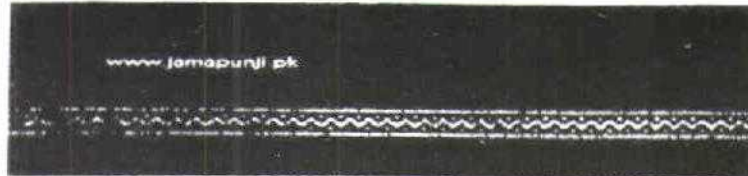


Manufacturers Of Quality PET Bottles & Preforms

**Eco Pack Ltd**

# Annual Report 2015





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

Learn about Investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

**Key features:**

- 🔍 Licensed Entities Verification
- 🚫 Scam meter\*
- 🎮 Jamapunji games\*
- 💰 Tax credit calculator\*
- 🏢 Company Verification
- 📋 Insurance & Investment Checklist
- ❓ FAQs Answered

- 📈 Stock trading simulator (based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler\*
- 📊 Financial calculator
- 📧 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 📝 Online Quizzes



Jama Punji.pk is free of cost  
and offers services with  
dedicated and full time  
customer support team.

[jamapunji.pk](http://jamapunji.pk)

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

\*All the tools and services are available for download for android and ios devices

# Table of Contents

- Vision & Mission Statement & Corporate Strategy
- Company Information
- Notice of Annual General Meeting
- Directors' Report
- Statement of Compliance with the Code of Corporate Governance
- Review Report
- Auditors' Report
- Balance Sheet
- Profit & Loss Account
- Statement of Comprehensive Income
- Statement of Changes in Equity
- Cash flow Statement
- Notes to the Accounts
- Proxy Form

## ■ **Vision & Mission Statement**

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

## ■ **Corporate Strategy**

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





**COMPANY INFORMATION****BOARD OF DIRECTORS**

Mrs. Ayesha Khan	Chairperson
Mr. Hussain Jamil	Chief Executive Officer
Mr. Shahid Jamil	
Mr. Amjad Awan	(Alternate Director of Mr. Shahid Jamil)
Mrs. Deborah Jamil	
Ms. Laila Jamil	
Mr. Asad Ali Sheikh	
Mr. Mohammad Raza Chinoy	

**AUDIT COMMITTEE**

Mr. Asad Ali Sheikh	Chairman	Non-Executive Director
Mrs. Ayesha Khan	Member	Non-Executive Director
Ms. Laila Jamil	Member	Non-Executive Director

**HUMAN RESOURCE & REMUNERATION COMMITTEE**

Ms. Laila Jamil	Chairperson
Mr. Hussain Jamil	Member
Mr. Asad Ali Sheikh	Member
Mrs. Ayesha Khan	Member

**CORPORATE GOVERNANCE & NOMINATION COMMITTEE**

Mr. Amjad Awan	Chairman
Mrs. Deborah Jamil	Member
Mrs. Ayesha Khan	Member

**CHIEF FINANCIAL OFFICER & COMPANY SECRETARY**

Mr. Muhammed Ali Adil

**BANKERS**

Askari Bank Limited	Faysal Bank Limited
Habib Bank Limited	Allied Bank Limited
JS Bank Limited	Pak Oman Investment Company Limited

**AUDITORS**

Rahman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

**SHARE REGISTRAR**

M/S Technology Trade (Private) Limited  
Ballotter, Share Registrar & Transfer Agent

**LEGAL ADVISOR**

M/s. Ebrahim Hosain Advocate & Corporate Counsel

**REGISTERED OFFICE AND FACTORY**

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

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 24th Annual General Meeting of Ecopack Limited will be held on Friday, October 30, 2015 at 3:00 P.M. at registered office situated at Plot # 112-113, Phase-V, Hattar Industrial Estate, Hattar, District Haripur, Khyber Pukhtunkhwa to transact the following business:

### Ordinary Business

1. To confirm the minutes of the 23rd Annual General Meeting held on October 24, 2014.
2. To receive and adopt the Directors' and Auditors' report together-with Audited Accounts of the company for the year ended June 30, 2015.
3. To appoint external auditors and fix their remuneration for the year ending June 30, 2016. The present auditors M/s. Rehman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants being eligible offer themselves for re-appointment.
4. To consider any other business of the company with the permission of the chair.

By order of the Board

Karachi

Dated: September 30, 2015

**MUHAMMED ALI ADIL**  
(Company Secretary)

### Notes:

1. The share transfer books of the company will remain closed from October 16, 2015 to October 30, 2015. (both days inclusive).
2. A member eligible to attend and vote at the General Meeting is entitled to appoint another member as a proxy to attend and vote instead of him. Proxy form duly completed and signed must be deposited with the company secretary at the registered office at least 48 hour before the meeting.
3. CDC shareholder, entitled to attend and vote at this meeting, must bring with them their Computerized National Identity Cards/Passport in original along with Participants' ID Numbers and their Account Numbers to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. CDC account holders will further have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan
5. Change of address, if any, should be notified to the Company immediately.



## **DIRECTORS' REPORT**

The board of Directors of Ecopack Limited is pleased to present the Directors' Report along with the audited financial statements of the company and Auditors' Report for the year ended 30th June 2015:

### **OVERVIEW:**

As already apprised in our quarterly and 9-months unaudited Reports this year, the unforeseen disruption in logistics and supply-chain caused by the 'Dharna' (sit-in protest) and related political unrest which closed down supply routes to and from our manufacturing facility, proved to be disappointing for the company's financial results in the first half of the year. Consequently, the company posted its worst half-yearly results with a post-tax Loss of Rs. 113.2 million for the 6-months period ended December 2014. Despite this, the 3rd quarter of FY 2014-15 sharply reversed this loss making trend by posting your Company's best Pre-tax profit of Rs 20.87 million compared to a pre-tax loss of Rs 40.87 million in the prior year's corresponding quarter - a substantial positive swing of Rs 61.74 million bearing a sweet fore-taste of good fortune for your company in the final quarter of the financial year.

With tight management controls in cost and production, coupled with aggressive selling efforts to bring value to our customers, your company was able to convert the staggering half-year's post-tax Loss of Rs 113.2 million to a post-tax Profit of Rs 26.47 million for the financial year ended June 2015 - a significant turnaround and testament to your Company's intrinsic business strength and depth of management skills.

### **SALES & FINANCIAL HIGHLIGHTS:**

Sales revenue decreased by 17% in line with the sharp reduction in Resin price on account of lower crude oil prices. Bottle sales decreased by 5% in unit terms, while Preform sales decreased by 24% in unit terms compared to last year. However, the total raw material quantity sold this year reduced by only 7% reflecting higher sales of large size profitable packs compared to the previous year.

Operating profit decreased to Rs. 165 million from an operating profit of Rs. 258 million last year. Pre-tax profit for the year has been posted at Rs. 54.8 million against the pre-tax profit of Rs. 123.6 million last year. However, post-tax profit arrived at Rs. 26.5 million against a post-tax profit of Rs. 57.5 million in FY 2013-2014. Financial charges reduced by 9% i.e., from Rs. 113.8 million last year to Rs. 103.9 million this year, mainly due to the reduction of long term debt (LTD) and reduction in KIBOR. Your company further repaid its LTD & Leases by another Rs 115 million this year.

The current ratio has significantly improved from 0.65 in June 2014 to 0.94 in June 2015 - a consequence of meaningful and appropriate restructuring by converting some working capital facilities into long term debt at reduced financial cost. This was deemed necessary to balance the company's financial structure as LTD had been reduced substantially & will continue to improve as the burden of debt is paid down in the years to come.

Additional working capital lines have also been arranged cost-efficiently, specifically tailored to the seasonal needs of the company, thus ensuring timely and effective execution of business imperatives.

Earnings per share for the year decreased to Rs. 1.15 compared to Rs. 2.51 per share in the previous year.

**FUTURE OUTLOOK:**

As the Carbonated Soft-Drink (CSD) and Beverage industry increasingly modernizes and gears itself with investment in state-of-the-art high speed machines to quench the thirst of a young and fast growing demographic population of over 200 million with rising disposable incomes, the need for greater 'consumer choice' is rapidly becoming the focus of leading beverage companies. Their quest for enhanced market share and greater volumes necessitates more offerings in new flavors and sizes as well as greater outreach in the marketplace, both urban and rural. The ensuing segmentation warrants adequate supply-chain & logistical alignment with reliable and proven vendors who are experienced, organized and time-tested to meet the rigorous supply challenges during the high summer season of exponential demand.

Your company is well poised to meet these challenges and continues to invest efficiently in relevant technology and equipment to stay abreast of market growth.

**RISKS:**

Political uncertainty generally and irregular supply of electricity from the national grid in the hot summer months of peak production and sales remain key factors that could impact your company's performance adversely. Your management, however, is alert to these issues and intends to take all necessary measures to manage and mitigate their negative effects.

