

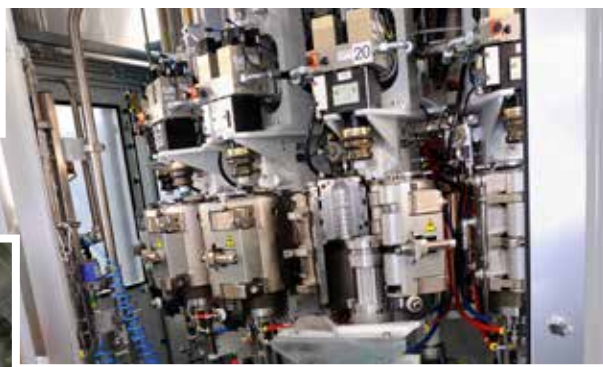
Manufacturers of Quality PET Bottles and Preforms

EcoPack Ltd

**Annual Report
2017**

Manufacturers of Quality PET Bottles and Preforms

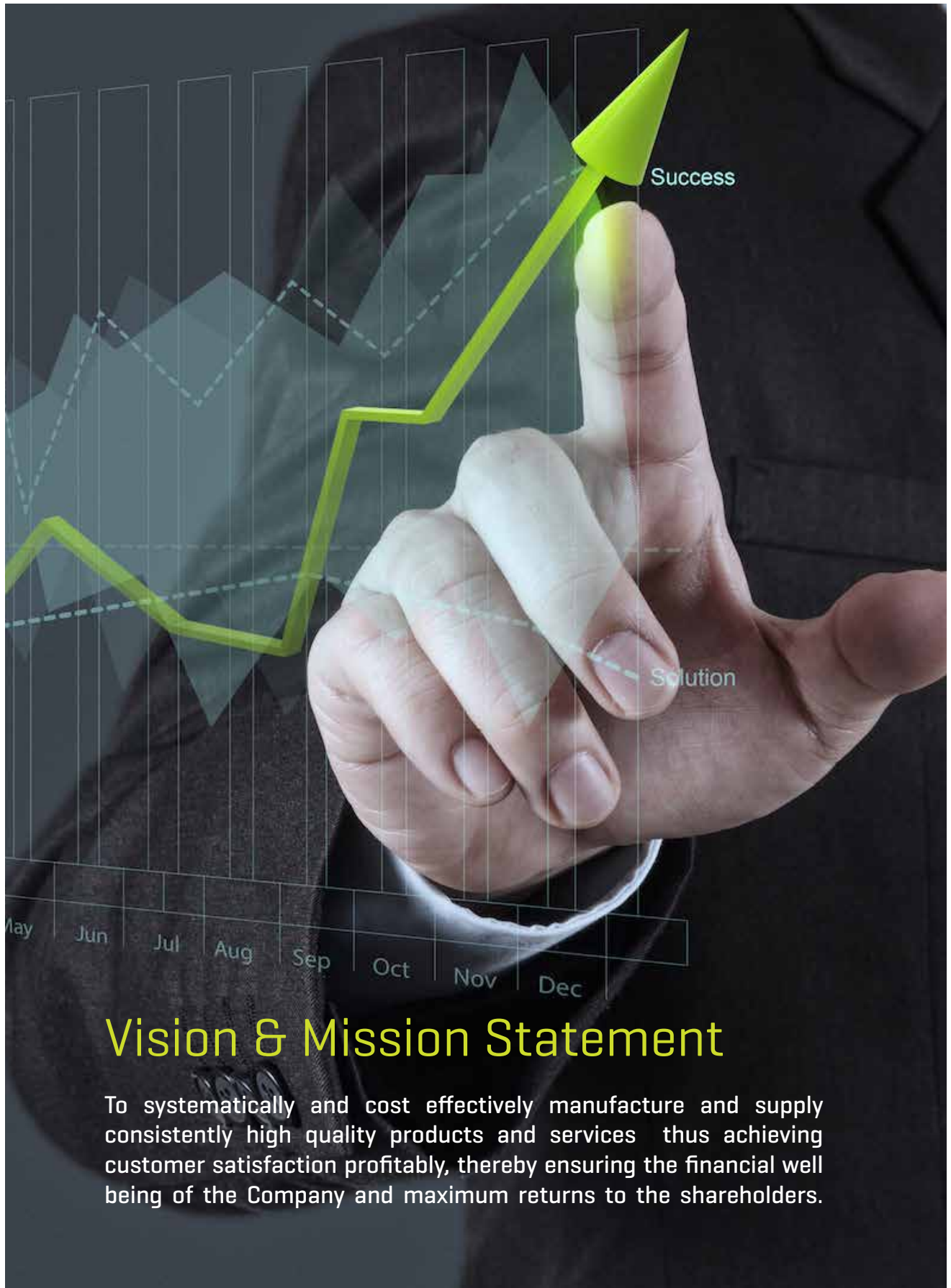
EcoPack Ltd



Quality is our Forté

Contents

	Page No.
Vision & Mission Statement	03
Corporate Strategy	04
Company Information	05
Our Team	06
Directors' Profile	07
Our History & Milestones	10
Corporate Social Responsibility [CSR]	12
Summary of Financials	13
Business Performance	14
Key Financials Numbers	15
Horizontal Analysis - Balance Sheet	16
Vertical Analysis - Balance Sheet	17
Horizontal Analysis - Profit & Loss Account	18
Vertical Analysis - Profit & Loss Account	19
Notice of AGM	20
Statement of Compliance with Code of Corporate Governance	21
Directors' Report	24
Annexure "A" to the Directors' Report-Six years at a glance	28
Annexure "B" to the Directors' Report-Compliance with Code of Corporate Governance	29
Pattern of Shareholding	31
Review Report	34
Auditors' Report	35
Balance Sheet	36
Profit & Loss Account	37
Statement of Comprehensive Income	38
Statement of Changes in Equity	39
Cash Flow Statement	40
Notes to the Financial Statements	41
Proxy Form	68
Jama Punji	69



Vision & Mission Statement

To systematically and cost effectively manufacture and supply consistently high quality products and services thus achieving customer satisfaction profitably, thereby ensuring the financial well being of the Company and maximum returns to the shareholders.

Corporate Strategy

Retain market share leadership through quality and price competitiveness while creating value as a low cost producer.

Company Information

BOARD OF DIRECTORS

Mr. Amar Zafar Khan	Chairman
Mr. Hussain Jamil	Chief Executive Officer
Mr. Shahid Jamil	Non-Executive Director
Mr. Ali Jamil	Non-Executive Director
Mr. Talat Mahmood Sadiq	Non-Executive Director
Mr. Asad Ali Sheikh	Non-Executive Director
Ms. Laila Jamil	Non-Executive Director
Mr. Amjad Awan	[Alternate Director of Mr. Talat Mahmood Sadiq]
Mr. Shahan Ali Jamil	[Alternate Director of Mr. Shahid Jamil]

AUDIT COMMITTEE

Mr. Asad Ali Sheikh	Chairman
Mr. Amar Zafar Khan	Member
Ms. Laila Jamil	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Laila Jamil	Chairperson
Mr. Hussain Jamil	Member
Mr. Asad Ali Sheikh	Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Muhammed Ali Adil

BANKERS

Habib Bank Limited	Bank of Khyber
JS Bank Limited	Askari Bank Limited
Pak Oman Investment Company Limited	

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq	Chartered Accountants
-----------------------------------	-----------------------

SHARE REGISTRAR

M/s. Technology Trade (Private) Limited Dagia House, 241-C, Block-2, P.E.C.H.S, Off: Shahrarah-e-Quaideen, Karachi.	Ballotter, Share Registrar & Transfer Agent
---	---

LEGAL ADVISOR

M/s. Ebrahim Hosain	Advocate & Corporate Counsel
---------------------	------------------------------

REGISTERED OFFICE AND FACTORY

112-113, Phase V, Hattar Industrial Estate, Hattar, District Haripur, Khyber Pakhtunkhwa
Tel: [0995] 617720 & 23, 617347
Fax: [0995] 617074, www.ecopack.com.pk

Our Team



Hussain Jamil
Chief Executive Officer



Mohammad Raza Chinoy
Chief Operating Officer



Zamir ul Hasan
Director Commercial & Technical



Muhammed Ali Adil
Chief Financial Officer



Shahwaqar Ahmed
DGM HR, Supply Chain & Admin



Directors' Profile

AMAR ZAFAR KHAN
Chairman

Amar Zafar Khan is a qualified Chartered Accountant, with over 30 years of multifunctional experience at premier international financial institutions. His experience covers general management, directing turnarounds and developing new ventures/ businesses in commercial banking, investment banking, domestic and cross-border corporate finance and securities trading, including exposure to markets in Europe, the Middle East and Africa. He has rich experience & knowledge of a wide spectrum of financing solutions. He has served as the Chairman & CEO of "United Bank Limited" one of the largest bank in Pakistan.

HUSSAIN JAMIL
Chief Executive
Officer

Hussain is the CEO of EcoPack Ltd. and has over 40 years of business experience including running a private limited company in Karachi manufacturing flexible plastic packaging. He is the founder chairman and CEO of EcoPack since the company's inception, and continues to strategically lead the company's growth in key areas such as corporate relationship management, as well as new opportunities for product diversification in both domestic and regional markets. Prior to founding EcoPack, Hussain was a successful entrepreneur trading packaging materials such as cotton bags, polythene liners and jute bags, and later started a career in industrial manufacture of packaging products. Hussain is an honours graduate from the University of Karachi.

SHAHID JAMIL
Non-Executive
Director

Shahid Jamil qualified as a member of the Institute of Chartered Accountants from the UK in 1967 and became a member of the Institute in Pakistan in 1968. He then became an international banker working in Pakistan, Luxembourg, United Kingdom, Egypt & United Arab Emirates. His last position with a bank was as Executive Director at First International Bank Ltd., in Pakistan. As a non-executive director on the board, he shares an international perspective and supports the internal audit role of KPMG at EcoPack Ltd. He also supports the company's effort to achieve a cost effective turn around to become a profitable and sustainable business which maintains manufacturing employment in Khyber Pakhtunkhwa.

Directors' Profile

ALI JAMIL

Non-Executive Director

Ali Jamil has been a finance and mortgage advisor in the United Kingdom with over 45 years' experience in property and finance. He has been a sponsor Director of EcoPack Limited since its inception in 1992 and has served on EcoPack's board for several terms. He is trained from the Plastics Institute in the UK and has a good understanding of the technical and marketing aspects of various plastic materials and processes.

Mr. Ali Jamil worked in the family business of 'blown film extrusion and flexographic printing' for several years before he assisted in setting-up EcoPack Limited.

TALAT MAHMOOD SADIQ

Non-Executive Director

Talat Sadiq is a graduate of Cornell University in Ithaca, New York, USA. He has joined the board of EcoPack Limited in February 2017. In his long and varied career, Talat has worked at senior executive positions at Fortune 100 companies like Citibank based in London, Sun Microsystems, Dell Computers, and McGraw Hill in the USA. He has also led several startup companies in Silicon Valley, California since their inception to either a successful IPO or an acquisition & assisted such companies raise additional funds to fuel higher levels of growth to continue their success.

Directors' Profile

ASAD ALI SHEIKH
Non-Executive
Director

Asad is on the Board as a Non-Executive Director since the year 2007 and has done his MBA from IoBM [Institute of Business Management - Karachi]. He possesses 26 years of rich experience in the financial sector of Pakistan with special focus on Leasing, Islamic Financing and compliance in addition to conventional banking. He is presently working as the "Head of Compliance" with Orix Leasing Limited. His presence on the Board has added great value to EcoPack Ltd. He has been pivotal in establishing good corporate practices in the organization. He is also the Chairman of the Audit Committee and contributes greatly towards compliance and good governance of the company.

LAILA JAMIL
Non-Executive
Director

Laila Jamil is a non-executive director on the Board of EcoPack Limited and on the Audit Committee. She is also chair of the HR and Remunerations Committee. She completed her bachelors in history from Reed College, Portland, Oregon, USA and has over 14 years of work experience running an SME business in Karachi before joining the social sector. She has worked for the Sind Institute of Urology and Transplantation [SIUT] as head of Resource Generation and Outreach and at Aman Foundation as General Manager Programs Development. Laila now works for the British Council as a Senior Consultant Business Development and is responsible for sourcing opportunities and fostering partnerships for the Arts, Youth and Education Programs.

Our History & Milestones

1992 EcoPack was converted into a public limited company

1993 EcoPack started commercial production

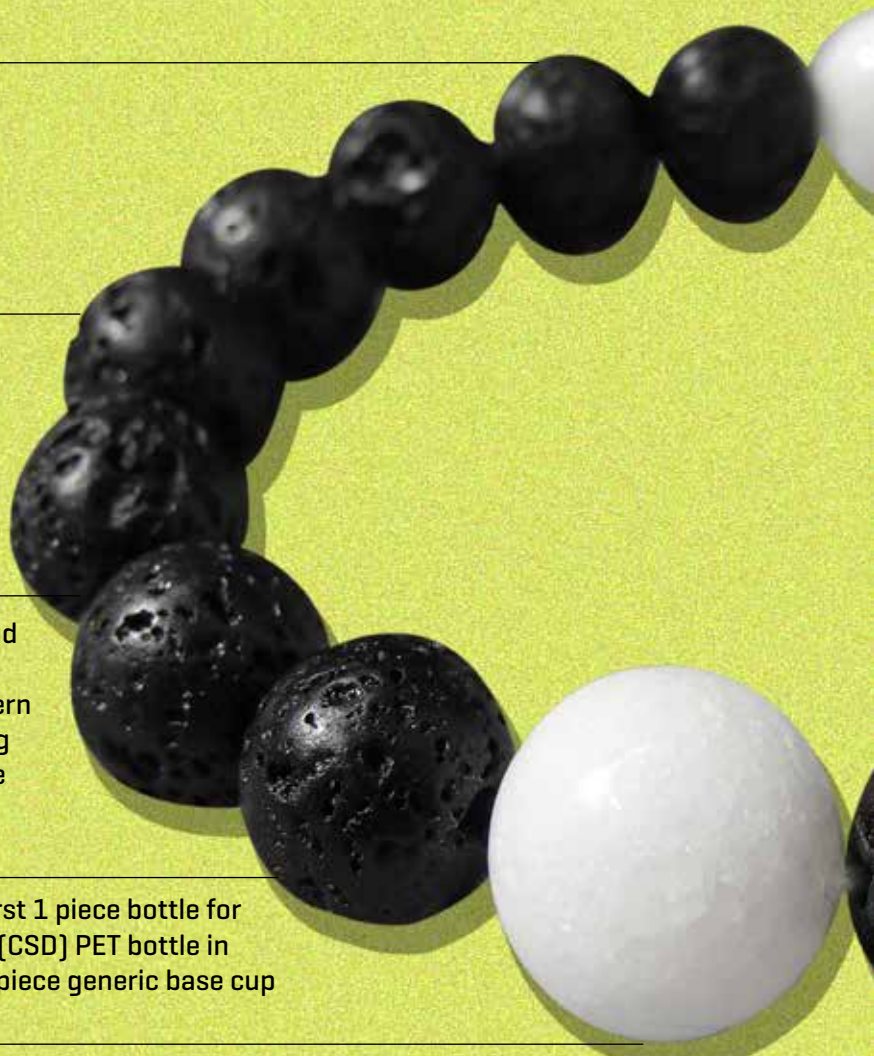
1994 EcoPack was successfully listed on the Karachi Stock Exchange

