Manufacturers of Quality PET Bottles and Preforms

EcoPack Ltd

Annual Report 2018


100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
33%
18.5%
SCAN
Quality is
our Forte´

Contents

Vision & Mission

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)

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Muhammed Ali Adil

BANKERS

Habib Bank Limited	The Bank of Khyber
Bank Al-Habib Limited	Askari Bank Limited
JS Bank Limited	Pak Oman Investment Company Limited

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq — Chartered Accountants

SHARE REGISTRAR

M/s. THK Associates (Pvt.) Limited — Ballotter, Share Registrar & Transfer Agent
1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi
75400, Pakistan.

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/**Director**

Mohammad Raza Chinoy
Chief Operating Officer

Zamir ul Hasan
Director Commercial & Technical

Mohammad Ali Adil
Chief Financial Officer

Shahwaqar Ahmed
DGM HR, Supply Chain & Admin

Manage the top line, your strategy, your people and your products, and the bottom line will follow

(Steve Jobs)

Directors' Profile

Amar Zafar Khan
Chairman of the Board of Directors

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 banks in Pakistan.

Hussain Jamil
Chief Executive Officer/Director

Hussain is the CEO of EcoPack Ltd and has over 45 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 manufacturer 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.

Asad Ali Sheikh
Non-Executive Director

Asad is on the Board as a Non-Executive Director since the year 2007, he has done his MBA from IoBM (Institute of Business Management - Karachi). He possesses more then 26 years of rich experience in the financial sector of Pakistan with special focus on Leasing, Islamic Financing and compliance in addition to the 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 HR&R and Audit Committees. 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 Pakistan 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 bottles soft drink (CSD) PET bottles 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

2007

EcoPack installed a complete bottle blowing line inside a Multinational Beverage Plant in Islamabad under a "through-the-wall" bottle supply arrangement

2008

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

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

2010

Achieved the Coca Cola Eurasia Africa approval for the preforms

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

2013

Achieved ISO 22000 Certification

2017

Successful implementation of SAP

2018

Ecopack made its biggest expansion in Preform capacity, increasing it by almost 90% annually with the acquisition of state-of-the-art world renowned, Husky Preform Injection systems.

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 Cancer Hospital & Research Centre, 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. This program is expanding and building on its continual success.

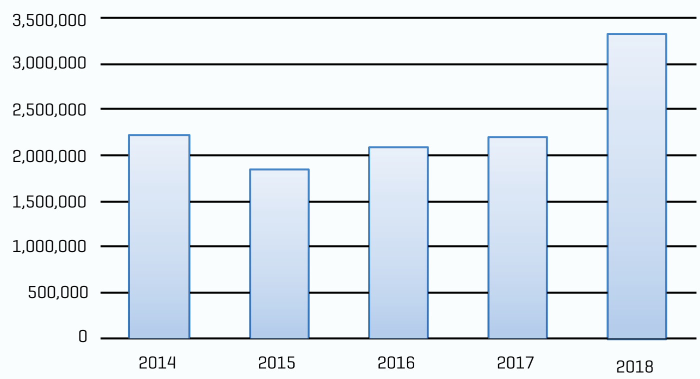
EcoPack Limited

Summary of Financials

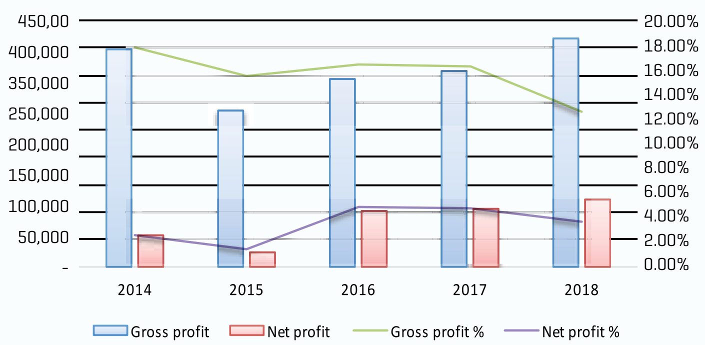
	2018	2017	2016	2015	2014	2013
	--------------	--------------	------Rupees in '000	------------	--------------	--------------
Share capital	**301,573**	287,212	229,770	229,770	229,770	229,770
Reserves	**568,912**	484,037	407,652	292,734	174,904	87,135
Shareholders' funds / Equity	**870,485**	771,249	637,422	522,504	404,674	316,905
Long term borrowings	**369,296**	154,196	247,379	323,094	125,032	184,732
Deferred liabilities	**236,580**	261,565	203,675	176,627	232,324	178,352
Property, plant & equipment	**1,362,572**	1,001,273	1,014,171	1,055,461	1,074,293	1,077,226
Long term assets	**1,425,823**	1,015,277	1,025,634	1,062,558	1,080,995	1,084,692
Current assets	**999,833**	690,979	671,674	618,037	579,853	535,663
Summary of Profit and Loss						
Sales	**3,312,401**	2,205,360	2,097,028	1,847,868	2,229,897	1,769,998
Gross profit	**408,090**	357,354	342,756	285,239	397,023	251,696
Operating profit	**255,715**	222,628	247,481	165,343	257,978	147,675
Profit / (loss) before tax	**133,722**	149,922	136,856	54,879	123,688	41,662
Profit / (loss) after tax	**127,041**	105,861	101,918	26,475	57,567	2,463
EBITDA	**320,359**	311,507	306,049	253,610	329,400	256,955
Summary of Cash Flows						
Net cash flow from operating activities	**51,395**	234,016	134,986	(39,884)	155,843	51,143
Net cash flow from investing activities	**509,546**	(56,732)	(81,927)	(78,816)	(61,911)	(23,690)
Net cash flow from financing activities	**241,360**	(76,401)	(87,022)	174,946	(112,563)	(87,347)
Changes in cash & cash equivalents	**(216,791)**	100,883	(33,963)	56,246	(18,631)	(59,894)
Summary of Actual Production (Units)						
Preforms	**387,500**	283,402	270,975	194,997	209,002	180,070
Bottles	**174,143**	159,056	163,118	145,792	156,518	117,043

Business Performance

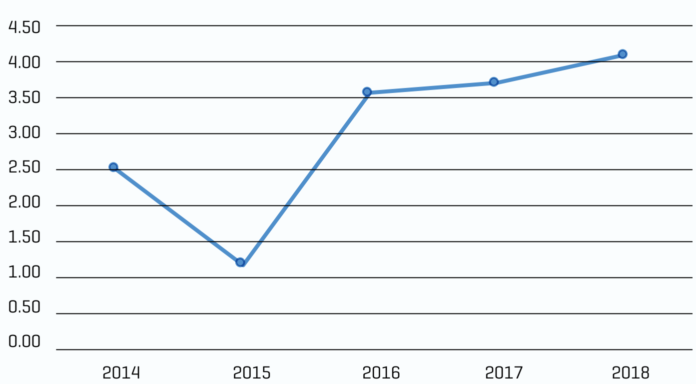
Sales Revenue - Year wise (Rs. in'000)



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



Earnings per share (Rs.)



Key Financial Numbers

Rs. 3.3
Billion
Highest ever turnover

Rs. 608
Million
Contribution to
National Exchequer

Rs. 127
Million Highest ever
Profit after Tax

Rs. 507
Million
Highest ever capital
expenditure

Current Ratio
1.05:1

Debt Equity Ratio
38:62

Horizontal Analysis
Statement of financial position

	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15	2015	15 vs 14	2014
	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000
ASSETS									
Non-Current Assets									
Property, plant and equipment	1,362,572	36.08	1,001,273	(1.27)	1,014,171	(3.91)	1,055,461	(1.75)	1,074,293
Security deposits	55,849	643.46	7,512	23.88	6,064	-	6,064	-	6,064
Intangibles	7,402	14.02	6,492	20.24	5,399	422.65	1,033	61.91	638
	1,425,823	40.44	1,015,277	(1.01)	1,025,634	(3.48)	1,062,558	(1.71)	1,080,995
Current Assets									
Stores, spares and loose tools	58,673	4.34	56,235	(9.99)	62,475	(17.67)	75,882	9.46	69,326
Stock in trade	224,659	(8.92)	246,650	2.16	241,424	19.05	202,785	18.65	170,913
Trade debts	454,623	204.30	149,400	(5.63)	158,308	(26.93)	216,664	(2.52)	222,273
Short term investments	-	(100.00)	36,000	100.00	-	-	-	-	-
Loans and advances	61,510	14.44	53,748	7.74	49,887	84.82	26,992	(24.31)	35,660
Deposits, prepayments and other receivables	9,387	(44.38)	16,877	(49.66)	33,529	197.45	11,272	63.55	6,892
Taxation - net	111,248	1.94	109,127	64.86	66,193	42.89	46,324	120.05	21,052
Cash and bank balances	79,733	247.54	22,942	(61.67)	59,858	57.03	38,118	(29.07)	53,737
	999,833	44.70	690,979	2.87	671,674	8.68	618,037	6.59	579,853
Total assets	2,425,656	42.16	1,706,256	0.53	1,697,308	0.99	1,680,595	1.19	1,660,848
EQUITY AND LIABILITIES									
Equity									
Issued, subscribed and paid-up capital	301,573	5.00	287,212	25.00	229,770	-	229,770	-	229,770
Surplus on revaluation of property and plant	161,552	(8.15)	175,887	11.39	157,905	(3.50)	163,625	(8.87)	179,553
Accumulated profit	407,360	32.20	308,150	23.38	249,747	93.44	129,109	(2,877.13)	(4,649)
	870,485	12.87	771,249	21.00	637,422	21.99	522,504	29.12	404,674
Non-Current Liabilities									
Long term loans	60,746	(58.17)	145,223	(40.76)	245,156	(23.41)	320,091	166.35	120,175
Liabilities against assets subject to finance lease	308,550	3,338.65	8,973	303.64	2,223	(25.97)	3,003	(38.17)	4,857
Deferred liabilities	236,580	(9.55)	261,565	28.42	203,675	15.31	176,627	(23.97)	232,324
	605,876	45.73	415,761	(7.82)	451,054	(9.74)	499,721	39.84	357,356
Current Liabilities									
Trade and other payables	297,597	79.58	165,715	(9.58)	183,274	(32.47)	271,401	(33.50)	408,119
Unclaimed dividend	1,302	182.43	461	-	461	-	461	-	461
Accrued mark - up	13,774	53.90	8,950	57.38	5,687	(50.52)	11,494	(43.22)	20,244
Short term borrowings	479,481	98.22	241,898	(29.62)	343,697	19.34	287,994	(19.97)	359,858
Current portion of non-current liabilities	157,141	53.73	102,222	35.01	75,713	(12.99)	87,020	(20.99)	110,136
	949,295	82.82	519,246	(14.71)	608,832	(7.52)	658,370	(26.75)	898,818
	2,425,656	42.16	1,706,256	0.53	1,697,308	0.99	1,680,595	1.19	1,660,848

Vertical Analysis
Statement of financial position

	2018		2017		2016		2015		2014	
	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
ASSETS										
Non-Current Assets										
Property, plant and equipment	1,362,572	56.17	1,001,273	58.68	1,014,171	59.75	1,055,461	62.80	1,074,293	64.68
Security deposits	55,849	2.30	7,512	0.44	6,064	0.36	6,064	0.36	6,064	0.37
Intangibles	7,402	0.31	6,492	0.38	5,399	0.32	1,033	0.06	638	0.04
	1,425,823	58.78	1,015,277	59.50	1,025,634	60.43	1,062,558	63.23	1,080,995	65.09
Current Assets										
Stores, spares and loose tools	58,673	2.42	56,235	3.30	62,475	3.68	75,882	4.52	69,326	4.17
Stock in trade	224,659	9.26	246,650	14.46	241,424	14.22	202,785	12.07	170,913	10.29
Trade debts	454,623	18.74	149,400	8.76	158,308	9.33	216,664	12.89	222,273	13.38
Short term investments	-	-	36,000	2.11	-	-	-	-	-	-
Loans and advances	61,510	2.54	53,748	3.15	49,887	2.94	26,992	1.61	35,660	2.15
Deposits, prepayments and other receivables	9,387	0.39	16,877	0.99	33,529	1.98	11,272	0.67	6,892	0.41
Taxation - net	111,248	4.59	109,127	6.40	66,193	3.90	46,324	2.76	21,052	1.27
Cash and bank balances	79,733	3.29	22,942	1.34	59,858	3.53	38,118	2.27	53,737	3.24
	999,833	41.22	690,979	40.50	671,674	39.57	618,037	36.77	579,853	34.91
Total assets	2,425,656	100.00	1,706,256	100.00	1,697,308	100.00	1,680,595	100.00	1,660,848	100.00
EQUITY AND LIABILITIES										
Equity										
Issued, subscribed and paid-up capital	301,573	12.43	287,212	16.83	229,770	13.54	229,770	13.67	229,770	13.83
Surplus on revaluation of property and plant	161,552	6.66	175,887	10.31	157,905	9.30	163,625	9.74	179,553	10.81
Accumulated profit	407,360	16.79	308,150	18.06	249,747	14.71	129,109	7.68	(4,649)	(0.28)
	870,485	35.89	771,249	45.20	637,422	37.55	522,504	31.09	404,674	24.36
Non-Current Liabilities										
Long term loans	60,746	2.50	145,223	8.51	245,156	14.44	320,091	19.05	120,175	7.23
Liabilities against assets subject to finance lease	308,550	12.72	8,973	0.53	2,223	0.13	3,003	0.18	4,857	0.29
Deferred liabilities	236,580	9.75	261,565	15.33	203,675	12.00	176,627	10.51	232,324	13.98
	605,876	24.98	415,761	24.37	451,054	26.57	499,721	29.73	357,356	21.51
Current Liabilities										
Trade and other payables	297,597	12.27	165,715	9.71	183,274	10.80	271,401	16.15	408,580	24.59
Unclaimed dividend	1,302	0.05	461	0.03	461	0.03	461	0.03	461	0.03
Accrued mark - up	13,774	0.57	8,950	0.52	5,687	0.34	11,494	0.68	20,244	1.22
Short term borrowings	479,481	19.77	241,898	14.18	343,697	20.25	287,994	17.14	359,858	21.66
Current portion of non-current liabilities	157,141	6.48	102,222	5.99	75,713	4.46	87,020	5.18	110,136	6.63
	949,295	39.14	519,246	30.43	608,832	35.87	658,370	39.17	899,279	54.13
	2,425,656	100.00	1,706,256	100.00	1,697,308	100.00	1,680,595	100.00	1,6 61,309	100.00

