RISING ABOVE CHALLENGES

ANNUAL REPORT 2019

Manufacturers of Quality PET Bottles and Preforms

EcoPack Ltd

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Manufacturers of Quality PET Bottles and Preforms
Eco Pack Ltd

Vision & Mission Statement

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

Corporate Strategy

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

CORPORATE INFORMATON

THE BOARD

Mr. Amar Zafar Khan	Chairman
Mr. Hussain Jamil	Chief Executive Officer
Mr. Ahsan Jamil	Non-Executive Director
Mr. Shahid Jamil	Non-Executive Director
Mr. Ali Jamil	Executive Director
Mr. Asad Ali Sheikh	Non-Executive Director
Ms. Laila Jamil	Non-Executive Director

AUDIT COMMITTEE

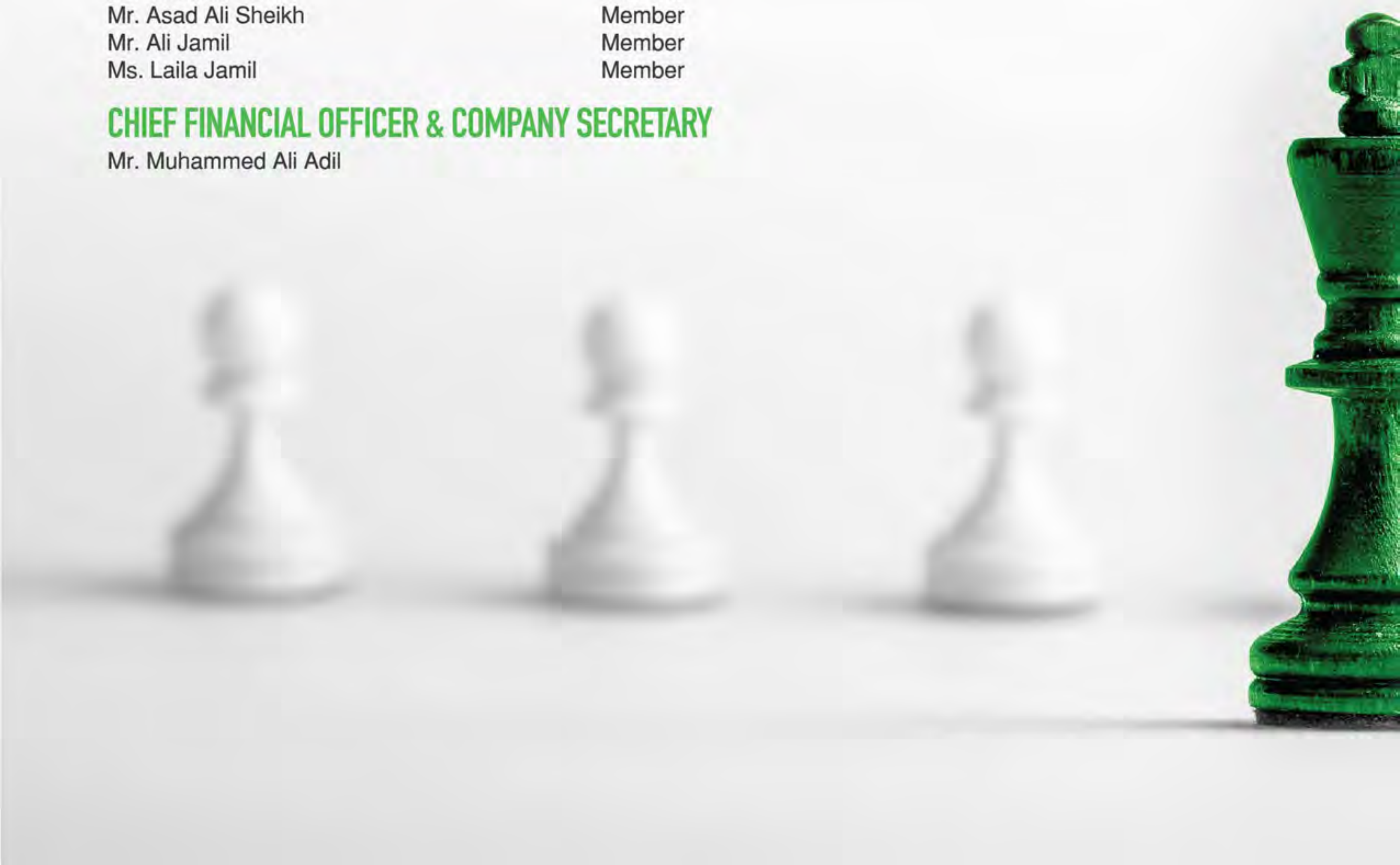
Mr. Asad Ali Sheikh	Chairman
Mr. Amar Zafar Khan	Member
Mr. Ahsan Jamil	Member
Ms. Laila Jamil	Member

HUMAN RESOURCE AND 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

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

AUDITORS

KPMG Taseer Hadi & Co.
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

Mohammad Raza Chinoy
Chief Operating Officer

Zamir ul Hasan
Director Commercial & Technical

Muhammed Ali Adil
Chief Financial Officer

Shahwaqar Ahmed
DGM HR, Supply Chain & Admin

DIRECTORS' PROFILE

AMAR ZAFAR KHAN
Chairman of the Board

Amar Zafar Khan is a qualified Chartered Accountant, with over 30 years of multi-functional 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 a wide spectrum of financing solutions. He has served as the Chairman & CEO of "United Bank Limited" one of the largest bank in Pakistan.

HUSSAIN JAMIL
Chief Executive Officer/Director

Hussain is the CEO of EcoPack Ltd and has over 46 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.

AHSAN JAMIL
Non-Executive Director

Ahsan Jamil is an entrepreneur with a strong social investing track record in both education and health. He is a co-founder & CEO of Ubuntu Care, an Early Years Childcare & Development Centre impact business. Prior to that he was the Country CEO (Pakistan) of a large multi-country Healthcare Fund for 2 years. He was a co-founder of The Aman Foundation and its CEO for 7 years. Here he helped set up Amantech, Teach for Pakistan and Aman Sports as a founding Chairman respectively and Injaaz Pakistan as a founding Director. Additionally, he set up Aman Health which included the award-winning Aman ambulance and Aman Telehealth services as well as some international mental health programs. Prior to that he was a founder Director of EcoPack Limited, where he worked for 17 years, the last 7 years as its CEO.

In his initial years he worked at Unilever Pakistan, Chase Manhattan Bank, Pakistan and E.F Hutton on Wall Street, USA. Ahsan has a Bachelors' degree in Math-Economics from Reed College, USA. He has a post graduate diploma in Counseling and Addiction Alleviation. He serves on the Boards of the Karachi Sports Foundation, the ICare Foundation and the Acumen Fund Advisory board, having also spent two terms on the British Overseas School board.

SHAHID JAMIL
Non-Executive Director

Shahid Jamil qualified as a member of the Institute of Chartered Accounts 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 Pakhunkhwa.

ALI JAMIL
Executive Director

Ali Jamil has been a finance and mortgage adviser 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.

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.

DIRECTORS' PROFILE

ASAD ALI SHEIKH
Non-Executive Director

Asad is on the Board of EcoPack Limited as Non-Executive Director since the year 2007 and has been Independent Director since 2013. He did his B. Com, and LL.B. from The University of Sindh and did his MBA (Finance) from The Institute of Business Management, Karachi. He possesses 31 years' vast experience with Non-Banking Financial Institutions in Pakistan which essentially included Leasing Companies and Modarabas with special focus on Leasing and Islamic Finance with functional involvement in the areas of Credit Marketing, Operations, Risk and Compliance. He worked for BRR Guardian Modaraba for 18 years and at various senior positions. For last five years he has been working with ORIX Leasing Pakistan Limited at various senior positions and currently holds the designation of Senior Manager Special Asset Management. He is accredited mediator, certified from Pakistan Mediators' Association. He has been pivotal in establishing and ensuring best corporate practices and systems for greater transparency and efficiency. He is the Chairman of the Audit Committee and contributes greatly towards good governance of the entity in compliance with company policies and regulatory frame-work.

LAILA JAMIL
Non-Executive Director

Laila Jamil is a Non-Executive Director on the Board of EcoPack Limited and on the HR & Remunerations Committee and Audit Committee. She completed her bachelors in history from Reed College, Portland, Oregon, USA and has over 15 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.

BBB+	A2	Stable
Long-Term	Short-Term	Outlook

Pakistan Credit Rating Agency ("PACRA") has affirmed the Company's Long-term credit rating at 'BBB+' and short-term at 'A2' with a stable outlook in a recently released report

OUR HISTORY & MILESTONES

1992

EcoPack was converted into a public limited company

1993

EcoPack started commercial production

1994

EcoPack was successfully listed on the Karachi Stock Exchange

1999

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

2000

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

2005

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

2007

EcoPack installed an on premise complete bottle blowing line inside a Multinational Beverage Plant in Islamabad under a "through-thewall" bottle supply arrangement

2008

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

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

2019

Ventured to explore new horizons of “larger PET bottles” for existing and new industries / customers

CORPORATE SOCIAL RESPONSIBILITY (CSR)

- EcoPack received the Pakistan Centre for Philanthropy Award for donations in 2008-09.

- EcoPack regularly donates to renowned leading Pakistani Philanthropic organizations such as Sindh Institute of Urology and Transplantation, Layton Rahmatullah Benevolent Trust, Shaukat Khanum Memorial Trust, The Kidney Center, Aman Foundation, The CItizens Foundation, among others.

- As part of its CSR strategy to give back to the community, EcoPack has embarked on a pilot program of skill development by hiring engineering graduates and diploma holders from nearby engineering colleges and universities, to train them in various production departments of the company's manufacturing processes. By doing so, EcoPack retains the best by giving them permanent employment and releasing others as trained skilled resource for the market. This program is expanding and building on its continual success.

SUMMARY OF FINANCIALS

(Rupees in '000')

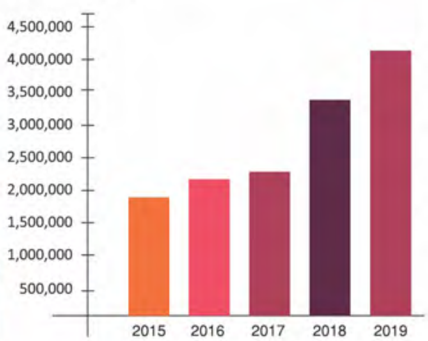
	2019	2018	2017	2016	2015
Summary of Statement of Financial Position					
Share capital	346,809	301,573	287,212	229,770	229,770
Reserves	560,613	566,721	484,037	407,652	292,734
Shareholders' funds / Equity	907,422	868,294	771,249	637,422	522,504
Long term borrowings	268,604	325,194	149,906	247,379	323,094
Deferred liabilities	289,687	238,754	261,565	203,675	176,627
Property,plant & equipment	1,426,872	1,362,572	1,001,273	1,014,171	1,055,461
Long term assets	1,463,845	1,381,721	1,010,987	1,025,634	1,062,558
Current assets	1,102,483	999,833	690,979	671,674	618,037
Summary of Statement of Profit or Loss					
Sales	4,074,873	3,312,401	2,205,360	2,097,028	1,847,868
Gross profit	385,817	363,200	314,457	318,685	235,649
Operating profit	254,137	251,503	215,290	244,190	161,481
Profit before tax	108,831	132,311	149,922	136,856	54,879
Profit after tax	74,811	123,456	105,861	101,918	26,475
EBITDA	369,095	318,948	311,383	306,049	253,610
Summary of Statement of Cash Flows					
Net cash flow from operating activities	71,980	77,422	234,016	134,986	(39,884)
Net cash flow from investing activities	(191,635)	(103,279)	(56,732)	(81,927)	(78,816)
Net cash flow from financing activities	79,424	81,511	(76,401)	(87,022)	174,946
Changes in cash & cash equivalents	(40,231)	55,654	100,883	(33,963)	56,246
Summary of Actual Production - Units					
PET - Preforms	467,866	387,500	283,402	270,975	194,997
PET - Bottles	176,535	174,143	159,056	163,118	145,792

Manufacturers of Quality PET Bottles and Preforms

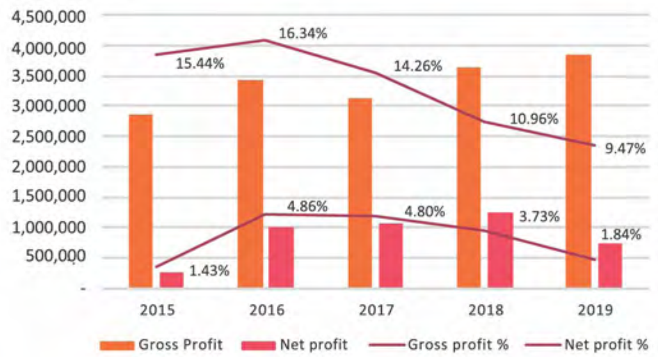
Eco Pack Ltd

BUSINESS PERFORMANCE

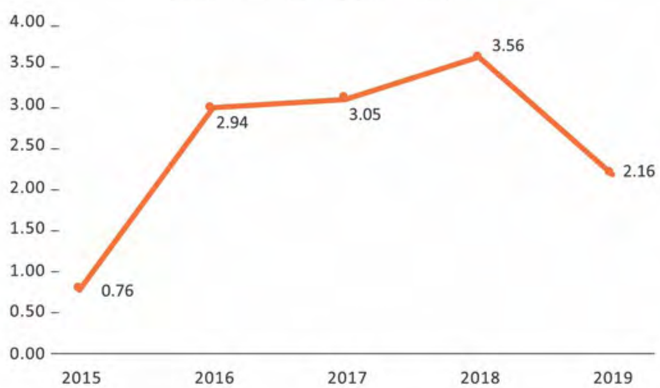
Sales Revenue - Year wise
(Rs. in '000)



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



Earnings per share (Rs.)



Large Bottles Project-

"New products, New markets, New horizons"

HORIZONTAL ANALYSIS
STATEMENT OF FINANCIAL POSITION

	2019 Rs. In '000	19 vs 18 %	2018 Rs. In '000	18 vs 17 %	2017 Rs. In '000	17 vs 16 %	2016 Rs. In '000	16 vs 15 %	2015 Rs. In '000
ASSETS									
Non-Current Assets									
Property, plant and equipment	1,426,872	4.72	1,362,572	36.08	1,001,273	(1.27)	1,014,171	(3.91)	1,055,461
Intangibles	6,623	(10.52)	7,402	14.02	6,492	20.24	5,399	422.65	1,033
Advance for capital expenditure	18,207	100.00	-	-	-	-	-	-	-
Long-term deposits	12,143	3.37	11,747	264.59	3,222	(46.87)	6,064	-	6,064
	1,463,845	5.94	1,381,721	36.67	1,010,987	(1.43)	1,025,634	(3.48)	1,062,558
Current Assets									
Stores, spares and loose tools	63,239	7.78	58,673	4.34	56,235	(9.99)	62,475	(17.67)	75,882
Stock in trade	324,830	44.59	224,659	(8.92)	246,650	2.16	241,424	19.05	202,785
Trade debts	402,706	(11.42)	454,623	204.30	149,400	(5.63)	158,308	(26.93)	216,664
Loans and advances	123,641	101.01	61,510	14.44	53,748	7.74	49,887	84.82	26,992
Deposits, prepayments and other receivables	13,973	48.85	9,387	(44.38)	16,877	(49.66)	33,529	197.45	11,272
Taxation - net	138,581	24.57	111,248	1.94	109,127	64.86	66,193	42.89	46,324
Short term investments	-	100.00	-	100.00	36,000	100.00	-	-	-
Cash and bank balances	35,513	(55.46)	79,733	247.54	22,942	(61.67)	59,858	57.03	38,118
	1,102,483	10.27	999,833	44.70	690,979	2.87	671,674	8.68	618,037
Total assets	2,566,328	7.76	2,381,554	39.93	1,701,966	0.27	1,697,308	0.99	1,680,595
EQUITY AND LIABILITIES									
Equity									
Share capital	346,809	15.00	301,573	5.00	287,212	25.00	229,770	-	229,770
Revaluation surplus on property and plant	144,962	(10.27)	161,552	(8.15)	175,887	11.39	157,905	(3.50)	163,625
Accumulated profit	415,651	2.59	405,169	31.48	308,150	23.38	249,747	93.44	129,109
	907,422	4.51	868,294	12.58	771,249	21.00	637,422	21.99	522,504
Non-Current Liabilities									
Long term liabilities	67,968	11.89	60,746	(58.17)	145,223	(40.76)	245,156	(23.41)	320,091
Finance lease liabilities	200,636	(24.13)	264,448	5,546.98	4,683	110.66	2,223	(25.97)	3,003
Deferred liabilities	289,687	21.33	238,754	(8.72)	261,565	28.42	203,675	15.31	176,627
	558,291	(1.00)	563,948	37.06	411,471	(8.78)	451,054	(9.74)	499,721
Current Liabilities									
Trade and other payables	203,452	(31.64)	297,614	79.59	165,715	(9.58)	183,274	(32.47)	271,401
Unclaimed dividend	2,527	94.09	1,302	182.43	461	-	461	-	461
Short term borrowings	737,682	52.12	484,941	100.47	241,898	(29.96)	345,358	18.45	291,558
Current portion of non-current liabilities	156,954	(5.14)	165,455	48.83	111,172	39.42	79,739	(16.02)	94,950
	1,100,615	15.94	949,312	82.83	519,246	(14.71)	608,832	(7.52)	658,370
	2,566,328	7.76	2,381,554	39.93	1,701,966	0.27	1,697,308	0.99	1,680,595