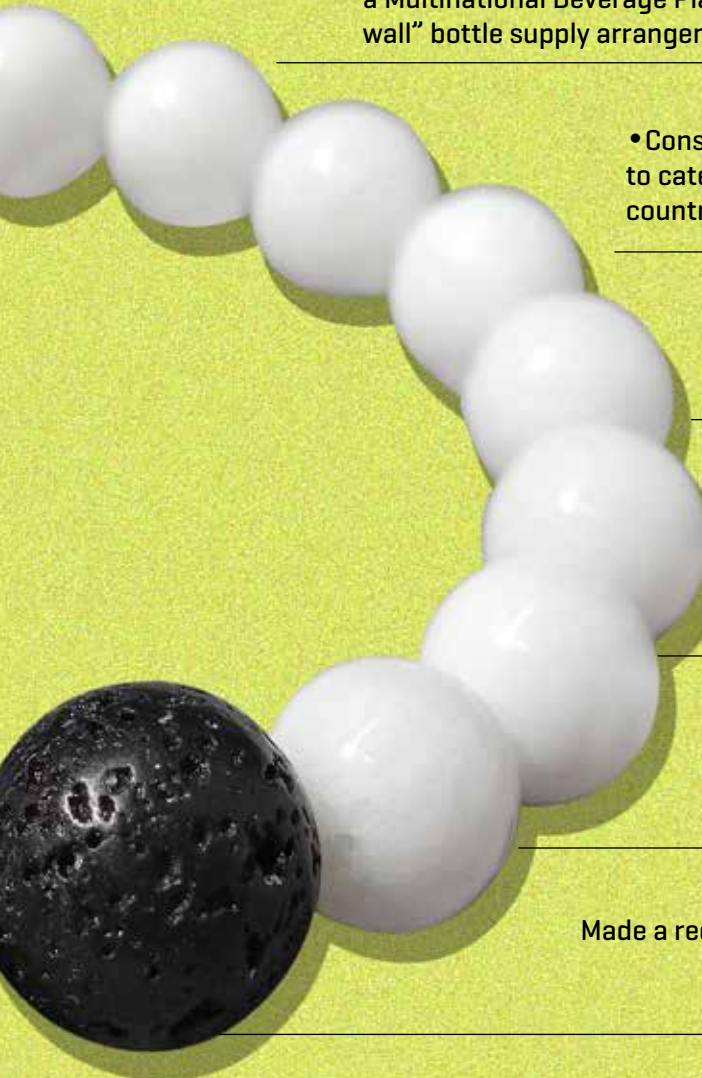
1999 EcoPack sets up its second factory for blowing PET bottles in Karachi (Southern Pakistan) to meet growing demand thus covering the complete breadth of the market.

2000 EcoPack introduced the first 1 piece bottle for the carbonated soft drink (CSD) PET bottle in Pakistan, replacing the 2-piece generic base cup cylindrical bottle

2005

- EcoPack successfully introduced the first single-serve 500 ml CSD bottle in the Pakistani market.
- Achieved ISO 9001 Certification





EcoPack installed an on - premise complete bottle blowing line inside a Multinational Beverage Plant in Islamabad under a “through-the-wall” bottle supply arrangement

2007

• Consolidated the production units in Hattar to cater to the large population region of the country.

2008

• Started export of preforms to the regional markets i.e India, Afghanistan and Central Asia

• Achieved the Coca Cola Eurasia Africa approval for the preforms

• Started Export to anti-podal Southern Hemisphere markets like Southern Africa

2010

Achieved ISO 22000 Certification

2013

Made a record of dispatch of over 2 million bottles in one day

2016

Successful Implementation of SAP

2017



Corporate Social Responsibility [CSR]

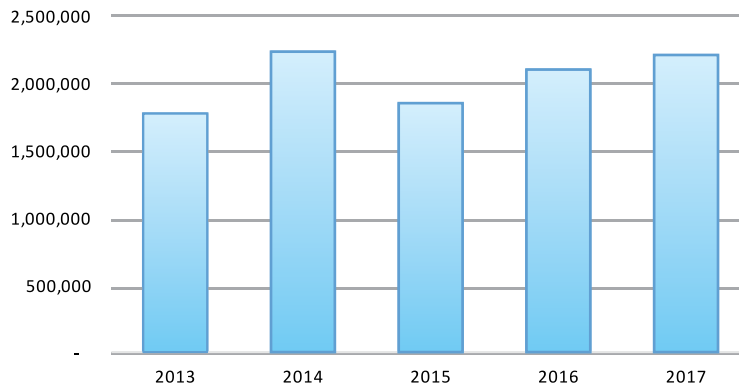
- EcoPack received the Pakistan Centre for Philanthropy Award for donations in 2008-09.
- EcoPack regularly donates to renowned leading Pakistani Philanthropic organizations such as Sindh Institute of Urology and Transplantation, Layton Rahmatullah Benevolent Trust, Shaukat Khanum Memorial Trust, The Kidney Center, Aman Foundation, The Citizens Foundation, among others.
- As part of its CSR strategy to give back to the community, EcoPack has embarked on a pilot program of skill development by hiring engineering graduates and diploma holders from nearby engineering colleges and universities, to train them in various production departments of the company's manufacturing processes. By doing so, EcoPack retains the best by giving them permanent employment and releasing others as trained skilled resource for the market. This program is expanding and building on its continual success.

Summary of Financials

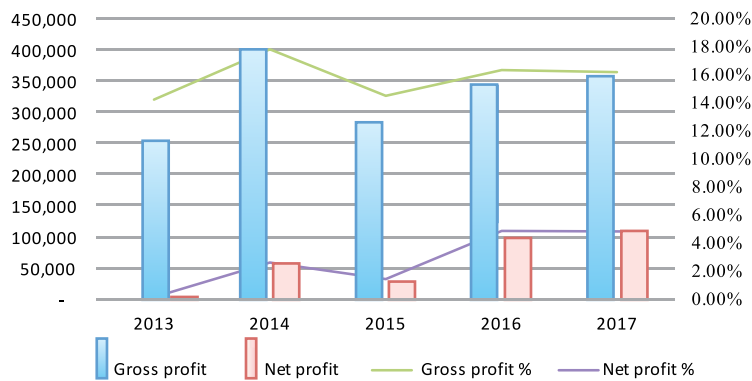
	2017	2016	2015	2014	2013	2012
	----- Rupees in '000 -----					
Summary of Balance Sheet						
Share capital	287,212	229,770	229,770	229,770	229,770	229,770
Reserves	308,150	249,747	129,109	(4,649)	[99,867]	[142,339]
Shareholders' funds / Equity	595,362	479,517	358,879	225,121	129,903	87,431
Long term borrowings	145,223	245,156	320,091	120,175	180,890	322,214
Deferred liabilities	261,565	203,675	176,627	232,324	178,352	153,629
Property, Plant & Equipment	1,001,273	1,014,171	1,055,461	1,074,293	1,077,226	1,157,131
Long term assets	1,015,277	1,025,634	1,062,558	1,080,995	1,084,692	1,164,021
Current assets	690,979	671,674	618,037	579,853	535,663	424,286
Summary of Profit and Loss						
Sales	2,205,360	2,097,028	1,847,868	2,229,897	1,769,998	1,921,542
Gross profit	357,354	342,756	285,239	397,023	251,696	141,533
Operating profit	222,628	247,481	165,343	257,978	147,675	44,732
Profit / [loss] before tax	149,922	136,856	54,879	123,688	41,662	[61,959]
Profit / [loss] after tax	105,861	101,918	26,475	57,567	2,463	[59,265]
EBITDA	311,383	306,049	253,610	329,400	256,955	160,490
Summary of Cash Flows						
Net cash flows from operating activities	234,016	134,986	[39,884]	155,843	51,143	148,301
Net cash flows from investing activities	[66,459]	[81,927]	[78,816]	[61,911]	[23,690]	[23,385]
Net cash flows from financing activities	[66,674]	[87,022]	174,946	[112,563]	[87,347]	74,763
Changes in cash & cash equivalents	100,883	[33,963]	56,246	[18,631]	[59,894]	199,679
Summary of Actual Production (Units)						
Preforms	283,402	270,975	194,997	209,002	180,070	217,839
Bottles	159,056	163,118	145,792	156,518	117,043	92,644

Business Performance

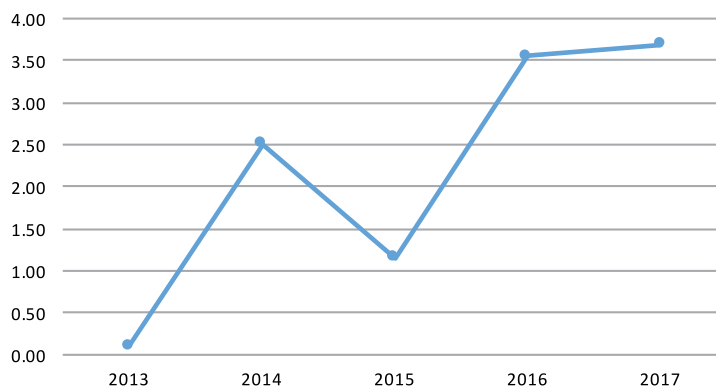
Sales Revenue - Year wise (Rs. in '000)



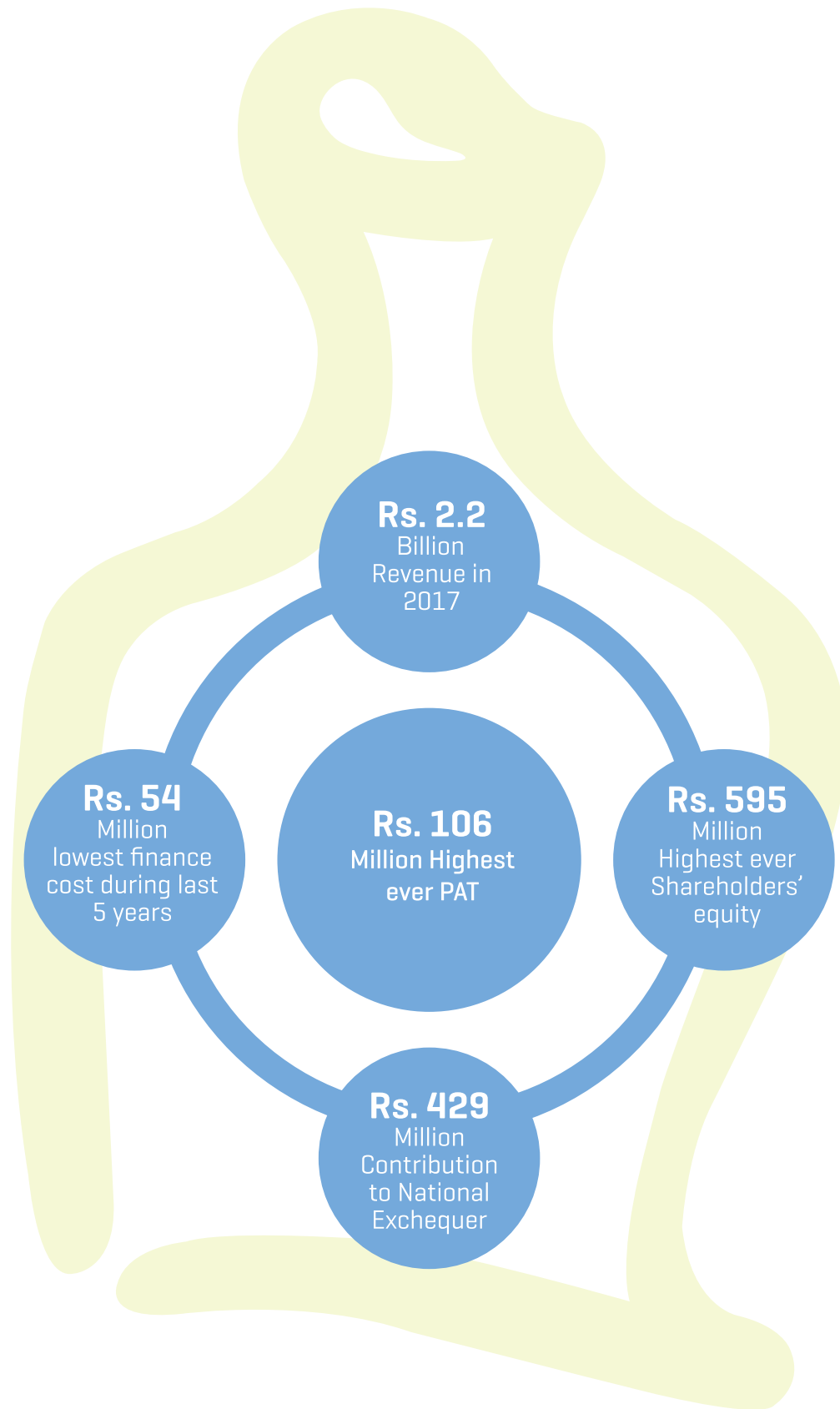
Gross profit and Net profit (Rs. in '000)



Earnings per share (Rs.)



Key Financial Numbers



Horizontal Analysis Balance Sheet

	2017	17 vs 16	2016	16 vs 15	2015	15 vs 14	2014	14 vs 13	2013	13 vs 12	2012
	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000
ASSETS											
Non-Current Assets											
Property, plant and equipment	1,001,273	(1.27)	1,014,171	(3.91)	1,055,461	(1.75)	1,074,293	(0.27)	1,077,226	(6.91)	1,157,131
Security deposits	7512	2388	6,064	-	6,064	-	6,064	(10.22)	6,754	(1.97)	6,890
Intangibles	6,492	20.24	5,399	422.65	1,033	61.91	638	(10.39)	712	100.00	-
	1,015,277	(1.01)	1,025,634	(3.48)	1,062,558	(1.71)	1,080,995	(0.34)	1,084,692	(6.82)	1,164,021
Current Assets											
Stores, spares and loose tools	56,235	(9.99)	62,475	(17.67)	75,882	9.46	69,326	35.33	51,229	(9.44)	55,954
Stock in trade	246,650	2.16	241,424	19.05	202,785	18.65	170,913	8.55	157,447	1.65	154,891
Trade debts	149,400	(5.63)	158,308	(26.93)	216,664	(2.52)	222,273	(2.27)	227,427	47.06	154,644
Short term investments	36,000	100.00	-	-	-	-	-	-	-	-	-
Loans and advances	53,748	7.74	49,887	84.82	26,992	(24.31)	35,660	18.34	30,133	25.59	23,999
Deposits, prepayments and other receivables	16,877	(49.66)	33,529	197.45	11,272	63.55	6,892	(76.80)	29,709	218.08	9,340
Taxation - net	109,127	64.86	66,193	42.89	46,324	120.05	21,052	36.44	15,429	38.56	11,135
Cash and bank balances	22,942	(61.67)	59,858	57.03	38,118	(29.07)	53,737	121.24	24,289	69.51	14,329
	690,979	2.87	671,674	8.68	618,037	6.59	579,853	8.25	535,663	26.25	424,286
Total assets	1,706,256	0.53	1,697,308	0.99	1,680,595	1.19	1,660,848	2.50	1,620,355	2.02	1,588,307
EQUITY AND LIABILITIES											
Equity											
Issued, subscribed and paid-up capital	287,212	25.00	229,770	-	229,770	-	229,770	-	229,770	-	229,770
Accumulated profit	308,150	23.38	249,747	93.44	129,109	(2,877.13)	(4,649)	(95.34)	(99,867)	(29.84)	(142,339)
	595,362	24.16	479,517	33.62	358,879	59.42	225,121	73.30	129,903	48.58	87,431
Surplus on revaluation of property and plant	175,887	11.39	157,905	(3.50)	163,625	(8.87)	179,553	(3.98)	187,002	(12.40)	213,466
	771,249	21.00	637,422	21.99	522,504	29.12	404,674	27.70	316,905	5.32	300,897
Non-Current Liabilities											
Long term loans	1,45,223	(40.76)	2,45,156	(23.41)	320,091	166.35	120,175	(33.56)	180,890	(43.86)	322,214
Liabilities against assets subject to finance lease	8,973	303.64	2,223	(25.97)	3,003	(38.17)	4,857	26.42	3,842	(63.04)	10,996
Deferred liabilities	261,565	28.42	203,675	15.31	176,627	(23.97)	232,324	30.26	178,352	16.09	153,829
	415,761	(78.2)	451,054	(9.74)	499,721	39.84	357,356	(1.58)	363,084	(25.33)	486,239
Current Liabilities											
Trade and other payables	166,176	(9.56)	183,735	(32.42)	271,862	(33.46)	408,580	(9.34)	445,743	2.99	432,819
Accrued mark - up	8,950	57.38	5,687	(50.52)	11,494	(43.22)	20,244	2.01	19,846	(17.17)	23,960
Short term borrowings	241,898	(29.62)	343,697	19.34	287,994	(19.97)	359,858	15.42	311,778	28.87	241,924
Current portion of non-current liabilities	102,222	35.01	75,713	(12.99)	87,020	(20.99)	110,136	(32.43)	162,999	59.07	102,468
	519,246	(14.71)	608,832	(7.52)	658,370	(26.75)	898,818	(4.42)	940,366	17.37	801,171
Total liabilities	1,706,256	0.53	1,697,308	0.99	1,680,595	1.19	1,660,848	2.50	1,620,355	2.02	1,588,307