Horizontal Analysis

Statement of Profit or loss

	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15	2015	15 vs 14	2014
	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000
Sales - net	3,312,401	50.20	2,205,360	5.17	2,097,028	13.48	1,847,868	(17.13)	2,229,897
Cost of sales	(2,904,311)	57.16	(1,848,006)	5.34	(1,754,272)	12.26	(1,562,629)	(14.74)	(1,832,874)
Gross profit	408,090	14.20	357,354	4.26	342,756	20.16	285,239	(28.16)	397,023
Distribution cost	(68,661)	7.09	(64,113)	89.06	(33,911)	(48.89)	(66,355)	(22.37)	(85,474)
Administrative expenses	(83,714)	18.55	(70,613)	15.07	(61,364)	14.61	(53,541)	(0.06)	(53,571)
	(152,375)	13.10	(134,726)	41.41	(95,275)	(20.54)	(119,896)	(13.77)	(139,045)
Profit from operations	255,715	14.86	222,628	(10.04)	247,481	49.68	165,343	(35.91)	257,978
Other income - net	39,800	5.60	37,691	110.35	17,918	17.85	15,204	(0.59)	15,295
Other expenses	(94,972)	69.31	(56,095)	(4.13)	(58,509)	169.86	(21,681)	(39.29)	(35,712)
	(55,172)	199.79	(18,404)	(54.66)	(40,591)	526.69	(6,477)	(68.28)	(20,417)
Finance cost	(66,821)	23.05	(54,302)	(22.46)	(70,034)	(32.65)	(103,987)	(8.68)	(113,873)
Profit before taxation	133,722	(10.81)	149,922	9.55	136,856	149.38	54,879	(55.63)	123,688
Taxation	(6,681)	(84.84)	(44,061)	26.11	(34,938)	23.00	(28,404)	(57.04)	(66,121)
Profit after taxation	127,041	20.01	105,861	3.87	101,918	284.96	26,475	(54.01)	57,567

Manufacturers of Quality PET Bottles and Preforms

Vertical Analysis

Statement of Profit or loss

	2018		2017		2016		2015		2014	
	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
Sales - net	3,312,401	100.00	2,205,360	100.00	2,097,028	100.00	1,847,868	100.00	2,229,897	100.00
Cost of sales	(2,904,311)	(87.68)	(1,848,006)	(83.80)	(1,754,272)	(83.66)	(1,562,629)	(84.56)	(1,832,874)	(82.20)
Gross profit	408,090	12.32	357,354	16.20	342,756	16.34	285,239	15.44	397,023	17.80
Distribution cost	(68,661)	(2.07)	(64,113)	(2.91)	(33,911)	(1.62)	(66,355)	(3.59)	(85,474)	(3.83)
Administrative expenses	(83,714)	(2.53)	(70,613)	(3.20)	(61,364)	(2.93)	(53,541)	(2.90)	(53,571)	(2.40)
	(152,375)	(4.60)	(134,726)	(6.11)	(95,275)	(4.54)	(119,896)	(6.49)	(139,045)	(6.24)
Profit from operations	255,715	7.72	222,628	10.09	247,481	11.80	165,343	8.95	257,978	11.57
Other income - net	39,800	1.20	37,691	1.71	17,918	0.85	15,204	0.82	15,295	0.69
Other expenses	(94,972)	(2.87)	(56,095)	(2.54)	(58,509)	(2.79)	(21,681)	(1.17)	(35,712)	(1.60)
	(55,172)	(1.67)	(18,404)	(0.83)	(40,591)	(1.94)	(6,477)	(0.35)	(20,417)	(0.92)
Finance cost	(66,821)	(2.02)	(54,302)	(2.46)	(70,034)	(3.34)	(103,987)	(5.63)	(113,873)	(5.11)
Profit before taxation	133,722	4.04	149,922	6.80	136,856	6.53	54,879	2.97	123,688	5.55
Taxation	(6,681)	(0.20)	(44,061)	(2.00)	(34,938)	(1.67)	(28,404)	(1.54)	(66,121)	(2.97)
Profit after taxation	127,041	3.84	105,861	4.80	101,918	4.86	26,475	1.43	57,567	2.58

Notice of Annual General Meeting

Notice is hereby given that the 27th Annual General Meeting of EcoPack Limited will be held on Saturday, October 27, 2018 at 11:00 AM at registered office situated at Plot # 112-113, Phase-V, Hattar Industrial Estate, Hattar, District Haripur, Khyber-Pakhtunkhwa to transact the following business:

Ordinary Business

1. To confirm the minutes of the 26th Annual General Meeting held on October 27, 2017.
2. To receive and adopt the Directors' and Auditors' report together-with Financial Statements of the company for the year ended June 30, 2018.
3. To approve cash dividend @ 10% and issue of Bonus shares @ 15% i.e., 15 shares for every hundred (100) shares held, as recommended by the Board of Directors.
4. To appoint external auditors and fix their remuneration for the year ending June 30, 2019. The present auditors M/s. Rehman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants being eligible offer themselves for re-appointment.
5. To transact any other business with the permission of chair.

By order of the Board

Karachi

Dated: September 26, 2018

MUHAMMED ALI ADIL
(Company Secretary)

Notes:

1. Closure of Shares Transfer Books

The share transfer books of the company will remain closed from October 14, 2018 to October 27, 2018. (both days inclusive). Transfers received in order at our Share Registrar / Transfer agent M/s THK Associates (Pvt). Ltd. Karachi at the close of business on Saturday, October 13, 2018 shall be treated in time for the purpose of Annual General Meeting and entitlement of Dividend if approved by the shareholders.

2. Participation in General Meeting

A member entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her.

An individual beneficial owner of shares must bring his / her original CNIC or Passport, Account and Participant's I.D. numbers to prove his / her identity. A representative of corporate members, must bring the Board of Directors' Resolution and / or Power of Attorney and the specimen signature of the nominee. 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 and Exchange Commission of Pakistan.

3. For Appointing Proxies

The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form. Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

Duly completed instrument of proxy, and the other authority under which it is signed, or a notarially certified copy thereof, must be lodged with the Company Secretary at the Company's Registered Office (Plot# 112-113 Phase 5, Industrial Estate Hattar) at least 48 hours before the time of the Meeting.

4. Payment of Cash Dividend Electronically (Mandatory Requirement)

In accordance with the provisions of Section 242 of the Companies Act and Companies (Distribution of Dividends), Regulation 2017, a listed company, is required to pay cash dividend to the shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders. In this regard, EcoPack Limited has already sent letters and Electronic Credit Mandate Forms to the shareholders and issued various notices through publication in newspapers requesting the shareholders to comply with the requirement of providing their International Bank Account Number (IBAN).

Those shareholders who have still not provided their IBAN are once again requested to fill in "Electronic Credit Mandate Form" as reproduced below and send it duly signed along with a copy of valid CNIC to their respective CDC participant / CDC Investor account services (in case of shareholding in Book Entry Form) or to the Company's Share Registrar M/s THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400 (in case of shareholding in Physical Form).

i. Shareholders Details	
Name of the Shareholder(s)	
Folio # /CDS Account No (s)	
CNIC No (Copy attached)	
Mobile / Landline No	
ii. Shareholders' Bank details	
Title of Bank Account	
International Bank Account Number (IBAN)	
Bank's Name	
Branch's Name and Address	

In case of non-provision of IBAN, the Company will have to withhold the cash dividend according to SECP directives.

5. Withholding Tax on Dividend

I) The Government of Pakistan through Finance Act, 2014 had made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the Companies. Now these rates as per the Finance Act 2018 are as under:

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

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, all the shareholders whose names are not entered into the Active Tax Payer List (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for entitlement of the cash dividend i.e. October 13, 2018; otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

II) For any query/problem/information, the investors may contact the Company and/ or the Share Registrar: The Manager, Share Registrar Department, M/s THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400, Telephone Number: (21) 111-000-322), email address: aa@thk.com.pk and/ or The Manager Corporate Secretarial, Telephone Number: 051-5974098 email address: ali_a@ecopack.com.pk

III) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas, corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar i.e. Transfer Agent, M/s THK Associates (Private) Limited,. The shareholders while sending NTN or NTN Certificates, as the case may be, must quote Company name and their respective folio numbers.

(IV) As per the clarification issued by FBR, withholding tax will be determined separately on "Filer/Non-Filer" status of principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to the Registrar and Share Transfer Agent in writing as follows:

	Principal Shareholder			Joint Shareholder(s)	
Folio / CDC Account No.	Total Shares	Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

6. Submission of the CNIC/NTN details (Mandatory)

In accordance with the notification of the Securities and Exchange Commission of Pakistan (SECP) vide SRO 779(1)/2011 dated August 18, 2011 and SRO 83(1)/2012 dated July 5, 2012, dividend warrants should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members Accordingly, Members who have not yet submitted copy of their valid CNIC or NTN in case of corporate entities are requested to submit the same to the Company's Shares Registrar. In case of non-compliance, the Company may withhold dispatch of dividend warrants under intimation to Regulator till such time they provide the valid copy of their CNIC as per law.

7. Participation in the AGM vide Video-Link Facility

In pursuance of Section 132(2) of companies Act, 2017, the Company will provide the video link facility to those member(s) who hold minimum 10% shareholding of the total paid-up capital and resident of city other than Hattar where Company's Annual General Meeting is to be placed, upon request. Such member(s) should submit request in writing to the Company at least five days before the date of the meeting.

In this regard, please fill the following form and submit to registered address of the Company 05 days before holding of the Annual General Meeting (AGM). After receiving the request/demand of members having 10% or more shareholding in aggregate, the Company will intimate members regarding venue of video conference facility at least three (3) days before the date of AGM along with complete information necessary to enable them to access such facility:

"I/We/Messrs., ____________________________ of ____________________, being Member(s) of EcoPack Limited, holder of ______________ ordinary share(s) as per Folio #________ and / or CDC Participant ID & Sub-Account No. _______________, hereby, opt for video conference facility at ________________________________ city."

____

Signature of the Member(s)
(please affix company
stamp in case of corporate entity)

8. Change of Address

The members are also requested to notify change in their address, if any, to our Share Registrar / Transfer Agent, M/s THK Associates (Private) Limited, 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400.

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

EcoPack Limited, Year Ended June 30, 2018

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

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

    a. Male: 06
    b. Female: 01

2. The composition of the board is as follows:

	Category	Names
a)	Independent Directors	Mr. Asad Ali Sheikh & Mr. Amar Zafar Khan
b)	Other Non-Executive Directors	Mr. Shahid Jamil, Mr. Ali Jamil, Ms. Laila Jamil, Mr. Talat Mahmood Sadiq
c)	Executive Director	Mr. Hussain Jamil

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

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

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

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these regulations.

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

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these regulations.

9. Since the required numbers of Directors qualified from director training program are sufficient enough, therefore, no directors training program was arranged during the year.

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

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

12. The board has formed committees comprising of members given below:

 a) **Audit Committee (03 Members)**

 Chairman: Mr. Asad Ali Sheikh
 Members: Mr. Amar Zafar Khan & Ms. Laila Jamil

 b) **HR and Remuneration Committee (05 Members)**

 Chairman: Mr. Amar Zafar Khan
 Members: Mr. Hussain Jamil, Mr. Asad Ali Sheikh, Mr. Ali Jamil & Ms. Laila Jamil

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

14. The frequency of meetings (quarterly) of the committee were as per following:

 a) Audit Committee (04 Meetings)
 b) HR and Remuneration Committee (04 Meetings)

15. The board has set up effective internal audit functions which are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

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

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

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

Karachi.
Dated: September 26, 2018

AMAR ZAFAR KHAN
CHAIRMAN

CHAIRMAN'S REVIEW REPORT

I am pleased to report that EcoPack Limited's performance for the FY 2017-18 under the guidance of it's Board of Directors and the policies and controls executed by the company's management have produced the best financial results hitherto seen in it's 25 year history. The company's Profit after Tax has increased by 20% over the previous financial year as it achieved its record production and sales numbers ahead of the approved annual Budget.

The company has procured the latest technologies and enhanced it's production capacity for it's intermediary product PET Preforms, used to make PET bottles for packing beverages, bottled water, soft drinks & syrups, etc., for a wide range of customers spread all over the country. The investment made in the outgoing financial year was in excess of PKR 450 million and was implemented cost effectively, in time to avoid the depreciation of the Pak Rupee and meet the start of the high sales summer season in the last quarter before the financial year closed. This event has substantially enhanced the standing and reputation of your company as a reliable and quality conscious vendor to the rapidly growing Beverage industry.

The Board of the company ably assisted by it's sub-committees which meet regularly to assess and assure that the vision and mission of the company are being implemented effectively according to the directives of the Board. The Board of Directors continually assess and evaluate their own performance in line with the Code of Corporate Governance and the Companies Ordinance ensuring compliance with all regulations and rules. Efforts to create an improved structure for regular and well planned meetings of the sub-committees for Audit and Human Resource & Remuneration (HR&R) are being discussed to make such meetings purposeful and effective so that tasks and guidance provided to the management may be monitored and measured effectively minimizing possible lapses and slippages in overall results.

I am happy to see that your company continues on an increasingly profitable path and remains a 'vendor of choice' for its customers across Pakistan, bringing value to all its shareholders & stakeholders with merit and consistency.

I wish the company and it's management every success in it's endeavours in the years ahead.