For and on behalf of the board of directors

Karachi

Dated: September 30, 2015

**Hussain Jamil**

Chief Executive Officer



**"ANNEXURE A" TO THE DIRECTORS' REPORT****Six Years at a Glance**

Rupees in '000'

	2015	2014	2013	2012	2011	2010
<b>Profit &amp; Loss:</b>						
Sales	1,847,868	2,229,897	1,769,998	1,921,542	1,784,754	1,742,074
Cost of sales	1,562,629	1,832,874	1,518,302	1,780,008	1,677,725	1,542,996
GROSS PROFIT	285,239	397,023	251,696	141,534	107,029	199,078
Operating expenses	119,896	139,045	104,021	96,801	95,207	100,189
Net Other income/Expenses	6,477	20,417	10,756	17,519	23,494	13,828
OPERATING PROFIT	165,343	257,978	147,675	44,733	11,822	98,889
Financial charges	103,987	113,873	116,769	124,207	104,294	138,592
Net Profit / (Loss) before taxation	54,879	123,688	41,662	(61,959)	(68,978)	(25,875)
Taxation	(28,404)	(66,121)	(39,199)	(16,871)	(10,765)	7,482
Net Profit / (Loss) after taxation	26,475	57,567	2,463	(78,830)	(79,743)	(18,393)
<b>Balance Sheet:</b>						
Shareholders' equity	272,251	225,121	129,903	91,621	128,109	180,454
Surplus on Revaluation of Fixed Assests	163,625	179,553	187,002	213,466	240,988	193,672
Financing facilities	323,094	125,032	184,732	332,609	180,649	331,522
Deffered Liabilities	263,257	232,324	178,352	149,439	161,653	140,359
Fixed assets (net of depreciation)	1,062,558	1,080,995	1,084,692	1,164,021	1,245,793	1,233,640
Current Assets	618,039	579,853	535,663	424,286	457,299	443,093
Current Liabilities	658,370	898,817	940,366	801,171	991,693	830,726
<b>Key Financial Ratios:</b>						
Gross profit	15.44%	17.80%	14.22%	7.37%	6.00%	11.43%
Operating profit	8.95%	11.57%	8.95%	2.33%	0.66%	5.68%
Profit before tax to net sales	2.97%	5.55%	2.35%	-3.22%	-3.86%	-1.49%
Return on capital employed	7.2%	23.4%	8.3%	-9.7%	-12.5%	-3.7%
Inventory turnover (times)	8.36	11.16	9.72	11.01	8.41	6.67
Fixed assets turnover (times)	1.74	2.06	1.63	1.65	1.43	1.41
Debt equity ratio	48:52	37:63	52:48	59:41	49:51	55:45
Current ratio	0.94	0.65	0.57	0.53	0.46	0.53
Earnings per share	1.15	2.51	0.11	3.43	(3.47)	(0.80)

## "ANNEXURE B" TO THE DIRECTORS' REPORT

### COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:

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

1. The financial statements prepared by the management present fairly its state of affairs, the results of its operations, cash-flows and changes in equity.
2. Proper books of accounts have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International financial reporting standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there-from has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts on company's ability to continue as a going concern.
7. There has been no departure from the best practice of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for the last six years in summarized form has attached with the directors report as Annexure "A".
9. The Company has not declared any cash dividend (2014 - NIL) or bonus shares (2014 - NIL) due to minimal profit for the year.
10. There are no outstanding statutory payments on account of taxes, levies and charges except of normal and routine nature.
11. The company maintains a funded provident fund scheme and a sum of Rs. 16.13 million is invested in various schemes duly approved by Govt of Pakistan for Provident Fund investment. The Gratuity scheme is un-funded and no investment has been made for that.
12. During the year, 04 Board of Directors, 04 Audit Committee & 03 HR Committee meetings were held and the attendance of each Director is given below:
  - a) Board of Directors Meetings:-

#### **Name of Directors**

#### **No. of Meetings Attended**

Mr. Hussain Jamil	04
Mr. Shahid Jamil	00
Mr. Amjad Awan (Alternate Director of Mr. Shahid Jamil)	03
Mrs. Deborah Jamil	04
Mrs. Ayesha Khan	03
Ms. Laila Jamil	04
Mr. Asad Ali Sheikh	04
Mr. Mohammad Raza Chinoy	04



## b) Audit Committee Meetings:-

<u>Name of Members</u>	<u>No. of Meetings Attended</u>
Mr. Asad Ali Sheikh	04
Mrs. Ayesha Khan	03
Ms. Laila Jamil	04

## c) Human Resource &amp; Remuneration Committee Meetings:-

<u>Name of Members</u>	<u>No. of Meetings Attended</u>
Ms. Laila Jamil	03
Mr. Hussain Jamil	03
Mr. Asad Ali Sheikh	03
Mrs. Ayesha Khan	02

## d) Corporate Governance &amp; Nomination Committee Meetings:-

<u>Name of Members</u>	<u>No. of Meetings Attended</u>
Mr. Amjad Awan	01
Mrs. Deborah Jamil	01
Mrs. Ayesha Khan	00

13. Mrs. Ayesha Khan (Director) has attended and qualified the Director's Training Program during the year 2014-2015.

14. Trading of shares by Directors, Chief Financial Officer & Secretary of the Company during the year 2014-2015 is as under:

<u>Name</u>	<u>Designation</u>	<u>No. of Shares Acquired / Sold</u>
Mr. Hussain Jamil	Chief Executive Officer	Nil
Mr. Shahid Jamil	Director	Nil
Mr. Amjad Awan	(Alternate Director of Mr. Shahid Jamil)	500/Nil
Mrs. Deborah Jamil	Director	Nil
Mrs. Ayesha Khan	Director	Nil
Ms. Laila Jamil	Director	Nil
Mr. Asad Ali Sheikh	Director	Nil
Mr. Mohammad Raza Chinoy	Director	Nil
Mr. Muhammed Ali Adil	Chief Financial Officer	Nil

**AUDITORS:**

The present Auditors M/s. Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, retire and being eligible have offered themselves for re-appointment for the financial year 2015-2016.

For & on behalf of the Board of Directors

Karachi.  
Dated: September 30, 2015

**HUSSAIN JAMIL**  
CHIEF EXECUTIVE OFFICER



# **PATTERN OF SHAREHOLDING (Form 34)**

## **THE COMPANIES ORDINANCE 1984**

**AS AT JUNE 30, 2015**

Serial No	No. Of Shareholders	Shareholding		Total Shares Held	Percentage %
		From	To		
1	454	1	100	16,323	0.07%
2	854	101	500	226,655	0.99%
3	305	501	1000	252,419	1.10%
4	532	1001	5000	1,155,627	5.03%
5	89	5001	10000	705,814	3.07%
6	32	10001	15000	401,589	1.75%
7	20	15001	20000	366,768	1.60%
8	7	20001	25000	172,500	0.75%
9	9	25001	30000	254,106	1.11%
10	7	30001	35000	237,000	1.03%
11	5	35001	40000	196,000	0.85%
12	3	40001	45000	131,500	0.57%
13	7	45001	50000	345,000	1.50%
14	1	50001	55000	52,000	0.23%
15	2	55001	60000	112,500	0.49%
16	1	60001	65000	65,000	0.28%
17	1	65001	70000	70,000	0.30%
18	1	70001	75000	75,000	0.33%
19	1	80001	85000	85,000	0.37%
20	1	85001	90000	90,000	0.39%
21	1	90001	95000	91,910	0.40%
22	3	95001	100000	300,000	1.31%
23	3	100001	105000	305,055	1.33%
24	1	105001	110000	107,000	0.47%
25	1	110001	115000	112,500	0.49%
26	1	120001	125000	122,635	0.53%
27	1	135001	140000	139,500	0.61%
28	1	160001	165000	162,500	0.71%
29	1	165001	170000	166,800	0.73%
30	1	180001	185000	184,000	0.80%
31	2	195001	200000	400,000	1.74%
32	1	205001	210000	209,500	0.91%
33	1	245001	250000	245,500	1.07%
34	1	345001	350000	350,000	1.52%
35	1	385001	390000	389,168	1.69%
36	1	425001	430000	425,239	1.85%
37	1	430001	435000	433,500	1.89%
38	1	505001	510000	509,000	2.22%
39	1	595001	600000	600,000	2.61%
40	1	795001	800000	798,110	3.47%
41	1	1375001	1380000	1,376,271	5.99%
42	1	1430001	1435000	1,432,906	6.24%
43	1	1715001	1720000	1,718,281	7.48%
44	1	3385001	3390000	3,386,793	14.74%
45	1	3995001	4000000	4,000,000	17.41%
<b>2362</b>		<b>Total Shares Held</b>		<b>22,976,969</b>	<b>100.00%</b>