Vertical Analysis

Balance Sheet

	2017	2016	2015	2014	2013	2012
	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000	Rs. In '000
	%	%	%	%	%	%
ASSETS						
Non-Current Assets						
Property, plant and equipment	58.68	1,014,171	1,055,461	1,074,293	1,077,226	1,157,131
Security deposits	0.44	6,064	6,064	6,064	6,754	6,890
Intangibles	0.38	5,399	1,033	638	712	-
	59.50	1,025,634	1,062,558	1,080,995	1,084,692	1,164,021
Current Assets						
Stores, spares and loose tools	3.30	62,475	75,882	69,326	51,229	55,954
Stock in trade	14.46	241,424	202,785	170,913	157,447	154,891
Trade debts	8.76	158,308	216,664	222,273	227,427	154,644
Short term investments	2.11	-	-	-	-	-
Loans and advances	31.55	49,887	26,992	35,660	30,133	23,993
Deposits, prepayments and other receivables	0.99	33,529	11,272	6,892	29,709	9,340
Taxation - net	6.40	66,193	46,324	21,052	15,429	11,135
Cash and bank balances	1.34	59,858	38,118	53,737	24,289	14,329
	40.50	671,674	618,037	579,853	535,663	424,286
Total assets	100.00	1,697,308	1,680,595	1,660,848	1,620,355	1,588,307
EQUITY AND LIABILITIES						
Equity						
Issued, subscribed and paid-up capital	16.83	229,770	229,770	229,770	229,770	229,770
Accumulated profit	18.06	249,747	129,109	(4,649)	(99,867)	(142,339)
	34.89	479,517	358,879	225,121	129,903	87,431
Surplus on revaluation of property and plant	10.31	157,905	163,625	179,553	187,002	213,466
	45.20	637,422	522,504	404,674	316,905	300,897
Non-Current Liabilities						
Long term loans	8.51	245,156	320,091	120,175	180,890	322,214
Liabilities against assets subject to finance lease	0.53	2,223	3,003	4,857	3,842	10,396
Deferred liabilities	15.33	203,675	176,627	232,324	178,352	153,629
	24.37	451,054	499,721	357,356	363,084	486,239
Current Liabilities						
Trade and other payables	9.74	183,735	271,862	408,580	445,743	492,819
Accrued mark - up	0.52	5,687	11,494	20,244	19,846	23,960
Short term borrowings	14.18	343,697	287,994	359,858	311,778	241,924
Current portion of non-current liabilities	5.99	75,713	87,020	110,136	162,999	102,468
	30.43	608,832	658,370	898,818	940,366	801,171
	100.00	1,697,308	1,680,595	1,660,848	1,620,355	1,588,307

Horizontal Analysis

Profit and loss Account

	2017	17 vs 16	2016	16 vs 15	2015	15 vs 14	2014	14 vs 13	2013	13 vs 12	2012
	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000
Sales - net	2,205,360	5.17	2,097,028	13.48	1,847,868	(17.13)	2,229,897	25.98	1,769,998	(789)	1,921,542
Cost of sales	(1,848,006)	5.34	(1,754,272)	12.26	(1,562,629)	(14.74)	(1,832,874)	20.72	(1,518,302)	(14,70)	(1,780,009)
Gross profit	357,354	4.26	342,756	20.16	285,239	(28.16)	397,023	57.74	251,696	7784	141,533
Distribution cost	(84,113)	89.06	(33,911)	(48.89)	(66,355)	(22.37)	(85,474)	40.92	(60,653)	6.20	(57,112)
Administrative expenses	(70,613)	15.07	(61,364)	14.61	(53,541)	(0.06)	(53,571)	23.53	(43,368)	9.27	(39,689)
	(134,726)	41.41	(95,275)	(20.54)	(119,896)	(13.77)	(139,045)	33.67	(104,021)	7.46	(96,801)
Profit from operations	222,628	(10.04)	247,481	49.68	165,343	(35.91)	257,978	74.69	147,675	230.13	44,732
Other income - net	37,691	110.35	17,918	1.785	15,204	(0.59)	15,295	1.73	15,035	(14.18)	17,519
Other expenses	(56,095)	(4.13)	(58,509)	169.86	(21,681)	(39.29)	(35,712)	734.59	(4,279)	100.00	-
	(18,404)	(54.66)	(40,591)	526.69	(6,477)	(66.28)	(20,417)	(289.82)	10,756	(38.60)	17,519
Finance cost	(54,302)	(22.46)	(70,034)	(32.65)	(103,987)	(8.68)	(113,873)	(2.48)	(116,769)	(5.99)	(124,210)
Profit / (Loss) before taxation	149,922	9.55	136,856	149.38	54,879	(55.63)	123,688	196.88	41,662	(16724)	(61,959)
Taxation	(44,061)	26.11	(34,938)	23.00	(28,404)	(57.04)	(66,121)	68.68	(39,199)	(1,555.05)	2,694
Profit / (Loss) after taxation	105,861	3.87	101,918	284.96	26,475	(54.01)	57,567	2,237.27	2,463	(104.16)	(59,265)

Vertical Analysis

Profit and loss Account

	2017		2016		2015		2014		2013		2012	
	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
Sales - net	2,205,360	100.00	2,097,028	100.00	1,847,868	100.00	2,229,897	100.00	1,769,998	100.00	1,921,542	100.00
Cost of sales	(1,848,006)	(83.80)	(1,754,272)	(83.66)	(1,562,629)	(84.56)	(1,832,874)	(82.20)	(1,518,302)	(85.78)	(1,780,009)	(92.63)
Gross profit	357,354	16.20	342,756	16.34	285,239	15.44	397,023	17.80	251,696	14.22	141,533	7.37
Distribution cost	(94,113)	(2.91)	(33,911)	(1.62)	(66,355)	(3.59)	(85,474)	(3.83)	(60,653)	(3.43)	(57,112)	(2.97)
Administrative expenses	(70,613)	(3.20)	(61,364)	(2.93)	(53,541)	(2.90)	(53,571)	(2.40)	(43,368)	(2.45)	(39,689)	(2.07)
	(134,726)	(6.11)	(95,275)	(4.54)	(119,896)	(6.48)	(139,045)	(6.24)	(1,04,021)	(5.88)	(96,801)	(5.04)
Profit from operations	222,628	10.09	247,481	11.80	165,348	8.95	257,978	11.57	147,675	8.34	44,732	2.33
Other income - net	37,691	1.71	1,7918	0.85	15,204	0.82	15,295	0.69	15,035	0.85	17,519	0.91
Other expenses	(56,095)	(2.54)	(58,509)	(2.79)	(21,681)	(1.17)	(35,712)	(1.60)	(4,279)	(0.24)	-	-
	(18,404)	(0.83)	(40,591)	(1.94)	(6,477)	(0.35)	(20,417)	(0.92)	10,756	0.61	17,519	0.91
Finance cost	(54,302)	(2.46)	(70,034)	(3.34)	(103,987)	(5.63)	(113,873)	(5.11)	(1,16,769)	(6.60)	(1,24,210)	(6.46)
Profit / (Loss) before taxation	149,922	6.80	1,36,856	6.53	54,879	2.97	1,23,688	5.55	41,662	2.35	(61,959)	(3.22)
Taxation	(44,061)	(2.00)	(34,936)	(1.67)	(28,404)	(1.54)	(66,121)	(2.97)	(39,199)	(2.21)	2,694	0.14
Profit / (Loss) after taxation	105,861	4.80	1,01,918	4.86	26,475	1.43	57,567	2.58	2,463	0.14	(59,265)	(3.08)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of Ecopack Limited will be held on Friday, October 27, 2017 at 11:00 AM at registered office situated at Plot # 112-113, Phase-V, Hattar Industrial Estate, Hattar, District Haripur, Khyber Pukhtunkhwa to transact the following business:

Ordinary Business

1. To confirm the minutes of the 25th Annual General Meeting held on October 27, 2016.
2. To receive and adopt the Directors' and Auditors' report together-with Audited Accounts of the company for the year ended June 30, 2017.
3. To approve cash dividend @ 10% and issue of Bonus shares @ 5% i.e. 5 shares for every hundred [100] shares held, as recommended by the Directors.
4. To appoint external auditors and fix their remuneration for the year ending June 30, 2018. The present auditors M/s. Rehman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants being eligible offer themselves for re-appointment.
5. To approve circulation of annual financial statements to the shareholders alongwith the Directors' & Auditors' report thereon via CD/DVD/USB in terms of SRO # 470 (I)/2016 issued by the Securities & Exchange Commission of Pakistan.
6. To consider any other business of the company with the permission of the chair.

By order of the Board

Karachi
Dated: September 26, 2017

MUHAMMED ALI ADIL
[Company Secretary]

Notes:

1. The share transfer books of the company will remain closed from October 14, 2017 to October 27, 2017 [both days inclusive] for the purposes of entitlement of dividend.
2. A member eligible to attend and vote at the General Meeting is entitled to appoint another member as his / her proxy to attend and vote instead of him / her. Proxy form duly completed and signed must be deposited with the company secretary at the registered office at least 48 hours before the meeting.
3. CDC shareholders, entitled to attend and vote at this meeting, must bring with them their Computerized National Identity Cards/Passport in original along with Participants' ID Numbers and their Account Numbers to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan.
5. Change of address, if any, should be notified to the Company immediately.

Statement of Compliance with the Code of Corporate Governance

EcoPack Limited, Year Ended June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of The Pakistan Stock Exchange Limited 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 CCG 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 Directors	Mr. Asad Ali Sheikh & Mr. Amar Zafar Khan
Executive Director	Mr. Hussain Jamil
Non-Executive Directors	Mr. Shahid Jamil, Mr. Ali Jamil, Ms. Laila Jamil, Mr. Talat Mahmood Sadiq, Mr. Amjad Awan [Alternate Director of Mr. Talat Mahmood Saidq] & Mr. Shahan Ali Jamil [Alternate Director of Mr. Shahid Jamil]

The independent directors meet the criteria of independence under clause 5.19.1. [b] of the CCG.

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 where applicable].
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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring on the board on February 24, 2017 was filled up by the directors within 14 days.
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/ shareholders.
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

Statement of Compliance with the Code of Corporate Governance

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 board arranges orientation courses for its directors as and when needed to apprise them of their duties and responsibilities.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG 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 CCG.
15. The board has formed an Audit Committee. It comprises three members, one of them is a non-executive director, one member and the chairman of the committee are independent directors.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises of four members, of whom one is non-executive director, one is independent director, one is Executive director and the chairperson of the committee is a non-executive director.
18. The board has set up an effective internal audit function which is implemented & monitored by personnel who are considered suitably qualified and experienced 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.

Statement of Compliance with the Code of Corporate Governance

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of Board of Directors

Karachi.
Dated: September 26, 2017

HUSSAIN JAMIL
CHIEF EXECUTIVE OFFICER

Directors' Report

The Board of Directors of EcoPack Limited is pleased to present the Directors' Report alongwith the annual audited financial statements of the company and the Auditors' Report for the year ended 30th June 2017:

OVERVIEW

Your company continues it's profitable progress on the same lines as the previous year. This is despite the loss after tax of Rs. 21.4 million made in the 9-month period ended 31st March 2017 against a comparative profit of Rs. 4.7 million made in the commensurate 9 months last year. Thus your company's management was able to reverse this loss for the first 3 quarters of the financial year and post it's highest ever annual profit after tax of Rs. 105.8 million with a strong performance in the 4th quarter of the peak summer season sales.

The macro-economic environment in the country for your company remained largely stable in terms of US Dollar/ PKR exchange rate parity, electricity charges, average PET resin prices, freight costs, etc remaining within a 2-5 percent range over last year. Demand for Preforms continues to increase in double digits making it a compulsion for your company to undertake a much needed expansion of it's production capacity this year. Your company is taking the necessary steps to achieve this delayed expansion as it gears up for the summer season commencing March 2018.

SALES & FINANCIAL HIGHLIGHTS

Total sales value increased by 5 percent to Rs. 2.2 billion against Rs. 2.1 billion in the previous year, mainly due to growth in Preform sales. Bottle sales increased by 2% in unit terms, while Preforms sales increased by 8% in unit terms as compared to last year. Gross profit increased this year by 3 percent to Rs. 357.3 million from Rs. 348.5 million last year.

Financial charges decreased by 22 percent from Rs. 70.0 million last year to Rs. 54.3 million this year – primarily due to continuing debt reduction and efficient utilization of working capital limits.

Profit before tax increased this year by Rs. 13.1 million to Rs. 149.9 million from Rs. 136.8 million in the previous year. Net profit after tax increased by Rs. 3.9 million this year to Rs. 105.8 million from Rs. 101.9 million last year – an increase of almost 4 percent.

Earnings per share [basic & diluted] increased from Rs. 3.55 to Rs 3.69 per share which reflects consistent growth year on year.

FUTURE OUTLOOK

In view of the growing demand for the established range of bottle pack sizes, both for carbonated soft drinks [CSD] and drinking water products, fresh investment is warranted by your company in the latest designs and weights of efficient Preforms to meet the changing market segmentation of PET Bottles as well as the rapid replacement of the 'single serve' Returnable Glass Bottles [RGB] by PET Bottles and Cans. Your company has the full range of popular Preform sizes to meet market demand adequately of existing customers once it enhances it's production capacity during the current financial year.

Directors' Report

In addition to this expansion, the company is also examining opportunities for niche/new packaging products for a range of PET containers for the oil, "health and wellness" plus household & cosmetics industry. Product & customer diversification will be an area of focus in future years.

RISKS

A sharp devaluation of the Pak Rupee (PKR) remains an impending threat to the COGS of your company as our main raw material (PET Resin) is a petro-chemical derivative from the supply-chain of Crude Oil and could escalate costs. Also, a weak PKR would have adverse effects across the board with freight costs, imported spares, electricity costs, etc. directly increasing our costs and putting pressure on the profitability of the company. Electrical outages in the peak summer months remain an abiding risk.

Your company's management, however, will endeavor to invoke the necessary mitigants available to reduce such adverse impacts as best possible in the months ahead.