Karachi
Dated: September 26, 2018

Amar Zafar Khan
Chairman of the Board
EcoPack Limited

چیئرمین کی جائزہ رپورٹ

مجھے یہ بتاتے ہوئے نہایت مسرت ہو رہی ہے کہ بورڈ آف ڈائریکٹرز کی راہنمائی میں اور کمپنی انتظامیہ کی پالیسیوں اور کنٹرولز کے تحت ایکوپیک لمیٹڈ نے مالی سال 18-2017 کے دوران اپنی کارکردگی کے ذریعے پچیس سالہ تاریخ میں شاندار مالی نتائج حاصل کیے۔ گذشتہ مالی سال کے دوران کمپنی کے نفع میں بعد از ٹیکس 20 فیصد اضافہ ہوا ہے کیونکہ اس دوران اس سالانہ منظور شدہ بجٹ سے بڑھ کر ریکارڈ پیداوار اور فروخت کے اعداد و شمار کو چھوا۔

کمپنی نے جدید ترین ٹیکنالوجی خرید کر پاکستان بھر میں پھیلے کثیر الاقسام صارفین کے لیے مشروبات، بوتل بند پانی، سافٹ ڈرنکس، سیرپ وغیرہ کی پیکنگ کیلئے PET بوتلیں بنانے کے لیے استعمال ہونے والی اپنی PET پریفارمز کی خام پراڈکٹ کی پیداواری صلاحیت میں اضافہ کیا۔ گذشتہ مالی سال میں کی جانے والی سرمایہ کاری 450 ملین روپے سے زائد تھی اور اسے پاکستانی روپے کی قدر میں کمی سے بچنے اور مالی سال کے اختتام سے قبل آخری سہ ماہی کے موسم گرما میں زیادہ فروخت کے ہدف کو پورا کرنے کے لیے موثر بہ لاگت انداز میں بروقت استعمال کیا گیا۔ اس کی بدولت آپ کی کمپنی کی ساکھ میں اضافہ ہوا اور آپ کی کمپنی تیزی سے ترقی پاتی مشروبات کی صنعت کے لیے ایک سمجھدار اور حساس و قابل اعتماد اور معیاری فروخت کنندہ کے طور سامنے آئی۔

ذیلی کمیٹیوں نے کمپنی کے بورڈ کو اعانت فراہم کی۔ کمپنی کی یہ ذیلی کمیٹیاں باقاعدگی سے اجلاس منعقد کرتی رہیں تاکہ اس امر کو یقینی بنایا جاسکے کہ کمپنی کے نظریے اور مشن پر بورڈ کی ہدایات کے مطابق موثر انداز میں عمل کیا جا رہا ہے۔ بورڈ آف ڈائریکٹرز کوڈ آف کارپوریٹ گورننس اور کمپنیز ایکٹ کے ضابطے کے مطابق اپنی کارکردگی کا مسلسل جائزہ لیتا ہے اور تمام قواعد و ضوابط کی تعمیل کو یقینی بناتا ہے۔ آڈٹ اور ہیومن ریسورس و معاوضہ جات کی ذیلی کمیٹیوں کی بہتر طور پر طے شدہ باقاعدہ اجلاسوں کے لیے ایک بہتر نظام کی تشکیل کے لیے کاوشوں کو زیر بحث لایا تاکہ ایسے اجلاسوں کو بامعنی اور موئثر بنایا جا سکے اور اس طرح انتظامیہ کو دی گئی ذمہ داریوں اور راہنمائی کی نگرانی ہو سکے اور مجموعی نتائج کے حصول میں ممکنہ کوتاہیوں اور اغلاط کو موئثر طور پر کم سے کم کیا جاسکے۔

میں یہ دیکھ کر خوش ہوں کہ آپ کی کمپنی نفع آور راستے پر اپنا سفر جاری رکھے ہوئے ہے اور پاکستان بھر میں اپنے صارفین کے لیے "پسندیدہ فروخت کنندہ" رہی ہے، اس طرح یہ اہمیت اور تسلسل کے ساتھ اس کے حصص داران اور اسٹیک ہولڈرز کے لیے قدر کا باعث بنی۔

میں کمپنی اور اس کی انتظامیہ کے لیے آنے والے سالوں میں انکی کاوشوں میں کامیابی کے لیے دعاگو ہوں۔

کراچی
26 ستمبر 2018

عامر ظفر خان
چیئرمین آف بورڈ
ایکوپیک لمیٹڈ

Directors' Report

The Board of Directors of EcoPack Limited is pleased to present the Directors' Report along with the annual financial statements of the company together with the Auditor's Report for the year ended 30th June 2018:

OVERVIEW

Your company's performance in the outgoing financial year is comprised of two distinct parts. The first half of the year was a period of relative macro-economic stability in the country, despite the ongoing political turmoil, as the Pak Rupee (PKR) parity with the US Dollar remained stable until December 2017. Thereafter the continual slide of the PKR by almost 16% against the USD was witnessed in the remaining period upto end June 2018. The second half of the financial year saw sharp increases in the prices of all import based items which were impacted by PKR devaluation such as petro-chemical derived raw materials, PET resin, POL products, machinery spare parts, truck-freight rates, electricity charges, etc. The increase in the SBP official inflation rate and rise in KIBOR and financial charges added to the growing economic uncertainty.

On the more positive side, your company did its biggest expansion in Preform capacity increasing it by almost 90% annually with the acquisition of state-of-the-art world renowned, Husky Preform Injection systems. This was cost efficiently done by adequately covering our forex risk and hence avoiding the adverse impact of the continuing PKR devaluation, resulting in substantial savings for the company. The implementation of the Preform expansion project was done 'just in time' to catch the peak summer sales in the last quarter of the financial year, thus achieving substantially higher production and sales YOY.

Operationally your company countered the challenge of rising costs and inflationary pressures by aggressively enhancing sales, both for Bottles and Preforms, at competitive pricing thereby reducing fixed costs due to higher production and capacity utilization. A timely and efficiently executed capacity expansion based on well considered rational commercial decisions by your management have helped in establishing your company as a reliable, quality conscious and widely preferred vendor to a rapidly growing Beverage industry.

SALES & FINANCIAL HIGHLIGHTS

Total sales value increased by 50% to Rs. 3.3 billion this year against Rs. 2.2 billion in the previous year, mainly due to growth in Preform sales revenue by 114% on account of expansion in Preforms production capacity in the last quarter. The topline revenue also increased due to the increase of the company's basic raw material (PET Resin) price by nearly 40% as compared to the previous year. Bottle sales increased by 11% in unit terms, while Preforms sales increased by 63% in unit terms compared to last year. Gross profit increased this year by 14% to Rs. 408 million from Rs. 357 million in the prior year.

Financial charges increased by 23% from Rs. 54.3 million last year to Rs. 66.8 million this year – primarily due to the increase in financial costs on lease finance on account of expansion in production capacity of Preforms.

Profit before tax decreased by Rs. 16.2 million to Rs. 133.7 million from Rs. 149.9 million in the previous year due to impairment on fixed assets and stocks which have been recorded. Net profit after tax increased by Rs. 21.1 million this year to Rs. 127.0 million from Rs. 105.8 million last year – an increase of almost 20%.

Earnings per share (basic & diluted) increased from Rs. 3.51 to Rs. 4.21 per share which reflects a fairly consistent growth year on year.

FUTURE OUTLOOK

While the Beverage and Bottled Water industry has continued to grow strongly in the last 5 to 6 years, it has grown relentlessly in double digits YOY in PET bottles & Preforms due to the ongoing conversion from 'returnable glass' bottles to PET bottles (non-returnable convenience), aided by greater penetration into both the urban and rural markets. Increasing segmentation into smaller bottle sizes such as 300/350ml, 500ml and 1.0 litre bottles to target each consumer choice & segment specifically, has led to an exponential rise in the numerical volume of PET bottles in unit terms as the prime packaging of CSD and bottled drinking water in our fast growing market. Fruit juices and nectar/concentrate based drinks in PET bottles have hitherto faced a severe challenge by Tetra-brick/cartons as the prevailing popular packaging. However, PET bottles have recently made a serious foray in the premier consumption market of high-end juices marketed by MNC's. This could well augur positive expansion in a new upmarket sector for PET bottles due to attractive visibility, better shelf positioning and merchandising prospects.

The advent of strong inflationary headwinds and macro-economic challenges across the board facing the industry, raise the spectre of a possible slowdown in the continuing robust rate of growth the industry has gotten used to. Higher cost of doing business and sharp increases in dollar based petro-chemical materials, raw & packing materials plus other production and sales inputs, will inevitably drive costs and retail prices upwards. A dilution of consumer purchasing power for a somewhat "elastic demand" for beverages could hit consumption adversely and possibly slow down the growth rate until incomes and savings catch up.

Your company's management is alert to such an environment and related difficulties. It is gearing up to improve efficiencies all round and cut wastages wherever possible, to ensure the upward trajectory and direction of its production output and sales, which are the main drivers for delivering value and services consistently to it's customers. In line with this effort, your company will regularly replace its old and obsolete machines (BMR) and add new cost & energy efficient production machines to expand and augment its capabilities, enabling it to remain in the fore-front as a preferred and value driven, lean and efficient vendor for its customers.

Product and customer diversification remain the focus of your company. Your company's management is close to finalizing its business plan by adding a new range of bottles for packing of drinking water, edible oil and concentrate/ syrups for some of its existing as well as new customers. While the volumes of such bottles/containers is constantly increasing on a relatively small base, the sale potential and profitability are high. This expansion will also improve the seasonality of our sales and improve the cash-flows of your company during the off-season winter months.

RISKS

Inflationary pressures mentioned above, combined with the country's external debt and trade imbalance, remain the major macro-economic challenges in the near to medium term for all manufacturing businesses in the country. Your company has secure Supply-Chain arrangements and support as the upstream industry for it's main raw material, PET resin, is located in the country with adequate capacity to meet our local industry demand effectively.

Electricity supply countrywide has improved although unplanned outages and breakdowns in the ageing transmission lines and infrastructure could undo our endeavor to minimize our wastages and improve efficiencies wherever possible.

Company HR relations & morale remain positive as we embark on a high growth and profitable journey dovetailed to a buoyant and well organized Beverage industry readily poised to quench the thirst of a demographically young and consumption oriented population.

For & On Behalf of the Board of Directors

Asad Ali Sheikh
Director

Hussain Jamil
Chief Executive Officer

Karachi
September 26, 2018

پانی کی بنیادی پیکنگ بننے کی وجہ سے PET بوتلوں کے حُجم کے ہندسوں میں زبردست اضافہ ہوا۔ PET بوتلوں میں پھلوں کے جوس اور نیکٹر / کنسینٹریٹ پر مشتمل مشروبات نے ٹیٹرابرِک / کارٹنز کی جانب سے زبردست چیلنج کا سامنا کیا کیونکہ یہ ایک مقبول اور رائج پیکنگ ہے۔ تاہم PET بوتلوں نے ایم این سی کے مارکیٹ کردہ اعلیٰ معیار کے جوس کی بڑی کھپت والی مارکیٹ میں تیزی سے نفوذ کیا۔ اس سے PET بوتلوں کی ممکنہ مارکیٹ کے نئے شعبے میں مثبت وسعت کا امکان ہے کیونکہ اس کے پرکشش، بہتر مقام اور تجارت کے امکانات ہیں۔

پوری صنعت کو افراد زر اور میکرو اکنامک چیلنجز کی شدت سے چلنے والی ہوا کے اثرات نے صنعتی میدان کی جاری تیز رفتاری میں ممکنہ آہستگی کے خطرے کو جنم دیا ہے۔ کاروبار کرنے کی زیادہ لاگت اور ڈالر میں خرید و فروخت کیے جانے والے پیٹرو کیمیکل میٹریل، خام مال اور پیکنگ میٹریلز اور دیگر پیداواری اور فروخت کے پہلوؤں میں تیزی سے اضافے سے لاگت اور قیمت فروخت میں یقینی طور پر اضافہ ہو گا۔ مشروبات کی خریداری کے سلسلے میں صارف کی قوت خرید میں کسی قدر لچکدار طلب کے لیے کمی سے کھپت برے طریقے سے متاثر ہو سکتی ہے اور آمدن اور بچت میں دوبارہ اضافے تک اس کی ترقی آہستہ ہو سکتی ہے۔

ایسی صورتحال اور متعلقہ چیلنج کے پیش نظر آپ کی کمپنی کی انتظامیہ تیار ہے۔ انتظامیہ تمام جہتوں میں کارکردگی کو بہتر بنانے اور ضیاع کو ممکنہ حد تک روکنے کے لیے اقدامات کر رہی ہے تاکہ پیداوار اور فروخت کی سطح کو اوپری جانب ترقی دینے کو یقینی بنایا جاسکے کیونکہ یہ دونوں صارفین کو قدر اور تسلسل کے ساتھ خدمات کی فراہمی کے لیے بنیادی محرک ہیں۔ اس کوشش کے دوران آپ کی کمپنی اپنی پرانی اور فرسودہ مشینوں کو باقاعدگی کے ساتھ تبدیل کرے گی اور اپنی صلاحیتوں میں اضافے کے لیے موثر بہ لاگت اور موثر بہ توانائی نئی پیداواری مشینوں کو شامل کرے گی جس کی وجہ سے کمپنی اس قابل ہو سکے گی کہ وہ اپنے صارفین کے لیے ایک ترجیحی اور قابل قدر اور موثر فروخت کنندہ کے طور پر صف اول میں رہے۔

آپ کی کمپنی کی توجہ کا مرکز مصنوعات اور صارفین کی کثیر الجہتی رہی۔ آپ کی کمپنی کی انتظامیہ اپنے موجودہ اور نئے صارفین کے لیے پینے کے پانی، خوردنی تیل اور کنسینٹریٹ / سیرپ کی پیکنگ کے لیے بوتلوں کی نئی اقسام شامل کرنے کے کاروباری منصوبے کو حتمی صورت دینے کے قریب ہے۔ جبکہ ایسی بوتلوں / ڈبوں کے حجم میں چھوٹے سائز کے لیے مسلسل اضافہ ہو رہا ہے، جسکی وجہ سے فروخت اور نفع کے امکانات بڑھ گئے ہیں۔ اس وسعت سے ہماری سیزنل فروخت میں اضافہ ہو گا اور آف سیزن موسمِ سرما کے مہینوں کے دوران آپ کی کمپنی کے کیش فلو میں بہتری آئے گی۔

خطرات

مذکورہ بالا افراط زر کے دباؤ اور ملک کے بیرونی قرضے اور تجارتی عدم توازن جیسے امور مل کر ملک بھر میں تمام پیداواری کاروباروں کے لیے وسط مدت اہم ترین میکرو اکنامک چیلنجز کے طور پر سامنے آئے۔ آپ کی کمپنی نے سپلائی چین کے انتظامات کیے ہیں اور اپ سٹریم صنعت کو اس کے بنیادی خام مال کے لیے اعانت کی ہے۔ ملک میں PET Resin خاطر خواہ مقدار میں موجود ہے اور یہ موثر طور پر مقامی صنعت کی طلب کو پورا کر سکتی ہے۔

ملک بھر میں برقی سپلائی میں بہتری آئی چہ جائیکہ غیر طے شدہ بندش اور بوسیدہ ترسیلاتی لائنوں اور نظام میں خرابیوں کی وجہ سے ہماری ضیاع کو کم سے کم کرنے اور ممکنہ حد تک بہتری لانے کی کوشش متاثر ہو سکتی ہے۔