## CATEGORIES OF SHAREHOLDERS

S.NO	Name	Number of Share Holders	Total Shares Held	Percentage
1	<b>Associated Companies, undertaking and related parties</b>	NIL	NIL	0.00%
2	<b>Banks, Development Financial Institutions &amp; Non Banking Financial Institutions:-</b>			
	National Development Fin.Corp.Investor	1	7,037	0.031%
	Samba Bank Limited	1	91,910	0.400%
	National Bank Of Pakistan	1	240	0.001%
	<b>Sub-Total:</b>	<b>3</b>	<b>99,187</b>	<b>0.432%</b>
3	<b>Directors, Chief Executive Officer &amp; Their Spouse &amp; Minor Children:-</b>			
	Mr. Hussain Jamil	1	4,000,000	17.409%
	Mr. Shahid Jamil	1	798,110	3.474%
	Mrs. Ayesha Nora Khan	1	413,668	1.800%
	Mrs. Deborah Jamil	1	10,670	0.046%
	Mr. Mohammad Raza Chinoy	1	500	0.002%
	Mr. Asad Ali Sheikh	1	500	0.002%
	Ms. Laila Jamil	1	500	0.002%
	Mr. Amjad Awan	1	500	0.002%
	Mr. Ahsan Jamil	1	3,386,793	14.740%
	<b>Sub-Total:</b>	<b>9</b>	<b>8,611,241</b>	<b>37.478%</b>
4	<b>Modarabas &amp; Mutual Funds:-</b>			
	Prudential Stocks Fund Ltd.	1	115,865	0.504%
	Modaraba Al-Mali	1	15,000	0.065%
	CDC - Trustee NAFA Islamic Stock Fund	1	112,500	0.490%
	<b>Sub-Total:</b>	<b>3</b>	<b>243,365</b>	<b>1.059%</b>
5	<b>NIT and ICP</b>			
	M/S. Investment Corporation Of Pakistan	1	95	0.000%
	<b>Sub-Total:</b>	<b>1</b>	<b>95</b>	<b>0.000%</b>
6	<b>Foreign Investors:-</b>			
	M/S Somers Nominee (Far East) Limited	1	6,241	0.027%
	Habib Bank Ag Zurich, Deira Dubai	1	4,000	0.017%
	Shakil Abbas Rizvi	1	18,000	0.078%
	<b>Sub-Total:</b>	<b>3</b>	<b>28,241</b>	<b>0.123%</b>

## CATEGORIES OF SHAREHOLDERS

S.No	Name	Number of Share Holders	Total Shares Held	Percentage
7	<b>Others</b>			
	Mam Securities (Pvt) Limited	1	99	0.000%
	Dr. Arslan Razaque Securities (Smc-Pvt)	1	1,073	0.005%
	Value Stock Securities Private Limited	1	2,000	0.009%
	Acm Gold (Pvt.) Limited	1	5,000	0.022%
	Ever Fresh Farms (Pvt) Limited	1	184,000	0.801%
	Fikree'S (Smc-Pvt) Ltd.	1	16,501	0.072%
	Prudential Securities Limited	1	607	0.003%
	Prudential Discount & Guarantee House Li	1	10,000	0.044%
	M/S. Freedom Enterprises (Pvt) Ltd.	1	2,518	0.011%
	Muhammad Ahmed Nadeem Securities (Smc-Pvt)	1	505	0.002%
	Hk Securities (Pvt) Ltd.	1	40	0.000%
	Mohammad Shafi Tanneries (Pvt.) Ltd.	1	200,000	0.870%
	Maple Leaf Capital Limited	1	1	0.000%
	Darson Securities (Pvt) Limited	1	101,000	0.440%
	Stock Master Securities (Private) Ltd.	1	1,200	0.005%
	Shafi Lifestyle (Pvt) Limited	1	209,500	0.912%
	CDC - Trustee Nafa Pension Fund Equity S	1	245,500	1.068%
	CDC - Trustee Nafa Islamic Pension Fund	1	162,500	0.707%
	Y.S. Securities (Private) Limited	1	700	0.003%
	<b>Sub-Total:</b>	<b>19</b>	<b>1,142,744</b>	<b>4.973%</b>
8	<b>Individual</b>			
	Local - Individuals	2,324	12,852,096	55.935%
	<b>Sub-Total:</b>	<b>2,324</b>	<b>12,852,096</b>	<b>55.935%</b>
	<b>Grand Total:</b>	<b>2,362</b>	<b>22,976,969</b>	<b>100%</b>
	<b>Share holding 10% or more voting interest</b>			
	Mr. Hussain Jamil	1	4,000,000	17.409%
	Mr. Ahsan Jamil	1	3,386,793	14.740%
	<b>Total</b>	<b>2</b>	<b>7,386,793</b>	<b>32.149%</b>



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

**For the year ended June 30, 2015**

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of The Karachi Stock Exchange (Guarantee) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

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

Category	Names
Independent Director	Mr. Asad Ali Sheikh
Executive Directors	Mr. Hussain Jamil / Mr. Mohammad Raza Chinoy
Non-Executive Directors	Mr. Shahid Jamil, Mrs. Deborah Jamil, Mrs. Ayesha Khan Ms. Laila Jamil & Mr. Amjad Awan (Alternate Director of Mr. Shahid Jamil)

The independent directors meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than even listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
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 material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
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 and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
8. The board arranges orientation courses for its directors as and when needed to apprise them of their duties and responsibilities. The incoming directors are also provided with appropriate briefing and orientation material to enable them first-hand knowledge on the working of the company. One director of the Company has completed Director Training Program during the period under review. In addition

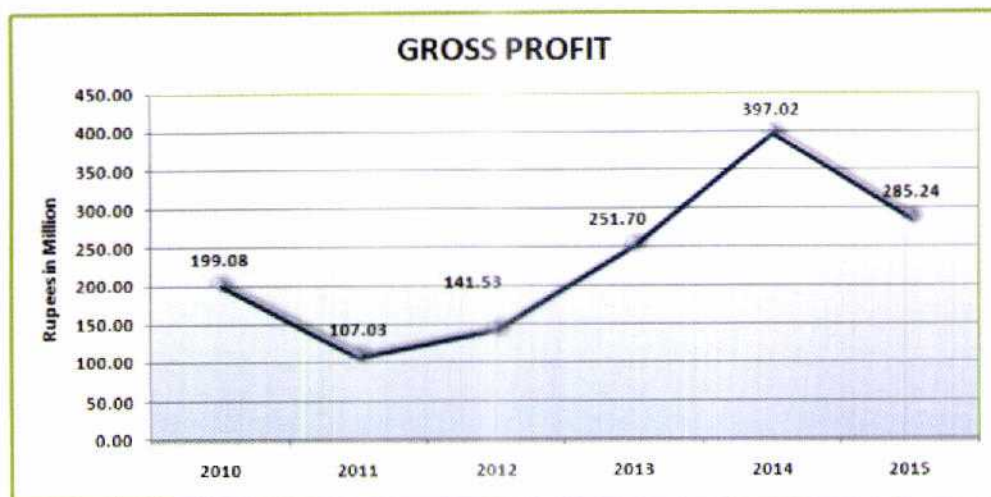
one director meets the criteria of exemption under clause (xi) of CCG and is accordingly exempted from director training program.

9. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
10. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
11. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
12. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
13. The company has complied with all the corporate and financial reporting requirements of the CCG.
14. The board has formed an Audit Committee. It comprises three members, all of them are non-executive directors and the chairman of the committee is an independent director.
15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The board has formed an HR and Remuneration Committee. It comprises four members, of whom three are non-executive directors and the chairman of the committee is a non-executive director.
17. The board has set up an effective internal audit function which is implemented & monitored by personnel who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
18. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants' (IFAC) guidelines on code of ethics as adopted by the ICAP.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
22. We confirm that all other material principles enshrined in the CCG have been complied with.

Karachi  
Dated: September 30, 2015

**HUSSAIN JAMIL**  
(CHIEF EXECUTIVE OFFICER)







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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Ecopack Limited** for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No(s) 35 (Chapter XI) of the Karachi Stock Exchange Limited, where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended **June 30, 2015**.

Karachi  
Dated: September 29, 2015

**Rahman Sarfaraz Rahim Iqbal Rafiq**  
Chartered Accountants  
**Muhammad Waseem**

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Ecopack Limited as at June 30, 2015, and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion;
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi  
Dated: September 30, 2015

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



**BALANCE SHEET**

AS AT 30 JUNE, 2015

	Notes	2015 ----- Rupees in '000' -----	2014
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	5	1,055,461	1,074,293
Security deposits		6,064	6,064
Intangibles	6	1,033	638
		<b>1,062,558</b>	<b>1,080,995</b>
<b>Current Assets</b>			
Stores, spares and loose tools	7	75,882	69,326
Stock in trade	8	202,785	170,913
Trade debts	9	216,664	222,273
Loans and advances	10	26,992	35,660
Deposits, prepayments and other receivables		11,272	6,892
Taxation - net		46,324	21,052
Cash and bank balances	11	38,118	53,737
		<b>618,038</b>	<b>579,853</b>
<b>Total assets</b>		<b>1,680,596</b>	<b>1,660,848</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Authorized capital			
50,000,000 (2014: 50,000,000) ordinary shares of Rs.10/- each		500,000	500,000
Issued, subscribed and paid-up capital	12	229,770	229,770
Accumulated profit/(loss)		42,481	(4,649)
		<b>272,251</b>	<b>225,121</b>
Surplus on revaluation of property and plant	13	163,625	179,553
		<b>435,876</b>	<b>404,674</b>
<b>Non-Current Liabilities</b>			
Long term loans	14	320,091	120,175
Liabilities against assets subject to finance lease	15	3,003	4,857
Deferred liabilities	16	263,256	232,324
		<b>586,350</b>	<b>357,356</b>
<b>Current Liabilities</b>			
Trade and other payables	17	271,862	408,580
Accrued mark - up	18	11,494	20,244
Short term borrowings	19	287,994	359,858
Current portion of non-current liabilities	20	87,020	110,136
		<b>658,370</b>	<b>898,818</b>
Contingencies and commitments	21		
		<b>1,680,596</b>	<b>1,660,848</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer

Director



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2015

	<i>Notes</i>	2015 ----- Rupees in '000' -----	2014
Sales - net	22	<b>1,847,868</b>	2,229,897
Cost of sales	23	<b>(1,562,629)</b>	(1,832,874)
Gross profit		<b>285,239</b>	397,023
Distribution cost	24	<b>(66,355)</b>	(85,474)
Administrative expenses	25	<b>(53,541)</b>	(53,571)
		<b>(119,896)</b>	(139,045)
Profit from operations		<b>165,343</b>	257,978
Other income	26	<b>15,204</b>	15,295
Other expenses	27	<b>(21,681)</b>	(35,712)
		<b>(6,477)</b>	(20,417)
Finance cost	28	<b>(103,987)</b>	(113,873)
Profit before taxation		<b>54,879</b>	123,688
Taxation	29	<b>(28,404)</b>	(66,121)
Profit after taxation		<b>26,475</b>	57,567
		----- Rupees -----	
Earnings per share - basic and diluted	30	<b>1.15</b>	2.51

The annexed notes 1 to 43 form an integral part of these financial statements.

**Chief Executive Officer**

**Director**

# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	----- Rupees in '000' -----	
Profit after taxation	26,475	57,567
<i>Other comprehensive income</i>		
- Transfer from surplus on revaluation of property and plant on account of incremental depreciation - net of tax	21,916	40,256
- Actuarial losses on defined benefit obligation - net of tax	(1,261)	(2,605)
	20,655	37,651
Total comprehensive income for the year	47,130	95,218

The annexed notes 1 to 43 form an integral part of these financial statements.

Chief Executive Officer

Director

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2015

	Issued, subscribed and paid-up capital	Accumulated profit/(loss)	Total
	----- Rupees in '000' -----		
<b>Balance as at June 30, 2013</b>	<b>229,770</b>	<b>(99,867)</b>	<b>129,903</b>
<i>Total comprehensive income for the year</i>			
- Profit for the year	-	57,567	57,567
- Other comprehensive income for the year	-	37,651	37,651
	-	95,218	95,218
<b>Balance as at June 30, 2014</b>	<b>229,770</b>	<b>(4,649)</b>	<b>225,121</b>
<b>Balance as at July 01, 2014</b>	<b>229,770</b>	<b>(4,649)</b>	<b>225,121</b>
<i>Total comprehensive income for the year</i>			
- Profit for the year	-	26,475	26,475
- Other comprehensive income for the year	-	20,655	20,655
	-	47,130	47,130
<b>Balance as at June 30, 2015</b>	<b>229,770</b>	<b>42,481</b>	<b>272,251</b>

The annexed notes 1 to 43 form an integral part of these financial statements.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30 2015

	Notes	2015 ----- Rupees in '000' -----	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	31	110,173	303,454
Finance cost paid		(112,737)	(113,475)
Gratuity paid		(1,389)	(1,023)
Workers participation fund paid		(7,506)	(2,342)
Taxes paid		(28,426)	(31,463)
Decrease in security deposits		-	690
<i>Net cash generated from operating activities</i>		(39,884)	155,842
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(80,201)	(64,046)
Proceeds from disposal of property, plant and equipment		1,885	2,135
Purchase of intangible assets		(500)	-
<i>Net cash used in investing activities</i>		(78,816)	(61,911)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term loan acquired		40,000	-
Restructuring of working capital finance		250,000	-
Repayment of long term loans		(111,056)	(111,547)
Leases acquired during the year		-	4,471
Payments against lease obligations		(3,998)	(5,487)
<i>Net cash used in / (generated from) financing activities</i>		174,946	(112,563)
Net increase/(decrease) in cash and cash equivalents		56,246	(18,632)
Cash and cash equivalents at the beginning of the year		(306,121)	(287,489)
<b>Cash and cash equivalents at the end of the year</b>		(249,876)	(306,121)
<b>Cash and cash equivalents comprises of :</b>			
Cash and bank balances	11	38,118	53,737
Short term borrowings	19	(287,994)	(359,858)
		(249,876)	(306,121)

The annexed notes 1 to 43 form an integral part of these financial statements.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 1. STATUS AND NATURE OF BUSINESS

Ecopack Limited ("the Company") was incorporated on August 25, 1991 as a private limited Company under Companies Ordinance, 1984. Subsequently, it was converted into a public limited Company on April 29, 1992 and thereafter, in March 1994 has listed its shares on Karachi Stock Exchange.

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. The Company has its registered office and manufacturing facility located at Hattar Industrial Estate, Khyber Pakhtunkhawa.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

#### 2.2 Basis of measurement

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

#### 2.3 Functional and presentation currency

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

#### 2.4 Use of estimates and judgments

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

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

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

	Note
i) Useful life and residual values of property, plant and equipment	4.1
ii) Provision for slow moving and obsolete store, spares and loose tools	4.3
iii) Provision for slow moving and obsolete stock in trade	4.4
iv) Estimation for impairment of trade debts	4.5
v) Provision for staff retirement benefits	4.7
vi) Provision for taxation	4.8

### 3. Standards, amendments or interpretations which became effective during the year:

During the year certain amendments to standards or new interpretations became effective; however, the amendments or interpretation did not have any material effect on the financial statements of the Company.



**Standards, amendments or interpretations not yet effective**

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2015 and the Company does not expect to have any material / significant changes in its accounting policy except for disclosures, where applicable:

Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments have no impact on Company's financial statements as the Company has the policy of depreciating / amortizing its property, plant and equipment and intangible assets based on the assessed useful lives.

IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 is not likely to have any impact on the financial statements of the Company.

IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. IFRS 11 is not likely to have any impact on the financial statements of the Company.

IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015). The adoption of this standard is not like to have an impact on Company's financial statements.

IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015). The adoption of this standard is not like to have an impact on Company's financial statements.

Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). These amendments have no impact on the financial statements of the Company.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

*Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:*

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These amendments are not likely to have any implication on the Company's Financial Statements.

IFRS 7 'Financial Instruments- Disclosures'. These amendments are not likely to have any implication on the Company's Financial Statements.

IAS 19 'Employee Benefits'. These amendments are not likely to have any implication on the Company's Financial Statements.

IAS 34 'Interim Financial Reporting'. These amendments are not likely to have any implication on the Company's Financial Statements.



#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### 4.1 Property, plant and equipment

###### *Owned*

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

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

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

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

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

Depreciation is charged to profit and loss account applying either straight line method or written down value method whereby the cost or revalued amount of an asset is written off over its useful life at the rates specified in note 5.1 the financial statements. Depreciation on additions is charged from the month in which asset is available for use and on disposals up to the month immediately preceding that of deletion.

The assets' residual values, useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment as at June 30, 2015 did not require any adjustment as its impact is considered insignificant.

###### *Leased*

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

Leased assets are depreciated on reducing balance method at the rates specified in note 5.1 to the financial statements as disclosed in the fixed asset schedule to the financial statements.

##### 4.2 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment losses, if any. Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits

embodied in the specific assets to which it relates. All other expenditure is expensed as incurred. Intangible assets are amortized using the straight line method over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

#### **4.3 Stores, spares and loose tools**

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

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

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

#### **4.4 Stock-in-trade**

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

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

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

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

#### **4.5 Trade and other receivables**

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

#### **4.6 Financial Instruments**

##### **4.6.1 Classification**

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

##### ***Loans and receivables :***

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



**4.6.2 Recognition and measurement**

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the profit and loss account. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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

Changes in fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account as part of other income. Dividends on available for sale equity instruments are recognised in the profit and loss account as part of other income when the Company's right to receive payments is established.

**4.6.3 Impairment of financial assets**

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is carried out by the company on annual basis and the related impairment is recognised in the profit and loss account.

**4.7 Staff Retirement Benefits**

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

**4.7.1 Defined benefit plan**

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

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



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

#### 4.7.2 Defined contribution plan

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

#### 4.8 Taxation

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

##### *Current*

The current income tax charge is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date or minimum or turnover tax under Income Tax Ordinance, 2001, whichever is higher and any adjustment to tax payable in respect of previous years.

##### *Deferred*

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax base and carrying amount 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, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward of unused tax losses can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The amount of deferred tax provided is based on the expected manner of realization of the carrying amount of assets and liabilities, using the rates that are expected to apply to the period when the difference reverse based on tax rates that have been enacted at the balance sheet date.