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

Asad Ali Sheikh
Director

Hussain Jamil
Chief Executive Officer

Karachi
September 26, 2017

امسال فی شیئر (Basic and diluted) نفع 3.55 روپے سے بڑھ کر 3.69 روپے فی شیئر رہا جس سے سال بہ سال مسلسل ترقی ظاہر ہوتی ہے۔

مستقبل کے امکانات

Corbonated Soft Drink (CSD) اور پینے والے پانی کی مصنوعات دونوں کے لیے Bottle Pack سائز کی رائج ریچ کی بڑھتی ہوئی طلب کے پیش نظر، آپ کی کمپنی کو جدید ڈیزائنوں اور موثر Preforms کے وزن میں نئی سرمایہ کاری کرنے کی ضرورت ہے تاکہ PET بوتلوں کی مارکیٹ کی بدلتی ضرورتوں کے مطابق ہم آہنگی اختیار کی جاسکے اور اس کے ساتھ ساتھ قابلِ واپسی شیشے کی بوتلوں کو PET بوتلوں اور Cans سے فوری طور پر بدلنے کے لیے اقدامات کیے جاسکیں۔ موجودہ مالی سال کے دوران پیداواری صلاحیت کی تکمیل ہو جانے کے بعد آپ کی کمپنی کے پاس موجودہ صارفین کی طلب کو خاطر خواہ طور پر پوری کرنے کے لیے تمام معروف Preforms Size دستیاب ہیں۔ اس وسعت کے علاوہ آئل کی پلاسٹک پیکنگ، "صحت اور بہتری" کے لیے مختلف سائز کے گھریلو و کاسمیٹک انڈسٹری کے لیے نئی پلاسٹک پیکنگ متعارف کروانے کے مواقعوں کا جائزہ بھی لے رہی ہے۔ آئندہ سالوں کے دوران پروڈکٹ اور صارفین کی کثیر الجہتی ہماری توجہ کا محور رہیں گے۔

خطرات

پاکستانی روپوں کی قدر میں انتہائی کمی آپ کی کمپنی کے COGS کے لیے مسلسل خطرہ رہی ہے کیونکہ ہمارا بنیادی خام مال (PET Resin) پیٹروکیمیکل سے بنا ہوا ایک جزو ہے جو خام تیل سے حاصل ہوتا ہے اور اس سے قیمتیں بڑھ سکتی ہیں۔ اس کے علاوہ کمزور پاکستانی روپے سے کراپوں، درآمد شدہ سپر پارٹس، بجلی کی قیمتوں وغیرہ پر بدترین اثرات مرتب ہوں گے اور اس طرح ہماری لاگت میں اضافہ ہوگا جس سے کمپنی کے منافع پر دباؤ آئے گا۔ موسم گرما کے عروج میں بجلی کی بندش ایک مسلسل خطرہ رہتی ہے۔ تاہم آپ کی کمپنی کی انتظامیہ آئندہ آنے والے مہینوں کے دوران ایسے بدترین اثرات میں کمی لانے کے لیے تمام ضروری اقدامات کرے گی۔

برائے اور منجانب بورڈ آف ڈائریکٹرز

اسد علی شیخ

ڈائریکٹر

حسین جمیل

چیف ایگزیکٹو آفیسر

26 ستمبر 2017

ڈائریکٹرز رپورٹ

ایکویٹیک لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے نہایت مسرت کے ساتھ ڈائریکٹرز رپورٹ کے ساتھ 30 جون 2017 کو ختم ہونے والے مالی سال کے لیے کمپنی کے سالانہ آڈٹ شدہ مالیاتی تفصیلات اور آڈیٹرز رپورٹ پیش کی جا رہی ہے:

جائزہ

سابقہ سال کی طرح اس سال بھی آپ کی کمپنی منافع میں رہی۔ یہ نفع گذشتہ سال کے اسی عرصے یعنی نو ماہی کے دوران ہونے والے مجموعی نفع 4.7 ملین روپوں کے مقابلے میں 31 مارچ 2017 کو ختم ہونے والی نو ماہی کے دوران ہونے والے 21.4 ملین روپے کے بعد از ٹیکس نقصان کے باوجود ہوا۔ اس طرح آپ کی کمپنی کی انتظامیہ مالی سال کی پہلی تین سہ ماہیوں کے دوران ہونے والے اس نقصان کو پورا کرنے میں کامیاب رہی اور موسم گرما میں عروج پر پہنچنے والی فروخت میں زبردست کارکردگی کے ذریعے 105.8 ملین روپوں کا اب تک ہونے والا سب سے زیادہ سالانہ نفع حاصل کرنے میں کامیاب رہی۔

آپ کی کمپنی کے لیے ملک میں موجودہ میکرو اکنامک ماحول میں امریکی ڈالر اور پاکستانی روپوں کے ایکسیج ریٹ میں موجود فرق، بجلی کے اخراجات، PET RESIN کی اوسط قیمتوں، کرایوں، اخراجات وغیرہ کے اعتبار سے سابقہ سال کی نسبت 2% - 5% کی حد کے اندر تقریباً یکساں ہی رہا۔ Preforms کی طلب دو ہندسوں میں بڑھتی رہی اور اس طرح امسال آپ کی کمپنی کو پیداواری صلاحیت میں اضافے کی انتہائی ضرورت پڑی۔ آپ کی کمپنی تاخیر سے ہونے والے اس اضافے کے لیے ضروری اقدامات کر رہی ہے تاکہ مارچ 2018 سے شروع ہونے والے گرمائی موسم میں یہ فعال ہو سکے۔

فروخت اور مالیات کے اہم نقاط

سابقہ سال میں 2.1 بلین روپوں کی فروخت کی نسبت امسال فروخت کا مجموعی حجم 5% اضافے کے ساتھ 2.2 بلین روپے رہا جس کی بڑی وجہ Preforms کی فروخت بنی۔ یونٹ کے اعتبار سے بوتلوں کی فروخت میں 2% اضافہ ہوا جبکہ سابقہ سال کی نسبت Preforms کی فروخت میں 8% اضافہ ہوا۔ سابقہ سال ہونے والے 348.5 ملین روپے کے مجموعی نفع کی نسبت امسال 3% اضافے کے ساتھ 357.3 ملین روپوں کا نفع حاصل ہوا۔

سابقہ سال ہونے والے 70 ملین روپے کے مالیاتی اخراجات کی نسبت امسال مالیاتی اخراجات میں 22% کمی کے ساتھ 54.3 ملین روپوں کے اخراجات ہوئے جس کی بڑی وجہ قرضوں میں کمی اور Working Capital کا بہترین انداز میں استعمال کیا گیا۔

گذشتہ سال 136.8 ملین روپوں کے نفع کی نسبت امسال قبل از ٹیکس منافع 13.1 ملین روپے کے اضافے کے ساتھ 149.9 ملین روپے رہا۔ گذشتہ سال بعد از ٹیکس ہونے والے 101.9 ملین روپے کے خالص نفع کی نسبت امسال بعد از ٹیکس 105.8 ملین روپے کا خالص نفع ہوا اور اس طرح 3.9 ملین روپے کا اضافہ ہوا۔

“ANNEXURE A” TO THE DIRECTORS’ REPORT

Six Years at a Glance

	2017	2016	2015	2014	2013	2012
Assets employed:						
Property, plant and equipment	1,001,273	1,014,171	1,055,461	1,074,293	1,077,226	1,157,131
Intangibles and others	14,004	11,463	7,097	6,702	7,466	6,890
Current Assets	690,979	671,674	618,037	579,853	535,663	424,286
	1,706,256	1,697,308	1,680,595	1,660,848	1,620,355	1,588,307
Assets financed by:						
Shareholders’ equity including revaluation surplus	771,249	637,422	522,504	404,674	316,905	300,897
Long term finances	154,196	247,379	323,094	125,032	184,732	332,610
Deferred Liabilities	261,565	203,675	176,627	232,324	178,352	153,629
Short term finances	344,120	419,410	375,014	469,994	474,777	344,392
Other current liabilities	175,126	189,422	283,356	428,824	465,589	456,779
	1,706,256	1,697,308	1,680,595	1,660,848	1,620,355	1,588,307
Profit & Loss:						
Sales	2,205,360	2,097,028	1,847,868	2,229,897	1,769,998	1,921,542
Cost of Sales	1,848,006	1,754,272	1,562,629	1,832,874	1,518,302	1,780,008
Gross Profit	357,354	342,756	285,239	397,023	251,696	141,534
Operating expenses	134,726	95,275	119,896	139,045	104,021	96,801
Operating profit	222,628	247,481	165,343	257,978	147,675	44,733
Net other income / expenses	18,404	40,591	6,477	20,417	10,756	17,519
Financial charges	54,302	70,034	103,987	113,873	116,769	124,207
Net profit / [loss] before taxation	149,922	136,856	54,879	123,688	41,662	(61,959)
Taxation	44,061	34,938	28,404	66,121	39,199	16,871
Net profit / [loss] after taxation	105,861	101,918	26,475	57,567	2,463	(78,830)
Other comprehensive income and Transactions with owners:						
Other comprehensive income	9,984	18,720	20,655	37,651	40,009	41,603
Bonus shares	5%	25%	-	-	-	-
Cash Dividend	10%	-	-	-	-	-
Key Financial Ratios:						
Gross profit	16.20%	16.34%	15.44%	17.80%	14.22%	7.37%
Operating profit	10.09%	11.80%	8.95%	11.57%	8.95%	2.33%
Profit before tax to net sales	6.80%	6.53%	2.97%	5.55%	2.35%	-3.22%
Return on capital employed	16.36%	15.51%	6.51%	23.57%	8.37%	-9.94%
Inventory turnover (times)	7.57	7.90	8.36	11.16	9.72	11.01
Fixed assets turnover (times)	2.17	2.04	1.74	2.06	1.63	1.65
Debt equity ratio	25:75	34:66	35:65	20:80	28:72	45:55
Current ratio	1.33	1.10	0.94	0.65	0.57	0.53
Earnings per share	3.69	3.55	1.15	2.51	0.11	3.43

“ANNEXURE B” TO THE DIRECTORS’ REPORT

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:

As required under the Code of Corporate Governance dated April 11, 2012, we are pleased to state as follows:

1. The financial statements prepared by the management present fairly its state of affairs, the results of its operations, cash-flows and changes in equity.
2. Proper books of accounts have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International financial reporting standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there-from has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts on company’s ability to continue as a going concern.
7. There has been no departure from the best practice of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for the last six years in summarized form has attached with the directors report as Annexure “A”.
9. The Company has declared bonus shares @ 5% i.e.5 shares on every 100 shares held {2016:25%}, however, cash dividend @ 10% {2016: NIL} has been declared.
10. There are no outstanding statutory payments on account of taxes, levies and charges except of normal and routine nature.
11. The company maintains a funded provident fund scheme and a sum of Rs. 15.16 million is invested in various schemes duly approved by Govt of Pakistan for Provident Fund investment. The Gratuity scheme is un-funded and no investment has been made for that.
12. There is no any adverse impact on environment due to the business activity carried by the Company.
13. On account of “Corporate Social Responsibility” [CSR], donation during the year paid to various charitable organizations & hospitals. Please refer note No. 28 of the financial statements for the year ended June 30, 2017.
14. During the year, 04 board of Directors, 04 Audit Committee, 04 HR Committee & 01 Corporate Governance Nomination Committee Meetings were held and the attendance of each director is given below:

a) Board of Directors Meetings:-

Name of Directors	No. of Meetings Attended
Mr. Hussain Jamil	04
Mr. Shahid Jamil	00
Mr. Ali Jamil	03
Mrs. Ayesha Khan	01
Ms. Laila Jamil	04
Mr. Asad Ali Sheikh	04
Mr. Amar Zafar Khan	04
Mr. Talat Mahmood Sadiq	01
Mr. Amjad Awan (Alternate Director of Mr. Talat Mahmood Sadiq)	03
Mr. Shahan Ali Jamil (Alternate Director of Mr. Shahid Jamil)	04

b) Audit Committee Meetings:-

Name of Members	No. of Meetings Attended
Mr. Asad Ali Sheikh	04
Ms. Laila Jamil	04
Mr. Amjad Awan	02
Mr. Amar Zafar Khan	04

“ANNEXURE B” TO THE DIRECTORS’ REPORT

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:

c) Human Resource & Remuneration Committee Meetings:-

Name of Members	No. of Meetings Attended
Ms. Laila Jamil	04
Mr. Hussain Jamil	04
Mr. Asad Ali Sheikh	04

d) Corporate Governance & Nomination Committee Meetings:-

Name of Members	No. of Meetings Attended
Mr. Amjad Awan	01
Mr. Asad Ali Sheikh	01

15. Trading of shares by Directors, Chief Financial Officer & Secretary of the Company during the year 2016-2017 is as under:

Name	Designation	No. of Shares Acquired / Sold
Mr. Hussain Jamil	Chief Executive Officer	Nil
Mr. Shahid Jamil	Director	Nil / 30,000
Mrs. Ayesha Khan	Director	Nil / 425,500
Mr. Ali Jamil	Director	Nil
Mr. Amar Zafar Khan	Director	500 / Nil
Ms. Laila Jamil	Director	Nil
Mr. Asad Ali Sheikh	Director	Nil
Mr. Talat Mahmood Sadiq	Director	Nil
Mr. Shahan Ali Jamil	[Alternate Director of Mr. Shahid Jamil]	500 / Nil
Mr. Amjad Awan	[Alternate Director of Mr. Shahid Jamil]	Nil
Mr. Muhammed Ali Adil	Chief Financial Officer	Nil

AUDITORS:

The present Auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible have offered themselves for re-appointment for the financial year 2017-2018.