کمپنی کے ہیومن ریسورس تعلقات اور حوصلہ مثبت رہا کیونکہ ہم ترقی اور نفع کے ایک ایسے سفر پر گامزن ہیں جو ایک سخت اور انتہائی منظم مشروبات کی صنعت میں پنہاں ہے اور یہ صنعت جغرافیائی طور پر نوجوان اور کھپت والی آبادی کی پیاس بجھانے کے لیے پرعزم ہے۔

برائے اور منجانب بورڈ آف ڈائریکٹرز

حسین جمیل

چیف ایگزیکٹو آفیسر

اسد علی شیخ

ڈائریکٹر

26 ستمبر 2018

ڈائریکٹرز رپورٹ

ایکو پیک لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے نہایت مسرت کے ساتھ ڈائریکٹرز رپورٹ کے ساتھ 30 جون 2018 کو ختم ہونے والے مالی سال کیلئے کمپنی کے سالانہ آڈٹ شدہ مالیاتی تفصیلات اور آڈیٹر رپورٹ پیش کی جارہی ہے۔

جائزہ

ختم ہونے والے مالی سال کے دوران آپ کی کمپنی کی کارکردگی دو حصوں پر مشتمل تھی۔ سال کی پہلی ششماہی ملک میں جاری سیاسی افراتفری کے باوجود میکرو اکنامک استحکام کے آغاز کے دورانیے پر مشتمل رہی کیونکہ دسمبر 2017 تک پاکستانی روپے اور امریکی ڈالر کی شرح تبادلہ مستحکم رہے۔ اس کے بعد جون 2018 تک کی بقیہ مدت کے دوران ڈالر کی نسبت پاکستانی روپے کی قدر میں تقریباً 16 فیصد کمی دیکھنے میں آئی۔ بعد ازاں مالی سال کی دوسری ششماہی کے دوران تمام تر درآمدی اشیاء کی قیمتوں میں تیزی دیکھنے میں آئی جس کی وجہ پاکستانی روپے کی قدر میں کمی تھی، مثال کے طور پر پیٹرو کیمیل سے حاصل شدہ خام مال PET Resin پیٹرولیم آئل پراڈکٹس، مشینری کے سپیئر پارٹس، ٹرک کے کرایوں کی شرح، بجلی کی قیمت وغیرہ میں اضافہ ہوا۔ اسٹیٹ بینک کے جاری کردہ سرکاری افراط زر کی قیمت کے ساتھ ساتھ KIBOR اور مالیاتی اخراجات میں اضافے نے بڑھتی ہوئی معاشی غیر یقینی صورتحال میں زیادہ کردار ادا کیا۔

مثبت سمت میں آپ کی کمپنی نے اپنی Preform کی پیداواری صلاحیت میں سب سے بڑا اضافہ کیا جس کے بعد اس کی گنجائش میں تقریباً 90 فیصد سالانہ کے حساب سے اضافہ ہوا اور اس کے ساتھ ساتھ دنیا کے مشہور اور شاہکار Husky Preform Injection Systems حاصل کیے گئے۔ اس پورے عمل کو زر مبادلہ کے خطرات سے بچ کر انتہائی موثر بہ لاگت انداز میں سرانجام دیا گیا اور اس دوران پاکستانی روپے کی قدر میں شدید کمی کے منفی اثر سے بچاؤ کرتے ہوئے کمپنی کے لیے خاطر خواہ بچت کی گئی۔ پریفارم کے وسعتی منصوبے کو بروقت مکمل کیا گیا تا کہ مالی سال کی آخری سہ ماہی کے دوران موسمِ گرما کی انتہائی بلندی کو پہنچنے والی فروخت کے سطح کو چھوا جاسکے اور اس طرح نمایاں طور پر بلند ترین پیداواری ہدف حاصل کیا گیا۔

فعالیت کے لحاظ سے آپ کی کمپنی نے بوتلوں اور پریفارمز دونوں کی مسابقانہ قیمتوں پر جارحانہ فروخت کے ذریعے بڑھتی ہوئی لاگتوں اور افراط زر کے دباؤ کا سامنا کیا اور اس طرح بلند ترین پیداوار اور گنجائش کے استعمال کی بدولت مقررہ لاگت میں کمی لانے میں کامیابی حاصل کی۔ آپ کی انتظامیہ نے خوب سوچ و بچار کے بعد متوازن کاروباری فیصلوں کی بنیاد پر بروقت اور موثر انداز میں پیداواری گنجائش میں اضافہ کیا جس کی وجہ سے آپ کی کمپنی کو مشروبات کی تیزی سے وسعت پانے والی صنعت میں معیار کے معاملے میں حساس اور وسیع پیمانے پر ترجیح شدہ فروخت کنندہ کے طور پر اپنی ساکھ بنانے میں مدد ملی۔

فروخت اور مالیات کے اہم اعداد و شمار

امسال فروخت کا حجم 50 فیصد اضافے کے ساتھ 3.3 بلین روپے رہا جو کہ سابقہ سال 2.2 بلین روپے تھا اور اس کی بنیادی وجہ گذشتہ سہ ماہی کے دوران پریفارمز کی پیداواری گنجائش میں اضافے کی وجہ سے پریفارم کی فروخت سے حاصل آمدن میں 114 فیصد اضافہ تھا۔ کمپنی کے بنیادی خام مال یعنی PET Resin کی قیمت میں تقریباً 40 فیصد اضافے کی وجہ سے سابقہ سال کی نسبت ٹاپ لائن آمدن میں بھی اضافہ ہوا۔ اکائیوں کے حساب سے بوتلوں کی فروخت میں گیارہ فیصد اضافہ ہوا جبکہ پریفارمز کی فروخت میں گذشتہ سال کی نسبت 63 فیصد اضافہ ہوا۔ امسال مجموعی منافع میں 408 ملین روپوں کے ساتھ 14 فیصد اضافہ دیکھنے میں آیا جو کہ گذشتہ سال 357 ملین روپے تھا۔

گذشتہ سال ہونے والے 54.3 ملین روپے کے مالیاتی اخراجات کی نسبت امسال 66.8 ملین روپے کے اخراجات کے ساتھ 23 فیصد اضافہ ہوا، اس اضافے کی بنیادی وجہ پریفارمز کی پیداواری گنجائش میں اضافے کے لیے لیز فنانس کے مالیاتی اخراجات میں اضافہ تھا۔

گذشتہ سال ہونے والے 149.9 ملین روپے کے قبل از ٹیکس نفع کی نسبت امسال قبل از ٹیکس نفع 16.2 ملین روپوں کی کمی کے ساتھ 133.7 ملین روپے رہا جس کی وجہ فکسڈ اثاثوں اور اسٹاک میں Impairment رہی۔ امسال بعد از ٹیکس خالص نفع گذشتہ سال ہونے والے 105.8 ملین روپے کے نفع سے 21.1 ملین روپے زیادہ ہو کر 127 ملین روپے رہا جس سے 20 فیصد اضافہ دیکھنے میں آیا۔

فی حصص (Basic & Diluted) آمدنی 3.51 روپے سے بڑھ کر 4.21 روپے رہی جس سے سال بہ سال مسلسل ترقی کی عکاسی ہوتی ہے۔

مستقبل کے امکانات

جبکہ مشروبات اور بوتل بند پانی کی صنعت نے گذشتہ پانچ چھے سالوں کے دوران اپنی تیز ترقی کا سفر جاری رکھا ہوا ہے، اس صنعت نے PET بوتلوں اور پریفارمز میں دوہرے ہندسوں میں رکے بغیر زبردست ترقی کی ہے جس کی وجہ قابلِ واپسی شیشے کی بوتلوں سے ناقابل واپسی اور استعمال میں آسان PET بوتلوں کی جانب منتقلی بنی اور ہر قسم کے صارف کے انتخاب پر پورا اترنے کے لیے 300 ملی لیٹر سے 1 لیٹر تک کے چھوٹے سائزوں میں فراہمی کی وجہ سے اسے شہری اور دیہاتی دونوں علاقوں میں بڑے پیمانے پر جگہ بنانے میں مدد ملی۔ اس کی وجہ سے اکائیوں کے حساب سے سی ایس ڈی اور بوتل بند

SIX YEARS AT A GLANCE

ANNEXURE "A" TO THE DIRECTORS' REPORT

	------- Rupees in '000' -------					
	2018	2017	2016	2015	2014	2013
Assets employed:						
Property, plant and equipment	**1,362,572**	1,001,273	1,014,171	1,055,461	1,074,293	1,077,226
Intangibles and others	**63,251**	14,004	11,463	7,097	6,702	7,466
Current Assets	**999,833**	690,979	671,674	618,037	579,853	535,663
	2,425,656	1,706,256	1,697,308	1,680,595	1,660,848	1,620,355
Assets financed by:						
Shareholders' equity including revaluation surplus	**870,485**	771,249	637,422	522,504	404,674	316,905
Long term finances	**369,296**	154,196	247,379	323,094	125,032	184,732
Deffered Liabilities	**236,580**	261,565	203,675	176,627	232,324	178,352
Short term finances	**636,622**	344,120	419,410	375,014	469,994	474,777
Other current liabilities	**312,673**	175,126	189,422	283,356	428,824	465,589
	2,425,656	1,706,256	1,697,308	1,680,595	1,660,848	1,620,355
Profit & Loss:						
Sales	**3,312,401**	2,205,360	2,097,028	1,847,868	2,229,897	1,769,998
Cost of Sales	**2,904,311**	1,848,006	1,754,272	1,562,629	1,832,874	1,518,302
Gross Profit	**408,090**	357,354	342,756	285,239	397,023	251,696
Operating expenses	**152,375**	134,726	95,275	119,896	139,045	104,021
Operating profit	**255,715**	222,628	247,481	165,343	257,978	147,675
Net other income / expenses	**55,172**	18,404	40,591	6,477	20,417	10,756
Financial charges	**66,821**	54,302	70,034	103,987	113,873	116,769
Net profit / (loss) before taxation	**133,722**	149,922	136,856	54,879	123,688	41,662
Taxation	**6,681**	44,061	34,938	28,404	66,121	39,199
Net profit / (loss) after taxation	**127,041**	105,861	101,918	26,475	57,567	2,463
Other comprehensive income and Transactions with owners:						
Other comprehensive income	**917**	27,965	18,720	20,655	37,651	40,009
Bonus shares	**15%**	5%	25%	-	-	-
Dividend	**10%**	10%	-	-	-	-
Key Financial Ratios:						
Gross profit	**12.32%**	16.20%	16.34%	15.44%	17.80%	14.22%
Operating profit	**7.72%**	10.09%	11.80%	8.95%	11.57%	8.95%
Profit before tax to net sales	**4.04%**	6.80%	6.53%	2.97%	5.55%	2.35%
Return on capital employed	**14.36%**	16.36%	15.51%	6.51%	23.57%	8.37%
Inventory turnover (times)	**12.32**	7.57	7.90	8.36	11.16	9.72
Fixed assets turnover (times)	**2.32**	2.17	2.04	1.74	2.06	1.63
Debt equity ratio	**38:62**	25:75	34:66	35:65	20:80	28:72
Current ratio	**1.05**	1.33	1.10	0.94	0.64	0.57
Earnings per share	**4.21**	3.51	3.55	1.15	2.51	0.11

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

ANNEXURE "B" TO THE DIRECTORS' REPORT

STATEMENT OF DIRECTORS RESPONSIBILITIES

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.

OTHER DISCLOSURES

1. Key operating and financial data for the last six years in summarized form has attached with the directors' report as Annexure "A".
2. The Company has declared cash dividend @ 10% (2017 – 10%), however bonus shares @ 15% i.e.15 shares on every 100 shares held (2017 – 5%) for the year.
3. There are no outstanding statutory payments on account of taxes, levies and charges except of normal and routine nature.
4. The company maintains a funded provident fund scheme and a sum of Rs. 9.6 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.
5. There is no any adverse impact on environment due to the business activity carried by the company.
6. On account of "Corporate Social Responsibility" (CSR), donation during the year paid to various charitable organizations & hospitals, please refer note No. 29.1 of the financial statements for the year ended June 30, 2018.
7. During the year, 04 board of Directors, 04 Audit Committee & 04 HR & Remuneration 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. Amar Zafar Khan	04
Mr. Hussain Jamil	04
Mr. Shahid Jamil	01
Mr. Ali Jamil	04
Ms. Laila Jamil	04
Mr. Asad Ali Sheikh	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)	03

b) Audit Committee Meetings: -

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

c) **Human Resource & Remuneration Committee Meetings: -**

Name of Members	No. of Meetings Attended
Mr. Amar Zafar Khan	01
Mr. Hussain Jamil	04
Mr. Asad Ali Sheikh	04
Mr. Ali Jamil	04
Ms. Laila Jamil	04

8. **Trading of shares by Directors, Chief Financial Officer & Secretary of the Company during the year 2017-2018 is as under:**

Name	Designation	No. of Shares Acquired / Sold
Mr. Amar Zafar Khan	Director	Nil
Mr. Hussain Jamil	Chief Executive Officer	Nil
Mr. Shahid Jamil	Director	Nil / (40,000)
Mr. Ali Jamil	Director	Nil
Mr. Asad Ali Sheikh	Director	Nil
Ms. Laila Jamil	Director	Nil
Mr. Talat Mahmood Sadiq	Director	Nil
Mr. Amjad Awan	(Alternate Director of Mr. Talat Sadiq)	Nil
Mr. Shahan Ali Jamil	(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 2018-19.