#### 4.9 Impairment of non-financial assets

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

#### 4.10 Borrowing costs

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

**4.11 Offsetting**

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

**4.12 Segment reporting**

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

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

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

**4.13 Revenue recognition**

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

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

**4.14 Foreign currency transactions and translation**

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

**4.15 Dividend**

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

**4.16 Provisions**

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

**4.17 Related party transactions**

Transactions with related parties are carried out on commercial terms and conditions.



## 5 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Factory building and roads	Plant and machinery		Factory equipments	Furniture and fixture	Office equipment	Vehicles		Total
			Rupees in '000'					Owned	Leased	
			Owned	Leased						
<b>As at July 01, 2013</b>										
Cost and revaluation	5,700	85,277	1,606,112	23,433	130,374	6,008	20,612	11,356	3,389	1,892,261
Accumulated depreciation	-	(23,886)	(681,792)	(3,435)	(85,147)	(3,239)	(10,113)	(8,369)	(2,126)	(818,107)
Net book values	5,700	61,391	924,320	19,998	45,227	2,769	10,499	2,987	1,263	1,074,154
<b>For the year June 30, 2014</b>										
Additions during the year	1,900	193	18,172	-	36,900	233	1,694	2,199	4,655	64,046
Surplus on Revaluation	-	17,230	10,009	-	-	-	-	-	-	29,139
Inter-transfers	-	-	-	-	-	-	-	-	-	-
- Cost	-	-	-	-	-	-	-	1,500	(1,500)	-
- Accumulated depreciation	-	-	-	-	-	-	-	(1,032)	1,032	-
Disposals	-	-	-	-	-	-	-	468	(468)	-
- Cost	-	-	-	-	-	(88)	(1,088)	(1,837)	(1,889)	(4,902)
- Accumulated depreciation	-	-	-	-	-	70	761	1,522	1,268	3,621
Depreciation for the year	-	(3,166)	(62,667)	(940)	(22,083)	(18)	(327)	(315)	(621)	(1,281)
Net book values	7,600	75,648	889,834	19,058	60,044	2,692	10,746	4,325	4,346	1,074,293
<b>As at June 30, 2014</b>										
Cost and revaluation	7,600	102,700	1,634,293	23,433	167,274	6,153	21,218	13,218	4,655	1,980,544
Accumulated depreciation	-	(27,052)	(744,459)	(4,375)	(107,230)	(3,461)	(10,472)	(8,893)	(309)	(906,251)
Net book values	7,600	75,648	889,834	19,058	60,044	2,692	10,746	4,325	4,346	1,074,293
<b>For the year June 30, 2015</b>										
Additions during the year	-	-	60,546	-	18,625	118	736	156	-	80,201
Surplus on Revaluation	-	-	-	-	-	-	-	-	-	-
Inter-transfers	-	-	-	-	-	-	-	-	-	-
- Cost	-	-	23,433	(23,433)	-	-	-	-	-	-
- Accumulated depreciation	-	-	(4,765)	4,765	-	-	-	-	-	-
Disposals	-	-	18,668	(18,668)	-	-	-	-	-	-
- Cost	-	-	(12,277)	-	(56)	(423)	(925)	(321)	-	(14,002)
- Accumulated depreciation	-	-	8,490	-	25	331	482	281	-	9,609
Depreciation for the year	-	(3,808)	(3,786)	-	(31)	(93)	(443)	(40)	-	(4,393)
Net book values	7,600	71,840	906,064	(390)	50,526	2,439	9,956	3,560	3,477	1,055,461
<b>As at June 30, 2015</b>										
Cost and revaluation	7,600	102,700	1,705,995	-	185,842	5,848	21,049	13,053	4,655	2,046,742
Accumulated depreciation	-	(30,860)	(799,931)	-	(135,316)	(3,409)	(11,093)	(9,493)	(1,178)	(991,281)
Net book values	7,600	71,840	906,064	-	50,526	2,439	9,956	3,560	3,477	1,055,461
Rate of depreciation	0%	5%-10%	5%-20%	5%	10%-50%	10%	10%	20%	20%	



**5.1 Depreciation charge has been allocated as follows:**

	2015	2014
	----- Rupees in '000' -----	
Cost of sales	89,908	87,177
Administrative expenses	4,732	4,589
	<u>94,640</u>	<u>91,765</u>

**5.2** The company revalued certain operating fixed assets, in 1995-96, 2003-04, 2008-09, 2010-11 and 2013-14 which had resulted in a surplus of Rs. 92.5 million, Rs. 141 million Rs. 216.6 million, Rs 99 million and Rs 29.14 million respectively. The revaluations from 1995-96 to 2010-11 had been carried out by M/s Iqbal A.Nanjee & Company while revaluation of 2013-14 was carried out M/s Harvester Services (Private) Limited, independent valuers, taking market value or depreciated replacement cost, as applicable, as a basis of valuation. The incremental values at the date of revaluation of the revalued operating property, plant and equipment are being depreciated over the remaining useful lives of these assets.

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

	2015	2014
	----- Rupees in '000' -----	
Freehold land	2,995	2,995
Factory building and roads	28,603	30,110
Plant and machinery	714,878	660,796
	<u>746,476</u>	<u>693,901</u>

**5.4 Property, plant and equipment disposals**

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

Particulars	Cost	Accumulated Depreciation	Carrying value	Sale proceeds	Mode of disposal	Particulars of purchaser
-----Rupees in '000'-----						
Fork Lifter - LPG-1	2,072	(1,138)	935	509	Negotiation	Akhlaq Autos Shahbaz Engineering Co
Generator 320 KVA	2,493	(2,247)	246	754	Negotiation	
1500 ml Mitchels M/W(SB0-8)	5,469	(4,187)	1,282	-	written off	
500ml Mitchels M/W(SB0-8)	478	(368)	110	-	written off	
Mobile Iphone 5S 32 GB	91	(7)	84	82	Insurance Claim	EFU
<b>June 2015</b>	<u>12,368</u>	<u>(8,498)</u>	<u>2,656</u>	<u>1,854</u>		
<b>June 2014</b>	<u>4,902</u>	<u>(3,621)</u>	<u>1,281</u>	<u>2,135</u>		

**6. INTANGIBLES**
**Software**
**Cost**

Opening balance  
Additions

**Amortization**

Opening balance  
Additions

Closing balance

Rates of Amortization

	2015	2014
	----- Rupees in '000' -----	
	750	750
	500	-
	<u>1,250</u>	<u>750</u>
	(113)	(38)
	(104)	(75)
	<u>(217)</u>	<u>(113)</u>
	<u>1,033</u>	<u>637</u>
	10%	10%

		2015	2014
		----- Rupees in '000' -----	
<b>7. STORES, SPARES AND LOOSE TOOLS</b>			
Stores and spares		75,830	69,312
Loose tools		1,959	1,921
		<u>77,789</u>	<u>71,233</u>
Provision against slow moving stores and spares		(1,907)	(1,907)
		<u>75,882</u>	<u>69,326</u>
<b>8. STOCK IN TRADE</b>			
Raw material		71,306	60,906
Packing material		8,165	7,642
Work in process		83,158	50,029
Finished goods		43,684	55,864
		<u>206,313</u>	<u>174,441</u>
Provision for obsolete stocks		(3,528)	(3,528)
		<u>202,785</u>	<u>170,913</u>
<b>9. TRADE DEBTS</b>			
Secured		13,589	-
Unsecured			
- Considered good		203,075	222,273
- Considered doubtful		14,792	12,875
		<u>231,456</u>	<u>235,148</u>
Provision against doubtful debts	9.1	(14,792)	(12,875)
		<u>216,664</u>	<u>222,273</u>
<b>9.1 Provision against doubtful debts</b>			
Opening balance		12,875	4,895
Provision for the year		3,112	7,980
Debts written off		(1,195)	-
Closing balance		<u>14,792</u>	<u>12,875</u>
<b>10. LOANS AND ADVANCES</b>			
Considered good			
- Advance to suppliers		18,702	27,834
- Advances for expenses		5,783	4,537
		<u>24,485</u>	<u>32,371</u>
Loans to employees		2,507	3,289
		<u>26,992</u>	<u>35,660</u>
<b>11. CASH AND BANK BALANCES</b>			
Cash at bank			
- in current accounts		10,676	48,109
- in saving accounts	11.1	26,759	5,607
		<u>37,435</u>	<u>53,716</u>
Cash in hand		683	21
		<u>38,118</u>	<u>53,737</u>

11.1 This carries markup ranging between 5% to 7% (2014: 6% to 9%) during the year.



**12. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

10,262,664(2014: 10,262,664) Ordinary shares of Rs. 10/- each issued against cash	102,627	102,627
12,714,307 (2014: 12,714,307) Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	127,143	127,143
	<u>229,770</u>	<u>229,770</u>