VERTICAL ANALYSIS
STATEMENT OF FINANCIAL POSITION

	2019		2018		2017		2016		2015	
	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
ASSETS										
Non-Current Assets										
Property, plant and equipment	1,426,872	55.60	1,362,572	57.21	1,001,273	58.83	1,014,171	59.75	1,055,461	62.80
Intangibles	6,623	0.26	7,402	0.31	6,492	0.38	5,399	0.32	1,033	0.06
Advance for capital expenditure	18,207	0.71	-	-	-	-	-	-	-	-
Long-term deposits	12,143	0.47	11,747	0.49	3,222	0.19	6,064	0.36	6,064	0.36
	1,463,845	57.04	1,381,721	58.02	1,010,987	59.40	1,025,634	60.43	1,062,558	63.23
Current Assets										
Stores, spares and loose tools	63,239	2.46	58,673	2.46	56,235	3.30	62,475	3.68	75,882	4.52
Stock in trade	324,830	12.66	224,659	9.43	246,650	14.49	241,424	14.22	202,785	12.07
Trade debts	402,706	15.69	454,623	19.09	149,400	8.78	158,308	9.33	216,664	12.89
Loans and advances	123,641	4.82	61,510	2.58	53,748	3.16	49,887	2.94	26,992	1.61
Deposits, prepayments and other receivables	13,973	0.54	9,387	0.39	16,877	0.99	33,529	1.98	11,272	0.67
Taxation - net	138,581	5.40	111,248	4.67	109,127	6.41	66,193	3.90	46,324	2.76
Short term investments	-	-	-	-	36,000	2.12	-	-	-	-
Cash and bank balances	35,513	1.38	79,733	3.35	22,942	1.35	59,858	3.53	38,118	2.27
	1,102,483	42.96	999,833	41.98	690,979	40.60	671,674	39.57	618,037	36.77
Total assets	2,566,328	100.00	2,381,554	100.00	1,701,966	100.00	1,697,308	100.00	1,680,595	100.00
EQUITY AND LIABILITIES										
Equity										
Share capital	346,809	13.51	301,573	12.66	287,212	16.88	229,770	13.54	229,770	13.67
Revaluation surplus on property and plant	144,962	5.65	161,552	6.78	175,887	10.33	157,905	9.30	163,625	9.74
Accumulated profit	415,651	16.20	405,169	17.01	308,150	18.11	249,747	14.71	129,109	7.68
	907,422	35.36	868,294	36.46	771,249	45.32	637,422	37.55	522,504	31.09
Non-Current Liabilities										
Long term liabilities	67,968	2.65	60,746	2.55	145,223	8.53	245,156	14.44	320,091	19.05
Finance lease liabilities	200,636	7.82	264,448	11.10	4,683	0.28	2,223	0.13	3,003	0.18
Deferred liabilities	289,687	11.29	238,754	10.03	261,565	15.37	203,675	12.00	176,627	10.51
	558,291	21.75	563,948	23.68	411,471	24.18	451,054	26.57	499,721	29.73
Current Liabilities										
Trade and other payables	203,452	7.93	297,614	12.50	165,715	9.74	183,274	10.80	271,401	16.15
Unclaimed dividend	2,527	0.10	1,302	0.05	461	0.03	461	0.03	461	0.03
Short term borrowings	737,682	28.74	484,941	20.36	241,898	14.21	345,358	20.35	291,558	17.35
Current portion of non-current liabilities	156,954	6.12	165,455	6.95	111,172	6.53	79,739	4.70	94,950	5.65
	1,100,615	42.89	949,312	39.86	519,246	30.51	608,832	35.87	658,370	39.17
	2,566,328	100.00	2,381,554	100.00	1,701,966	100.00	1,697,308	100.00	1,680,595	100.00

HORIZONTAL ANALYSIS
STATEMENT OF PROFIT OR LOSS

	2019 Rs. In '000	19 vs 18 %	2018 Rs. In '000	18 vs 17 %	2017 Rs. In '000	17 vs 16 %	2016 Rs. In '000	16 vs 15 %	2015 Rs. In '000
Sales - net	4,074,873	23.02	3,312,401	50.20	2,205,360	5.17	2,097,028	13.48	1,847,868
Cost of sales	(3,689,056)	25.09	(2,949,201)	55.97	(1,890,903)	6.33	(1,778,343)	10.30	(1,612,219)
Gross profit	385,817	6.23	363,200	15.50	314,457	(1.33)	318,685	35.24	235,649
Selling expenses	(27,397)	15.25	(23,771)	12.04	(21,216)	115.61	(9,840)	(41.31)	(16,765)
Administrative expenses	(100,650)	20.23	(83,714)	18.55	(70,613)	15.07	(61,364)	14.61	(53,541)
Impairment loss on trade debts	(3,633)	(13.75)	(4,212)	(42.60)	(7,338)	122.97	(3,291)	(14.79)	(3,862)
	(131,680)	17.89	(111,697)	12.64	(99,167)	33.12	(74,495)	0.44	(74,168)
Profit from operations	254,137	1.05	251,503	16.82	215,290	(11.84)	244,190	51.22	161,481
Other income - net	20,149	(49.37)	39,800	5.60	37,691	110.35	17,918	17.85	15,204
Other expenses	(38,367)	(58.37)	(92,171)	89.04	(48,757)	(11.70)	(55,218)	209.88	(17,819)
	(18,218)	(65.21)	(52,371)	373.26	(11,066)	(70.33)	(37,300)	1,326.39	(2,615)
Finance cost	(127,088)	90.19	(66,821)	23.05	(54,302)	(22.46)	(70,034)	(32.65)	(103,987)
Profit before taxation	108,831	(17.75)	132,311	(11.75)	149,922	9.55	136,856	149.38	54,879
Taxation	(34,020)	284.19	(8,855)	(79.90)	(44,061)	26.11	(34,938)	23.00	(28,404)
Profit after taxation	74,811	(39.40)	123,456	16.62	105,861	3.87	101,918	284.96	26,475

VERTICAL ANALYSIS
STATEMENT OF PROFIT OR LOSS

	2019		2018		2017		2016		2015	
	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%	Rs. In '000	%
Sales - net	4,074,873	100.00	3,312,401	100.00	2,205,360	100.00	2,097,028	100.00	1,847,868	100.00
Cost of sales	(3,689,056)	(90.53)	(2,949,201)	(89.04)	(1,890,903)	(85.74)	(1,778,343)	(84.80)	(1,612,219)	(87.25)
Gross profit	385,817	9.47	363,200	10.96	314,457	14.26	318,685	15.20	235,649	12.75
Selling expenses	(27,397)	(0.67)	(23,771)	(0.72)	(21,216)	(0.96)	(9,840)	(0.47)	(16,765)	(0.91)
Administrative expenses	(100,650)	(2.47)	(83,714)	(2.53)	(70,613)	(3.20)	(61,364)	(2.93)	(53,541)	(2.90)
Impairment loss on trade debts	(3,633)	(0.09)	(4,212)	(0.13)	(7,338)	(0.33)	(3,291)	(0.16)	(3,862)	(0.21)
	(131,680)	(3.23)	(111,697)	(3.37)	(99,167)	(4.50)	(74,495)	(3.55)	(74,168)	(4.01)
Profit from operations	254,137	6.24	251,503	7.59	215,290	9.76	244,190	11.64	161,481	8.74
Other income - net	20,149	0.49	39,800	1.20	37,691	1.71	17,918	0.85	15,204	0.82
Other expenses	(38,367)	(0.94)	(92,171)	(2.78)	(48,757)	(2.21)	(55,218)	(2.63)	(17,819)	(0.96)
	(18,218)	(0.45)	(52,371)	(1.58)	(11,066)	(0.50)	(37,300)	(1.78)	(2,615)	(0.14)
Finance cost	(127,088)	(3.12)	(66,821)	(2.02)	(54,302)	(2.46)	(70,034)	(3.34)	(103,987)	(5.63)
Profit before taxation	108,831	2.67	132,311	3.99	149,922	6.80	136,856	6.53	54,879	2.97
Taxation	(34,020)	(0.83)	(8,855)	(0.27)	(44,061)	(2.00)	(34,938)	(1.67)	(28,404)	(1.54)
Profit after taxation	74,811	1.84	123,456	3.73	105,861	4.80	101,918	4.86	26,475	1.43

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 28th Annual General Meeting of EcoPack Limited will be held on Saturday, October 26, 2019 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 27th Annual General Meeting held on October 27, 2018.
2. To receive and adopt the Directors' and Auditors' report together-with Financial Statements of the company for the year ended June 30, 2019.
3. To approve cash dividend @ 5% and issue of Bonus shares @10% i.e., ten (10) shares for every hundred (100) shares held, as recommended by the Board of Directors.
4. To elect Seven (07) Directors for a period of Next 3 years as required U/s 159(1) of the Companies Act, 2017, the Board has fixed the number of Directors to be elected as Seven (07). Following are the retiring directors:

   1) Mr. Hussain Jamil 2) Mr. Shahid Jamil 3) Mr. Ali Jamil 4) Mr. Ahsan Jamil
   5) Mr. Amar Zafar Khan 6) Mr. Asad Ali Sheikh 7) Ms. Laila Jamil
5. To appoint external auditors and fix their remuneration for the year ending June 30, 2020. The present auditors M/s. KPMG Taseer Hadi & Co, Chartered Accountants being eligible offer themselves for re-appointment.
6. To transact with the permission of the Chair any other business which may be transacted at an Annual General Meeting.

Special Business:

7. Changes in Memorandum & Articles of Association of the Company due to enactment of Companies Act, 2017 in place of the Companies Ordinance, 1984:

7.1 Alteration in the Memorandum of Association of the company

RESOLVED that the words "The Companies Ordinance. 1984" appearing in the beginning of the Memorandum of Association be replaced with "The Companies Act, 2017"

7.2 Alteration in the Articles of Association of the company

(i) The words "The Companies Ordinance. 1984" appearing in the beginning and all other place of the Articles be replaced with "The Companies Act, 2017".

(ii) The word "Ordinance" appearing in all places of the Articles be replaced with word "Act".

(iii) The words "Section 26(2) of the Ordinance" appearing in Article 1 be replaced with "Section 36(2) of the Act"

(iv) The definition of "The Ordinance" appearing in article 3 shall be amended and replaced as follows; "The Act" means the Companies Act, 2017.

(v) The words "Section 147 of the Ordinance" appearing in the definition of "Register" be replaced with "Section 119 of the Act".

(vi) The words "Section 146 of the Ordinance" appearing in Article 6 be replaced with "Section 19 of the Act"

(vii) The words "Section 488 of the Ordinance" appearing in Article 163 be replaced with "Section 492 of the Act".

(viii) The words "Section 68 of the Ordinance" appearing in Article 9 be replaced with "of the Act".

(ix) The words "Section 73 of the Ordinance" appearing in Article 12 be replaced with "Section 70 of the Act".

(x) The words "Section 86 of the Ordinance" appearing in Article 15 be replaced with "Section 83 of the Act".

(xi) The words "Section 147 of the Ordinance" appearing in Article 17 be replaced with "Section 119 of the Act".

(xii) The words "two months" appearing in Article 19 be replaced with "30 days", and the words "45 days" be replaced with "30 days".

(xiii) The words "Section 151 of the Ordinance" appearing in Article 29 be replaced with "Section 125 of the Act" and the word "forty five days" be replaced with "thirty days".

(xiv) The words "Section 86 of the Ordinance" appearing in Article 37 be replaced with "Section 83 of the Act".

(xv) The words "Section 96 & 97 of the Ordinance" appearing in Article 38 be replaced with "Section 89 of the Act".

(xvi) The words "Section 92 of the Ordinance" appearing in Article 39 be replaced with "Section 85 of the Act".

(xvii) The words "Section 82 of the Ordinance" appearing in Article 39 be replaced with "the Act".

(xviii) The words "Section 208 of the Ordinance" appearing in Article 41, 54 and 107(m) be replaced with "Section 199 of the Act".

(xix) The words "Section 120 of the Ordinance" appearing in Article 44 be replaced with "Section 66 of the Act".

(xx) The words "Section 135 of the Ordinance" appearing in Article 46 be replaced with "Section 112 of the Act".

(xxi) The words "Section 121 & 122 of the Ordinance" appearing in Article 46 be replaced with "Section 100 of the Act".

(xxii) The words "Section 130 of the Ordinance" appearing in Article 46 and 50 be replaced with "Section 107 of the Act".

(xxiii) The words "Section 132 of the Ordinance" appearing in Article 46 be replaced with "Section 109 of the Act".

(xxiv) The words "Section 76 of the Ordinance" appearing in Article 48 be replaced with "Section 74 of the Act".

(xxv) The words "Section 136 of the Ordinance" appearing in Article 46 be replaced with "Section 112 of the Act".

(xxvi) The words "forty five days" appearing in Article 47 be replaced with "thirty days".

(xxvii) The words "thirty days" appearing in Article 49 be replaced with "fifteen days".

(xxviii) The words "Section 158 of the Ordinance" appearing in Article 56 be replaced with "Section 132 of the Act".

(xxix) The words "Section 160(2)(a) of the Ordinance" appearing in Article 62 be replaced with "Section 135 of the Act".

(xxx) The words "Section 162 of the Ordinance" appearing in Article 71 and 76 be replaced with "Section 138 of the Act".

(xxxi) The words "Section 171 of the Ordinance" appearing in Article 82 be replaced with "Section 148 of the Act".

(xxxii) The words "Section 199 of the Ordinance" appearing in Article 83 be replaced with "Section 187 of the Act".

(xxxiii) The words "Section 181 of the Ordinance" appearing in Article 87 be replaced with "Section 163 of the Act".

(xxxiv) The words "Section 217 of the Ordinance" appearing in Article 91 be replaced with "Section 212 of the Act".

(xxxv) The words "Section 195 of the Ordinance" appearing in Article 91 be replaced with "Section 182 of the Act".

(xxxvi) The words "Section 214 of the Ordinance" appearing in Article 93 be replaced with "Section 205 of the Act".

(xxxvii) The words "Section 205 of the Ordinance" appearing in Article 96 be replaced with "Section 197 of the Act".

(xxxviii) The words "Section 193 of the Ordinance" appearing in Article 97 be replaced with "Section 176 of the Act".

(xxxix) The words "Section 193 of the Ordinance" appearing in Article 102 be replaced with "Section 176 of the Act".

(xl) The words "Section 206 of the Ordinance" appearing in Article 104 be replaced with "Section 196 of the Act".

(xli) The words "Section 196(3(a) of the Ordinance" appearing in Article 107(b) be replaced with "Section 183 of the Act".

(xlii) The words "Section 86 of the Ordinance" appearing in Article 107(c) be replaced with "Section 83 of the Act".

(xliii) The words "Section 196(3(b) of the Ordinance" appearing in Article 107(g) be replaced with "Section 183 of the Act".

(xliv) The words "Section 95 of the Ordinance" appearing in Article 107(m) be replaced with "Section 86 of the Act".

(xlv) The words "Section 195 of the Ordinance" appearing in Article 107(m) be replaced with "Section 182 of the Act".

(xlvi) The words "Section 226 of the Ordinance" appearing in Article 107(s) be replaced with "Section 217 of the Act".

(xlvii) The words "Section 227 of the Ordinance" appearing in Article 107(s) be replaced with "Section 218 of the Act".

(xlviii) The words "Section 213 of the Ordinance" appearing in Article 114 be replaced with "Section 203 of the Act".

(xlix) The words "Section 156 of the Ordinance" appearing in Article 116 be replaced with "Section 130 of the Act".

(l) The words "Section 242 of the Ordinance" appearing in Article 116 be replaced with "Section 233 of the Act".

(li) The words "Section 251 of the Ordinance" appearing in Article 118 be replaced with "Section 243 of the Act".

(lii) The words "Section 73 of the Ordinance" appearing in Article 125 be replaced with "Section 70 of the Act".

(liii) The words "Section 230 of the Ordinance" appearing in Article 131 be replaced with "Section 220 of the Act".

(liv) The words "Section 233 of the Ordinance" appearing in Article 134 be replaced with "Section 223 of the Act".

(lv) The words "Section 236 of the Ordinance" appearing in Article 134 be replaced with "Section 227 of the Act".

(lvi) The words "Section 234 of the Ordinance" appearing in Article 135 be replaced with "Section 225 of the Act".

(lvii) The words "Section 233(1) of the Ordinance" appearing in Article 136 be replaced with "Section 223 of the Act".

(lviii) The words "Section 236 of the Ordinance" appearing in Article 137 be replaced with "Section 227 of the Act".

(lix) The words "Section 156 of the Ordinance" appearing in Article 139 be replaced with "Section 129 of the Act".

(lx) The words "Section 252 to 255 of the Ordinance" appearing in Article 142 be replaced with "Section 246 to 249 of the Act".

(lxi) The words "Section 367 of the Ordinance" appearing in Article 158 be replaced with "Section 356 of the Act".

"FURTHER RESOLVED that the company secretary be and is hereby authorized to do all acts, deeds and things that may be required to carry out for the purposes aforesaid and to give full effect to the above resolutions."

"FURTHER RESOLVED that the company secretary is authorized to make any corrections/ modifications/ alterations as may be pointed out or directed by the Securities and Exchange Commission of Pakistan / Registrar of companies."

By order of the Board

MUHAMMED ALI ADIL
(Company Secretary)

Karachi
Dated: September 21, 2019

Notes:

1. Statement U/ S. 134(3) of the Companies Act, 2017 Pertaining to the Special Business:

In accordance with the promulgation of Companies Act, 2017, the Memorandum & Articles of Association of the Company required various modifications where the words used as Companies ordinance, 1984 shall be replaced by Companies Act, 2017 and relevant sections thereof. These amendments needs to be approved by the shareholders. The details of these amendments have been laid down in the agenda item # 7.

Interest of Directors:

There is no interest of any Director has been involved to the effect of the above amendments in the Memorandum & Articles of Association.

2. Closure of Shares Transfer Books

The share transfer books of the company will remain closed from October 13, 2019 to October 26, 2019. (both days inclusive). Transfers received in order at our Share Registrar / Transfer agent M/s THK Associates (Pvt). Ltd. Karahi at the close of business on Saturday, October 12, 2019 shall be treated in time for the purpose of Annual General Meeting and entitlement of Dividend if approved by the shareholders.

3. 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.

4. 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.

5. 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.

6. 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 2019 are as under:

a) For filers of income tax returns: *15%*

b) For non-filers of income tax returns: *30%*

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 30%, 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 12, 2019; otherwise tax on their cash dividend will be deducted @ 30% instead of 15%.

General Guidelines:

I) 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 Company Secretary, Telephone Number: 051-5974098 email address: ali_a@ecopack.com.pk

II) 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.

(III) 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)

7. 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.

8. 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 seven days before the date of the meeting.

9. Statement Material Facts

Under Section 166(3) of the Companies Act, 2017

Ordinary Business Item 4 – Election of Directors

The term of office of the existing board of directors of the Company will expire on 26th September, 2019. In terms of Section 159(1) of the Companies Act, 2017, the directors have fixed the number of directors at 07 to be elected at the 28th Annual General Meeting (AGM) for a period of three years commencing from the conclusion of the 28th AGM.

Any person who seeks to contest the election of directors shall, whether he is a retiring director or otherwise, file with the Company at its Registered Office, Plot # 112-113, Phase 5, Industrial Estate Hattar, not later than fourteen days before the date of the meeting, the following documents:

i. Notice of his/her intention to offer himself/herself for election of directors in terms of Section159(3) of the Act, together with the consent to act as a director in Form 28 prescribed under the Companies Act, 2017.

ii. A detailed profile along with mailing address and other contact details as required under SECP's SRO 634 (I)/2014 dated 10 July 2014;

iii. A candidate consenting for the election as director must be a member of the Company at the time of filing of his/her consent except a person representing a member, which is not a natural person.

iv. A declaration confirming that:

1) He/she is aware of his/her duties and powers under the relevant laws, Memorandum & Articles of Association of the Company and listing regulations of the Pakistan Stock Exchange;

2) He/she is not ineligible to become a director of a listed company under any provisions of the Act, the Listed Companies (Code of Corporate Governance) Regulations, 2017 and any other applicable law, rules and regulations.

Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Act and they shall meet the criteria laid down under Section 166(2) of the Act.

10. 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: 30 June 2019

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 Board is as follows:

   a) Independent Directors (1) Mr. Asad Ali Sheikh (2) Mr. Amar Zafar Khan

   b) Non-executive Directors
   (1) Mr. Shahid Jamil (2) Ms. Laila Jamil (3) Mr. Ahsan Jamil

   c) Executive Directors
   (1) Mr. Hussain Jamil (2) Mr. Ali 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 the 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 has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

9. Since four directors had attended training program in preceding years, company did not arrange any training program during the year.