For & on behalf of the Board of Directors

ASAD ALI SHEIKH
Director

HUSSAIN JAMIL
Chief Executive Officer

Karachi
Dated: September 26, 2018

PATTERN OF SHARE HOLDING

ANNEXURE "C" TO THE DIRECTOR'S REPORT

AS AT JUNE 30,2018

Serial No	No. Of Shareholding	Shareholders		Total Shares Held	Percentage %
		From	To		
1	419	1	100	14,581	0.05%
2	858	101	500	239,306	0.79%
3	319	501	1000	230,978	0.77%
4	716	1001	5000	1,476,018	4.89%
5	94	5001	10000	686,182	2.28%
6	38	10001	15000	456,667	1.51%
7	25	15001	20000	453,547	1.50%
8	19	20001	25000	428,317	1.42%
9	8	25001	30000	220,385	0.73%
10	5	30001	35000	165,043	0.55%
11	5	35001	40000	188,799	0.63%
12	3	40001	45000	129,540	0.43%
13	1	45001	50000	49,000	0.16%
14	3	50001	55000	157,581	0.52%
15	1	55001	60000	58,660	0.19%
16	1	60001	65000	62,850	0.21%
17	2	65001	70000	140,000	0.46%
18	1	70001	75000	70,257	0.23%
19	2	75001	80000	155,608	0.52%
20	1	80001	85000	84,298	0.28%
21	2	95001	100000	200,000	0.66%
22	1	100001	105000	105,000	0.35%
23	1	105001	110000	110,000	0.36%
24	1	115001	120000	119,328	0.40%
25	1	120001	125000	120,500	0.40%
26	1	130001	135000	134,813	0.45%
27	1	145001	150000	150,000	0.50%
28	1	230001	235000	230,827	0.77%
29	1	235001	240000	240,000	0.80%
30	1	245001	250000	250,000	0.83%
31	1	280001	285000	280,710	0.93%
32	1	360001	365000	362,521	1.20%
33	1	400001	405000	401,021	1.33%
34	1	535001	5400000	535,595	1.78%
35	1	905001	9100000	908,874	3.01%
36	1	1780001	1785000	1,784,033	5.92%
37	1	1855001	1860000	1,857,448	6.16%
38	1	2225001	2230000	2,227,374	7.39%
39	1	2460001	2465000	2,461,625	8.16%
40	1	2880001	2885000	2,880,625	9.55%
41	1	3890001	4500000	4,144,235	13.74%
42	1	4500001	5500000	5,185,125	17.19%
	2544		**Total Shares Held**	**30,157,271**	**100.00%**

Categories of Shareholders

S.No	Name	Number of Share Holders	Total Shares Held	Percentage
1	**Associated Companies, undertaking and related parties**	NIL	NIL	0.00%
2	**Banks, Development Financial Institutions & Non Banking Financial Institutions:-**			
	National Development Fin.Corp.Investor	1	9,121	0.030%
	National Bank of Pakistan	1	311	0.001%
	Sub-Total:	2	9,432	0.031%
3	**Directors, Chief Executive Officer, and their Spouse and Minor Children:-**			
	Mr. Hussain Jamil	1	5,185,125	17.194%
	Mr. Shahid Jamil	1	942,199	3.124%
	Mr. Ali Jamil	1	22,275	0.074%
	Mr. Talat Mahmood Sadiq	1	500	0.002%
	Mr. Amar Zafar Khan	1	647	0.002%
	Mr. Asad Ali Sheikh	1	647	0.002%
	Mr. Amjad Awan	1	647	0.002%
	Ms. Laila Jamil	1	647	0.002%
	Mrs. Deborah Jamil	1	6,736	0.022%
	Sub-Total:	**9**	**6,159,423**	**20.424%**
4	**Modarabas And Mutual Funds:-**			
	Prudential Stock Fund Ltd.	2	150,192	0.498%
	Modaraba Al-Mali	1	19,443	0.064%
	CDC - Trustee NAFA Islamic Stock Fund	1	1,811	0.006%
	Sub-Total:	**4**	**171,446**	**0.569%**
5	**NIT AND ICP**			
	M/S. Investment Corporation Of Pakistan	1	122	0.000%
	Sub-Total:	**1**	**122**	**0.000%**
6	**Foreign Investors:-**			
	M/S Somers Nominee (Far East) Limited	1	8,089	0.027%
	Sub-Total:	**1**	**8,089**	**0.027%**

Categories of Shareholders

S.No	Name	Number of Share Holders	Total Shares Held	Percentage
7	**Others**			
	Margalla Financial (Private) Limited	1	15,000	0.050%
	Dr. Arslan Razaque Securities (Smc-Pvt)	1	1,393	0.005%
	Akhai Securities (Private) Limited	1	648	0.002%
	Fikree'S (Pvt) Ltd.	1	22,050	0.073%
	Zillion Capital Securities (Pvt.) Ltd.	1	70,000	0.232%
	Prudential Securities Limited	2	785	0.003%
	M/S. Freedom Enterprises (Pvt) Ltd.	1	3,264	0.011%
	Maple Leaf Capital Limited	1	1	0.000%
	Muhammad Ahmed Nadeem Securities (Smc-Pvt)	1	653	0.002%
	Federal Board Of Revenue	1	362,521	1.202%
	S.A. Prosperity (Pvt.) Ltd.	1	49,000	0.162%
	Aba Ali Habib Securities (Pvt) Ltd	1	2,000	0.007%
	Mam Securities (Pvt) Limited	1	128	0.000%
	Ghani Gases Employees Provident Fund	1	10,000	0.033%
	Horizon Securities Limited - Mf	1	10,000	0.033%
	Amanah Investments Limited	1	1,003	0.003%
	Multiline Securities (Pvt) Limited - Mf	1	37,000	0.123%
	Arif Habib Limited - Mf	1	10,000	0.033%
	Sakarwala Capital Securities (Private) Limited - Mf	1	6,500	0.022%
	Mra Securities Limited - Mf	1	9,000	0.030%
	Dawood Equities Limited- Mf	1	5,000	0.017%
	Market 786 (Private) Limited - Mf	1	240,000	0.796%
	Y.S. Securities (Private) Limited	1	907	0.003%
	Sub-Total:	**24**	**856,853**	**2.841%**
8	**Individual**			
	Local - Individuals	2,503	22,951,906	76.107%
	Sub-Total:	**2,503**	**22,951,906**	**76.107%**
	Grand Total:	**2,544**	**30,157,271**	**100%**
	Share holding 5% or more voting interest			
	Hussain Jamil	1	5,185,125	17.194%
	Ahsan Jamil	1	4,144,235	13.742%
	Munaf Ibrahim	1	2,880,625	9.552%
	Abdul Sameer	1	2,461,625	8.163%
	Talat Iqbal	1	2,227,374	7.386%
	Shahzad	1	1,857,448	6.159%
	Hanif Khanani	1	1,784,033	5.916%
	Total	**7**	**20,540,465**	**68.111%**

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF ECOPACK LIMITED

Review report on the statement of compliance contained in listed Companies (code of corporate governance) regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Ecopack Limited (the Company) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Karachi
Dated: September 26, 2018

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

AUDITORS' REPORT TO THE MEMBERS

INDEPENDENT AUDITORS' REPORT

To the members of EcoPack Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of EcoPack Limited (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit or loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter(s)

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

Following are the key audit matter(s):

<table>
<tr><th>S. No</th><th>Key audit matter(s)</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>01.</td><td>Preparation of financial statements under Companies Act, 2017

As disclosed in note 2.1 and 44 to the accompanying financial statements, the Companies Act, 2017 (the Act) and fourth schedule to the Companies Act, 2017 became applicable for the first time for the preparation of the Company's annual financial statements for the year ended 30 June 2018. Previously these financial statements used to be prepared as per the requirement of fourth schedule to the Companies Ordinance, 1984.
The Act forms an integral part of the statutory financial reporting framework as applicable to the Company and amongst others, prescribes the nature and content of the disclosures in relation to various elements of the financial statements.
In the case of the Company, specific additional disclosures and changes to the existing disclosures have been included in the financial statements as referred to in note 5 to the accompanying financial statements.
The aforementioned changes and enhancements in the financial statements are considered important and a key audit matter because of the significance of the changes incorporated in the financial statements resulting from the transition to the new reporting requirements under the Act.</td><td>We reviewed the requirements of the Fourth schedule to the Act and carried out the following audit procedures to ensure that the financial statements were prepare in accordance with new requirements:

• As part of transition to new requirements, the management performed a gap analysis to identify additional requirements of disclosure for the current financial reporting framework. We reviewed the management's process to identify the necessary amendments required in the Company's financial statements;

• We evaluated the results of management's analysis and key decisions taken in respect of the transition; and

• We assessed the adequacy and appropriateness of the additional disclosures made in the annexed financial statements based on the new requirements.</td></tr>
<tr><td>02.</td><td>Implementation of (SAP) software

As disclosed in note 44, the Company replaced its current Enterprise Resource Planning Software (Sidat Hyder Financials) with new Enterprise Resource Planning Software named Systems Applications and Products (SAP) with effect from 01, Jan, 2018. The inherent risk and control risk in shifting data from old system to new system required assessment of the risk and controls of the new automated software as to whether these are appropriately designed and are also operating effectively.</td><td>We carried out the following audit procedure on the system to obtain reasonable assurance over the adequacy of the controls, and to address this significant risk.

• Initially we obtained an understanding of new management information system. We performed test on general IT controls around system access and controls over computer operations within specific application.

• We reviewed the methodology followed for transfer of data from old system to new system and also reviewed the resultant information produced by the new system as to its accuracy

• We performed test to check that on opening balances in new system matched / agreed with closing balances of old system.</td></tr>
</table>

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

Management is responsible for the other information. The other information comprises the information in the annual report including, in particular, the Chairman's Review, Director's Report, Financial and Business Highlights, Graphical Representation and Horizontal and Vertical Analysis of Financial Statements, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Karachi
Dated: September 26, 2018

Statement of Financial Position

As at June 30, 2018

	Notes	2018	2017
ASSETS		------- Rupees in '000' -------	
Non-Current Assets			
Property, plant and equipment	6	1,362,572	1,001,273
Security deposits	7	55,849	7,512
Intangibles	8	7,402	6,492
		1,425,823	1,015,277
Current Assets			
Stores, spares and loose tools	9	58,673	56,235
Stock in trade	10	224,659	246,650
Trade debts	11	454,623	149,400
Short term investments		-	36,000
Loans and advances	12	61,510	53,748
Deposits, prepayments and other receivables		9,387	16,877
Taxation - net		111,248	109,127
Cash and bank balances	13	79,733	22,942
		999,833	690,979
Total assets		2,425,656	1,706,256
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
50,000,000 (2017: 50,000,000) ordinary			
shares of Rs.10/- each		500,000	500,000
Issued, subscribed and paid-up capital	14	301,573	287,212
Surplus on revaluation of property and plant	15	161,552	175,887
Accumulated profit		407,360	308,150
		870,485	771,249
Non-Current Liabilities			
Long term loans	16	60,746	145,223
Liabilities against assets subject to finance lease	17	308,550	8,973
Deferred liabilities	18	236,580	261,565
		605,876	415,761
Current Liabilities			
Trade and other payables	19	297,597	165,715
Unclaimed dividend		1,302	461
Accrued mark - up	20	13,774	8,950
Short term borrowings	21	479,481	241,898
Current portion of non-current liabilities	22	157,141	102,222
		949,295	519,246
Contingencies and commitments	23		
		2,425,656	1,706,256

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

CHIEF FINANCIAL OFFICER　　CHIEF EXECUTIVE OFFICER　　DIRECTOR

Statement of Profit or loss
For the year ended June 30, 2018

	Notes	2018	2017
		----- Rupees in '000' ------	
Sales - net	24	3,312,401	2,205,360
Cost of sales	25	(2,904,311)	(1,848,006)
Gross profit		408,090	357,354
Distribution cost	26	(68,661)	(64,113)
Administrative expenses	27	(83,714)	(70,613)
		(152,375)	(134,726)
Profit from operations		255,715	222,628
Other income - net	28	39,800	37,691
Other expenses	29	(94,972)	(56,095)
		(55,172)	(18,404)
Finance cost	30	(66,821)	(54,302)
Profit before taxation		133,722	149,922
Taxation	31	(6,681)	(44,061)
Profit after taxation		127,041	105,861
		---------- Rupees ----------	
Earnings per share - basic and diluted	32	4.21	3.51

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

Statement of Comprehensive Income

For the year ended June 30, 2018

	Note	2018	Re-stated 2017
		-----Rupees in '000' -----	
Profit after taxation		127,041	105,861
Other comprehensive income			
Items related to revaluation surplus			
- Gain on revaluation of property and plant during the year - net of tax		-	27,688
- Effect of revalued assets disposed off - net of tax		(1,373)	(92)
- Effect of change of tax rate related to deferred tax on revaluation surplus		2,154	3,970
		781	31,566
Items related to defined benefit obligation			
- Remeasurements of defined benefit plan	18.1.4	192	(5,143)
- Deferred tax on remeasurements of defined benefit plan		(56)	1,542
		136	(3,601)
Total comprehensive income for the year		127,958	133,826

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

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER | DIRECTOR

Statement of Changes In Equity

For the year ended June 30, 2018

	Issued, subscribed and paid-up capital	Revaluation reserve	Retained earnings	Total Equity
	----------------------- (Rupees in '000')			--------------------
Balance as at July 01, 2016	**229,770**	**-**	**249,747**	**479,517**
Impact of change in accounting policy (Note 5)	-	157,905	-	157,905
Restated balance as at July 01, 2016	**229,770**	**157,905**	**249,747**	**637,422**
Total comprehensive income for the year				
- Profit after taxation	-	-	105,861	105,861
- Other comprehensive income for the year	-	31,566	(3,601)	27,965
	-	31,566	102,260	133,826
Transfer of incremental depreciation to retained earnings	-	(13,584)	13,584	-
Transaction with owners				
- Issuance of bonus shares	57,442	-	(57,442)	-
Restated balance as at June 30, 2017	**287,212**	**175,887**	**308,149**	**771,248**
Total comprehensive income for the year				
- Profit after taxation	-	-	127,041	127,041
- Other comprehensive income for the year	-	781	136	897
	-	781	127,177	127,938
Transfer of incremental depreciation to retained earnings	-	(15,116)	15,116	-
Transaction with owners				
- Issuance of bonus shares	14,361	-	(14,361)	-
- Final dividend @ 10% for the year ended 30 June 2017	-	-	(28,721)	(28,721)
Balance as at June 30, 2018	**301,573**	**161,552**	**407,360**	**870,485**

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

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

Statement of Cash Flows

For the year ended June 30, 2018

	Notes	2018	2017
		------ Rupees in '000' -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		133,722	149,922
Adjustment for non-cash charges and other items:			
Depreciation and amortization		119,816	107,283
(Gain) on disposal of property, plant and equipment		(554)	(5,004)
Provision for Workers' Profits Participation Fund		7,285	8,139
Provision for Workers' Welfare Fund		4,700	4,709
Fixed assets written off		-	8,187
Other assets written off		5,188	-
Provision for doubtful debts / doubtful debts written off		(10,580)	7,338
Provision for impaired operating assets / capital work in progress		25,973	430
Provision for stock in trade		32,022	-
Provision for gratuity		16,558	12,584
Finance cost		66,821	54,302
		400,951	347,890
Working capital changes			
(Increase) / decrease in stores, spares and loose tools		(2,438)	6,240
(Increase) in stock in trade		(10,031)	(5,226)
(Increase) / decrease in trade debts		(294,643)	1,570
(Increase) in loans and advances		(7,762)	(3,861)
Decrease in deposits, prepayments and other receivables		7,490	16,652
Increase / (decrease) in trade and other payables		127,557	(12,230)
		(179,827)	3,145
Cash generated from operations		221,124	351,035
Finance cost paid		(61,218)	(51,039)
Gratuity paid		(2,360)	(1,229)
Workers' Profit Participation Fund paid		(8,139)	(7,436)
Workers' Welfare Fund paid		(4,709)	(4,418)
Taxes paid		(44,966)	(51,449)
Increase in security deposits		(48,337)	(1,448)
Net cash generated from operating activities		51,395	234,016
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(507,184)	(71,057)
Proceeds from disposal of property, plant and equipment		753	5,816
Additions in intangible assets		(3,115)	(1,218)
Net cash (used in) investing activities		(509,546)	(66,459)
CASH FLOWS FROM FINANCING ACTIVITIES			
Leases acquired during the year		366,397	9,727
Payments against lease obligations		(3,466)	(1,468)
Dividend paid		(27,880)	-
Repayment of long term loans		(101,182)	(74,933)
Long term loans obtained		7,491	-
Net cash (used in) financing activities		241,359	(66,674)
Net increase / (decrease) in cash and cash equivalents		(216,792)	100,883
Cash and cash equivalents at the beginning of the year		(182,956)	(283,839)
Cash and cash equivalents at the end of the year	33	(399,748)	(182,956)

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

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER | DIRECTOR

Notes To The Financial Statements

For the year ended June 30, 2018

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. 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.