**13. SURPLUS ON REVALUATION OF PROPERTY AND PLANT**

	2015	2014
	----- Rupees in '000' -----	
<i>Revaluation surplus</i>		
Balance as at July 01	275,330	286,447
Add : Surplus arising on revaluation during year	-	29,139
Less : Reversal Due to Disposal of Assets	(1,507)	-
Less : Transferred to unappropriated profit in respect of incremental depreciation charged during the year	(21,916)	(40,256)
	<u>251,907</u>	<u>275,330</u>
<i>Related deferred tax :</i>		
Balance as at July 01	95,777	99,445
Deferred tax on revaluation surplus during the year	-	9,616
Deferred tax on incremental depreciation charged during the year	(7,495)	(13,284)
	<u>88,282</u>	<u>95,777</u>
	<u>163,625</u>	<u>179,553</u>

**14. LONG TERM LOANS**

<i>Loans from banking companies - Secured</i>			
Askari Bank Limited (TF I)	14.1	28,627	46,844
Askari Bank Limited (TF II)	14.2	246,000	-
Habib Bank Limited (DF-I)	14.3	-	58,239
Allied Bank Limited (TF)	14.4	91,800	122,400
JS Bank TF	14.5	40,000	-
		<u>406,427</u>	<u>227,483</u>
Less: current portion of long term loans		<u>(86,336)</u>	<u>(107,308)</u>
		<u>320,091</u>	<u>120,175</u>

**14.1** This represents term finance from Askari Bank Limited rescheduled in 2013, to finance expansion in existing production facilities at Hattar plant. It carries mark up at 3 months KIBOR plus 2.5% per annum with 4 quarterly instalments remaining and final maturity on April 2016. The finance is secured by way of First Pari Passu charge of Rs. 450 million over all present and future fixed assets of the company and personal guarantee of one sponsor / founder Director of the company.

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

**14.3** This represents demand finance, obtained in 2006 and restructured in 2012, to finance expansion in existing production facilities at the company's plant. This loan has been fully repaid during the year.

- 14.4** This represents term finance created as a result of restructuring of working capital finance in January 2012. It carries mark-up at 3 months KIBOR plus 2% p.a. The remaining amount is payable in 18 instalments as per seasonal repayment schedule with maturity at June 2018. It is secured by way of first pari passu charge over stocks and book debts of the company amounting to Rs. 267 million and ranking charge on fixed assets of the company amounting to Rs. 197.2 million.
- 14.5** This represents term loan obtained to retire one-off LC for the purchase of capital expenditure. It carries mark-up at 3 months KIBOR plus 2.25% p.a. payable with a grace period of 6 months in 14 quarterly stepped up (season/off-season) instalments with final maturity of June 2018. It is secured by first pari passu charge over all present and future fixed assets of the Company amounting to Rs. 60 million.

15. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	2015	2014
	----- Rupees in '000' -----	
Balance at 1 July	7,685	8,701
Leases obtained during the year	-	4,471
Payments made during the year	(3,998)	(5,487)
	<u>3,687</u>	<u>7,685</u>
Less: current portion shown under current liabilities	(684)	(2,828)
	<u>3,003</u>	<u>4,857</u>

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

	2015		2014	
	----- Rupees in '000' -----			
	Minimum lease payments	Present Value	Minimum lease payments	Present Value
Upto one year	1,015	684	3,357	2,828
More than one year but less than five years	3,417	3,003	5,655	4,857
Total minimum lease payments	4,432	3,687	9,013	7,685
Less: Amount representing finance charges	(745)	-	(1,327)	-
Present value of minimum lease payments	3,687	3,687	7,685	7,685
Less: Current portion	(684)	(684)	(2,828)	(2,828)
	3,003	3,003	4,857	4,857

- 15.2** This represents vehicles acquired under a number of finance lease agreements. Interest rate used as discounting factor ranges from 12.82% to 13.91% (2014: 11.22% to 14.16%) per annum. Taxes, repair, replacements and insurance are born by the company. Under the terms of arrangement, the company has an option to acquire leased assets at the end of respective lease terms and intends to exercise the option. There are no restrictions imposed on the Company under the term of leases.

16. DEFERRED LIABILITIES		2015	2014
		----- Rupees in '000' -----	
Staff gratuity	16.1	66,981	55,223
Deferred taxation	16.2	<u>196,275</u>	<u>177,101</u>
		<u>263,256</u>	<u>232,324</u>



**16.1 Staff gratuity**

**16.1.1** The figures are based on actuarial valuation report for company's Employees' Gratuity Scheme carried out by Nauman Associates as on June 30, 2015.

**16.1.2 Movement in liability recognized in balance sheet:**

	2015	2014
	----- Rupees in '000' -----	
Present value of defined benefit obligation as at 01 July	55,223	42,783
Expense for the year	13,304	9,469
Benefits paid during the year	(1,389)	(1,023)
Remeasurements chargeable in Other Comprehensive Income	(157)	3,994
Present value of defined benefit obligation as at 30 June	<u>66,981</u>	<u>55,223</u>

**16.1.3 Expense recognised in profit and loss account is as follows:**

Current service cost	6,079	5,030
Interest cost	7,225	4,438
	<u>13,304</u>	<u>9,469</u>

**16.1.4**

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 2015	66,981	157
June 2014	55,223	(3,994)
June 2013	42,782	(2,037)
June 2012	33,594	(6,348)
June 2011	31,043	(8,487)

**16.1.5 Year End Sensitivity Analysis ( $\pm 100$  bps) on Defined Benefit Obligation**

	2015	2014
	----- Rupees in '000' -----	
Discount Rate + 100 bps	63,101	52,191
Discount Rate - 100 bps	71,468	58,719
Salary Increase + 100 bps	71,536	58,778
Salary Increase - 100 bps	62,966	52,082

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

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

	2015	2014
Discount rate (per annum)	<u>9.75%</u>	<u>13.25%</u>
Expected rate of increase in salary level (per annum)	<u>9.75%</u>	<u>13.25%</u>
Average expected remaining working life time of employees (years)	<u>6</u>	<u>6</u>

**16.2 Deferred taxation**

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

*Taxable temporary differences:*

Surplus on revaluation

Accelerated depreciation

88,282

95,777

170,755

181,577

259,037

277,354

*Deductible temporary differences:*

Carried forward tax losses

Staff gratuity

Others

(33,501)

(72,261)

(21,434)

(18,224)

(7,827)

(9,768)

(62,762)

(100,253)

196,275

177,101

**17. TRADE AND OTHER PAYABLES**

Trade creditors and bills payable

Accrued and other liabilities

Advances from customers

Sales tax payable

Income tax payable

Workers' profit participation fund

Unclaimed dividend

238,180

320,066

5,501

39,038

5,817

19,566

17,742

20,726

1,169

1,217

2,991

7,506

461

461

271,862

408,580

**18. ACCRUED MARK-UP**

Long term loans

Short term borrowings

7,930

9,194

3,564

11,050

11,494

20,244

**19. SHORT TERM BORROWINGS**

Secured

*From banking companies*

Short-term running finance

Inland Bill Purchased

Finance against trust receipt

32,626

136,185

99,497

73,580

105,871

50,093

237,994

259,858

*Others*

Short-term pledge finance

50,000

100,000

287,994

359,858

Short-term running finance includes running finance from Askari Bank Limited from which Rs. 100 million were restructured from working capital finance to long term debt during the year. Short-term running finance and other facilities are obtained under mark-up arrangements from various commercial banks carrying mark-up ranging from 9.5% to 11% (2014: 11.03% to 12.17%) per annum calculated on daily product basis. These facilities have various maturity dates up to March 2016.

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 guarantees of one original founder / sponsor Director of the company.



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 guarantees of one original founder / sponsor Directors of the company.

	2015	2014
	----- Rupees in '000' -----	
<b>20. CURRENT PORTION OF NON-CURRENT LIABILITIES</b>		
Long term loans	<b>86,336</b>	107,308
Liabilities against assets subject to finance lease	<b>684</b>	2,828
	<b>87,020</b>	110,136

## 21. CONTINGENCIES AND COMMITMENTS

### 21.1 Contingencies

**21.1.1** In the year 2002, the Commissioner of Income Tax, Companies Zone, Islamabad notified the Company with respect to application filed by it in the Lahore High Court, Rawalpindi Bench, against the order of Income Tax Appellate Tribunal passed in favour of the Company annulling impugned order of Additional Commissioner of Income Tax dated March 22, 2002 passed under Section 66-A, resulting in tax assessment of Rs. 6.69 million. The Company has not made any provision in this respect in view of the legal opinion of its Legal Advisor that the said case is likely to be decided in favour of the Company on legal grounds. The matter is pending for adjudication.

**21.1.2** The Company had filed a writ petition in the Honourable Peshawar High Court against Workers' Welfare Fund provision and the learned Court accepted the petition in terms that the impugned levy of contribution introduced through the Finance Act of 1996 and 2009 lacked the essential mandate to be introduced and passed through a Money Bill under the Constitution, hence the levy was declared unconstitutional. An appeal was filed in the Supreme Court by the defendants. As the matter is still pending in the Court, the Company has not made any payment for the Worker's Welfare Fund. However, as per advice of the Legal Advisor of the Company in this respect, provision for the year has been made.