10. The position of Head of Internal Audit became vacant in May 2019. The Company outsourced an individual to temporarily fulfill the casual vacancy and has taken steps and is in process of appointment of Head of Internal Audit. Further, the position of Company Secretary was held by the Chief Financial Officer during the year. Pursuant to the amendments introduced in the Regulations in December 2018 which clarify that an individual shall not simultaneously hold position of Company Secretary and Chief Financial Officer, Company has taken steps and is in process to comply with this requirement.

The Board has approved appointment of Chief Financial Officer (CFO), including his 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

(1)	Mr. Asad Ali Sheikh	-	Chairman
(2)	Mr. Amar Zafar Khan	-	Member
(3)	Ms. Laila Jamil	-	Member
(4)	Mr. Ahsan Jamil	-	Member

b) Human Resource and Remuneration (HR&R) Committee

(1)	Mr. Amar Zafar Khan	-	Chairman
(2)	Mr. Hussain Jamil	-	Member
(3)	Mr. Asad Ali Sheikh	-	Member
(4)	Mr. Ali Jamil	-	Member
(5)	Ms. Laila Jamil	-	Member

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

14. The frequency of meetings quarterly, half yearly and yearly of the committees were as per following:

a) Audit Committee (4 meetings held)

b) HR and Remuneration Committee (5 meetings held)

15. The Board has outsourced the internal audit function to M/s BDO Ebrahim & Co. who 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, except for the following:

i. As required under Regulation 10(3)(Vii) the Board of Directors should define the level of materiality, keeping in view the specific circumstances of the Company and the recommendations of any technical or executive sub-committee of the Board that may be set up for the purpose. Currently, the Board is in process of defining the level of materiality.

AMAR ZAFAR KHAN
Chairman

Karachi
September 21, 2019

CHAIRMAN'S REVIEW REPORT

Despite a very challenging and difficult financial scenario in the country in the outgoing year, I note with considerable satisfaction that your company and it's management were able to brave the unrelenting strong inflationary headwinds set off by an exponential hike in interest rates, substantial depreciation of the Pak Rupee and the resulting broad increases in almost all related costs of production and sales. Although profitability declined during the year, your company was able to meet all its financial obligations in time including paying off almost PKR 167 million of long term debt and leases and was able to record a topline growth of over 20 percent compared to the previous year.

During this period your company completed its new investment in "large size PET bottles & containers" within the approved cost of PKR 160 million and commenced commercial supplies at the end of June 2019, in time to recognize the tax credit u/s 65B of the Income Tax Ordinance 2001. This enables your company to diversify both its product range as well as add new customers to its order book and position itself to enhance both value addition and profitability in the current financial year.

I'm pleased to report that the Board and it's sub-committees met regularly to ensure compliance with all necessary requirements of Corporate Governance and diligently oversee that the directives and guidelines of the Board of Directors are followed by the management within advised timelines. As required by the Code, the Board continues to keep an eye on it's workings and evaluates itself from time to time.

While financial targets given to management have not been achieved in the previous year due to the prevalent macro-economic reasons, I am pleased to note that the company is on the right path to shore up its profitability with the steps it has undertaken to ensure growth on the one hand, and appropriate timely cost cutting measures on the other. Any relief in the financial outlook of the economy will bode well for your company as it targets double digit growth in sales revenue even this year.

A positive and open culture of debate and discussion remains a core strength of a balanced and diversified Board of Directors guiding the company's experienced management team.

Karachi
September 21, 2019

Amar Zafar Khan
Chairman of the
Board of Directors – EcoPack Ltd.

چیئرمین جائزہ رپورٹ

گذشتہ مالی سال کے دوران ملک میں انتہائی دشوار گذار اور چیلنجز سے بھرپور صورتحال کے باوجود میں نے خاطر خواہ اطمینان سے یہ محسوس کیا ہے کہ آپ کی کمپنی اور اس کی انتظامیہ شرح سود میں غیر معمولی اضافے اور پاکستانی روپے کی قدر میں نمایاں کمی کی وجہ سے بڑھتی ہوئی مہنگائی اور اس کے نتیجے میں پیداوار اور فروخت سے متعلق تمام اخراجات میں بڑے پیمانے پر ہونے والے اضافوں سے نبرد آزما ہونے میں ثابت قدم رہی۔ اگرچہ امسال نفع میں کمی واقع ہوئی تاہم آپ کی کمپنی بروقت اپنی تمام تر مالیاتی ذمہ داریوں کی سرانجام دہی بشمول 167 million روپے کے طویل المدت قرضے اور لیز کی ادائیگی کے قابل رہی اور اس کے ساتھ ساتھ فروخت کے حُجم میں گذشتہ سال کے مقابلے میں 20 فیصد سے زائد اضافہ دیکھنے میں آیا۔

اس مدت کے دوران آپ کی کمپنی نے بڑے سائز کی PET بوتلوں اور کنٹینرز میں 160 ملین روپے کی منظور شدہ سرمایہ کاری کو پایہ تکمیل تک پہنچایا اور جون 2019 کے آخر میں اپنی تجارتی ترسیل کا آغاز کر دیا جو کہ انکم ٹیکس آرڈیننس 2001 کے سیکشن 65B کے تحت ٹیکس کریڈٹ کے لیے بروقت تھا۔ اس کی وجہ سے آپ کی کمپنی کو اپنی مصنوعات کی اقسام میں کثیر الجہتی لانے کے ساتھ ساتھ اپنی Order Book میں نئے صارفین شامل کرنے کا موقع ملے گا اور موجودہ مالی سال کے دوران اپنی قدر اور منافع میں اضافے کے لیے تیار ہونے کا موقع ملے گا۔

میں یہ بتاتے ہوئے خوشی محسوس کر رہا ہوں کہ بورڈ اور اس کی ذیلی کمیٹیوں کے اجلاس باقاعدگی سے ہوئے تاکہ کارپوریٹ گورننس کی تمام ضروری شرائط کی تعمیل کو یقینی بنایا جا سکے اور اس امر کی نگرانی کی جا سکے کہ بورڈ آف ڈائریکٹرز کی جاری کردہ ہدایات اور راہنمائی پر انتظامیہ نے مقررہ مدت کے دوران عمل کیا ہے۔ ضابطے کے مطابق، بورڈ نے وقتاً فوقتاً اپنے کام اور کارکردگی کا جائزہ لینا جاری رکھا ہوا ہے۔

اگرچہ جاری میکرو اکنامک وجوہات کی وجہ سے سابقہ سال میں انتظامیہ کو دیئے گئے مالیاتی اہداف حاصل نہیں ہوئے ہیں تاہم میں یہ دیکھ کر مطمئن ہوں کہ کمپنی اپنے اٹھائے گئے ان اقدامات کے ذریعے نفع میں اضافے کے لیے درست سمت میں سفر جاری رکھے ہوئے ہے جو اس نے ایک طرف تو اپنی وسعت کو یقینی بنانے اور دوسری جانب لاگت میں بروقت کمی لانے کے لیے کیے ہیں۔ معیشت میں بہتری کی کسی صورت میں آپ کی کمپنی کے لیے بہتری ہو گی کیونکہ اس سال بھی آپ کی کمپنی کے فروخت کے حجم میں اضافہ دو ہندسوں تک پہنچنے کا ہدف مقرر ہے۔

بات چیت اور بحث و مباحثے کا مثبت اور کھلا ماحول کثیر الجہت بورڈ آف ڈائریکٹرز کی مضبوط اور متوازن خصوصیت رہی جس کی جانب سے کمپنی کی تجربہ کار انتظامی ٹیم کو راہنمائی ملتی رہی۔

عامر ظفر خان

چیئرمین بورڈ آف ڈائریکٹرز۔ ایکوپیک لمیٹڈ

کراچی، 21 ستمبر 2019

DIRECTORS' REPORT

The Board of Directors of EcoPack Limited is pleased to present the Directors' Report along with the audited annual financial statements of the company and Auditors' Report for the year ended 30th June 2019:

OVERVIEW

The outgoing financial year quite aptly fits the application of the popular adage 'Murphy's Law' i.e. "what can go wrong, will go wrong" as far as our macro-economic conditions are concerned. While the newly formed government acceded to the IMF conditionalities, after losing much valuable time, to rein in fiscal & current account deficits and improve the 'balance of payments' problems, the expected fallout of a slowdown in the economy was achieved, albeit at a significant cost to business and the economy.

As reported earlier in each of the first 3 quarters of the financial year, the inexorable increase in costs of manufacturing and doing business only further exacerbated till the year ended in June. Exponential increases were witnessed in bank interest rates (3M KIBOR increased from 6.92% to 12.97%), PKR depreciated versus the USD by 36%, petroleum prices increased by over 35% thereby enhancing truck freight by nearly 12%

during the year. Just the impact of these fundamental factors has caused massive inflation which reached double digits by the close of year thus sharply reducing the purchasing power of the end consumer – the lower middle classes and the masses at the base of the consumption pyramid. Consequently, consumer confidence continued to erode as did peoples' propensity to consume non-essential soft-drinks which would feature only after meeting the basic needs of the essential kitchen and household items, transportation, medical expenses, house rent, etc.

The Beverage industry remains cognizant and vigilant that consumer demand for soft drinks is 'inversely elastic' to the increase in sales prices – hence the effect of the cost increases were purposefully kept at a minimum in enhancing their retail prices so as not to compromise volume sales growth in the future.

As the ramifications of the above economic scenario continued to unfold throughout the year, your company's management engaged in firefighting across the board to contain the slippages in projected sales and profitability and tightly manage costs wherever possible. This was only possible to a limited extent as demand for your

company's products hardly saw much growth. With sales under pressure in the face of the recently enhanced supply capacity in the market, it did not make a good case to pass costs through to customers whose own sales were negatively impacted as they in turn were forced to pass on only a partial increase in costs to the eventual consumer already impacted by lower real disposable income.

To add to an already difficult scenario, the Government retrospectively halved the Investment Tax Credit u/s 65B of the Income Tax Schedule from 10% of the invested amount to 5% for FY 2018-19 thereby reducing our right for tax credit by PKR 7.5M approximately. Your company is

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obtaining legal advice for seeking redressal from the courts of law to determine our position for appropriate remedy for the investments made by your company during the outgoing year.

All this did not make a pretty financial picture for your company as profits declined in the face of rising costs due to macro-economic factors beyond your managements' control.

Despite all this your company was able to reverse the losses made in the first 9-months of the year of PKR 48M and post an after-tax profit of PKR 75M compared to PKR 123 million last year.

During the financial year 2018-19, Pakistan Credit Rating Agency (PACRA) has awarded us stable credit rating "A2" for short term and "BBB+" for long term based on our financial stability.

There is no adverse impact on the environment due to the Company's business.

SALES & FINANCIAL HIGHLIGHTS

Total sales value increased by 23% to Rs. 4.1 billion this year against Rs. 3.3 billion last year. This increase was partly on account of quantitative growth in Preform sales by 29% after the expansion made in Preforms production capacity last year, and also partly due to the increase in the cost of the company's petro-chemical derived raw material (PET Resin) prices by nearly 16% as compared to the previous year. Preforms sales revenue increased by 40% over last year. Gross profit increased this year by 6.3% to Rs. 386 million from Rs. 363 million in the prior year.

Financial charges significantly increased by 88% from Rs. 67 million last year to Rs. 127 million this year primarily due to two factors: (a) the increase in financial costs impacting a full year of lease finance obtained for expansion of Preform production capacity and (b) due to the significant increases in the Central Bank's discount rate by 112% YoY which in turn took KIBOR up exorbitantly by 87% YoY, thereby increasing financial costs dramatically compared to last year.

Profit before tax decreased by Rs. 23 million to Rs. 109 million from Rs. 132 million last year compared to the year under review due to massive inflationary headwinds which sharply escalated our costs and are the main reason for the decline in PBT. Likewise, Net profit after tax decreased by Rs. 49 million this year to Rs. 75 million from Rs. 123 million last year – a decrease of almost 39%.

Based on the prevailing statutory requirements and in compliance with the required corporate and financial reporting framework, adequate internal financial controls have been established and implemented by the management.

Earnings per share (basic & diluted) decreased from Rs. 3.56 to Rs 2.16 per share.

FUTURE OUTLOOK

All reasonable things considered, your company's management has recently taken steps to improve various efficiencies at the floor level and streamline several processes to save costs – "sweet are the uses of adversity" (W. Shakespeare). In line with the requirements of our Beverage industry customers, your company has taken the lead in reducing systemic costs by "light-weighting" several Preforms and Bottles so that your company remains at the forefront as a leading vendor by creating value as required for it's customers and thus ensuring continuing savings all round as well as establishing it's position as a 'preferred' supplier of choice.

Furthermore, the company invested PKR 160M and successfully implemented and completed the new project for Large Size PET Containers for the Bottled drinking water and Cooking Oil industries at the end of this financial year. The project has achieved commercial production and the financial benefits of this investment will start flowing in FY 2019-20 as the company has diversified its product range and business. By adding new applications and customers who require bottles throughout the year the company is set to improve its sales and cash flows even during the slow off-season winter months.

As the beverage industry and consumers of softdrinks adjust to the new business environment your company expects to grow it's sales in double digits as it is well poised to take a substantial part of the growth in demand in future years. The slow down internationally due to recession in Europe and the Far-east as well as the ensuing "trade wars" between the largest economies of the world indicates that crude oil prices are set to fall and thereafter remain stable for the near to mid-term. This bodes well for crude oil and gas starved developing countries such as Pakistan whose single biggest import is petroleum products, thus relieving it's burden of imports and improving the balance of payments significantly. This also augurs positively for your company as we expect PET resin prices to keep falling in tandem with the Crude Oil supply chain materials, as in a high

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interest rate environment lower cost of commodities will materially reduce our financial costs accruing during our business cycle. Lower Oil prices are also likely to reduce transportation and freight costs and may possibly also break the downward spiral of the Pak Rupee against hard currencies as our forex reserves improve – ultimately giving some relief to the end consumers as the overall cost push recedes and their disposable income is enhanced giving a much needed boost to our struggling economy.

RISKS

Regional conflicts and border disputes among neighbours in South Asia pose the risk of getting out of hand and dampening business morale and consumer confidence in the short term. An adverse outcome for Pakistan in the FATF issue is not expected but if the contrary happens then the cost of doing business is likely to escalate as financial hurdles are errected.

As our annual GDP growth rate is widely expected to decline around the 3 percent mark, resultant demand for electricity appears to be declining from industrial consumers in light of the new generation capacities coming onstream. While power supply presently seems to outstrip demand in the foreseeable future if the slowdown in the economy persists, power outages are not a threat to your company's progress but rising costs on account of ending subsidies (PM Relief of PKR 3/unit) and adhoc government levies (PKR 1.8/unit) to reduce the Circular Debt are a continuing burden on industry.

Whereas a gradual market-based adjustment/depreciation in PKR value is manageable for businesses, a sudden and sharp fall may create shocks and upheavals detrimental for the stability and profitability of your company.

Successful macro-economic management and minimal workable relations between the key political stakeholders remain a challenge for us but it's achievement is imperative for the growth and stability vital for all round socio-economic success.

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

Asad Ali Sheikh
Director

Hussain Jamil
Chief Executive Officer

Karachi
September 21, 2019

تیل کی کم قیمتوں سے نقل وحمل اور کرایہ پر اٹھنے والے اخراجات میں بھی کمی واقع ہونے کا امکان ہے اور اس طرح مضبوط کرنسیوں کے مقابلے میں پاکستانی روپے کی گرتی قدر کو ٹھہراو میسر ہو سکتا ہے کیونکہ ہمارے زرمبادلہ کے ذخائر میں بہتری آئے گی اور اس کے نتیجے میں لاگت پر پڑنے والے دباؤ میں کمی کی وجہ سے حتمی صارفین کو کچھ فائدہ ہوگا اور ان کی آمدن میں بہتری واقع ہو گی جس سے ہماری انتہائی جدوجہد کرتی معیشت کو ضروری سنبھالا ملے گا۔

خطرات

جنوبی ایشیا میں جاری علاقائی اور سرحدی تنازعات کو ہاتھ سے باہر نکلنے کے خطرات لاحق ہیں جس کی وجہ سے وقتی طور پر قلیل المدتی کاروباری حوصلہ شکنی ہو رہی ہے اور صارفین کا اعتماد متزلزل ہو رہا ہے۔ FATF کے مسئلے میں پاکستان کے لیے ایک منفی نتیجے کی توقع تو نہیں ہے لیکن برعکس نتیجہ آنے کی صورت میں اس بات کا امکان ہے کہ کاروباری لاگت میں اضافہ ہو گا کیونکہ مالیاتی مشکلات کھڑی ہو سکتی ہیں۔

چونکہ ہماری GDP میں اضافے کی شرح کے بارے میں بڑا امکان ہے کہ یہ تقریباً تین فیصد تک کم ہو گی تو اس کے نتیجے میں صنعتی صارفین کی جانب سے دھارے میں شامل ہونے والی نئی پیداواری صلاحیتوں کے تناظر میں بجلی کی طلب میں کمی پیدا ہوتی نظر آ رہی ہے۔ جبکہ فی الوقت بجلی کی پیداوار مستقبل کی طلب سے زائد ہوتی دکھائی دیتی ہے اور اگر معیشت میں یہی سست روی جاری رہی تو آپ کی کمپنی کی ترقی کو بجلی کی کمی سے خطرہ لاحق نہیں ہو گا تاہم گردشی قرضے میں کمی لانے کے لیے پرائم منسٹر کی 3 روپے فی یونٹ کی سبسڈی کا خاتمہ اور 1.8 روپے فی یونٹ کا مخصوص حکومتی ٹیرف صنعت پر مسلسل بوجھ ہے۔

جبکہ مارکیٹ کی بنیاد پر پاکستانی روپے کی قدر میں بتدریج کمی / ایڈجسٹمنٹ کاروباری اداروں کے لیے قابل برداشت ہے تاہم اس میں اچانک کمی سے جھٹکا لگ سکتا ہے اور یہ آپ کی کمپنی کے استحکام اور نفع کے لیے نقصان دہ ثابت ہو سکتا ہے۔

کامیاب میکرو اکنامک انتظام اور سیاسی شراکت داروں کے مابین کم از کم ضروری تعلقات ہمارے لیے ایک چیلنج رہے لیکن ہمہ جہت سماجی معاشی کامیابی میں اضافے اور استحکام کے لیے اس کا حصول ضروری ہے۔