Geographical location and address of business unit / plant:

Hattar	**Purpose**
Plot - 112,113, Phase V, Hattar Industrial Estate, Hattar, KPK	Registered office and factory
Rawalpindi	**Purpose**
19, Citivillas Near High Court Road	Head Office
Karachi	**Purpose**
Suite # 306, 3rd Floor, Clifton Diamond, Block - 4, Clifton	Administration Office

2. **BASIS OF PREPARATION**

2.1 **Statement of compliance**

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), and
- provisions of and directives issued under the Companies Act, 2017.
- Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 **Basis of measurement**

These financial statements have been prepared under the historical cost convention except property, plant and machinery 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.

Notes To The Financial Statements
For the year ended June 30, 2018

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 recognized 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	4.1
ii)	Useful life and amortization of Intangible assets	4.2
iii)	Provision for slow moving and obsolete store, spares and loose tools	4.3
iv)	Provision for slow moving and obsolete stock in trade	4.4
v)	Provision for doubtful debts	4.5
vi)	Classification, recognition, measurement and derecognition of financial instruments	4.6
vii)	Provision for staff retirement benefits	4.7
viii)	Provision for taxation	4.8

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

3.1 New and amended standards and interpretations to published approved accounting standards that are effective in the current year

The following amendments to existing standards and interpretations have been published and are mandatory for accounting periods beginning on or after July 1, 2017 and are considered to be relevant to the Company's financial statements:

IAS 7, 'Statement of cash flows' amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's disclosure initiative, which continues to explore how financial statement disclosure can be improved.

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in respect of recognition criteria of revaluation surplus of property, plant and equipment as more fully explained in note 6, change in nomenclature of primary statements, etc.

Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

3.2 New and amended standards and interpretations to published approved accounting standards that are not yet effective in the current year

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after the dates specified below:

Notes To The Financial Statements
For the year ended June 30, 2018

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 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 the 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 the Company's financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [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. The amendments are not likely to have an impact on the Company's financial statements.

- 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. The application of interpretation is not likely to have an impact on the Company's financial statements.

- 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 application of interpretation is not likely to have an impact on the Company's financial statements.

- IFRS 15 'Revenue from Contracts with Customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in its revenue recognition policies on adoption of the standard.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.

Notes To The Financial Statements
For the year ended June 30, 2018

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

- IFRS 3 ''Business Combinations" and IFRS 11 "Joint Arrangement" - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

- IAS 12 "Income Taxes" - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

- IAS 23 "Borrowing Costs" - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective for annual periods beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

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 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.

Notes To The Financial Statements

For the year ended June 30, 2018

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.

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 statement of profit or loss 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 statement of profit or loss 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 until asset is disposed off.

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, 2018 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 6.1 to the financial statements as disclosed in the fixed asset schedule to the financial statements.

4.2 **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.

4.3 **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 date of statement of financial position.

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.

Notes To The Financial Statements

For the year ended June 30, 2018

4.4 **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. Raw material and packing material in transit are valued at invoice value plus other charges paid thereon.

Work-in-process is valued at average cost of raw materials including a proportionate of manufacturing overheads.

Finished goods are valued at average cost of raw materials and packing materials including a proportionate of manufacturing overheads.

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 there future usability.

4.5 **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.

4.6 **Financial Instruments**

4.6.1 **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 statement of financial position.

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.

Notes To The Financial Statements

For the year ended June 30, 2018

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 off it within 12 months of the end of the reporting date.

4.6.2 Recognition, measurement and derecognition

"All financial assets are recognized 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 recognized on the trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized 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 recognized at fair value and transaction costs are expensed to the profit or loss in the statement of comprehensive income. Financial assets are derecognized 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 amortized 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 recognized 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 recognized in the profit or loss in the statement of comprehensive income as 'gains and losses from investment'.

Gains or losses from changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income. When investment classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized 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 recognized 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 recognized in the statement of profit or loss as part of other income.

4.6.3 Impairment of financial assets

The Company assesses at each date of statement of financial position 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 recognized in equity is removed from equity and recognized in the profit or loss in the statement of comprehensive income. Impairment losses recognized 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 recognized in the statement of profit or loss.

4.6.4 Financial liabilities

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

A financial liability is derecognized 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 recognized in the profit or loss in the statement of comprehensive income.

Notes To The Financial Statements

For the year ended June 30, 2018

4.6.5 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 recognized amount and the company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4.7 **Staff Retirement Benefits**

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

4.7.1 **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.

4.7.2 **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 statement of profit or loss 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 statement of profit or loss.

4.8 **Taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized outside profit or loss. In this case the tax is also recognized outside profit or loss.

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 date of statement of financial position, 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.

Notes To The Financial Statements
For the year ended June 30, 2018

Deferred

Deferred tax is recognized using the balance sheet method, providing for temporary differences, at the date of statement of financial position, 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 date of statement of financial position 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 date of statement of financial position.

4.9 **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 statement of profit or loss 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.

4.10 **Borrowing costs**

Borrowings costs are recognized 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.

4.11 **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. Theses 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.

4.12 Revenue recognition

Revenue is recognized 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 recognized on the following basis:

Notes To The Financial Statements

For the year ended June 30, 2018

- 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.

4.13 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.

4.14 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 date of statement of financial position is considered as a non adjusting event and is recognized in the financial statements in the period in which such transfers are made.

4.15 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 date of statement of financial position and adjusted to reflect the current best estimate.

4.16 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.

5. CHANGE IN ACCOUNTING POLICY

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Accordingly, in accordance with the requirements of International Accounting Standard (IAS) 16, Property, Plant and Equipment, surplus on revaluation of fixed assets would now be presented under equity.

Further, International Accounting Standard (IAS) 16 'Property, Plant and Equipment' requires that, if an amount equal to incremental depreciation on a revalued asset is transferred from revaluation surplus, such transfer is credited directly to retained earnings. However, contrary to this, the Company had been recognizing such transfers to equity through other comprehensive income instead of the same being credited directly to retained earnings. Therefore, in order to adopt the required presentation, the corresponding figures in the statement of comprehensive income have been re-presented that otherwise has no financial impact.

The correction of the above presentational impact has been accounted for retrospectively in accordance with the requirements of International Accounting Standard (IAS) 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and corresponding figures have been restated. However, as these restatements have no effect on the balance sheet as at the beginning of the earliest period presented (i.e. as of July 01, 2016), the same has not been presented.

Notes To The Financial Statements
For the year ended June 30, 2018

As noted above, the retrospective impact of the above presentational declassification has no effect on the statement of financial position as at 1 July 2016 and as at 30 June 2017. However, the change in the amount of statement of profit or loss and the statement of comprehensive income as of June 30, 2017 after the declassification is presented as below:

	2017	2016
	-------Rupees in '000' -------	
Effect on statement of financial position		
- Share capital and reserves		
As previously reported	595,362	479,517
Effect of change in accounting policy	175,887	157,905
As restated	771,249	637,422
- Surplus on revaluation of property and plant		
As previously reported	175,887	157,905
Effect of change in accounting policy	(175,887)	(157,905)
As restated	-	-
Effect on statement of comprehensive income		
As previously reported	9,984	
Effect of incremental depreciation (now transferred within equity)	(13,584)	
Effect of revaluation of property and plant during the year	27,688	
Effect of disposal of revalued assets	(92)	
Effect of change of rate on deferred tax related to revaluation surplus	3,970	
	17,982	
As restated	27,966	

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

		2018	2017
		------- Rupees in '000' ------	
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	1,346,684	989,248
Capital machines' spares (CWIP)	6.7	15,888	12,025
		1,362,572	1,001,273

Notes To The Financial Statements
For the year ended June 30, 2018

6.1 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Factory building and roads (Frehold)	Plant and machinery		Factory equipment	Furniture and fittings	Office equipment	Vehicles		Total
			Owned	*Leased* (note - 6.2)				*Owned*	*Leased*	
	Rupees in '000'									
As at July 01, 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										
- Cost	-	-	(40,119)	-	(450)	-	(1,349)	(4,854)	-	(46,772)
- Accumulated depreciation	-	-	32,096	-	343	-	1,162	4,172	-	37,773
	-	-	(8,023)	-	(107)	-	(187)	(682)	-	(8,999)
Depreciation for the year - note 6.3	-	(3,498)	(58,607)	-	(40,201)	(187)	(2,009)	(988)	(1,669)	(107,159)
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
For the year June 30, 2018										
Additions during the year	-	7,553	44,931	411,689	33,304	-	3,040	236	3,488	504,241
Disposals / write offs / impairment										
- Cost	-	-	(107,873)	-	(366)	(1,084)	(1,424)	(1,090)	-	(111,837)
- Accumulated depreciation	-	-	79,910	-	366	1,084	1,341	974	-	83,675
	-	-	(27,963)	-	-	-	(83)	(116)	-	(28,162)
Depreciation for the year - note 6.3	-	(3,661)	(57,582)	(6,567)	(45,493)	(168)	(1,968)	(750)	(2,454)	(118,643)
Net book values	23,750	74,399	747,713	405,122	68,257	1,513	10,673	3,149	12,109	1,346,684
As at June 30, 2018										
Cost and revaluation	23,750	116,033	1,467,155	411,689	319,798	4,790	24,948	10,249	18,105	2,396,517
Accumulated depreciation	-	(41,634)	(719,442)	(6,567)	(251,541)	(3,277)	(14,275)	(7,100)	(5,996)	(1,049,833)
Net book values	23,750	74,399	747,713	405,122	68,257	1,513	10,673	3,149	12,109	1,346,684
Rate of depreciation	-	5%-10%	5%-20%	8%	10%-40%	10%	10%-33%	20%	20%	

Notes To The Financial Statements
For the year ended June 30, 2018

		2018	2017
		---- ----Rupees in '000' ------	
6.2	Detail of addition in plant & machinery leased:		
	Initial recognition - against lease liability	363,018	-
	Subsequent addition - installation & commissioning cost	48,671	-
		411,689	-
6.3	Depreciation charge has been allocated as follows:		
	Cost of sales	111,854	101,800
	Administrative expenses	6,789	5,358
		118,643	107,158

6.4 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 machinery are being depreciated over the remaining useful lives of these assets.

The forced sale value of the revalued plant and machinery, factory building and roads, and freehold land, at the date of revaluation was 638 million, 54.49 million and 19 million respectively.

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

	2018	2017
	---- ----Rupees in '000' ------	
Freehold land	2,995	2,995
Factory building and roads	35,875	29,940
Plant and machinery	987,285	605,817
	1,026,155	638,752

6.6 All operating fixed assets disposed off during the year had net book value less than Rs. 500,000 and all the disposals were made in accordance with the Company's policy.

6.7 **Capital machines' spares**

	2018	2017
	---- ----Rupees in '000' ------	
Gross Carrying Value	16,318	12,455
Provision for impairment	(430)	(430)
	15,888	12,025

Notes To The Financial Statements

For the year ended June 30, 2018

6.8 **Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:**

Location	Usage of property	Total area (sq ft)	Covered area (sq ft)
Plot -112,113, Phase V, Hattar Industrial Estate, Hattar, KPK.	Manufacturing facility	102,507	52,262

		Notes	2018	2017
			------Rupees in '000' -----	
7.	**SECURITY DEPOSITS**			
	Deposits	7.1	55,849	7,512

7.1 This includes deposit amount paid for lease arrangement as disclosed in note 17.2.

		Notes	2018	2017
8.	**INTANGIBLES - ERP Software**			
	Cost			
	Opening balance		6,959	5,741
	Additions		3,115	1,218
	Reclassification to fixed assets	43	(1,032)	-
			9,042	6,959
	Accumulated Amortization			
	Opening balance		(467)	(342)
	For the year		(1,173)	(125)
			(1,640)	(467)
	Closing balance		7,402	6,492
	Rates of Amortization		10%	10%
9.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores and spares		83,232	77,035
	Loose tools		2,174	2,070
			85,406	79,105
	Provision against slow moving stores and spares		(10,415)	(10,415)
	Capital spares transferred to property, plant and equipment		(16,318)	(12,455)
			58,673	56,235
10.	**STOCK IN TRADE**			
	Raw material		62,229	105,515
	Packing material		14,418	10,572
	Work in process		132,514	63,558
	Finished goods		51,048	70,533
			260,209	250,178
	Provision for obsolete stocks	10.1	(35,550)	(3,528)
			224,659	246,650
10.1	Provision for obsolete stocks			
	Balance at 1 July		3,528	3,528
	Provision for the year		33,624	-
	Write off during the year		(1,602)	-
	Balance of 30 June		35,550	3,528

