	(375,938)	–
Closing balance	1,571,699	1,605,875

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

During the current year, IFC exercised its right to convert 3,000,000 preference share / convertible stock of Rs. 190 each into 3,000,000 ordinary shares of Rs. 10 each. Consequently, the Company converted 2,000,000 preference shares / convertible stock during the year as referred to in note 5.1 while 1,000,000 shares were converted subsequent to year end. Accordingly, the liability portion pertaining to 1,000,000 preference shares / convertible stock converted into ordinary shares subsequent to the year end has been classified under capital and reserves.

(Rupees in thousand)	Note	2014	2013
8. Liabilities against assets subject to finance lease			
Present value of minimum lease payments		30,381	27,884
Current maturity shown under current liabilities	12	(4,696)	(3,702)
		25,685	24,182

Interest rate used as discounting factor ranges from 9.99 per cent to 10.72 per cent per annum (2013: 9.44 per cent to 9.99 per cent per annum). Taxes, repairs, replacements and insurance costs are borne by the lessee.

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

(Rupees in thousand)	Minimum lease payments	Future finance charges	Present value of lease liability 2014	2013
Not later than one year	6,763	2,067	4,696	3,702
Later than one year and not later than five years	28,555	2,870	25,685	24,182
	35,318	4,937	30,381	27,884

(Rupees in thousand)	2014	2013
9. Deferred Income Tax liabilities		
The liability for deferred taxation comprises temporary differences relating to:		
Accelerated tax depreciation	558,430	564,728
Unused tax losses	(199,491)	–
Provision for accumulating compensated absences	(60,881)	(48,588)
Provision for doubtful debts	(13,239)	(11,870)
Preference shares / convertible stock transaction cost - liability portion	8,022	9,293
	292,841	513,563

9.1 The Company has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 826.913 million (2013: Rs. 746.705 million) available to the Company under section 113 of the Income Tax Ordinance, 2001 ('Ordinance') respectively and unused tax losses of Nil (2013: Rs. 377.609 million) in view of the management's estimate that the Company may not be able to offset these against tax liability arising in respect of relevant business profits of future periods, before these expire / lapse. Tax credits under section 113 of the Ordinance amounting to Rs. 183.823 million, Rs. 203.917 million, Rs. 110.934 million, Rs. 175.300 million and Rs. 152.938 million are set to lapse by the end of years ending on December 31, 2015, 2016, 2017, 2018 and 2019 respectively.

(Rupees in thousand)	2014	2013
10. Retirement benefits		
Classified under non-current assets		
Pension fund	29,629	–
Gratuity fund	58,252	6,540
	87,881	6,540
Classified under non-current laibilities		
Pension fund	–	578

	Pension Fund		Gratuity Fund	
(Rupees in thousand)	2014	2013	2014	2013
The amounts recognised in the balance sheet are as follows:				
Fair value of plan assets	700,115	567,707	339,502	281,655
Present value of defined benefit obligation	(641,863)	(568,285)	(309,873)	(275,115)
Asset / (liability) as at December 31	58,252	(578)	29,629	6,540
Net (liability) / asset as at January 1	(578)	(276,458)	6,540	(30,350)
Charge to profit and loss account	(72)	(15,205)	(14,282)	(16,213)
Gain recorded in Other Comprehensive Income	58,902	14,628	23,921	8,793
Contribution by the Company	–	276,457	13,450	44,310
Net asset / (liability) as at December 31	58,252	(578)	29,629	6,540
The movement in the present value of defined benefit obligation is as follows:				
Present value of defined benefit obligation as at January 1	568,285	582,031	275,115	371,371
Service cost	–	–	16,152	15,311
Interest cost	66,808	60,425	31,339	31,628
Benefits paid	(67,639)	(65,433)	(45,424)	(167,685)
Benefits due but not paid	–	–	(3,379)	–
Loss from change in demographic assumptions	3,144	32,276	–	–
Loss / (gain) from change in financial assumptions	62,212	(48,601)	–	–
Experience adjustments	9,053	7,587	36,070	24,490
Present value of defined benefit obligation as at December 31	641,863	568,285	309,873	275,115

(Rupees in thousand)	Pension Fund 2014	Pension Fund 2013	Gratuity Fund 2014	Gratuity Fund 2013
The movement in fair value of plan assets is as follows:				
Fair value as at January 1	567,707	305,573	281,655	341,021
Expected return on plan assets	66,736	45,220	33,209	30,726
Company contributions	–	276,459	13,450	44,308
Benefits paid	(67,639)	(65,432)	(45,424)	(167,685)
Benefits due but not paid	–	–	(3,379)	–
Experience gains	133,311	5,887	59,991	33,285
Fair value as at December 31	700,115	567,707	339,502	281,655
The amounts recognised in the profit and loss account are as follows:				
Current service cost	–	–	16,152	15,311
Interest cost for the year	66,808	60,425	31,339	31,628
Expected return on plan assets	(66,736)	(45,220)	(33,209)	(30,726)
Total included in salaries, wages and amenities	72	15,205	14,282	16,213
Plan assets are comprised as follows:				
Debt	250,081	158,390	14,802	174,634
Equity	393,815	191,317	220,812	104,543
Cash	56,219	218,000	103,888	2,478
	700,115	567,707	339,502	281,655

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)	2014	2013	2012	2011	2010
As at December 31					
Present value of defined benefit obligation	641,863	568,285	582,031	1,092,581	890,215
Fair value of plan assets	700,115	567,707	305,573	685,750	649,568
Surplus / (deficit)	58,252	(578)	(276,458)	(406,831)	(240,647)
Experience adjustment on obligation	2%	1%	13%	11%	5%
Experience adjustment on plan assets	24%	2%	11%	-10%	0%

Fair value of plan assets include ordinary shares of the Company, whose fair value as at December 31, 2014 is Rs. 447.696 million (2013: Rs. 179.946 million).

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

(Rupees in thousand)	**2014**	2013	2012	2011	2010
As at December 31					
Present value of defined benefit obligation	309,873	275,115	371,372	314,074	285,349
Fair value of plan assets	339,502	281,655	341,022	317,168	304,449
Surplus/(deficit)	29,629	6,540	(30,350)	3,094	19,100
Experience adjustment on obligation	13%	9%	14%	-1%	9%
Experience adjustment on plan assets	21%	14%	9%	-5%	-3%

Fair value of plan assets include ordinary shares of the Company, whose fair value as at December 31, 2014 is Rs. 70.877 million (2013: Rs. 28.488 million).

(Rupees in thousand)	**2014** Pension	Gratuity
Year end sensitivity analysis on defined benefit obligation:		
Discount rate + 100 bps	598,983	287,885
Discount rate - 100 bps	690,907	335,130
Indexation + 100 bps	698,373	335,585
Indexation - 100 bps	592,110	287,125

(Rupees in thousand)	**2014**	2013
11. Deferred liabilities		
This represents provision made to cover the obligation for accumulating compensated absences.		
Opening balance	139,576	183,865
Provision for the year	52,084	64,198
	191,660	248,063
Payments made during the year	(17,079)	(20,131)
Payments made to employees of discontinued operations	–	(61,724)
	(17,079)	(81,855)
Liability transferred to BSPL	–	(26,632)
Closing balance	174,581	139,576

(Rupees in thousand)		Note	2014	2013
12.	**Current portion of long-term liabilities**			
	Current portion of long-term finances - secured	7	200,000	200,000
	Current portion of liabilities against assets subject to finance lease	8	4,696	3,702
			204,696	203,702
13.	**Finances under mark up arrangements - secured**			
	Running finances - secured	13.1	862,596	1,017,638
	Bills discounted - secured	13.2	–	–
	Short-term finances - secured	13.3	400,000	500,000
			1,262,596	1,517,638

13.1 Running finances - secured

Short-term running finances available from a consortium of commercial banks under mark up arrangements amount to Rs. 7,910 million (2013: Rs. 7,560 million). The rates of mark-up range from Re. 0.2638 to Re. 0.3134 per Rs. 1,000 per diem or part thereof on the balances outstanding. In the event the Company fails to pay the balances on the expiry of the quarter, year or earlier demand, mark up is to be computed at the rates ranging from Re. 0.3165 to Re. 0.3823 per Rs 1,000 per diem or part thereof on the balances unpaid. The aggregate running finances are secured by hypothecation of stores & spares, stock-in-trade and trade debts.

13.2 Bills discounted - secured

Facilities for discounting of export / inland bills of Rs. 531 million (2013: Rs. 531 million) are available to the Company as a sub-limit of the running finance facilities referred to in note 13.1. Markup is fixed as per mutual agreement at the time of transaction. The outstanding balance of bills discounted is secured, in addition to the securities referred to in note 13.1, on the specific bills discounted. The facility has not been availed in the current year.

13.3 Short-term finances - secured

Facilities for obtaining short-term finances of Rs. 6,635 million (2013: Rs. 6,735 million) are available to the Company as a sub-limit of the running finance facilities referred to in note 13.1. The rates of mark-up range from Re. 0.2690 to Re. 0.2858 per Rs. 1,000 per diem or part thereof on the balances outstanding.

13.4 Letters of credit and bank guarantees

Of the aggregate facility of Rs. 6,589 million (2013: Rs. 6,039 million) for opening letters of credit and Rs. 994 million (2013: Rs. 1,294 million) for guarantees, the amount utilised at December 31, 2014 was Rs. 162.553 million (2013: Rs. 320.934 million) and Rs. 199.652 million (2013: Rs. 154.840 million) respectively. Of the facility for guarantees, Rs. 1,294 million (2013: Rs. 1,294 million) is secured by second hypothecation charge over stores, spares, stock-in-trade and trade debts.

14. Derivative financial instruments

Liability in respect of arrangements under the JV Agreement

This represents amount in respect of arrangements under the Joint Venture Agreement (the “JV Agreement”) between the Company and ‘Stora Enso OYJ Group’ (‘Stora Enso’) of Finland entered into on September 17, 2012; which provided Stora Enso the right, in case certain conditions specified in the JV Agreement are not met, and obligates Stora Enso, in case certain conditions specified in the JV Agreement are met, to subscribe to the share capital of Bulleh Shah Packaging (Private) Limited (‘BSPL’). The liability has been derecognised in the current year and included in other income as the outstanding option lapsed during the current year.

(Rupees in thousand)	Note	2014	2013
15. Trade and other payables			
Trade creditors	15.1	1,118,642	815,961
Accrued liabilities	15.2	379,448	466,657
Bills payable		1,245,493	1,433,633
Sales tax payable		2,467	13,839
Advances from customers	15.3	54,691	88,971
Payable to employees' retirement benefit funds	15.4	13,237	11,817
Deposits - interest free repayable on demand		7,226	8,523
TFCs payable		1,387	1,387
Unclaimed dividends		17,290	13,938
Workers' profit participation fund	15.5	147,665	106,636
Workers' welfare fund	15.6	96,635	40,522
Others		60,499	50,478
		3,144,680	3,052,362

15.1 Trade creditors include amount due to related parties Rs. 235.135 million (2013: Rs. 309.680 million).

15.2 Accrued liabilities include amounts in respect of related parties Rs. 14.461 million (2013: Rs. 24.624 million).

15.3 Advances from customers include Nil (2013: Rs. 0.798 million) from related parties.

(Rupees in thousand)	Note	2014	2013
15.4 Payable to employees' retirement benefit funds			
Employees' provident fund	15.4.1	6,808	6,122
Employees' gratuity fund		1,149	978
Management staff pension fund		5,280	4,717
		13,237	11,817
15.4.1 Employees' provident fund			
(i) Size of the fund		2,311,341	1,276,724
(ii) Cost of investments made		715,803	644,772
(iii) Fair value of investments	15.4.2	2,297,324	1,247,101
(iv) Percentage of investments made		99.39%	97.68%

15.4.2 Fair value of investments

	2014		2013	
	Rupees in thousand	%age of size of the Fund	Rupees in thousand	%age of size of the Fund
Break up of investments				
Equity shares of listed companies	1,719,020	74.37%	738,591	57.85%
Mutual funds	159,346	6.89%	151,229	11.85%
Izafa Certificates	148,011	6.40%	108,989	8.54%
Pakistan Investment Bonds	213,169	9.22%	115,436	9.04%
Term Finance Certificates	28,524	1.23%	28,558	2.24%
Term Deposit Receipts with banks	–	0.00%	57,172	4.48%
Treasury Bills	29,254	1.27%	47,126	3.69%
	2,297,324	99.39%	1,247,101	97.68%

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

(Rupees in thousand)	Note	2014	2013
15.5 Workers' profit participation fund			
Opening balance		106,636	–
Provision for the year	32	147,665	106,636
		254,301	106,636
Payments made during the year		(106,636)	–
Closing balance		147,665	106,636
15.6 Workers' welfare fund			
Opening balance		40,522	–
Provision for the year	32	56,113	40,522
Closing balance		96,635	40,522

(Rupees in thousand)	2014	2013
16. Accrued finance cost		
Accrued mark-up / return on:		
Long-term local currency loans - secured	148,704	98,751
Preference shares / convertible stock - unsecured	355,047	412,050
Finances under mark up arrangements - secured	13,883	19,523
	517,634	530,324

17. Contingencies and commitments

17.1 Contingencies

(i) Claims against the Company not acknowledged as debts Rs. 18.062 million (December 2013: Rs. 19.550 million).

(ii) Post dated cheques not provided in the financial information have been furnished by the Company in favour of the Collector of Customs against custom levies aggregated to Rs. 86.546 million (December 2013: 393.075 million) in respect of goods imported.

17.2 Commitments

(i) Letters of credit and contracts for capital expenditure Rs. 51.002 million (December 2013: Rs. 174.284 million).

(ii) Letters of credit and contracts for other than for capital expenditure Rs. 209.069 million (December 2013: Rs. 381.552 million).

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

(Rupees in thousand)	Note	2014	2013
Not later than one year		15,494	255,256
Later than one year and not later than five years		42,829	228,369
		58,323	483,625

There are no commitments with related parties.

	Note	2014	2013
18. Property, plant and equipment			
Owned assets	18.1	3,400,833	3,270,563
Assets subject to finance lease	18.2	30,830	28,349
Capital work-in-progress	18.3	254,014	366,374
		3,685,677	3,665,286

18.1 Owned assets

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

(Rupees in thousand)	2013										
	Cost as at December 31, 2012	Additions / (deletions)	Transfer in / (out) (note 19)	Assets of disposal group classified as held for sale	Cost as at December 31, 2013	Accumulated depreciation as at December 31, 2012	Depreciation charge / (deletions) for the year	Transfer in / (out) (note 19)	Assets of disposal group classified as held for sale	Accumulated depreciation as at December 31, 2013	Book value as at December 31, 2013
Freehold land	206,322	–	–	–	147,571	–	–	–	–	–	147,571
		-	(58,751)				–	–			
Buildings on freehold land	333,450	177,249	-	1,735	475,749	128,566	16,955	–	–	120,228	355,521
		(1,830)	(34,855)				(1,311)	(23,982)			
Buildings on leasehold land	180,553	35,735	5,131	–	221,419	89,632	6,921	3,714	–	100,267	121,152
		–	–				–				
Plant and machinery	7,217,202	268,813	–	–	7,289,458	4,899,860	338,817	–	–	5,047,057	2,242,401
		(196,557)	–				(191,620)	–			
Other equipments (computers, lab equipments and other office equipments)	468,221	211,268	–	(1,166)	669,553	361,933	52,545	–	(817)	405,302	264,251
		(8,770)	–				(8,359)	–			
Furniture and fixtures	13,370	–	–	–-	13,320	12,651	320	–	–	12,921	399
		(50)	–				(50)	–			
Vehicles	244,186	62,791	–	(34,081)	230,537	102,540	24,603	–	(12,349)	91,269	139,268
		(42,359)	–				(23,525)	–			
	8,663,304	755,856	5,131	(33,512)	9,047,607	5,595,182	440,161	3,714	(13,166)	5,777,044	3,270,563
		(249,566)	(93,606)				(224,865)	(23,982)			

18.1.1 Owned assets include assets amounting to Rs. 20.479 million (2013: Rs. 28.304 million) of the Company which are not in operation.

18.1.2 The cost of fully depreciated assets which are still in use as at December 31, 2014 is Rs. 2,986.551 million (2013: Rs. 3,295.723 million).

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

		Continuing operations		Discontinued operations Paper & paperboard and Corrugated business operations at Kasur and Karachi		Total	
(Rupees in thousand)	Note	2014	2013	2014	2013	2014	2013
Cost of sales	29	485,716	405,011	–	8,664	485,716	413,675
Administrative expenses	30	20,767	18,857	–	440	20,767	19,297
Distribution and marketing costs	31	6,413	6,967	–	222	6,413	7,189
		512,896	430,835	–	9,326	512,896	440,161

18.1.4 Disposal of owned assets

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

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

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

18.2 Assets subject to finance lease

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

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

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

(Rupees in thousand)	Note	2014	2013
Cost of sales	29	1,039	548
Administrative expenses	30	2,548	–
Distribution and marketing costs	31	65	–
		3,652	548

18.3 Capital work-in-progress

	2014	2013
Civil works	41,084	174,826
Plant and machinery	207,041	139,391
Others	–	224
Advances	5,889	51,933
	254,014	366,374

19. Investment property

(Rupees in thousand)	Cost as at December 31, 2013	Transfer in / (out) (note 18.1)	Cost as at December 31, 2014	Accumulated depreciation as at December 31, 2013	Depreciation charge for the year	Transfer in / (out) (note 18.1)	Accumulated depreciation as at December 31, 2014	Book value as at December 31, 2014
				2014				
Land	67,345	50,572	117,917	–	–	–	–	117,917
Buildings on freehold land	41,151	–	41,151	30,259	2,696	–	32,955	8,196
Buildings on leasehold land	23,741	–	23,741	11,140	927	–	12,067	11,674
		–						
	132,237	50,572	182,809	41,399	3,623	–	45,022	137,787

(Rupees in thousand)	Cost as at December 31, 2012	Transfer in / (out) (note 18.1)	Cost as at December 31, 2013	Accumulated depreciation as at December 31, 2012	Depreciation charge for the year	Transfer in / (out) (note 18.1)	Accumulated depreciation as at December 31, 2013	Book value as at December 31, 2013
				2013				
Land	8,594	58,751	67,345	–	–	–	–	67,345
Buildings on freehold land	6,296	34,855	41,151	4,404	1,873	23,982	30,259	10,892
Buildings on leasehold land	28,872	–	23,741	13,885	969	(3,714)	11,140	12,601
		(5,131)						
	43,762	88,475	132,237	18,289	2,842	20,268	41,399	90,838

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

19.2 Fair value of the investment property, based on the valuation carried out by an independent valuer, as at December 31, 2014 is Rs. 2,298.274 million (2013: Rs. 768.898 million).

(Rupees in thousand)	Note	**2014**	2013
20. Intangible assets			
This represents computer software and ERP system.			
Cost			
As at January 1		169,335	176,651
Additions		20,814	2,108
Deletions		(879)	(9,424)
As at December 31		189,270	169,335
Accumulated amortisation			
As at January 1		(137,150)	(135,240)
Amortisation for the year	20.1	(15,347)	(11,335)
Deletions		879	9,425
As at December 31		(151,618)	(137,150)
		37,652	32,185
20.1 The amortisation charge for the year has been allocated as follows:			
Cost of sales	29	7,329	2,599
Administrative expenses	30	8,018	8,736
		15,347	11,335
21. Investments			
These represent the long-term investments in:			
Related parties	21.1	14,081,183	13,481,183
Others	21.5	33,223,182	27,566,847
		47,304,365	41,048,030

(Rupees in thousand)		Note	2014	2013
21.1	**Related parties**			
	Subsidiaries - unquoted			
	DIC Pakistan Limited			
	3,377,248 (2013: 3,377,248) fully paid ordinary shares of Rs. 10 each Equity held 54.98% (2013: 54.98%)		15,010	15,010
	Packages Construction (Private) Limited			
	52,500,000 (2013: 2,500,000) fully paid ordinary shares of Rs. 10 each Equity held 99.99% (2013: 99.99%)		519,090	19,090
	Share deposit money	21.2	100,000	–
	Packages Lanka (Private) Limited			
	44,698,120 (2013: 44,698,120) shares of SL Rupees 10 each Equity held 79.07% (2013: 79.07%)		442,938	442,938
			1,077,038	477,038
	Joint venture - unquoted			
	Bulleh Shah Packaging (Private) Limited			
	709,718,013 (2013: 709,718,013) fully paid ordinary shares of Rs. 10 each Equity held 65.00% (2013: 65.00%)		9,973,652	9,973,652
	Associates - quoted			
	IGI Insurance Limited	21.3 & 21.4		
	13,022,093 (2013: 11,838,267) fully paid ordinary shares of Rs. 10 each Equity held 10.61% (2013: 10.61%) Market value - Rs. 3,523.518 million (2013: Rs. 1,945.974 million)		878,378	878,378
	Tri-Pack Films Limited			
	10,000,000 (2013: 10,000,000) fully paid ordinary shares of Rs. 10 each Equity held 33.33% (2013: 33.33%) Market value - Rs. 2,607.3 million (2013: Rs. 1,976.1 million)		2,141,233	2,141,233
	IGI Investment Bank Limited	21.3		
	4,610,915 (2013: 4,610,915) fully paid ordinary shares of Rs. 10 each Equity held 2.17% (2013: 2.17%) Market value - Rs. 10.928 million (2013: Rs. 7.700 million)		10,882	10,882
			3,030,493	3,030,493
			14,081,183	13,481,183

21.2 This represents payment for subscription of 10,000,000 fully paid ordinary shares of Rs. 10 each to Packages Construction (Private) Limited subsequently issued to the Company.