برائے اور منجانب بورڈ آف ڈائریکٹرز

حسین جمیل
چیف ایگزیکٹو آفیسر
21 ستمبر 2019

اسد علی شیخ
ڈائریکٹر

فروخت اور مالیات کے اہم پہلو

سابقہ سال ہونے والی 3.3 billion روپے کی فروخت کے حُجم کے مقابلے میں اس سال 23٪ اضافے سے فروخت کا حُجم 4.1 billion روپے رہا۔ یہ اضافہ جزوی طور پر گذشتہ سال Preform کی پیداواری صلاحیت میں کیے جانے والے اضافے کے بعد Preform کی فروخت میں ہونے والے 29٪ اضافے اور سابقہ سال کی نسبت امسال کمپنی کی پیٹروکیمیکل سے بنے خام مال (PET Resin) کی قیمتوں میں تقریباً 16٪ اضافے کی وجہ سے ہوا۔ Preform کی فروخت کے حُجم میں 40٪ اضافہ ہوا۔ گذشتہ سال ہونے والے 363 million روپے کے نفع کے مقابلے میں اس سال 6.3٪ اضافے کے ساتھ مجموعی نفع 385 million روپے رہا۔

امسال مالیاتی اخراجات میں پچھلے سال کے 67 million روپے کے اخراجات میں 88٪ اضافہ ہوا جس کی وجہ سے 127 million روپے کے اِخراجات ہوئے جس کی دو بنیادی وجوہات تھیں:

(الف) Preform کی پیداواری گنجائش میں اِضافے کے لیے حاصل کردہ پورے سال کے قرضے پر مالیاتی اخراجات کا اثر
(ب) مرکزی بینک کے رعایتی ریٹ میں سالہ بہ سال 112٪ کا نمایاں اضافہ ہوا جس کے نتیجے میں KIBOR سال بہ سال 87٪ اوپر چلا گیا اور اس طرح سابقہ سال کی نسبت امسال مالیاتی اخراجات میں ڈرامائی طور اضافہ ہوا۔

بڑھتی ہوئی مہنگائی کی وجہ سے ہماری پیداواری لاگت میں اضافہ ہوا اور جو ہمارے قبل از ٹیکس نفع میں کمی کی بنیادی وجہ ہیں، زیر جائزہ سال میں قبل از ٹیکس نفع 23 million کی کمی سے 108million روپے رہا جو کہ پچھلے سال 132 million روپے تھا۔ اسی طرح بعد از ٹیکس خالص نفع 49 million روپے کم ہو کر 75 million روپے ہوا جو کہ پچھلے سال 123 million روپے تھا اور اس طرح تقریباً 39٪ کمی واقع ہوئی۔

موجودہ قوانین کی بنیاد پر اور مطلوبہ کاروباری و مالیاتی رپورٹنگ فریم ورک کی تعمیل میں انتظامیہ کی جانب سے نمایاں مالیاتی کنٹرول متعین اور نافذ کیے گئے ہیں۔
فی حصص Basic & Diluted آمدنی 3.56 روپے سے گھٹ کر 2.16 روپے فی شیئر رہا۔

مستقبل کے امکانات

تمام موزوں چیزوں کو زیر غور لاتے ہوئے آپ کی کمپنی کی انتظامیہ نے حالیہ طور پر زمینی سطح پر مختلف کارکردگیوں میں اضافے اور لاگت بچانے کے لیے متعدد کاموں کو بہتر بنانے کے لیے اقدامات اٹھائے ہیں، بقول شیکسپیئر مشکلات کے اپنے فوائد ہوتے ہیں۔ ہماری مشروبات کی صنعت کے صارفین کی ضروریات کے مطابق آپ کی کمپنی نے متعدد Preforms اور بوتلوں کا وزن کم کر کے مجموعی لاگت کی کمی کے لیے قدم اٹھایا ہے کہ آپ کی کمپنی وہ قدر پیدا کر کے صف اول کی کمپنی کے طور پر اپنا مقام برقرار رکھے جو اس کے صارفین کے لیے ضروری ہے اور اس طرح ہمہ جہت طور پر بچتوں کو یقینی بنایا جاسکے اور پسندیدہ سپلائرز کے اپنے ترجیحی مقام کو مستحکم کیا جاسکے۔

مزید برآں کمپنی نے 160 million روپے کی سرمایہ کاری سے اس مالی سال کے آخر میں پینے کی بوتل بند پانی کے لیے بڑے سائز کے PET Containers اور کوکنگ آئل کے کنٹینرز تیار کرنے کے نئے منصوبے کو کامیابی سے نافذ اور مکمل کر لیا ہے۔ اس منصوبے نے تجارتی پیداوار کو حاصل کر لیا ہے اور اس کے مالیاتی ثمرات 20-2019 کے مالی سال میں سامنے آنا شروع ہو جائیں گے کیونکہ کمپنی نے اپنی مصنوعات کی اقسام اور کاروبار کو کثیرُالجہت کر لیا ہے جسکی وجہ سے ایسے صارفین کو شامل کرنے سے جنہیں سال بھر بوتلوں کی ضرورت ہوتی ہے کمپنی نے اپنی فروخت کو بہتر کرنا شروع کر دیا ہے اور موسم سرما جیسے سُست رو فروخت کے موسم میں بھی اپنے Cash flow کو بہتر کر لیا ہے۔

جبکہ مشروبات سازی کی صنعت اور سافٹ ڈرنکس کے صارفین نئے کاروباری ماحول میں ایڈجسٹ ہو رہے ہیں تو آپ کی کمپنی کو اپنی فروخت میں دوہرے ہندسوں تک اضافے کی توقع ہے کیونکہ یہ آئندہ سالوں کے دوران طلب میں ہونے والے اضافے میں سے نمایاں حصہ لینے کے لیے اچھی طرح تیار ہے۔ یورپ اور مشرق بعید میں کساد بازاری کی وجہ سے بین الاقوامی سطح پر جاری ست روی اور اس کے ساتھ ساتھ دنیا کی بڑی معیشتوں کے مابین جاری تجارتی جنگیں اس امر کی غمازی ہیں کہ خام تیل کی قیمتیں گریں گی اور اس کے بعد وسطی مدت تک مستحکم رہیں گی۔

یہ امر خام تیل اور گیس کے متلاشی ترقی پذیر ممالک مثلاً پاکستان کے لیے بہتری کا غماز ہے جس کی واحد سب سے بڑی درآمد پٹرولیم مصنوعات ہیں اور اس طرح درآمدات پر بوجھ کم ہو گا اور ادائیگیوں کے توازن میں نمایاں بہتری واقع ہو گی۔ اس سے آپ کی کمپنی کے لیے بھی مثبت اثرات مرتب ہوں گے کیونکہ ہمیں امید ہے کہ اس طرح PET Resin کی قیمتیں بھی خام تیل کی سپلائی چین کی اشیا کی قیمتوں کے ساتھ ساتھ کم ہوتی جائیں گی جیسا کہ زیادہ سود کی شرح والے ماحول میں اجناس کی کم لاگت ہمارے کاروباری امور کے دوران ہمارے مالی اخراجات میں نمایاں کمی لائے گی۔

ڈائریکٹرز رپورٹ

ایکو پیک لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے نہایت مسرت کے ساتھ ڈائریکٹرز رپورٹ کمپنی کے آڈٹ شدہ سالانہ مالیاتی گوشواروں اور 30 جون 2019 کو ختم ہونے والے سال کے لیے آڈیٹرز رپورٹ کے ساتھ پیش کیا جارہا ہے:

جائزہ

جہاں تک ہماری میکرو اکنامک حالات کا تعلق ہے تو ختم ہونے والا مالی سال 'Murphy's Law' کی مشہور کہاوت "جو غلط ہو سکتا ہے وہ غلط ہو گا" پر پورا اترتا ہے۔ مالیاتی اور کرنٹ اکاؤنٹ خساروں اور ادائیگیوں کے توازن جیسے مسائل پر قابو پانے کے لیے اب جبکہ نئی حکومت نے کافی قیمتی وقت ضائع کرنے کے بعد آئی ایم ایف کی شرائط قبول کر لی ہیں تو معیشت میں متوقع سست روی کے نتائج بھی سامنے آئے تھے تاہم اس کے لیے کاروبار اور معیشت کو خاطر خواہ قیمت ادا کرنی پڑی۔

جیسا کہ مالی سال کی پہلی تین سہ ماہیوں میں سے ہر ایک کے دوران پہلے بتایا جا چکا ہے، پیداواری لاگت میں ناگزیر اضافہ اور صرف کاروبار چلانے کا عمل جون میں ختم ہونے والے سال کے آخر تک جاری رہا۔ بینک کے سود کی شرح میں کئی گنا اضافہ (3MK اضافے سے 6.92٪ سے بڑھ کر 12.97٪) دیکھنے میں آیا، امریکی ڈالر کی نسبت پاکستانی روپے کی قدر میں 36٪ کمی رونما ہوئی، پیٹرولیم مصنوعات کی قیمتوں میں 35٪ سے زائد اضافہ ہوا اور اس طرح سال کے دوران ٹرک کے کرائے میں تقریباً 12٪ اضافہ ہوا۔ صرف انہی بنیادی عوامل سے مرتب ہونے والے اثرات نے شدید مہنگائی کی جو کہ سال کے اختتام تک دوہرے ہندسوں تک پہنچی اور اس طرح آخری سرے پر موجود صارفین بشمول نچلے درمیانے طبقے اور کھپت کے عمل کے انتہائی زیادہ بنیادی صارفین کی قوت خرید میں شدید کمی واقع ہوئی۔ اس کے نتیجے میں صارف کا اعتماد کم ہوا اور اس کے ساتھ غیر ضروری مشروبات کے استعمال کے متعلق لوگوں کے رجحان میں کمی واقع ہوئی کیونکہ ان مشروبات کا استعمال باورچی خانے اور گھر کی بنیادی ضروریات، نقل و حمل، علاج معالجے، گھر کے کرایہ وغیرہ پر اٹھنے والے اخراجات پورے ہونے کے بعد ہی ہوتا ہے۔

مشروبات سازی کی صنعت اس بابت خبردار اور ہوشیار رہی کہ قیمت فروخت میں اضافے کی صورت میں مشروبات کے لیے صارفین کی طلب میں منفی لچک پیدا ہوتی ہے لہٰذا پرچون کی قیمتوں میں اضافے کے باوجود کم از کم سطح پر رکھا گیا تاکہ مستقبل میں فروخت کے حجم میں کمی واقع نہ ہو۔

چونکہ مذکورہ بالا معاشی صورتحال کے نتائج پورا سال مرتب ہوتے رہے تو آپ کی کمپنی کی انتظامیہ ہمہ وقت ان مسائل سے نمٹنے میں مصروف رہی تاکہ فروخت کے طے کردہ اہداف اور نفع میں کمی نہ ہو اور جہاں ممکن ہو لاگتوں کو سختی سے قابو میں رکھا جا سکے۔ یہ صرف کم از کم حد تک ہی ممکن تھا کیونکہ آپ کی کمپنی کی مصنوعات کی طلب میں بڑی مشکل سے اضافہ دیکھنے میں آیا۔ مارکیٹ میں سپلائی کی گنجائش میں حالیہ اضافے کے بعد زیر دباؤ فروخت سے کوئی ایسی بہتر صورت سامنے نہ آئی جس کے تحت لاگت کو ان صارفین تک منتقل کیا جا سکتا جن کی اپنی فروخت پر منفی اثرات مرتب ہوئے تھے کیونکہ وہ لاگت میں انتہائی جزوی اضافے کو اپنے حتمی صارفین تک منتقل کرنے کے لیے مجبور ہوئے تھے اور وہ بھی جبکہ یہ صارفین کم آمدن کی وجہ سے پہلے سے متاثر تھے۔
ایک پہلے سے درپیش مشکل صورتحال کے ساتھ انکم ٹیکس آرڈیننس کے سیکشن 65B کے تحت سرمایہ کاری ٹیکس کریڈٹ کو مالی سال کے لیے سرمایہ کاری کی رقم 10٪ سے گھٹا کر 5٪ کر دیا اور اس طرح ہمارے ٹیکس کریڈٹ کے حق میں تقریباً 7.5 million روپے کی کمی کر دی۔ آپ کی کمپنی عدالتوں سے اس مسئلے کے حل کے لیے قانونی رائے حاصل کر رہی ہے تاکہ ختم ہونے والے سال کے دوران ہماری کمپنی کی جانب سے کی جانے والی سرمایہ کاری کے سلسلے میں مناسب چارہ جوئی کے لیے ہم اپنی حیثیت کا تعین کر سکیں۔

اس ساری صورتحال سے آپ کی کمپنی کے لیے پُرکشش معاشی صورت تشکیل نہیں پائی کیونکہ آپ کی انتظامیہ کے اختیار سے باہر میکرو اکنامک عناصر کی وجہ سے بڑھتے ہوئے اخراجات کی صورت میں نفع میں کمی واقع ہوئی۔

اس سب کے باوجود آپ کی کمپنی سال کے پہلے نو مہینوں کے دوران ہونے والے 48 ملین روپے کے نقصانات کا ازالہ کرنے اور بعد از ٹیکس 75 million روپے کا نفع حاصل کرنے میں کامیاب رہی جو کہ سابقہ سال 123 million روپے تھا۔

مالیاتی سال 19-2018 کے دوران پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے ہمارے مالی استحکام کی بنیاد پر ہمیں قلیل مدت کے لیے A2 جبکہ طویل مدت کے لیے +BBB ریٹنگ دی۔ کمپنی کے کاروبار کی وجہ سے ماحول پر کوئی منفی اثر نہیں ہے۔

Manufacturers of Quality PET Bottles and Preforms

EcoPack Ltd

ANNEXURE "A" -

TO THE DIRECTORS' REPORT SIX YEARS AT A GLANCE

	------- Rupees in '000' -------					
	2019	2018	2017	2016	2015	2014
Assets employed:						
Property, plant and equipment	1,426,872	1,362,572	1,001,273	1,014,171	1,055,461	1,074,293
Intangibles and others	36,973	19,149	9,714	11,463	7,097	6,702
Current Assets	1,102,483	999,833	690,979	671,674	618,037	579,853
	2,566,328	2,381,554	1,701,966	1,697,308	1,680,595	1,660,848
Assets financed by:						
Shareholders' equity including revaluation surplus	907,422	868,294	771,249	637,422	522,504	404,674
Long term finances	268,604	325,194	149,906	247,379	323,094	125,032
Deffered Liabilities	289,687	238,754	261,565	203,675	176,627	232,324
Short term finances	894,636	650,396	353,070	425,097	386,508	469,994
Other current liabilities	205,979	298,916	166,176	183,735	271,862	408,580
	2,566,328	2,381,554	1,701,966	1,697,308	1,680,595	1,640,604
Profit or Loss:						
Sales	4,074,873	3,312,401	2,205,360	2,097,028	1,847,868	2,229,897
Cost of Sales	3,689,056	2,949,201	1,890,903	1,754,272	1,562,629	1,832,874
Gross Profit	385,817	363,200	314,457	342,756	285,239	397,023
Operating expenses	131,680	111,697	99,167	95,275	119,896	139,045
Operating profit	254,137	251,503	215,290	247,481	165,343	257,978
Net other income / expenses	18,218	52,371	11,066	40,591	6,477	20,417
Financial charges	127,088	66,821	54,302	70,034	103,987	113,873
Net profit before taxation	108,831	132,311	149,922	136,856	54,879	123,688
Taxation	34,020	8,855	44,061	34,938	28,404	66,121
Net profit after taxation	74,811	123,456	105,861	101,918	26,475	57,567
Other comprehensive income and Transactions with owners:						
Other comprehensive income	(305)	136	27,965	18,720	20,655	37,651
Bonus shares	10%	15%	5%	25%	-	-
Cash dividend	5%	10%	10%	-	-	-
Key Financial Ratios:						
Gross profit	9.47%	10.96%	14.26%	16.34%	15.44%	17.80%
Operating profit	6.24%	7.59%	9.76%	11.80%	8.95%	11.57%
Profit before tax to net sales	2.67%	3.99%	6.80%	6.53%	2.97%	5.55%
Return on capital employed	11.16%	14.24%	16.36%	15.51%	6.51%	23.57%
Inventory turnover (times)	11.36	12.51	7.75	7.90	8.36	11.16
Fixed assets turnover (times)	2.78	2.40	2.18	2.04	1.74	2.06
Debt equity ratio	32:68	36:64	25:75	34:66	34:66	20:80
Current ratio	1.00	1.05	1.33	1.10	0.94	0.66
Earnings per share	2.16	3.56	3.69	3.55	1.15	2.51

ANNEXURE "B" –

TO THE DIRECTORS' REPORT STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

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 @ 5% (2018 – 10%), however bonus shares @ 10% i.e. 10 shares on every 100 shares held (2018 – 15%) 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. 11.36 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, 2019.
7. The total number of Directors are seven as per the following:

   a. Male : 06

   b. Female : 01
8. The composition of Board is as follows:

   a) **Independent Directors**

   (1) Mr. Asad Ali Sheikh (2) Mr. Amar Zafar Khan

   b) **Non-executive Directors**

   (1) Mr. Shahid Jamil (2) Ms. Laila Jamil (3) Mr. Ahsan Jamil

   c) **Executive Directors**

   (1) Mr. Hussain Jamil (2) Mr. Ali Jamil
9. Board has approved the Remuneration policy of Directors, significant features are as follows:
   - The Board of Directors ("BOD") shall, from time to time, determine and approve the remuneration of the members of the BOD for attending Board Meetings. Such level of remuneration shall be appropriate and commensurate with the level of responsibility and expertise offered by the members of the BOD, and shall be aimed at attracting and retaining members needed to govern the Company successfully, and creating value addition.
   - No single member of the BOD shall determine his/her own remuneration.
10. The Board has formed committees comprising of members given below:

    a) **Audit Committee**

(1)	Mr. Asad Ali Sheikh	-	Chairman
(2)	Mr. Amar Zafar Khan	-	Member
(3)	Mr. Ahsan Jamil	-	Member
(3)	Ms. Laila Jamil	-	Member

    b) **Human Resource and Remuneration (HR&R) Committee**

(1)	Mr. Amar Zafar Khan	-	Chairman
(2)	Mr. Hussain Jamil	-	Member
(3)	Mr. Asad Ali Sheikh	-	Member
(4)	Mr. Ali Jamil	-	Member
(5)	Ms. Laila Jamil	-	Member

11. During the year, 04 board of Directors, 04 Audit Committee & 05 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	02
Mr. Ali Jamil	03
Ms. Laila Jamil	04
Mr. Asad Ali Sheikh	04
Mr. Ahsan Jamil	04
Mr. Rehan Jamil (Alternate Director of Mr. Shahid Jamil)	01
Mr. Rehan Jamil (Alternate Director of Mr. Ali Jamil)	01

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
Mr. Ahsan Jamil	01

c) Human Resource & Remuneration Committee Meetings: -

Name of Members	No. of Meetings Attended
Mr. Amar Zafar Khan	05
Mr. Hussain Jamil	05
Mr. Asad Ali Sheikh	05
Mr. Ali Jamil	04
Ms. Laila Jamil	05

8. Trading of shares by Directors, Spouse of a Director, Chief Financial Officer & Secretary of the Company during the year 2018-2019 is as under:

Name	Designation	No. of Shares Acquired / Sold
Mr. Amar Zafar Khan	Director	Nil
Mr. Hussain Jamil	Chief Executive Officer	Nil
Mr. Ahsan Jamil	Director	Nil / 858,500
Mrs. Ayesha Nora Khan	Spouse of Substantial Shareholder	Nil / 96,942
Mr. Shahid Jamil	Director	Nil / 38,000
Mr. Ali Jamil	Director	Nil
Mr. Asad Ali Sheikh	Director	Nil
Ms. Laila Jamil	Director	Nil
Mr. Rehan Jamil	(Alternate Director of Mr. Shahid Jamil)	Nil
Mr. Rehan Jamil	(Alternate Director of Mr. Ali Jamil)	Nil
Mr. Muhammed Ali Adil	Chief Financial Officer	Nil

AUDITORS:

The present Auditors M/s. KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible have offered themselves for re-appointment for the financial year 2019-2020.