### 21.2 Commitments

No commitment outstanding as at June 30, 2015 (2014: Nil).

		2015	2014
		----- Rupees in '000' -----	
<b>22. SALES - NET</b>			
Gross sales	22.1	<b>2,162,373</b>	2,609,334
Sales tax and discounts		<b>(314,505)</b>	(379,437)
		<b>1,847,868</b>	2,229,897

**22.1** This includes export sales of Rs. 4.3 million (2014: Rs. Nil).

**23. COST OF SALES**

Raw material consumed	23.1	1,017,253	1,289,216
Packing material consumed		77,071	87,179
Store consumed		24,714	20,606
Salaries, wages and other benefits	23.2	128,626	120,123
Electricity, gas and water		184,391	173,867
Travelling and conveyance		12,102	12,847
Vehicle repair and maintenance		8,206	10,917
Rent, rate and taxes		13,542	11,700
Repair and maintenance		7,812	9,407
Insurance		4,816	4,866
Medical		2,890	2,742
Freight and other charges		4,691	5,303
Communication charges		1,627	1,488
Printing, postage and stationery		1,190	1,294
Lab testing		768	1,083
Fees and subscription		2,831	1,025
Entertainment		758	773
Courses and seminar fees		163	465
Advertisement		67	17
Depreciation		89,908	87,177
Miscellaneous		152	108
		<b>1,583,578</b>	<b>1,842,203</b>
Work-in-process - opening		50,029	56,002
Work-in-process - closing		(83,158)	(50,029)
		<b>(33,129)</b>	<b>5,973</b>
Cost of goods manufactured		<b>1,550,449</b>	<b>1,848,176</b>
Finished goods - opening		55,864	40,562
Finished goods - closing		(43,684)	(55,864)
		<b>12,180</b>	<b>(15,302)</b>
		<b>1,562,629</b>	<b>1,832,874</b>
		<b>2015</b>	<b>2014</b>
		----- Rupees in '000' -----	

**23.1 Raw material consumed**

Opening stock	60,906	52,209
Purchases	1,027,653	1,297,913
Closing stock	(71,306)	(60,906)
	<b>1,017,253</b>	<b>1,289,216</b>

**23.2** This includes staff retirement benefits amounting to Rs. 10.71 million (2014: Rs. 8.60 million).

**24. DISTRIBUTION COST**

	<b>2015</b>	<b>2014</b>
	----- Rupees in '000' -----	
Carriage and freight outward	49,590	70,549
Salaries and benefits	11,965	9,481
Vehicle running and maintenance	1,753	1,930
Office rent	1,648	1,281
Travelling and conveyance	583	1,095
Communications	213	356
Entertainment	187	214
Repair and maintenance	161	292
Electricity, water and gas	196	159
Printing and stationery	49	47
Miscellaneous	10	70
	<b>66,355</b>	<b>85,474</b>



24.1 This includes staff retirement benefits amounting to Rs. 1.77 million (2014: Rs. 1.16 million).

		2015	2014
		----- Rupees in '000' -----	
<b>25. ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	25.1	33,641	27,260
Legal and professional		2,652	5,150
Travelling and conveyance		2,797	3,346
Vehicle running and maintenance		2,032	2,064
Medical		1,651	1,950
Rent, rate and taxes		1,653	1,862
Auditors' remuneration	25.2	865	865
Electricity, gas and water		337	290
Entertainment		993	792
Courses, seminar and subscription		780	675
Repair and maintenance		373	572
Communications		476	530
Printing and stationery		459	496
Insurance		29	38
Advertisement		14	7
Software Impairment		-	3,072
Depreciation		4,732	4,589
Miscellaneous		57	13
		<u>53,541</u>	<u>53,571</u>

25.1 This includes staff retirement benefits amounting to Rs. 3.61 million (2014: Rs. 2.1 million).

		2015	2014
		----- Rupees in '000' -----	
<b>25.2 Auditors' remuneration</b>			
Audit fee		550	550
Fee for half yearly review		230	230
Other advisory services		75	75
Out-of-pocket expense		10	10
		<u>865</u>	<u>865</u>

		2015	2014
		----- Rupees in '000' -----	
<b>26. OTHER INCOME</b>			
<i>Income from financial assets</i>			
Profit on bank deposits		613	375
<i>Others</i>			
Freight income		1,284	1,488
Scrap sale		13,003	12,453
Miscellaneous income		1,306	124
Net gain / (loss) on disposal of property, plant and equipment		(1,002)	854
Claims received		-	1
		<u>15,204</u>	<u>15,295</u>

<b>27. OTHER EXPENSES</b>			
Workers' Welfare Fund		1,961	3,426
Workers' Profits' Participation Fund		2,992	7,063
Impairment loss on trade receivables		3,862	7,920
Donation	27.1	448	300
Abnormal Loss		12,418	17,003
		<u>21,681</u>	<u>35,712</u>

27.1 None of the directors and their spouse have any interest in the donee's fund.

		2015	2014
		----- Rupees in '000' -----	
<b>28. FINANCE COST</b>			
<i>Mark-up on:</i>			
Long-term financing		24,101	32,789
Short-term borrowing		20,025	31,121
Inland Bill Purchase		7,018	5,277
Workers' profits' participation fund		455	-
Liabilities against assets subject to finance lease		517	852
		<u>52,116</u>	<u>70,039</u>
LC usance and other charges		47,760	39,813
Exchange loss		-	244
Bank charges		4,111	3,777
		<u>103,987</u>	<u>113,873</u>
<b>29. TAXATION</b>			
Current			
- for the year	29.1	3,103	22,413
- prior year		-	(10)
		<u>3,103</u>	<u>22,403</u>
Deferred			
- relating to temporary differences		19,934	31,104
- resulting from reduction in tax rate		5,367	12,614
		<u>25,301</u>	<u>43,718</u>
		<u>28,404</u>	<u>66,121</u>

29.1 The income tax assessments of the Company have been finalised up to and including the tax year 2014. 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.

29.2 Due to the brought forward tax losses, provision for current income tax is based on section 113 of the Income Tax Ordinance, 2001. Accordingly tax expense reconciliation with the accounting profit is not reported.

		2015	2014
		----- Rupees in '000' -----	
<b>30. EARNINGS PER SHARE - BASIC AND DILUTED</b>			
<b>30.1 Basic</b>			
Profit after taxation		26,475	57,567
		----- Numbers in '000' -----	
Weighted average number of ordinary shares		22,977	22,977
		----- Rupees -----	
Earnings per share - basic		1.15	2.51



**30.2 Diluted**

There is no dilutive effect on the basic earnings per share of the Company as it has not issued any instruments carrying options which could have an impact on earnings per share when exercised.

		2015	2014
		----- Rupees in '000' -----	
<b>31. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		54,879	123,688
<i>Adjustment for non-cash charges and other items:</i>			
Depreciation		94,640	91,765
Amortization of intangible assets		104	74
Loss/ (gain) on disposal of property, plant and equipment		1,002	(854)
Provision for Workers' profits participation fund		2,992	7,063
Provision for Workers' welfare fund		1,961	3,426
Capital work in process write off		-	3,072
Provision for doubtful debts		3,112	7,980
Provision for gratuity		13,304	12,343
Finance cost		103,987	113,873
Working capital changes	31.1	(165,808)	(58,976)
		<u>110,173</u>	<u>303,454</u>

**31.1 Working capital changes**

(Increase)/Decrease stores, spares and loose tools	(6,556)	(18,097)
(Increase)/Decrease in stock in trade	(31,872)	(13,466)
(Increase)/Decrease in trade debts	2,497	(2,826)
Increase/(Decrease) in loans and advances	8,668	(5,527)
Increase/(Decrease) in deposits, prepayments and other receivables	(4,380)	22,817
Increase/(Decrease) in trade and other payables	(134,165)	(41,877)
	<u>(165,808)</u>	<u>(58,976)</u>

**32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

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

	2015			
	Chief Executive	Director	Executives	Total
	----- Rupees in '000' -----			
Managerial remuneration	10,211	6,900	16,850	33,960
House allowance and utilities	2,412	210	530	3,152
Servant allowance	644	-	-	644
Telephone allowance	541	-	-	541
Medical reimbursement	-	296	724	1,020
Others	576	254	527	1,357
	<u>14,383</u>	<u>7,660</u>	<u>18,632</u>	<u>40,675</u>
Number of persons	1	1	9	

	2014		
	Chief Executive	Director	Executives
	----- Rupees in '000' -----		
			Total
Managerial remuneration	9,492	4,095	8,607
House allowance and utilities	1,667	2,253	3,623
Servant allowance	569	-	-
Telephone allowance	478	-	-
Medical reimbursement	-	265	611
	12,206	6,613	12,841
Number of persons	1	1	9

- 32.1 The Company also provides with company maintained vehicles to its Chief Executive, some executives, and the Directors in accordance with Company's policy. They are entitled to Gratuity and provident fund in accordance with the Company's policy.