Notes To The Financial Statements

For the year ended June 30, 2018

		Notes	2018	2017
			-------Rupees in '000' -------	
11.	**TRADE DEBTS**			
	Unsecured			
	- Considered good		454,623	149,400
	- Considered doubtful		14,841	25,421
			469,464	174,821
	Provision against doubtful debts	11.1	(14,841)	(25,421)
			454,623	149,400
11.1	**Provision against doubtful debts**			
	Balance at 1 July		25,421	18,083
	Provision for the year		4,212	7,338
	Write off during the year		(14,792)	-
	Balance at 30 June		14,841	25,421
12.	**LOANS AND ADVANCES**			
	Considered good			
	Advance to suppliers		56,066	46,395
	Write off during the year		(5,189)	-
			58,877	46,395
	Advances for expenses		8,101	5,352
	Loans to employees		2,532	2,001
			61,510	53,748
13.	**CASH AND BANK BALANCES**			
	Cash at bank			
	- in saving accounts	13.1	430	10,440
	- in current accounts		79,203	11,473
			79,633	21,913
	Cash in hand		100	1,029
			79,733	22,942

13.1 This carries mark-up rate of 5.5% (2017: 3% to 4.5%) during the year.

14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2018	2017		2018	2017
------- Number -----			-----Rupees in '000' ------	
10,262,664	10,262,664	Ordinary shares of Rs. 10/- each issued against cash	102,627	102,627
19,894,607	18,458,547	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	198,946	184,585
30,157,271	28,721,211		301,573	287,212

Notes To The Financial Statements

For the year ended June 30, 2018

				Notes	2018	2017
14.1	**Movement in Issued, subscribed and paid-up capital**				-------Rupees in '000' -----	
	2018	2017				
	------ Number ------					
	28,721,211	22,977,011	Balance at 1 July		**287,212**	229,770
	1,436,060	5,744,200	Bonus shares issued during year		**14,361**	57,442
	30,157,271	28,721,211	Balance at 30 June		**301,573**	287,212

		Notes	2018	2017
15.	**SURPLUS ON REVALUATION OF PROPERTY, PLANT AND MACHINERY**			
	On freehold land	15.1	**23,750**	23,750
	On building / plant and machinery	15.2	**137,802**	152,137
			161,552	175,887
15.1	**On freehold land**			
	Gross surplus			
	Balance as at 01 July		**23,750**	7,600
	Revaluation increase recognized during the year		**-**	16,150
			23,750	23,750
15.2	**On building, plant and machinery**			
	Gross surplus			
	Balance as at 01 July		**217,339**	220,393
	Less : Reversal due to disposal/ impairment of assets		**(1,990)**	(131)
	Revaluation increase recognized during the year		**-**	16,483
	Incremental depreciation transferred to retained earnings		**(21,290)**	(19,406)
			194,059	217,339
	Related deferred tax charge			
	Balance as at 01 July		**(65,202)**	(70,088)
	Deferred tax on revaluation surplus during the year		**-**	(4,945)
	Effect of change in tax rate		**2,174**	3,970
	Deferred tax on fixed assets written off during the year		**577**	39
	Deferred tax on incremental depreciation charged during the year		**6,174**	5,822
			(56,277)	(65,202)
			137,802	152,137
16.	**LONG TERM LOANS**			
	Loans from banking companies - Secured			
	Askari Bank Limited (TF II)	16.1	**143,000**	199,000
	Allied Bank Limited (TF)		**-**	30,600
	JS Bank Limited (TF)	16.2	**8,465**	15,556
			151,465	245,156
	Less: current portion of long term loans		**(90,719)**	(99,933)
			60,746	145,223

16.1 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.

Notes To The Financial Statements

For the year ended June 30, 2018

16.2 This represents three years term loan obtained to retire one-off LC for the capital expenditure. It carries mark-up at 3 months KIBOR plus 2% p.a. payable in equal monthly installments of principal and quarterly installments of mark-up. It is secured by first pari passu charge over all present and future fixed assets of the Company amounting to Rs. 167 million.

	Note	2018	2017
		------Rupees	in '000'-------
17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Balance at 1 July		11,262	3,003
Leases obtained during the year	17.2	366,397	9,727
Payments made during the year		(2,687)	(1,468)
		374,972	11,262
Less: Current portion shown under current liabilities		(66,422)	(2,289)
		308,550	8,973

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

	2018		2017	
	Minimum lease payments	Present Value	Minimum lease payments	Present Value
	--------------------- Rupees	in '000'	-----------------------	
Upto one year	90,199	66,422	2,974	2,289
More than one year but less then five years	346,232	308,550	9,958	8,973
Total minimum lease payments	436,431	374,972	12,932	11,262
Less: Amount representing finance charges	(61,459)	-	(1,670)	-
Present value of minimum lease payments	374,972	374,972	11,262	11,262
Less: Current portion	(66,422)	(66,422)	(2,289)	(2,289)
	308,550	308,550	8,973	8,973

17.2 This represents machines acquired under finance lease agreements with Habib Bank Limited & Bank Of Khyber. Interest rate used as discounting factor ranges from 8.11% to 8.18% (2017: 8.54% to 9.12%) 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.

	Note	2018	2017
18. DEFERRED LIABILITIES		------Rupees	in '000'-------
Staff gratuity	18.1	106,325	92,319
Deferred taxation	18.2	130,255	169,246
		236,580	261,565

18.1 **Staff gratuity**

18.1.1 The figures are based on actuarial valuation report for company's Employees' Gratuity Scheme carried out by Nauman Associates as on June 30, 2018.

Notes To The Financial Statements

For the year ended June 30, 2018

		2018	2017
		-------Rupees in '000' -------	
18.1.2	**Movement in liability recognized in statement of financial position:**		
	Present value of defined benefit obligation as at 01 July	**92,319**	75,821
	Expense for the year	**16,558**	12,584
	Benefits paid during the year	**(2,360)**	(1,229)
	Premeasurements chargeable in Other Comprehensive Income	**(192)**	5,143
	Present value of defined benefit obligation as at 30 June	**106,325**	92,319
18.1.3	**Expense recognized in statement of profit or loss is as follows:**		
	Current service cost	**8,692**	7,131
	Interest cost	**7,291**	5,453
	Past service cost	**575**	
		16,558	12,584
18.1.4	**Premeasurements chargeable in Other Comprehensive Income** are as follows:		
	Actuarial losses / (gains) from changes in financial assumptions	**(1,167)**	104
	Experience adjustments	**975**	5,039
		(192)	5,143

18.1.5 **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 2018	106,325	192
June 2017	92,319	(5,143)
June 2016	75,822	(1,067)
June 2015	66,981	157
June 2014	55,223	(3,994)

18.1.6 **Year End Sensitivity Analysis (± 100 bps) on Defined Benefit Obligation**

	2018	2017
	----Rupees in '000' -----	
Discount Rate + 100 bps	**100,594**	87,149
Discount Rate - 100 bps	**112,918**	98,288
Salary Increase + 100 bps	**113,028**	98,372
Salary Increase -100 bps	**100,387**	86,973

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

Notes To The Financial Statements

For the year ended June 30, 2018

18.1.7 Following significant assumptions were used by the actuary in valuation of the scheme:

	2018	2017
Discount rate per annum (%)	9.00%	8.00%
Expected rate of increase in salary level per annum (%)	9.00%	8.00%
Average expected remaining working life time of employees (years)	6	6

	Note	2018	2017
		------- Rupees in '000' -------	
18.2 Deferred taxation			
Taxable temporary differences:			
Surplus on revaluation		56,277	65,202
Accelerated depreciation		130,775	149,157
		187,052	214,359
Deductible temporary differences:			
Staff gratuity		(30,834)	(27,696)
Others		(25,963)	(17,417)
		(56,797)	(45,113)
		130,255	169,246
19. TRADE AND OTHER PAYABLES			
Trade creditors and bills payable		236,739	120,982
Accrued and other liabilities		31,367	16,698
Advances from customers		8,180	7,703
Sales tax payable		10,071	10,121
Withholding taxes payable		3,167	1,603
Workers' Profit Participation Fund		7,285	8,139
Payable to provident fund		788	469
		297,597	165,715
20. ACCRUED MARK-UP			
Long term loans		1,255	3,582
Short term borrowings		5,460	5,133
Lease liability		7,059	235
		13,774	8,950
21. SHORT TERM BORROWINGS			
Secured			
From banking companies			
Short-term running finance		17,354	17,236
Inland Bill Purchased		24,239	38,325
Finance against trust receipt		347,888	146,337
		389,481	201,898
Others			
Short-term pledge finance		90,000	40,000
		479,481	241,898

Short-term running finance and other facilities are obtained under mark-up arrangements from various commercial banks carrying mark-up ranging from 7.64% to 8.61% (2017: 7.54% to 9.12%) 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, 2018

		Note	2018	2017
22.	**CURRENT PORTION OF NON-CURRENT LIABILITIES**		-------Rupees in '000' -------	
	Long term loans		90,719	99,933
	Liabilities against assets subject to finance lease		66,422	2,289
			157,141	102,222

23. CONTINGENCIES AND COMMITMENTS

23.1 No contingencies existed at the date of statement of financial position (2017: Nil).

23.2 Inland letter of credits in respect of procurement of PET as of June 30, 2018 amounted to Rs. 141.85 million (2017: Nil).

		Note	2018	2017
24.	**SALES - NET**		-------Rupees in '000' -------	
	Gross sales		3,875,947	2,582,806
	Sales tax and discounts		(563,546)	(377,446)
			3,312,401	2,205,360
25.	**COST OF SALES**			
	Raw material consumed	25.1	2,156,480	1,228,520
	Packing material consumed	25.2	105,251	89,526
	Store consumed		59,584	28,594
	Salaries, wages and other benefits	25.3	186,698	155,062
	Electricity, gas and water		241,769	179,359
	Travelling and conveyance		15,216	13,456
	Vehicle repair and maintenance		8,284	8,031
	Rent, rate and taxes		28,832	22,548
	Repair and maintenance		10,558	8,397
	Insurance		4,778	3,920
	Medical		5,167	4,303
	Freight and other charges		8,660	5,888
	Communication charges		1,905	1,635
	Printing, postage and stationery		2,563	1,554
	Lab testing		856	732
	Fees and subscription		948	1,127
	Entertainment		1,165	802
	Staff welfare & support		3,085	2,736
	Advertisement		44	114
	Depreciation		111,854	101,800
	Miscellaneous		85	201
			2,953,782	1,858,305
	Work-in-process - opening		63,558	46,824
	Work-in-process - closing		(132,514)	(63,558)
			(68,956)	(16,734)
	Cost of goods manufactured		2,884,826	1,841,571
	Finished goods - opening		70,533	76,968
	Finished goods - closing		(51,048)	(70,533)
			19,485	6,435
			2,904,311	1,848,006

Notes To The Financial Statements

For the year ended June 30, 2018

		Note	2018	2017
25.1	**Raw material consumed**		------- Rupees in '000' -----	
	Opening stock		105,515	109,684
	Purchases		2,113,194	1,224,351
	Closing stock		(62,229)	(105,515)
			2,156,480	1,228,520
25.2	**Packing material consumed**			
	Opening stock		10,572	11,476
	Purchases		109,097	88,622
	Closing stock		(14,418)	(10,572)
			105,251	89,526

25.3 This includes staff retirement benefits amounting to Rs. 13.674 million (2017: Rs. 11.22 million).

26. DISTRIBUTION COST

	Note	2018	2017
Carriage and freight outward		44,890	42,897
Salaries and benefits	26.1	17,539	15,586
Vehicle running and maintenance		1,895	1,388
Office rent		1,198	1,268
Travelling and conveyance		1,910	1,720
Communications		323	270
Entertainment		280	282
Professional charges		50	209
Repair and maintenance		136	197
Electricity, water and gas		274	225
Printing and stationery		41	52
Miscellaneous		125	19
		68,661	64,113

26.1 This includes staff retirement benefits amounting to Rs. 2.116 million (2017: Rs. 1.67 million).

27. ADMINISTRATIVE EXPENSES

	Note	2018	2017
Salaries and benefits	27.1	50,049	42,141
Directors' Meeting Fee		4,275	3,750
Legal and professional		3,328	4,174
Travelling and conveyance		5,104	4,109
Vehicle running and maintenance		2,510	2,424
Medical		2,086	1,789
Rent, rate and taxes		960	1,070
Auditors' remuneration	27.2	915	915
Electricity, gas and water		485	330
Entertainment		892	1,409
Courses, seminar and subscription		1,702	1,280
Repair and maintenance		1,391	310
Communications		887	631
Printing and stationery		995	746
Insurance		54	78
Advertisement		78	32
Depreciation and amortization		7,962	5,358
Miscellaneous		41	67
		83,714	70,613

Notes To The Financial Statements

For the year ended June 30, 2018

27.1 This includes staff retirement benefits amounting to Rs. 3.765 million (2017: Rs. 3.84 million).

			2018	2017
27.2	**Auditors' remuneration**	Note	-------Rupees in '000'	------
	Audit fee		600	600
	Fee for half yearly review		230	230
	Other advisory services		75	75
	Out-of-pocket expense		10	10
			915	915

			2018	2017
28.	**OTHER INCOME - NET**			
	Income from financial assets			
	Profit on bank deposits		1,852	600
	Others			
	Freight income		95	-
	Scrap sale		25,653	24,329
	Net gain/(loss) on disposal of property, plant and equipment		554	5,004
	Reversal of liabilities no longer required		2,121	-
	Miscellaneous income	28.1	9,525	7,758
			39,800	37,691

28.1 This includes a gain of Rs. 9.5 million on forward contracts to purchase foreign currency for import of plant and machinery.

			2018	2017
29.	**OTHER EXPENSES**	Note	-------Rupees in '000'	------
	Workers' Welfare Fund		4,700	4,709
	Workers' Profits' Participation Fund		7,285	8,139
	Donation	29.1	864	646
	Abnormal Loss		14,728	18,138
	Provision for slow moving stock in trade		32,022	-
	Provision for trade receivables		4,212	7,338
	Other receivables written off		5,188	-
	Impairment on operating assets /fixed assets written off		25,973	8,187
	Impairment loss on spare parts		-	8,938
			94,972	56,095

29.1 Donation to a single party does not exceed Rs. 500,000 and none of the directors and their spouse have any interest in the donee's fund.