For & on behalf of the Board of Directors

ASAD ALI SHEIKH
Director

HUSSAIN JAMIL
Chief Executive Officer

Date: September 21, 2019

ANNEXURE "C" –

TO THE DIRECTORS' REPORT
PATTERN OF SHARE HOLDING AS AT JUNE 30, 2019

Serial No	No. Of Shareholding	Shareholders		Total Shares Held	Percentage %
		From	To		
1	380	1	100	12,919	0.04%
2	864	101	500	257,712	0.74%
3	312	501	1000	231,946	0.67%
4	762	1001	5000	1,657,937	4.78%
5	114	5001	10000	817,520	2.36%
6	48	10001	15000	558,362	1.61%
7	26	15001	20000	447,922	1.29%
8	19	20001	25000	435,939	1.26%
9	12	25001	30000	319,710	0.92%
10	12	30001	35000	387,586	1.12%
11	6	35001	40000	229,668	0.66%
12	1	40001	45000	42,550	0.12%
13	1	45001	50000	45,885	0.13%
14	3	50001	55000	157,435	0.45%
15	3	55001	60000	172,500	0.50%
16	3	60001	65000	189,250	0.55%
17	2	65001	70000	133,459	0.38%
18	2	70001	75000	147,277	0.42%
19	1	75001	80000	76,500	0.22%
20	1	80001	85000	80,795	0.23%
21	1	85001	90000	86,250	0.25%
22	1	95001	100000	100,000	0.29%
23	1	100001	105000	101,625	0.29%
24	1	105001	110000	110,000	0.32%
25	2	110001	115000	230,000	0.66%
26	1	120001	125000	120,750	0.35%
27	1	135001	140000	137,227	0.40%
28	1	155001	160000	155,034	0.45%
29	1	170001	175000	172,500	0.50%
30	1	210001	215000	212,893	0.61%
31	1	245001	250000	250,000	0.72%
32	1	275001	280000	276,250	0.80%
33	1	280001	285000	282,500	0.81%
34	1	295001	300000	299,241	0.86%
35	1	325001	330000	325,786	0.94%
36	1	415001	420000	416,899	1.20%
37	1	1025001	1030000	1,026,659	2.96%
38	1	1045001	1050000	1,045,205	3.01%
39	1	2050001	2055000	2,051,637	5.92%
40	1	2135001	2140000	2,136,065	6.16%
41	1	2560001	2565000	2,561,480	7.39%
42	1	3240001	3245000	3,243,500	9.35%
43	1	3310001	3315000	3,312,718	9.55%
44	1	3870001	3875000	3,873,770	11.17%
45	1	5745001	5750000	5,750,000	16.58%
	2598	Total Shares Held		34,680,861	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	10,489	0.030%
	National Bank Of Pakistan	1	357	0.001%
	Sub-Total:	2	10,846	0.031%
3	Directors, Chief Executive Officer, and their Spouse and Minor Children:-			
	Mr. Hussain Jamil	1	5,962,893	17.194%
	Mr. Shahid Jamil	1	1,045,528	3.015%
	Mr. Ali Jamil	1	22,275	0.064%
	Mr. Ahsan Jamil	1	3,907,370	11.267%
	Mr. Amar Zafar Khan	1	744	0.002%
	Mr. Asad Ali Sheikh	1	744	0.002%
	Ms. Laila Jamil	1	744	0.002%
	Mrs. Deborah Jamil	1	7,135	0.021%
	Sub-Total:	8	10,947,433	31.566%
4	Modarabas And Mutual Funds:-			
	Prudential Stock Fund Ltd.	1	172,719	0.498%
	Modaraba Al-Mali	1	22,359	0.064%
	CDC - Trustee NAFA Islamic Stock Fund	1	2,082	0.006%
	Sub-Total:	3	197,160	0.568%
5	NIT AND ICP			
	M/S. Investment Corporation Of Pakistan	1	140	0.000%
	Sub-Total:	1	140	0.000%
6	Foreign Investors:-			
	M/S Somers Nominee (Far East) Limited	1	9,302	0.027%
	Sub-Total:	1	9,302	0.027%

S.No	Name	Number of Share Holders	Total Shares Held	Percentage
7	Others			
	Margalla Financial (Private) Limited	1	30,000	0.087%
	Dr. Arslan Razaque Securities (Smc-Pvt)	1	1,601	0.005%
	Akhai Securities (Private) Limited	1	745	0.002%
	Fikree'S (Pvt) Ltd.	1	25,415	0.073%
	Prudential Securities Limited	1	902	0.003%
	M/S. Freedom Enterprises (Pvt) Ltd.	1	3,753	0.011%
	Maple Leaf Capital Limited	1	1	0.000%
	Muhammad Ahmed Nadeem Securities (Smc-Pvt)	1	750	0.002%
	Federal Board Of Revenue	1	416,899	1.202%
	S.A. Prosperity (Pvt.) Ltd.	1	105	0.000%
	Mam Securities (Pvt) Limited	1	147	0.000%
	Amanah Investments Limited	1	1,153	0.003%
	Multiline Securities (Pvt) Limited - Mf	1	37,000	0.107%
	Mra Securities Limited - Mf	1	57,000	0.164%
	Dawood Equities Limited- Mf	1	5,000	0.014%
	Axis Global Limited - Mf	1	1,000	0.003%
	Zafar Securities (Pvt) Ltd	1	15,500	0.045%
	Y.S. Securities (Private) Limited	1	1,043	0.003%
	Sub-Total:	18	598,014	1.724%
8	Individual			
	Local - Individuals	2,565	22,917,966	66.082%
	Sub-Total:	2,565	22,917,966	66.082%
	Grand Total:	2,598	34,680,861	100%
	Share holding 5% or more voting interest			
	Hussain Jamil	1	5,962,893	17.194%
	Ahsan Jamil	1	3,907,370	11.267%
	Munaf Ibrahim	1	3,312,718	9.552%
	Abdul Sameer	1	3,243,500	9.352%
	Talat Iqbal	1	2,561,480	7.386%
	Shahzad	1	2,136,065	6.159%
	Hanif Khanani	1	2,117,637	6.106%
	Total	7	23,241,663	67.016%

INDEPENDENT AUDITORS' 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 for the year ended 30 June 2019 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 procedures to access 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 30 June 2019.

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

- As disclosed in point 18 of the statement, the Board has not defined level of materiality.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad
September 27, 2019

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 30 June 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, 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 30 June 2019 and of the profit 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Following are the key audit matters:

Sr. No.	Key audit matters	How the matters were addressed in our audit
1	**Recognition of Revenue** (Refer to note 4.1, 5.11 and 24 to the financial statements) The Company is engaged in the production and sale of PET Preforms and PET Bottles. The Company recognized gross revenue from the sales of PET preforms of Rs. 2.6 billion and from the sale of PET bottles of Rs. 2.1 billion for the year ended 30 June 2019.	Our audit procedures to assess the recognition of revenue included the following: • Obtaining an understanding of the process relating to recognition of revenue and assessing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • Comparing a sample of revenue transactions recorded during the year with sales orders, sales tax invoices, delivery challans / notes and other relevant underlying documents;

Sr. No.	Key audit matters	How the matters were addressed in our audit
	We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets and that during the year IFRS 15 "Revenue from contracts with customers" became applicable to the Company which requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive ,when the control is transferred to the purchaser.	• Comparing a sample of revenue transactions recorded around the year end with the sales orders, sales tax invoices, delivery challans / notes and other relevant underlying documents to assess if the related revenue was recorded in the appropriate accounting period; • Comparing the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation; • Considering the appropriateness of the accounting policy for revenue recognition and comparing it with the applicable accounting standards; • Reviewing management's assessment of impact of IFRS 15 "Revenue from contracts with customers" on the Company in respect of revenue recognition; and • Assessing the adequacy of disclosures related to revenue as required under applicable financial reporting standards.
2	**Valuation of trade debts in accordance with IFRS 9 – Financial Instruments** (Refer to note 4.2, 5.5 and 11 to the financial statements) The Company has adopted IFRS 9 with effect from 1 July 2018. The new standard requires, among other matters, the Company to recognize impairment loss for financial assets using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company under IAS 39. Determination of ECL provision for trade debts requires significant judgment and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. We have considered the first time application of ECL requirements as a key audit matter due to significance of estimates and judgments in this regard.	Our audit procedures to evaluate the determination of ECL on trade debts in accordance with IFRS 9 – "Financial Instruments" included the following: • Assessing the methodology developed and applied by the Company to estimate the ECL in relation to trade debts; • Assessing and evaluating the assumptions used in applying the ECL methodology based on historical credit loss experience and forward-looking macro-economic information as relevant for such estimates; • Assessing the integrity and quality of the data used for ECL computation based on the accounting records of the Company as well as the related external sources as used for this purpose; • Checking the mathematical accuracy of the ECL model by performing recalculation on test basis; and • Assessing the adequacy of disclosures related to ECL as required under applicable financial reporting standards.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial statements and our auditors' 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.

Auditors' 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 auditors' 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 skepticism throughout the audit. We also:

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

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

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

- 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 auditors' 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 auditors' 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Other Matter

The financial statements of the Company for the year ended 30 June 2018 were audited by another auditor whose report dated 26 September 2018 expressed an unmodified opinion on those financial statements.
As part of our audit of the financial statements of the Company for the year ended 30 June 2019, we also audited the adjustments described in note 43 that were applied to amend the financial statements for the year ended 30 June 2018. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended 30 June 2018 other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the financial statements for the year ended 30 June 2018 taken as a whole.

The engagement partner on the audit resulting in this independent auditors' report is Mr. Riaz Pesnani.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

27 September 2019

Statement of Financial Position

As at 30 June 2019

	Note	30 June 2019	30 June 2018	01 July 2017
		------- Rupees in '000' -------		
ASSETS			Restated	Restated
Non-Current Assets				
Property, plant and equipment	6	**1,426,872**	1,362,572	1,001,273
Intangibles	8	**6,623**	7,402	6,492
Advance for capital expenditure	7	**18,207**	-	-
Long-term deposits		**12,143**	11,747	3,222
		1,463,845	1,381,721	1,010,987
Current Assets				
Stores, spares and loose tools	9	**63,239**	58,673	56,235
Stock in trade	10	**324,830**	224,659	246,650
Trade debts	11	**402,706**	454,623	149,400
Loans and advances	12	**123,641**	61,510	53,748
Deposits, prepayments and other receivables		**13,973**	9,387	16,877
Taxation - net	13	**138,581**	111,248	109,127
Short-term investments		**-**	-	36,000
Cash and bank balances	14	**35,513**	79,733	22,942
		1,102,483	999,833	690,979
Total assets		**2,566,328**	2,381,554	1,701,966
SHARE CAPITAL AND RESERVES				
Share capital	15	**346,809**	301,573	287,212
Revaluation surplus on property and plant	16	**144,962**	161,552	175,887
Accumulated profit		**415,651**	405,169	308,150
		907,422	868,294	771,249
LIABILITIES				
Non-Current Liabilities				
Long-term liabilities	17	**67,968**	60,746	145,223
Finance lease liabilities	18	**200,636**	264,448	4,683
Deferred liabilities	19	**289,687**	238,754	261,565
		558,291	563,948	411,471
Current Liabilities				
Trade and other payables	20	**203,452**	297,614	165,715
Unclaimed dividend		**2,527**	1,302	461
Short term borrowings	21	**737,682**	484,941	241,898
Current portion of non-current liabilities	22	**156,954**	165,455	111,172
		1,100,615	949,312	519,246
Total equity and liabilities		**2,566,328**	2,381,554	1,701,966

CONTINGENCIES AND COMMITMENTS 23

The annexed notes 1 to 45 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

Manufacturers of Quality PET Bottles and Preforms

EcoPack Ltd

Statement of Profit or Loss

For the year ended 30 June 2019

	Note	30 June 2019	30 June 2018
		------- Rupees in '000' -------	
			Restated
Sales - net	24	**4,074,873**	3,312,401
Cost of sales	25	**(3,689,056)**	(2,949,201)
Gross profit		**385,817**	363,200
Selling expenses	26	**(27,397)**	(23,771)
Administrative expenses	27	**(100,650)**	(83,714)
Impairment loss on trade debts	11	**(3,633)**	(4,212)
		(131,680)	(111,697)
Operating profit		**254,137**	251,503
Other income - net	28	**20,149**	39,800
Other expenses	29	**(38,367)**	(92,171)
		(18,218)	(52,371)
Financial charges	30	**(127,088)**	(66,821)
Profit before taxation		**108,831**	132,311
Taxation	31	**(34,020)**	(8,855)
Profit after taxation		**74,811**	123,456
Earnings per share - basic and diluted	32	**2.16**	3.56

The annexed notes 1 to 45 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER | DIRECTOR

Statement of Comprehensive Income

For the year ended 30 June 2019

	Note	30 June 2019	30 June 2018
		------- Rupees in '000' -------	
			Restated
Profit after taxation		**74,811**	123,456
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss:			
- Remeasurements of defined benefit plan	19.1.4	**(429)**	192
- Deferred tax on remeasurements of defined benefit plan		**124**	(56)
		(305)	136
Total comprehensive income for the year		**74,506**	123,592

The annexed notes 1 to 45 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

Statement of Changes In Equity

For the year ended 30 June 2019

	Share Capital	Revaluation surplus on Property & Plant	Revenue Reserve- Accumulated Profit	Total Equity
	------- Rupees in '000' -------			
Balance as at 1 July 2017	287,212	175,887	308,150	771,249
Total comprehensive income for the year				
- Profit after taxation for the year	-	-	123,456	123,456
- Other comprehensive income for the year	-	-	136	136
Total comprehensive income for the year	-	-	123,592	123,592
Transfer of incremental depreciation - net of deferred tax	-	(15,116)	15,116	-
Surplus on assets disposed off - net of tax	-	(1,393)	1,393	-
Effect of change in tax rate	-	2,174	-	2,174
	-	(14,335)	16,509	2,174
Distribution to members of the Company				
- Issuance of bonus shares @ 5%	14,361	-	(14,361)	-
- Final dividend @ 10% for the year ended 30 June 2017	-	-	(28,721)	(28,721)
Total distributions	14,361	-	(43,082)	(28,721)
Balance as at 30 June 2018 - Restated	301,573	161,552	405,169	868,294
Balance as at 1 July 2018 - as previously reported	301,573	161,552	407,360	870,485
Effect of restatement - note 43	-	-	(2,191)	(2,191)
Balance as at 1 July 2018 - Restated	301,573	161,552	405,169	868,294
Balance as at 1 July 2018 - Restated	**301,573**	**161,552**	**405,169**	**868,294**
Adjustment on initial application of IFRS 9 - net of tax	**-**	**-**	**(5,221)**	**(5,221)**
Adjusted balance as at 1 July 2018	**301,573**	**161,552**	**399,948**	**863,073**
Total comprehensive income for the year				
- Profit after taxation for the year	**-**	**-**	**74,811**	**74,811**
- Other comprehensive income for the year	**-**	**-**	**(305)**	**(305)**
Total comprehensive income for the year	**-**	**-**	**74,506**	**74,506**
Transfer of incremental depreciation - net of deferred tax	**-**	**(16,590)**	**16,590**	**-**
	-	**(16,590)**	**16,590**	**-**
Distribution to members of the Company				
- Issuance of bonus shares @ 15%	**45,236**	**-**	**(45,236)**	**-**
- Final dividend @ 10% for the year ended 30 June 2018	**-**	**-**	**(30,157)**	**(30,157)**
Total distributions	**45,236**	**-**	**(75,393)**	**(30,157)**
Balance as at 30 June 2019	**346,809**	**144,962**	**415,651**	**907,422**

CHIEF FINANCIAL OFFICER | CHIEF EXECUTIVE OFFICER | DIRECTOR

Statement of Cash Flows For the year ended 30 June 2019

	Note	30 June 2019	30 June 2018 Restated
		------- Rupees in '000' -------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		108,831	132,311
Adjustment for non-cash charges and other items:			
Depreciation and amortization		133,176	119,816
Loss / (gain) on disposal of property, plant and equipment		198	(554)
Provision for Workers' Profits Participation Fund		5,742	7,285
Provision for Workers' Welfare Fund		17	4,700
Provision for slow moving stock in trade		263	32,022
Provision for shared based payment		1,301	-
Other assets written off		3,002	5,188
Impairment loss on trade debts		3,633	4,212
Operating assets written off		-	27,384
Charge for staff retirement benefit - gratuity		19,891	16,558
Finance cost		127,088	66,821
		403,142	415,743
Changes in:			
Stores, spares and loose tools		(4,566)	(2,438)
Stock in trade		(100,434)	(10,031)
Trade debts		40,929	(309,435)
Loans and advances		(65,133)	(7,762)
Deposits, prepayments and other receivables		(4,586)	7,490
Trade and other payables		(87,935)	127,557
		(221,725)	(194,619)
Cash generated from operations		181,417	221,124
Financial charges paid		(68,573)	(35,191)
Gratuity paid		(950)	(2,360)
Workers' Profit Participation Fund paid		(7,285)	(8,139)
Workers' Welfare Fund paid		(4,700)	(4,709)
Taxes paid		(27,533)	(44,966)
Long-term security deposits - net		(396)	(48,337)
Net cash generated from operating activities		71,980	77,422
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(176,883)	(136,917)
Advance for capital expenditure		(18,207)	-
Proceeds from disposal of property, plant and equipment		3,455	753
Short term investments redeemed		-	36,000
Additions in intangible assets		-	(3,115)
Net cash used in investing activities		(191,635)	(103,279)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal repayment of lease obligations		(72,257)	(3,466)
Dividend paid		(28,932)	(27,880)
Short-term loans obtained		3,118,399	2,393,847
Short-term loans repaid		(2,874,702)	(2,157,402)
Long term loans obtained		80,000	7,491
Long term loans repaid		(94,465)	(101,182)
Finance cost paid on long-term finances		(48,619)	(29,897)
Net cash generated from financing activities		79,424	81,511
Net (decrease) / increase in cash and cash equivalents		(40,231)	55,654
Cash and cash equivalents at the beginning of the year		62,379	6,725
Cash and cash equivalents at the end of the year	33	22,148	62,379

The annexed notes 1 to 45 form an integral part of these financial statements.