For & on behalf of the Board of Directors

ASAD ALI SHEIKH
DIRECTOR

HUSSAIN JAMIL
CHIEF EXECUTIVE OFFICER

Karachi.
Dated: September 26, 2017

Pattern of Share Holding (Form 34)

The Companies Ordinance 1984

AS AT JUNE 30,2017

Serial No	No. of Shareholders	Shareholding		Total Shares Held	Percentage %
		From	To		
1	419	1	100	15,662	0.05%
2	858	101	500	242,269	0.84%
3	322	501	1000	251,498	0.88%
4	639	1001	5000	1,373,976	4.78%
5	83	5001	10000	622,036	2.17%
6	19	10001	15000	246,441	0.86%
7	12	15001	20000	220,239	0.77%
8	12	20001	25000	272,616	0.95%
9	9	25001	30000	244,888	0.85%
10	5	30001	35000	159,862	0.56%
11	5	35001	40000	193,250	0.67%
12	1	40001	45000	42,075	0.15%
13	4	45001	50000	200,000	0.70%
14	2	50001	55000	105,087	0.37%
15	2	55001	60000	115,500	0.40%
16	1	60001	65000	64,350	0.22%
17	1	65001	70000	70,000	0.24%
18	2	80000	85000	160,913	0.56%
19	2	90001	95000	186,500	0.65%
20	4	95001	100000	400,000	1.39%
21	1	110001	115000	113,917	0.40%
22	1	115000	120000	120,000	0.42%
23	1	125001	130000	128,700	0.45%
24	1	170001	175000	170,275	0.59%
25	2	195001	200000	394,250	1.37%
26	1	205001	210000	206,415	0.72%
27	1	275001	280000	279,446	0.97%
28	1	295001	300000	300,000	1.04%
29	1	865001	870000	867,661	3.02%
30	1	1105001	1110000	1,109,501	3.86%
31	1	1700001	1705000	1,703,135	5.93%
32	1	1770001	1775000	1,773,221	6.17%
33	1	2125001	2130000	2,126,372	7.40%
34	1	2345001	2350000	2,350,000	8.18%
35	1	2745001	2750000	2,750,000	9.57%
36	1	4190001	4195000	4,191,156	14.59%
37	1	4945001	4950000	4,950,000	17.23%
	2420	Total Shares Held		28,721,211	100.00%

Categories of Shareholders

S.No	Name	Number of Shareholders	Total Shares Held	Percentage
1	Directors, Chief Executive Officer, and their Spouses and Minor Children:			
	Mr. Hussain Jamil	1	4,950,000	17.235%
	Mr. Shahid Jamil	1	867,661	3.021%
	Mr. Ali Jamil	1	21,265	0.074%
	Mr. Talat Mahmood Sadiq	1	500	0.002%
	Mr. Amar Zafar Khan	1	618	0.002%
	Mr. Asad Ali Sheikh	1	618	0.002%
	Ms. Laila Jamil	1	618	0.002%
	Mr. Amjad Awan	1	618	0.002%
	Mr. Shahan Ali Jamil	1	618	0.002%
	Mrs. Deborah Jamil	1	703	0.002%
	Sub-Total:	10	5,843,219	20.345%
2	Mutual Funds:			
	Prudential Stock Fund Ltd.	2	143,382	0.499%
	CDC - Trustee NAFA Islamic Stock Fund	2	172,000	0.599%
	Sub-Total:	4	315,382	1.098%
3	NIT AND ICP			
	Investment Corporation Of Pakistan	1	117	0.000%
	Sub-Total:	1	117	0.000%
4	Banks, Development Financial Institutions, non Banking Finance companies, Insurance companies, Takaful, Modarabas:			
	National Development Fin. Corp. Investor Account	1	8,708	0.030%
	National Bank of Pakistan	1	297	0.001%
	Modaraba Al-Mali	1	18,562	0.065%
	Sub-Total:	3	27,567	0.096%
5	Foreign Investors:			
	M/S Somers Nominee [Far East] Limited	1	7,723	0.027%
	Sub-Total:	1	7,723	0.027%

Categories of Shareholders

S.No	Name	Number of Shareholders	Total Shares Held	Percentage
6	Others			
	Margalla Financial (Private) Limited	1	6,950	0.024%
	Dr. Arslan Razaque Securities (Smc-Pvt)	1	1,327	0.005%
	Value Stock And Commodities (Private) Limited	1	2,475	0.009%
	Akhai Securities (Private) Limited	1	618	0.002%
	Fikree'S (Smc-Pvt) Ltd.	1	21,000	0.073%
	Prudential Securities Limited	2	750	0.003%
	M/S. Freedom Enterprises (Pvt) Ltd.	1	3,116	0.011%
	Maple Leaf Capital Limited	1	1,109,501	3.863%
	Muhammad Ahmed Nadeem Securities (Smc-Pvt)	1	624	0.002%
	Federal Board Of Revenue	1	279,446	0.973%
	Djm Securities (Private) Limited	1	10,000	0.035%
	Mam Securities (Pvt) Limited	1	123	0.000%
	Premier Cables (Pvt.) Limited	1	55,000	0.191%
	First Holiday Travel (Private) Limited	1	50,000	0.174%
	Amanah Investments Limited	1	1,000	0.003%
	Multiline Securities (Pvt) Limited - Mf	1	37,000	0.129%
	Arif Habib Limited - Mf	1	59,500	0.207%
	Foresight Investment (Pakistan) (Pvt.)	1	5,000	0.017%
	Mra Securities Limited - Mf	1	23,000	0.080%
	Bawa Securities (Pvt) Limited	1	94,500	0.329%
	Y.S. Securities (Private) Limited	1	866	0.003%
	Sub-Total:	22	1,761,796	6.134%
7	Individuals			
	Local - Individuals	2,379	20,765,407	72.300%
	Sub-Total:	2,379	20,765,407	72.300%
	Grand Total:	2,420	28,721,211	100%
	Shareholding 5% or more voting rights			
	Hussain Jamil	1	4,950,000	17.235%
	Ahsan Jamil	1	4,191,156	14.593%
	Munaf Ibrahim	1	2,750,000	9.575%
	Muhammad Saleem	1	2,350,000	8.182%
	Talat Iqbal	1	2,126,372	7.403%
	Shahzad	1	1,773,221	6.174%
	Hanif Khanani	1	1,703,135	5.930%
	Total	7	19,843,884	69.091%

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance [the Code] prepared by the Board of Directors of **Ecopack Limited** for the year ended June 30, 2017 to comply with the Code contained in regulation No. 5.19 of the Rule book of the Pakistan Stock Exchange Limited.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out 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 **June 30, 2017**.

Karachi.

Dated: September 26, 2017

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Muhammad Waseem

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **EcoPack Limited** as at **June 30, 2017**, 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 accounts 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;
 - (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 and 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 June 30, 2017 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980

Karachi.
Dated: September 26, 2017

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement Partner: Muhammad Waseem

Balance Sheet

As at June 30, 2017

		2017	[Restated] 2016	[Restated] 2015
	Notes	----- Rupees in '000' -----		
ASSETS				
Non-Current Assets				
Property, plant and equipment	5	1,001,273	1,014,171	1,055,461
Security deposits		7,512	6,064	6,064
Intangibles	6	6,492	5,399	1,033
		<u>1,015,277</u>	<u>1,025,634</u>	<u>1,062,558</u>
Current Assets				
Stores, spares and loose tools	7	56,235	62,475	75,882
Stock in trade	8	246,650	241,424	202,785
Trade debts	9	149,400	158,308	216,664
Short term investments	10	36,000	-	-
Loans and advances	11	53,748	49,887	26,992
Deposits, prepayments and other receivables		16,877	33,529	11,272
Taxation - net		109,127	66,193	46,324
Cash and bank balances	12	22,942	59,858	38,118
		<u>690,979</u>	<u>671,674</u>	<u>618,037</u>
Total assets		<u>1,706,256</u>	<u>1,697,308</u>	<u>1,680,595</u>
EQUITY AND LIABILITIES				
Equity				
Authorized capital				
50,000,000 (2016: 50,000,000) ordinary shares of Rs.10/- each		<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid-up capital	13	287,212	229,770	229,770
Accumulated profit		308,150	249,747	129,109
		<u>595,362</u>	<u>479,517</u>	<u>358,879</u>
Surplus on revaluation of property and plant	14	175,887	157,905	163,625
		<u>771,249</u>	<u>637,422</u>	<u>522,504</u>
Non-Current Liabilities				
Long term loans	15	145,223	245,156	320,091
Liabilities against assets subject to finance lease	16	8,973	2,223	3,003
Deferred liabilities	17	261,565	203,675	176,627
		<u>415,761</u>	<u>451,054</u>	<u>499,721</u>
Current Liabilities				
Trade and other payables	18	166,176	183,735	271,862
Accrued mark - up	19	8,950	5,687	11,494
Short term borrowings	20	241,898	343,697	287,994
Current portion of non-current liabilities	21	102,222	75,713	87,020
		<u>519,246</u>	<u>608,832</u>	<u>658,370</u>
Contingencies and commitments	22			
		<u>1,706,256</u>	<u>1,697,308</u>	<u>1,680,595</u>

The annexed notes 1 to 44 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Profit and loss account

For the year ended June 30, 2017

	Notes	2017	2016
----- Rupees in '000' -----			
Sales - net	23	2,205,360	2,097,028
Cost of sales	24	(1,848,006)	(1,748,506)
Gross profit		357,354	348,522
Distribution cost	25	(64,113)	(39,677)
Administrative expenses	26	(70,613)	(61,364)
		(134,726)	(101,041)
Profit from operations		222,628	247,481
Other income - net	27	37,691	17,918
Other expenses	28	(56,095)	(58,509)
		(18,404)	(40,591)
Finance cost	29	(54,302)	(70,034)
Profit before taxation		149,922	136,856
Taxation	30	(44,061)	(34,938)
Profit after taxation		105,861	101,918
Earnings per share - basic and diluted	31	3.69	3.55
----- Rupees -----			

The annexed notes 1 to 44 form an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended June 30, 2017

	Notes	2017 ----- Rupees in '000' -----	2016
Profit after taxation		105,861	101,918
Other comprehensive income			
-Transfer from surplus on revaluation of property and plant on account of incremental depreciation - net of tax		13,584	20,537
- Surplus on revaluation on assets written off - net of tax		-	(1,081)
- Actuarial losses on defined benefit obligation - net of tax		(3,600)	(736)
		9,984	18,720
Total comprehensive income for the year		<u>115,845</u>	<u>120,638</u>

The annexed notes 1 to 44 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Statement of Changes In Equity

For the year ended June 30, 2017

	Issued, subscribed and paid-up capital	Accumulated profit / (loss)	[Restated] Total
	----- Rupees in '000' -----		
Balance as at July 1, 2015	229,770	42,481	272,251
Impact of minimum tax carry forward [Note 4.1]	-	86,628	86,628
Restated balance as at July 1, 2015	229,770	129,109	358,879
<i>Total comprehensive income for the year</i>			
- Profit after taxation	-	101,918	101,918
- Other comprehensive income for the year	-	18,720	18,720
	-	120,638	120,638
Balance as at June 30, 2016	229,770	249,747	479,517
<i>Total comprehensive income for the year</i>			
- Profit after taxation	-	105,861	105,861
- Other comprehensive income for the year	-	9,984	9,984
	-	115,845	115,845
<i>Transaction with owners</i>			
- Issuance of bonus shares	57,442	(57,442)	-
Balance as at June 30, 2017	<u>287,212</u>	<u>308,150</u>	<u>595,362</u>

The annexed notes 1 to 44 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Cash Flow Statement

For the year ended June 30, 2017

	Notes	2017	2016
----- Rupees in '000' -----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	346,617	242,998
Finance cost paid		(51,039)	(75,841)
Gratuity paid		(1,229)	(5,606)
Workers' Profit Participation Fund paid		(7,436)	(2,991)
Taxes paid		(51,449)	(23,574)
Increase in security deposits		(1,448)	-
<i>Net cash generated from operating activities</i>		<u>234,016</u>	<u>134,986</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(71,057)	(77,678)
Proceeds from disposal of property, plant and equipment		5,816	242
Additions in intangible assets		(1,218)	(4,491)
<i>Net cash (used in) investing activities</i>		<u>(66,459)</u>	<u>(81,927)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(74,933)	(86,338)
Leases acquired during the year		9,727	-
Payments against lease obligations		(1,468)	(684)
<i>Net cash (used in) financing activities</i>		<u>(66,674)</u>	<u>(87,022)</u>
Net increase / (decrease) in cash and cash equivalents		100,883	(33,963)
Cash and cash equivalents at the beginning of the year		(283,839)	(249,876)
Cash and cash equivalents at the end of the year		<u>(182,956)</u>	<u>(283,839)</u>
Cash and cash equivalents comprise of :			
Cash and bank balances	12	22,942	59,858
Short term investments		36,000	-
Short term borrowings	20	(241,898)	(343,697)
		<u>(182,956)</u>	<u>(283,839)</u>

The annexed notes 1 to 44 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Notes To The Financial Statements

For the year ended June 30, 2017

1. STATUS AND NATURE OF BUSINESS

EcoPack Limited (the Company) is a limited liability Company incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange into which Lahore and Islamabad stock exchanges have merged). The registered office and manufacturing facility of the Company is located at Hattar Industrial Estate, Khyber Pakhtunkhwa.

The principal business activity of the Company is manufacturing and sale of Polyethylene Terephthalate (PET) bottles and preforms for the market of Beverages and other liquid packaging industry.

2. BASIS OF PREPARATION

2.1. Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide circular no. 17 Of 2017 dated July 20, 2017 communicated Commission's decision that the companies whose financial year closes on or before 30 June 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

2.2. Basis of measurement

These financial statements have been prepared under the historical cost convention except that certain property and plant have been carried at revalued amount and certain employee retirement benefits carried at present value.

2.3. Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the functional and presentation currency of the Company.

2.4. Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Areas where various assumptions and estimates are significant to the financial statements or where judgments were exercised in application of accounting policies are as follows:

	Note
i] Useful life and residual values of property, plant and equipment	4.2
ii] Provision for slow moving and obsolete store, spares and loose tools	4.4
iii] Provision for slow moving and obsolete stock in trade	4.5
iv] Provision for doubtful debts	4.6
v] Provision for staff retirement benefits	4.8
vi] Provision for taxation	4.9

Notes To The Financial Statements

For the year ended June 30, 2017

3. STANDARDS, AMENDMENTS OR INTERPRETATIONS TO EXISTING STANDARD AND FORTHCOMING REQUIREMENTS:

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after the dates specified below:

Amendments to IAS 12 'Income Taxes' [effective for annual periods beginning on or after 1 January 2017] - The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.

Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

Amendments to IFRS 2 'Share-based Payment' clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas [a] measurement of cash-settled share-based payments; [b] classification of share-based payments settled net of tax withholdings; and [c] accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.

Transfers of Investment Property [Amendments to IAS 40 'Investment Property'- effective for annual periods beginning on or after 1 January 2018] clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.

Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:

Amendments to IFRS 12 'Disclosure of Interests in Other Entities' [effective for annual periods beginning on or after 1 January 2017] clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'.

Amendments to IAS 28 'Investments in Associates and Joint Ventures' [effective for annual periods beginning on or after 1 January 2018] clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. IFRIC 22 'Foreign Currency Transactions and Advance Consideration' [effective for annual periods beginning on or after 1 January 2018] clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income [or part of it] would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

IFRIC 23 'Uncertainty over Income Tax Treatments' [effective for annual periods beginning on or after 1 January 2019] clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

The above amendments are not likely to have an impact on Company's financial statements.

Notes To The Financial Statements

For the year ended June 30, 2017

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1. Impact of minimum tax carry forward

During the current year, the management reviewed the issue of carry forward of minimum tax paid by it in the year 2011 to date but not accounted for. The company's previous years treatment since 2013 was influenced by the decision of Appellate Tribunal, overturned by High Court of Sindh in 2013 in the case of another company related to minimum tax paid during the tax year 2007 and 2008. The practice of industry too had been different from company's practice and it therefore, sought legal advise since the said company's appeal is now before Supreme Court of Pakistan since 2014 pending final outcome. In the light of above, the management of EcoPack decided to adopt industry practice and applied to the competent authority to allow it to revise its tax return on account of short payment of workers welfare fund as well as this issue, which was granted in August 2017 subsequent to the balance sheet date. Based on above, the company has incorporated the amount of minimum tax paid not recognized in prior years - as deferred tax asset by restatement of financial statements for the comparative period as per details given hereunder as well as in note 17.2.1.

The retrospective effects of above matter on these financial statements are as follows:

	June 30, 2016	June 30, 2015
	----- Rupees in '000' -----	
Effect on balance sheet:		
Unappropriated Profit		
As previously reported	163,119	42,481
Impact of minimum tax carry forward	86,628	86,628
As restated	<u>249,747</u>	<u>129,109</u>
Deferred Liabilities		
As previously reported	263,164	263,255
Impact of minimum tax carry forward	[59,489]	[86,628]
As restated	<u>203,675</u>	<u>176,627</u>
Taxation-net		
As previously reported	39,054	46,324
Impact of minimum tax carry forward	27,139	-
As restated	<u>66,193</u>	<u>46,324</u>

4.2 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation and accumulated impairment loss, if any except for free hold land, factory building and plant and machinery which are stated at revalued amount less accumulated depreciation and accumulated loss, if any. Cost of an asset comprises acquisition and other costs which are directly attributable to the asset.