Notes To The Financial Statements

For the year ended June 30, 2018

30. FINANCE COST

	Note	2018	2017
		------Rupees in '000' -------	
Mark-up on:			
Long-term financing		15,262	22,542
Short-term borrowing		27,172	4,620
Inland Bill Purchase		2,672	5,943
Liabilities against assets subject to finance lease		7,274	548
		52,380	33,653
LC discounting charges		10,729	17,683
Bank & Other charges		3,712	2,966
		66,821	54,302

31. TAXATION

	2018	2017
Current		
Provision for current year	19,829	4,097
Prior year charge	23,016	-
	42,845	4,097
Deferred		
For the year	(41,806)	35,846
Effect of change in tax rate	5,642	4,118
	(36,164)	39,964
	6,681	44,061

31.1 **Relationship between tax (income) / expense and accounting profit**

	2018	2017
Profit before taxation	133,722	149,922
Tax at the applicable tax rate	40,116	46,476
Tax effect of non deductible expenses	29,445	25,057
Tax effect/adjustment of change in tax rate	(5,642)	(6,571)
Tax effect/adjustment on rebates	(49,252)	(7,949)
Net effect of items directly credited to OCI	(2,210)	(5,841)
Effect of WPPF and WWF	(3,605)	(3,983)
Others	(2,172)	(3,128)
	6,681	44,061

31.2 The income tax assessments of the Company have been finalized up to and including the tax year 2017. 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.

31.3 The Company computes tax based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available which can be analyzed as follows:

	Provision for taxation	Tax assessed	Excess / (shortage)
2017	63,584	64,493	(909)
2016	26,446	27,140	(694)
2015	3,103	3,118	(15)

Notes To The Financial Statements

For the year ended June 30, 2018

31.4 Section 5A of the Income Tax Ordinance, 2001 imposes tax at the rate of 7.5% of accounting profit before tax on every public company other than a scheduled bank or modaraba, that derives profit for a tax year but does not distribute at least 40% of accounting profit either through cash dividend or issuance of bonus shares within six months of the end of said tax year.

In terms of section 5A in case the Company distributes cash dividend amounting to Rs. 50.8m or issues bonus shares of equivalent amount or both within six months of the close of the year it would not be liable to any tax under this section. 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, 2018 depending upon the dividend distributed out of profit for the year ended 30 June 2018.

		Note	2018	2017
32.	**EARNINGS PER SHARE - BASIC AND DILUTED**		-----Rupees in '000' -----	
32.1	**Basic**			
	Profit after taxation (Rupees in '000')		127,040	105,861
	Weighted average number of ordinary shares		30,157,311	30,157,311
	Earnings per share - basic (Rupees)		4.21	3.51

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.

32.3 **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, 2018, which would have effect on the basic EPS if the option to convert would have been exercised.

		Note	2018	2017
33.	**CASH AND CASH EQUIVALENTS**		------Rupees in '000' -------	
	Cash and bank balances	13	79,733	22,942
	Short term investments		-	36,000
	Short term borrowings	21	(479,481)	(241,898)
			(399,748)	(182,956)

34. 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 are as follows:

	2018			
	Chief Executive	Directors	Executives	Total
	----- Rupees in '000' -----			
Managerial remuneration	16,242	-	30,839	47,080
House allowance and utilities	4,851	-	17,139	21,990
Servant allowance	980	-	-	980
Telephone allowance	823	-	-	823
Medical reimbursement	-	-	2,012	2,012
Directors' Meeting Fee	-	4,275	-	4,275
	22,896	4,275	49,990	77,160
Number of persons	1	6	20	

Notes To The Financial Statements

For the year ended June 30, 2018

	2017			
	Chief Executive	Directors	Executives	Total
	----- Rupees in '000' -----			
Managerial remuneration	14,855	-	20,068	34,923
House allowance and utilities	3,486	-	11,045	14,531
Servant allowance	852	-	-	852
Telephone allowance	716	-	-	716
Medical reimbursement	-	-	1,296	1,296
Directors' Meeting Fee	-	3,750	-	3,750
	19,909	3,750	32,409	56,068
Number of persons	1	6	15	

34.1 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.

34.2 Comparative disclosure has been updated to comply with the requirements of changes in the fourth schedule to the Companies Act, 2017.

		2018	2017
35. PROVIDENT FUND DISCLOSURES	Note	------ Rupees in '000' -----	
a) Disclosure with regards to Provident Fund			
(i) Size of the Fund		**11,355**	16,531
(ii) Cost of Investment made		**9,603**	15,162
(iv) Fair value of Investments		**10,795**	16,062
(iii) Percentage of Investment made		**95%**	92%

b) Break-up of Investments is as under

	2018		2017	
	Rs '000	Percent	Rs '000	Percent
Mutual funds				
- NIT	-	0%	1,203	7%
- Meezan Mutual Fund	735	6%	1,901	12%
- NAFA Fullerton Asset Man. (Money Market Fund)	1	0%	1,758	11%
- NAFA Fullerton Asset Man. (Stock Fund)	263	2%	912	6%
- NAFA Fullerton Asset Man. (RIBA-Free Savings Fund)	1,163	10%	-	0%
- NAFA Fullerton Asset Man. (Asset Allocation Fund)	413	4%	-	0%
- NAFA Fullerton Asset Man. (Islamic Asset Allocation Fund)	334	3%	-	0%
- NAFA Fullerton Asset Man. (Islamic Aggressive Income Fund)	-	0%	1,111	7%
- NAFA Fullerton Asset Man. (Islamic Stock Fund)	-	0%	916	6%
	2,909	26%	7,801	47%
Banks deposits				
- Meezan Bank Limited Karachi	-	0%	497	3%
- Meezan Bank Limited Haripur	7,886	69%	7,764	47%
	7,886	69%	8,261	50%
Others	560	5%	469	3%
	11,355	100%	16,531	100%

Notes To The Financial Statements

For the year ended June 30, 2018

35.1 The investments out of provident fund have been made in accordance with the provision of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose. The above figures are unaudited.

36. NUMBER OF EMPLOYEES

	2018	2017
	---------- Number	----------
Number of employees as at 30 June	266	240
Number of contractual employees in factory as at 30 June	417	294
Average number of employees during the year	251	234
Average number of contractual employees in factory during the year	371	320

37. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associates, key management personnel of the Company and directors and their close family members and major shareholders of the Company. Transactions with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Remuneration of the chief executive, directors and executives is disclosed in note 34 to the financial statements. Transactions with related parties during the year, other than those disclosed elsewhere in these financial statements, are as follows:

		Rupees in'000'	
		2018	2017
Transactions during the year			
Contribution to staff provident fund	Note	6,581	6,940
Payable as on date of statement of financial position with:			
Employees' provident fund trust		788	469
Post employment benefit payable		48,870	40,773

38. SEGMENT REPORTING

	Injection		Blowing		Total	
	June 2018	June 2017	June 2018	June 2017	June 2018	June 2017
	(Rupees '000)		(Rupees '000)		(Rupees '000)	
Sales-net	1,605,688	750,316	1,706,713	1,455,044	3,312,401	2,205,360
Cost of sales	(1,457,975)	(668,181)	(1,446,336)	(1,179,825)	(2,904,311)	(1,848,006)
	147,713	82,135	260,377	275,219	408,090	357,354
Distribution cost	(33,283)	(21,798)	(35,378)	(42,315)	(68,661)	(64,113)
Administrative	(40,580)	(24,008)	(43,134)	(46,605)	(83,714)	(70,613)
	(73,864)	(45,806)	(78,511)	(88,920)	(152,375)	(134,726)
Operating profit	73,849	36,329	181,866	186,299	255,715	222,628
Segment assets	1,180,374	718,685	521,688	301,659	1,702,062	1,020,344
Unallocated assets	-	-	-	-	723,594	685,912
	1,180,374	718,685	521,688	301,659	2,425,656	1,706,256
Segment liabilities	548,764	191,840	193,264	132,896	742,028	324,736
Unallocated liabilities	-	-	-	-	813,143	610,271
	548,764	191,840	193,264	132,896	1,555,171	935,007
Capital expenditure	459,863	22,184	29,340	28,656	489,203	50,840
Unallocated capital expenditure	-	-	-	-	15,038	22,848
	459,863	22,184	29,340	28,656	504,241	73,688

Notes To The Financial Statements

For the year ended June 30, 2018

38.1 Inter-segment transfer have been eliminated from totals.

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

	Note	2018	2017
		------Rupees in '000' -------	
39. FINANCIAL INSTRUMENTS			
Financial instruments by category			
Financial assets - loans and receivables			
Security deposits		55,849	7,512
Trade debts		454,623	149,400
Loans and advances		2,532	2,001
Deposits and other receivables		4,100	16,877
Bank balances		79,633	21,913
		596,737	197,703
Financial liabilities - at amortized cost			
Long term loans		151,465	245,156
Liabilities against assets subject to finance lease		374,972	11,262
Trade and other payables		297,597	166,176
Accrued mark - up		13,774	8,950
Short term borrowings - secured		479,481	241,898
		1,317,289	673,442

40. 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 program 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.

40.1 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 date of statement of financial position is as follows:

Notes To The Financial Statements

For the year ended June 30, 2018

	Note	2018	2017
		------Rupees in '000' -----	
Trade debts		469,464	174,821
Loans and advances		2,532	2,001
Deposits and other receivables		4,100	16,877
Bank balances		79,633	21,913
		555,729	215,612

40.1.1 **Impairment losses**

The aging of trade debts at the reporting date was:

	2018		2017	
	Gross Value	Impairment	Gross Value	Impairment
	Rupees '000		Rupees '000	
Not Past Due	301,970	-	100,700	-
Past Due 1-60 Days	142,725	-	43,600	-
Past due 61 Days to 1 Year	7,827	-	1,455	-
More than 1-Year	16,942	14,841	29,066	25,421
	469,464	14,841	174,821	25,421

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

Credit rating	Note	2018	2017
		------Rupees in '000' -----	
A1+		64,931	20,706
A1		14,702	1,207
		79,633	21,913

40.2 **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):

	2018			
	Carrying Amount	Contractual cash flows	Twelve months or less	One to five years
	---------- Rupees in '000' ----------			
Long term loan	151,465	151,465	90,719	60,746
Finance Lease	374,972	374,972	66,422	308,550
Trade and other payables	297,597	297,597	297,597	-
Short term borrowings	479,481	479,481	479,481	-
	1,303,515	1,303,515	934,219	369,296

Notes To The Financial Statements
For the year ended June 30, 2018

	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

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.

40.3 **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. It mitigate its risk against foreign exchange rate by entering into hedging contract with Financial institution:

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:

	2018		2017	
	Average rates	Balance sheet rate	Average rates	Balance sheet rate
	-------- Rupees --------		-------- Rupees --------	
US Dollar	**110.62**	**121.60**	104.73	105.00

As the company has not 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.

Notes To The Financial Statements

For the year ended June 30, 2018

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. 6.41 million (2017: higher / lower by Rs. 4.983 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. 1,006 million (2017: 498 million) exposing the Company to fair value interest rate risk. A change of 100 basis points as at June 30, 2018 would have increased profit after tax by Rs. 7.14 million (2017: 3.45 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.

40.4 **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).

40.5 **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 statement of financial position.

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 To The Financial Statements

For the year ended June 30, 2018

			2018	2017
41.	PLANT CAPACITY AND ACTUAL PRODUCTION		------ Numbers in 000------	
	Blowing			
	Capacity - no. of bottles		**304,200**	304,200
	Production - no. of bottles		**174,143**	159,056
	Utilization		**57%**	52%
	Injection			
	Capacity - no. of preforms	41.1	**796,733**	415,733
	Production - no. of preforms		**387,500**	283,402
	Utilization		**49%**	68%
	Injection - Proportionate effect of increased capacity			
	Capacity - no. of preforms		**510,983**	415,733
	Production - no. of preforms		**387,500**	283,402
	Utilization		**76%**	68%

41.1 The production capacity of injection department is enhanced with 381 million units on annualized basis. However, the commercial production was started in last quarter of the financial year, therefore, its proportionate capacity enhancement is considered.

42. NON-ADJUSTING EVENT AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

The Board of Directors in its meeting held on September 26, 2018 has proposed a common stock dividend at the rate of 15% (2017: 5%) and cash dividend at the rate of 10% (2017: 10%) for the year ended June 30, 2018. These appropriations will be placed before share-holders 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, 2019.

43. CORRESPONDING FIGURES

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

Reclassification from statement of financial position	Reclassification to statement of financial position	---Rs in 000---
Trade and other payable	Unclaimed dividend	461
Intangibles	Property, plant and equipment	1,032

44. SIGNIFICANT TRANSACTIONS AND EVENTS THAT AFFECTED THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

- During the year the company installed two new injection moulding machines on lease arrangements to increase production capacity of preforms.
- Due to the applicability of Companies Act, 2017 certain disclosures of the financial statements have been presented in accordance with the fourth schedule notified by the Securities and Exchange Commission of Pakistan vide S.R.O 1169 date 7 November 2017.
- The company migrated its Enterprise Resource Planning (ERP) software from Sidat Hyder to SAP from 01 January 2018.

45. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on September 26, 2018 by the Board of Directors of the Company.

46. GENERAL

Figures have been rounded off to the nearest thousand rupees.

CHIEF FINANCIAL OFFICER — CHIEF EXECUTIVE OFFICER — DIRECTOR

Manufacturers of Quality PET Bottles and Preforms

EcoPack Ltd

The Company Secretary
EcoPack Limited
Plot 112-113, Phase 5, Industrial
Estate Hattar, District Haripur
Khyber Pakhtunkhwa

Proxy Form

I / We ____ of ____

being member (s) EcoPack Limited, and holder of Ordinary Share as per register Folio No __________________ and / or CDC

Participant I.D. No. __________________________________ and Account / Sub-Account No. ________________

do hereby appoint ______________________________ of _________________________ as my / our proxy to

attend, speak and vote for me / us and on my / our behalf at the 27th Annual General Meeting of the Company to be held

on Saturday October 27, 2018 ____ and at any

adjournment thereof. As witness I / We set my / our hand (s) this _____________________ day of _______________ 2018 signed the said

proxy in the presence of:

Witnesses:

1. Signature: ____

   Name: ____

   Address: ____

   CNIC / NICOP | | | | | | ■ | | | | | | | | ■ | |

   or

   Passport No. ____

2. Signature: ____

   Name: ____

   Address: ____

CNIC / NICOP | | | | | | ■ | | | | | | | | ■ | |

or

Passport No. ____

Signature

Revenue
Stamp

Signature should agree with the specimen signature registered with the Company)

Note:

i. The Proxy Form in order to be valid must be deposited with the Company not later than 48 hours before the time of holding the meeting.
ii. The proxy must be a member of the company.
iii. CDC Shareholders and their Proxies must attached either an attested photocopy of their Computerized National Identity Card or Passport with the proxy form.

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