CHIEF FINANCIAL OFFICER

CHIEF EXECUTIVE OFFICER

DIRECTOR

Notes to the Financial Statements

For the year ended 30 June 2019

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, Citi villas Near High Court Road, Rawalpindi	Head Office

Karachi	Purpose
Suite # 306, 3rd Floor, Clifton Diamond, Block - 4, Clifton, Karachi	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 for following items which are measured on an alternative basis on each reporting date.

Items	Measurement basis
Liabilities for cash-settled shared-based payment arrangements	Fair Value
Net defined benefit liability	Present value of the defined benefit obligation
Property, plant and equipment	Revalued amount (Property and plant)

This is the first set of the Company's annual financial statements in which IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' have been applied. Changes to significant accounting policies are described in note 4.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are 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.

Judgments, assumptions and estimates made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements are included in the following notes:

		Note
i)	Useful life and residual values of property, plant and equipment	5.1
ii)	Useful life and amortization of Intangible assets	5.2
iii)	Provision for slow moving and obsolete store, spares and loose tools	5.3
iv)	Provision for slow moving and obsolete stock in trade	5.4
v)	Provision for staff retirement benefits	5.8
vi)	Provision for taxation	5.9
vii)	Measurement of ECL allowance for trade receivables	5.6

2.5 Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established controlled framework with respect to the measurement of fair values. The management has overall responsibility for overseeing all significant fair value measurements including Level 3 values.

The management regularly reviews significant unobservable inputs, if relevant, and valuation adjustments. If third party information, such as broker codes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that their valuations meet the requirements of approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into following levels of fair value hierarchy based on the inputs used in valuation techniques:

Level 1:	quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	inputs other than quoted prices included in Level 1 above that are observable market data for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3:	inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

3. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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 1 July 2019:

i) IFRIC 23 Uncertainty over Income Tax Treatments

The amendment to 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 management is in process of determining the potential impact of the interpretation on Company's financial statements.

ii) IFRS 16 'Leases'

The amendment to 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 management is in process of determining the potential impact of the standard on Company's lease arrangements.

iii) IFRS 9 'Financial Instruments'

Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVTOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVTOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

iv) IAS 28 'Investments in Associates and Joint Ventures'

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 Company's financial statements.

v) IAS 19 'Employee Benefits'

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 Company's financial statements.

vi) IFRS 3 'Business Combinations'

Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

vii) IAS 1 'Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors'

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

viii) Conceptual Framework for Financial Reporting

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

ix) Annual improvements to IFRS standards 2015-2017 cycle

The improvements address amendments to following approved accounting standards:

a) 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.

b) 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.

c) 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 from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's financial statements.

4 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company has initially applied IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 1 July 2018. The effect of initially applying these standards is mainly attributed to the following:

- reclassification of carriage outward expenses from 'distribution expenses' (now selling expenses) to 'cost of sales' for transition to IFRS 15 'Revenue from Contracts with Customers';
- an increase in impairment losses recognised on financial assets for transition to IFRS 9 'Financial Instruments'; and
- reclassification of impairment loss on trade debts from other expenses to a separate line item in the statement of profit or loss, for transitions IFRS 9 'Financial Instruments'.

4.1 IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgment.

The Company has adopted IFRS 15 using retrospective effect method, whereby the effects of initially applying IFRS 15 have been carried retrospectively to each prior reporting period presented in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', with the effect of applying this standard on 1 July 2018. Accordingly, the information presented for 2018 has been reclassified as detailed below.

The Company has reviewed its revenue streams i.e. sale of PET preforms and PET bottles and underlying contracts with customers and, as result of this review, the adoption of IFRS 15 did not have an impact on the Company's statement of profit or loss, statement of comprehensive income and financial position except for reclassification of carriage and freight outward from distribution expenses (now selling expenses) to cost of sales. The Company has expanded the disclosure of note 24 to its financial statements as prescribed by IFRS 15 by disclosing the Company's disaggregated revenue streams.

4.2 IFRS 9 'Financial Instruments'

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The Company has adopted IFRS 9 by taking cumulative effect of initially applying IFRS 9 'Financial Instruments' to the opening retained earnings at the beginning of the annual reporting period i.e. 01 July 2018. In choosing the transition method for IFRS 9, the Company has taken advantage of the exemption allowed in IFRS 9 from restating prior periods in respect of IFRS 9's classification and measurement (including impairment) requirements.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 'Presentation of Financial Statements', which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Company's approach was to include the impairment of trade receivables in other expenses. Consequently, the Company reclassified impairment losses amounting to Rs. 4.21 million, recognised under IAS 39, from 'other expenses' to 'impairment loss on trade receivables' in the statement of profit or loss and OCI for the year ended 30 June 2018.

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of retained earnings.

	Impact of adopting IFRS 9 on opening balance
	---Rs. in '000'---
Retained earnings	
Recognition of expected credit losses under IFRS 9	7,354
Related deferred tax	(2,133)
Impact at 1 July 2018	**5,221**

4.2.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVTOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, refer note 5.5.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 July 2018.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 July 2018 relates solely to the new impairment requirements.

	Note	Original classification under IAS 39	New classification under IFRS 9
Financial Assets			
Long-term deposits		Loans and receivables	FVTPL
Trade debts	(i)	Loans and receivables	Amortized cost
Short-term deposits		Loans and receivables	FVTPL
Other receivables		Loans and receivables	Amortized cost
Cash and Bank balances		Loans and receivables	Amortized cost
Financial Liabilities			
Long-term loans		Amortized cost	Amortized cost
Finance lease liabilities		Amortized cost	Amortized cost
Trade and other payables		Amortized cost	Amortized cost
Accrued markup		Amortized cost	Amortized cost
Short-term borrowings		Amortized cost	Amortized cost

There is no change in the carrying amounts of financial assets and financial liabilities at the initial application date of IFRS 9, except the following:

None of the Company's financial instruments have been classified as FVTOCI and FVTPL except for long term deposits and trade deposits which does not meet "solely payments of principal and interests (SPPI)" test criteria.

(i) Trade debts

An net increase of Rs. 7.35 million in the allowance for impairment over trade debts was recognised in opening retained earnings at date of initial application on transition to IFRS 9. Consequently, carrying amount of trade debts as at 01 July 2018 decreased from Rs. 454.62 million to Rs. 447.27 million.

4.2.2 Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to trade and other receivables measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9's impairment requirements at 1 July 2018 results in an additional allowance and write off for impairment which is detailed in note 11.1.

5 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 (see also note 4 for detail of changes in significant accounting policies).

5.1 Property, plant and equipment

Owned

i) Recognition and measurement

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

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

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

ii) Subsequent costs

Subsequent costs are included in the asset's carrying amounts or recognized as 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.

iii) Derecognition

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).

iv) Depreciation

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 less its estimated residual value, if any, is written off over its useful life at the rates specified in note 6 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, depreciation methods and 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 30 June 2019 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 to the financial statements as disclosed in the fixed asset schedule to the financial statements.

5.2 Intangible assets

i) Recognition and measurement

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and that the cost of such asset can also be measured reliably. Intangible assets having finite useful lives are stated at cost less accumulated amortization and accumulated impairment losses, if any. Cost represents price equivalent to the consideration given, i.e., cash and cash equivalent paid.

ii) Subsequent expenditure

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.

iii) Amortization

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.

5.3 Stores, spares and loose tools

Stores, spares and loose tools excluding items in transit are valued at lower of weighted 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.

5.4 Stock-in-trade

Raw materials and packing materials are valued at weighted average cost and finished goods are valued at lower of weighted average 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 weighted average cost of raw materials including a proportionate of manufacturing overheads.

Cost of finished goods includes an appropriate share of production overheads based on normal operating capacity.

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.

5.5 Financial Instruments

i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

Financial assets – Policy applicable from 1 July 2018

On initial recognition, a financial asset is classified as measured at amortised cost, FVTOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange losses and impairment are recognised in profit or loss.

Financial assets – Policy applicable before 1 July 2018

The Company classified its financial assets into following categories:

- At fair value through profit or loss

- Held to maturity

- Loans and receivables

- Available-for-sale

The classification depended on the purpose for which the financial assets were acquired. Management determined the classification of its financial assets at initial recognition.

Financial liabilities - Classification and subsequent measurement

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of modified liability are substantially different, in which case a new financial liability is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

5.6 Impairment

i) Non-derivative financial assets

Policy applicable from 1 July 2018

The Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company measures loss allowances at an amount equal to lifetime ECLs. For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the counter party is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial asset.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the counterparty;

- a breach of contract such as a default or being more than 90 days past due;

- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;

- it is probable that the counterparty will enter bankruptcy or other financial reorganisation; or

- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets and charged to profit or loss.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Policy applicable before 1 July 2018

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.

5.7 Leases

i) Leased assets

Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

ii) Lease payments

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

5.8 Staff Benefits

i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Share-based payment arrangements

An entity recognises a cost (expense or asset) over the vesting period and a corresponding liability. Measurement is based on the fair value of the liability at each reporting date, and it is remeasured until settlement date. The share-based payment is classified and accounted for as either equity-settled or cash-settled, depending on whether the entity has a present obligation to settle in cash.

iv) Defined contribution plans

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.

v) Defined benefit plans

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 and 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.

5.9 Taxation

i) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

ii) Current tax

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.

iii) Deferred

Deferred tax is recognized using the statement of financial position 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.

5.10 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.

5.11 Revenue from contracts with customers

Nature and timing of satisfaction of performance obligations, including significant payment terms

Customers obtain control of PET bottles and PET preforms when these are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within 30-90 days. No material discounts are provided against sale of these good. Some contracts permit the customer to return an item. Returned goods are exchanged only for new goods – i.e. no cash refunds are offered.

Accounting Policy

Revenue is recognised when the goods are delivered and have been accepted by customers at their premises. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of product and size etc. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. The 'right to recover returned goods' asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. Based on historical data, no refund liability and the right to recover returned goods is recognized. The Company reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

5.12 Foreign currency transactions and translation

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

5.13 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.

5.14 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are measured at the present value of expected expenditure, discounted at a pre-tax rate that reflects current market assessment of the time value of the money and the risk specific to the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

	Note	2019	2018
		------- Rupees in '000' -------	
6 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	**1,409,907**	1,346,684
Capital machines' spares	6.6	**16,965**	15,888
		1,426,872	1,362,572

6.1 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Factory building and roads	Plant and machinery		Factory equipment	Furniture and fittings	Office equipment	Vehicles		Total
			Owned	*Leased*				*Owned*	*Leased*	
	Rupees in '000'									
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)	(4,194)	(13,648)	(7,324)	(3,542)	(1,014,865)
Net book values as at 30 June 2017	23,750	70,507	788,327	-	80,446	1,680	9,684	3,779	11,075	989,248
For the year 30 June 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 6.2	-	(3,661)	(57,582)	(6,567)	(45,493)	(168)	(1,968)	(750)	(2,454)	(118,643)
Net book values as at 30 June 2018	23,750	74,399	747,713	405,122	68,257	1,512	10,673	3,149	12,109	1,346,684
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)	(3,278)	(14,275)	(7,100)	(5,996)	(1,049,833)
Net book values as at 30 June 2018	23,750	74,399	747,713	405,122	68,257	1,512	10,673	3,149	12,109	1,346,684
For the year 30 June 2019										
Additions during the year	**-**	**15,543**	**131,122**	**393**	**30,656**	**-**	**1,578**	**1,458**	**18,523**	**199,273**
Inter transfers										
- Cost	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,986**	**(1,986)**	**-**
- Accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,340**	**(1,340)**	**-**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**3,326**	**(3,326)**	**-**
Disposals										
- Cost	**-**	**-**	**(4,163)**	**-**	**-**	**-**	**(170)**	**(2,110)**	**(2,670)**	**(9,113)**
- Accumulated depreciation	**-**	**-**	**2,230**	**-**	**-**	**-**	**115**	**1,432**	**1,683**	**5,460**
	-	**-**	**(1,933)**	**-**	**-**	**-**	**(55)**	**(678)**	**(987)**	**(3,653)**
Depreciation for the year - note 6.2	**-**	**(3,854)**	**(58,739)**	**(26,365)**	**(35,900)**	**(151)**	**(2,075)**	**(638)**	**(4,675)**	**(132,397)**
Net book values as at 30 June 2019	**23,750**	**86,088**	**818,163**	**379,150**	**63,013**	**1,361**	**10,121**	**6,617**	**21,644**	**1,409,907**
Cost and revaluation	**23,750**	**131,576**	**1,594,114**	**412,082**	**350,454**	**4,790**	**26,356**	**11,583**	**31,972**	**2,586,677**
Accumulated depreciation	**-**	**(45,488)**	**(775,951)**	**(32,932)**	**(287,441)**	**(3,429)**	**(16,235)**	**(4,966)**	**(10,328)**	**(1,176,770)**
Net book values as at 30 June 2019 - note 6.8	**23,750**	**86,088**	**818,163**	**379,150**	**63,013**	**1,361**	**10,121**	**6,617**	**21,644**	**1,409,907**
Rate of depreciation	0%	5%-10%	5%-20%	8%	10%-40%	10%	10%-33%	20%	20%	

	Note	2019	2018
		------- Rupees in '000' -------	

6.2 Depreciation charge has been allocated as follows:

	Note	2019	2018
Cost of sales	25	123,717	111,854
Administrative expenses	27	8,680	6,789
		132,397	118,643

6.3 Latest 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 fair value when determined falls under level 3 hierarchy. Sensitivity analysis has not been presented since data about observable input is not available. 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 leasehold land, at the date of revaluation was Rs. 638 million, Rs. 54.49 million and Rs. 19 million respectively.

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

	2019	2018
	------- Rupees in '000' -------	
Leasehold land	2,995	2,995
Factory building and roads	56,959	40,756
Plant and machinery	1,052,726	989,424
	1,112,680	1,033,175

6.5 All operating fixed assets disposed off during the year had an aggregate net book value less than Rs. 5 million and all the disposals were made in accordance with the Company's policy.

6.6 Capital machines' spares

	Note	2019	2018
Gross carrying value	9	**17,395**	16,318
Provision for impairment		**(430)**	(430)
		16,965	15,888

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

Location	**Usage of property**	**Total area (in sq ft)**
Plot - 112,113, Phase V, Hattar Industrial Estate, Hattar, KPK.	Registered office and factory	102,507

6.8 Specific borrowing costs amounting to Rs. 1.75 million (2018: Rs. 3.87 million) has been capitalized at 3 months KIBOR plus 150 basis points (2018: three months KIBOR plus 150 bps).

7. ADVANCE FOR CAPITAL EXPENDITURE

This represents advance paid to a foreign supplier for procurement of a machine under large pack bottle project of the Company. This advance is for period of less than twelve months. Following are the details of the advance.

Name of Supplier	Currency	Country	Amount in Foreign Currency	2019	2018
				------- Rupees in '000' -------	
Zhejiang (Mega) China Africa Foreign Trade Co. Limited	CNY	China	**836**	**18,207**	-

8. INTANGIBLES - ERP Software

	Note	2019	2018
		------- Rupees in '000' -------	
Cost			
Opening balance		**9,042**	6,959
Additions		-	3,115
Reclassification to property, plant and equipment		-	(1,032)
		9,042	9,042
Accumulated Amortization			
Opening balance		(1,640)	(467)
Amortization for the year		(779)	(1,173)
		(2,419)	(1,640)
Closing balance		6,623	7,402
Rate of amortization and amortization method (per annum)		**10% straight line**	10% straight line

9. STORES, SPARES AND LOOSE TOOLS

	Note	2019	2018
Stores and spares		88,735	83,232
Loose tools		2,314	2,174
		91,049	85,406
Provision against slow moving stores and spare parts		(10,415)	(10,415)
Capital spares transferred to property, plant and equipment	6.6	(17,395)	(16,318)
		63,239	58,673

10. STOCK IN TRADE

	Note	2019	2018
Raw material		**68,026**	62,229
Packing material		**15,975**	14,418
Work in process	10.1	**198,170**	132,514
Finished goods	10.1	**43,613**	51,048
		325,784	260,209
Provision for obsolete stocks	10.2	**(954)**	(35,550)
		324,830	224,659

10.1 This includes stock costing Rs. 21.02 million (2018: Rs. 26.21 million) carried at net realizable value of Rs. 20.94 million (2018: Rs. 25.87 million).

10.2 Allowance for obsolete stocks

This represents allowance for stock for which active buyers are not available. Accordingly its net realizable value is zero.

	Note	2019	2018
		------- Rupees in '000' -------	
Balance at 1 July		35,550	3,528
Provision for the year		263	33,624
Write off during the year		(34,859)	(1,602)
Balance at 30 June		954	35,550

11. TRADE DEBTS

	Note	2019	2018
Unsecured			
- Considered good		402,706	454,623
- Considered doubtful		7,060	14,841
		409,766	469,464
Allowance for impairment	11.1	(7,060)	(14,841)
		402,706	454,623

11.1 Allowance for impairment

	2019	2018
Balance at 1 July	14,841	25,421
Effect of impairment as per IFRS 9:		
Reversal of provision for impairment under IAS 39	(14,841)	-
Life time expected credit loss	4,595	-
Credit impaired trade debts	17,601	-
Impact on retained earnings on initial application of IFRS 9	7,355	-
Credit impaired trade debts written off	(17,601)	-
Adjusted balance as at 01 July	4,595	25,421
Net remeasurement of loss allowance	3,633	4,212
Credit impaired trade debts written off during the year	(1,168)	(14,792)
Balance at 30 June	7,060	14,841

11.2 Information about the Company's exposure to credit and market risks, and impairment losses for trade receivables is included in note 39.

12. LOANS AND ADVANCES

	Note	2019	2018
Considered good			
Advance to suppliers - unsecured	12.1	111,825	56,066
Advance to suppliers written off during the year		-	(5,189)
		111,825	50,877
Advances to employees			
Advances for expenses		5,700	8,101
Loans to employees - secured against staff retirement benefit (gratuity)		6,116	2,532
		123,641	61,510

12.1 This includes advances amounting to Rs. 14.013 million (2018: Rs. 7.731 million) to foreign suppliers for purchase of items of store and capital spares in normal course of business of the Company. These are adjustable in less than twelve months period. Detail of major suppliers is as follows:

Name of Supplier	Currency	Country	Amount in Foreign Currency	2019	2018
				------- Rupees in '000' -------	
- Guangdong Xinglian Precision Machinery Limited Company	CNY	China	392	8,201	1,515
- Sidel France	USD	France	22	3,105	-
- Husky Injection Molding System Ltd.	EUR	England	9	1,554	854
- Triskelion BV	USD	Netherlands	13	-	1,471
- Krones AG	USD	Germany	3	376	1,396
				13,236	5,236

13. ADVANCE TAX - Net

		2019	2018
Advance tax as at 01 July		111,248	109,127
Tax charge for the year	31	(200)	(42,845)
Paid during the year		27,533	44,966
Advance tax as at 30 June		138,581	111,248

14. CASH AND BANK BALANCES

		2019	2018
Cash at bank			
- in saving accounts	14.1	659	430
- in current accounts		34,754	79,203
		35,413	79,633
Cash in hand		100	100
		35,513	79,733

14.1 These carry markup at 12.97% (2018: 6.92%) per annum.

15. SHARE CAPITAL

15.1 Authorized share capital

This represents 50,000,000 (2018: 50,000,000) ordinary shares of Rs. 10 each.