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

21.4 During the year, IGI Insurance Limited issued 1,183,826 (2013: Nil) number of bonus shares of Rs. 10 each to the Company.

(Rupees in thousand)	Note	2014	2013
21.5 Others			
Quoted			
Nestle Pakistan Limited	21.6		
3,649,248 (2013: 3,649,248) fully paid ordinary shares of Rs. 10 each Equity held 8.05% (2013: 8.05%) Cost - Rs. 5,778.896 million (2013: Rs. 5,778.896 million)		33,208,157	27,551,822
Unquoted			
Tetra Pak Pakistan Limited	21.6		
1,000,000 (2013: 1,000,000) fully paid non-voting ordinary shares of Rs. 10 each		10,000	10,000
Coca-Cola Beverages Pakistan Limited			
500,000 (2013: 500,000) fully paid ordinary shares of Rs. 10 each Equity held 0.14% (2013: 0.14%)		5,000	5,000
Pakistan Tourism Development Corporation Limited			
2,500 (2013: 2,500) fully paid ordinary shares of Rs. 10 each		25	25
Orient Match Company Limited			
1,900 (2013: 1,900) fully paid ordinary shares of Rs. 100 each		–	–
		15,025	15,025
		33,223,182	27,566,847

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

(Rupees in thousand)	Note	2014	2013
22. Long-term loans and deposits			
Considered good			
Loans to employees	22.1	4,350	4,634
Loan to SNGPL	22.2	49,200	65,600
Security deposits		16,782	14,433
		70,332	84,667
Receivable within one year			
Loans to employees	26	(1,374)	(1,261)
Loan to SNGPL	26	(16,400)	(16,400)
		(17,774)	(17,661)
		52,558	67,006

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. 2.371 million (2013: Rs. 2.659 million) are secured by joint registration of motor cycles in the name of employees and the Company. The remaining loans are unsecured.

22.2 This represents an unsecured loan given to Sui Northern Gas Pipelines Limited (SNGPL) for the development of the infrastructure for the supply of natural gas to Bulleh Shah Packaging (Private) Limited, the Joint Venture entity. Mark up is charged at the rate of 1.5% per annum and is received annually. The remaining amount is receivable in 3 annual installments.

(Rupees in thousand)	2014	2013
23. Stores and spares		
Stores [including in transit Rs. 12.216 million (2013: Rs. 9.260 million)]	270,611	337,526
Spares [including in transit Rs. 0.952 million (2013: Rs. 1.810 million)]	222,356	231,067
	492,967	568,593
24. Stock-in-trade		
Raw materials [including in transit Rs. 185.216 million (2013: Rs. 253.644 million)].	1,340,227	1,316,332
Work-in-process	211,698	222,373
Finished goods	678,575	526,196
	2,230,500	2,064,901

24.1 Finished goods with a cost Rs. 26.176 million (2013: Rs. 25.267 million) are being valued at net realisable value of Rs. 23.443 million (2013: Rs. 22.087 million).

(Rupees in thousand)	Note	2014	2013
25. Trade debts			
Considered good			
Related parties - unsecured	25.1	11,965	68,964
Others	25.2	1,515,407	1,553,845
		1,527,372	1,622,809
Considered doubtful		37,964	36,922
		1,565,336	1,659,731
Provision for doubtful debts	25.3	(37,964)	(36,922)
		1,527,372	1,622,809
25.1 Related parties - unsecured			
Subsidiary			
DIC Pakistan Limited		3,229	7,330
Joint Venture			
Bulleh Shah Packaging (Private) Limited		7,690	41,909
Associate			
Tri-Pack Films Limited		1,046	19,725
		11,965	68,964

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

25.2 Others include debts of Rs. 158.112 million (2013: Rs. 172.458 million) which are secured by way of bank guarantees and inland letters of credit.

(Rupees in thousand)	Note	2014	2013
25.3 The movement in provision during the year is as follows:			
Balance as at January 1		36,922	54,550
Provision made/(written back) for the year		13,850	(2,064)
Bad debts written off		(12,808)	(15,564)
Balance as at December 31		37,964	36,922

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

(Rupees in thousand)	Note	2014	2013
Current portion of loans to employees	22	1,374	1,261
Current portion of loan receivable from SNGPL	22	16,400	16,400
Advances - considered good			
To employees	26.1	8,388	10,615
To suppliers		53,881	41,702
		62,269	52,317
Due from related parties - unsecured	26.2	1,583,634	1,466,388
Trade deposits		45,946	85,018
Prepayments		11,357	19,422
Balances with statutory authorities			
Customs duty		21,966	5,103
Sales tax recoverable		26,409	17,791
		48,375	22,894
Mark-up receivable on			
Loan to SNGPL		46	54
Term deposits and saving accounts		85	85
		131	139
Other receivables		27,728	27,548
		1,797,214	1,691,387

26.1 Included in advances to employees are amounts due from executives of Rs. 1.129 million (2013: Rs. 0.714 million).

(Rupees in thousand)	2014	2013
26.2 Due from related parties - unsecured		
Subsidiaries		
DIC Pakistan Limited	12,952	13,173
Packages Lanka (Private) Limited	5,845	14,291
Packages Construction (Private) Limited	350,388	–
Joint venture		
Bulleh Shah Packaging (Private) Limited	1,212,881	1,437,067
Associates		
Tri-Pack Films Limited	286	605
IGI Insurance Limited	999	1,252
IGI Life Insurance Limited	283	–
	1,583,634	1,466,388

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

(Rupees in thousand)	Note	2014	2013
27. Income tax receivable			
Income tax refundable		2,211,777	2,139,840
Income tax recoverable	27.1	36,013	36,013
		2,247,790	2,175,853

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

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

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

(Rupees in thousand)	Note	2014	2013
28. Cash and bank balances			
At banks:			
On saving account	28.1	13,481	56,315
On current accounts [including USD 674 (2013: USD 674)]	28.2	232,428	174,130
		245,909	230,445
In hand		6,583	5,429
		252,492	235,874

28.1 The balances in saving accounts bear mark up which ranges from 6.00% to 7.00% (2013: 6.00% to 9.25%) per annum.

28.2 Included in these are total restricted funds of Rs. 1.332 million (2013: Rs. 1.332 million) held as payable to TFC holders.

(Rupees in thousand)	Note	2014	2013
29. Cost of sales			
Materials consumed		9,130,892	9,131,266
Salaries, wages and amenities	29.1	961,884	874,407
Travelling		26,620	23,305
Fuel and power		1,080,433	899,376
Production supplies		368,763	305,690
Excise duty and sales tax		3,359	3,843
Rent, rates and taxes	29.2	139,367	264,795
Insurance		42,133	36,916
Repairs and maintenance		325,962	303,071
Packing expenses		263,983	194,760
Depreciation on owned assets	18.1.3	485,716	405,011
Depreciation on assets subject to finance lease	18.2.1	1,039	548
Amortisation of intangible assets	20.1	7,329	2,599
Technical fee and royalty		20,073	10,394
Other expenses		156,975	131,449
		13,014,528	12,587,430
Opening work-in-process		222,374	245,126
Closing work-in-process		(211,698)	(222,374)
Cost of goods produced		13,025,204	12,610,182
Opening stock of finished goods		526,196	808,604
		13,551,400	13,418,786
Closing stock of finished goods		(678,575)	(526,196)
		12,872,825	12,892,590

Cost of goods produced includes Rs. 2,106.354 million (2013: Rs. 1,875.078 million) for stores and spares consumed, Rs. 18.827 million (2013: Rs. 29.038 million) and Rs. 16.280 million (2013: Rs. 4.701 million) for raw material and stores and spares written off respectively.

(Rupees in thousand)	2014	2013
29.1 Salaries, wages and amenities		
Salaries, wages and amenities include following in respect of retirement benefits:		
Pension		
Current service cost	–	–
Net interest on net defined benefit liability / (asset)	–	6,168
	–	6,168
Gratuity		
Current service cost	10,402	7,734
Net interest on net defined benefit liability / (asset)	(1,204)	455
	9,198	8,189

In addition to above, salaries, wages and amenities include Rs. 17.762 million (2013: Rs. 15.410 million), Rs. 28.085 million (2013: Rs. 24.412) and Rs. 33.628 million (2013: Rs. 23.153 million) in respect of provident fund contribution, pension fund contribution by the Company and accumulating compensated absences respectively.

29.2 Rent, rates and taxes include operating lease / ijarah rentals amounting to Rs. 136.371 million (2013: Rs. 263.459 million).

(Rupees in thousand)		Note	2014	2013
30.	**Administrative expenses**			
	Salaries, wages and amenities	30.1	381,549	327,287
	Travelling		43,686	23,108
	Rent, rates and taxes	30.2	66,554	21,206
	Insurance		12,540	9,459
	Printing, stationery and periodicals		17,195	17,437
	Postage, telephone and telex		12,989	14,225
	Motor vehicles running		15,530	17,350
	Computer charges		21,293	17,615
	Professional services	30.3	98,076	26,590
	Repairs and maintenance		16,920	14,201
	Depreciation on owned assets	18.1.3	20,767	18,857
	Depreciation on assets subject to finance lease	18.2.1	2,548	–
	Amortization of intangible assets	20.1	8,018	8,736
	Depreciation on investment property	19.1	3,623	2,842
	Other expenses		65,961	68,723
			787,249	587,636

Administrative expenses include Rs. 65.361 million (2013: Rs. 79.875 million) for stores and spares consumed.

(Rupees in thousand)		2014	2013
30.1	**Salaries, wages and amenities**		
	Salaries, wages and amenities include following in respect of retirement benefits:		
	Pension		
	Current service cost	–	–
	Net interest on net defined benefit liability / (asset)	72	3,724
		72	3,724
	Gratuity		
	Current service cost	4,153	2,695
	Net interest on net defined benefit liability / (asset)	(481)	159
		3,672	2,854

In addition to above, salaries, wages and amenities include Rs. 7.046 million (2013: Rs. 5.768 million), Rs. 11.141 million (2013: 9.137 million) and Rs. 13.339 million (2013: Rs. 8.666 million) in respect of provident fund contribution, pension fund contribution by the Company and accumulating compensated absences respectively.

30.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 9.917 million (2013: Rs. 9.754 million).

(Rupees in thousand)	2014	2013
30.3 Professional services		
The charges for professional services include the following in respect of auditors' services for:		
Statutory audit	2,400	2,400
Half yearly review	750	750
Tax services	3,008	2,556
Advisory services	12,500	–
Workers' profit participation fund audit, management staff pension and gratuity fund audit, audit of consolidated financial statements and other certification charges	1,107	779
Out of pocket expenses	651	449
	20,416	6,934

Charges for professional services rendered by the auditors relating to the discontinued operations amount to Nil (2013: Rs. 5.843 million).

(Rupees in thousand)	Note	2014	2013
31. Distribution and marketing costs			
Salaries, wages and amenities	31.1	146,333	161,095
Travelling		27,027	22,202
Rent, rates and taxes	31.2	7,670	6,660
Freight and distribution		141,234	150,439
Insurance		23,678	16,646
Advertising		177,613	174,119
Depreciation on owned assets	18.1.3	6,413	6,967
Depreciation on assets subject to finance lease	18.2.1	65	–
Provision for doubtful debts		2,784	–
Other expenses		47,245	48,338
		580,062	586,466

Distribution and marketing costs include Rs. 11.435 million (2013: Rs. 6.637 million) for stores and spares consumed.

(Rupees in thousand)	2014	2013
31.1 Salaries, wages and amenities		
Salaries, wages and amenities include following in respect of retirement benefits:		
Pension		
Current service cost	–	–
Net interest on net defined benefit liability / (asset)	–	1,746
	–	1,746
Gratuity		
Current service cost	1,597	1,289
Net interest on net defined benefit liability / (asset)	(185)	76
	1,412	1,365

In addition to above, salaries, wages and amenities include Rs. 2.702 million (2013: Rs. 2.839 million), Rs. 4.273 million (2013: Rs. 4.497 million) and Rs. 5.116 million (2013: Rs. 4.266 million) in respect of provident fund contribution, pension fund contribution by the Company and accumulating compensated absences respectively.

31.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 7.67 million (2013: Rs. 6.66 million).

(Rupees in thousand)	Note	2014	2013
32. Other operating expenses			
Workers' profit participation fund		147,665	104,621
Workers' welfare fund		56,113	39,756
Exchange loss - net		–	8,842
Donations	32.1	18,190	752
		221,968	153,971

32.1 Following is the interest of director in the donee during the year:

Name of donee	Director of the Company	Interest in donee	Rupees in thousand	
Pakistan Centre for Philanthropy	Syed Hyder Ali	Director	1,250	–

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

(Rupees in thousand)	Note	2014	2013
33. Other income			
Income from financial assets			
Income on bank deposits		3,315	20,200
Interest on loan to SNGPL		976	1,220
		4,291	21,420
Income from non-financial assets			
Rental income from investment property [including Rs. 61.846 million million (2013: Rs. 52.251 million) from related parties]	33.1	65,310	56,861
Profit on disposal of property, plant and equipment		79,285	11,505
Scrap sales		32,426	80
		177,021	68,446
Others			
Management and technical fee from related parties		19,673	21,054
Insurance commission from related party		2,660	6,175
Provisions and unclaimed balances written back		40,828	40,853
Exchange gain - net		16,224	–
Gain on remeasurement of financial instrument		27,272	137,287
Net gain on insurance claim of assets written off due to fire		–	9,478
Others [including Rs. 20.248 million (2013:10.670 million) from related parties]		34,178	24,664
		140,835	239,511
		322,147	329,377

33.1 The expenses relating directly to the income from investment property amount to Rs. 0.386 million (2013: Rs. 0.557 million).

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

(Rupees in thousand)	2014	2013
Not later than one year	38,218	42,806
Later than one year and not later than five years	11,194	45,412
	49,412	88,218

(Rupees in thousand)	Note	2014	2013
34. Finance costs			
Interest and mark up including commitment charges on			
Long-term finances - secured		302,270	278,761
Finances under mark up arrangements - secured		87,646	143,954
Liabilities against assets subject to finance lease		2,193	132
Return on preference shares / convertible stock		355,050	412,050
Loan handling charges		1,232	6,464
Bank charges		3,160	3,892
		751,551	845,253
35. Investment income			
Dividend income from related parties	35.1	109,244	153,201
Dividend income from others		2,444,434	1,889,910
		2,553,678	2,043,111
35.1 Dividend income from related parties			
Subsidiaries			
DIC Pakistan Limited		67,545	–
Packages Lanka (Private) Limited		23,942	29,524
Associates			
IGI Insurance Limited		17,757	23,677
Tri-Pack Films Limited		–	100,000
		109,244	153,201
36. Taxation			
Current			
Current year	36.1	356,000	115,611
Prior years		106,925	(112,668)
		462,925	2,943
Deferred		(249,709)	395,674
		213,216	398,617

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

For the purposes of current taxation, the tax losses available for carry forward as at December 31, 2014 are estimated approximately at Rs. 559.288 million (2013: Rs. 961.847 million). Unused tax losses available to the Company contain unused business losses amounting to Nil (2013: Rs. 377.609 million).

(Percentage)	2014	2013
36.2 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	33.00	34.00
Tax effect of amounts that are:		
Not deductible for tax purposes	1.89	0.47
Exempt for tax purposes	(0.56)	(0.33)
Chargeable to tax at different rates	(22.03)	(12.17)
Effect of change in prior years' tax	3.89	(5.13)
Tax credits and losses (recognised) / unrecognised during the year	(6.68)	8.94
Tax credits	(1.96)	(8.30)
Tax effect under presumptive tax regime and others	0.20	0.68
	(25.25)	(15.84)
Average effective tax rate charged to profit and loss account	7.75	18.16

37 Profit and loss account - Discontinued operations

	Paper & Paperboard and Corrugated business operations at Kasur and Karachi		Paper & Paperboard operations at Lahore		Total	
(Rupees in thousand)	**2014**	2013	**2014**	2013	**2014**	2013
Local sales	–	2,942,776	–	–	–	2,942,776
Export sales	–	7,213	–	–	–	7,213
	–	2,949,989	–	–	–	2,949,989
Less: Sales tax and excise duty	–	381,372	–	–	–	381,372
	–	2,568,617	–	–	–	2,568,617
Sales to continuing operations	–	448,623	–	–	–	448,623
	–	3,017,240	–	–	–	3,017,240
Cost of sales	–	(2,839,762)	–	(8,664)	–	(2,848,426)
Gross profit / (loss)	–	177,478	–	(8,664)	–	168,814
Administrative expenses	–	(112,929)	–	(440)	–	(113,369)
Distribution and selling costs	–	(62,146)	–	(222)	–	(62,368)
Other operating expenses	–	(5,065)	–	(2,781)	–	(7,846)
Other income	–	1,151	–	49,636	–	50,787
(Loss) / profit from operations	–	(1,511)	–	37,529	–	36,018
Finance cost	–	(244,876)	–	–	–	(244,876)
(Loss) / profit before tax from discontinued operations	–	(246,387)	–	37,529	–	(208,858)
Taxation	–	(26,000)	–	(14,245)	–	(40,245)
(Loss) / profit for the year from discontinued operations	–	(272,387)	–	23,284	–	(249,103)

37.1 Included in administrative expenses of Paper & Paperboard and Corrugated business operations at Kasur and Karachi is an amount of Nil (2013: Rs. 21.093 million) on account of legal and professional services in respect of the Joint Venture transaction with Stora Enso OYJ group of Finland.

37.2 Cash flows from Discontinued operations

(Rupees in thousand)	Paper & Paperboard and Corrugated business operations at Kasur and Karachi 2014	2013	Paper & Paperboard operations at Lahore 2014	2013	Total 2014	2013
Cash flows from operating activities	–	718,136	–	13,130	–	731,266
Cash flows from investing activities	–	(81,289)	–	36,611	–	(44,678)
Total cash flows	–	636,847	–	49,741	–	686,588

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, full time working Directors and Executives of the Company are as follows:

(Rupees in thousand)	Chief Executive 2014	2013	Directors 2014	2013	Executives 2014	2013
Short-term employee benefits						
Managerial remuneration	14,583	11,541	14,982	17,056	110,989	103,287
Housing	5,811	4,558	8,495	7,026	61,426	51,287
Utilities	1,291	1,013	1,419	1,561	13,403	11,111
Bonus	3,767	2,955	3,179	4,555	42,927	38,819
Leave passage	4,545	3,795	2,089	2,943	4,530	3,692
Medical expenses	2,152	1,669	228	336	1,182	1,490
Club expenses	28	25	320	155	–	–
Others	–	–	–	–	30,209	20,741
	32,177	25,556	30,712	33,632	264,666	230,427
Post employment benefits						
Contribution to provident, gratuity and pension funds	4,456	3,495	3,021	3,617	28,735	27,242
Other long-term benefits						
Accumulating compensated absences	2,432	1,177	502	753	13,454	18,509
	39,065	30,228	34,235	38,002	306,855	276,178
Number of persons	1	1	3	2	84	80

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

38.2 Remuneration to other directors

Aggregate amount charged in the financial statements for the year for fee to 5 directors (2013: 7 directors) is Rs. 1,700,000 (2013: Rs. 1,150,000).

39. Transactions with related parties

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

(Rupees in thousand)		2014	2013
Relationship with the Company	**Nature of transactions**		
i. Subsidiaries	Purchase of goods and services	967,061	1,208,266
	Sale of goods and services	40,444	722,790
	Assets and liabilities transferred	–	7,698,689
	Equity contribution in cash	–	2,274,953
	Investments made	600,000	–
	Dividend income	91,487	29,524
	Rental and other income	17,217	24,515
	Management and technical fee	19,673	21,054
	Expenses incurred on behalf of the subsidiary	344,369	134,143
ii. Joint venture	Purchase of goods and services	2,728,525	1,346,221
	Sale of goods and services	405,373	974,908
	Rental and other income	64,424	38,406
iii. Associates	Purchase of goods and services	1,179,015	979,067
	Sale of goods and services	12,444	54,630
	Insurance premium	107,617	143,934
	Commission earned	2,659	8,459
	Insurance claims received	1,463	105,125
	Rental Income	458	–
	Dividend income	17,757	123,677
	Expenses incurred on behalf of the associate	283	–
iv. Post employment benefit plans	Expense charged in respect of retirement benefit plans	85,365	114,227

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.

40. Capacity and production - tonnes

	Note	Capacity 2014	Capacity 2013	Actual production 2014	Actual production 2013
Paper and paperboard produced	40.1	41,400	98,900	10,116	38,314
Paper and paperboard converted	40.2	45,526	75,235	32,511	52,610
Plastics all sorts converted		20,000	20,000	17,553	16,041

40.1 This includes capacity and actual production relating to discontinued operations of Nil (2013: 57,500 tonnes) and Nil (2013: 28,947 tonnes) respectively.

40.2 This includes capacity and actual production relating to discontinued operations of Nil (2013: 29,709 tonnes) and Nil (2013: 22,456 tonnes) respectively.

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

		2014	2013
41.	**Number of employees**		
	Total number of employees as at December 31	1,528	1,595
	Average number of employees during the year	1,562	2,096

42. Rates of exchange

Liabilities in foreign currencies have been translated into PAK Rupees at USD 0.994 (2013: USD 0.9506), EURO 0.8172 (2013: EURO 0.6892), CHF 0.9828 (2013: CHF 0.8442), SEK 7.6982 (2013: SEK 6.1087), GBP 0.6384 (2013: GBP 0.5768), CAD Nil (2013:1.0124), SGD 1.3134 (2013:1.2028) and YEN 118.7366 (2013: Nil) equal to Rs. 100. Assets in foreign currencies have been translated into PAK Rupees at USD 0.996 (2013: USD 0.9524), EURO Nil (2013: EURO Nil) and GBP Nil (2013: GBP Nil) equal to Rs. 100.

(Rupees in thousand)		Note	2014	2013
43.	**Cash generated from operations**			
	Profit before tax including discontinued operations		2,749,520	1,985,571
	Adjustments for:			
	Depreciation on owned assets	18.1.3	512,896	440,161
	Gain on re-measurement of financial instrument	34	(27,272)	(137,287)
	Depreciation on assets subject to finance lease	18.2.1	3,652	548
	Depreciation on investment property	19	3,623	2,842
	Amortisation on intangible assets	20.1	15,347	11,335
	Provision for accumulating compensated absences	11	52,084	64,198
	Provision for retirement benefits	10	14,354	31,418
	Provision for / (written back of) for doubtful debts	25.3	13,850	(2,064)
	Net profit on disposal of property, plant and equipment	33	(79,285)	(44,105)
	Net gain on insurance claim of assets written off due to fire	33	–	(9,478)
	Finance costs	34	751,551	1,090,129
	Dividend income	35	(2,553,678)	(2,043,111)
	Profit before working capital changes		1,456,642	1,390,157
	Effect on cash flow due to working capital changes:			
	Decrease / (increase) in stores and spares		75,626	(150,592)
	(Increase) / decrease in stock-in-trade		(165,599)	871,866
	Decrease in trade debts		82,598	659,170
	(Increase) / decrease in loans, advances, deposits, prepayments and other receivables		(328,690)	45,460
	Increase / (decrease) in trade and other payables		311,829	(285,966)
			(24,236)	1,139,938
			1,432,406	2,530,095
44.	**Cash and cash equivalents**			
	Cash and bank balances	28	252,492	235,874
	Finances under mark up arrangements - secured	13	(1,262,596)	(1,517,638)
			(1,010,104)	(1,281,764)

			2014	2013
45.	**Earnings / (loss) per share**			
45.1	**Basic earnings per share - Continuing operations**			
	Profit for the year from Continuing operations	Rupees in thousand	2,536,304	1,795,812
	Weighted average number of ordinary shares	Numbers	84,864,436	84,379,504
	Earnings per share	Rupees	29.89	21.28
45.2	**Basic loss per share - Discontinued operations**			
	Loss for the year from Discontinued operations	Rupees in thousand	–	(249,103)
	Weighted average number of ordinary shares	Numbers	84,864,436	84,379,504
	Loss per share	Rupees	–	(2.95)
45.3	**Diluted earnings per share - Continuing operations**			
	Profit for the year from Continuing operations	Rupees in thousand	2,536,304	1,795,812
	Return on preference shares/ convertible stock - net of tax	Rupees in thousand	284,248	326,925
			2,820,552	2,122,737
	Weighted average number of ordinary shares	Numbers	84,864,436	84,379,504
	Weighted average number of notionally converted preference shares / convertible stock	Numbers	21,201,910	21,686,842
			106,066,346	106,066,346
	Diluted earnings per share	Rupees	26.59	20.01

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

46. Financial risk management

46.1 Financial risk factors

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

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

The Company's overall risk management procedures to minimise the potential adverse effects of financial market on the Company's performance are as follows:

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities or net investments in foreign operations that are denominated in a currency that is not the Company's functional currency.

At December 31, 2014, if the Rupee had strengthened / weakened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been Rs. 25.831 million higher / lower (2013: Rs. 7.870 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, 2014, if the Rupee had strengthened / weakened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been Rs. 82.493 million higher / lower (2013: Rs. 102.227 million) higher / lower, mainly as a result of foreign exchange gains / losses on translation of Euro-denominated financial assets and liabilities.

(ii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to equity securities price risk because of investments held by the Company and classified as available for sale. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the board of directors.

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

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

	Impact on post-tax profit		Impact on other components of equity	
(Rupees in thousand)	**2014**	2013	**2014**	2013
Karachi Stock Exchange	–	–	(564,539)	2,286,801

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

(iii) Cash flow and fair value interest rate risk

As the Company has no significant floating interest rate assets, the Company's income is substantially independent of changes in market interest rates.

The Company's interest rate risk arises from short-term and long-term borrowings. These borrowings issued at variable rates expose the Company to cash flow interest rate risk.

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

At December 31, 2014, if interest rates on floating rate borrowings had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been Rs. 22.515 million (2013: Rs. 37.043 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Company arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to distributors and wholesale and retail customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored and major sales to retail customers are settled in cash. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk and which are neither past due nor impaired are as under:

(Rupees in thousand)	2014	2013
Long-term loans and deposits	52,558	67,006
Trade debts	1,079,492	919,011
Loans, advances, deposits, prepayments and other receivables	1,797,214	1,596,754
Balances with banks	245,909	230,445
	3,175,173	2,813,216

As of December 31, 2014, trade receivables of Rs. 447.880 million (2013: Rs. 703.798 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)	2014	2013
Up to 90 days	410,287	618,681
91 to 180 days	27,268	48,710
181 to 365 days	10,325	36,407
	447,880	703,798

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

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

(Rupees in thousand)	2014	2013
Up to 90 days	2,548	41,515
91 to 180 days	845	16,734
181 to 365 days	349	982
	3,742	59,231

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

(Rupees in thousand)	Rating Short-term	Rating Long-term	Rating Agency	**2014**	2013
Bank Islami Pakistan Limited	A1	A	PACRA	–	9
Barclay's Bank PLC Pakistan	P-1	A2	Moody's	64	14,208
Citibank N.A.	P-1	A2	Moody's	204	1,279
Deutsche Bank AG	P-1	A3	Moody's	85,055	2,543
Dubai Islamic Bank (Pakistan) Limited	A-1	A+	JCR-VIS	712	5
Faysal Bank Limited	A1+	AA	PACRA	351	581
Habib Bank Limited	A-1+	AAA	JCR-VIS	860	607
HSBC Bank Middle East Limited	P-1	A2	Moody's	–	130
JS Bank Limited	A1	A+	PACRA	78	50
MCB Bank Limited	A1+	AAA	PACRA	3,062	71
Meezan Bank Limited	A-1+	AA	JCR-VIS	111,684	102,043
National Bank of Pakistan	A-1+	AAA	JCR-VIS	3	15,889
NIB Bank Limited	A1+	AA-	PACRA	329	41,195
Samba bank	A-1	AA-	JCR-VIS	1,675	1,332
Silk Bank Limited	A-2	A-	JCR-VIS	–	2
Standard Chartered Bank Pakistan Limited	A1+	AAA	PACRA	41,638	50,386
The Bank of Punjab	A1+	AA-	PACRA	194	115
				245,909	230,445

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

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

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

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

46.2 Financial instruments by categories

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

(Rupees in thousand)	2014	2013
Financial assets		
Loans and receivables		
Long-term loans and deposits	52,558	67,006
Trade debts	1,527,372	1,622,809
Loans, advances, deposits, prepayments and other receivables	1,797,214	1,596,754
Balances with banks	245,909	230,445
	3,623,053	3,517,014
Financial liabilities		
At amortised cost		
Long-term finances - secured	2,300,000	2,900,000
Liabilities against assets subject to finance lease	30,381	27,884
Finances under mark-up arrangements - secured	1,262,596	1,517,638
Trade and other payables	3,144,680	3,052,362
Accrued finance cost	517,634	530,324
	7,255,291	8,028,208

46.3 Capital risk management

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

The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. Consistent with the others in industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including the current and non-current borrowings as disclosed in note 7 less cash and cash equivalents as disclosed in note 44. Total capital is calculated as equity as shown in the balance sheet plus net debt. The gearing ratio as at year end is as follows:

(Rupees in thousand)	2014	2013
Long-term finances	4,228,815	5,170,577
Current portion of long-term finances	204,696	203,702
Cash and cash equivalents	1,010,104	1,281,764
Net debt	5,443,615	6,656,043
Total equity	50,002,727	42,089,528
Total capital	55,446,342	48,745,571
Gearing ratio	10%	14%

46.4 Fair value estimation

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

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

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

47. Date of authorisation for issue

These financial statements were authorised for issue on February 25, 2015 by the Board of Directors of the Company.

48. Non-adjusting events after the balance sheet date

The Board of Directors of the Company in its meeting held on October 31, 2014 accorded approval for establishment of a Mauritius based Special Purpose Vehicle ('SPV') as subsidiary of the Company for setting up a wholly owned company under the laws of South Africa. The South African company will then acquire all assets and properties of the Flexible Packaging Convertors (Proprietary) Limited ('FPC') in lieu of cash consideration and 45% shares of the South African company. Pursuant to this resolution, the Company on January 5, 2015 incorporated a private company under the laws of Mauritius with the name, Anemone Holdings Limited ('AHL'). The Company also made an equity contribution in cash of USD 100,000 in AHL on February 4, 2015.

Subsequent to year end, the Company has made further equity investment of Rs. 400 million in its wholly owned subsidiary, Packages Construction (Private) Limited.

On January 30, 2015, International Finance Corporation exercised its right to convert 1,000,000 preference share / convertible stock of Rs. 190 each into 1,000,000 ordinary shares of Rs. 10 each.

The Board of Directors have proposed a final cash dividend for the year ended December 31, 2014 of Rs. 9.00 per share (2013: Rs. 8.00 per share), amounting to Rs. 786.416 million (2013: Rs. 675.036 million) at their meeting held on February 25, 2015 for approval of the members at the Annual General Meeting to be held on April 16, 2015. The Board has also recommended to transfer Rs. 1,500 million (2013: Rs. 700 million) from accumulated profit to general reserves.

49. Corresponding figures

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

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

Consolidated Financial Statements

For the year ended December 31, 2014

Directors' Report
on the Consolidated Financial Statements
For The Year Ended December 31, 2014

بسم الله الرحمن الرحيم

The Directors of Packages Limited are pleased to present the audited consolidated financial statements of the Group for the year ended December 31, 2014.

Group results

The Group has performed well during the current year. As you were informed last year, subsequent to the consummation of the joint venture with Stora Enso OYJ Group of Finland in 2013, the Parent Company's operations were divided into Continuing and Discontinued Operations for financial reporting purposes. Paper and Paperboard and Corrugated businesses were recognised as Discontinued Operations with respect to the Parent Company.

The comparison of annual audited results for the year 2014 as against year 2013 is as follows:

(Rupees in million)	2014	2013
Continuing operations:		
Invoiced Sales – Net	18,727	16,685
Profit from operations	1,468	1,373
Share of (loss)/profit in associates and joint venture	(215)	181
Reversal of impairment on investments	-	11
Investment income	2,444	1,889
Profit after tax	2,540	2,034
Discontinued operations:		
Operating loss after tax	-	(213)

During the year 2014, the Group has achieved net sales of Rs. 18,727 million against net sales of Rs. 16,685 million achieved during last year indicating sales growth of 12%. Last year's sale excludes Rs. 743 million of materials imported on behalf of "Bulleh Shah Packaging (Private) Limited 'BSPL' and transferred to it at cost as a transitional arrangement subsequent to its recognition as jointly controlled entity.

The Group has achieved Profit from operations of Rs. 1,468 million during 2014 as against that of Rs. 1,373 million achieved during 2013 representing an increase of Rs. 95 million i.e. 7%.

Investment income has also increased by Rs. 555 million during 2014 that is indicative of improved operational performance of the investee companies.

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

DIC Pakistan Limited

DIC Pakistan Limited is a non-listed public limited subsidiary of Packages Limited. It is principally engaged in manufacturing, processing and selling of industrial inks. The Company has achieved net sales of Rs. 3,188 million during the year 2014 as compared to Rs. 2,650 million of last year representing sales growth of 20%.

The Company has generated profit before tax of Rs. 353 million during the year 2014 as against Rs. 249 million of 2013 resulting from sales growth and operational efficiencies. Moving forward, the Company will continue its focus on improving operating results through volume growth, tighter operating cost control, product diversification, price rationalization and better working capital management.

Packages Lanka (Private) Limited

Packages Lanka (Private) Limited is a Sri Lanka based subsidiary of Packages Limited. It is primarily engaged in production of flexible packaging solutions. The Company has achieved turnover of SLR 1,653 million during the year 2014 as compared to SLR 1,523 million of 2013 representing growth of 9%. The Company has generated profit before tax of SLR 151 million in the year 2014 as compared to SLR 47 million of 2013. This increase in profit is mainly attributable to operational efficiencies that include waste reduction efforts, using cheaper source for fuel and the efficiency improvements brought by the installation of new printing line towards the end of year 2012 that has helped the management in consolidating its market share. Moving forward, the Company will focus on improving operating results through tighter operating cost control, product diversification and price rationalisation.

Bulleh Shah Packaging (Private) Limited

Bulleh Shah Packaging (Private) Limited is a non-listed private limited company. It is principally engaged in the manufacturing and conversion of paper & paperboard products. The entity started its commercial operations in April 2013 upon transfer of Paper & Paperboard and Corrugated businesses from Packages Limited. The Company has achieved sales of Rs. 16,527 million during the year ended December 31, 2014 as compared Rs. 10,237 million during the first nine months of its commercial operations till December 31, 2013. The Company has incurred loss before tax of Rs. 13 million which is mainly attributable to high energy costs resulting from shortage of power. As part of management's strategy to overcome the power shortage and to secure uninterrupted power supply to the operations, the Company is in the process of installing a bio-mass boiler which is expected to be in operation during the second half of 2015. Moving forward, the Management will also continue its focus on tighter cost controls and operational efficiencies to improve the Company's operating results.

(Towfiq Habib Chinoy)
Chairman
Karachi, February 25, 2015

(Syed Hyder Ali)
Chief Executive & Managing Director
Karachi, February 25, 2015

Auditors' Report to the Members

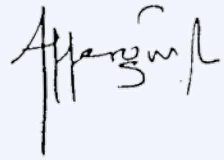
We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Packages Limited (the holding company) and its subsidiary companies (the Group) as at December 31, 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Packages Limited and its subsidiary companies except for Packages Lanka (Private) Limited which was audited by other firm of auditors, whose report has been furnished to us and our opinion in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As stated in note 2.2.1 to the annexed consolidated financial statements, the Group has changed its accounting policies on initial application of standards, amendments or interpretations to existing standards.

The Group's share of net loss and other comprehensive income from investments accounted for under equity method of Rs. 214.659 million and Rs. 2.401 million respectively shown in the consolidated profit and loss account and consolidated statement of comprehensive income respectively and note 21.2 and 21.3 respectively to the consolidated financial statements include loss of Rs. 120.420 million and other comprehensive income of Rs. 6.404 million, representing Group's share in three of its associates, based on unaudited financial statements of these associates.

Except for the effect, if any, of the matter referred to in the preceding paragraph, in our opinion the consolidated financial statements present fairly the financial position of Packages Limited and its subsidiary companies (the Group) as at December 31, 2014 and the results of their operations for the year then ended.



A.F. Ferguson & Co.
Chartered Accountants
Lahore, February 25, 2015

Name of engagement partner:
Asad Aleem Mirza

Consolidated Balance Sheet
as at December 31, 2014

(Rupees in thousand)	Note	2014	2013
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorised capital			
150,000,000 (2013: 150,000,000) ordinary shares of Rs. 10 each		1,500,000	1,500,000
22,000,000 (2013: 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 86,379,504 (2013: 84,379,504) ordinary shares of Rs. 10 each	5	863,795	843,795
Reserves	6	44,759,323	38,067,817
Preference shares / convertible stock reserve	7	1,571,699	1,605,875
Accumulated profit		3,397,572	2,309,000
		50,592,389	42,826,487
NON-CONTROLLING INTEREST		392,866	332,354
		50,985,255	43,158,841
NON-CURRENT LIABILITIES			
Long-term finances	7	4,428,836	5,450,180
Liabilities against assets subject to finance lease	8	25,685	24,182
Deferred taxation	9	437,000	666,917
Retirement benefits	10	–	578
Deferred liabilities	11	212,911	166,125
		5,104,432	6,307,982
CURRENT LIABILITIES			
Current portion of long-term liabilities	12	271,370	273,603
Finances under mark up arrangements - secured	13	1,607,583	1,958,402
Derivative financial instruments	14	–	27,272
Trade and other payables	15	3,561,912	3,277,679
Accrued finance costs	16	526,943	533,801
		5,967,808	6,070,757
CONTINGENCIES AND COMMITMENTS	17	–	–
		62,057,495	55,537,580

(Rupees in thousand)	Note	**2014**	2013
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	18	4,186,396	4,227,472
Investment property	19	1,166,414	68,790
Intangible assets	20	43,059	39,083
Investments accounted for under equity method	21	13,448,877	13,678,892
Other long-term investments	22	33,222,887	27,566,553
Long-term loans and deposits	23	53,361	67,684
Retirement benefits	10	87,881	6,540
		52,208,875	45,655,014
CURRENT ASSETS			
Stores and spares	24	549,505	626,264
Stock-in-trade	25	2,935,722	2,821,293
Trade debts	26	2,057,352	2,099,989
Loans, advances, deposits, prepayments and other receivables	27	1,504,559	1,747,648
Income tax receivable	28	2,341,185	2,236,296
Cash and bank balances	29	460,297	351,076
		9,848,620	9,882,566
		62,057,495	55,537,580

The annexed notes 1 to 52 form an integral part of these financial statements.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Rizwan Ghani
Director

Consolidated Profit and Loss Account
for the year ended December 31, 2014

(Rupees in thousand)		Note	2014	2013
Continuing operations				
Local sales			21,100,498	19,573,830
Export sales			546,807	488,914
			21,647,305	20,062,744
Less: Sales tax and excise duty			2,876,714	2,600,678
Commission			43,590	33,921
			2,920,304	2,634,599
Net sales			18,727,001	17,428,145
Cost of sales		30	(15,682,559)	(14,785,637)
Gross profit			3,044,442	2,642,508
Administrative expenses		31	(975,619)	(717,058)
Distribution and marketing costs		32	(676,228)	(675,674)
Other operating expenses		33	(248,588)	(183,310)
Other income		34	324,211	306,932
Profit from operations			1,468,218	1,373,398
Finance costs		35	(841,120)	(936,715)
Investment income		36	2,444,434	1,889,910
Reversal of impairment on investments in associates			–	11,055
Share of (loss)/profits of investments accounted for under equity method - net of tax		21.2	(214,659)	180,543
Profit before tax			2,856,873	2,518,191
Taxation		37	(317,266)	(484,126)
Profit for the year from continuing operations			2,539,607	2,034,065
Loss for the year from discontinued operations - attributable to equity holders of the Parent Company		38	–	(213,292)
Profit for the year			2,539,607	1,820,773
Attributable to:				
Equity holders of the Parent Company			2,409,971	1,739,685
Non-controlling interest			129,636	81,088
			2,539,607	1,820,773
Earnings per share from continuing and discontinued operations attributable to equity holders of the Parent Company				
Combined basic earnings/(loss) per share				
From continuing operations	Rupees	46	28.40	23.15
From discontinued operations	Rupees	46	–	(2.53)
From profit for the year	Rupees		28.40	20.62
Combined diluted earnings/(loss) per share				
From continuing operations	Rupees	46	25.40	21.50
From discontinued operations	Rupees	46	–	(2.53)
From profit for the year	Rupees		25.40	18.97

The annexed notes 1 to 52 form an integral part of these financial statements.

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

Consolidated Statement of Comprehensive Income

for the year ended December 31, 2014

(Rupees in thousand)	2014	2013
Profit for the year	2,539,607	1,820,773
Other comprehensive income:		
Items that will not be re-classified to profit or loss		
Re-measurement of retirement benefits asset / liability	82,427	25,817
Tax effect	(28,843)	(2,342)
	53,584	23,475
Items that may be re-classified subsequently to profit or loss		
Surplus on re-measurement of available for sale financial assets	5,656,334	10,278,726
Exchange differences on translating foreign subsidiary	(29,299)	33,316
Share of other comprehensive income/(loss) of investments accounted for under equity method - net of tax	2,401	(10,920)
	5,629,436	10,301,122
Other comprehensive income for the year - net of tax	5,683,020	10,324,597
Total comprehensive income for the year	8,222,627	12,145,370
Attributable to:		
Equity holders of the Parent Company	8,099,176	12,057,309
Non-controlling interest	123,451	88,061
Total comprehensive income for the year	8,222,627	12,145,370
Total comprehensive income attributable to equity holders of the Parent Company arising from:		
Continuing operations	8,099,176	12,270,601
Discontinued operations	–	(213,292)
	8,099,176	12,057,309

The annexed notes 1 to 52 form an integral part of these financial statements.

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

Consolidated Statement of Changes in Equity

for the year ended December 31, 2014

(Rupees in thousand)	Attributable to equity holders of the Parent Company									Non-controlling interest	Total equity
	Share capital	Share premium	Exchange difference on translation of foreign subsidiary	Fair value reserve	General reserve	Preference shares / convertible stock reserve	Other reserves relating to associates and joint venture	Accumulated (loss) / profit	Total		
Balance as on December 31, 2012	843,795	2,876,893	16,441	13,288,190	14,910,333	1,605,875	(18,189)	(2,374,452)	31,148,886	252,201	31,401,087
Appropriation of funds											
Transferred to consolidated profit and loss account	–	–	–	–	(3,300,000)	–	–	3,300,000	–	–	–
Total transactions with owners											
Final dividend for the year ended December 31, 2012 Rs. 4.50 per share	–	–	–	–	–	–	–	(379,708)	(379,708)	–	(379,708)
Dividends relating to 2012 paid to non - controlling interests	–	–	–	–	–	–	–	–	–	(7,908)	(7,908)
Total transactions with owners, recognised directly in equity	–	–	–	–	–	–	–	(379,708)	(379,708)	(7,908)	(387,616)
Total comprehensive income for the year ended December 31, 2013											
Profit for the year	–	–	–	–	–	–	–	1,739,685	1,739,685	81,088	1,820,773
Other comprehensive income:											
Exchange difference on translation of foreign subsidiary	–	–	26,343	–	–	–	–	–	26,343	6,973	33,316
Re-measurement of retirement benefits liability / asset - net of tax	–	–	–	–	–	–	–	23,475	23,475	–	23,475
Other reserves of investments accounted for under equity method	–	–	–	–	–	–	(10,920)	–	(10,920)	–	(10,920)
Surplus on re-measurement of available for sale financial assets	–	–	–	10,278,726	–	–	–	–	10,278,726	–	10,278,726
Total comprehensive income / (loss) for the year	–	–	26,343	10,278,726	-	-	(10,920)	1,763,160	12,057,309	88,061	12,145,370
Balance as on December 31, 2013	843,795	2,876,893	42,784	23,566,916	11,610,333	1,605,875	(29,109)	2,309,000	42,826,487	332,354	43,158,841
Appropriation of funds											
Transferred to General reserve account	–	–	–	–	700,000	–		(700,000)	–	–	–
Total transactions with owners											
Final dividend for the year ended December 31, 2013 Rs. 8.00 per share	–	–	–	–	–	–	–	(675,036)	(675,036)	–	(675,036)
Dividends relating to 2013 paid to non - controlling interests	–	–	–	–	–	–	–	–	–	(62,939)	(62,939)
Conversion of preference shares / convertible stock into ordinary share capital (2,000,000 ordinary shares of Rs. 10 each)	20,000	355,938	–	–	–	(34,176)	–	–	341,762	–	341,762
Total transactions with owners, recognised directly in equity	20,000	355,938	–	–	–	(34,176)	–	(675,036)	(333,274)	(62,939)	(396,213)
Total comprehensive income for the year ended December 31, 2014											
Profit for the year	–	–	–	–	–	–	–	2,409,971	2,409,971	129,636	2,539,607
Other comprehensive income:											
Exchange difference on translation of foreign subsidiary	–	–	(23,167)	–	–	–	–	–	(23,167)	(6,132)	(29,299)
Re-measurement of retirement benefits liability/asset - net of tax	–	–	–	–	–	–	–	53,637	53,637	(53)	53,584
Other reserves of investments accounted for under equity method	–	–	–	–	–	–	2,401	–	2,401	–	2,401
Surplus on re-measurement of available for sale financial assets	–	–	–	5,656,334	–	–	–	–	5,656,334	–	5,656,334
Total comprehensive (loss) / income for the year	–	–	(23,167)	5,656,334	–	–	2,401	2,463,608	8,099,176	123,451	8,222,627
Balance as on December 31, 2014	863,795	3,232,831	19,617	29,223,250	12,310,333	1,571,699	(26,708)	3,397,572	50,592,389	392,866	50,985,255

The annexed notes 1 to 52 form an integral part of these financial statements.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Rizwan Ghani
Director

Consolidated Cash Flow Statement
for the year ended December 31, 2014

(Rupees in thousand)	Note	2014	2013
Cash flows from operating activities			
Cash generated from operations	44	2,411,266	2,795,194
Finance cost paid		(847,978)	(1,196,737)
Taxes paid		(681,925)	(651,163)
Payments for accumulating compensated absences		(17,514)	(82,618)
Retirement benefits paid		(13,847)	(318,371)
Net cash generated from operating activities		850,002	546,305
Cash flows from investing activities			
Fixed capital expenditure		(1,559,739)	(917,127)
Investments - net		–	(2,274,953)
Decrease in long-term loans and deposits		14,323	11,463
Proceeds from disposal of property, plant and equipment		114,294	71,663
Proceeds from assets written off due to fire		–	102,003
Dividends received		2,462,191	2,013,587
Net cash generated from / (used in) investing activities		1,031,069	(993,364)
Cash flows from financing activities			
Re-payment of long-term finances - secured		(682,809)	(967,139)
Proceeds from long-term finances - secured		–	1,000,000
Liabilities against assets subject to finance lease - net		(3,599)	27,884
Dividends paid to equity holders of parent		(671,684)	(378,218)
Dividends paid to non-controlling interest		(62,939)	(7,908)
Net cash used in financing activities		(1,421,031)	(325,381)
Net increase / (decrease) in cash and cash equivalents		460,040	(772,440)
Cash and cash equivalents at the beginning of the year		(1,607,326)	(5,934,886)
Cash and cash equivalents transferred		–	5,100,000
Cash and cash equivalents at the end of the year	45	(1,147,286)	(1,607,326)

The annexed notes 1 to 52 form an integral part of these financial statements.

Towfiq Habib Chinoy
Chairman

Syed Hyder Ali
Chief Executive & Managing Director

Rizwan Ghani
Director

1. Legal status and nature of business

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

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

2. Basis of preparation

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

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

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

2.2.1 Amendments to published standards effective in current year

New and amended standards and interpretations mandatory for the first time for the financial year beginning January 1, 2014:

- IAS 32 (Amendments), 'Financial instruments: Presentation', on offsetting financial assets and financial liabilities is applicable on accounting periods beginning on or after January 1, 2014. These amendments update the application guidance in IAS 32, 'Financial instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The application of these amendments has no material impact on the Group's financial statements.

- IAS 36 (Amendment), 'Impairment of assets' on recoverable amount disclosures is applicable on accounting period beginning on or after January 1, 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The application of these amendments has no material impact on the Group's financial statements.

- IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' on novation of derivatives is applicable on accounting period beginning on or after January 1, 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria. The application of these amendments has no material impact on the Group's financial statements.

- IFRIC 21, 'Levies' sets out the clarification on accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is, that gives rise to pay a levy and when should a liability be recognised. The impact on the Group's financial statements due to application of IFRIC 21 is not material.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after January 1, 2015 or later periods, but the Group has not early adopted them:

- Annual improvements 2012 applicable for annual periods beginning on or after July 1, 2014. These amendments include changes from the 2010-12 cycle of the annual improvements project, that affect 7 standards: IFRS 2, 'Share-based payment', IFRS 3, 'Business Combinations', IFRS 8, 'Operating segments', IFRS 13, 'Fair value measurement', IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', Consequential amendments to IFRS 9, 'Financial instruments', IAS 37, 'Provisions, contingent liabilities and contingent assets', and IAS 39, Financial instruments – Recognition and measurement'. The Group shall apply these amendments from January 1, 2015 and does not expect to have a material impact on its financial statements.

- Annual improvements 2013 applicable for annual periods beginning on or after July 1, 2014. The amendments include changes from the 2011-12-13 cycle of the annual improvements project that affect 4 standards: IFRS 1, 'First time adoption', IFRS 3, 'Business combinations', IFRS 13, 'Fair value measurement' and IAS 40, 'Investment property'. The Group shall apply these amendments from January 1, 2015 and does not expect to have a material impact on its financial statements.

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

- Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture', regarding bearer plants are applicable on accounting periods beginning on or after January 1, 2016. These amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16 instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. These amendments do not have a material impact on the Group's financial statements.

- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on accounting periods beginning on or after January 1, 2016. IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The Group shall apply these amendments from January 1, 2016 and does not expect to have a material impact on its financial statements.

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

- IAS 19 (Amendments), 'Employee benefits' is applicable on accounting periods beginning on or after July 1, 2014. These amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Group shall apply these amendments from January 1, 2015 and does not expect to have a material impact on its financial statements.

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

- IFRS 9, 'Financial instruments'. This is applicable on accounting periods beginning on or after January 1, 2018. IASB has published the complete version of IFRS 9, 'Financial Instruments', which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model used today. The Group shall apply this standard from January 1, 2018 and does not expect to have a material impact on its financial statements.

- IFRS 10, 'Consolidated financial statements' is applicable on accounting periods beginning on or after January 1, 2015. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. The Group shall apply this standard from January 1, 2015 and does not expect to have a material impact on its financial statements.

- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' are applicable on accounting periods beginning on or after January 1, 2016. These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, whether it is housed in a subsidiary or not. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The Group shall apply these amendment from January 1, 2016 and does not expect to have a material impact on its financial statements.

- IFRS 11, 'Joint arrangements' is applicable on accounting periods beginning on or after January 1, 2015. IFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Group shall apply this standard from January 1, 2015 and does not expect to have a material impact on its financial statements.

- IFRS 11 (Amendment), 'Joint arrangements' on acquisition of an interest in a joint operation is applicable on accounting periods beginning on or after 1 January 2016.This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. The Group shall apply this amendment from January 1, 2016 and does not expect to have a material impact on its financial statements.

- IFRS 12, 'Disclosures of interests in other entities'. This is applicable on accounting periods beginning on or after January 1, 2015. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group shall apply this standard from January 1, 2015 and does not expect to have a material impact on its financial statements.

- Amendments to IFRS 10, 11 and 12 on transition guidance are applicable on accounting periods beginning on or after January 1, 2015. These amendments also provide additional transition relief in IFRS 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Group shall apply these amendments from January 1, 2015 and does not expect to have a material impact on its financial statements.

- Amendments to IFRS 10, 11 and IAS 27 on consolidation for investment entities. These are applicable on accounting periods beginning on or after January 1, 2015. These amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead, they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. Changes have also been made IFRS 12, 'Disclosures of interests in other entities' to introduce disclosures that an investment entity needs to make. The Group shall apply these amendments from January 1, 2015 and does not expect to have a material impact on its financial statements.

- IFRS 13, 'Fair value measurement'. This is applicable on accounting periods beginning on or after January 1, 2015. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRS. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS or US GAAP. The Group shall apply this standard from January 1, 2015 and does not expect to have a material impact on its financial statements.

- IFRS 14, 'Regulatory deferral accounts' is applicable on accounting periods beginning on or after 1 January 2016. This standard permits first time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. The Group shall apply this standard from January 1, 2016 and does not expect to have a material impact on its financial statements.

- IFRS 15, 'Revenue from contracts with customers' is applicable on accounting periods beginning on or after January 1, 2017. This is a converged standard from the IASB and FASB on revenue recognition. The standard will improve the financial reporting of revenue and improve comparability of the top line in financial statements globally. The Group shall apply this standard from January 1, 2017 and does not expect to have a material impact on its financial statements.

3. Basis of measurement

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

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

i) Estimated useful lives of property, plant and equipment - note 4.3
ii) Provision for employees' retirement benefits - note 4.9 & 10
iii) Provision for taxation - note 37

4. Significant accounting policies

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

4.1 Principles of consolidation

a) Subsidiaries

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

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

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

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in consolidated profit and loss account.

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

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

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

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

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

c) Disposal of subsidiaries

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

d) Associates

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

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

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

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

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

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

e) Joint ventures

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

4.2 Taxation

Current

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

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits shall be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.3 Property, plant and equipment

Property, plant and equipment, except freehold land, are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain plant and machinery signifies historical cost, gains and losses transferred from equity on qualifying cash flow hedges as referred to in note 4.19 and borrowing costs as referred to in note 4.17.

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

Depreciation on all property, plant and equipment is charged to profit on the straight-line method so as to write off the depreciable amount of an asset over its estimated useful life at the following annual rates:

- Buildings	2.5%	to	20%
- Plant and machinery	6.25%	to	33.33%
- Other equipments	10%	to	33.33%
- Furniture and fixtures	10%	to	20%
- Vehicles			20%

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Group's estimate of the residual value of its property, plant and equipment as at December 31, 2014 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalised while no depreciation is charged for the month in which the asset is disposed off.

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

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

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

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

4.4 Investment property

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

Depreciation on buildings is charged to profit on the straight line method so as to write off the depreciable amount of building over its estimated useful life at the rates ranging from 3.33% to 6.67% per annum. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalised while no depreciation is charged for the month in which the property is disposed off.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Group's estimate of the residual value of its investment property as at December 31, 2014 has not required any adjustment as its impact is considered insignificant.

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

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

4.5 Intangible assets

Expenditure incurred to acquire computer software and SAP Enterprise Resource Planning (ERP) System are capitalised as intangible assets and stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method over a period of three to five years.

Development costs are recognised as intangible assets when the following criteria are met:

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

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

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

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

4.6 Leases

(1) The Group is the lessee:

Finance leases

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

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

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

Operating leases

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

(2) The Group is the lessor:

Operating leases

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

4.7 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary / associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill on acquisitions of associates and joint ventures is included in 'investments in associates' and 'investments in joint ventures respectively and is tested for impairment as part of the overall balance. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

4.8 Investments

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

Investments in equity instruments of associates and joint ventures

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

Other investments

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

Held to maturity

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

Available for sale

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

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

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

At each balance sheet date, the Group reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognised as expense in the profit and loss account. In respect of 'available for sale' financial assets, cumulative impairment loss less any impairment loss on that financial asset previously recognised in profit and loss account, is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

4.9 Employee retirement benefits

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

4.9.1 Defined benefit plans

(a) Gratuity plan

There is an approved funded defined benefit gratuity plan for all employees. Monthly contributions are made to this fund on the basis of actuarial recommendations at the rate of 4.5 percent per annum of basic salaries. The latest actuarial valuation for the gratuity scheme was carried out as at December 31, 2014. The actual return on plan assets during the year was 93.2 million. The actual return on plan assets represent the difference between the fair value of plan assets at the beginning of the year and end of the year adjustments for contributions made by the Group as reduced by benefits paid during the year.

The future contribution rates of these plans include allowances for deficit and surplus. Projected unit credit method, using the following significant assumptions, is used for valuation of this scheme:

Discount rate 10.5 percent per annum;
Expected rate of increase in salary level 8.5 percent per annum;
Expected mortality rate SLIC (2001-2005) mortality table; and
Expected rate of return 10.5 percent per annum.

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

The Group is expected to contribute Rs. 15.012 million to the gratuity fund in the next financial year.

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

(b) Pension plan

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

Consequently, the pension plan / fund currently operates two different plans for its employees:

- Defined contribution plan for all active employees; and
- Defined benefit plan for pensioners who have retired before December 31, 2012.

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

The obligation in respect of the defined benefit plan is determined by the Fund's Actuary at each year end. Any funding gap identified by the Fund's Actuary is paid by the Group from time to time. The last actuarial valuation was carried out as at December 31, 2014.

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

(c) Accumulating compensated absences

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

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

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

Discount rate 10.5 percent per annum;
Expected rate of increase in salary level 8.5 percent per annum; and
Expected mortality rate SLIC (2001-2005) mortality table.

4.9.2 Defined contribution plan

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

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

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

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

4.10 Stores and spares

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

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

4.11 Stock-in-trade

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

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

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

4.12 Financial instruments

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

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

4.13 Offsetting of financial assets and liabilities

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

4.14 Trade debts

Trade debts are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

4.15 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark up arrangements. In the balance sheet, finances under mark up arrangements are included in current liabilities.

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

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

4.17 Borrowings

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

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

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

4.18 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

4.19 Derivative financial instruments

These are initially recorded at cost on the date a derivative contract is entered into and are re-measured 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 profit and loss account.

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

4.20 Revenue recognition

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

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

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

4.21 Foreign currency transactions and translation

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the consolidated balance sheet date. Foreign exchange gains and losses on translation are recognised in the consolidated profit and loss account. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined. Foreign exchange gains and losses are recognised in the consolidated profit and loss account except in case of items recognised in other comprehensive income or equity in which case it is included in other comprehensive income or equity respectively.

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

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

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

(iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

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

4.22 Borrowing costs

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

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

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

4.23 Dividend

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

4.24 Compound financial instruments

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

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

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

4.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Parent Company.

4.26 Provisions

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

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

Restructuring provisions include lease termination penalties and employee termination payments and such other costs that are necessarily entailed by the restructuring and not associated with on-going activities of the Group. Provisions are not recognised for future operating losses.

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

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

5. Issued, subscribed and paid up capital

2014	2013		2014	2013
(Number of shares)			(Rupees in thousand)	
		Ordinary shares of Rs. 10 each as at the beginning of the year		
33,603,295	33,603,295	- fully paid in cash	336,033	336,033
148,780	148,780	- fully paid for consideration other than cash	1,488	1,488
50,627,429	50,627,429	- fully paid bonus shares	506,274	506,274
84,379,504	84,379,504		843,795	843,795
2,000,000	–	Issuance of shares upon conversion of preference shares / convertible stock - note 5.1	20,000	–
		Ordinary shares of Rs. 10 each as at the end of the year		
33,603,295	33,603,295	- fully paid in cash	336,033	336,033
148,780	148,780	- fully paid for consideration other than cash	1,488	1,488
2,000,000	–	- fully paid against conversion of preference shares / convertible stock	20,000	–
50,627,429	50,627,429	- fully paid bonus shares	506,274	506,274
86,379,504	84,379,504		863,795	843,795

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

5.2 21,133,101 (2013: 21,133,101) ordinary shares of the Parent Company are held by IGI Insurance Limited, an associated undertaking.

(Rupees in thousand)	Note	2014	2013
6. Reserves			
Movement in and composition of reserves is as follows:			
Capital			
Share premium			
At the beginning of the year		2,876,893	2,876,893
Conversion of preference shares / convertible stock	6.1	355,938	–
	6.2	3,232,831	2,876,893
Exchange difference on translation of foreign subsidiary			
At the beginning of the year		42,784	16,441
Exchange difference for the year		(23,167)	26,343
		19,617	42,784
Fair value reserve			
At the beginning of the year		23,566,916	13,288,190
Fair value gain during the year		5,656,334	10,278,726
	6.3	29,223,250	23,566,916
		32,475,698	26,486,593
Revenue			
General reserve			
At the beginning of the year		11,610,333	14,910,333
Transferred from / (to) profit and loss account		700,000	(3,300,000)
		12,310,333	11,610,333
Other reserves relating to associates and joint ventures			
At the beginning of the year		(29,109)	(18,189)
Income / (loss) during the year		2,401	(10,920)
		(26,708)	(29,109)
		12,283,625	11,581,224
		44,759,323	38,067,817

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

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

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

(Rupees in thousand)	Note	2014	2013
7. Long-term finances			
These are composed of:			
Local currency loan - secured			
Term Finance Loan	7.1.1	300,000	900,000
Long Term Finance Facility	7.1.2	2,000,000	2,000,000
Term Loan	7.1.3	266,695	349,504
		2,566,695	3,249,504
Preference shares / convertible stock - unsecured	7.2	2,128,815	2,470,577
		4,695,510	5,720,081
Current portion shown under current liabilities			
Term Finance Loan		(200,000)	(200,000)
Term Loan		(66,674)	(69,901)
	12	(266,674)	(269,901)
		4,428,836	5,450,180

7.1 Local currency loans - secured

7.1.1 Term Finance Loan

During the current year, the Group has made a prepayment of Rs. 400 million towards the Term Finance Loan availed from Bank Al-Habib Limited. This loan is secured by a ranking charge of Rs. 1,273 million (2013: 1,273 million) over present and future fixed assets of the Group located at Lahore excluding land and buildings. It carries mark up at the rate of six months KIBOR plus 0.65 percent per annum. The balance is repayable in 3 equal semi-annual installments ending on May 19, 2016. The effective mark up charged during the year ranges from 9.81 percent to 10.82 percent per annum. (2013: 9.81 percent to 10.18 percent per annum)

7.1.2 Long Term Finance Facility

This loan has been obtained from Meezan Bank Limited under the Islamic mode of finance as a Musharika. It is secured by a ranking charge over all present and future fixed assets of the Group located at Lahore and Kasur excluding land and buildings located at Lahore amounting to Rs. 2,500 million. It carries mark up at six month KIBOR plus 0.65 percent per annum and is payable in 7 equal semi-annual installments starting on December 31, 2016 and ending on December 31, 2019. The effective mark up charged during the year ranges from 10.81 percent to 10.82 percent per annum (2013: 9.74 percent to 10.07 percent per annum)

7.1.3 Term Loan

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

7.2 Preference shares/convertible stock - unsecured

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

Terms of redemption/conversion

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

Rate of return

The preference share/convertible stock holders have a preferred right of return at the rate of 10 percent per annum on a non-cumulative basis till the date of settlement of preference shares / convertible stock either in cash or ordinary shares.

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

(Rupees in thousand)	Note	2014	2013
Face value of preference shares/convertible stock		3,740,500	4,120,500
Transaction costs		(39,986)	(44,048)
		3,700,514	4,076,452
Equity component - classified under capital and reserves	7.2.1	(1,571,699)	(1,605,875)
Liability component - classified under long-term finances		2,128,815	2,470,577
Accrued return on preference shares/convertible stock classified under accrued finance cost		355,047	412,050
7.2.1 Movement in equity component - classified under capital and reserves			
Opening balance		1,605,875	1,605,875
Transfer from long-term finances to capital and reserves [3,000,000 shares (2013: Nil)]		341,762	–
Conversion into ordinary share capital and share premium [2,000,000 shares (2013: Nil)]		(375,938)	–
Closing balance		1,571,699	1,605,875

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

During the current year, IFC exercised its right to convert 3,000,000 preference share / convertible stock of Rs. 190 each into 3,000,000 ordinary shares of Rs. 10 each. Consequently, the Parent Company converted 2,000,000 preference shares / convertible stock during the year as referred to in note 5.1 while 1,000,000 shares were converted subsequent to year end. Accordingly, the liability portion pertaining to 1,000,000 preference shares / convertible stock converted into ordinary shares subsequent to the year end has been classified under capital and reserves.

(Rupees in thousand)	Note	2014	2013
8. Liabilities against assets subject to finance lease			
Present value of minimum lease payments		30,381	27,884
Current maturity shown under current liabilities	12	(4,696)	(3,702)
		25,685	24,182

Interest rate used as discounting factor ranges from 9.99 per cent to 10.72 per cent per annum (2013: 9.44 per cent to 9.99 per cent per annum). Taxes, repairs, replacements and insurance costs are borne by the lessee.

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

(Rupees in thousand)	Minimum lease payments	Future finance charges	Present value of lease liability 2014	2013
Not later than one year	6,763	2,067	4,696	3,702
Later than one year and not later than five years	28,555	2,870	25,685	24,182
	35,318	4,937	30,381	27,884

(Rupees in thousand)	2014	2013
9. Deferred Income Tax liabilities		
The liability for deferred taxation comprises temporary differences relating to:		
Accelerated tax depreciation	589,169	590,924
Unused tax losses	(199,491)	–
Provision for accumulating compensated absences	(70,138)	(54,482)
Provision for doubtful debts	–	(12,202)
Preference shares / convertible stock transaction cost - liability portion	8,022	9,293
Provision for slow moving items	(1,749)	(391)
Provision for doubtful receivables	(13,343)	(693)
Investments in associates and joint ventures	136,000	164,000
Effect of qualifying payment	(10,044)	(28,367)
Provision for unfunded defined benefit plan	(1,426)	(1,165)
	437,000	666,917

9.1 The Group has not adjusted the net deferred tax liability against aggregate tax credits of Rs. 826.913 million (2013: Rs. 746.705 million) available to the Group under section 113 of the Income Tax Ordinance, 2001 ('Ordinance') respectively and unused tax losses of Nil (2013: Rs. 377.609 million) in view of the management's estimate that the Group may not be able to offset these against tax liability arising in respect of relevant business profits of future periods, before these expire / lapse. Tax credits under section 113 of the Ordinance amounting to Rs. 183.823 million, Rs. 203.917 million, Rs. 110.934 million, Rs. 175.300 million and Rs. 152.938 million are set to lapse by the end of years ending on December 31, 2015, 2016, 2017, 2018 and 2019 respectively.

(Rupees in thousand)	2014	2013
10. Retirement benefits		
Classified under non-current assets		
Pension fund	29,629	–
Gratuity fund	58,252	6,540
	87,881	6,540
Classified under non-current liabilities		
Pension fund	–	578

(Rupees in thousand)	Pension Fund 2014	Pension Fund 2013	Gratuity Fund 2014	Gratuity Fund 2013
The amounts recognised in the consolidated balance sheet are as follows:				
Fair value of plan assets	700,115	567,707	339,502	281,655
Present value of defined benefit obligation	(641,863)	(568,285)	(309,873)	(275,115)
Asset / (liability) as at December 31	58,252	(578)	29,629	6,540
Net (liability) / asset as at January 1	(578)	(276,458)	6,540	(30,350)
Charge to consolidated profit and loss account	(72)	(15,205)	(14,282)	(16,213)
Gain recorded in Other Comprehensive Income	58,902	14,628	23,921	8,793
Contribution by the Group	–	276,457	13,450	44,310
Net asset / (liability) as at December 31	58,252	(578)	29,629	6,540
The movement in the present value of defined benefit obligation is as follows:				
Present value of defined benefit obligation as at January 1	568,285	582,031	275,115	371,371
Service cost	–	–	16,153	15,311
Interest cost	66,808	60,425	31,339	31,628
Benefits paid	(67,639)	(65,433)	(45,424)	(167,685)
Benefits due but not paid	–	–	(3,379)	–
Loss from change in demographic assumptions	3,144	32,276	–	–
Loss / (gain) from change in financial assumptions	62,212	(48,601)	–	–
Experience adjustments	9,053	7,587	36,069	24,490
Present value of defined benefit obligation as at December 31	641,863	568,285	309,873	275,115

(Rupees in thousand)	Pension Fund 2014	Pension Fund 2013	Gratuity Fund 2014	Gratuity Fund 2013
The movement in fair value of plan assets is as follows:				
Fair value as at January 1	567,707	305,573	281,655	341,021
Expected return on plan assets	66,736	45,220	33,209	30,726
Group contributions	–	276,459	13,450	44,308
Benefits paid	(67,639)	(65,432)	(45,424)	(167,685)
Benefits due but not paid	–	–	(3,379)	–
Experience gains	133,311	5,887	59,991	33,285
Fair value as at December 31	700,115	567,707	339,502	281,655
The amounts recognised in the consolidated profit and loss account are as follows:				
Current service cost	–	–	16,153	15,311
Interest cost for the year	66,808	60,425	31,339	31,628
Expected return on plan assets	(66,736)	(45,220)	(33,209)	(30,726)
Total, included in salaries, wages and amenities	72	15,205	14,283	16,213
Plan assets are comprised as follows:				
Debt	250,081	158,390	14,802	174,634
Equity	393,815	191,317	220,812	104,543
Cash	56,219	218,000	103,888	2,478
	700,115	567,707	339,502	281,655

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)	2014	2013	2012	2011	2010
As at December 31					
Present value of defined benefit obligation	641,863	568,285	582,031	1,092,581	890,215
Fair value of plan assets	700,115	567,707	305,573	685,750	649,568
Surplus / (deficit)	58,252	(578)	(276,458)	(406,831)	(240,647)
Experience adjustment on obligation	2%	1%	13%	11%	5%
Experience adjustment on plan assets	24%	2%	11%	-10%	0%

Fair value of plan assets include ordinary shares of the Parent Company, whose fair value as at December 31, 2014 is Rs. 447.696 million (2013: Rs. 179.946 million).

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

(Rupees in thousand)	2014	2013	2012	2011	2010
As at December 31					
Present value of defined benefit obligation	309,873	275,115	371,372	314,074	285,349
Fair value of plan assets	339,502	281,655	341,022	317,168	304,449
Surplus/(deficit)	29,629	6,540	(30,350)	3,094	19,100
Experience adjustment on obligation	13%	9%	14%	-1%	9%
Experience adjustment on plan assets	21%	14%	9%	-5%	-3%

Fair value of plan assets include ordinary shares of the Parent Company, whose fair value as at December 31, 2014 is Rs. 70.877 million (2013: Rs. 28.488 million).

	2014	
(Rupees in thousand)	Pension	Gratuity
Year end sensitivity analysis on defined benefit obligation:		
Discount rate + 100 bps	598,983	287,885
Discount rate - 100 bps	690,907	335,130
Indexation + 100 bps	698,373	335,585
Indexation - 100 bps	592,110	287,125

(Rupees in thousand)	Note	2014	2013
11. Deferred liabilities			
Accumulating compensated absences	11.1	201,030	156,415
Staff gratuity	11.2	11,881	9,710
		212,911	166,125
11.1 Accumulating compensated absences			
This represents provision made to cover the obligation for accumulating compensated absences.			
Opening balance		156,415	196,163
Provision for the year		62,129	69,502
		218,544	265,665
Payments made during the year		(17,514)	(20,894)
Payments made to employees of discontinued operations		–	(61,724)
		(17,514)	(82,618)
Liability transferred to BSPL		–	(26,632)
Closing balance		201,030	156,415

11.2 Staff gratuity

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

(Rupees in thousand)		Note	2014	2013
12.	**Current portion of long-term liabilities**			
	Current portion of long-term finances	7	266,674	269,901
	Current portion of liabilities against assets subject to finance lease	8	4,696	3,702
			271,370	273,603
13.	**Finances under mark up arrangements - secured**			
	Running finances - secured	13.1	1,017,583	1,208,402
	Bills discounted - secured	13.2	–	–
	Short-term finances - secured	13.3	590,000	750,000
			1,607,583	1,958,402

13.1 Running finances - secured

Short-term running finances available from a consortium of commercial banks under mark up arrangements amount to Rs. 9285 million (2013: Rs. 8,707 million). The rates of mark-up range from Re 0.2638 to Re 0.4658 per Rs. 1,000 per diem or part thereof on the balances outstanding. In the event the Group fails to pay the balances on the expiry of the quarter, year or earlier demand, mark up is to be computed at the rates ranging from Re 0.3165 to Re 0.3823 per Rs. 1,000 per diem or part thereof on the balances unpaid. The aggregate running finances are secured by hypothecation of stores, spares, stock-in-trade and trade debts.

13.2 Bills discounted - secured

Facilities for discounting of export / inland bills of Rs. 531 million (2013: Rs. 531 million) are available to the Group as a sub-limit of the running finance facilities referred to in note 13.1. Markup is fixed as per mutual agreement at the time of transaction. The outstanding balance of bills discounted is secured, in addition to the securities referred to in note 13.1, on the specific bills discounted. The facility has not been availed in the current year.

13.3 Short-term finances - secured

Facilities for obtaining short-term finances of Rs. 7,235 million (2013: Rs. 7,435 million) are available to the Group as a sub-limit of the running finance facilities referred to in note 13.1. The rates of mark-up range from Re 0.2690 to Re 0.2858 per Rs. 1,000 per diem or part thereof on the balances outstanding.

13.4 Letters of credit and bank guarantees

Of the aggregate facility of Rs. 7,438 million (2013: Rs. 6,489 million) for opening letters of credit and Rs. 994 million (2013: Rs. 1,294 million) for guarantees, the amount utilised at December 31, 2014 was Rs. 208.337 million (2013: Rs. 400.997 million) and Rs. 154.84 million (2013: Rs. 154.84 million) respectively. Of the facility for guarantees, Rs. 1,294 million (2013: Rs. 1,294 million) is secured by second hypothecation charge over stores, spares, stock-in-trade and trade debts.

14. Derivative financial instruments

Liability in respect of arrangements under the JV Agreement

This represents amount in respect of arrangements under the Joint Venture Agreement (the "JV Agreement") between the Parent Company and 'Stora Enso OYJ Group' ('Stora Enso') of Finland entered into on September 17, 2012; which provided Stora Enso the right, in case certain conditions specified in the JV Agreement are not met, and obligates Stora Enso, in case certain conditions specified in the JV Agreement are met, to subscribe to the share capital of Bulleh Shah Packaging (Private) Limited ('BSPL'). The liability has been derecognised in the current year and included in other income as the outstanding option lapsed during the current year.

(Rupees in thousand)	Note	2014	2013
15. Trade and other payables			
Trade creditors	15.1	1,222,640	863,539
Accrued liabilities	15.2	580,803	558,643
Bills payable		1,245,493	1,433,633
Retention money payable		2,489	–
Sales tax payable		11,071	13,839
Advances from customers	15.3	136,794	162,507
Payable to employees' retirement benefit funds	15.4	13,237	11,817
Deposits - interest free repayable on demand		7,226	8,523
TFCs payable		1,387	1,387
Unclaimed dividends		17,290	13,938
Workers' profit participation fund		148,122	105,995
Workers' welfare fund		103,799	45,598
Others	15.5	71,561	58,260
		3,561,912	3,277,679

15.1 Trade creditors include amount due to related parties Rs. 181.146 million (2013: Rs. 235.761 million).

15.2 Accrued liabilities include amounts in respect of related parties Rs. 47.714 million (2013: Rs. 76.134 million).

15.3 Advances from customers include Nil (2013: Rs. 0.798 million) from related parties.

(Rupees in thousand)	Note	2014	2013
15.4 Payable to employees' retirement benefit funds			
Employees' provident fund	15.4.1	6,808	6,122
Employees' gratuity fund		1,149	978
Management staff pension fund		5,280	4,717
		13,237	11,817
15.4.1 Employees' provident fund			
(i) Size of the fund		2,311,341	1,276,724
(ii) Cost of investments made		715,803	644,772
(iii) Fair value of investments	15.4.2	2,297,324	1,247,101
(iv) Percentage of investments made		99.39%	97.68%

15.4.2 Fair value of investments

	2014		2013	
	Rupees in thousand	%age of size of the Fund	Rupees in thousand	%age of size of the Fund
Break up of investments				
Equity shares of listed companies	1,719,020	74.37%	738,591	57.85%
Mutual funds	159,346	6.89%	151,229	11.85%
Izafa Certificates	148,011	6.40%	108,989	8.54%
Pakistan Investment Bonds	213,169	9.22%	115,436	9.04%
Term Finance Certificates	28,524	1.23%	28,558	2.24%
Term Deposit Receipts with banks	–	0.00%	57,172	4.48%
Treasury Bills	29,254	1.27%	47,126	3.69%
	2,297,324	99.39%	1,247,101	97.68%

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

(Rupees in thousand)		Note	2014	2013
15.4.4	**Workers' profit participation fund**			
	Opening balance payable / (receivables)		105,995	(19)
	Refund claimed		641	19
	Provision for the year	33	166,622	119,995
			273,258	119,995
	Payments made during the year		(125,136)	(14,000)
	Closing balance payable		148,122	105,995
15.4.5	**Workers' welfare fund**			
	Opening balance		45,598	2,911
	Prior year adjustment		–	157
	Provision for the year	33	63,176	45,598
			108,774	48,666
	Payments made during the year		(4,975)	(3,068)
	Closing balance		103,799	45,598

15.5 Others include amount due to related parties Rs. 1.233 million (2013: Nil).

(Rupees in thousand)		2014	2013
16.	**Accrued finance cost**		
	Accrued mark-up / return on:		
	Long-term local currency loans - secured	148,704	98,751
	Preference shares / convertible stock - unsecured	355,047	412,050
	Finances under mark up arrangements - secured	23,192	23,000
		526,943	533,801

17. Contingencies and commitments

17.1 Contingencies

(i) Claims against the Group not acknowledged as debts Rs. 18.062 million (December 2013: Rs. 19.550 million).

(ii) Guarantee issued in favor of Excise and Taxation Officer amounting to Rs. 1.485 million (2013: 0.825 million).

(iii) Post Dated cheques not provided in the financial information have been furnished by the Group in favour of the Collector of Customs against custom levies aggregated to Rs. 100.337 million (December 2013: 407.937 million) in respect of goods imported.

17.2 Commitments

(i) Letters of credit and contracts for capital expenditure Rs. 962.267 million (December 2013: Rs. 174.284 million).

(ii) Letters of credit and contracts for other than for capital expenditure Rs. 227.594 million (December 2013: Rs. 433.921 million).

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

(Rupees in thousand)	Note	2014	2013
Not later than one year		28,923	255,524
Later than one year and not later than five years		49,404	228,450
		78,327	483,974

There are no commitments with related parties.

		Note	2014	2013
18.	**Property, plant and equipment**			
	Owned assets	18.1	3,901,357	3,832,749
	Assets subject to finance lease	18.2	30,830	28,349
	Capital work-in-progress	18.3	254,209	366,374
			4,186,396	4,227,472

18.1 Owned assets

2014

(Rupees in thousand)	Cost as at December 31, 2013	Exchange Adjustment on opening cost	Additions / (deletions)	Transfer in / (out) (note 19.1)	Assets of disposal group classified as held for sale	Cost as at December 31, 2014	Accumulated depreciation as at December 31, 2013	Exchange adjustment on opening accumulated depreciation	Depreciation charge / (deletions) for the year	Transfer in / (out) (note 19.1)	Assets of disposal group classified as held for sale	Accumulated depreciation as at December 31, 2014	Book value as at December 31, 2014
Freehold land	195,836	(6,733)	19,731	–	–	158,262	–	–	–	–	–	–	158,262
			–	(50,572)					–	–			
Buildings on freehold land	564,407	(3,935)	21,267	–	–	581,587	146,428	(98)	22,960	–	–	169,218	412,369
			(152)	-					(72)	–			
Buildings on leasehold land	245,417	–	–	–	–	245,417	112,703	–	11,061	–		123,764	121,653
			–	–					–				
Plant and machinery	8,071,995	(27,900)	546,398	–	–	8,091,202	5,511,822	(16,093)	427,861	–	–	5,427,606	2,663,596
			(499,291)	–					(495,984)	–			
Other equipments (computers, lab equipments and other office equipments)	915,187	(7,790)	102,880	–	–	996,639	556,890	(4,706)	104,257	–	–	646,681	349,958
			(13,638)	–					(9,760)	–			
Furniture and fixtures	43,568	(578)	6,887	–	–	48,604	34,144	(288)	2,903	–	–	35,516	13,088
			(1,273)	–					(1,243)	–			
Vehicles	277,286	(207)	74,336	–	–	302,982	118,960	(200)	28,342	–	–	120,551	182,431
			(48,433)	–					(26,551)	–			
	10,313,696	(47,143)	771,499	–	–	10,424,693	6,480,947	(21,385)	597,384	–	–	6,523,336	3,901,357
			(562,787)	(50,572)					(533,610)	–			

2013

(Rupees in thousand)	Cost as at December 31, 2012	Exchange Adjustment on opening cost	Additions / (deletions)	Transfer in / (out) (note 19.1)	Assets of disposal group classified as held for sale	Cost as at December 31, 2013	Accumulated depreciation as at December 31, 2012	Exchange adjustment on opening accumulated depreciation	Depreciation charge / (deletions) for the year	Transfer in / (out) (note 19.1)	Assets of disposal group classified as held for sale	Accumulated depreciation as at December 31, 2013	Book value as at December 31, 2013
Freehold land	245,153	9,434	–	–	–	195,836	–	–	–	–	–	–	195,836
				(58,751)									
Buildings on freehold land	432,273	4,942	177,998	–	1,735	564,407	166,945	301	20,331	–	–	146,428	417,979
			(17,686)	(34,855)					(17,167)	(23,982)			
Buildings on leasehold land	204,551	–	35,735	5,131	–	245,417	100,751	–	8,238	3,714	–	112,703	132,714
Plant and machinery	7,945,095	31,819	291,638	–	–	8,071,995	5,291,757	16,517	395,168	–	–	5,511,822	2,560,173
			(196,557)						(191,620)				
Other equipments (computers, lab equipments and other office equipments)	678,653	8,360	239,419	–	(1,166)	915,187	488,491	4,509	74,236	–	(817)	556,890	358,297
			(10,079)						(9,529)				
Furniture and fixtures	41,481	612	2,186	–	–	43,568	31,764	267	2,731	–	–	34,144	9,424
			(711)						(618)				
Vehicles	288,273	261	67,625	–	(34,081)	277,286	126,031	250	29,835	–	(12,349)	118,960	158,326
			(44,792)						(24,807)				
	9,835,479	55,428	814,601	5,131	(33,512)	10,313,696	6,205,739	21,844	530,539	3,714	(13,166)	6,480,947	3,832,749
			(269,825)	(93,606)					(243,741)	(23,982)			

18.1.1 Owned assets include assets amounting to Rs. 20.479 million (2013: Rs. 28.304 million) of the Group which are not in operation.

18.1.2 The cost of fully depreciated assets which are still in use as at December 31, 2014 is Rs. 3,126.697 million (2013: Rs. 3,381.337 million).

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

		Continuing operation		Discontinued operations Paper & Paperboard and Corrugated businesses operations at Kasur and Karachi		Total	
(Rupees in thousand)	Note	2014	2013	2014	2013	2014	2013
Cost of sales	30	557,906	483,364	–	8,664	557,906	492,028
Administrative expenses	31	31,594	29,441	–	440	31,594	29,881
Distribution and marketing costs	32	7,884	8,408	–	222	7,884	8,630
		597,384	521,213	–	9,326	597,384	530,539

18.1.4 Disposal of owned assets

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

(Rupees in thousand)		2014				
Particulars of assets	**Sold to**	**Cost**	**Accumulated depreciation**	**Book value**	**Sales proceeds**	**Mode of disposal**
Buildings on freehold land	**Outsiders**					
	Muhammad Younis and Company	152	72	80	27	Negotiation
Plant and machinery	**Outsiders**					
	Muhammad Younis & Company	4,537	2,215	2,322	805	Negotiation
	Bismillah Traders	469	331	138	98	-do-
		456	456	–	–	Written off
	Outsiders - related party					
	Bulleh Shah Packaging (Private) Limited	6,019	5,173	846	1,000	Negotiation
Other Equipments	**Employees**					
	Syed Aslam Mehdi	2,348	240	2,108	–	Group Policy
	Outsiders					
	Malik Muhammad Younis	1,983	529	1,454	84	Negotiation
	Computer Mall	798	798	–	11	- do -
	Mughal Electronics	16	15	1	2	- do -
	Bismillah Traders	1,274	1,270	4	13	- do -
		2,281	2,270	11	–	Written off
Furniture and fixture	**Outsiders - others**					
	Bismillah Traders	401	401	–	65	Negotiation
	Mughal Electronics	165	147	18	20	- do -
	Israel Khan	17	17	–	4	- do -
		691	678	13	0	Written off
Vehicles	**Employees**					
	Ali Faraz	741	192	549	537	Group Policy
	Asad Ur Rehman	950	152	798	755	- do -
	Athar Rashid Butt	1,687	1,118	569	590	- do -
	Atif Raza	750	98	652	645	- do -
	Attia Jamal	1,035	290	745	832	- do -
	Faisal Mehmood	672	54	618	572	- do -
	Hamid Jameel	746	560	186	422	- do -
	Haroon Naseer	1,232	909	323	718	- do -
	Ishtiaq Ahmad	937	356	581	681	- do -
	Kamran Bashir	1,232	909	323	717	- do -
	Mian Abid Nisar Lodhi	783	196	587	498	- do -
	Mohayyundin Ahmad	700	473	227	399	- do -
	Muhammad Ahmad	1,110	425	685	870	- do -
	Muhammad Naveed	730	547	183	585	Negotiation
	Muhammad Anwar	516	387	129	233	Group Policy
	Muhammad Bilal Tariq	555	183	372	352	- do -
	Muhammad Zubair	960	684	276	496	- do -
	Musab Mukhtar	538	404	134	257	- do -
	Nasir Mehmood	628	455	173	325	- do -
	Raza Sanaullah	1,924	250	1,674	1,761	- do -
	Sajjad Iftikhar	1,690	389	1,301	1,256	- do -
	Salman Saleem	620	465	155	335	- do -
	Shakir Zia	1,430	858	572	941	- do -
	Carried forward	43,773	24,966	18,807	16,906	

(Rupees in thousand)				2014		
Particulars of assets	**Sold to**	**Cost**	**Accumulated depreciation**	**Book value**	**Sales proceeds**	**Mode of disposal**
	Brought forward	43,773	24,966	18,807	16,906	
Vehicles	Syed Asim Shamim	1,386	762	624	906	Group Policy
	Syed Shaukat Hussain	487	359	128	227	- do -
	Talal Bin Najam	620	186	434	397	- do -
	Waseem Ahmad	1,017	142	875	899	- do -
	Muhammad Salman	697	340	357	426	- do -
	Muhammad Naeem Chohan	510	383	127	229	- do -
	Sohail Afzal	501	376	125	222	- do -
	Muhammad Abbas	459	344	115	173	- do -
	Outsiders					
	Amir Saleem	387	290	97	318	Negotiation
	Aurangzeb	2,500	1,744	756	4,732	- do -
	Bank Al Habib	4,680	328	4,352	4,584	Sale and lease back
	Khair Agencies	657	85	572	575	Negotiation
	Bilal Ahmed	1,657	1,243	414	1,070	- do -
	Masood Ahmed	800	540	260	825	- do -
	Muhammad Rashid Shakoor	874	656	218	720	- do -
	Nazim Hussain	730	547	183	642	- do -
	Sarwar & Company (Pvt) Limited	5,795	5,723	72	4,274	- do -
	Shafi Karim	822	462	360	528	- do -
Other assets with book value less than Rs. 50,000		494,435	494,134	301	75,641	Negotiation
		562,787	533,610	29,177	114,294	

(Rupees in thousand)				2013		
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
Buildings on freehold land	Outsiders					
	Muhammad Younis and Company	1,830	1,311	519	541	Negotiation
Plant and machinery	Outsiders					
	M. Younis and Co., Jutt Brothers and Al - Irfan Business Corporation	8,742	3,806	4,936	2,525	Negotiation
Other Equipments	Outsiders - related party					
	IGI Insurance Limited	107	9	98	80	Insurance Claim
	Outsiders - others					
	Bismillah Traders	336	266	70	36	Negotiation
Vehicles	Employees					
	Abid Ali	652	334	318	401	Group policy
	Alya Azer	1,218	342	876	1,013	-do-
	Aqeel Ahmad Qazi	1,401	406	995	1,350	Negotiation
	Babar Hussain	1,690	101	1,588	1,690	Group policy
	Iftikhar Ahmed	1,226	123	1,103	1,069	-do-
	Imran Iqbal	415	296	119	197	-do-
	Imran Saeed	480	240	240	251	-do-
	Jahanzaib Khan	363	272	91	755	Negotiation
	Carried forward	18,460	7,506	10,953	9,908	

(Rupees in thousand)				2013		
Particulars of assets	Sold to	Cost	Accumulated depreciation	Book value	Sales proceeds	Mode of disposal
	Brought forward	18,460	7,506	10,953	9,908	
	Jawad Khurram Rizvi	482	271	211	251	Group policy
	Khalid Mahmood	845	391	454	531	-do-
	Khalid Mahmood Butt	868	651	217	217	-do-
	Khalid Yacob	1,534	1,150	383	1,148	Negotiation
	Mahmood Ahmed Bhatti	672	27	645	672	Group policy
	Mansoor Hassan Bhatti	851	628	223	415	-do-
	Mashkoor Hussain Qureshi	658	477	181	316	-do-
	Mian Abdul Rasheed Shaheen	553	415	138	306	-do-
	Mian Mobin Javed	508	381	127	245	-do-
	Moeez Karim	911	683	228	875	Negotiation
	Mubarik Ali	1,312	722	590	954	Group policy
	Muhammad Akmal	1,015	736	279	682	-do-
	Muhammad Ilyas	620	112	508	532	-do-
	Muhammad Mubashir Rasheed	604	109	495	445	-do-
	Nasir Islam	652	481	171	390	-do-
	Naveed Waheed Malik	621	435	186	186	-do-
	Qayyuum Nadeem	649	19	630	652	-do-
	Rahim Danish Khan	590	443	148	330	-do-
	Rafiq Shahid	745	560	185	357	-do-
	Raza Sheikh	366	275	91	137	-do-
	Rohan Ahmed Mumtaz	585	111	474	428	-do-
	Saad Arshad Siddiqui	707	106	601	511	-do-
	Sabih Ahmed Jilani	652	489	163	390	-do-
	Syed Muhammad Umair	1,753	308	1,445	1,528	-do-
	Tayyab Malik	533	393	140	293	-do-
	Zubda Mehmood	2,015	514	1,501	1,735	-do-
	Outsiders					
	Bilal Ahmed	1,520	1,117	404	1,475	Negotiation
	Malik Safdar Iqbal	735	551	184	448	-do-
	Tajammal Hussain	599	450	150	490	-do-
	Rizwan Ahmad Khan	821	411	411	700	-do-
	Amjad Hussain	965	212	752	874	-do-
	Khair Agencies Karachi	943	141	801	900	-do-
	Bismillah Traders	3,971	2,688	1,282	344	-do-
	Ini Logistics	3,839	3,583	256	593	-do-
Other assets with book value less than Rs. 50,000		216,379	215,975	405	39,932	Negotiation
		197	164	33	–	Written off
		96	57	39	–	Group policy
		269,825	243,741	26,084	70,190	

18.2 Assets subject to finance lease

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

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

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

(Rupees in thousand)	Note	2014	2013
Cost of sales	30	1,039	548
Administrative expenses	31	2,548	–
Distribution and marketing costs	32	65	–
		3,652	548

18.3 Capital work-in-progress

		2014	2013
Civil works		41,084	174,826
Plant and machinery		207,041	139,391
Others		195	224
Advances		5,889	51,933
		254,209	366,374

19. Investment property

	Note	2014	2013
Developed	19.1	117,056	68,790
Under development	19.2	1,049,358	–
		1,166,414	68,790

19.1 Developed investment property

(Rupees in thousand)	Cost as at December 31, 2013	Transfer in / (out) (note 18.1)	Cost as at December 31, 2014	Accumulated depreciation as at December 31, 2013	Depreciation charge for the year	Transfer in / (out) (note 18.1)	Accumulated depreciation as at December 31, 2014	Book value as at December 31, 2014
					2014			
Land	58,751	50,572	109,323	–	–	–	–	109,323
Buildings on freehold land	34,855	–	34,855	25,435	2,276	–	27,711	7,144
Buildings on leasehold land	909	–	909	290	30	–	320	589
	94,515	50,572	145,087	25,725	2,306	–	28,031	117,056

(Rupees in thousand)	Cost as at December 31, 2012	Transfer in / (out) (note 18.1)	Cost as at December 31, 2013	Accumulated depreciation as at December 31, 2012	Depreciation charge for the year	Transfer in / (out) (note 18.1)	Accumulated depreciation as at December 31, 2013	Book value as at December 31, 2013
					2013			
Land	–	58,751	58,751	–	–	–	–	58,751
Buildings on freehold land	–	34,855	34,855	–	1,453	23,982	25,435	9,420
Buildings on leasehold land	6,040	–	909	3,932	72	–	290	619
		(5,131)				(3,714)		
	6,040	88,475	94,515	3,932	1,525	20,268	25,725	68,790

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

19.1.2 Fair value of the investment property, based on the valuation carried out by an independent valuer, as at December 31, 2014 is Rs. 694.700 million (2013: Rs. 629.447 million).

(Rupees in thousand)	Note	**2014**	2013
19.2 Investment property under development			
This represents the under-construction "Packages Mall" Real Estate project:			
Civil works		532,191	–
Unallocated expenditure	19.2.1	330,046	–
Advance to suppliers		21,606	–
Advances against services		165,515	–
		1,049,358	–
19.2.1 This includes the following expenses capitalised to date:			
Salaries, wages and benefits	19.2.1.1	33,513	–
Consultancy fee		186,023	–
Legal and professional charges		94,541	–
Travelling		11,167	–
Insurance		2,239	–
Communications		460	–
Miscellaneous expenses		2,103	–
		330,046	–

19.2.1.1 Salaries, wages and benefits include Rs. 0.558 million (2013: Nil), Rs. 0.106 million (2013: Nil) and Rs. 0.471 million (2013: Nil) respectively, in respect of contribution by the holding company towards provident fund, gratuity fund and pension fund and Rs. 0.388 million (2013: Nil) in respect of accumulating compensated absences.

19.2.2 In the absence of current prices in an active market, the fair value is determined by considering the aggregate of the estimated cash flows expected to be received from renting out the property less the estimated costs to complete and the estimated operating expenses.

The Group has determined the fair value as on December 31, 2014 by internally generated valuation model instead of involving independent professionally qualified valuer. The major assumptions used in valuation models and valuation results as at December 31, 2014 are as follows:

Gross buildable area (sq ft)	1,185,369
Estimated costs to complete (Rs million)	9,687
Gross rentable area (sq ft)	555,370
Inflation in rent and operating costs (%)	7.50
Discount rate (%)	14
Fair value (Rs million)	3,611

(Rupees in thousand)	Note	2014	2013
20. Intangible assets			
This represents computer software and ERP system.			
Cost			
As at January 1		187,346	194,662
Additions		21,091	2,108
Deletions		(879)	(9,424)
As at December 31		207,558	187,346
Accumulated amortisation			
As at January 1		(148,263)	(144,609)
Amortisation for the year	20.1	(17,115)	(13,079)
Deletions		879	9,425
As at December 31		(164,499)	(148,263)
		43,059	39,083

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

	Note	2014	2013
Cost of sales	30	7,329	2,599
Administrative expenses	31	9,786	10,480
		17,115	13,079

21. Investments accounted for using the equity method

21.1 Amounts recognised in balance sheet

	Note	2014	2013
Investments in associates	21.4	3,531,225	3,662,998
Investment in joint venture	21.5	9,917,652	10,015,894
		13,448,877	13,678,892

21.2 Amounts recognised in consolidated profit and loss account

	Note	2014	2013
Investments in associates	21.4	(120,420)	177,332
Investment in joint venture	21.5	(94,239)	3,211
		(214,659)	180,543

21.2.1 The Group's share of loss of associates is based on unaudited financial information of the associates.

(Rupees in thousand)	Note	2014	2013
21.3 Amounts recognised in other comprehensive income			
Investments in associates	21.4	6,404	(11,760)
Investment in joint venture	21.5	(4,003)	840
		2,401	(10,920)

21.3.1 The Group's share of other comprehensive income of associates is based on unaudited financial information of the associates.

(Rupees in thousand)		Note	2014	2013
21.4	**Investments in associates**			
	Cost		3,054,611	3,054,611
	Post acquisition share of profits and reserves net of impairment losses			
	Opening balance		608,387	555,437
	Share of (loss) / profit from associates - net of tax		(120,420)	177,332
	Share of other comprehensive income / (loss) - net of tax		6,404	(11,760)
	Dividends received during the year		(17,757)	(123,677)
	Reversal of impairment		–	11,055
	Closing balance		476,614	608,387
	Balance as on December 31	21.4.1	3,531,225	3,662,998
21.4.1	**Investments in equity instruments of associates - Quoted**			
	IGI Insurance Limited	21.4.1.1		
	13,022,093 (2013: 11,838,267) fully paid ordinary shares of Rs. 10 each Equity held 10.61% (2013: 10.61%) Market value - Rs. 3,523.518 million (2013: Rs. 1,945.974 million)		1,211,651	1,130,095
	Tri-Pack Films Limited			
	10,000,000 (2013: 10,000,000) fully paid ordinary shares of Rs. 10 each Equity held 33.33% (2013: 33.33%) Market value - Rs. 2,607.3 million (2013: Rs. 1,976.1 million)		2,319,574	2,530,745
	IGI Investment Bank Limited	21.4.1.1		
	4,610,915 (2013: 4,610,915) fully paid ordinary shares of Rs. 10 each Equity held 2.17% (2013: 2.17%) Market value - Rs. 10.928 million (2013: Rs. 7.700 million)		–	2,158
			3,531,225	3,662,998

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

21.4.2 The summarised financial information of the associates of the Group, all of which are incorporated in Pakistan, are as follows:

(Rupees in thousand) Name	Assets	Liabilities	Revenues	Profit / (loss)
December 31, 2014				
IGI Insurance Limited	25,395,057	13,847,859	3,823,933	692,559
Tri-Pack Films Limited	12,815,939	11,123,007	13,597,081	(382,253)
IGI Investment Bank Limited	1,220,513	829,384	126,058	25,557
	39,431,509	25,800,250	17,547,072	335,863
December 31, 2013				
IGI Insurance Limited	12,748,736	2,249,347	1,149,358	460,998
Tri-Pack Films Limited	13,864,733	11,544,438	11,950,081	418,404
IGI Investment Bank Limited	1,020,307	972,836	17,944	(911,349)
	27,633,776	14,766,621	13,117,383	(31,947)

(Rupees in thousand)	Note	2014	2013
21.5 Investment in joint venture			
Cost			
Opening balance		10,011,843	–
Interest in subsidiary transferred to interest in joint venture - BSPL			
Opening balance / cost of investment		–	9,973,651
Reserves on date of transfer		–	38,192
		–	10,011,843
Closing balance		10,011,843	10,011,843
Post acquisition share of profits and reserves			
Opening balance		4,051	–
Share of (loss) / profit from joint venture - net of tax		(94,239)	3,211
Share of other comprehensive income from joint venture - net of tax		(4,003)	840
Closing balance		(94,191)	4,051
Balance as on December 31	21.5.1	9,917,652	10,015,894
21.5.1 Investments in equity instruments of Joint venture - Unquoted			
Bulleh Shah Packaging (Private) Limited			
709,718,013 (2013: 709,718,013) fully paid ordinary shares of Rs. 10 each			
Equity held 65% (2013: 65%)		9,917,652	10,015,894

21.5.2 Interest in joint venture

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

(Rupees in thousand)	2014	2013
Assets		
Non - current assets	9,928,959	8,083,173
Current assets	6,392,177	4,420,157
	16,321,136	12,503,330
Liabilities		
Non - current liabilities	3,303,950	1,248,624
Current liabilities	4,118,734	2,258,943
	7,422,684	3,507,567
Net Assets	8,898,452	8,995,763
Income	11,031,269	5,202,852
Expenses	11,124,575	5,199,640
(Loss)/profit for the year - net of tax	(93,306)	3,212
Other comprehensive (loss)/income	(4,003)	840
Total comprehensive (loss)/income	(97,309)	4,052
Proportionate interest in joint venture's commitments	1,247,680	2,258,119

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

(Rupees in thousand)	Note	2014	2013
22 Other long-term investments			
Quoted			
Nestle Pakistan Limited	22.1		
3,649,248 (2013: 3,649,248) fully paid ordinary shares of Rs. 10 each Equity held 8.05% (2013: 8.05%) Cost - Rs. 3.985 million (2013: Rs. 3.985 million)		33,208,156	27,551,822
Unquoted			
Tetra Pak Pakistan Limited	22.1		
1,000,000 (2013: 1,000,000) fully paid non-voting ordinary shares of Rs. 10 each		10,000	10,000
Coca-Cola Beverages Pakistan Limited			
500,000 (2013: 500,000) fully paid ordinary shares of Rs. 10 each Equity held 0.14% (2013: 0.14%)		4,706	4,706
Pakistan Tourism Development Corporation Limited			
2,500 (2013: 2,500) fully paid ordinary shares of Rs. 10 each		25	25
Orient Match Company Limited			
1,900 (2013: 1,900) fully paid ordinary shares of Rs. 100 each		–	–
		14,731	14,731
		33,222,887	27,566,553

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

(Rupees in thousand)	Note	2014	2013
23. Long-term loans and deposits			
Considered good			
Loans to employees	23.1	4,755	4,974
Loan to SNGPL	23.2	49,200	65,600
Security deposits		17,313	14,883
		71,268	85,457
Receivable within one year			
Loans to employees	27	(1,507)	(1,373)
Loan to SNGPL	27	(16,400)	(16,400)
		(17,907)	(17,773)
		53,361	67,684

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

Loans to employees aggregating Rs. 2.776 million (2013: Rs. 2.999 million) are secured by joint registration of motor cycles in the name of employees and the Group. The remaining loans are unsecured.

23.2 This represents an unsecured loan given to Sui Northern Gas Pipelines Limited (SNGPL) for the development of the infrastructure for the supply of natural gas to the Joint Venture entity (BSPL). Mark up is charged at the rate of 1.5% per annum and is received annually. The remaining amount is receivable in 3 annual installments.

(Rupees in thousand)	2014	2013
24. Stores and spares		
Stores [including in transit Rs. 12.216 million (2013: Rs. 9.260 million)]	274,996	341,146
Spares [including in transit Rs. 0.952 million (2013: Rs. 1.810 million)]	274,509	285,118
	549,505	626,264
25. Stock-in-trade		
Raw materials [including in transit Rs. 247.900 million (2013: Rs. 430.333 million)]	1,843,408	1,878,199
Work-in-process	327,674	342,748
Finished goods	769,638	601,462
	2,940,720	2,822,409
Provision for slow moving items	(4,998)	(1,116)
	2,935,722	2,821,293

25.1 Finished goods with a cost Rs. 26.176 million (2013: Rs. 25.267 million) are being valued at net realisable value of Rs. 23.443 million (2013: Rs. 22.087 million).

(Rupees in thousand)	Note	2014	2013
26. Trade debts			
Considered good			
Related parties - unsecured	26.1	15,151	66,700
Others	26.2	2,042,201	2,033,289
		2,057,352	2,099,989
Considered doubtful		40,554	40,735
		2,097,906	2,140,724
Provision for doubtful debts	26.3	(40,554)	(40,735)
		2,057,352	2,099,989
26.1 Related parties - unsecured			
Associate			
Tri-Pack Films Limited		1,046	19,725
Joint Venture			
Bulleh Shah Packaging (Private) Limited		14,105	46,973
Other Related Parties			
DIC Lanka (Private) Limited		–	2
		15,151	66,700

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

26.2 Others include debts of Rs. 158.112 million (2013: Rs. 172.458 million) which are secured by way of bank guarantees and inland letters of credit.

(Rupees in thousand)		Note	2014	2013
26.3	The movement in provision during the year is as follows:			
	Balance as at January 1		40,735	59,546
	Provision made/(written back) for the year		13,863	(2,329)
	Bad debts written off		(14,044)	(16,482)
	Balance as at December 31		40,554	40,735

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

	Note	2014	2013
Current portion of loans to employees	23	1,507	1,373
Current portion of loan receivable from SNGPL	23	16,400	16,400
Advances - considered good			
To employees	27.1	8,427	11,061
To suppliers		56,271	48,131
		64,698	59,192
Due from related parties - unsecured	27.2	1,215,261	1,440,481
Trade deposits		53,557	92,386
Security deposits		92	120
Letter of credit - margins, deposits, opening charges etc.		8,971	–
Prepayments		18,719	22,791
Balances with statutory authorities			
Customs duty		21,966	5,103
Sales tax recoverable		26,409	23,480
Octroi - considered doubtful		–	1,506
		48,375	30,089
Mark-up receivable on			
Loan to SNGPL		46	54
Term deposits and saving accounts		85	113
		131	167
Other receivables - considered good		76,848	86,155
Other receivables - considered doubtful		–	474
		76,848	86,629
		1,504,559	1,749,628
Provision against doubtful receivables		–	(1,980)
		1,504,559	1,747,648

27.1 Included in advances to employees are amounts due from executives of Rs. 1.129 million (2013: Rs. 0.714 million).

(Rupees in thousand)		2014	2013
27.2	**Due from related parties - unsecured**		
	Joint venture		
	Bulleh Shah Packaging (Private) Limited	1,212,881	1,437,067
	Associates		
	Tri-Pack Films Limited	286	605
	IGI Insurance Limited	999	1,366
	IGI Life Insurance Limited	283	–
	Others		
	DIC Asia Pacific Pte Ltd	812	1,245
	DIC Corporation, Japan	–	198
		1,215,261	1,440,481

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

(Rupees in thousand)	Note	2014	2013
28. Income tax receivable			
Income tax refundable		2,305,172	2,200,283
Income tax recoverable	28.1	36,013	36,013
		2,341,185	2,236,296

28.1 In 1987, the then Income Tax Officer (ITO) re-opened the Parent Company's for the accounting years ended December 31, 1983 and 1984 disallowing primarily tax credit given to the Group under section 107 of the Income Tax Ordinance, 1979. The tax credit amounting to Rs. 36.013 million on its capital expenditure for these years was refused on the grounds that such expenditure represented an extension of the Group's undertaking which did not qualify for tax credit under this section in view of The Group'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 had filed an appeal against the revised orders of the ITO before the then Commissioner of Income Tax (Appeals) [CIT(A)], Karachi. CIT(A) in his order issued in 1988, held the assessments reframed by the ITO for the years 1983 and 1984 presently to be void and of no legal effect. The ITO has filed an appeal against the CIT(A)'s order with the then Income Tax Appellate Tribunal (ITAT). The ITAT has in its order issued in 1996 maintained the order of CIT(A). The assessing officer after the receipt of the appellate order passed by CIT(A), had issued notices under section 65 of the Income Tax Ordinance, 1979 and the Group had filed a writ petition against the aforesaid notices with the High Court of Sindh, the outcome of which is still pending.

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

(Rupees in thousand)	Note	2014	2013
29. Cash and bank balances			
At banks:			
On deposit accounts [including USD Nil (2013: USD 7,361)]	29.1	80,924	57,094
On saving account		13,481	8,500
On current accounts [including USD 17,284 (2013: USD 191,978)]	29.2	359,144	279,917
		453,549	345,511
In hand		6,748	5,565
		460,297	351,076

29.1 The balances in saving accounts bear mark up which ranges from 6.00% to 7.00% (2013: 6.00% to 9.75%) per annum.

29.2 Included in these are total restricted funds of Rs. 1.332 million (2013: Rs. 1.332 million) held as payable to TFC holders.

(Rupees in thousand)	Note	2014	2013
30. Cost of sales			
Materials consumed		11,356,108	10,540,417
Salaries, wages and amenities	30.1	1,115,466	1,007,726
Travelling		35,766	32,663
Fuel and power		1,164,062	1,004,122
Production supplies		370,342	307,061
Excise duty and sales tax		3,359	3,843
Rent, rates and taxes	30.2	132,519	249,831
Insurance		45,335	39,420
Repairs and maintenance		386,666	353,327
Packing expenses		334,398	252,077
Depreciation on owned assets	18.1.3	557,906	483,364
Depreciation on assets subject to finance lease	18.2.1	1,039	548
Amortisation of intangible assets	20.1	7,329	2,599
Technical fee and royalty		89,738	67,279
Other expenses		235,628	193,536
		15,835,661	14,537,813
Opening work-in-process		342,748	338,842
Closing work-in-process		(327,674)	(342,748)
Cost of goods produced		15,850,735	14,533,907
Opening stock of finished goods		601,462	853,192
		16,452,197	15,387,099
Closing stock of finished goods		(769,638)	(601,462)
		15,682,559	14,785,637

Cost of goods produced includes Rs. 2,106.354 million (2013: Rs. 1,875.078 million) for stores and spares consumed, Rs. 18.827 million (2013: Rs. 29.038 million) and Rs. 16.280 million (2013: Rs. 4.701 million) for raw material and stores and spares written off respectively.

(Rupees in thousand)	2014	2013
30.1 Salaries, wages and amenities		
Salaries, wages and amenities include following in respect of retirement benefits:		
Pension		
Net interest on net defined benefit liability / (asset)	–	6,168
Gratuity		
Current service cost	10,402	7,734
Net interest on net defined benefit liability / (asset)	(1,204)	455
	9,198	8,189

In addition to above, salaries, wages and amenities include Rs. 19.525 million (2013: Rs. 17.059 million), Rs. 31.079 million (2013: Rs. 27.238) and Rs. 35.571 million (2013: Rs. 25.999 million) in respect of provident fund contribution, pension fund contribution by the Group and accumulating compensated absences respectively.

30.2 Rent, rates and taxes include operating lease / ijarah rentals amounting to Rs. 145.921 million (2013: Rs. 273.009 million).

(Rupees in thousand)		Note	2014	2013
31.	**Administrative expenses**			
	Salaries, wages and amenities	31.1	474,591	396,439
	Travelling		52,376	31,896
	Rent, rates and taxes	31.2	73,286	27,149
	Insurance		13,275	10,031
	Printing, stationery and periodicals		21,549	21,604
	Electricity		1,462	1,513
	Postage, telephone and telex		16,576	17,967
	Motor vehicles running		16,594	18,316
	Computer charges		21,293	17,615
	Professional services	31.3	128,798	36,171
	Repairs and maintenance		30,966	16,269
	Depreciation on owned assets	18.1.3	31,594	29,441
	Depreciation on assets subject to finance lease	18.2.1	2,548	–
	Amortization of intangible assets	20.1	9,786	10,480
	Depreciation on investment property	19.1.1	2,306	1,525
	Security services		3,634	4,135
	Other expenses		74,985	76,507
			975,619	717,058

Administrative expenses include Rs. 65.361 million (2013: Rs. 79.875 million) for stores and spares consumed.

(Rupees in thousand)		2014	2013
31.1	**Salaries, wages and amenities**		
	Salaries, wages and amenities include following in respect of retirement benefits:		
	Pension		
	Net interest on net defined benefit liability / (asset)	72	3,724
	Gratuity		
	Current service cost	4,153	2,695
	Net interest on net defined benefit liability / (asset)	(481)	159
		3,672	2,854

In addition to above, salaries, wages and amenities include Rs. 8,245 million (2013: Rs. 6.745 million), Rs. 13,177 million (2013: 10.182) and Rs. 19,032 million (2013: Rs. 10.342 million) in respect of provident fund contribution, pension fund contribution by the Group and accumulating compensated absences respectively.

31.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 9.917 million (2013: Rs. 9.754 million).

(Rupees in thousand)	2014	2013
31.3 Professional services		
The charges for professional services include the following in respect of auditors' services for:		
Statutory audit	4,002	3,591
Half yearly review	1,245	1,200
Tax services	4,855	4,011
Advisory services	12,500	–
Workers' profit participation fund audit, management staff pension and gratuity fund audit, audit of consolidated financial statements and other certification charges	1,245	1,046
Out of pocket expenses	961	1,178
	24,808	11,026

Charges for professional services rendered by the auditors relating to the discontinued operations amount to Nil (2013: Rs. 5.843 million).

(Rupees in thousand)	Note	2014	2013
32. Distribution and marketing costs			
Salaries, wages and amenities	32.1	177,448	188,027
Travelling		44,022	38,943
Rent, rates and taxes	32.2	8,523	8,232
Freight and distribution		166,419	171,853
Insurance		24,019	17,229
Electricity		975	1,009
Postage, telephone and telex		517	408
Advertising		183,269	178,884
Depreciation on owned assets	18.1.3	7,884	8,408
Depreciation on assets subject to finance lease	18.2.1	65	–
Repairs and maintenance		341	82
Provision for doubtful debts		3,385	–
Bad debts written off		2,442	1,613
Other expenses		56,919	60,986
		676,228	675,674

Distribution and marketing costs include Rs. 11.435 million (2013: Rs. 6.637 million) for stores and spares consumed.

(Rupees in thousand)	2014	2013
32.1 Salaries, wages and amenities		
Salaries, wages and amenities include following in respect of retirement benefits:		
Pension		
Net interest on net defined benefit liability / (asset)	–	1,746
	–	1,746
Gratuity		
Current service cost	1,597	1,289
Net interest on net defined benefit liability / (asset)	(185)	76
	1,412	1,365

In addition to above, salaries, wages and amenities include Rs. 3.271 million (2013: Rs. 3.292 million), Rs. 5.231 million (2013: Rs. 5.273 million) and Rs. 7.523 million (2013: Rs. 5.048 million) in respect of provident fund contribution, pension fund contribution by the Group and accumulating compensated absences respectively.

32.2 Rent, rates and taxes include operating lease rentals amounting to Rs. 7.67 million (2013: Rs. 8.036 million).

(Rupees in thousand)	Note	2014	2013
33. Other operating expenses			
Workers' profit participation fund		166,622	117,980
Workers' welfare fund		63,176	44,832
Exchange loss - net		–	19,746
Donations	33.1	18,790	752
		248,588	183,310

33.1 Following is the interest of director in the donee during the year:

Name of donee	Director of the Company	Interest in donee	Rupees in thousand	
Pakistan Centre for Philanthropy	Syed Hyder Ali	Director	1,250	–

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

(Rupees in thousand)	Note	2014	2013
34. Other income			
Income from financial assets			
Income on bank deposits		5,013	20,418
Interest on loan to SNGPL		976	1,220
Gain on re-measurement of financial instrument		27,272	137,287
		33,261	158,925
Income from non-financial assets			
Rental income from investment property	34.1	48,093	32,347
Profit on disposal of property, plant and equipment		85,117	11,803
Scrap sales		44,847	10,107
		178,057	54,257
Others			
Insurance commission from related party		3,197	6,684
Provisions and unclaimed balances written back		46,706	47,322
Exchange gain - net		15,060	–
Net gain on insurance claim of assets written off due to fire		–	9,478
Rebate income		12,846	5,573
Others		35,084	24,693
		112,893	93,750
		324,211	306,932

34.1 The expenses relating directly to the income from investment property amount to Rs. 0.386 million (2013: Rs. 0.557 million).

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

(Rupees in thousand)	2014	2013
Not later than one year	25,752	27,171
Later than one year and not later than five years	6,271	31,354
	32,023	58,525

35. Finance costs

(Rupees in thousand)	2014	2013
Interest and mark up including commitment charges on		
Long-term finances - secured	302,293	316,614
Finances under mark up arrangements - secured	174,550	196,219
Liabilities against assets subject to finance lease	2,193	132
Return on preference shares / convertible stock	355,050	412,050
Loan handling charges	1,232	6,464
Bank charges	5,802	5,236
	841,120	936,715

36. Investment income

This represents dividend income.

37. Taxation

(Rupees in thousand)	2014	2013
Current		
Current year	466,155	196,612
Prior years	109,723	(107,282)
	575,878	89,330
Deferred	(258,612)	394,796
	317,266	484,126

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

For the purposes of current taxation, the tax losses available for carry forward as at December 31, 2014 are estimated approximately at Rs. 611.048 million (2013: Rs. 971.034 million). Unused tax losses available to the Group contain unused business losses amounting to Nil (2013: Rs. 377.609 million).

(Percentage)	2014	2013
37.1 Tax charge reconciliation		
Numerical reconciliation between the average effective tax rate and the applicable tax rate		
Applicable tax rate	33.00	34.00
Tax effect of amounts that are:		
Associates and joint ventures results reported net of tax	2.69	(0.65)
Differences in overseas taxation rates	(0.86)	(0.35)
Not deductible for tax purposes	2.17	0.89
Deductible for tax purposes	(0.88)	(0.67)
Exempt for tax purposes	(0.54)	(0.29)
Chargeable to tax at different rates	(21.20)	(10.60)
Effect of change in prior years' tax	3.72	(4.22)
Tax credits and losses in respect of which no deferred tax asset has been recognised	(5.96)	7.82
Tax credits	(1.99)	(7.32)
Tax effect under presumptive tax regime and others	0.96	0.62
	(21.89)	(14.77)
Average effective tax rate charged to profit and loss account	11.11	19.23

38 Profit and loss account - Discontinued operations

	Paper & Paperboard and Corrugated business operations at Kasur and Karachi		Paper & Paperboard operations at Lahore		Total	
(Rupees in thousand)	2014	2013	2014	2013	2014	2013
Local sales	–	5,148,848	–	–	–	5,148,848
Export sales	–	8,926	–	–	–	8,926
	–	5,157,774	–	–	–	5,157,774
Less: Sales tax and excise duty	–	680,314	–	–	–	680,314
	–	4,477,460	–	–	–	4,477,460
Sales to continuing operations	–	448,623	–	–	–	448,623
	–	4,926,083	–	–	–	4,926,083
Cost of sales	–	(4,519,311)	–	(8,664)	–	(4,527,975)
Gross profit / (loss)	–	406,772	–	(8,664)	–	398,108
Administrative expenses	–	(242,931)	–	(440)	–	(243,371)
Distribution and selling costs	–	(97,330)	–	(222)	–	(97,552)
Other operating expenses	–	(9,154)	–	(2,781)	–	(11,935)
Other income	–	2,068	–	49,636	–	51,704
(Loss) / profit from operations	–	59,425	–	37,529	–	96,954
Finance cost	–	(250,636)	–	–	–	(250,636)
(Loss) / profit before tax from discontinued operations	–	(191,211)	–	37,529	–	(153,682)
Taxation	–	(45,365)	–	(14,245)	–	(59,610)
(Loss) / profit for the year from discontinued operations	–	(236,576)	–	23,284	–	(213,292)

38.1 Included in administrative expenses of Paper & Paperboard and Corrugated business operations at Kasur and Karachi is an amount of Nil (2013: Rs. 21.093 million) on account of legal and professional services in respect of the Joint Venture transaction with Stora Enso OYJ group of Finland.

38.2 Cash flows from Discontinued operations

	Paper & Paperboard and Corrugated business operations at Kasur and Karachi		Paper & Paperboard operations at Lahore		Total	
(Rupees in thousand)	**2014**	2013	**2014**	2013	**2014**	2013
Cash flows from operating activities	–	620,943	–	13,130	–	634,073
Cash flows from investing activities	–	(204,801)	–	36,611	–	(168,190)
Cash flows from financing activities	–	536,594	–	–	–	536,594
Total cash flows	–	952,736	–	49,741	–	1,002,477

39. Remuneration of Chief Executive, Directors and Executives

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

	Chief Executive		Directors		Executives	
(Rupees in thousand)	**2014**	2013	**2014**	2013	**2014**	2013
Short-term employee benefits						
Managerial remuneration	14,583	11,541	14,982	21,271	155,617	132,420
Housing	5,811	4,558	8,495	8,445	76,804	60,211
Utilities	1,291	1,013	1,419	2,469	17,198	13,263
Bonus	3,767	2,955	3,179	4,555	45,158	38,819
Leave passage	4,545	3,795	2,089	3,206	6,328	5,208
Medical expenses	2,152	1,669	228	338	1,772	1,586
Club expenses	28	25	320	759	2,374	21
Others	–	–	–	–	37,829	25,279
	32,177	25,556	30,712	41,043	343,080	276,807
Post employment benefits						
Contribution to provident, gratuity and pension funds	4,456	3,495	3,021	4,498	36,703	31,944
Other long-term benefits						
Accumulating compensated absences	2,432	1,177	502	1,124	16,762	20,381
	39,065	30,228	34,235	46,665	396,545	329,132
Number of persons	1	1	3	2	107	94

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

39.2 Remuneration to other directors

Aggregate amount charged in the financial statements for the year for fee to 5 directors (2013: 7 directors) is Rs. 1,700,000 (2013: Rs. 1,150,000).

40. Transactions with related parties

The related parties comprise subsidiaries, joint venture, associates, directors, key management personnel and post employment benefit plans. The Group in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables, amounts due from directors and key management personnel are shown under receivables and remuneration of directors and key management personnel is disclosed in note 39. Other significant transactions with related parties are as follows:

(Rupees in thousand)		2014	2013
Relationship with the Group	**Nature of transactions**		
i. Joint venture	Purchase of goods and services	2,736,923	1,350,602
	Sale of goods and services	477,276	1,020,432
	Rental and other income	64,424	38,406
ii. Associates	Purchase of goods and services	1,200,771	987,885
	Sale of goods and services	12,444	62,536
	Insurance premium	139,200	214,832
	Commission earned	3,197	9,628
	Insurance claims received	1,463	137,657
	Rental Income	458	–
	Dividend income	17,757	123,677
	Expenses incurred on behalf of the associate	283	–
iii. Other related parties	Purchase of goods and services	239,654	202,317
	Sale of goods and services	703	30,509
	Royalty and technical fee - expense	63,241	51,862
	Rebate received	974	–
iv. Post employment benefit plans	Expense charged in respect of retirement benefit plans	98,102	134,751

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.

41. Capacity and production - tonnes

		Capacity		Actual production	
	Note	2014	2013	2014	2013
Paper and paperboard produced	41.1	41,400	98,900	10,116	38,314
Paper and paperboard converted	41.2	45,526	75,235	32,511	52,610
Plastics all sorts converted		20,000	20,000	17,553	16,041
Inks produced - tons		11,060	11,060	8,210	7,316
Flexible packaging material - meters '000'		90,000	90,000	48,493	47,970

41.1 This includes capacity and actual production relating to discontinued operations of Nil (2013: 57,500 tonnes) and Nil (2013: 28,947 tonnes) respectively.

41.2 This includes capacity and actual production relating to discontinued operations of Nil (2013: 29,709 tonnes) and Nil (2013: 22,456 tonnes) respectively.

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

		2014	2013
42.	**Number of employees**		
	Total number of employees as at December 31	1,881	1,891
	Average number of employees during the year	1,886	2,400

43. Rates of exchange

Liabilities in foreign currencies have been translated into PAK Rupees at USD 0.994 (2013: USD .9506), EURO 0.8172 (2013: EURO 0.6892), CHF 0.9828 (2013: CHF 0.8442), SEK 7.6982 (2013: SEK 6.1087), GBP 0.6384 (2013: GBP 0.5768), CAD Nil (2013:1.0124), SGD 1.3134 (2013:1.2028), YEN 118.7366 (2013: Nil) and SLR 129.7522 (2013:123.7624) equal to Rs. 100. Assets in foreign currencies have been translated into PAK Rupees at USD 0.996 (2013: USD 0.9524) ,EURO Nil (2013: EURO Nil), GBP Nil (2013: GBP Nil) and SLR 129.7522 (2013:123.7624) equal to Rs. 100.

(Rupees in thousand)		Note	2014	2013
44.	**Cash generated from operations**			
	Profit before tax including discontinued operations		2,856,873	2,364,509
	Adjustments for:			
	Depreciation on owned assets	18.1.3	597,384	530,539
	Gain on re-measurement of financial instrument	34	(27,272)	(137,287)
	Depreciation on assets subject to finance lease	18.2.1	3,652	548
	Depreciation on investment property	19	2,306	1,525
	Reversal of impairment on investments in associates		–	(11,055)
	Amortisation on intangible assets	20.1	17,115	13,079
	Provision for accumulating compensated absences		64,300	70,684
	Provision for retirement benefits	10	14,355	31,418
	Provision for / (written back of) for doubtful debts	26.3	13,863	(2,329)
	Exchange adjustments		(29,299)	33,316
	Net profit on disposal of property, plant and equipment	34	(85,117)	(44,403)
	Net gain on insurance claim of assets written off due to fire	34	–	(9,478)
	Finance costs	35	841,120	1,187,351
	Investment income	36	(2,444,434)	(1,889,910)
	Share of profit of investments accounted for under equity method - net of tax	21.2	214,659	(218,735)
	Profit before working capital changes		2,039,505	1,919,772
	Effect on cash flow due to working capital changes:			
	Decrease / (increase) in stores and spares		76,759	(162,367)
	(Increase) / decrease in stock-in-trade		(114,429)	689,790
	Decrease in trade debts		29,784	570,271
	(Increase) / decrease in loans, advances, deposits, prepayments and other receivables		20,226	23,091
	Increase / (decrease) in trade and other payables		359,421	(245,363)
			371,761	875,422
			2,411,266	2,795,194
45.	**Cash and cash equivalents**			
	Cash and bank balances	29	460,297	351,076
	Finances under mark up arrangements - secured	13	(1,607,583)	(1,958,402)
			(1,147,286)	(1,607,326)

		2014	2013
46. Combined earnings /(loss) per share			
46.1 Combined basic earnings per share - Continuing operations			
Profit for the year from Continuing operations	Rupees in thousand	2,409,971	1,952,977
Weighted average number of ordinary shares	Numbers	84,864,436	84,379,504
Earnings per share	Rupees	28.40	23.15
46.2 Combined basic loss per share - Discontinued operations			
Loss for the year from Discontinued operations	Rupees in thousand	–	(213,292)
Weighted average number of ordinary shares	Numbers	84,864,436	84,379,504
Loss per share	Rupees	–	(2.53)
46.3 Combined diluted earnings per share - Continuing operations			
Profit for the year from Continuing operations	Rupees in thousand	2,409,971	1,952,977
Return on preference shares / convertible stock - net of tax	Rupees in thousand	284,248	326,925
		2,694,219	2,279,902
Weighted average number of ordinary shares	Numbers	84,864,436	84,379,504
Weighted average number of notionally converted preference shares / convertible stock	Numbers	21,201,910	21,686,842
		106,066,346	106,066,346
Combined diluted earnings per share	Rupees	25.40	21.50

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

47. Segment Information

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

Types of Segments	**Nature of business**
Continuing operations	
Packaging	Manufacture and market packing products
Consumer Products Division	Manufacture and market consumer / tissue products
Ink	Manufacture and market industrial and commercial ink products
Real Estate	Construction and development of real estate
General & Others	Workshop and other general business
Discontinued operations	
Paper, Paperboard & Corrugator Division	Manufacture and market paper, paperboard and corrugated boxes

	Continuing operations										Sub total		Discontinued operations		Total	
	Packaging division		Consumer products division		Ink division		Real estate		General & other		Continuing operations		Paper, Paperboard & Corrugated boxes			
(Rupees in thousand)	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Total revenue	13,995,713	12,301,145	2,721,028	2,553,371	3,187,554	2,650,387	–	–	216,774	1,851,071	20,121,069	19,355,974	–	4,926,083	20,121,069	24,282,057
Intersegment revenue	402,643	994,253	11,531	9,748	852,623	713,394	–	–	127,270	210,434	1,394,067	1,927,829	–	448,623	1,394,067	2,376,452
Revenue from external customers	13,593,070	11,306,892	2,709,497	2,543,623	2,334,931	1,936,993	–	–	89,504	1,640,637	18,727,002	17,428,145	–	4,477,460	18,727,002	21,905,605
Interest revenue	1,278	–	–	–	–	–	420	218	4,291	21,420	5,989	21,638	–	–	5,989	21,638
Interest expense	(103,184)	(507,817)	(15,709)	(9,409)	(59,306)	(45,525)	–	–	(662,921)	(373,964)	(841,120)	(936,715)	–	(250,636)	(841,120)	(1,187,351)
Depreciation and amortisation	484,810	422,390	81,355	65,310	24,008	25,015	2,194	2,318	28,090	21,332	620,457	536,365	–	177,404	620,457	713,769
Gain on sale of investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Reversal of impairment on investments in associates	–	–	–	–	–	–	–	–	–	11,055	–	11,055	–	–	–	11,055
Segment profit/(loss) before tax	987,020	912,963	34,489	(4,269)	353,128	248,742	(40,082)	(2,432)	1,844,453	1,325,733	3,179,008	2,480,737	–	(153,682)	3,179,008	2,327,055
Segment taxation	142,903	179,963	25,204	41,864	107,539	84,430	4	2	70,978	178,867	346,628	485,126	–	59,610	346,628	544,736
Segment profit/(loss) after tax	844,117	733,000	9,285	(46,133)	245,589	164,312	(40,086)	(2,434)	1,773,475	1,146,866	2,832,380	1,995,611	–	(213,292)	2,832,380	1,782,319
Segment assets	6,568,797	6,391,653	1,385,332	1,271,713	1,265,593	1,210,064	1,076,708	15,105	934,213	1,240,078	11,230,643	10,128,613	–	–	11,230,643	10,128,613

(Rupees in thousand)	2014	2013
47.1 Reconciliation of segment profit		
Total profit for reportable segments	3,179,008	2,327,055
Net (loss)/income from associates and joint ventures	(232,416)	56,866
Intercompany adjustment	(89,719)	(19,412)
Profit before tax	2,856,873	2,364,509
47.2 Reconciliation of reportable segment assets		
Total assets for reportable segments	11,230,643	10,128,613
Intersegment assets	(1,111,613)	32,912
Other corporate assets	51,938,465	45,376,055
Total assets	62,057,495	55,537,580
47.3 Reconciliation of segment taxation		
Total tax expense for reportable segments	346,628	544,736
Intercompany adjustment	(29,362)	(1,000)
Taxation as per consolidated profit and loss account	317,266	543,736

(Rupees in thousand)	2014	2013
47.4 Reconciliation of segment profit after tax		
Total profit after tax for reportable segments	2,832,380	1,995,611
Intercompany adjustment for (loss)/profit before tax	(322,135)	37,454
Intercompany adjustment for taxation	29,362	1,000
Profit as per consolidated profit and loss account	2,539,607	2,034,065

47.5 Information by geographical area

	Revenue		Non - current assets	
(Rupees in thousand)	2014	2013	2014	2013
Afghanistan	40,731	57,629	–	–
Bahrain	158,632	74,518	–	–
Bangladesh	13,145	25,369	–	–
Oman	5,671	–	–	–
Pakistan	17,193,824	16,039,807	5,051,675	3,950,197
Singapore	–	22,398	–	–
Sri Lanka	1,307,194	1,208,424	397,555	496,935
UAE	7,804	–	–	–
	18,727,001	17,428,145	5,449,230	4,447,132

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

47.6 Information about major customers

Included in the total revenue is revenue from four (2013: four) customers of the Group from the packaging (2013: packaging) segment which represents approximately Rs. 7,827.156 million (2013: Rs. 7,095.199 million) of the Group's total revenue.

48. Financial risk management

48.1 Financial risk factors

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

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

The Group's overall risk management procedures to minimise the potential adverse effects of financial market on the Group's performance are as follows:

(a) Market risk

(i Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument shall fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar 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 Group's functional currency.

At December 31, 2014, if the Rupee had strengthened / weakened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been Rs. 22.991 million higher / lower (2013: Rs. 3.506 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, 2014, if the Rupee had strengthened / weakened by 10% against the Euro with all other variables held constant, post-tax profit for the year would have been Rs. 82.493 million higher / lower (2013: Rs. 102.257 million) higher / lower, mainly as a result of foreign exchange gains / losses on translation of Euro-denominated financial assets and liabilities.

At December 31, 2014, 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. 68.749 million (2013: Rs. 65.804 million) lower / higher, mainly as a result of foreign exchange losses / gains on translation of net assets of Packages Lanka (Private) Limited, denominated in Sri Lankan Rupee.

(ii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is exposed to equity securities price risk because of investments held by the Group and classified as available for sale. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the board of directors.

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

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

	Impact on post-tax profit		Impact on other components of equity	
(Rupees in thousand)	**2014**	2013	**2014**	2013
Karachi Stock Exchange	–	–	(564,539)	2,286,801

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

(iii) Cash flow and fair value interest rate risk

As the Group has no significant floating interest rate assets, the Group's income is substantially independent of changes in market interest rates.

The Group's interest rate risk arises from short-term and long-term borrowings. These borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

At December 31, 2014, if interest rates on floating rate borrowings had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been Rs. 26.989 million (2013: Rs. 63.373 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Group arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to distributors and wholesale and retail customers, including outstanding receivables and committed transactions. The management assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored and major sales to retail customers are settled in cash. For banks and financial institutions, only independently rated parties with a strong credit rating are accepted.

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets exposed to credit risk and which are neither past due nor impaired are as under:

(Rupees in thousand)	2014	2013
Long-term loans and deposits	53,361	67,684
Trade debts	1,382,105	1,256,751
Loans, advances, deposits, prepayments and other receivables	1,372,767	1,635,576
Balances with banks	453,549	345,511
	3,261,782	3,305,522

As of December 31, 2014, trade receivables of Rs. 538.065 million (2013: Rs. 843.235 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)	2014	2013
Up to 90 days	630,851	742,255
91 to 180 days	32,212	50,881
181 to 365 days	12,184	50,102
	675,247	843,238

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

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

(Rupees in thousand)	2014	2013
Up to 90 days	8,963	46,057
91 to 180 days	845	16,988
181 to 365 days	349	908
	10,157	63,953

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

(Rupees in thousand)	Rating Short-term	Rating Long-term	Rating Agency	2014	2013
Bank Al-Habib Limited	A1+	AA+	PACRA	1,066	–
Bank Alfalah Limited	A1+	AA	PACRA	–	10
Bank Islami Pakistan Limited	A1	A	PACRA	–	9
Barclay's Bank PLC Pakistan	P-1	A2	Moody's	64	14,208
Citibank N.A.	P-1	A2	Moody's	204	1,288
Commercial Bank of Ceylon Limited Sri Lanka	AA	Fitch		8	8
Deutsche Bank AG	P-1	A3	Moody's	85,065	2,548
Dubai Islamic Bank (Pakistan) Limited	A-1	A+	JCR-VIS	712	5
Faysal Bank Limited	A1+	AA	PACRA	42,591	43,371
Habib Bank Limited	A-1+	AAA	JCR-VIS	860	607
Habib Bank Limited Sri Lanka	A-1+	AAA	JCR-VIS	759	796
Hatton Bank Limited Sri Lanka		AA-	Fitch	3,799	1,680
HSBC Bank Middle East Limited	P-1	A2	Moody's	–	130
JS Bank Limited	A1	A+	PACRA	78	50
MCB Bank Limited	A1+	AAA	PACRA	3,128	306
MCB Bank Limited Sri Lanka	A1+	AAA	PACRA	105,869	49,966
Meezan Bank Limited	A-1+	AA	JCR-VIS	111,684	102,256
National Bank of Pakistan	A-1+	AAA	JCR-VIS	3,758	18,134
NDB Bank	B	B+	S & P	9,336	5,743
NIB Bank Limited	A1+	AA	PACRA	41,061	50,221
Samba bank	A-1	AA-	JCR-VIS	1,675	1,332
Silk Bank Limited	A-2	A-	JCR-VIS	–	2
Standard Chartered Bank Pakistan Limited	A1+	AAA	PACRA	41,638	50,386
Standard Chartered Bank Sri Lanka		AAA	Fitch	–	1,309
The Bank of Punjab	A1+	AA-	PACRA	194	115
The Bank of Tokyo Mitsubishi UFJ, Limited	P-1	Aa3	Moody's	–	1
United Bank Limited	A-1+	AA+	JCR-VIS	–	1,030
				453,549	345,511

(c) Liquidity risk

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

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

Management monitors the forecasts of the Group's cash and cash equivalents (note 46) on the basis of expected cash flow. This is generally carried out in accordance with practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the Group's liquidity management policy involves projecting cash flows in each quarter and considering the level of liquid assets necessary to meet its liabilities, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

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

	At December 31, 2014			
(Rupees in thousand)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long-term finances	333,348	452,384	619,058	1,161,905
Liabilities against assets subject to finance lease	4,696	5,231	20,454	–
Finances under mark up arrangements - secured	1,607,583	–	–	–
Trade and other payables	3,561,912	–	–	–
Accrued finance cost	526,943	–	–	–
	6,034,482	457,615	639,512	1,161,905

	At December 31, 2013			
(Rupees in thousand)	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Long-term finances	269,901	269,901	695,413	2,014,289
Liabilities against assets subject to finance lease	3,702	3,955	20,227	–
Finances under mark up arrangements - secured	1,958,402	–	–	–
Trade and other payables	3,277,679	–	–	–
Accrued finance cost	533,801	–	–	–
	6,043,485	273,856	715,640	2,014,289

48.2 Financial instruments by categories

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

(Rupees in thousand)	**2014**	2013
Financial assets		
Loans and receivables		
Long-term loans and deposits	53,361	67,684
Trade debts	2,057,352	2,099,989
Loans, advances, deposits, prepayments and other receivables	1,372,767	1,635,576
Balances with banks	453,549	345,511
	3,937,029	4,148,760
Financial liabilities		
At amortised cost		
Long-term finances - secured	2,566,695	3,249,504
Liabilities against assets subject to finance lease	30,381	27,884
Finances under mark-up arrangements - secured	1,607,583	1,958,402
Trade and other payables	3,561,912	3,277,679
Accrued finance cost	526,943	533,801
	8,293,514	9,047,270

48.3 Capital risk management

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

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares. Consistent with the others in industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including the current and non-current borrowings as disclosed in note 7 less cash and cash equivalents as disclosed in note 44. Total capital is calculated as equity as shown in the balance sheet plus net debt. The gearing ratio as at year end is as follows:

(Rupees in thousand)	2014	2013
Long-term finances	4,428,836	5,450,180
Current portion of long-term finances	271,370	273,603
Cash and cash equivalents	1,147,286	1,607,326
Net debt	5,847,492	7,331,109
Total equity	50,592,389	42,826,487
Total capital	56,439,881	50,157,596
Gearing ratio	10%	15%

48.4 Fair value estimation

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

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

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

49. Detail of subsidiaries

Name of the subsidiaries	Accounting year end	Percentage of holding	Country of incorporation
Packages Lanka (Private) Limited	December 31, 2014	79.07%	Sri Lanka
DIC Pakistan Limited	December 31, 2014	54.98%	Pakistan
Packages Construction (Private) Limited	December 31, 2014	99.99%	Pakistan

50. Date of authorisation for issue

These financial statements were authorised for issue on 25 February, 2015 by the Board of Directors of the Parent Company.

51. Non-adjusting events after the balance sheet date

The Board of Directors of the Parent Company in its meeting held on October 31, 2014 accorded approval for establishment of a Mauritius based Special Purpose Vehicle ('SPV') as subsidiary of the Parent Company for setting up a wholly owned company under the laws of South Africa. The South African company will then acquire all assets and properties of the Flexible Packaging Convertors (Proprietary) Limited ('FPC') in lieu of cash consideration and 45% shares of the South African company. Pursuant to this resolution, the Parent Company on January 5, 2015 incorporated a private company under the laws of Mauritius with the name, Anemone Holdings Limited ('AHL'). The Parent Company also made an equity contribution in cash of USD 100,000 in AHL on February 4, 2015.

On January 30, 2015, International Finance Corporation exercised its right to convert 1,000,000 preference share / convertible stock of Rs. 190 each into 1,000,000 ordinary shares of Rs. 10 each.

The Board of Directors of the Parent Company has proposed a final cash dividend for the year ended December 31, 2014 of Rs. 9.00 per share (2013: Rs. 8.00 per share), amounting to Rs. 786.416 million (2013: Rs. 675.036 million) at their meeting held on February 25, 2015 for approval of the members at the Annual General Meeting to be held on April 16, 2015. The Board of the Parent Company has also recommended to transfer Rs. 1,500 million (2013: Rs. 700 million) from accumulated profit to general reserves.

52. Corresponding figures

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

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

Notes

Form of Proxy

60th Annual General Meeting

I/We ______________________________

of ______________________________ being a member of Packages Limited and

holder of ______________ Ordinary shares as per Shares Register Folio No. ______________
(Number of Shares)

and / or CDC Participant I.D. No. ______________ and Sub Account No. ______________

here by appoint ______________ of ______________ or failing him / her ______________

of ______________ or failing him / her ______________ of ______________ as my proxy to vote for me and

on my behalf at the Annual General Meeting of the Company to be held on Thursday, April 16, 2015 at 10:30 a.m. at Beach Luxury Hotel, Moulvi Tamizuddin Khan Road, Karachi and at any adjournment thereof.

Signed this ______________ day of ______________ 2015.

WITNESSES:

1. Signature : ______________
   Name : ______________
   Address : ______________

   CNIC or
   Passport No. : ______________

2. Signature : ______________
   Name : ______________
   Address : ______________

   CNIC or
   Passport No. : ______________

Signature

Please affix
Rupees five
revenue stamp

(Signature should agree with the specimen signature registered with the Company)

Note : Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting. A proxy need not to be a member of the Company.

CDC Shareholders and their Proxies are requested to attach an attested photocopy of their Computerised National Identity Card or Passport with this proxy form before submission to the Company.

AFFIX
CORRECT
POSTAGE

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