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. All expenditures connected to the specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specified assets as and when assets are available for use.

Any surplus arising on revaluation of plant and machinery is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of plant and machinery [net of deferred taxation] is transferred directly to retained earning / unappropriated profit.

Notes To The Financial Statements

For the year ended June 30, 2017

Subsequent costs are included in the asset's carrying amounts or recognized as a separate assets, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year in which the asset is derecognized. The related balance of surplus on revaluation of such item, if any, is transferred directly to retained earnings (unappropriated profits).

Depreciation is charged to profit and loss account applying either straight line method or written down value method whereby the cost or revalued amount of an asset is written off over its useful life at the rates specified in note 5 to the financial statements. Depreciation on additions is charged from the time at which asset is available for use till the date of disposal.

The assets' residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment as at June 30, 2017 did not require any adjustment as its impact is considered insignificant.

Leased

Assets subject to finance lease are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets each determined at the inception of lease. Subsequent to initial recognition, the asset is stated at the amount determined at initial recognition less accumulated depreciation and impairment losses, if any.

Leased assets are depreciated on reducing balance method at the rates specified in note 5 to the financial statements as disclosed in the fixed asset schedule to the financial statements.

4.3 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred. Intangible assets are amortized using the straight line method over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

4.4 Stores, spares and loose tools

Stores, spares and loose tools excluding items in transit are valued at lower of average cost and net realizable value. Provision is made for slow moving and obsolete items. Items in transit are valued at cost comprising invoice values plus other charges incurred thereon accumulated to the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Provisions are made in the financial statements for obsolete and slow moving inventory based on management's best estimate regarding their future usability.

4.5 Stock-in-trade

Raw materials and packing materials are valued at average cost and finished goods are valued at lower of average manufacturing cost and net realizable value.

Work-in-process is valued at average cost of raw materials including a proportionate of manufacturing overheads. Raw material in transit is valued at invoice value plus other charges paid thereon.

Net realizable value signifies the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to be incurred to make the sale.

Provisions are made in the financial statements for obsolete and slow moving inventory based on management's best estimate regarding their future usability.

Notes To The Financial Statements

For the year ended June 30, 2017

4.6 Trade and other receivables

Trade and other receivables are carried at original invoice amount / cost, which is the fair value of the consideration to be received, less an estimate made for doubtful receivables which is determined based on management review of outstanding amounts and previous repayment pattern. Balance considered bad and irrevocable are written off.

4.7 Financial Instruments

4.7.1 Classification

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

a) At fair value through profit or loss

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

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities longer than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade debts', 'loans and advances', 'deposits, prepayments and other receivables' in the balance sheet.

c) Held to maturity

Investments with a fixed maturity where the Company has the intent and ability to hold to maturity are classified as held to maturity investments. Held-to-maturity investments are carried at amortized cost using the effective interest rate method, less any impairment losses.

d) Available for sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting date.

4.7.2 Recognition and measurement

"All financial assets are recognised at the time when the Company becomes a party to the contractual position of the instrument. Regular way purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the profit or loss in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity financial assets are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are recognised in the profit or loss in the statement of comprehensive income within 'other income / expenses' in the period in which they arise. Gains or losses on sale of investments at 'fair value through profit or loss' are recognised in the profit or loss in the statement of comprehensive income as 'gains and losses from investment'.

Notes To The Financial Statements

For the year ended June 30, 2017

Gains or losses from changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When investment classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are taken to profit or loss in the statement of comprehensive income as 'gains and losses from investment'. Interest on available-for-sale investment calculated using the effective interest method is recognised in the profit or loss in the statement of comprehensive income as part of 'other income'.

Interest on available-for-sale investment calculated using the effective interest method is recognised in the profit and loss account as part of other income.

4.7.3 Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity is removed from equity and recognised in the profit or loss in the statement of comprehensive income. Impairment losses recognised in the profit or loss in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed. Impairment testing of trade debts and other receivables is carried out by the company on annual basis and the related impairment is recognised in the profit and loss account.

4.7.4 Financial liabilities

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

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

4.7.5 Offsetting of financial assets and financial 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 realize the assets and settle the liabilities simultaneously.

4.8 Staff Retirement Benefits

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

4.8.1 Defined benefit plan

A defined benefit plan is post employment benefit plan other than a defined contribution plan. The company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods, that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the projected unit credit method. The Gratuity scheme is unfunded and covers those permanent employees & management staff of the Company who have completed prescribed qualifying period of service. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation.

Past service cost is recognized immediately to the extent that the benefits are already vested. For non-vested benefits past service cost is amortized on the straight line basis over the average period until the amended benefits become vested.

All actuarial gains and losses arising on valuation are charged to other comprehensive income.

4.8.2 Defined contribution plan

A defined contribution plan is a post employment benefit plan under which the company pays fixed contribution into a separate entity and will have no legal and constructive obligation to pay further amounts. Obligation for contributions to defined contribution plans are recognized as an employee benefit expense in profit and loss account when they are due. The Company also operates an approved funded contributory provident fund for its permanent employees. Equal monthly contributions are made both by the Company and the employees at the rate of 5% per annum of the basic salary. Company's contributions are charged to profit and loss account.

Notes To The Financial Statements

For the year ended June 30, 2017

4.9 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

Current

Current tax is the amount of tax payable on taxable income for the year, using tax rate enacted by or substantively enacted at the balance sheet date, and any adjustment to the tax payable in respect of previous year. Provision for current tax is based on higher of the taxable income at current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any or minimum tax u/s 113 of Income Tax Ordinance, 2001 after taking into account tax credits or Alternative corporate tax u/s 113C of Income Tax Ordinance, 2001. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

Deferred

Deferred tax is recognized using the balance sheet method, providing for temporary differences, at the balance sheet date, between carrying amount and the tax base of assets and liabilities for financial reporting purposes.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and /or carry forward of unused tax losses or tax credits can be utilized.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.10 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Whenever the carrying amount of these assets exceed their recoverable amount, an impairment loss is recognized in the profit and loss account for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversal of impairment loss is restricted to the original cost of the asset.

4.11 Borrowing costs

Borrowings costs are recognised as an expense in the period in which they are incurred except, to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

4.12 Segment reporting

A segment is a distinguishable component of the Company that is engaged in providing related products or services (business segment), or in providing product or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Company's business segments.

The Company's primary format for segment reporting is based on business segments. The business segments are determined based on the Company's management and internal reporting structure. Segment results and other information is provided on the basis of product and service. These categories are:

- 1] Injection : this represents manufacture and sale of Polyethylene Terephthalate (PET) preforms for beverage and non-beverage industry.
- 2] Blowing : this represents manufacture and sale of Polyethylene Terephthalate (PET) bottles for beverage and non-beverage industry.

Notes To The Financial Statements

For the year ended June 30, 2017

4.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any direct expenses. Revenue is recognised on the following basis:

- Sales revenue is recognized on dispatch of goods to customers.
- Mark-up / interest income is recognized on a time proportion basis that takes into account the effective yield.

4.14 Foreign currency transactions and translation

Foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into reporting currency equivalents using year-end spot foreign exchange rates. Non-monetary assets are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in income currently.

4.15 Dividend

Dividend distribution to the Company's shareholders and appropriation to reserves are recognized as a liability in the financial statements in the period in which these are approved. Transfer between reserves made subsequent to the balance sheet date is considered as a non adjusting event and is recognized in the financial statements in the period in which such transfers are made.

4.16 Provisions

Provision is recognized when, as a result of past event, the company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Subsequently, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.17 Related party transactions

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates except in extremely rare circumstances where, subject to the approval of the Board of Directors, it is in the interest of the Company to do so.

	Notes	2017 ----- Rupees in '000' -----	2016
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	989,248	999,085
Major spare parts (CWIP)	5.6	12,025	15,086
		<u>1,001,273</u>	<u>1,014,171</u>

Notes To The Financial Statements

For the year ended June 30, 2017

	Freehold land	Factory building and roads (Freehold)	Plant and machinery	Factory equipments	Furniture and fittings	Office equipment	Vehicles		Total		
							Owned			Leased	
5.1 PROPERTY, PLANT AND EQUIPMENT											
As at July 1, 2015											
Cost and revaluation	7,600	102,700	1,705,995	185,842	5,848	21,049	13,053	4,655	2,046,742		
Accumulated depreciation	-	(30,860)	(799,931)	(135,316)	(3,409)	(11,093)	(9,493)	(1,178)	(991,281)		
Net book values	7,600	71,840	906,064	50,526	2,439	9,956	3,560	3,477	1,055,461		
For the year June 30, 2016											
Additions during the year	-	-	20,624	53,340	26	1,560	2,128	-	77,678		
Disposals / write offs - note 5.4	-	-	(178,853)	(351)	-	(461)	(191)	-	(179,856)		
- Cost	-	-	144,173	330	-	325	8	-	144,836		
- Accumulated depreciation	-	-	(34,680)	(21)	-	(136)	(183)	-	(35,020)		
Depreciation for the year - note 5.1	-	(3,615)	(59,501)	(31,570)	(597)	(2,033)	(1,023)	(695)	(99,034)		
Net book values	7,600	68,225	832,507	72,275	1,868	9,347	4,482	2,782	999,085		
As at June 30, 2016											
Cost and revaluation	7,600	102,700	1,547,766	238,831	5,874	22,148	14,990	4,655	1,944,564		
Accumulated depreciation	-	(34,475)	(715,259)	(166,556)	(4,006)	(12,801)	(10,508)	(1,873)	(945,479)		
Net book values	7,600	68,225	832,507	72,275	1,868	9,347	4,482	2,782	999,085		
For the year June 30, 2017											
Additions during the year	-	4,200	7,547	48,479	-	2,533	967	9,962	73,688		
Surplus on Revaluation	16,150	1,580	14,903	-	-	-	-	-	32,633		
Disposals / write offs - note 5.4	-	-	-	-	-	-	-	-	-		
- Cost	-	-	(40,119)	(450)	-	(1,349)	(4,854)	-	(46,772)		
- Accumulated depreciation	-	-	32,096	343	-	1,162	4,172	-	37,773		
Depreciation for the year - note 5.1	-	(3,498)	(8,023)	(107)	-	(187)	(682)	-	(8,999)		
Net book values	23,750	70,507	788,327	80,446	1,681	9,684	3,779	11,075	989,248		
As at June 30, 2017											
Cost and revaluation	23,750	108,480	1,530,097	286,860	5,874	23,332	11,103	14,617	2,004,113		
Accumulated depreciation	-	(37,973)	(741,770)	(206,414)	(4,193)	(13,648)	(7,324)	(3,542)	(1,014,865)		
Net book values	23,750	70,507	788,327	80,446	1,681	9,684	3,779	11,075	989,248		
Rate of depreciation	0%	5%-10%	5%-20%	10%-50%	10%	10%-33%	20%	20%	20%		

Rupees in '000'

Notes To The Financial Statements

For the year ended June 30, 2017

2017 2016

----- Rupees in '000' -----

5.2 Depreciation charge has been allocated as follows:

Cost of sales	101,800	94,083
Administrative expenses	5,358	4,951
	<u>107,158</u>	<u>99,034</u>

5.3 Last revaluation of the Company's assets was carried out in 2016-17 by M/s K.G. Traders (Private) Limited, independent valuers, taking market value / depreciated replacement cost, as applicable, as a basis of valuation. The revaluation resulted in a net surplus of Rs. 32.63 million. The incremental values at the date of revaluation of the revalued operating property, plant and equipment are being depreciated over the remaining useful lives of these assets.

5.4 Had there been no revaluation, the net carrying value of specific classes of operating fixed assets would have been as follows:

2017 2016

----- Rupees in '000' -----

Freehold land	2,995	2,995
Factory building and roads	29,940	27,168
Plant and machinery	605,817	647,473
	<u>638,752</u>	<u>677,636</u>

5.5 Property, plant and equipment disposals / write offs

Items of Property, Plant and equipment disposed during the year having net book value above Rs. 50,000 are as follows:

Particulars	Cost	Accumulated Depreciation	Carrying value	Sale proceeds	Mode of disposal	Particulars of purchaser
HPAC Hamworthy VH-9/1 40 Bar	21,347	17,077	4,269	-	written off	NIL
Alpha Chiller	13,800	11,040	2,760	-	written off	NIL
Hino Truck with 40 feet Trailer	4,854	4,172	682	5,705	Negotiation	Sajid Hussain
Cargo Lift	619	255	364	-	written off	NIL
Blow Mould - 2 Itrs Zam Zam Cola	455	318	136	-	written off	NIL
Sabro Chiller - 1	487	358	129	-	written off	NIL
Sabro Chiller - 2	317	254	63	-	written off	NIL
Blow Mould - 1.5 Itrs Generic	1,045	989	56	-	written off	NIL
Blow Mould - 1 Itr Generic	439	385	54	-	written off	NIL
Piping Installations on B-25	177	126	51	-	written off	NIL
June 2017	<u>43,540</u>	<u>34,974</u>	<u>8,564</u>	<u>5,705</u>		
June 2016	<u>179,856</u>	<u>144,836</u>	<u>35,020</u>	<u>-</u>		

Notes To The Financial Statements

For the year ended June 30, 2017

		2017	2016
----- Rupees in '000' -----			
5.6	Major spare parts		
	Gross carrying value	12,455	15,086
	Provision for impairment	[430]	-
		<u>12,025</u>	<u>15,086</u>
6.	INTANGIBLES		
	Software		
	Cost		
	Opening balance	5,741	1,250
	Additions	1,218	4,491
		<u>6,959</u>	<u>5,741</u>
	Amortization		
	Opening balance	[342]	[217]
	For the year	[125]	[125]
		<u>[467]</u>	<u>[342]</u>
	Closing balance	<u>6,492</u>	<u>5,399</u>
	Rates of Amortization	10%	10%
6.1	Additions include expenditure incurred for development and implementation of ERP against which no amortization has been charged till balance sheet date because these were not ready for intended use at balance sheet date.		
		2017	2016
----- Rupees in '000' -----			
7.	STORES, SPARES AND LOOSE TOOLS		
	Stores and spares	77,035	77,458
	Loose tools	2,070	2,010
		<u>79,105</u>	<u>79,468</u>
	Provision against slow moving stores and spares	[10,415]	[1,907]
	Capital spares transferred to property, plant and equipment	[12,455]	[15,086]
		<u>56,235</u>	<u>62,475</u>
8.	STOCK IN TRADE		
	Raw material	105,515	109,684
	Packing material	10,572	11,476
	Work in process	63,558	46,824
	Finished goods	70,533	76,968
		<u>250,178</u>	<u>244,952</u>
	Provision for obsolete stocks	[3,528]	[3,528]
		<u>246,650</u>	<u>241,424</u>
9.	TRADE DEBTS		
	Unsecured		
	- Considered good	149,400	158,308
	- Considered doubtful	25,421	18,083
		<u>174,821</u>	<u>176,391</u>
	Provision against doubtful debts	[25,421]	[18,083]
		<u>149,400</u>	<u>158,308</u>
9.1	Provision against doubtful debts		
	Opening balance	18,083	14,792
	Provision for the year	7,338	3,291
	Closing balance	<u>25,421</u>	<u>18,083</u>

Notes To The Financial Statements

For the year ended June 30, 2017

10. SHORT TERM INVESTMENTS

This represents investments in term deposit receipts of various banks. Rate of return on these investments ranges from 5.2% to 5.75% [2016 : Nil].