### 33. PROVIDENT FUND DISCLOSURES

#### a) Disclosure with regards to Provident Fund

	2015	2014
	----- Rupees in '000' -----	
(i) Size of the Fund	16,554	12,025
(ii) Cost of Investment made	16,129	10,299
(iii) Percentage of Investment made	97%	86%
(iv) Fair value of Investments	15,074	11,926

#### b) Break-up of investments is as under

	2015		2014	
	Rs "000"			
<b>Mutual funds</b>				
- NIT	6%	915	7%	867
- Meezan Mutual Fund	12%	1,995	13%	1,618
- Pakistan Stock Market Fund	0%	-	25%	2,951
- UTP - Aggressive Asset Allocation Fund	2%	399	3%	376
		3,309		5,813
<b>Banks deposits</b>				
- Meezan Bank Limited	63%	10,437	51%	6,113
- NIB Bank Limited	8%	1,327	0%	-
	91%	15,074	99%	11,926

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

### 34. NUMBER OF EMPLOYEES

	2015	2014
Number of employees including contractual employees at the end of year	697	752
Average number of employees including contractual employees during the year	544	588



**35. TRANSACTIONS WITH RELATED PARTIES**

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

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

	2015	2014
	----- Rupees in '000' -----	
<i>Transactions during the year</i>		
Consultancy fee paid	-	1,870
Sale of vehicles and office equipment	-	2,135
Contribution to staff provident fund	1,026	926
<i>Payable as on balance sheet date with:</i>		
Employees' provident fund trust	3,483	4,372
Post employment benefit payable	30,517	25,981

The remuneration of Chief Executive, Directors and Executives is disclosed in Note 32 to the financial statements.

**36. SEGMENT REPORTING**

	Injection		Blowing		Total	
	June 2015	June 2014	June 2015	June 2014	June 2015	June 2014
	(Rupees '000)		(Rupees '000)		(Rupees '000)	
Sales-net	298,004	387,889	1,549,864	1,842,008	1,847,868	2,229,897
Cost of sales	(270,399)	(343,202)	(1,292,230)	(1,489,672)	(1,562,629)	(1,832,874)
	27,605	44,687	257,634	352,336	285,239	397,023
Distribution cost	(10,701)	(14,858)	(55,654)	(70,616)	(66,355)	(85,474)
Administrative	(8,635)	(9,357)	(44,906)	(44,214)	(53,541)	(53,571)
	(19,336)	(24,215)	(100,560)	(114,830)	(119,896)	(139,045)
Operating profit	8,269	20,472	157,074	237,506	165,343	257,978
Segment assets	711,128	627,340	289,836	512,152	1,000,964	1,139,492
Unallocated assets	-	-	-	-	679,632	521,356
	711,128	627,340	289,836	512,152	1,680,596	1,660,848
Segment liabilities	158,385	117,647	142,729	129,219	301,114	246,866
Unallocated liabilities	-	-	-	-	943,606	1,009,308
	158,385	117,647	142,729	129,219	1,244,720	1,256,174
Capital expenditure	31,636	8,630	28,819	7,517	60,455	16,147
Unallocated capital expenditure	-	-	-	-	19,746	47,900
	31,636	8,630	28,819	7,517	80,201	64,047

**36.1** Inter-segment sales have been eliminated from totals.

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

**37. FINANCIAL INSTRUMENTS****Financial instruments by category**

	2015	2014
	----- Rupees in '000' -----	
<i>Financial assets - loans and receivables</i>		
Security deposits	6,064	6,064
Trade debts	216,664	222,273
Loans and advances	26,992	35,660
Deposits, prepayments and other receivables	11,272	6,892
Cash and bank balances	38,118	53,737
	<u>299,110</u>	<u>324,626</u>
<i>Financial liabilities - at amortised cost</i>		
Long term loans	406,427	227,483
Liabilities against assets subject to finance lease	3,687	7,685
Trade and other payables	271,862	408,580
Accrued mark - up	11,494	20,244
Short term borrowings - secured	287,994	359,858
	<u>981,464</u>	<u>1,023,850</u>

**38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

**38.1 Credit risk**

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. To manage exposure to credit risk, Company applies credit limits and deals with selected credit worthy parties. It makes required provision against balances that are considered doubtful. The exposure to cash and bank balances is managed by placing funds with those that have good credit rating amongst major banks and financial institutions. The following carrying amounts of financial assets against which the Company holds no collateral represents the maximum credit exposure at the balance sheet date.

	2015	2014
	----- Rupees in '000' -----	
Trade debts	231,456	235,148
Loans and advances	26,992	35,660
Deposits, prepayments and other receivables	11,272	6,892
Bank balances	37,435	53,716
	<u>307,155</u>	<u>331,416</u>

**38.1.1 Impairment losses**

The aging of trade debts at the reporting date was:



	2015		2014	
	Gross Value Rupees '000	Impairment	Gross Value Rupees '000	Impairment
Not Past Due	168,155	-	137,255	-
Past Due 1-60 Days	13,638	-	63,170	-
Past due 61 Days to 1 Year	16,745	-	17,299	-
More than 1-Year	32,918	14,792	17,423	12,875
	<b>231,456</b>	<b>14,792</b>	<b>235,148</b>	<b>12,875</b>

**38.1.2**

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

Credit rating	2015	2014
	----- Rupees in '000' -----	
A1+	36,927	49,954
A1	508	686
A-1+	-	2,617
	<b>37,435</b>	<b>53,257</b>

**38.2 Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facility. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. Company treasury aims at maintaining flexibility in funding by keeping committed credit line available.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	2015			
	Carrying Value	Contractual cash flow	Up to one year	More than one year
	----- Rupees in '000' -----			
Long term loan	406,427	600,760	152,784	447,976
Finance Lease	3,687	4,432	3,357	1,075
Trade and other payables	271,862	271,862	271,862	-
Short term borrowings	287,994	291,558	291,558	-
	<b>969,970</b>	<b>1,168,612</b>	<b>719,561</b>	<b>449,051</b>
	2014			
	Carrying Value	Contractual cash flow	Up to one year	More than one year
	----- Rupees in '000' -----			
Long term loan	227,483	256,358	107,308	149,050
Finance Lease	7,685	9,013	3,357	5,655
Trade and other payables	408,580	408,580	408,580	-
Short term borrowings	359,858	370,908	370,908	-
	<b>1,003,606</b>	<b>1,044,858</b>	<b>890,153</b>	<b>154,705</b>

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

## 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 24th  
Annual General Meeting of the Company to be held on Friday October 30, 2015  
\_\_\_\_\_ and  
at any adjournment thereof. As witness I / We set my / our hand (s) this \_\_\_\_\_  
day of \_\_\_\_\_ 2015 signed the said proxy in the presence of :

Witnesses:

1. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_

[illegible]

or

Passport No. \_\_\_\_\_

Signature

Revenue Stamp

2. Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_

[illegible]

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.





**38.3 Market risk**

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Company's market risk comprises of two types of risk: foreign exchange or currency risk and interest / mark up rate risk. The market risks associated with the Company's business activities are discussed as under:

**a) Foreign exchange risk management**

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The company is not exposed to significant foreign currency risk on export or import as it produce material from local market in local currency.

***Exposure to foreign currency risk***

Company is not exposed to foreign currency risk as there are no foreign creditors on the balance sheet date.

**b) Interest/ mark up rate risk**

Interest rate risk is a risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from short and long term borrowings from banks.

**Cash flow sensitivity analysis for Variable rate instruments**

The company holds various variable rate financial instruments amounting to Rs 698 million (2014:595 million) exposing the company to fair value interest rate risk. A change of 100 basis points as at June 30,2015 would have increased/(decreased) profit after tax by Rs 4.75 million (2014:4.05 million).

**Cash flow sensitivity analysis for Fixed rate instruments**

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

**38.4 Fair value of financial instruments**

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties at arm's length transaction. Consequently, differences may arise between the carrying values and the 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.

Fair value of all financial assets and financial liabilities are estimated to approximate their respective carrying amount.

**39. 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 capital to shareholders or issue new shares or sell assets to reduce debt.



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

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

40. PLANT CAPACITY AND ACTUAL PRODUCTION	2015	2014
	Quantity in '000'	
<b>Blowing</b>		
Capacity - no. of bottles	304,200	304,200
Production - no. of bottles	145,792	156,518
Utilization	47.93%	51.45%
<b>Injection</b>		
Capacity - no. of preforms	415,733	415,733
Production - no. of preforms	194,997	209,002
Utilization	46.90%	50.27%

40.1 The underutilization of capacity was due to market constraints.

#### 41. CORRESPONDING FIGURES

Certain prior year figures have been reclassified for the purpose of comparison. There were no major reclassifications to report.

#### 42. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on September 30, 2015 by the Board of Directors of the Company.

#### 43. GENERAL

Figures have been rounded off to the nearest thousand rupees.

**Chief Executive Officer**

**Director**

Manufacturers Of Quality PET Bottles & Preforms

**Eco**  **Pack Ltd**

**Head Office**

19, City Villas  
Near High Court Road, Rawalpindi  
PABX: (051) 5974098 & 99  
Fax: (051) 5974097

**Registered Office and Factory**

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