15.2 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		2019	2018
---------- Number ----------			------- Rupees in '000' -------	
10,262,664	10,262,664	Ordinary shares of Rs. 10/- each issued against cash	102,627	102,627
24,418,247	19,894,647	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	244,182	198,946
34,680,911	30,157,311		346,809	301,573

15.2.1 Movement in issued, subscribed and paid-up capital

2019	2018		2019	2018
---------- Number ----------			------- Rupees in '000' -------	
30,157,311	28,721,211	Balance at 1 July	301,573	287,212
4,523,600	1,436,100	Bonus shares issued during year	45,236	14,361
34,680,911	30,157,311	Balance at 30 June	346,809	301,573

15.2.2 Closing number of shares include 10,943,639 (2018: 6,159,423) ordinary shares of Rs. 10 each held by the Directors of the Company.

15.2.3 All ordinary share holders have same rights regarding voting, board selection, right of first refusal and block voting.

		2019	2018
		------- Rupees in '000' -------	
16.	**REVALUATION SURPLUS ON PROPERTY AND PLANT**		
	Gross surplus		
	Balance as at 01 July	**217,809**	241,089
	Less : Reversal due to disposal	**-**	(1,990)
	Incremental depreciation transferred to retained earnings	**(23,338)**	(21,290)
		194,471	217,809
	Related deferred tax charge		
	Balance as at 01 July	**(56,257)**	(65,202)
	Effect of change in tax rate	**-**	2,174
	Deferred tax on fixed assets written off during the year	**-**	597
	Deferred tax on incremental depreciation charged during the year	**6,748**	6,174
		(49,509)	(56,257)
		144,962	161,552

17. LONG TERM LIABILITIES

	Note	2019	2018
Loans from banking companies	17.1	**66,667**	60,746
Share Appreciation Rights to Chief Executive Officer	17.2	**1,301**	-
		67,968	60,746

17.1 Loans from banking companies - secured

	Note	2019	2018
Askari Bank Limited	17.1.1	**57,000**	143,000
Bank Al-Habib Limited	17.1.2	**80,000**	-
JS Bank Limited		**-**	8,465
		137,000	151,465
Less: current portion of long term loans		**(70,333)**	(90,719)
		66,667	60,746

17.1.1 This represents restructuring of working capital finance into long term debt in 2015. It carries mark-up at 3 months KIBOR plus 1.5% 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 hypothecation charge over all present and future current assets of the Company and 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.

17.1.2 This represents term loan obtained to release import documents under letter of credit arrangements for the capital expenditure. Tenor of the loan is five years (including six months grace period). This is repayable in equal quarterly installments. It carries mark-up at 3 months KIBOR plus 1.5% p.a. payable quarterly. The loan is secured by specific (first exclusive) charge of Rs. 171 million over newly imported / purchased machinery.

17.2 Share Appreciation Rights to Chief Executive Officer (cash-settled)

On 27 October 2018, the Board approved share appreciation rights to the Chief Executive Officer (CEO) affixing 96,946 shares. The CEO is entitled to an amount equal to the market value of these shares after 3 years, beginning from 27 October 2018. Liability for these rights is measured at fair value at year end of Rs. 13.42 per share.

	Note	2019	2018
		------- Rupees in '000' -------	
			Restated
18. FINANCE LEASE LIABILITIES			
Balance at 1 July		**330,870**	9,117
Leases obtained during the year	18.1	**21,717**	324,440
Payments made during the year		**(72,257)**	(2,687)
		280,330	330,870
Less: Current portion shown under current liabilities		**(79,694)**	(66,422)
	18.2	**200,636**	264,448

18.1 This represents machines acquired under finance lease agreements with Habib Bank Limited and Bank Of Khyber. Interest rate used as discounting factor ranges from 8.68% to 13.42% (2018: 8.11% to 8.18%) per annum. Taxes, repair, replacements and insurance are borne 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.

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

	2019		
	Minimum lease payments	**Markup Value**	**Present Value**
	------------------ Rupees in '000' ------------------		
More than one year but less then five years	**223,365**	**(22,729)**	**200,636**
Upto one year	**115,777**	**(36,083)**	**79,694**
Total minimum lease payments	**339,142**	**(58,812)**	**280,330**

	2018		
	Minimum lease payments	Markup Value	Present Value
	------------------ Rupees in '000' ------------------		
More than one year but less then five years	302,130	(37,682)	264,448
Upto one year	90,199	(23,777)	66,422
Total minimum lease payments	392,329	(61,459)	330,870

	Note	2019	2018
		------- Rupees in '000' -------	

19. DEFERRED LIABILITIES

	Note	2019	2018
Staff retirement gratuity	19.1	**125,695**	106,325
Deferred taxation	19.2	**163,992**	132,429
		289,687	238,754

19.1 Staff gratuity

19.1.1 The figures are based on actuarial valuation report for Company's Employees' Gratuity Scheme carried out by Nauman Associates as on 30 June 2019.

	2019	2018
	------- Rupees in '000' -------	

19.1.2 Movement in liability recognized in statement of financial position:

	2019	2018
Present value of defined benefit obligation as at 01 July	**106,325**	92,319
Expense for the year	**19,891**	16,558
Benefits paid during the year	**(950)**	(2,360)
Remeasurements chargeable in Other Comprehensive Income	**429**	(192)
Present value of defined benefit obligation as at 30 June	**125,695**	106,325

19.1.3 Expense recognized in statement of profit or loss is as follows:

	2019	2018
Current service cost	**10,368**	8,692
Interest cost	**9,523**	7,291
Past service cost	**-**	575
	19,891	16,558

19.1.4 Remeasurements chargeable in Other Comprehensive Income are as follows:

	2019	2018
Actuarial gains from changes in financial assumptions	**(3,926)**	(1,167)
Experience adjustments	**4,355**	975
	429	(192)

19.1.5 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 2019	125,695	429
June 2018	106,325	192
June 2017	92,319	(5,143)
June 2016	75,822	(1,067)
June 2015	66,981	157

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

	2019	2018
	------- Rupees in '000' -------	
Discount Rate + 100 bps	**119,252**	100,594
Discount Rate - 100 bps	**132,885**	112,918
Salary Increase + 100 bps	**133,042**	113,028
Salary Increase - 100 bps	**118,996**	100,387

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

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

	2019	2018
Discount rate per annum (%)	14.25%	9.00%
Expected rate of increase in salary level per annum (%)	14.25%	9.00%
Average expected remaining working life time of employees	5 years	6 years

	Note	**2019**	2018
		------- Rupees in '000' -------	
19.2 Deferred taxation - net			
Taxable temporary differences:			
Revaluation surplus on property and plant		49,509	56,257
Leased assets		33,714	(3,682)
Accelerated depreciation		127,139	131,415
		210,362	183,990
Deductible temporary differences:			
Staff gratuity		(36,452)	(30,834)
Tax loss carried forward		(4,448)	-
Others		(5,470)	(20,727)
		(46,370)	(51,561)
	19.2.1	163,992	132,429

	Note	2019	2018
		------- Rupees in '000' -------	

19.2.1 The movement in respect of deferred taxation is as follows:

	2019	2018
Balance at 01 July	132,429	169,246
Effect of initial application of IFRS 9	(2,133)	-
Adjusted balance as at 01 July	130,296	169,246
Charged to statement of profit or loss	33,820	(33,990)
Effect of adjustments in revaluation surplus due to change in tax rate	-	(2,174)
Charged to other comprehensive income	(124)	56
Others	-	(709)
Balance at 30 June	163,992	132,429

20. TRADE AND OTHER PAYABLES

	Note	2019	2018
Trade creditors and bills payable		132,214	236,739
Accrued and other liabilities		43,575	26,684
Advances from customers - unsecured	20.1	8,064	8,180
Sales tax payable		10,211	10,071
Withholding taxes payable		2,960	3,167
Workers' Profit Participation Fund		5,742	7,285
Workers' welfare fund payable		17	4,700
Payable to provident fund		669	788
		203,452	297,614

20.1 This includes contract liabilities amounting to Rs. 3.82 million (2018: Rs. 1.95 million). This also includes security deposit from customers amounting to Rs. 2.5 million (2018: Rs. 0.65 million) which are utilizable for Company business as per the terms agreed with customers. No amount was utilized for the purpose of the Company's business during the year.

21. SHORT TERM BORROWINGS

	Note	Facility Amount	2019	2018
		------- Rupees in '000' -------		
From banking companies - Secured				
Short-term running finance		25,000	13,365	17,354
Inland bill purchased		-	-	24,239
Finance against trust receipt		580,000	551,667	347,888
		605,000	565,032	389,481
Others				
Short-term loans		157,000	154,157	90,000
Accrued markup on short term borrowings		-	18,493	5,460
	21.1	762,000	737,682	484,941

21.1 Short-term running finance and other facilities are obtained under mark-up arrangements from various commercial banks and one Non-Banking Finance Company (NBFC) carrying mark-up ranging from 3 Months KIBOR plus 1.5% to 2% (2018: 3 Months KIBOR plus 1.5% to 2%) 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.

22. CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2019	2018
		------- Rupees in '000' -------	
Current portion of long term loans	17.1	**70,333**	90,719
Current portion of finance lease liabilities	18	**79,694**	66,422
Accrued markup on long term loans		**2,719**	1,255
Accrued markup on lease liability		**4,208**	7,059
		156,954	165,455

23. CONTINGENCIES AND COMMITMENTS

23.1 An appeal regarding admissibility of sales tax input on various products amounting to Rs. 35.9 million relating to tax year 2017 is currently under adjudication with the Commissioner Appeals. The initial assessment was made by the Deputy Commissioner, Haripur through assessment Order No. 08/2018 dated 18th December 2018. The Company has not made any provision in this respect as in view of its Legal Advisor the said case is likely to be decided in favour of the Company on legal grounds.

23.2 Bank guarantees issued by two financial institutions of the Company amounting to Rs. 9.15 million (2018: 9.15 million) in favor of the Company's fuel & electricity suppliers.

24. SALES - Net

	Note	2019	2018
		------- Rupees in '000' -------	
Sales			
- PET Preforms		**2,634,497**	1,881,076
- PET Bottles		**2,133,212**	1,999,279
	24.1	**4,767,709**	3,880,355
Less: Sales Tax			
- PET Preforms		**(380,406)**	(273,150)
- PET Bottles		**(309,749)**	(290,396)
		(690,155)	(563,546)
- Sales returns and discounts		**(2,681)**	(4,408)
		4,074,873	3,312,401

24.1 Revenue recognised during the period includes Rs. 3.1 million (2018: Rs. 2.7 million) which was shown as advances from customers at the beginning of the period.

		Note	2019	2018
			------- Rupees in '000' -------	
25.	**COST OF SALES**			
	Raw material consumed	25.1	2,858,304	2,156,480
	Packing material consumed	25.2	121,679	105,251
	Store consumed		48,721	59,584
	Salaries, wages and other benefits	25.3	206,983	186,698
	Electricity, gas and water		233,893	241,769
	Travelling and conveyance		16,805	15,216
	Vehicle repair and maintenance		11,624	8,284
	Rent, rate and taxes		29,369	28,832
	Repair and maintenance		11,470	10,558
	Insurance		5,471	4,778
	Medical		6,925	5,167
	Carriage and freight inward		11,939	8,660
	Communication charges		2,416	1,905
	Printing, postage and stationery		2,226	2,563
	Lab testing		690	856
	Fees and subscription		2,224	948
	Entertainment		1,301	1,165
	Staff welfare & support		3,220	3,085
	Depreciation		123,717	111,854
	Miscellaneous		123	129
			3,699,100	2,953,782
	Work-in-process - opening		132,514	63,558
	Work-in-process - closing		(198,170)	(132,514)
			(65,656)	(68,956)
	Cost of goods manufactured		3,633,444	2,884,826
	Finished goods - opening		51,048	70,533
	Finished goods - closing		(43,613)	(51,048)
			7,435	19,485
	Carriage and freight outward		48,177	44,890
			3,689,056	2,949,201
25.1	**Raw material consumed**			
	Opening stock		62,229	105,515
	Purchases		2,864,101	2,113,194
	Closing stock		(68,026)	(62,229)
			2,858,304	2,156,480
25.2	**Packing material consumed**			
	Opening stock		14,418	10,572
	Purchases during the year		123,236	109,097
	Closing stock		(15,975)	(14,418)
			121,679	105,251

25.3 This includes staff retirement benefits amounting to Rs. 16.36 million (2018: Rs. 12.21 million).

	Note	2019	2018
		------- Rupees in '000' -------	

26. SELLING EXPENSES

	Note	2019	2018
Salaries and benefits	26.1	19,701	17,539
Vehicle running and maintenance		2,335	1,895
Office rent		704	1,198
Travelling and conveyance		3,307	1,910
Communications		358	323
Entertainment		303	280
Professional charges		50	50
Repair and maintenance		196	136
Electricity, water and gas		353	274
Printing and stationery		69	41
Miscellaneous		21	125
		27,397	23,771

26.1 This includes staff retirement benefits amounting to Rs. 2.45 million (2018: Rs. 1.61 million).

27. ADMINISTRATIVE EXPENSES

	Note	2019	2018
Salaries and benefits	27.1	58,520	50,049
Directors' meeting fee		5,475	4,275
Legal and professional		6,178	3,328
Travelling and conveyance		6,016	5,104
Vehicle running and maintenance		4,295	2,510
Medical		2,431	2,086
Rent, rate and taxes		320	960
Auditors' remuneration	27.2	1,400	915
Electricity, gas and water		445	485
Entertainment		662	892
Courses, seminar and subscription		2,280	1,702
Repair and maintenance		1,503	1,391
Communications		761	887
Printing and stationery		552	995
Insurance		61	54
Advertisement		226	78
Depreciation and amortization		9,459	7,962
Miscellaneous		66	41
		100,650	83,714

27.1 This includes staff retirement benefits amounting to Rs. 4.77 million (2018: Rs. 2.73 million).

27.2 Auditors' remuneration

	2019	2018
Audit fee	800	600
Fee for half yearly review	300	230
Other advisory services	125	75
Out-of-pocket expense	175	10
	1,400	915

	Note	2019	2018
		------- Rupees in '000' -------	

28. OTHER INCOME - NET

Income from financial assets			
- Profit on bank deposits		101	1,852
Others			
- Scrap sale		10,341	25,653
- Net gain on disposal of property, plant and equipment		-	554
- Reversal of WWF		-	2,121
- Long outstanding liabilities written back		3,879	-
- Miscellaneous income		5,828	9,620
		20,149	39,800

29. OTHER EXPENSES

Workers' Welfare Fund		17	4,700
Workers' Profits' Participation Fund		5,742	7,285
Donation	29.1	897	864
Abnormal loss of materials		28,248	14,728
Provision for obsolete stock in trade		263	32,022
Loss on disposal of property, plant and equipment		198	-
Other receivables written off		3,002	5,188
Operating assets written off		-	27,384
		38,367	92,171

29.1 Donation to "Punjab Veterans Cricket Association" exceeds 10% of the total amount of donation and none of the directors and their spouse have any interest in the donee's fund.

29.2 An impairment loss on trade receivables of Rs. 4.21 million in the year ended 2018 was reclassified from other expenses to a separate line item in the statement of profit or loss.

30. FINANCE COST

Financial liabilities measured at amortized cost

Mark-up on:			
Long-term financing		11,546	15,262
Short-term borrowing		59,695	27,172
Inland bill purchased (IBP)		6,271	2,672
Liabilities against assets subject to finance lease		33,936	7,274
		111,448	52,380
Letter of credit charges		9,794	10,729
Bank and other charges		5,846	3,712
		127,088	66,821

	Note	2019	2018
		------- Rupees in '000' -------	

31. TAXATION

	2019	2018
Current		
Provision for current year	-	19,829
Prior year charge	200	23,016
	200	42,845
Deferred		
For the year	33,820	(41,806)
Effect of change in tax rate	-	7,816
	33,820	(33,990)
	34,020	8,855

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

	2019	2018
Profit before taxation	108,831	133,722
Applicable tax rate	29%	30%
Tax at the applicable tax rate	31,561	40,117
Tax effect / adjustment of change in tax rate	-	(5,642)
Tax effect / adjustment on rebates	-	(49,252)
Tax effect of prior year charge	200	23,016
Other permanent differences	2,259	616
	34,020	8,855

31.2 The income tax assessments of the Company have been finalized up to and including the tax year 2018. 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.

32. EARNINGS PER SHARE - BASIC AND DILUTED

32.1 Basic

	2019	2018 Restated
Profit after taxation (Rupees in '000')	74,811	123,456
Weighted average number of ordinary shares	34,680,911	34,680,911
Earnings per share - basic (Rupees)	2.16	3.56

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 and prior year restatements.

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 as on 30 June 2019, which would have effect on the basic EPS, if the option to convert would have been exercised.

33. CASH AND CASH EQUIVALENTS

	Note	2019	2018
		------- Rupees in '000' -------	
			Restated
Cash and bank balances	14	**35,513**	79,733
Short term running finance	21	**(13,365)**	(17,354)
		22,148	62,379

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:

	2019			
	Chief Executive Officer	**Directors**	**Executive**	**Total**
	---------------------------- Rupees in '000' ----------------------------			
Managerial remuneration	**20,925**	**1,500**	**23,353**	**45,778**
Provision for shared based payment	**1,301**	**-**	**-**	**1,301**
Cash bonus	**3,000**	**-**	**-**	**3,000**
Employee benefits	**2,595**	**-**	**15,590**	**18,185**
	27,821	**1,500**	**38,943**	**68,264**
Number of persons	**1**	**1**	**9**	

	2018			
	Chief Executive Officer	Directors	Executive	Total
	---------------------------- Rupees in '000' ----------------------------			
Managerial remuneration	18,113	250	17,522	35,885
Cash bonus	2,180	-	-	2,180
Employee benefits	2,603	-	11,694	14,297
	22,896	250	29,216	52,362
Number of persons	1	1	6	

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. Charge for the year in respect of staff retirement benefit gratuity is determined on basis of actuarial valuation.