		2017	2016
		----- Rupees in '000' -----	
11. LOANS AND ADVANCES	Notes		
Considered good			
- Advance to suppliers		46,395	43,420
- Advances for expenses		5,352	3,648
		<u>51,747</u>	<u>47,068</u>
Loans to employees		2,001	2,819
		<u>53,748</u>	<u>49,887</u>
12. CASH AND BANK BALANCES			
Cash at bank			
- in saving accounts	12.1	10,440	42,309
- in current accounts		11,473	16,498
		<u>21,913</u>	<u>58,807</u>
Cash in hand		1,029	1,051
		<u>22,942</u>	<u>59,858</u>
12.1	This carries mark-up ranging between 3% to 4.5% [2016: 3% to 5%] during the year.		
13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
10,262,664 [2016: 10,262,664] Ordinary shares of Rs. 10/- each issued against cash		102,627	102,627
18,458,547 [2016: 12,714,307] Ordinary shares of Rs. 10/- each issued as fully paid bonus shares		184,585	127,143
		<u>287,212</u>	<u>229,770</u>
14. SURPLUS ON REVALUATION OF PROPERTY AND PLANT			
On freehold land			
Gross surplus			
Balance as at 01 July		7,600	7,600
Revaluation increase recognized during the year		16,150	-
		<u>23,750</u>	<u>7,600</u>
On building / plant and machinery			
<i>Gross surplus</i>			
Balance as at 01 July		220,393	244,307
Less : Reversal relating to write offs of assets		-	(3,377)
Less : Reversal due to disposal of assets		(131)	-
Revaluation increase recognized during the year		16,483	-
Incremental depreciation transferred to retained earnings		(19,406)	(20,537)
		<u>217,339</u>	<u>220,393</u>
<i>Related deferred tax charge</i>			
Balance as at 01 July		(70,088)	(88,282)
Deferred tax on revaluation surplus during the year		(4,945)	-
Effect of change in tax rate		3,970	10,541
Deferred tax on fixed assets written off during the year		39	1,081
Deferred tax on incremental depreciation charged during the year		5,822	6,572
		<u>(65,202)</u>	<u>(70,088)</u>
		<u>152,137</u>	<u>150,305</u>
		<u>175,887</u>	<u>157,905</u>

Notes To The Financial Statements

For the year ended June 30, 2017

		2017	2016
		----- Rupees in '000' -----	
15. LONG TERM LOANS	Notes		
<i>Loans from banking companies - Secured</i>			
Askari Bank Limited (TF II)	15.1	199,000	230,000
Allied Bank Limited (TF)	15.2	30,600	61,200
JS Bank Limited (TF)	15.3	15,556	28,889
		245,156	320,089
Less: current portion of long term loans		[99,933]	[74,933]
		145,223	245,156

15.1 This represents restructuring of working capital finance into long term debt in 2015. It carries mark-up at 3 months KIBOR plus 1.75% p.a on quarterly basis. The loan is repayable in 5 years through 20 quarterly installments. The finance is secured by way of First Pari Passu charge of Rs. 450 million over all present and future fixed assets of the Company and personal guarantee of founder Director / sponsor of the Company.

15.2 This represents term finance created as a result of restructuring of working capital finance in January 2012. It carries mark-up at 3 months KIBOR plus 2% p.a. The remaining amount of principal is payable in 6 installments as per seasonal repayment schedule whereas mark-up is payable in monthly installments with maturity at June 2018. It is secured by way of first pari passu hypothecation charge over stocks and bank debts of the Company amounting to Rs. 267 million and ranking charge on fixed assets of the Company amounting to Rs. 197.2 million.

15.3 This represents term loan obtained to retire one-off LC for the purchase of capital expenditure. It carries mark-up at 3 months KIBOR plus 2% p.a. payable with a grace period of 6 months in equal monthly installments of principal and quarterly installments of mark-up with final maturity of June 2018. It is secured by first pari passu charge over all present and future fixed assets of the Company amounting to Rs. 33 million.

		2017	2016
		----- Rupees in '000' -----	
16. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Balance at 1 July		3,003	3,687
Lease obtained during the year		9,727	-
Payments made during the year		[1,468]	[684]
		11,262	3,003
Less: Current portion shown under current liabilities		[2,289]	[780]
		8,973	2,223

16.1 The future minimum lease payments and the period in which they become due are :

	2017		2016	
	Minimum lease payments	Present Value	Minimum lease payments	Present Value
Upto one year	2,974	2,289	1,030	780
More than one year but less then five years	9,958	8,973	2,387	2,223
Total minimum lease payments	12,932	11,262	3,417	3,003
Less: Amount representing finance charges	[1,670]	-	[414]	-
Present value of minimum lease payments	11,262	11,262	3,003	3,003
Less: Current portion	[2,289]	[2,289]	[780]	[780]
	8,973	8,973	2,223	2,223

16.2 This represents vehicles acquired under a number of finance lease agreements. Interest rate used as discounting factor ranges from 8.54% to 9.12% [2016: 11.72% to 12.73%] per annum. Taxes, repair, replacements and insurance are born by the Company. Under the terms of arrangement, the Company has an option to acquire leased assets at the end of respective lease terms and intends to exercise the option. There are no restrictions imposed on the Company under the term of leases.

Notes To The Financial Statements

For the year ended June 30, 2017

		2017	2016
		----- Rupees in '000' -----	
17. DEFERRED LIABILITIES	Notes		
Staff gratuity	17.1	92,319	75,821
Deferred taxation	17.2	169,246	127,854
		<u>261,565</u>	<u>203,675</u>

17.1 Staff gratuity

17.1.1 The figures are based on actuarial valuation report for company's Employees' Gratuity Scheme carried out by Nauman Associates as on June 30, 2017.

	2017	2016
----- Rupees in '000' -----		
17.1.2 Movement in liability recognized in balance sheet:		
Present value of defined benefit obligation as at 01 July	75,821	66,981
Expense for the year	12,584	13,379
Benefits paid during the year	(1,229)	(5,606)
Remeasurements chargeable in Other Comprehensive Income	5,143	1,067
Present value of defined benefit obligation as at 30 June	<u>92,319</u>	<u>75,821</u>

17.1.3 Expense recognised in profit and loss account is as follows:

Current service cost	7,131	7,122
Interest cost	5,453	6,257
	<u>12,584</u>	<u>13,379</u>

17.1.4 Remeasurements chargeable in Other Comprehensive Income are as follows:

Actuarial losses / [gains] from changes in financial assumptions	104	(288)
Experience adjustments	5,039	1,355
	<u>5,143</u>	<u>1,067</u>

17.1.5 Comparison of present value of defined benefit obligation for the current year and previous four years is as follows:

	Present value of defined benefit obligation	Experience adjustments on obligations
June 2017	92,319	(5,143)
June 2016	75,822	(1,067)
June 2015	66,981	157
June 2014	55,223	(3,994)
June 2013	42,782	(2,037)

17.1.6 Year End Sensitivity Analysis (\pm 100 bps) on Defined Benefit Obligation

	2017	2016
----- Rupees in '000' -----		
Discount Rate + 100 bps	87,149	71,508
Discount Rate - 100 bps	98,288	80,816
Salary Increase + 100 bps	98,372	80,888
Salary Increase -100 bps	86,973	71,359

The average duration of the defined benefit obligation is 6 Years.

Notes To The Financial Statements

For the year ended June 30, 2017

	Notes	2017	2016
		----- Rupees in '000' -----	
17.1.7 Following significant assumptions were used by the actuary in valuation of the scheme:			
Discount rate (per annum)		8.00%	7.25%
Expected rate of increase in salary level (per annum)		8.00%	7.25%
Average expected remaining working life time of employees (years)		6	6
17.2 Deferred taxation			
<i>Taxable temporary differences:</i>			
Surplus on revaluation		65,202	70,088
Accelerated depreciation		149,157	158,799
		214,359	228,887
<i>Deductible temporary differences:</i>			
Tax credits carry forwarded	17.2.1	-	[59,488]
Staff gratuity		[27,696]	[23,505]
Others		[17,417]	[18,040]
		[45,113]	[101,033]
		169,246	127,854

17.2.1 As disclosed in detail in note 4.1, the above represent the amount of deferred tax asset recognized against carry forward of minimum tax paid prior to tax year 2016 in accordance with requirements of section 113 of Income Tax Ordinance, 2001.

	2017	2016
----- Rupees in '000' -----		
18. TRADE AND OTHER PAYABLES		
Trade creditors and bills payable	121,451	114,632
Accrued and other liabilities	16,698	13,269
Advances from customers	7,703	28,328
Sales tax payable	10,121	17,921
Income tax payable	1,603	1,688
Workers' Profit Participation Fund	8,139	7,436
Unclaimed dividend	461	461
	166,176	183,735
19. ACCRUED MARK-UP		
Long term loans	3,582	4,026
Short term borrowings	5,368	1,661
	8,950	5,687
20. SHORT TERM BORROWINGS		
<i>Secured</i>		
<i>From banking companies</i>		
Short-term running finance	17,236	16,217
Inland Bill Purchased	38,325	128,710
Finance against trust receipt	146,337	158,770
	201,898	303,697
Others		
Short-term pledge finance	40,000	40,000
	241,898	343,697

Short-term running finance and other facilities are obtained under mark-up arrangements from various commercial banks carrying mark-up ranging from 7.54% to 9.12% (2016: 7.85% to 10%) per annum calculated on daily product basis.

These facilities are secured by first pari passu and ranking hypothecation charges of entire present and future current assets, equitable mortgage of property of the Company and personal guarantee of one original founder / sponsor Director of the Company.

Notes To The Financial Statements

For the year ended June 30, 2017

	Notes	2017	2016
		----- Rupees in '000' -----	
21. CURRENT PORTION OF NON-CURRENT LIABILITIES			
Long term loans		99,933	74,933
Liabilities against assets subject to finance lease		2,289	780
		<u>102,222</u>	<u>75,713</u>
22. CONTINGENCIES AND COMMITMENTS			
No contingencies and commitments existed at the balance sheet date.			
23. SALES - NET			
Gross sales		2,582,806	2,455,889
Sales tax and discounts		(377,446)	(358,861)
		<u>2,205,360</u>	<u>2,097,028</u>
24. COST OF SALES			
Raw material consumed	24.1	1,228,520	1,145,204
Packing material consumed		89,526	86,161
Store consumed		28,594	24,879
Salaries, wages and other benefits	24.2	157,601	136,646
Electricity, gas and water		179,359	187,101
Travelling and conveyance		13,456	11,695
Vehicle repair and maintenance		8,031	8,122
Rent, rate and taxes		22,548	18,540
Repair and maintenance		8,397	14,580
Insurance		3,920	3,464
Medical		4,303	3,518
Freight and other charges		5,888	5,588
Communication charges		1,635	1,360
Printing, postage and stationery		1,554	1,419
Lab testing		732	607
Fees and subscription		1,127	1,136
Entertainment		802	945
Courses and seminar fees		197	217
Advertisement		114	6
Depreciation		101,800	94,083
Miscellaneous		201	185
		<u>1,858,305</u>	<u>1,745,456</u>
Work-in-process - opening		46,824	83,158
Work-in-process - closing		(63,558)	(46,824)
		<u>(16,734)</u>	<u>36,334</u>
Cost of goods manufactured		<u>1,841,571</u>	<u>1,781,790</u>
Finished goods - opening		76,968	43,684
Finished goods - closing		(70,533)	(76,968)
		<u>6,435</u>	<u>(33,284)</u>
		<u>1,848,006</u>	<u>1,748,506</u>
24.1 Raw material consumed			
Opening stock		109,684	71,306
Purchases		1,224,351	1,183,582
Closing stock		(105,515)	(109,684)
		<u>1,228,520</u>	<u>1,145,204</u>

24.2 This includes staff retirement benefits amounting to Rs. 11.22 million (2016: Rs. 11.7 million).

Notes To The Financial Statements

For the year ended June 30, 2017

	Notes	2017	2016
		----- Rupees in '000' -----	
25. DISTRIBUTION COST			
Carriage and freight outward		42,897	24,071
Salaries and benefits	25.1	15,586	11,039
Vehicle running and maintenance		1,388	1,135
Office rent		1,268	937
Travelling and conveyance		1,720	980
Communications		270	272
Entertainment		282	168
Professional charges		209	522
Repair and maintenance		197	230
Electricity, water and gas		225	191
Printing and stationery		52	34
Miscellaneous		19	98
		64,113	39,677
25.1 This includes staff retirement benefits amounting to Rs. 1.67 million [2016: Rs. 1.6 million].			
26. ADMINISTRATIVE EXPENSES			
Salaries and benefits	26.1	42,141	35,809
Directors' Meeting Fee		3,750	2,500
Legal and professional		4,174	2,417
Travelling and conveyance		4,109	4,546
Vehicle running and maintenance		2,424	2,489
Medical		1,789	1,846
Rent, rate and taxes		1,070	1,262
Auditors' remuneration	26.2	915	865
Electricity, gas and water		330	339
Entertainment		1,409	884
Courses, seminar and subscription		1,280	2,164
Repair and maintenance		310	218
Communications		631	510
Printing and stationery		746	393
Insurance		78	56
Advertisement		32	63
Depreciation		5,358	4,951
Miscellaneous		67	52
		70,613	61,364
26.1 This includes staff retirement benefits amounting to Rs. 3.84 million [2016: Rs. 3.5 million].			
26.2 Auditors' remuneration			
Audit fee		600	550
Fee for half yearly review		230	230
Other advisory services		75	75
Out-of-pocket expense		10	10
		915	865

Notes To The Financial Statements

For the year ended June 30, 2017

	Notes	2017	2016
		----- Rupees in '000' -----	
27. OTHER INCOME - NET			
<i>Income from financial assets</i>			
Profit on bank deposits		600	137
<i>Others</i>			
Freight income		-	155
Scrap sale		24,329	17,674
Miscellaneous income		7,758	-
Net gain/(loss) on disposal of property, plant and equipment		5,004	(48)
		37,691	17,918
28. OTHER EXPENSES			
Workers' Welfare Fund		4,709	4,418
Workers' Profits' Participation Fund		8,139	7,436
Provision for trade receivables		7,338	3,291
Fixed assets written off	5.5	8,187	31,353
Donation	28.1	646	1,877
Provision for impairment on spare parts		8,938	-
Abnormal Loss		18,138	10,134
		56,095	58,509
28.1 None of the directors and their spouse have any interest in the donee's fund.			
29. FINANCE COST			
<i>Mark-up on:</i>			
Long-term financing		22,542	31,220
Short-term borrowing		4,620	4,838
Inland Bill Purchase		5,943	7,810
Liabilities against assets subject to finance lease		548	294
		33,653	44,162
LC usance and other charges		17,683	22,388
Exchange loss		-	422
Bank charges		2,966	3,062
		54,302	70,034
30. TAXATION			
Current		4,097	-
Deferred		39,964	34,938
		44,061	34,938
30.1 Relationship between tax (income) / expense and accounting profit			
Profit before taxation		149,922	136,856
Tax at the applicable tax rate		46,476	43,794
Tax effect of non deductible expenses		25,057	25,479
Tax effect/adjustment of change in tax rate		(6,571)	5,192
Tax effect/adjustment on brought forward losses		-	(33,946)
Tax effect/adjustment on rebates		(7,949)	(8,880)
Net effect of items directly credited to OCI		(5,841)	-
Others		(6,883)	3,300
		44,061	34,938

Notes To The Financial Statements

For the year ended June 30, 2017

30.2 The income tax assessments of the Company have been finalised up to and including the tax year 2016. Tax returns are deemed to be assessed under provisions of the Income Tax Ordinance, 2001 ["the Ordinance"] unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select the deemed assessment order for audit.