35. PROVIDENT FUND

		2019	2018
		------- Rupees in '000' -------	
a) Disclosure with regards to Provident Fund:			
(i)	Size of the Fund	12,751	11,355
(ii)	Cost of investment made	11,355	9,603
(iv)	Fair value of investments	12,137	10,795
(iii)	Percentage of investment made	95%	95%

b) Break-up of investments is as under:

	2019		2018	
	Rs. in '000	Percent	Rs. in '000	Percent
Mutual funds				
• Meezan Mutual Fund	556	4.36%	735	6.47%
• NBF Funds				
- Money Market Fund	1	0.01%	1	0.01%
- Stock Fund	216	1.69%	263	2.32%
- RIBA-Free Savings Fund	1,266	9.93%	1,163	10.24%
- Asset Allocation Fund	377	2.96%	413	3.63%
- Islamic Asset Allocation Fund	296	2.32%	334	2.94%
- Islamic Aggressive Income Fund	-	0.00%	-	0.00%
- Islamic Stock Fund	-	0.00%	-	0.00%
	2,712	21.27%	2,909	25.62%
Banks deposits				
• Meezan Bank Limited Karachi	-	0.00%	-	0.0%
• Meezan Bank Limited Haripur	9,425	73.91%	7,886	69.5%
Others	614	4.82%	560	4.9%
	12,751	100%	11,355	100%

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

36. NUMBER OF EMPLOYEES

	2019	2018
	------- Number -------	
Number of employees as at 30 June	280	266
Average number of employees during the year	277	251

37. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated undertakings, directors, key management personnel, entities over which the directors are able to exercise influence, employees' provident fund and gratuity fund. Balances with related parties have been disclosed elsewhere in the financial statements. Transactions with related parties during the year end are as follows:

	2019	2018
	------- Rupees in '000' -------	
Dividend to Non-Executive Directors	5,088	941
Meeting fee paid to Non-Executive Directors	5,475	4,275
Remuneration including benefits and perquisites of key management Personnel	29,321	23,146
Dividend to key management personnel (Executive Directors)	5,207	4,971
Contribution towards employees' provident fund	7,465	6,581

Following are the related parties with whom the Company had entered into transactions during the year:

Related Party	Basis of relationship	Bonus shares issued	Number of shares held in the Company (Closing)	Aggregate %age shareholding in the Company
Mr. Amar Zafar Khan	Chairman of the Board	97	744	0.002%
Mr. Hussain Jamil	Chief Executive Officer	777,769	5,962,893	17%
Mr. Ahsan Jamil	Non-Executive Director	583,535	3,907,370	11%
Mr. Shahid Jamil	Non-Executive Director	141,330	1,045,528	3%
Mr. Ali Jamil	Executive Director	3,341	25,616	0.074%
Mr. Asad Ali Sheikh	Non-Executive Director	97	744	0.002%
Ms. Laila Jamil	Non-Executive Director	97	744	0.002%
Employees' Provident Fund	Contributory Fund	N/A	N/A	N/A

38. SEGMENT REPORTING

38.1 Description of operating 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. The Company has two operating segments which are also the reporting segments i.e., injection and blowing. Segment results and other information are provided on the basis of products.

Reportable segments	Operations
Injection	Engaged in buying PET and other raw materials for the purpose of production of PET preforms which is the finished product of this segment which are used as a raw material in Blowing segment for manufacture of PET bottles.
Blowing	Engaged in using PET preforms produced by the Injection segment, purchasing PET preforms and other raw materials from external suppliers for the purpose of production of PET bottles which is the finished product of this segment.

38.2 Information about reportable segments

Information related to each reportable segment is set out below. Segment profit / (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

	Injection (PET preforms)		Blowing (PET bottles)		Total	
	June 2019	June 2018	June 2019	June 2018	June 2019	June 2018
	---------- Rupees in '000' ----------					
Total Sales	**3,515,886**	2,652,111	**1,821,321**	1,706,713	5,337,207	4,358,824
Less: Elimination of intersegment sales	**(1,262,334)**	(1,046,423)	**-**	-	(1,262,334)	(1,046,423)
Sales - net	**2,253,552**	1,605,688	**1,821,321**	1,706,713	4,074,873	3,312,401
Total Cost of Sales	**(2,093,794)**	(1,480,420)	**(2,857,596)**	(2,515,204)	(4,951,390)	(3,995,624)
Less: Elimination of intersegment cost	**-**	-	**1,262,334**	1,046,423	1,262,334	1,046,423
Cost of sales - net	**(2,093,794)**	(1,480,420)	**(1,595,262)**	(1,468,781)	(3,689,056)	(2,949,201)
	159,758	125,268	**226,059**	237,932	385,817	363,200
Selling expenses	**(15,152)**	(10,838)	**(12,245)**	(12,933)	(27,397)	(23,771)
Administrative expenses	**(55,663)**	(40,580)	**(44,987)**	(43,134)	(100,650)	(83,714)
Impairment loss on trade debts	**(2,009)**	(2,042)	**(1,624)**	(2,170)	(3,633)	(4,212)
	(72,824)	(53,460)	**(58,856)**	(58,237)	(131,680)	(111,697)
Operating profit	**86,934**	71,808	**167,203**	179,695	254,137	251,503
Segment assets	**1,389,558**	1,180,374	**548,181**	521,688	1,937,739	1,702,062
Unallocated assets	**-**	-	**-**	-	628,589	679,492
	1,389,558	1,180,374	**548,181**	521,688	2,566,328	2,381,554
Segment liabilities	**842,948**	548,764	**66,549**	193,264	909,497	742,028
Unallocated liabilities	**-**	-	**-**	-	749,409	771,232
	842,948	548,764	**66,549**	193,264	1,658,906	1,513,260
Capital expenditure	**121,100**	459,863	**41,335**	29,340	162,435	489,203
Unallocated capital expenditure	**-**	-	**-**	-	36,838	15,038
	121,100	459,863	**41,335**	29,340	199,273	504,241

38.3 Administrative expenses, impairment loss on trade debs and distribution costs are allocated on the basis of the net sales value for each segment.

38.4 Revenue from four customers of the Company amounted to Rs. 2,479 million (2018: Rs. 1,547 million). The segments from which these revenues were generated are listed below:

- Blowing Segment: two customers having revenues amounting to Rs. 1,179 million (2018: Rs. 1,038 million)
- Injection Segment: one customer having revenues amounting to Rs. 837 million (2018: Rs. 220 million)
- Injection and Blowing: one customer having revenues amounting to Rs. 463 million (2018: Rs.290 million)

39. Financial instruments – Fair values and risk management

The effect of initially applying IFRS 9 on the Company's financial instruments is described in Note 4.2. Due to the transition method chosen, comparative information has not been restated to reflect the new requirements, except for certain hedging requirements.

39.1 Accounting classifications and fair values

Fair value is the amount that would be received on sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

39.1.1 The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount			Fair value			
		Amortized Cost	FVTPL	Total	Level 1	Level 2	Level 3	Total
		---------- Rupees in '000 ----------						
30 June 2019								
Financial assets not measured at fair value								
Long-term deposits		-	12,143	12,143	-	-	12,143	12,143
Trade debts - net of impairment loss	11	402,706	-	402,706	-	-	-	-
Short-term deposits		-	4,412	4,412	-	-	4,412	4,412
Cash and bank balances	14	35,513	-	35,513	-	-	-	-
		438,219	16,555	454,774	-	-	16,555	16,555
Financial liabilities not measured at fair value								
Long-term loans (including current portion)	17.1	137,000	-	137,000	-	-	-	-
Lease liabilities (including current portion)	18	280,330	-	280,330	-	-	-	-
Trade and other payables	20	132,214	-	132,214	-	-	-	-
Accrued and other liabilities	20	43,575	-	43,575	-	-	-	-
Short-term borrowings	21	737,682	-	737,682	-	-	-	-
		1,330,801	-	1,330,801	-	-	-	-

	Note	Carrying amount			Fair value			
		Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		---------- Rupees in '000 ----------						
30 June 2018								
Financial assets not measured at fair value								
Long-term deposits		11,747	-	11,747	-	-	-	-
Trade debts - net of provision	11	454,623	-	454,623	-	-	-	-
Short-term deposits		2,828	-	2,828	-	-	-	-
Cash and bank balances	14	79,733	-	79,733	-	-	-	-
		548,931	-	548,931	-	-	-	-
Financial liabilities not measured at fair value								
Long-term loans (including current portion)	17.1	-	151,465	151,465	-	-	-	-
Trade creditors and bills payable	20	-	236,739	236,739	-	-	-	-
Accrued and other liabilities	20	-	26,684	26,684	-	-	-	-
Short-term borrowings	21	-	484,941	484,941	-	-	-	-
		-	899,829	899,829	-	-	-	-

39.2 Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

39.2.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and bank balances.

The carrying amounts of financial assets represent the maximum credit exposure. "Impairment loss of financial assets" recognized in profit or loss amounts to Rs. 3.63 million and relates only to trade debts.

i) Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base. Geographically there is no concentration of credit risk.

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's payment and delivery terms and conditions are offered. The Company's reviews includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. The Company limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to three months for customers.

The Company does not require collateral in respect of trade receivables. The Company does not have trade debts for which no loss allowance is recognised because of collateral. At 30 June 2019, the carrying amount of the Company's most significant customer was Rs.99.63 million (2018: Rs. 96.01 million)

Comparative information under IAS 39

An analysis of the credit quality of trade receivables that were neither past due nor impaired and the ageing of trade receivables that were past due but not impaired as at 30 June 2018 is as follows:

	2018
	Rupees in '000
Neither past due nor impaired:	285,554
Past due but not impaired:	
- Past due 1-30 days	151,051
- Past due 31-90 days	417
- Past due 91 and above	17,601
	454,623

Impaired trade receivables at 30 June 2018 had a gross carrying amount of Rs. 14.841 million

Expected credit loss assessment for corporate customers as at 1 July 2018 and 30 June 2019

Movements in the allowance for impairment in respect of trade debts has been disclosed in note 11.1. Trade receivables written off during 2018 are still subject to enforcement activity.

ii) Bank balances

The Company has bank balances of Rs. 35.41 million at 30 June 2019 (2018: Rs. 79.63 million). The bank balances are held with banks which are rated A1 to A+, based on PACRA and VIS ratings. While bank balances are also subject to the requirements of IFRS 9, the identified impairment loss was immaterial as the counter parties have reasonably high credit ratings.

39.2.2 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 and interest rate risk.

a) Foreign exchange risk management

PKR is the functional currency of the Company and exposure arises from transactions and balances in currencies other than PKR as foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. The Company's potential currency exposure comprise:

- Transactional exposure in respect of non functional currency monetary items
- Transactional exposure in respect of non functional currency expenditure and revenues
- The potential currency exposures are discussed below

Transactional exposure in respect of non functional currency monetary items

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of the Company are periodically restated to PKR equivalent, and the associated gain or loss is taken to the statement of profit or loss. The foreign currency risk related to monetary items is managed as part of the risk management strategy.

Exposure to foreign currency risk

The Company is not significantly exposed to foreign currency risk as at date of statement of financial position.

b) Interest / mark up rate risk

Interest rate risk is the risk that the fair value of 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.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company's is as follows:

	Note	2019	2018
		------- Rupees in '000 -------	
Fixed-rate instruments			
Financial asset:			
Bank balance in interest-bearing accounts	14	659	430
		659	430

	Note	2019	2018
		------- Rupees in '000 -------	
Variable-rate instruments			
Financial liabilities:			
Short-term borrowings	21	**737,682**	484,941
Long-term loans (including current portion)	17.1	**137,000**	151,465
Finance lease liabilities	18	**280,330**	330,870
		1,155,012	967,276

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

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 lower / higher by Rs. 11.55 million (2018: higher / lower by Rs. 9.67 million) respectively, mainly as a result of higher / lower interest exposure on variable rate borrowing.

39.2.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Beyond effective working capital and cash management, the Company mitigates liquidity risk by arranging short-term financing from highly rated financial institutions.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. The maturity profile of the Company's financial liabilities based on the contractual amounts are as follows:

	Note	Carrying amount	Contractual cash flows	Up to one year	One to two years	Two to five years	Five years onwards
2019	**Note**	Rupees '000					
Short-term borrowings	**21**	**737,682**	**737,682**	**737,682**	**-**	**-**	**-**
Long-term loans - Secured (including current portion)	**17.1**	**137,000**	**162,884**	**80,793**	**24,976**	**57,115**	**-**
Finance lease liabilities (including current portion)	**18**	**280,330**	**339,142**	**115,777**	**96,687**	**242,455**	**-**
Trade and other payables	**20**	**175,789**	**175,789**	**175,789**	**-**	**-**	**-**
		1,330,801	**1,415,497**	**1,110,041**	**121,663**	**299,570**	**-**
2018							
Short-term borrowings	21	484,941	484,941	484,941	-	-	-
Long-term loans - Secured (including current portion)	17.1	151,465	164,075	106,010	58,065	-	-
Finance lease liabilities (including current portion)	18	330,870	392,329	90,199	113,404	188,726	-
Trade and other payables	20	263,423	263,423	263,423	-	-	-
		1,230,699	1,304,768	944,573	171,469	188,726	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

The contractual cash flows relating to long term borrowings have been determined on the basis of expected mark-up rates. The mark-up rates have been disclosed in note 5 to these financial statements.

39.3 Capital risk management

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

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.

40. PLANT CAPACITY AND ACTUAL PRODUCTION

	2019	2018
Blowing		
Capacity - no. of bottles (in '000)	**304,200**	304,200
Production - no. of bottles (in '000)	**176,535**	174,143
Utilization	**58%**	57%
Injection		
Capacity - no. of preforms (in '000)	**796,733**	510,983
Production - no. of preforms (in '000)	**467,866**	387,500
Utilization	**59%**	76%

40.1 The capacity utilization of injection department increased from 510 million preforms to 796 million preforms due to installation of new machines in April 2018.

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

The Board of Directors in its meeting held on September 21, 2019 has proposed a common stock dividend at the rate of 10% (2018: 15%) and cash dividend at the rate of 5% (2018: 10%) for the year ended 30 June 2019. These appropriations will be placed before shareholders for approval in the forthcoming Annual General Meeting and the effect thereof will be accounted for in the financial statements for the year ending 30 June 2020.

42 **Reconciliation of movement of liabilities to cash flows arising from financing activities**

	Liabilities				Equity		
	Short term borrowings	Short-term running finance	Finance lease liabilities	Long term loan	Share capital	Accumulated profit	Total
	Rupees '000'						
2019							
Balance at 01 July 2018	**467,587**	**17,354**	**330,870**	**151,465**	**301,573**	**399,948**	**1,668,797**
Changes from financing cash flows							
Proceeds from loans	3,118,399	-	-	80,000	-	-	3,198,399
Repayment of loans	(2,874,702)	-	-	(94,465)	-	-	(2,969,167)
Payment of finance lease liabilities	-		(72,257)	-	-	-	(72,257)
Finance cost paid for the year	-	-	(36,787)	(11,832)	-	-	(48,619)
Dividend paid	-	-	-	-	-	(28,932)	(28,932)
Total changes from financing cash flows	**243,697**	**-**	**(109,044)**	**(26,297)**	**-**	**(28,932)**	**79,424**
Other changes							
Liability related							
Decrease in short-term running finance	-	(3,989)	-	-	-	-	(3,989)
Finance leases obtained	-	-	21,717	-	-	-	21,717
Finance cost expense for the year	13,033	-	36,787	11,832	-	-	61,652
Total liability related other changes	**13,033**	**(3,989)**	**58,504**	**11,832**	**-**	**-**	**79,380**
Equity related							
Total comprehensive income for the year	-	-	-	-	-	74,506	74,506
Effect of impairment as per IFRS 9	-	-	-	-	-	-	-
Transfer of incremental depreciation	-	-	-	-	-	16,590	16,590
Issue of bonus shares	-	-	-	-	45,236	(45,236)	-
Change in unclaimed dividend	-	-	-	-	-	(1,225)	(1,225)
Total equity related other changes	**-**	**-**	**-**	**-**	**45,236**	**44,635**	**89,871**
Balance at 30 June 2019	**724,317**	**13,365**	**280,330**	**137,000**	**346,809**	**415,651**	**1,917,472**

	Liabilities				Equity		
	Short term borrowings	Short-term running finance	Finance lease liabilities	Long term loan	Share capital	Accumulated profit	Total
	--- Rupees'000' ------------------------------------						
2018							
Balance at 01 July 2017	224,662	17,236	9,117	248,738	287,212	308,150	1,095,115
Changes from financing cash flows							
Proceeds from loans	2,393,847	-		7,491	-	-	2,401,338
Repayment of loans	(2,157,402)	-	(3,466)	(101,182)	-	-	(2,262,050)
Finance cost paid for the year	-	-	(8,438)	(21,459)	-	-	(29,897)
Dividend paid	-	-		-	-	(27,880)	(27,880)
Total changes from financing cash flows	236,445	-	(11,904)	(115,150)	-	(27,880)	81,511
Other changes							
Liability related							
Increase in short term running finance	-	118	-	-	-	-	118
Finance leases obtained	-	-	324,440	-	-	-	324,440
Finance cost expense for the year	6,480	-	9,217	17,877	-	-	33,574
Total liability related other changes	6,480	118	333,657	17,877	-	-	358,132
Equity related							
Total comprehensive income for the year	-	-	-	-	-	123,592	123,592
Transfer of incremental depreciation	-	-	-	-	-	15,116	15,116
Issue of bonus shares	-	-	-	-	14,361	(14,361)	-
Surplus on assets disposed off - net of tax	-	-	-	-	-	1,393	1,393
Change in unclaimed dividend	-	-	-	-	-	(841)	(841)
Total equity related other changes	-	-	-	-	14,361	124,899	139,260
Balance at 30 June 2018	467,587	17,354	330,870	151,465	301,573	405,169	1,674,018

43. CORRESPONDING FIGURES

43.1. Prior period erros

Effect of below errors of prior year has been applied retrospectively in accordance with the requirement of IAS 8, 'Accounting policies, change in accounting estimates and errors'.

- Previously down payments relating to leased assets were presented as 'long term deposits' in the statement of financial position which should have been adjusted against 'finance lease liabilities'.
- Deferred tax liability was incorrectly accounted for changes in tax rates.
- Incremental depreciation on revaluation surplus on property and plant was not accurately transferred to accumulated profit.
- Other expenses were overstated due to effect of surplus on assets disposed off.

Effect of above correction of errors has resulted in the following:

	As previously reported	Effect of Reclassification/ restatement	Balance as after reclassification/ restatement
	---------------- Rupees in '000' ----------------		
	30 June 2018		
Statement of financial position			
Finance lease liability	374,972	(44,102)	330,870
Long-term security deposits	55,849	(44,102)	11,747
Deferred taxation	130,255	2,174	132,429
Accumulated profit	407,360	(2,191)	405,169
Statement of Profit or loss			
Tax charge	6,681	2,174	8,855
Profit after taxation	127,041	(3,585)	123,456

43.2. Initial application of IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments'

On Initial application of IFRS 15 and IFRS 9 some comparative figures have been reclassified detail of which is given in note 4 to the financial statements.

43.3. Reclassification

Accrued markup has now been presented under "current portion of non-current liabilities" and "short-term borrowings" for better presentation.

44. GENERAL

Figures have been rounded off to the nearest thousand rupees.

45. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on September 21, 2019 by the Board of Directors of the Company.

CHIEF FINANCIAL OFFICER	CHIEF EXECUTIVE OFFICER	DIRECTOR

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 28th Annual General Meeting of the Company to be held

on Saturday October 26, 2019 ____

and at any adjournment thereof. As witness I / We set my / our hand (s) this ______________________ day of _______________

2019 signed the said proxy in the presence of:

Witnesses:

1. Signature: ____
   Name: ____
   Address: ____

   CNIC / NICOP

   or

   Passport No. ____

Signature

Revenue
Stamp

2. Signature: ____
   Name: ____
   Address: ____

CNIC / NICOP

or

Passport No. ____

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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