30.3 The Finance Act, 2017 under Section 5A of the Income Tax Ordinance, 2001 requires every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute dividend in the form of cash or bonus shares within due date of end of said tax year will be liable to pay additional tax @ 7.5% of profit before tax for the said period. However, this tax on undistributed profit is not applicable to a public company which distributes profit equal to greater than 40 percent of its after tax profits within due date of the tax year.

In terms of 5A in case the Company distributes cash dividend amounting to Rs. 42,344 million within six months of the close of the year it would not be liable to any tax under section 5A. The recognition of any liability in this respect as at financial year end is not considered necessary keeping in view the above, and liability if any in this respect would be recognized as of December 31, 2017 depending upon the dividend distributed out of profit for the year ended 30 June 2017.

	Notes	2017	2016
		----- Rupees in '000' -----	
31. EARNINGS PER SHARE - BASIC AND DILUTED			
31.1 Basic			
Profit after taxation		105,861	101,918
		----- Numbers -----	
Weighted average number of ordinary shares		28,721	28,721
		----- Rupees -----	
Earnings per share - basic		3.69	3.55

32.2 The number of shares for the prior period has also been adjusted for the effect of bonus shares issued during the current year.

31.3 Diluted

There is no dilution effect on the basic earnings per share of the Company as the company has no convertible dilutive potential ordinary shares outstanding on June 30, 2017, which would have effect on the basic EPS if the option to convert would have been exercised.

	Notes	2017	2016
		----- Rupees in '000' -----	
32. CASH GENERATED FROM OPERATIONS			
Profit before taxation		149,922	136,856
<i>Adjustment for non-cash charges and other items:</i>			
Depreciation		107,158	99,034
Amortization of intangible assets		125	125
Gain/(Loss) on disposal of property, plant and equipment		(5,004)	48
Provision for Workers' Profits Participation Fund		8,139	7,436
Provision for Workers' Welfare Fund		4,709	4,418
Fixed assets written off		8,187	31,353
Provision for doubtful debts		7,338	3,291
Provision for impaired capital work in progress		430	-
Provision for gratuity		12,584	13,379
Finance cost		54,302	70,034
Working capital changes	32.1	(1,273)	(122,976)
		<u>346,617</u>	<u>242,998</u>

Notes To The Financial Statements

For the year ended June 30, 2017

Notes	2017	2016
	----- Rupees in '000' -----	
32.1 Working capital changes		
Increase in stores, spares and loose tools	6,240	[1,679]
Increase in stock in trade	[5,226]	[38,639]
Decrease in trade debts	1,570	55,065
[(Increase) in loans and advances	[3,861]	[22,895]
Decrease / [(increase) in deposits, prepayments and other receivables	16,652	[22,257]
[(Decrease) in trade and other payables	[16,648]	[92,571]
	<u>[1,273]</u>	<u>[122,976]</u>

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including certain benefits to directors, chief executive and executives of the company as follows:

	2017			
	Chief Executive	Directors	Executive	Total
	----- Rupees in '000' -----			
Managerial remuneration	14,855	-	21,083	35,938
House allowance and utilities	3,486	-	11,625	15,111
Servant allowance	852	-	-	852
Telephone allowance	716	-	-	716
Medical reimbursement	-	-	1,363	1,363
Directors' Meeting Fee	-	3,750	-	3,750
	<u>19,909</u>	<u>3,750</u>	<u>34,071</u>	<u>57,730</u>
Number of persons	1	6	19	
	2016			
	Chief Executive	Directors	Executives	Total
	----- Rupees in '000' -----			
Managerial remuneration	12,347	160	18,607	31,114
House allowance and utilities	2,774	88	10,265	13,127
Servant allowance	741	-	-	741
Telephone allowance	623	-	-	623
Medical reimbursement	-	10	1,184	1,194
Directors' Meeting Fee	-	2,500	-	2,500
	<u>16,485</u>	<u>2,758</u>	<u>30,056</u>	<u>49,299</u>
Number of persons	1	6	18	

33.1 In addition to the above, the Directors, Chief Executive officer and some of the executives have been provided with free use of the Company maintained cars. Further, they are entitled to gratuity and provident fund in accordance with the Company's policy.

	2017	2016
	----- Rupees in '000' -----	
34. PROVIDENT FUND DISCLOSURES		
a] Disclosure with regards to Provident Fund		
(i) Size of the Fund	16,531	15,162
(ii) Cost of Investment made	15,162	14,084
(iii) Percentage of Investment made	92%	97%
(iv) Fair value of Investments	16,062	15,162

Notes To The Financial Statements

For the year ended June 30, 2017

b) Break-up of investments is as under

	2017		2016	
	----- Rupees in '000' -----			
Mutual funds				
- NIT	1,203	7%	936	6%
- Meezan Mutual Fund	1,901	12%	2,324	15%
- NAFA Fullerton Asset Man. [Money Market Fund]	1,758	11%	1,748	12%
- NAFA Fullerton Asset Man. [Stock Fund]	912	6%	1,556	10%
- NAFA Fullerton Asset Man. [Islamic Aggressive Income Fund]	1,111	7%	1,749	12%
- NAFA Fullerton Asset Man. [Islamic Stock Fund]	916	6%	1,567	10%
- UTP - Aggressive Asset Allocation Fund	-	0%	378	2%
	7,801	47%	10,258	68%
Banks deposits				
- Habib Bank Limited	-	0%	8	0.6%
- Meezan Bank Limited Karachi	497	3%	4,367	29%
- Meezan Bank Limited Haripur	7,764	47%	-	0%
Others	469	3%	529	3%
	16,531	100%	15,162	100%

34.1 The investments out of provident fund have been made in accordance with the provision of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose. The above figures are unaudited.

	2017	2016
	----- Rupees in '000' -----	
35. NUMBER OF EMPLOYEES		
Number of employees including contractual employees at the end of year	534	669
Average number of employees including contractual employees during the year	554	539

36. TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over other party in making financial and operating decisions.

The related parties comprise of major shareholders, directors of the company and key management personnel and staff/workers funds. Remuneration and benefits to executives of the company are in accordance with the terms of the employment while contribution to the provident fund and gratuity are in accordance with staff service rules. Details of transactions with related parties are as follows:

	2017	2016
	----- Rupees in '000' -----	
Transactions during the year		
Sale of vehicles and office equipment	-	60
Post employment benefit paid	-	3,368
Contribution to staff provident fund	6940	6148
Payable as on balance sheet date with:		
Employees' provident fund trust	469	529
Post employment benefit payable	40,773	34,099

The remuneration of Chief Executive, Directors and Executives is disclosed in Note 33 to the financial statements.

Notes To The Financial Statements

For the year ended June 30, 2017

	Injection		Blowing		Total	
	June 2017 [Rupees '000]	June 2016	June 2017 [Rupees '000]	June 2016	June 2017 [Rupees '000]	June 2016
37. SEGMENT REPORTING						
Sales-net	750,316	684,802	1,455,044	1,412,226	2,205,360	2,097,028
Cost of sales	(668,181)	(618,381)	(1,179,825)	(1,135,891)	(1,848,006)	(1,748,506)
	82,135	66,421	275,219	276,335	357,354	348,522
Distribution cost	(21,798)	(11,074)	(42,315)	(22,837)	(64,113)	(39,677)
Administrative	(24,008)	(20,038)	(46,605)	(41,324)	(70,613)	(61,364)
	(45,806)	(31,112)	(88,920)	(64,161)	(134,726)	(101,041)
Operating profit	36,329	35,309	186,299	212,174	222,628	247,481
Segment assets	718,685	701,362	301,659	293,854	1,020,344	995,216
Unallocated assets	-	-	-	-	685,912	674,955
	718,685	701,362	301,659	293,854	1,706,256	1,670,171
Segment liabilities	191,840	167,722	132,896	148,954	324,736	316,676
Unallocated liabilities	-	-	-	-	610,271	743,210
	191,840	167,722	132,896	148,954	935,007	1,059,886
Capital expenditure	22,184	25,984	28,656	31,629	50,840	57,613
Unallocated capital expenditure	-	-	-	-	22,848	20,066
	22,184	25,984	28,656	31,629	73,688	77,679

37.1 Inter-segment sales have been eliminated from totals.

37.2 Administrative expenses and distribution costs are allocated on the basis of the net sales value for each segment.

	2017	2016
38. FINANCIAL INSTRUMENTS	----- Rupees in '000' -----	
Financial instruments by category		
Financial assets - loans and receivables		
Security deposits	7,512	6,064
Trade debts	149,400	158,308
Loans and advances	53,748	49,887
Deposits, prepayments and other receivables	16,877	33,529
Cash and bank balances	21,913	59,858
	249,450	307,646
Financial liabilities - at amortised cost		
Long term loans	245,156	320,089
Liabilities against assets subject to finance lease	11,262	3,003
Trade and other payables	166,148	183,735
Accrued mark - up	8,950	5,687
Short term borrowings - secured	241,898	343,697
	673,414	856,211

Notes To The Financial Statements

For the year ended June 30, 2017

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks: capital risk, credit risk, liquidity risk and market risk (including foreign exchange or currency risk, interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

39.1 Credit risk

Credit risk is the risk which arises with a possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of financial instruments or contracts are entered into with the same party, or when counter parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by change in economics, political or other conditions. Concentration of credit risk indicates that relative sensitivity of the Company's performance to development affecting a particular industry.

Credit risk arises from deposits with banks and long term deposits, trade debts, loans, investments and other receivables. The Company attempts to control credit risk by monitoring credit exposures and continually assessing the creditworthiness of counterparties. Company receives advances from customers against sales of goods and therefore its exposure to credit risk is limited. 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 amount of financial assets represents the maximum credit exposure. To manage exposure to credit risk, the Company applies credit limits to their customers. Cash is held only with banks with high quality credit worthiness.

The company's gross maximum exposure to credit risk at the balance sheet date is as follows:

	2017	2016
	----- Rupees in '000' -----	
Trade debts	174,821	176,391
Loans and advances	52,226	49,887
Deposits, prepayments and other receivables	16,877	33,529
Bank balances	21,913	58,807
	<u>265,837</u>	<u>318,614</u>

39.1.1 Impairment losses

The aging of trade debts at the reporting date was:

	2017		2016	
	Gross Value	Impairment	Gross Value	Impairment
	----- Rupees in '000' -----			
Not Past Due	100,700	-	78,070	-
Past Due 1-60 Days	43,600	-	51,348	-
Past due 61 Days to 1 Year	1,455	-	11,555	-
More than 1-Year	29,066	25,421	35,418	18,083
	<u>174,821</u>	<u>25,421</u>	<u>176,391</u>	<u>18,083</u>

Notes To The Financial Statements

For the year ended June 30, 2017

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

	Notes	2017	2016
		----- Rupees in '000' -----	
A1+		20,706	58,149
A1		1,207	658
		21,913	58,807

39.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities (including interest payments):

	2017			
	Carrying Amount	Contractual cash flows	Twelve months or less	One to five years
	----- Rupees in '000' -----			
Long term loan	245,156	298,257	99,933	198,324
Finance Lease	11,262	12,932	2,289	10,643
Trade and other payables	166,176	166,176	166,176	-
Short term borrowings	241,898	247,266	247,266	-
	664,492	724,631	515,664	208,967

	2016			
	Carrying Amount	Contractual cash flows	Twelve months or less	One to five years
	----- Rupees in '000' -----			
Long term loan	320,089	367,898	74,933	292,965
Finance Lease	3,003	3,417	780	2,637
Trade and other payables	183,735	183,735	183,735	-
Short term borrowings	343,697	345,358	345,358	-
	850,524	900,408	604,806	295,601

Contractual cash flows include interest related cash flows up to the year end. The future interest related cash flows depend on the interest rates applicable at that time and the extent of utilization of running finance facilities.

39.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company is exposed to currency risk, interest rate risk and equity price risk.

a) Foreign exchange risk management

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to a change in a foreign exchange rate. It arise mainly where receivables and payables exist due to transactions in foreign currency.

Notes To The Financial Statements

For the year ended June 30, 2017

Exposure to foreign currency risk

The Company is exposed to currency risk on import of machinery and its parts that are denominated in a currency other than the respective functional currency of the Company. These transactions are denominated in US Dollars. At the reporting date all import payables were paid and the company has no exposure to foreign currency risk.

The following significant exchange rates applied during the year:

	2017		2016	
	Average rate	Balance sheet rate	Average rates	Balance sheet
		----- Rupees in '000' -----		
US Dollar	104.73	105.00	105.65	106.00

As the company has no any foreign currency payables at year end, hence any increase or decrease in exchange rate will not have any impact on company's financial statements.

b) Interest/ mark up rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to cash flow interest rate risk on its running finance arrangements which is repriced at a maximum period of 120 days.

All the borrowings of the company are variable rate borrowings, hence the company is not exposed to fair value risk on its borrowings.

During the year, if average KIBOR interest rate on borrowings had been 100 basis points higher / lower with all other variables held constant, profit after taxation for the year would have been higher / lower by Rs. 4.983 million (2016: higher / lower by Rs. 6.668 million) respectively, mainly as a result of higher / lower interest exposure on floating rate borrowing.

Cash flow sensitivity analysis for Variable rate instruments

The Company holds various variable rate financial instruments amounting to Rs. 498 million (2016: 667 million) exposing the Company to fair value interest rate risk. A change of 100 basis points as at June 30, 2017 would have increased profit after tax by Rs. 3.5 million (2016: 4.5 million).

Cash flow sensitivity analysis for Fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss.

39.4 Fair value of financial instruments

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

The carrying amounts of all financial assets and liabilities reflected in the financial statements approximate their fair values. The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Notes To The Financial Statements

For the year ended June 30, 2017

39.5 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.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return on capital to shareholders or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company manages its capital risk by monitoring its debt levels and liquid assets and keeping in view future investment requirements and expectation of the shareholders. Debt is calculated as total borrowings ('long term financing' and 'short term borrowings' as shown in the balance sheet). Total capital comprises shareholders' equity and surplus on revaluation of fixed assets as shown on the face of the balance sheet.

There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

Notes	2017	2016
	----- Quantity in '000 -----	
40. PLANT CAPACITY AND ACTUAL PRODUCTION		
<i>Blowing</i>		
Capacity - no. of bottles	304,200	304,200
Production - no. of bottles	159,056	163,118
Utilization	52.29%	53.62%
<i>Injection</i>		
Capacity - no. of preforms	415,733	415,733
Production - no. of preforms	283,402	270,975
Utilization	68.17%	65.18%

41. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on September 26, 2017 has proposed a cash dividend at the rate of 10% [2016: Nil] and 5% bonus share for the year ended June 30, 2017 [2016 common stock dividend: 25%]. These appropriations will be placed before shareholders for approval in the forthcoming Annual General Meeting and the effect thereof will be accounted for in the financial statements for the year ending June 30, 2018.

42. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation.

Reclassification from component	Reclassification to component	---Rs in 000---
-Stores, spares and loose tools	Property, plant & equipment	
Stores, spares and loose tools	Capital work in progress	15,086
-Cost of sales	Distribution expenses	
Raw material consumed	Carriage & freight outward	5,766
-Taxation	Taxation	
Current tax	Deferred Taxation	26,446

Notes To The Financial Statements

For the year ended June 30, 2017

43. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on September 26, 2017 by the Board of Directors of the Company.

44. GENERAL

Figures have been rounded off to the nearest thousand rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR

www.jamapunji.pk

**Jama
Punji**

سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,
Be safe**

Learn about investing at
www.jamapunji.pk

Key features:

-  Licensed Entities Verification
-  Scam meter*
-  Jamapunji games*
-  Tax credit calculator*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered
-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device
-  Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

 jamapunji.pk

 [@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices