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PROSPECTUS

INVITATION TO INVEST IN THE INITIAL PUBLIC OFFERING OF
EX-PACK CORRUGATED CARTONS LIMITED

THROUGH AN OFFER FOR SUBSCRIPTION OF 83,333,333
ORDINARY VOTING SHARES AT LKR 8.40 PER SHARE
FOR A TOTAL VALUE OF LKR 699,999,997.20

TO BE LISTED ON THE MAIN BOARD OF THE
COLOMBO STOCK EXCHANGE

ISSUE OPENS ON 22 October 2021

IPO.EXPACK.LK

JOINT MANAGERS AND
FINANCIAL ADVISORS TO THE ISSUE



CAPITAL ALLIANCE PARTNERS LIMITED
LEVEL 5 'MILLENNIUM HOUSE'
46/53 MAWAM MAINATHA COLOMBO 02



ASIA SECURITIES ADVISORS (PVT) LIMITED
4TH FLOOR 'LEE HIGGS TOWER'
349 COLOMBO - GALLE MAIN ROAD
COLOMBO 00300

INTEGRITY | INSIGHT | INNOVATION

This Prospectus is dated 06 October 2021

RESPONSIBILITY FOR THE CONTENT OF THE PROSPECTUS

This Prospectus has been prepared from the information provided by Ex-pack Corrugated Cartons Limited (Ex-pack), and from sources available to the public. The Directors of the Company, collectively and individually, having made all reasonable enquiries confirm to the Joint Managers and Financial Advisors to the Issue, that to the best of their knowledge and belief, that this Prospectus contains all information with respect to the Company, which is material in the context of the Issue; that the information contained herein is true and correct in all material respects and is not misleading; that there are no other material facts, the omission of which would, make any statement contained herein misleading; that the opinions and intentions expressed herein are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions.

Where representations regarding the future performance of Ex-pack have been given in this Prospectus, such representations have been made after due and careful enquiry of the information available to the Company and making assumptions considered to be reasonable at the present point in time in their best judgment.

Ex-Pack Corrugated Cartons Limited accepts responsibility for the information contained in this Prospectus. While Ex-pack Corrugated Cartons Limited has taken reasonable care to ensure full and fair disclosure of information, it does not assume any responsibility for any investment decisions made by investors based on information contained herein. In making an investment decision, prospective investors must rely on their own examination and assessments of the Company including the risks involved.

No person is authorised to give any information or make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorised by the Company.

The delivery of this Prospectus shall not under any circumstances constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Company since the date of this Prospectus. An immediate market announcement will be made on the occurrence of such material changes (if any).

If you are in any doubt regarding the contents of this Prospectus or if you require any advice in this regard, you should consult a Lawyer, Joint Managers and Financial Advisors to the Issue or any other Professional Advisor.

The Colombo Stock Exchange ("CSE") has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for the accuracy of the statements made, opinions expressed or reports included in this Prospectus. Moreover, the CSE does not regulate the pricing of the shares which is decided solely by the Issuer.

All Applicants (both resident and non-resident) should indicate their respective National Identity Card (NIC) number or company registration number or passport number as the case may be in the Application Form. Individual resident Applicants should indicate their passport number in the Application Form only if they do not have an NIC number.

As per the Directive of the SEC made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the CDS dated November 30, 2010, all Shares allotted shall be directly uploaded to the CDS. All Applicants should indicate their CDS account number in the Application Form.

Applicants who do not have a CDS account are advised to open a valid CDS account prior to making the Application, in order to facilitate the uploading of allotted Shares to the CDS.

APPLICATIONS WHICH DO NOT CARRY A CDS ACCOUNT NUMBER, OR WHICH INDICATE AN INCORRECT/ INACCURATE CDS ACCOUNT NUMBER SHALL BE REJECTED AND NO ALLOTMENTS WILL BE MADE.

THE ALLOTTED SHARES SHALL BE CREDITED TO THE APPLICANT'S CDS ACCOUNT AS INDICATED IN THE APPLICATION FORM.

PLEASE NOTE THAT SHARE CERTIFICATES SHALL NOT BE ISSUED.

You may open a CDS account through any Member/Trading Member of the CSE as set out in Annexure 6 or through any Custodian Bank as set out in Annexure 6 of this Prospectus. You can also open a CDS account through the 'CSE Mobile App'. The CSE mobile application can be downloaded from the Apple App Store (For Apple IOS Users) or the Google Play Store (For Google Android Users).

REGISTRATION OF THE PROSPECTUS

A copy of this prospectus has been delivered to the Registrar General of Companies in Sri Lanka for registration. The following documents were also attached to the copy of the prospectus delivered to the Registrar General of Companies.

1) The written consent of the Joint Managers and Financial Advisors to the Issue

The Joint Managers and Financial Advisors to the Issue have given and have not before the delivery of a copy of the prospectus for registration withdrawn their written consent for the inclusion of their name as Joint Managers and Financial Advisors to the Issue and for the inclusion of their statements/declarations in the form in which it is included in the prospectus.

2) The written consent of the Registrars to the Issue

The Registrars to the Issue have given and have not before the delivery of a copy of the prospectus for registration withdrawn their written consent for the inclusion of their name as Registrars to the Issue in the prospectus.

3) The written consent of the Auditors and Reporting Accountants to the Company and Issue

The Auditors and Reporting Accountants to the Company have given and have not before the delivery of a copy of the prospectus for registration withdrawn their written consent for the inclusion of their name as Auditors and Reporting Accountants to the Company and for the inclusion of their report/statements in the form and context in which it included in the prospectus.

4) The written consent of the Lawyers to the Issue

The Lawyers to the Issue have given and have not before the delivery of a copy of the prospectus for registration withdrawn their written consent for the inclusion of their name as Lawyers to the Issue in the prospectus.

5) The written consent of the Bankers to the Issue

The Bankers to the Issue have given and have not before the delivery of a copy of the prospectus for registration withdrawn their written consent for the inclusion of their name as Bankers to the Company and the Issue in the prospectus.

6) The written consent of the Company Secretaries

The Company Secretary has given and has not before the delivery of a copy of the prospectus for registration withdrawn their written consent for the inclusion of their name as Company Secretary in the prospectus.

7) The Declarations by the Directors

A declaration made by each of the directors of the Company confirming that each of them have read the provisions of the Company's Act relating to the Issue of the prospectus and that those provisions have been complied with

Representation

No person is authorized to give any information or make any representation not contained in this prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company.

Registration of the prospectus in jurisdictions outside Sri Lanka

This prospectus has not been registered with any authority outside of Sri Lanka. Non-resident investors may be affected by the laws of the jurisdictions of their residence. Such investors are responsible to comply with the laws relevant to the country of residence and the laws of Sri Lanka, when making their investment.

Forward Looking Statements

Any statements included in this prospectus that are not statements of historical fact constitute “Forward Looking Statements”. These can be identified by the use of forward-looking terms such as “expect”, “anticipate”, “intend”, “may”, “plan to”, “believe”, “could” and similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such, all statements pertaining to expected financial position, business strategy, plans and prospects of the Company are classified as Forward-Looking Statements.

Such Forward Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Company operates and its ability to respond to them, the Company's ability to successfully adapt to technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Company.

Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by Forward Looking Statements herein. Forward Looking Statements are also based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

Given the risks and uncertainties that may cause the Company's actual future results, performance or achievements to materially differ from that expected, expressed or implied by Forward Looking Statements in this prospectus, investors are advised not to place sole reliance on such statements.

Investment Considerations

It is important that this prospectus is read carefully prior to making an investment decision. For information concerning certain risk factors, which should be considered by prospective investors, see Future Strategies, Assumptions associated with the future strategies and Risks associated with the future strategies in Section 3.7.

Presentation of Currency Information and other Numerical Data

The financial statements of the Company and currency values of economic data or industry data in a local context will be expressed in Sri Lanka Rupees. Reference in the prospectus to “LKR”, “Rupees” and “Rs.” are reference to the local currency of Sri Lanka. Reference to “USD” is with reference to the United States Dollars, the official currency of the United States of America.

Certain numerical figures in the prospectus have been subject to rounding off adjustments; accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Presentation of Macroeconomic and Industry Data

Economic and Industry data used throughout this prospectus are derived from the Central Bank of Sri Lanka and various other industry data sources, which the Company believes to be reliable, but the accuracy and completeness of that information is not guaranteed. Similarly, industry surveys and other publications, while believed to be reliable, have not been independently verified and neither the Company nor the Joint Managers and Financial Advisors to the Issue make any representation as to the accuracy of that information.

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ISSUE AT A GLANCE

ISSUER	Ex-pack Corrugated Cartons Limited
NUMBER AND TYPE OF SECURITIES TO BE OFFERED	Eighty-Three Million Three Hundred Thirty-Three Thousand Three Hundred Thirty-Three (83,333,333) Ordinary Voting Shares
ISSUE PRICE	Rupees Eight and Cents Forty (LKR 8.40) per share
TOTAL AMOUNT TO BE RAISED VIA THE ISSUE	Rupees Six Hundred Ninety-Nine Million Nine Hundred Ninety-Nine Thousand Nine Hundred Ninety-Seven And Cents Twenty (LKR 699,999,997.20)
MINIMUM SUBSCRIPTION PER APPLICATION	Minimum subscription per Application is 100 Shares (LKR 840). Applications exceeding the minimum subscription should be in multiples of 100 Shares. Minimum subscription of 100 Shares will be allotted to each successful Applicant.
OPENING OF THE SUBSCRIPTION LIST (ISSUE OPENING DATE)	22 October 2021
CLOSURE OF THE SUBSCRIPTION LIST (ISSUE CLOSING DATE)	11 November 2021 or the day on which the Offering becomes oversubscribed, whichever is earlier
EARLIEST CLOSING DATE	22 October 2021
BASIS OF ALLOTMENT	As described in Section 1.9 of this Prospectus
CSE LISTING	To be listed on the Main Board of the CSE, subject to compliance with the CSE Listing Rules and the SEC Directives

CORPORATE INFORMATION

ISSUER	Ex-pack Corrugated Cartons Limited
DATE OF INCORPORATION	19 March 2002
PLACE OF INCORPORATION	Colombo, Sri Lanka
LEGAL FORM	<p>Incorporated in Sri Lanka as a Private Limited Company on 19 March 2002 under the provisions of Companies Act No.17 of 1982 and on 16 April 2008 under the provisions of Companies Act No. 7 of 2007. The legal form of the company was changed from Private Limited to a Public Limited Company under provisions of the Companies Act No. 07 of 2007 on 27 March 2019.</p> <p>Authority of Incorporation: Registrar of Companies (ROC), Colombo</p>
COMPANY REGISTRATION NUMBER	PV 3294 PB
REGISTERED OFFICE AND CURRENT PLACE OF BUSINESS	<p>Ex-pack Corrugated Cartons Limited No 11A, Milepost Avenue, Colombo-03. Tel : +94 11 2689618 Fax : +94 11 2689618</p>
BOARD OF DIRECTORS	<p>Mr. Sattar Kassim - Non-Executive Non-Independent Director/ Chairman Mr. Zulficar Ghouse - Executive Non-Independent Director/Managing Director Mr. Shafik Kassim - Non- Executive Non-Independent Director Mr. Abdullah Kassim - Executive Non-Independent Director Mr. Thulci Aluwihara - Non- Executive Independent Director Mr. Dinesh Dharmadasa - Non- Executive Independent Director Ms. Shehara De Silva - Non- Executive Independent Director</p>
COMPANY SECRETARIES	<p>Business Intelligence (Private) Limited No. 08, Tickell Road, Colombo 08 Tel : +94 11 2 015900</p>
AUDITORS TO THE COMPANY	<p>Ernst & Young Chartered Accountants 201, De Saram Place Colombo 10, Colombo Tel : +94 11 246 3500 Fax : +94 11 269 7369</p>
BANKERS TO THE COMPANY	<p>Amana Bank Ltd. 486, Galle Road, Colombo 3 Tel : +94 117 756 756 Fax : +94 112 574 419</p> <p>Bank of Ceylon No.1, BOC Square, Bank of Ceylon Mawatha, Colombo 01 Tel : +94 11 244 6790 Fax : +94 11 232 1160</p> <p>Hatton National Bank PLC Level 19, No. 479, T B Jayah Mawatha, Colombo 10 Tel : +94 11 246 2462 Fax : +94 11 266 2759</p> <p>Pan Asia Banking Corporation PLC 450, Galle Road, Colombo 03 Tel : +94 11 4 667 222 Fax : +94 11 2 565 565</p> <p>Standard Chartered Bank (Sri Lanka) Limited No. 37, York Street, Colombo 01 Tel : +94 11 248 0000 Fax : +94 11 545 0007</p>

RELEVANT PARTIES TO THE ISSUE

JOINT MANAGERS AND FINANCIAL ADVISORS TO THE ISSUE	<p>Capital Alliance Partners Limited Level 5, "Millennium House", 46/58, Navam Mawatha, Colombo 02 Tel: +94 11 2317777 Fax: +94 11 2317788</p> <p>and</p> <p>Asia Securities Advisors (Pvt) Limited 4th Floor, 'Lee Hedges Tower', 349 Colombo - Galle Main Rd, Colombo 03 Tel: +94 11 772 2000 Fax: +94 11 237 2421</p>
LEGAL ADVISORS & LAWYERS TO THE ISSUE	<p>D. L. & F. De Saram Attorneys - at- Law No. 47, C. W. W. Kannangara Mawatha (Alexandra Place), Colombo 07 Tel: +94 11 269 5782 Fax: +94 11 269 5410</p>
AUDITORS AND REPORTING ACCOUNTANTS TO THE ISSUE	<p>Ernst & Young Chartered Accountants 201, De Saram Place, Colombo 10 Tel: +94 11 246 3500 Fax: +94 11 269 7369</p>
REGISTRARS TO THE ISSUE	<p>S S P Corporate Services (Private) Limited 101, Inner Flower Road, Colombo 03 Tel: +94 11 257 3485 Fax: +94 11 257 3609</p>
BANKERS TO THE ISSUE	<p>National Development Bank PLC No. 40, Nawam Mawatha Colombo 2 Tel: +94 11 2 448 448 Fax: +94 11 2 441 106</p>

GLOSSARY OF TERMS AND ABBREVIATIONS

%	Percentage
EX-PACK	Ex-pack Corrugated Cartons Limited
APPLICANT/S	Any investor who submits an Application Form under this Prospectus
APPLICATION FORM, APPLICATION	The Application Form that constitutes part of this Prospectus through which the investors may apply for the New Shares
ARTICLES OF ASSOCIATION	Articles of Association of Ex-pack Corrugated Cartons Limited
AUDITORS AND REPORTING ACCOUNTANTS TO THE COMPANY AND ISSUE	Ernst & Young Chartered Accountants
AWPLR	Average Weighted Prime Lending Rate
B2B	Business to Business
B2C	Business to Customer
BN	Billions
BOARD, BOARD OF DIRECTORS, DIRECTORS	The Board of Directors of Ex-pack Corrugated Cartons Limited
C.	Circa
CAGR	Compound Annual Growth Rate
CBSL	Central Bank of Sri Lanka
CDS	Central Depository System (Private) Limited
CEFT	Common Electronic Fund Transfer
CEO	Chief Executive Officer
Companies Act	Companies Act No. 07 of 2007 (as amended)
Company	Ex-pack Corrugated Cartons Limited
CSE	Colombo Stock Exchange
CSR	Corporate Social Responsibility
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest Tax Depreciation and Amortization
EPS	Earnings Per Share
FOREIGN INVESTORS	<ul style="list-style-type: none"> ■ Citizens of Sri Lanka who are resident outside Sri Lanka and above 18 years of age. ■ Corporate bodies incorporated or established outside Sri Lanka. ■ Foreign citizens above 18 years of age (irrespective of whether they are resident in Sri Lanka or overseas). ■ Regional and country funds approved by the SEC <p>Please refer Section 2.1 for further information.</p>

FY	Financial Year
GDP	Gross Domestic Production
GoSL	Government of Sri Lanka
IIA	Inward Investment Account
IPO	Initial Public Offering
ISSUE, OFFER	An invitation to the public by the Company to subscribe to the Offered Shares to be issued via an offer for subscription as detailed in this Prospectus.
LKR	Sri Lankan Rupees
Mn	Millions
MT	Metric Tonne
NAV	Net Asset Value
NAVPS	Net Asset Value Per Share
NEW SHARES, OFFERED SHARES, ISSUED SHARES	Eighty-Three Million Three Hundred Thirty-Three Thousand Three Hundred Thirty-Three (83,333,333) new Ordinary Voting Shares to be issued by the Company to the public at the Share Offer Price.
NIC	National Identity Card
NO.	Number
OFFER CLOSING/CLOSURE DATE	The date of closure of the subscription list as set out in Section 1.8 of this Prospectus.
OFFER OPENING DATE	The date of opening of the subscription list as set out in Section 1.8 of this Prospectus
ORDINARY SHARES, ORDINARY VOTING SHARES, SHARES, ISSUED AND PAID-UP ORDINARY SHARES	Ordinary shares of the Company, with the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal share in dividends paid by the Company and the right to an equal share in the distribution of the surplus assets of the Company in liquidation.
P/E	Price to Earnings Ratio
P/BV	Price to Book Value Ratio
POA	Power of Attorney
Prospectus	This Prospectus dated 06 October 2021 issued by the Company
ROE	Return on Equity
RTGS	Real-time Gross Settlement
SEC	Securities and Exchange Commission of Sri Lanka
SHARE OFFER PRICE, SHARE ISSUE PRICE, CONSIDERATION	The price at which the New Shares will be offered to the Public, as detailed in this Prospectus. Share Offer price of LKR 8.40 per Ordinary Voting Share
SLIPS	Sri Lanka Interbank Payment System
Stated Capital	The Stated Capital of Ex-pack Corrugated Cartons Limited
USD	United States Dollars
VAT	Value Added Tax
YE	Year Ended

1.0 THE ISSUE

1.1 INVITATION TO SUBSCRIBE

The public is invited to apply to subscribe for Eighty-Three Million Three Hundred Thirty-Three Thousand Three Hundred Thirty-Three (83,333,333) New Ordinary Voting Shares at an Issue Price of LKR 8.40 per share payable in full on application on the terms and conditions set out in this Prospectus. The Issue will constitute an offer for Subscription, as detailed below:

Table1-1 : The Offering

NUMBER OF SHARES	Eighty-Three Million Three Hundred Thirty-Three Thousand Three Hundred Thirty-Three (83,333,333) Ordinary Voting Shares
PERCENTAGE OF SHARES ON OFFER	25%
PRICE PER SHARE	LKR 8.40
ISSUE VALUE	Sri Lanka Rupees Six Hundred Ninety-Nine Million Nine Hundred Ninety-Nine Thousand Nine Hundred Ninety-Seven And Cents Twenty (LKR 699,999,997.20)

The minimum subscription shall be 100 Ordinary Voting Shares at LKR 8.40 per share and applications in excess of the minimum subscription should be in multiples of 100 Shares.

1.2 OBJECTIVES OF THE ISSUE

The Company intends to raise a sum of LKR 699,999,997.20 from the issue. The funds raised, shall be utilised for the setting up of a manufacturing facility as listed below

Table 1-2 : Objectives of the Issue

DESCRIPTION	FINANCING REQUIREMENT (LKR)	INDICATIVE TIMELINES
Setting up manufacturing facility to enhance the current capacity of Ex-pack Corrugated Cartons Limited	2,980,064,000	Q3 of FY22 – Q2 of FY23

It should be noted that the funds raised through the IPO amounting to LKR 699,999,997.20 will only be used to partly fund the above-mentioned expansion project, with the remainder of the funding requirement being met as listed out below

Table 1-3 : Funding plan

TYPE	VALUE-LKR
IPO	700,000,000
Investment Property Sale ¹	450,000,000
Internal Funds	602,946,004
Debt Financing ²	1,227,117,996
Total	2,980,064,000

¹ The Company holds unutilised land which is currently a surplus asset for the company and is expected to be divested at a value of LKR 450,000,000

² Debt Financing will be obtained through sharia- compliant facilities

It should be noted that, Ex-pack intends to invest the funds raised via Offer for Subscription in sharia compliant savings instruments (Mudarabah Term Investment Deposit Accounts at the applicable market AER) until such funds are utilised for the corresponding objectives identified above. The Board will invest such funds whilst adhering to the said investment policy during the interim period until deployment towards objectives mentioned in Section 1.2.

The company does not intend to utilise the funds raised through the IPO for any related party transactions. However, in the event the Company decides to utilise proceeds for any related party transactions, such utilisation would be carried out subject to the review of the Related Party Transaction Review Committee and in compliance with Section 9 of the CSE Listing Rules by obtaining requisite approvals prior to carrying out such transactions. Details with regard to the composition of Related Party Transaction Review Committee is disclosed under Section 4.6 of the Prospectus.

Please note that the objectives of the issue amounts to a Major Transaction according to Section 185 of the Companies Act No.07 of 2007. The Company will obtain necessary approvals required to authorize the Major Transaction as set out in the Companies Act No.07 of 2007 subsequent to the allotment of shares issued under the IPO.

1.2.1 Investment in the Manufacturing Facility

Over the last 10 years Ex-pack has been supplying corrugated cartons to their customers through their current manufacturing facility which is over 145,000 sq. However, with the increase in the number of clients and change in requirements of each of these clients during the recent years the current manufacturing facility has not been able to fully cater to this demand due to the production capacity of the factory being capped at 2,750 MT per month. To combat this challenge, the company has set up a temporary manufacturing facility which is over 30,000 sq. to cater to orders of small quantities. However, the Management believes that the current facility, along with the temporary facility would not be able to cater to the demand in the long term.

Considering the above factors, Ex-pack has decided to set up a new manufacturing facility with a capacity of 4,000 MT per month and has decided to fund the above expansion through the funds raised through an Initial Public Offering. The Company intends to finance the LKR 700 Mn of the total capital outlay for this purpose by utilising the proceeds of the Offer for Subscription with the remainder being funded via the sources listed out in Table 1-3.

The total extent of the area of the manufacturing facility is expected to be 300,000 sqft and the Company has commenced evaluating potential locations for the facility. The acquisition will be carried out at the prevailing market value pursuant to obtaining a valuation estimate from an independent valuer. Further, Ex-pack will be required to obtain necessary approvals including building approval from relevant local authorities of the location where the facility will be set up.

This new facility will be Sri Lanka's largest state of the art corrugated factory with a floor area exceeding 300,000 square feet.¹ The facility will be constructed in a 10acre land which will be acquired by the Company considering all environmental, sustainable, and modern building concepts. In-line with Green Building with LEED Certification. This will ensure minimal impact on occupant health and the natural environment and deliver high resource efficiency throughout its life cycle. This helps the organization to design and build structures and operations integrated with environmental responsibility.

The new facility will be equipped with modern machinery from renowned brands from Taiwan and China. These machines are carefully selected considering the latest technology and energy efficiency which is a major environmental concern. These machines will be equipped with PLC (Programmable logical control) units, VFD (variable frequency device) and Servo motors from world famous brands such as Siemens, Omron, Yasakawa, & etc.

Ex-pack's Research and Development and engineering units have visited manufacturers both in Taiwan and China to inspect these machineries in order to make sure they are of the highest quality, are reliable and are state-of-the-art in terms of technology. Apart from the above factory visits these teams have visited reference factories who use these machines in Malaysia, Thailand, Kuwait and Saudi Arabia to ascertain their performance and compliance.

The commencement of construction work has been scheduled for Q3 of FY22 and is expected to be completed in Q2 of FY23. Furthermore, Ex-pack intends to secure quotations from suppliers and contractors in order to set up the plant, purchase machinery and other equipment via a competitive bidding process as and when the Company initiates the design and tendering process for the facility upon raising the requisite funds through the Offer for Subscription. Ex-pack, together with internal parties and external consultants (to the extent required) would possess the necessary knowledge and expertise to evaluate and identify the most suitable configuration and proposition for this expansion project.

Table 1-4 : Break up of costs to be incurred in setting up the manufacturing plant

ASSET DESCRIPTION	VALUE - LKR	INDICATIVE TIMELINE
Land	79,992,000	Q3 of FY22
Buildings	1,179,992,000	Q3 of FY22 - Q2 of FY23
Furnitures and fittings	3,000,000	Q3 of FY22 - Q2 of FY23
Office equipment	2,000,000	Q3 of FY22 - Q2 of FY23
Motor vehicles	40,000,000	Q3 of FY22 - Q2 of FY23
Fork lifts	51,920,000	Q3 of FY22 - Q2 of FY23
Machinery	1,623,160,000	Q3 of FY22 - Q2 of FY23
Total	2,980,064,000	Q3 of FY22 - Q2 of FY23

Please note that the Company is unable to separately identify the costs item from the above outlined costs for which IPO proceeds shall be used at this stage since fund disbursement from the IPO proceeds shall be decided by multiple factors including timing of disbursement and therefore IPO proceeds can be used for more than one line item mentioned depending on the need of the moment.


¹ Floor area of the closest competitors; Star Packaging - 200,000 Square feet (<http://www.starpackaging.lk/about-us/>), Unidil Packaging - 179,000 Square feet (https://cdn.cse.lk/cmt/upload_report_file/683_1623066002748.pdf),

It should be noted that the capital expenditure indicated above has been estimated by the management of Ex-pack based on its prior experience and quotations obtained by the Company in the case of machinery.

Please note that the price of the equipment, land to be acquired will be decided based on a competitive bidding process and there will not be any payments relating to goodwill. The Company do not intend on purchasing any equipment, land or building from related parties. However, in the event the Company decides to purchase any assets from any related party transactions, such acquisitions would be carried out in compliance with Section 9 of the CSE Listing Rules by obtaining requisite approvals from Related Party Transaction Review Committee prior to carrying out such transactions

Machinery purchases for the manufacturing plant shall be done in two phases as listed out below:

Table 1-5 : New Machinery to be purchased for the new plant

	MACHINE	DESCRIPTION
PHASE 1		
1	Fully Automatic 5ply Corrugated Board Production Line	This is the main component in the series of machines required in a corrugated plant. The machine will have a working width of 1.8 meters and a design speed of over 200m/min
		
2	4 Colour Flexo Folder Gluer	All in one in-line printer this will be a fully automated computer controlled and remote monitoring system with memory function. Design speed of more than 200pieces / minute. This machine will print according to the design and colour the customer require and automatically fold and glue the carton to make it a finished product, thereafter the same machine will count and bundle according to the specified number where the bundles can be loaded to trucks for delivery.



- 3 Automatic Die cutter with Stripping unit

This automatic die cutter is used for making value-added boxes with different shapes and designs. Apart from the regular slotted cartons all other special type of boxes, such as pizza boxes, wrappers for ceramic tiles, chick boxes, etc. are manufacture using this machine. It has both, a die cut option as well as a stripping function which reduces additional labour usage.



- 4 Automatic Folder Gluer




This auto folder gluer is used in the finishing line to glue cartons at a higher speed. Unlike the traditional gluer, this can fold, align and paste the cartons rapidly. This machine can paste 150 pieces / minute and is fully computer controlled with a remote troubleshooting function.



5	Automatic Baling Machine	<p>Waste generated from the corrugation and conversion area will be transported via high- speed cutter blower system to this machine, where the baler will keep a collecting the shredded waste in the hopper, while extracting the dust into the filter bags provided along the machine. Advance PLC controlled mechanism.</p>
		
6	Fully Automatic Glue Kitchen	<p>A glue kitchen is a key supporting equipment in the board manufacturing process. This machine prepares glue according to the given formula and supplies it to the main line according to the re predetermined levels. This machine maintains the required viscosity levels and keeps the user updated on the progress of the glue level. This unit can handle multiple glue formulas and high-speed glue preparation.</p>
		
7	Auxiliary Equipment	

PHASE 2

8	4 Colour Flexo Folder Gluer	<p>This all-in-one in-liner printer is a fully automated, computer controlled and remote monitoring system, printing according to customer-specified design and colour. This machine will automatically fold and glue the carton to make it a finished product, count and bundle the cartons and load it for delivery.</p>
		
9	Multi Colour Digital printer	<p>This digital high-resolution printer is capable of printing multiple colours according customer needs. Users can customize the design and directly send it to the machine for printing. No down time due to setting up of printing plates. This will cater to all high- end printing requirements of the value-added products.</p>
		
10	Automatic Die cutter with Stripping unit	<p>This automatic die cutter is used for making value added boxes with different shapes and designs. Apart from the regular slotted cartons all other special type of boxes, such as pizza boxes, wrappers for ceramic tiles, chick boxes, etc. are manufactured using this machine. It has both, a die cut option as well as a stripping function which reduces additional labour usage.</p>
		

11	Automatic Sheet Laminator	<p>This laminating machine is used for pasting offset printed sheets to the corrugator sheets at a very high speed. It uses a special glue for strength and perfect bonding. These offset - printed sheets are used for high-end boxes specially for cartons which are used for display purposes and other advertising requirements of the customer.</p>
		
12	Automatic Folder Gluer	<p>An auto folder gluer is used in the finishing line to glue cartons at a higher speed. Unlike the traditional gluer, this can folder, align and paste the cartons very fast. This machine can paste 150 pieces / minute and is fully computer controlled with remote troubleshooting function.</p>
		
13	Automatic Folder Stitching Machine	<p>PLC driven fully automatic folder stitching machine is used to staple heavy cartons for Tea, Fruits & vegetable and spice exports. High speed machine with remote monitoring and maintenance system.</p>
		

14	Auxiliary Equipment	Generator, Air compressor, Fork lift
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1.3 SPECIFIC RISKS ASSOCIATED WITH THE OBJECTIVES OF THE ISSUE

1.3.1 Risk of Cost Overruns of the Expansion Project

Increases in estimated cost of the objectives mentioned above will have a major impact on the viability and expected returns of the project. Ex-pack will continually be involved in monitoring all the costs, assessing any variances and taking required action to ensure that the said investments are within its estimated cost. In the event funds raised via Offer for Subscription are insufficient to cover cost overruns, Ex-pack would utilise internally generated funds or via borrowings, as required to finance the same.

1.3.2 Risk of Delay in the setting up of the new factory

This may arise from delays in procuring the equipment or parts of equipment required in the production process, especially if these are imports. Furthermore, there could be delays in getting regulatory approvals for the construction and operations of the factory, which includes regulatory approval from Urban Development Authority in relation to land and building, environmental recommendation from the Central Environmental Authority, trade licenses and other applicable approvals from the relevant Local Authorities of the proposed location and registration with the District Factory Engineers office pertaining to operating a factory. Moreover, the implementation of objectives may be hindered due to any slowdown or adverse macroeconomic conditions in Sri Lanka that may arise (including, but not limited to the ongoing Covid-19 pandemic which may impact customer demand and/or result in delays in the implementation of the project, current foreign exchange regulations which limit foreign exchange outflows for non-essential goods). As a result, the Company will apply for requisite regulatory and other approvals as mentioned above as and when required and does not foresee a delay in obtaining the same at this point in time.

1.3.3 Risk of delay in investing the funds raised through the IPO within the intended timeline

Ex-Pack intends to commence utilising the proceeds of the Offer for Subscription within the timeline stipulated. The investment in the objective mentioned above may be prolonged due to delays by various third parties involved in the process. Further, the implementation of objectives may be delayed due to any slowdown/adverse macroeconomic conditions in the country, including the ongoing global pandemic situation.

However, in the event the Company is unable to utilise the Offer for Subscription proceeds for the objectives prescribed above within the intended timelines mentioned, a market announcement will be made and approval of the shareholders will be sought at an Extraordinary General Meeting held prior to utilisation of such funds, to decide the course of action with regard to the utilisation of the proceeds of Offer for Subscription and the necessary disclosures with regard to the same will be made to the CSE and included in the financial statements stated in Section 1.3.4 of the Prospectus.

1.3.4 RISK OF NOT BEING ABLE TO INVEST THE FUNDS RAISED IN THE STIPULATED OBJECTIVES

Ex-Pack does not intend to deviate from the objective mentioned above when utilising the proceeds raised through the Offer for Subscription. However in the event the Company cannot proceed with the said objective and utilise the allocated funds due to slowdown/adverse macroeconomic conditions in the country, including the ongoing global pandemic situation at the time of investments or negative outcome of feasibility exercises in carrying out such expansion project, the Company would evaluate the next best alternative of investing such funds without undue delay, make a market announcement and obtain approval of the shareholders at an Extraordinary General Meeting prior to utilisation of such funds in the decided course of action.

Also note that the objectives of the issue amounts to a Major Transaction according to Section 185 of the Companies Act No.07 of 2007. The Company will obtain necessary approvals required to authorize the Major Transaction as set out in the Companies Act No.07 of 2007 subsequent to the allotment of shares issued under the IPO. However, in the event the Company is unable to obtain necessary approvals from shareholders, the Company would evaluate the next best alternative of investing such funds without undue delay, make a market announcement and obtain approval of the shareholders at an Extraordinary General Meeting prior to utilisation of such funds in the decided course of action.

In the event proceeds raised via the Offer for Subscription is utilised for any purpose, other than the purpose mentioned above or any deviation from the stipulated time frame to achieve such objective or any deviation from amount allocated for such objective, the Company will make necessary disclosures to the shareholders via the CSE and include relevant disclosures in the Interim Financial Statements and Annual Report as appropriate. Further, the Company will take necessary steps to obtain the approvals of the relevant parties including the shareholders as appropriate at that point in time and make necessary disclosures as appropriate.

The Company will disclose the information pertaining to the utilisation of proceeds of the Offer for Subscription in the Annual Report and Interim Financial Statements from the date of raising funds until the objectives are achieved and funds are fully utilised as per the template referred to below.

Table 1-6 : Use of proceeds

Objective No.	Objective as per prospectus	Amount allocated as per prospectus	Proposed Date of Utilisation as per Prospectus	Amount allocated from proceeds in LKR (A)	As % of total proceeds	Amounts Utilised in the Objectives (LKR Mn) (B)	% of Utilisation against Allocation (B/A)	Clarification if not fully utilized including where the funds are invested (eg. whether lent to related party/s etc)
-	-	-		-	-	-		-
-	-	-		-	-	-		-

In the event the proceeds raised through Offer for Subscription have been fully utilised by the Company for any objective as disclosed in the Prospectus between two financial periods, the Company would disclose such fact in the immediate succeeding Annual Report or the Interim Financial Statement, whichever is published first, subsequent to the utilisation in its entirety as per the above template.

1.4 NATURE OF THE OFFERED SHARES

From the date of allotment, Eighty-Three Million Three Hundred Thirty-Three Thousand Three Hundred Thirty-Three (83,333,333) Ordinary Voting Shares offered shall, rank equal and pari passu in all respects with the other existing Ordinary Voting Shares of the Company to be listed and such Shares shall confer on the holder thereof the right to one vote on a poll at a meeting of the Company on any resolution, the right to an equal Share in any dividend that may be paid by the Company after the allotment of the Offered Shares and the right to an equal Share in the distribution of the surplus assets of the Company in a liquidation.

1.5 SIZE OF THE OFFERING

If fully subscribed, the Company, shall raise Sri Lanka Rupees Six Hundred Ninety-Nine Million Nine Hundred Ninety-Nine Thousand Nine Hundred Ninety-Seven and Cents Twenty (LKR 699,999,997.20).

1.6 CONSIDERATION/ SHARE OFFER PRICE

The Board of Directors has, after careful consideration, resolved that the Issue Price of LKR 8.40 per Share for the New Ordinary Voting Shares being offered, is fair and reasonable to the Company and to all existing Shareholders of the Company as per Section 52 of the Companies Act.

A summary of the valuation methods used to determine the Share Offer Price is as follows

Table 1-7 : Summary of Valuation

VALUATION METHODOLOGY	VALUE PER SHARE (LKR)	DISCOUNT TO THE SHARE OFFER PRICE / CONSIDERATION
Discounted Cash Flows	11.05	24%
PER – TTM (Sep 2020 – Aug 2021)	9.55	12%
PER – Forward	11.08	24%

1.6.1 BASIS OF DETERMINATION OF CONSIDERATION FOR WHICH SHARES ARE TO BE ISSUED

The Offer price was determined by Ex-pack Corrugated Cartons Limited in consultation with Capital Alliance Partners Limited and Asia Securities Advisors (Pvt) Limited (Joint Managers and Financial

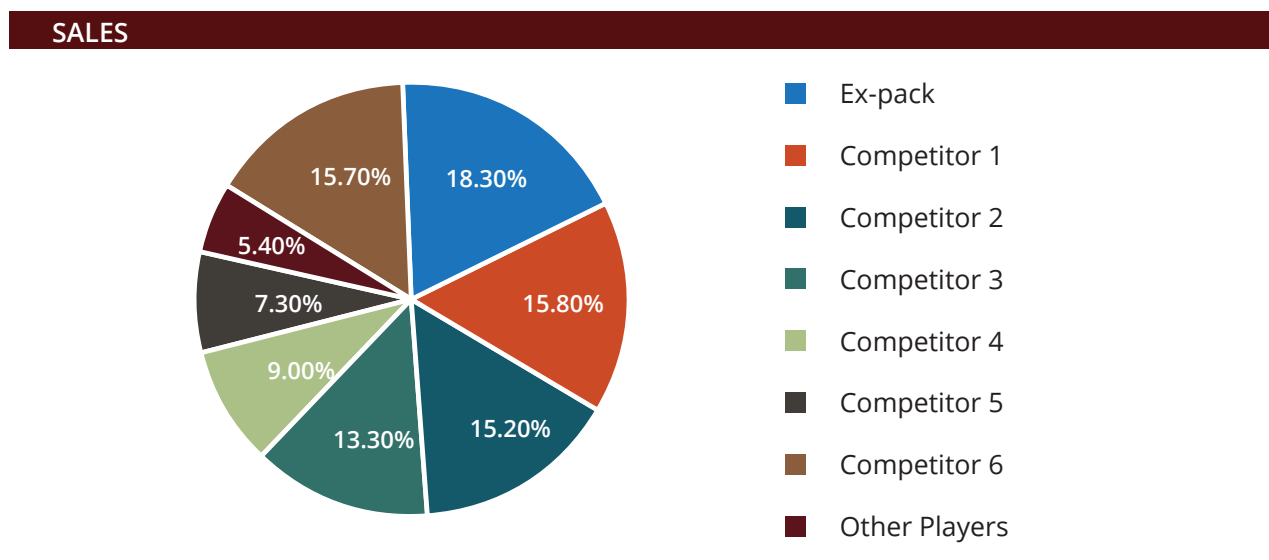
Advisors to the Issue) in accordance with the Research Report compiled by Capital Alliance Partners Limited and Asia Securities Advisors (Pvt) Limited in line with Rule 3.1.4 (c) of the CSE Listing Rules. A copy of the Research Report that justifies the IPO price and contain the basis and methodologies used to determine the IPO Price along with the forecasted financials is enclosed in ANNEXURE 4 - RESEARCH REPORT Of This Prospectus.

The Investors are advised to read the following summary with the risk factors included in Section 3.7.2 and the details about Ex-pack Corrugated Cartons Limited and its Financial Statements included in this Prospectus.

01. QUALITATIVE FACTORS

Market Leader in the Corrugated Cartons Industry

Ex-pack is the market leader in the corrugated cartons industry in Sri Lanka¹. Whilst there are few other players in the market, Ex-pack has been able to lead the industry with close to market share of 18.3% in 2021. Ex-pack has been able to achieve this due to the flawless quality of its products and services that has been maintain throughout over the decade. This has paved the way for Ex-pack to become a trusted and reliable supplier to their customers over the years.



Caters to a Diverse Consumer Base

The company is primarily a B2B supplier with both, local and foreign consumers. Ex-pack's current customer portfolio includes a vast array of businesses ranging from FMCG, pharmaceuticals, food manufacturers, tea exporters, apparel manufacturers, fruits/vegetables exporters, bicycle manufacturers and seafood exporters. The Company is also a direct exporter to several countries both within and outside the Asia-Pacific region including Maldives, Qatar, Republic Union, Seychelles, Madagascar, Iraq, India and the United States of America.

¹ According to the management estimates on the production volumes of competitors Ex-pack accounts for 18.3% share of the corrugated cartons.

Led by a team of experienced professionals with the backing of a reputed family business

Ex-pack is a fully owned subsidiary of Aberdeen Holdings Private Limited, a long-standing family run business in Sri Lanka. As part of the Aberdeen Group, Ex-pack is led by a group of individuals with experience in several industries. Ex-pack's senior management team consists of professionals with over 100+ years experience at Ex-pack. With their extensive experience and relationships in many industries, the team at Ex-pack provides a unique edge in identifying opportunities and ensuring the steady growth of the Company.

A Steady Stream of Dollar Revenue

Ex-pack's direct export exposure to eight countries has led to a firm portfolio of consistent volumes coming through from established players in each of the markets. For example, in Maldives, Ex-pack is one of the largest corrugated carton manufacturers and its products are typically used for fresh and frozen fish exports, which is a crucial component in the country's export economy.

While the robust growth trajectory seen over FY16-21 clearly indicates growth in this segment, it provides a powerful currency hedge (albeit partial) against input costs, mostly paper. Ex-pack imports 60% of its paper requirement and possessing a currency hedge helps negate this risk.

02. QUANTITATIVE FACTORS

Please note that the formulas used in this section are explained in Annexure 7

A. Ex-pack Corrugated Cartons Limited Earnings per Share (EPS), Return on Equity (ROE) and Price to Earnings Ratio (P/E)

Table 1-8: Historical Earnings per Share (EPS), Return on Equity (ROE) and Price to Earnings Ratio (P/E) of the Group

BASED ON REPORTED FINANCIALS	BASIC EPS (LKR) ¹	DILUTED EPS (LKR) ²	RETURN ON EQUITY	P/E RATIO (TIMES) ³
31st March 2018	0.46	0.46	15%	18.17
31st March 2019	0.05	0.05	2%	173.07
31st March 2020	-0.39	-0.39	-17%	-21.32
31st March 2021	0.82	0.82	26%	10.23
Average	0.23	0.23	7%	35.83⁴
Period ended 30th June 2021	0.30	0.30	9%	27.95
Period ended 31st August 2021	0.67	0.67	19%	12.45

Please refer Section 3.15 for reasons for the fluctuating returns of the Company over the reported period

¹ Weighted average number of shares used for EPS calculation is 250,000,000 shares

² Ex-pack does not have any dilutive instruments in the capital structure

³ P/E ratio of Ex-pack is calculated based on the IPO issue price of LKR 8.40

⁴ Average P/E calculated based on Average EPS divided by IPO issue price of LKR 8.40

B. Adjusted Price to Earnings Ratio (P/E)

Table 1-9 - Historical Earnings per Share (EPS), Adjusted Earnings per Share, Return on Equity (ROE) and Adjusted Return on Equity of the Group

BASED ON REPORTED FINANCIALS	BASIC EPS (LKR) ¹	ADJUSTED EPS ²	RETURN ON EQUITY	ADJUSTED ROE ³
31st March 2018	0.46	0.53	15%	17%
31st March 2019	0.05	0.69	2%	23%
31st March 2020	-0.39	-0.33	-17%	-14%
31st March 2021	0.82	0.74	26%	24%
Average	0.23	0.41	7%	13%
Period ended 30th June 2021	0.30	0.29	9%	9%
Period ended 31st August 2021	0.67	0.63	19%	18%

- NOTE THAT THE VALUATION OF EX-PACK IS INCLUSIVE OF SURPLUS ASSETS OF LKR 450,000,000 WHICH WHEN ADJUSTED TO ISSUE PRICE SHALL RESULT IN AN ISSUE PRICE OF LKR 6.60 PER SHARE.⁴
- Based on Basic and Diluted EPS of LKR 0.82 for the Financial Year ended 31st March 2021 and adjusted IPO price of LKR 6.60, the P/E Ratio is 8.04 times.
- Based on the four-year average (FY18 - FY21) EPS of LKR 0.23 and adjusted IPO price of LKR 6.60, the P/E ratio is 28.15 times.
- Based on the four-year average (FY18 - FY21) Adjusted EPS of LKR 0.41 and adjusted IPO price of LKR 6.60, the P/E ratio is 16.09 times.

C. Industry P/E details

Table 1-10: Comparison of P/E ratios of Peers

PARTICULARS	NAME OF THE PEER ENTITY	P/E RATIO (TIMES) ⁵
Lowest	Printcare PLC	6.6x
Highest	Ceylon Cold Stores PLC	20.7x
Average		12.9x⁶

Source: Colombo Stock Exchange, Prices as at 03rd September 2021.

Note: Earnings for the trailing twelve months up to June 2021 have been considered for the TTM PER calculation

¹ Weighted average number of shares used for EPS calculation is 250,000,000 shares

² Adjusted EPS calculated based on recurring earnings. Please refer table 3-18 for the detailed breakdown of recurring earnings

³ Adjusted ROE calculated based on recurring earnings. Please refer table 3-18 for the detailed breakdown of recurring earnings

⁴ IPO price of LKR 8.4 adjusted for LKR 1.8 - per share value of surplus asset (Total value of surplus asset of LKR 450,000,000 divided by weighted average number of shares of 250,000,000)

⁵ Closing price as at 03rd September 2021 and earnings per share as at 30th June 2021

⁶ Average of peers identified in Table 1-11 in the research report

D. Ex-pack Corrugated Cartons Limited's Net Asset Value (NAV)

- Based on the NAV per share in the latest audited financial statements as of 31st March 2021 is LKR 3.31, the P/BV ratio is 2.68 considering IPO price of LKR 8.4.
- Based on the NAV per share in the latest interim financial statements as of 30th June 2021 is LKR 3.31, the P/BV ratio is 2.53 considering IPO price of LKR 8.4.
- Based on the NAV per share in the latest interim financial statements as of 31st August 2021 is LKR 3.61, the P/BV ratio is 2.33 considering IPO price of LKR 8.4.
- Post-IPO NAV per share is LKR 4.80, based on the total post-IPO NAV LKR 1,601,782,272¹ and number of shares in issue assuming the full subscription of the Shares issued via the IPO.

E. Comparison of Accounting Ratios of the Industry

Peer comparison based on the 30th June 2021 financial statements is as follows:

Table 1-11: Comparison of accounting ratios of Peers

NAME OF THE PEER ENTITY	BASIC EPS (LKR)	NAV PER SHARE*(LKR)	P/E RATIO (TIMES)	ROE
CONSUMER-FOCUSED B2C PEERS				
Ceylon Cold Stores PLC	29.5	175.1	20.7	17%
Nestle Lanka PLC	79.9	110.5	15.3	72%
Keells Food Products PLC	11.8	79.8	14.1	15%
Raigam Wayamba Salterns PLC	0.8	5.3	10.8	14%
B2B PEERS WITH AN EXPORT LINK				
Printcare PLC	7.3	35.4	6.6	21%
Pgp Glass Ceylon PIC	1.5	6.1	10.0	24%
Bppl Holdings PLC	1.8	11.0	13.8	16%
Teejay Lanka PLC	3.5	25.6	12.5	14%
Hayleys Fabric PLC	2.2	10.9	16.4	21%
Regnis Lanka PLC	8.5	74.9	8.6	11%

Source: Colombo Stock Exchange, Prices as at 03rd September 2021. Please note that the sector classification is based on suitability of the chosen companies for comparison purposes with Expack based on the judgement of the joint managers

Note: Earnings for the trailing twelve months up to June 2021 have been considered for the TTM PER calculation

Refer research report for a detailed explanation of the peer analysis

¹ Post- IPO NAV calculated based on NAV of LKR 901,782,272 as at 30th August 2021 and the IPO proceeds of LKR 700,000,000

1.7 LISTING

This offer comprises Eighty-Three Million Three Hundred Thirty-Three Thousand Three Hundred Thirty-Three (83,333,333) New Ordinary Voting shares of the Company. If fully subscribed, the New Shares will amount to Rupees Six Hundred Ninety-Nine Million Nine Hundred Ninety-Nine Thousand Nine Hundred Ninety-Seven and Cents Twenty (LKR 699,999,997.20) of the Issued and Paid-up Ordinary Shares of the Company, subsequent to the offer.

An application has been made and approved in principle by the CSE for permission to deal in and for a listing of Three Hundred Thirty-Three Million Three Hundred Thirty-Three Thousand Three Hundred Thirty-Three (333,333,333) New Ordinary Voting shares of the company will take place on the Main Board of the CSE. However, the CSE reserves the right to withdraw such approval granted for the listing of the Shares mentioned above, in the circumstances set out in Rule 2.3 of the Listing Rules of the CSE.

Ex-pack has already complied with Rule 2.1.2 (i) (a), (b) and (d) of the CSE Listing Rules.

It is expected that the Company will meet the minimum public holding requirement set out in CSE Listing Rules 2.1.2. (i) (c), which requires that 20% of the total number of shares for which a listing is sought should be in the hands of a minimum number of 500 public shareholders on the completion of the Issue pursuant to which the listing of the entire Ordinary Voting Shares of the Company will take place on the Main Board of the CSE.

In the event of an undersubscription where Ex-pack Corrugated Cartons Limited is unable to meet the minimum public holding requirements set out in CSE Listing Rules 2.1.2 (i) (c), upon closure of the offer, the Company would alternatively opt for a listing on the Diri Savi Board of the CSE, subject to meeting the minimum public holding requirement set out in CSE Listing Rules 2.1.2 (ii) (c). The CSE listing Rules 2.1.2 (ii) (c) requires that 10% of the total number of shares for which a listing is sought on the Diri Savi Board should be in the hands of a minimum of 200 public shareholders. Upon the successful completion of the Issue, Ordinary Voting Shares of the Company will be listed on the Diri Savi Board of the CSE, subject to compliance with Rule 2.1.2 of the Listing Rules of the CSE.

In the event the Issue is being undersubscribed and thereby the Company being unable to fulfil the minimum public holding requirement as per Section 2.1.2 of the Listing Rules, the Company will return all monies received from the Applicants for subscription of the Ordinary Voting Shares within Eight (08) Market Days from the Issue Closing Date and in such event the Ordinary Voting Shares of the Company will not be listed on the CSE.

1.8 SUBSCRIPTION LIST

The Subscription List for the shares offered will open at 9.00 a.m. on 22 October 2021 and shall remain open for fourteen (14) market days until closure at 4.30 p.m. on 11 November 2021. In the event of an over subscription of the offered Shares prior to the closing date, the Company shall inform the CSE in writing immediately of such fact and the subscription list shall be closed on the same day at 4.30 p.m., with written notification to the CSE.

In the event that the Company decided to close the issue before full subscription, the Company shall inform the CSE in writing immediately of such fact and the subscription list shall be closed on the following day at 4.30 p.m., with written notification to the CSE

1.9 BASIS OF ALLOTMENT

Since the Issue is less than LKR 3 Bn the basis of allotting the shares will be as per the manner prescribed in CSE listing rules 2.1.1. (g) (ii). In this event, the basis of allotment will be as follows:

Table 1-12: Basis of Allotment

INVESTOR CATEGORY	PERCENTAGE OF ISSUE ALLOCATED
Retail Individual Investors	40.00%
Unit Trusts Investors	10.00%
Group Employees and Directors	7.50%
Non-Retail Investors	42.50%
Total	100.00%

The allotments of Shares in issue will be made to the various categories of Applicants, as set out above, treating all Applicants in a fair manner as may be decided by the Board at its discretion.

‘Retail Individual Investor’ shall mean an individual investor who subscribes for a maximum of Eleven Thousand Nine Hundred and Four (11,904) Shares.

‘Unit Trust Investors’ includes growth or balanced Unit Trusts operated by Managing Companies licensed by the Securities and Exchange Commission of Sri Lanka (SEC) to operate such Unit Trusts, where such Unit Trust comprises of not less than Five Hundred (500) unit holders resident in Sri Lanka who together hold at least 50% of that fund.

Please note that the Company will examine whether the Applicants under Unit Trusts investor category comply with criteria defined by the SEC Directive dated 06th June 2011 (SEC/LEG/11/06/01) and CSE Listing Rule 2.1.1 (g) (ii) (b).

“Group Employees and Directors” shall constitute employees and Directors of Aberdeen Holdings Pvt Ltd (100% owned shareholder of Ex-pack Corrugated Cartons Ltd) and its subsidiaries. Only the employees and Directors from the following companies in the Aberdeen Holdings Group can apply under the “Group Employees and Directors Category”:

▪ Ex-pack Corrugated Cartons Ltd	▪ Castle Commercial (Pvt) Ltd
▪ Neptune Holdings (Pvt)Ltd	▪ Ruhunu Farms (Pvt) Ltd
▪ Bio Extracts (Pvt)Ltd	▪ Expoteas Ceylon (Pvt) Ltd
▪ Fits Express (Pvt) Ltd	▪ World Spices And Teas (Pvt) Ltd
▪ Expoceylon Pharmaceuticals (Pvt)Ltd	▪ Hi-Energy Seivices (Pvt) Ltd
▪ Antler Foundry (Pvt)Ltd	▪ Expo Commodities Global (Pvt) Ltd
▪ Saffron Foods Services (Pvt) Ltd	▪ Globe Air (Pvt) Ltd
▪ Expo Aviation (Pvt) Ltd	▪ Fits Retail (Pvt)Ltd
▪ Classic Enterprises (Pvt) Ltd	▪ Beta Ventures (Pvt) Ltd
▪ Lanka Commodity Holdings (Pvt) Ltd	▪ Fairfax Holdings Pte. Ltd
▪ Denshun Industries (Pvt) Ltd	▪ A H Investments (Pvt) Ltd
▪ A G Investment Holdings Ltd	

The basis of allotment for the Group Employees and Directors Category will be at the discretion of the Board of Directors of the Company.

‘Non-Retail Investor’ category will include investors who do not fall under the Retail Individual Investor category or the Unit Trusts investor category.

The Board of Directors reserves the right to preferentially allot/allocate up to 50% of the shares available for allotment under the Non-Retail Investor Category to identified investors who apply through this category under the IPO.

The investor categories have been selected to ensure the broadest possible spread of shareholders while treating all Applicants in a fair manner as may be decided by the Board at its discretion.

In determining the basis of allotment/allocation within the Retail Individual Investor Category, investors who subscribe for a smaller number of shares shall be given priority.

In the event of an undersubscription in the Unit Trust Investor Category, the Retail Individual Investor Category shall be given first priority in allotment/allocation of the undersubscribed Offered Shares in compliance with the SEC Directive dated June 06, 2011 (Ref: SEC/LEG/11/06/01) and CSE Listing Rules, 2.1.1(g)(ii)(b).

In the event of an undersubscription in the Retail Individual Investor Category, the Unit Trust Investor Category shall be given first priority in allotment/allocation of the undersubscribed Offered Shares in compliance with the SEC Directive dated June 06, 2011 (Ref: SEC/LEG/11/06/01) and CSE Listing Rules, 2.1.1(g)(ii)(b).

In the event of an oversubscription in any one or more of the categories, in spite of the aforementioned distribution, the New Shares will be allotted at the discretion of the Board of Directors of the Company in a fair manner.

Redistribution will not apply in the event of an oversubscription or undersubscription in all the categories.

Immediately after the basis of allotment being decided by the Board of Directors of the Company an announcement will be made to the CSE. The Company will notify successful applicants on their allotment within Ten (10) market days from the date of closure of the Issue.

1.10 COST OF THE ISSUE

The Directors of the Company estimate that the total cost of the Share Issue will be approximately LKR 42.7 Mn, translating to 6% of the funds raised.

Above cost estimation includes the initial listing fees, fees payable to the Joint Managers and Financial Advisor to the Issue, Registrars to the Issue, Bankers to the Issue, Lawyers to the Issue, advertising and promotional agency, costs of postage, Stamp duty and printing, and brokerage commission. These costs will be recovered from internally generated funds of the company.

1.11 BROKERAGE

Brokerage at the rate of zero decimal five per centum (0.50%) will be paid by the Company in respect of the number of shares allotted on applications bearing the stamp of any member or trading member of the CSE or any bank operating in Sri Lanka or the Bankers to the Issue.

1.12 MINIMUM SUBSCRIPTION AND UNDERWRITING

No underwriting arrangement has been made by the Company for this Share Issue. Further in the opinion of the Directors of the Company, there is no minimum subscription required to be raised through this Issue. In the event the Offer is undersubscribed, the subscribers shall be allotted/allocated in full and funds raised via the Offer for Subscription together with internally generated funds and/or external borrowings shall be utilised to meet the objectives as set out in Section 1.2 herein.

1.13 INSPECTION OF DOCUMENTS

Certified copies of the following documents will be available for inspection during normal business hours at the Registered Office of **Ex-pack Corrugated Cartons Limited, No. 11A, Milepost Avenue, Colombo 03**, from the date hereof, until the subscription list is closed or up to 14 market days, whichever is later.

- a. Articles of Association
- b. Auditors report and audited financial statements for the financial year ended 31st March 2021
- c. The audited accounts of the Company for five (5) financial years immediately preceding the publication of this Prospectus
- d. Interim financials for the three months ended 30th June 2021 and five months ended 31st August 2021.

The Prospectus and the Articles of Association of the Company will also be hosted on the Company's website <http://www.expack.lk/>, CSE website www.cse.lk, Capital Alliance Limited website www.cal.lk and Asia Securities Advisors (Pvt) Limited website <http://asiasecurities.lk/> during the above-mentioned period.

The Research Report prepared by the Joint Managers and Financial Advisors to the Issue will be hosted on the Company's website <http://www.expack.lk/>, CSE website www.cse.lk, Capital Alliance Limited website www.cal.lk and Asia Securities Advisors (Pvt) Limited website <http://asiasecurities.lk/> for a period of two (02) months commencing from the date of issuance of the final Prospectus.

2.0 PROCEDURE FOR APPLICATION

2.1 ELIGIBILITY TO INVEST

Applications are invited from the following categories of applicants, having a valid CDS account in the Central Depository System (Private) Limited (CDS Account):

- i. Citizens of Sri Lanka who are resident within Sri Lanka and are above 18 years of age.
- ii. Citizens of Sri Lanka resident outside of Sri Lanka and who are above 18 years of age.
- iii. Foreign Citizens who are above 18 years of age.
- iv. Companies, Corporations or Institutions incorporated or established within Sri Lanka.
- v. Corporate bodies incorporated or established outside Sri Lanka.
- vi. Unit trusts operated by Managing Companies licensed by the SEC
- vii. Approved Provident Funds and approved contributory pension schemes registered / incorporated / established in Sri Lanka. Applications by these bodies must be in the name of the Trustee / Board of Management thereof, in order to facilitate the opening of the CDS Accounts.
- viii. Global, Regional and Country funds approved by the SEC

IMPORTANT - JOINT APPLICANTS AND INDIVIDUALS APPLYING THROUGH MARGIN TRADING ACCOUNTS SHOULD NOT APPLY THROUGH A SEPARATE APPLICATION FORM EITHER INDIVIDUALLY OR JOINTLY.

APPLICATIONS WILL NOT BE ACCEPTED FROM INDIVIDUALS UNDER THE AGE OF 18 YEARS OR IF MADE IN THE NAMES OF SOLE PROPRIETORSHIPS, PARTNERSHIPS, UNINCORPORATED TRUSTS OR ANY NON-CORPORATE BODIES.

APPLICATIONS SUBMITTED UNDER THE UNIT TRUST INVESTOR CATEGORY SHOULD CONFORM TO THE CRITERIA DEFINED BY THE SEC DIRECTIVE DATED JUNE 06, 2011 (REF: SEC/LEG/11/06/01).

ELIGIBLE APPLICANTS MAY FALL INTO ONE OF THE FOLLOWING CATEGORIES.

- I. RETAIL AND NON-RETAIL INDIVIDUAL INVESTOR CATEGORY**
- II. UNIT TRUST INVESTOR CATEGORY**
- III. GROUP EMPLOYEE AND DIRECTOR CATEGORY**

2.2 PROCEDURE FOR APPLICATION

The Prospectus and Application Form will be available free of charge from the collection points listed under Annexure 6 in this Prospectus. The Prospectus can also be downloaded from www.cse.lk, <http://www.expack.lk/>, www.cal.lk and <http://asiasecurities.lk/>

i. Via physical delivery

The Application Form should be legibly completed and be received by the Registrars to the Offer during the stipulated time period. Care must be taken to follow the instructions on the reverse of the Application Form. Applications that do not strictly conform to such instructions and additional conditions set out hereunder or which are illegible may be rejected.

ii. Via Ex-pack Web Portal

The Prospectus and Application Form are available through Ex-pack web portal <http://www.expack.lk/>. The Ex-pack IPO web portal can also be accessed through the websites www.cse.lk, <http://www.expack.lk/>, www.cal.lk and <http://asiasecurities.lk/>. Applicants who intend to submit their Application Forms using this web portal may follow the instructions set out in the said web portal and forward their Applications as per the instructions given therein.

iii. Via CSE Mobile App

Applicants who register with the CSE Mobile App, may download the Application Form through such Mobile App, follow the instructions set out in the said Mobile App, and forward their Applications as per the instructions. Submission of digital Application Forms through such CSE Mobile App is limited to both citizens of Sri Lanka who are resident in or outside Sri Lanka and are above 18 years of age and, foreign citizens above 18 years of age (irrespective of whether they are resident in Sri Lanka or overseas) only.

The CSE Mobile App, currently, does not facilitate Applications made through Powers of Attorney (POA), Margin Trading, Joint Applicants and the categories referred to in Section 2.1 sub-sections iv, v, vi, vii and viii to apply. Therefore, such Applicants may send their Applications physically as disclosed above.

APPLICANTS, EXCEPT FOR THE APPLICANTS APPLYING UNDER THE EMPLOYEE CATEGORY SHOULD APPLY ONLY THROUGH ONE INVESTOR CATEGORY (INCLUDING JOINT APPLICANTS) AND WOULD BE PERMITTED TO SUBMIT ONLY ONE APPLICATION FORM. TWO OR MORE APPLICATIONS SUBMITTED BY THE SAME APPLICANT, EXCEPT FOR THE APPLICANTS APPLYING UNDER THE EMPLOYEE CATEGORY, EITHER UNDER THE SAME CATEGORY OR DIFFERENT CATEGORY WILL BE CONSTRUED AS MULTIPLE APPLICATIONS AND WILL BE REJECTED.

The Application Form should be legibly completed and be received by the Registrars to the Issue during the stipulated time period. Care must be taken to follow the instructions on the reverse of the Application Form. Applications that do not strictly conform to such instructions and additional conditions set out hereunder or which are illegible may be rejected.

Only one Application should be made by an Applicant under the Employee Category. Additionally, an Applicant may make a further Application (One [1] only) either under the Retail Individual Category or Non Retail Category which will not be construed as multiple Applications and will not be rejected.

Joint Applicants should note that all parties in the Joint Application should either be residents of Sri Lanka or non-residents. An Applicant of a Joint Application will not be eligible to submit a separate Application either individually or jointly for the shares applied.

Applications by Companies, Corporations and other Corporate Bodies, registered/ incorporated/ established in Sri Lanka should be made under their common seal or in any other manner as provided by their Articles of Association or such other constitutional documents of such Applicants or as per the statutes governing them. In the case of Approved Provident Funds, Trust Funds and Approved Contributory Pension Schemes the Applications should be in the name of the Trustees/ Board of Management.

The Application Forms may be signed by any party on behalf of the Applicant(s) provided that such person holds the Power of Attorney (POA) of the Applicant(s). A copy of such POA certified by a Notary Public as "True Copy" should be attached with the Application Form. The original POA certificate should not be attached.

Applicants, who wish to apply through their Margin Trading Accounts, should submit the Application signed by the Margin Provider, requesting a direct upload of the Shares to the Applicant's Margin Trading Account in the CDS. The Margin Provider should indicate the relevant CDS Account number relating to the Margin Trading Account in the space provided in the Application Form. A "True copy" of the Margin Trading Agreement should be attached with the Application Form.

A foreign citizen must state his/ her passport number in the space provided.

It should be noted that in the event the Applicant's CDS Account number is correctly stated in the Application Form all correspondence with such Applicant would be sent to the address given to the CDS by such Applicant.

Further, in the event the name or the address of the Applicant mentioned in the Application Form differs from the name or address given to the CDS by such Applicant in respect of the CDS Account mentioned in the Application Form, the name and the address given to the CDS by such Applicant in respect of the CDS account mentioned in the Application Form will be considered as the name and Address of such Applicant. Therefore, the Applicants must ensure that their name and address mentioned in the Application Form tallies with the name and address given to the CDS in respect of the CDS Account mentioned in the Application Form.

The applicant should absolve CSE and CDS for errors/omissions of the information recorded in the CDS accounts if such errors/omissions were initiated by such applicants.

Applications submitted under the Unit Trust Investors Category should accompany a written confirmation by the Trustee confirming that such unit trust is in conformity with the criteria defined by the SEC Directive dated June 6, 2011 (Ref: SEC/LEG/11/06/01) and CSE Listing Rule 2.1.1 (g) (ii) (b).

As per the Directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated November 22, 2010, and Circular No. 13/2010 issued by the Central Depository System (Private) Limited dated November 30, 2010, all Shares allotted/allocated shall be directly uploaded to the CDS accounts. As such, all Applicants should indicate their CDS account number in the Application Form. Applicants who do not have a CDS account number are advised to open a valid CDS account prior to submitting the Application in order to facilitate the uploading of relevant Shares to their CDS account.

Please note that upon the allotment of shares under this Issue, the allotted shares would be credited to the applicant's CDS account within twelve (12) Market Days from the closure of the Issue. Upon the completion of crediting of shares into the investors' CDS Accounts, the Company shall send a written confirmation to the shareholders within two (02) Market Days of crediting the CDS Accounts.

Please note that share certificates shall not be issued. Applications which do not carry the CDS account number, which is not opened at the time of the closure of the subscription list or which indicate an incorrect/ inaccurate CDS account number shall be rejected, and no allotment/ allocation will be made. You can open a CDS account through any member/ trading member of the CSE as set out in Annexure 5 or through any custodian bank as set out in Annexure 6 of this prospectus.

Applicants have the option of having their Shares 'locked' in the CDS as described below.

Shares that are locked would not be available for trading purposes and would not be visible to the participant. If the Applicant has not specified that his/her Shares need to be deposited to his/her 'locked' balance in the CDS account, the said Shares would be deposited to Applicant's 'trading' balance in the CDS account.

Those shareholders who do not want to trade the securities, the CDS would provide a mechanism where securities can be 'locked' in the CDS account. The CDS would maintain two balances for each CDS account, namely a 'trading' balance and a 'locked' balance. The trading balance would be visible to the CDS participant and all dealings and trading would be permitted on the said trading balance, as done presently.

As opposed to the trading balance, the locked balance will not be visible to the CDS participant and all dealings on such locked balance would be suspended thereby maintaining the confidentiality of the information and also safeguarding the account holder from an unauthorized sale by a broker.

At the option and request of an account holder, the CDS would transfer a named quantity of securities from the locked balance to the trading balance of a CDS account and/or from the trading balance to the locked balance.

Retail Individual and Non-Retail Investor Category

Applicants falling under the Retail Individual and Non-Retail Investor Categories should apply for the Shares on the **WHITE coloured** Application Form printed for this purpose, which constitutes part of this Prospectus. Such Application Forms will be made available from the collection points listed in Annexure 5 and can also be downloaded from www.cse.lk, <http://www.expack.lk/>, www.cal.lk and <http://asiasecurities.lk/>. Exact size copies of the Application form printed on **WHITE coloured** paper as specified herein will also be permissible under the Retail Individual and Non-Retail Investor Categories.

Unit Trust Investor Category

Applicants applying under the Unit Trust Investor Category must apply for the Shares using the separate **YELLOW coloured** Application Form printed for this purpose, which constitutes part of this Prospectus. Such Application Forms will be made available through the Joint Managers and Financial Advisors to the Issue, Capital Alliance Limited, Level 05, Millennium House, 46/58 Nawam Mawatha, Colombo 02 and Asia Securities Advisors (Pvt) Limited 4th Floor, 'Lee Hedges Tower, 349 Colombo - Galle Main Rd, Colombo 03.

The completed Application Forms should be submitted to the Joint Managers and Financial Advisors to the Issue who will forward the same to the Registrars to the Issue in accordance with Section 2.3.

Group Employee and Director Category

Applicants applying under the Group Employee and Director Category must apply for the Shares only using the separate **BLUE coloured** Application Form printed for this purpose, which constitutes part of this Prospectus. Such Application Forms will only be made available through **Aberdeen Holdings Group Companies**. Employees applying under this category shall be required to apply under their respective individual names using only the correctly coloured Application Form and should not apply as joint Applicants.

Application Forms properly and legibly filled in accordance with the instructions thereof, along with the applicable remittance (cheque or bank draft or bank guarantee) for the full amount payable on the Application and the company seal/rubber stamp of the respective employer placed thereon should be submitted to **Ex-pack Corrugated Cartons Limited, No 11A, Milepost Avenue, Colombo-03** for onward transmission to the Registrars to the Issue in accordance with Section 2.3.

Employees shall NOT submit Applications directly to the Registrars to the Issue. No photocopies of the coloured Application Form would be permissible.

2.3 SUBMISSION OF APPLICATIONS

The Application Form should be filled in accordance with the instructions thereof, along with the applicable remittance (cheque or bank draft or bank guarantee or RTGS transfer only for physical applications. RTGS or CEFT or SLIPS only for both applications via the CSE Mobile App and Ex-pack Web Portal) for the full amount payable. The application should be enclosed in a sealed envelope marked **"Ex-pack Corrugated Cartons Ltd - Initial Public Offering 2021"** on the top left-hand corner and be addressed and dispatched by post or courier or delivered by hand to the Registrars to the Offer at the following address, **prior to 4.30 p.m. local time** on the Offer Closing Date.

SSP Corporate Services (Pvt) Ltd

No. 101, Inner Flower Road, Colombo 3

Applications may also be handed over to the Joint Managers and Financial Advisors to the Issue, members and trading members of the CSE as set out in ANNEXURE 5 - COLLECTION POINTS, for onward transmission to the Registrars to the Issue.

In the case of investors applying under the Unit Trust Category the Application Forms should be submitted to the Joint Managers and Financial Advisors to the Issue who will forward the same to the Registrars to the Issue.

In the case of Applications dispatched by courier or post, such applications should reach the Registrars to the Issue no later than 4.30 p.m. on the market day immediately following the closure date. Any applications received after the above deadline shall be rejected even though the courier or post mark is dated prior to the closure date.

In the case of applications dispatched by hand, such applications should reach the Registrars to the Issue no later than 4.30 p.m. on the date of closure of the offering. Any applications received after the above deadline shall be rejected.

The subscription list for the offered Shares will open at 9.00 a.m. on 22 October 2021 and shall remain open for fourteen (14) market days until closure at 4.30 p.m. on 11 November 2021.

In the event of an over subscription of the offered Shares prior to the date scheduled as the closing date of the period for subscription, the Company shall inform the CSE in writing immediately of such a fact and the subscription list will be closed at 4.30 p.m. on the same day on which it is fully subscribed with notification to the CSE.

2.4 MINIMUM NUMBER OF SHARES

The application should be made for a minimum of hundred (100) Shares or in multiples of hundred (100) Shares thereof.

Applications made for less than hundred (100) Shares or for a number which is not in multiples of hundred (100) shares will be rejected. The cheque or bank draft or bank guarantee or RTGS or CEFT or SLIPS transfer should be issued/carried out to the exact value of the number of shares applied for multiplied by the Share Issue Price. Cheques, bank drafts or bank guarantees or RTGS, CEFT and SLIPS transfers not conforming to the above requirement will be rejected at the outset.

2.5 MODE OF PAYMENT

Payment should be made separately in respect of each Application by way of a cheque or bank draft or bank guarantee drawn upon a licensed commercial bank operating in Sri Lanka or RTGS transfer directed through any licensed commercial bank operating in Sri Lanka for physical applications and by way of CEFT or SLIPS or RTGS transfer directed through any licensed commercial bank operating in Sri Lanka for applications made via the CSE Mobile App and via the Ex-pack Web Portal. Remittances on Applications will be deposited in a separate bank account in the name of **“EX-PACK CORRUGATED CARTONS”**.

Cash will not be accepted, anyone wishing to pay cash should obtain a bank draft from any Licensed Commercial Bank in Sri Lanka. Bank guarantees should be valid up to one (01) month from the date of opening of the Offer (i.e. 23 November 2021).

Payment for Applications for values below Rupees One Hundred Million (LKR 100,000,000/-) could be supported by only one cheque or bank draft or bank guarantee. Any Applications with two or more cheques, bank drafts or bank guarantees will be rejected at the outset in the event the value of such Application is below Sri Lankan Rupees One Hundred Million (100,000,000/-).

Payments for Applications for values above and inclusive of Sri Lankan Rupees One Hundred Million (LKR 100,000,000/-) will be permitted to submit multiple Bank guarantees issued by Licensed Commercial Banks in Sri Lanka, multiple bank drafts/cheques drawn upon any Licensed Commercial Bank operating in Sri Lanka, or a single RTGS transfer directed through any licensed commercial bank operating in Sri Lanka, each of which should be for values on the date of opening of the Issue.

Please follow the web link given below in order to get your Bank and Branch codes.
<https://www.lankaclear.com/downloads/bank-branch-directory/>

2.5.1 CHEQUES OR BANK DRAFTS – RESIDENT SRI LANKAN INVESTORS

Cheques or bank drafts should be drawn on any Licensed Commercial Bank in Sri Lanka and crossed “Account Payee Only” and made payable to **“EX-PACK CORRUGATED CARTONS”**. Cheques or bank drafts accompanying Application Forms made for less than hundred (100) Shares or for a number which is not in multiples of hundred (100) Shares (as mentioned in Section 1.1) will not be sent for clearing and shall be returned via ordinary post at the risk of the applicant, or in the case of joint applicants, to the first named applicant. In the event that cheques are not realized within three (03) market days from the day of presenting the same to the bank for clearing, the cheques will be returned, and no allocation of shares will be made to the investors.

Cheques must be honoured on the first presentation to the bank for the application to be valid. Applications supported by cheques which are not honoured on the first presentation will be rejected.

2.5.2 BANK GUARANTEES – RESIDENT SRI LANKAN INVESTORS

Applications made by resident Sri Lankan investors backed by bank guarantees presented in line with the requirements set out in Section 2.5 will be accepted. Bank guarantees will be presented to the respective banks only after the New Shares have been allotted. Bank guarantees will be presented to the respective banks only after the New Shares have been allotted. Bank guarantees should be issued by any Licensed Commercial Bank in Sri Lanka and in favour of **“EX-PACK CORRUGATED CARTONS”** in a manner acceptable to the Company and payable on demand. Bank guarantees should be valid for a minimum of one (01) month from the date of opening of the Offer (i.e 23 November 2021).

2.5.3 RTGS TRANSFERS – RESIDENT SRI LANKAN INVESTORS

In case of RTGS transfers (only for Application valued above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), such transfers should be made to the credit of **“EX-PACK CORRUGATED CARTONS”** for applications submitted via;

- Physical applications the account number bearing 1010-01048-237 at National Development Bank PLC
- Ex-pack Web Portal account number 1010-01048-218 at National Development Bank PLC
- CSE Mobile APP account number 1010-01048-229 at National Development Bank PLC

with value on the Issue Opening Date (i.e. the funds to be made available to the above account).

2.5.4 CEFT/SLIP TRANSFERS – RESIDENT SRI LANKAN INVESTORS

In case of CEFT/SLIP transfers (only for Application made via Ex-pack Web Portal and the CSE Mobile App), such transfers should be made to the credit of **“EX-PACK CORRUGATED CARTONS”** for applications submitted via;

- Ex-pack Web Portal account number 1010-01048-218 at National Development Bank PLC
- CSE Mobile APP account number 1010-01048-229 at National Development Bank PLC

with value on the Issue Opening Date (i.e. the funds to be made available to the above account).

2.5.5 FOREIGN CURRENCY REMITTANCE

This Section is applicable to citizens of Sri Lanka who are above 18 years of age and residents overseas, corporate bodies incorporated or established outside Sri Lanka, global, regional or country funds approved by the SEC and foreign citizens (irrespective of whether they are resident in Sri Lanka or overseas) who are above 18 years of age.

The above-mentioned applicants should make their payments using one of the following methods as the case may be.

Foreign Investors must invest through an Inward Investment Account (IIA) maintained with any Licensed Commercial Bank in Sri Lanka. The procedure for arranging payments through a IIA is presented below:

Foreign Investors may use the services of a Custodian bank as an intermediary when investing in the Sri Lankan securities market.

The intermediary may open an IIA, on the investor's behalf. In conjunction with the IIA, an account with the CDS must be opened.

In respect of global, regional or country funds investing for the first time in Sri Lanka, the intermediary will facilitate the approval process regulated by the SEC.

Payment for shares should be made through a cheque, bank draft or unconditional bank guarantee or RTGS transfer against the funds in the IIA and made payable to **“EX-PACK CORRUGATED CARTONS”**.

Cheques or Bank Drafts or Bank Guarantee or RTGS transfers should be endorsed by the issuing custodian bank, to the effect that, arrangements have been made to facilitate such payment to be made against funds available in the Applicant's IIA account. The endorsement must be clearly indicated on the cheque or bank draft or the bank guarantee. Alternatively, a document detailing the endorsement could be submitted along with the payment and Application.

Applications supported by foreign currency remittances should be made in conformity with requisite declarations set out in the Application and be accompanied by the Applicant's IIA statement.

2.6 BANKING OF PAYMENTS

All cheques, bank drafts or bank guarantees received in respect of Applications will not be banked or called on until the Market Day after the Issue Closing Date.

2.7 REJECTION OF APPLICATIONS

- Application Forms, which are incomplete in any way and/or are not in accordance with the terms and conditions specified in this Prospectus, will be rejected at the absolute discretion of the Company.
- If the CDS account number is not indicated in the Application Form or is not opened at the time of the closure of the subscription list or the CDS number indicated in the application form is found to be inaccurate/ incorrect, the application will be rejected and no allotments will be made.
- Applications with two or more cheques, bank drafts or bank guarantees will be rejected in the event the value of such Application is below Sri Lankan Rupees One Hundred Million (100,000,000/-).
- Applications made for less than One Hundred (100) shares or for a number which is not in multiples of One Hundred (100) shares will be rejected.
- Application Forms accompanied by cash will not be accepted.
- Applications delivered by hand after 4.30 p.m. on the Issue Closing Date will be rejected.
- Applications received by post after 4.30 p.m. hours on the succeeding working day immediately following the date of closure of the subscription list, will also be rejected even if they carry a post mark dated prior to the closing date of the subscription list.
- Applications made by individuals below 18 years of age or those in the names of sole proprietorships, partnerships, unincorporated trusts and non-corporate bodies will be rejected.
- In the event cheques are dishonoured/ returned on first presentation, the Application will be rejected.

Notwithstanding any provision contained herein, The Board of Directors shall reserve the right to refuse any applications or to accept any applications in full or in part.

2.8 REFUNDS

Where an Application Form is rejected, the cheque, bank draft or bank guarantee received in respect of the application will be returned via ordinary post at the risk of the applicant. In the case of joint applicants, application monies will be returned to the first named applicant.

Where the Application Form is accepted and the cheque or the bank draft or bank guarantee is not honoured at the first presentation, the application will also be rejected and the cheque, bank draft or bank guarantee will be returned via ordinary post at the risk of the applicant. In the case of joint applicants, application monies will be returned to the first named applicant.

Where an application is accepted only in part, the balance of the monies received on application will be refunded.

Refunds on shares that have not been allotted or for applications that have been fully or partially rejected, will be refunded on or before the expiry of eight (8) market days from the date of closing the Issue (excluding the date of Issue) as required by the CSE Listing Rules.

Applicants would be entitled to receive Interest at the last quoted Average Weighted Prime Lending Rate (AWPLR) published by the Central Bank of Sri Lanka plus Five Percent (5%) on any refunds not made within this period.

The refund payments only up to a maximum limit of Rupees Five Million (Rs 5.0 Million) will be made to the bank account specified by the applicant through the Sri Lanka Inter-bank Payment System (SLIPS) (as per LANKACLEAR Operating instruction circular No 11/2010 dated 25th Oct 2010) on or before the expiry of eight (8) market days from the closure date (excluding the date of issue) as required by the CSE Listing Rules and a payment advice shall be issued to the applicant provided that the applicant has submitted accurate and complete details of his bank account in the application form.

If the Applicant has provided accurate and complete details of his bank account in the Application, the Bankers to the Issue will make refund payments up to and inclusive of Sri Lanka Rupees Five Million (LKR 5,000,000/-) to the bank account specified by the Applicant, through SLIPS and a payment advice will be sent.

In the event of refunds over Rupees Five Million (LKR 5,000,000/-), if the Applicant has provided accurate and complete details of his bank account in the Application, refunds will be made via RTGS.

In the event the Applicant has not provided accurate and correct details of his bank account in the Application or if the Applicant has not provided details of the bank account in the Application Form, the bank will make such refund payment to the Applicant by way of a cheque crossed "Account Payee only" and sent by post at the risk of the Applicant.

In the event the refund payment is effected via SLIPS based on the bank account details provided by the applicant in the application form, but is rejected by the applicant's bank due to inaccurate or incomplete information, such refund payments would be made via a crossed cheque in favour of the applicant and sent by ordinary post at the risk of the applicant. In such instances, the Company together with the Registrars to the Issue will send the refund cheques to such applicants at the earliest possible date and the applicant should not hold the Company or the Registrars to the Issue accountable for such delays.

If the applicant has not provided details of the bank account in the Application Form or has provided inaccurate or incomplete details of the bank account, the refund payment will be made by a crossed cheque in favour of the applicant and sent by ordinary post at the risk of the applicant. In the case of a joint application, a crossed cheque will be drawn in favour of the applicant whose name appears first in the Application Form.

2.9 TRADING OF SHARES

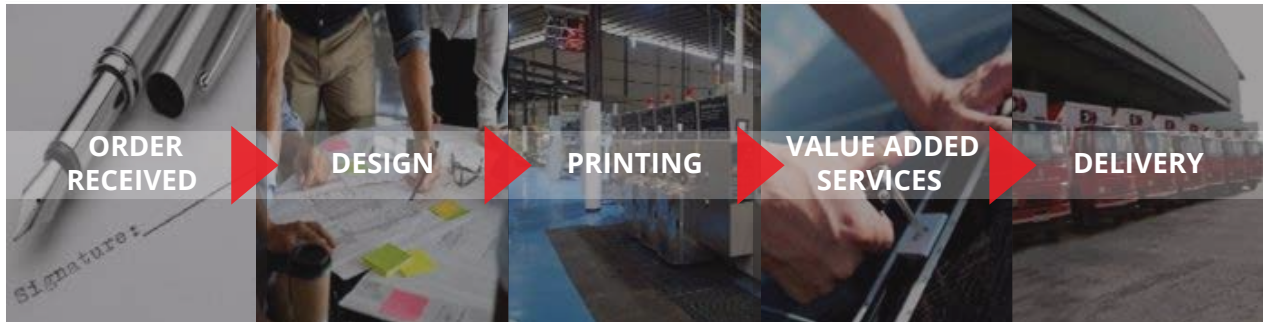
The Company will submit to the CSE a Declaration on the market day immediately following the day on which Investors' CDS accounts are credited with securities. Trading of Shares of the Company on the Secondary market will commence on or before the third market day from the receipt of the Declaration of the Company by the CSE.

3.0 THE COMPANY

3.1 OVERVIEW OF THE COMPANY

Ex-pack Corrugated Cartons Ltd, initially started its operations as profit center of Expo-Lanka Limited in 1998 and was incorporated as a separate legal entity fully owned by Aberdeen Holdings Pvt. Lt in 2002. The Company specializes in custom manufacture of printed corrugated cartons of the highest quality, tailor-made to an endless range of specifications. Over the years Ex-pack has established itself as the leading corrugated cartons manufacturer in Sri Lanka by providing end-to-end services whilst maintaining impeccable service quality.

Figure 3.1-1 – Ex-pack production process



Apart from the traditional manufacturing of Corrugated Cartons, Ex-pack has ventured into an entirely new range of innovative storage solutions covering the garment industry as well as paper based environmental and eco-friendly warehousing accessories.

Ex-pack's current customer portfolio includes a vast array of businesses ranging from FMCG, pharmaceuticals, food manufacturers, tea exporters, apparel manufacturers, fruits/vegetables exporters, bicycle manufacturers and seafood exporters.

Ex-pack's direct export exposure to eight countries has led to a firm portfolio of consistent volumes coming from established players in each of the markets. While the robust growth trajectory seen over FY16-21 clearly indicates growth in this segment, it also provides a powerful currency hedge (albeit partial) against input costs, mostly paper. Ex-pack imports 60% of its paper requirement and possessing a currency hedge helps negate this risk.

The team at Ex-pack works closely with its customers to determine their packaging needs from conception to design and proto typing, to high volume production. On time delivery is a key selling point that is made possible through comprehensive computerized manufacturing and stock managing systems that are linked to the Company's extensive storage facilities. Product distribution is another key area that is executed through Ex-pack's own fleet of vehicles possessing complete control in transit, always assuring prompt delivery throughout Sri Lanka.

As an ISO 9001-2015 certified establishment, Quality and Customer Satisfaction optimizes their drive for excellence. Furthermore, as a responsible manufacturer, Ex-pack has adopted an environmentally friendly manufacturing process and has taken steps to identify and control their impact on the environment and continuously improve this process. As a result, they were awarded the ISO 14001-2015 Environment Management System Certification by SGS Lanka (Pvt) Ltd. Majority of Ex-pack's staff have sustained their tenure with the Company throughout the years and Ex-pack takes pride in providing their employees with continuous progressive training to enhance their capabilities.



VISION STATEMENT

To be the most preferred
Corrugated Cartons supplier in Sri Lanka

MISSION STATEMENT

To lead the way in Corrugated Cartons Manufacturing
and add value to the stakeholders through operational
excellence.

VALUES




- To conduct ethical business caring to all stakeholders of the business.
- Provide equal opportunity to employees.
- Take due diligence and care for the environment.
- Exercise social compliance in all our activities.


3.1.4 KEY MILESTONES OF THE COMPANY

1994	<ul style="list-style-type: none"> Operation commenced as Profit Center of Expolanka Ltd
2002	<ul style="list-style-type: none"> Incorporated as Legal entity
2003	<ul style="list-style-type: none"> Installation of First Fully Automated Corrugated Board Plant
2005	<ul style="list-style-type: none"> Installation of 2 Color Flexo Printer. And Achieving of 500 Mt
2006	<ul style="list-style-type: none"> Achieving 850 MT Per Month in March and Making Profit for the First time – Received ISO 9000 Quality Management System
2007	<ul style="list-style-type: none"> Re Locating at current facility with the new Corrugated Plant with a total investment of LKR 250 M-Borrowings
2008	<ul style="list-style-type: none"> Mr. Sattar Kassim takes over Ex-pack Operation and appoints New Management Team Winning of NCE Gold Award
2009	<ul style="list-style-type: none"> Winner of NCE Export Silver Award
2010	<ul style="list-style-type: none"> Consolidation of 3rd Position in the market Re structuring of Equity with the investment of 1 Billion
2011	<ul style="list-style-type: none"> NCE Export Award Gold Award Winner for Most Outstanding Service Providers to Exporters Large Category Awarded Silver at the NBEA Award Ceremony
2012	<ul style="list-style-type: none"> CNCI “Top 10 Award” Winner – Extra Large
2013	<ul style="list-style-type: none"> 1st Time in Ex-pack History achieved 1500 MT in November Which was the 1st Step of the Vision of The Group Director
2014	<ul style="list-style-type: none"> Ex-pack was nominated as the best corrugated Factory in Sri Lanka by PUM Netherlands Murshid Ahamed & Jumardeen Darwis were sent for further training in Netherlands
2015	<ul style="list-style-type: none"> Become the Market leader by achieving 1925 MT Installation of the state of the Art 3 Color Flexo inline printer
2016	<ul style="list-style-type: none"> Achieved the landmark Tonnage of 2187 MT in March Lanka Star “Innovating Packaging” award by Sri Lanka Institute of Packaging - SLIP
2017	<ul style="list-style-type: none"> Achieved the highest Tonnage of 2272 MT in March Lanka Star “Innovating Packaging” award by Sri Lanka Institute of Packaging – SLIP Winning of Sri Lanka CSR Awards - 2017
2018	<ul style="list-style-type: none"> Achieved the highest ever Tonnage of 2335 MT in March Recognized as One of Grate Place to Work Sri Lanka Company Lanka Star “Innovating Packaging” award by Sri Lanka Institute of Packaging - SLIP
2019	<ul style="list-style-type: none"> Achieved the highest Sales Tonnage of 2440.7 MT and retain #01 position in corrugated market Recognized a Great Place to Work - Sri Lanka for the 2nd Consecutive Year Recognized as Best Workplace in Asia -18th Position in the medium Category
2020	<ul style="list-style-type: none"> Achieved the highest ever Tonnage of 2451 MT in September Recognized as Great Place to Work - Sri Lanka for the 3rd Consecutive Year Recognized as Best Workplace in Asia -16th Position for the 2nd Consecutive Year
2021	<ul style="list-style-type: none"> Achieved the highest ever Tonnage of 2650 MT in March Recognized as Great Place to Work - Sri Lanka for the 4th Consecutive Year Recognized as Best Workplace in Asia for the 3rd Consecutive Year

3.1.5 PRODUCT PORTFOLIO

Table 3-1: Product Portfolio of Ex-pack corrugated cartons Limited

TYPE OF SERVICE	SERVICES PROVIDED	KEY CUSTOMERS
Regular Slotted Cartons 	<p>Regular slotted carton is the most common box style with flaps that meet in the centre both top and bottom. This carton is suitable for packaging any type of product from FMCG to horticultural to industrial products.</p>	<ul style="list-style-type: none"> ■ Fonterra Brands Lanka (Pvt) Ltd. ■ Ceylon Biscuits Limited ■ Coca-Cola Beverages Sri Lanka Ltd. ■ S.A.Silva & Sons (Pvt) Ltd ■ (A division of Silvermill Group) ■ DSI Samson Group ■ Milco Pvt Ltd ■ C.W.Mackie PLC ■ American Water Systems Ltd ■ Silueta Pvt Ltd ■ Ansell Lanka Pvt Ltd ■ Abans Group ■ Singer Sri Lanka PLC
Die Cut Boxes 	<p>The die cut carton allows for intricate design and shape to protect and promote products in a variety of ways. These cartons are used for packaging of food, vegetables, as well as for livestock and can withstand extreme temperatures.</p> <p>Die cut cartons can be plain or printed and with a range of print options.</p>	<ul style="list-style-type: none"> ■ Anverally & Sons (Pvt) Ltd ■ Elephant House – Ceylon Cold Stores PLC ■ Cargills Ceylon PLC ■ Lanka Wall Tile PLC ■ Expolnaka Pvt Ltd ■ CR Exports Pvt Ltd ■ Ceylon Biscuits Limited ■ Nagahawatta Exports & Imports (Pvt) Ltd ■ Bratex Pvt Ltd ■ Tropiflora Sri Lanka Pvt Ltd ■ Emjay International Pvt Ltd
Value Added Boxes 	<p>Ex-pack's state-of-the-art laminating process enables them to provide value adding services relating to branding thereby allowing Ex-pack to fulfil customer requirements for direct shelf storage of finished products.</p>	<ul style="list-style-type: none"> ■ CBL Global Food Ltd ■ Fits Express Pvt Ltd- UPS ■ Phoenix Industries Ltd ■ Adam Exports Group of Companies ■ Jafferjee & Son (Pvt) Ltd ■ ExpoCommodities Global Pvt Ltd ■ Alpex Marine Pvt Ltd ■ United Tobacco Processing Pvt Ltd ■ Growrite Subtract India Ltd ■ Calico Color Pvt Ltd ■ Andrew Aluminium PLC

Other Packaging		
	<p>As a part of the “Go Green” concept Ex-pack has developed several products such as wardrobe cartons, pallets, tea chest cartons, tuna cartons as ballot boxes. Exp-pack’s R & D division is constantly engaged in developing innovative products using recycled material.</p>	<ul style="list-style-type: none"> ■ Election Commission of Sri Lanka ■ Big Fish Maldives Pvt Ltd ■ Tropicoir Lanka Pvt Ltd ■ Damro Pvt Ltd ■ Samson Bikes Pvt Ltd ■ SkyNet Worldwide Express Pvt Ltd ■ Mabrock Teas Pvt Ltd ■ Camso Loadstar Pvt Ltd ■ Fulgar Lanka Pvt Ltd

3.1.6 GROUP STRUCTURE

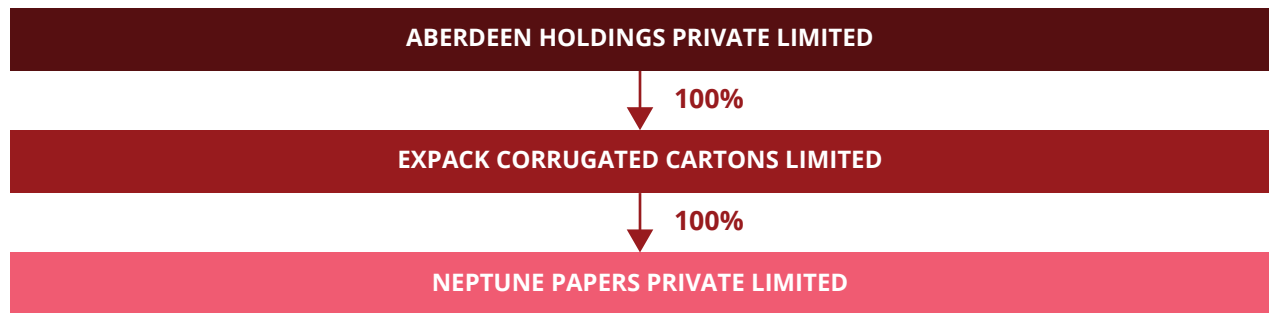


Table 3-2: Shareholding of Aberdeen Holdings Pvt Ltd.

SHAREHOLDER	OWNERSHIP %
Rokfam Holdings (Private) Limited	30.97%
Ask Capital (Private) Limited	30.97%
Maitland Holding (Private) Limited	30.97%
Farook Kassim Holdings (Private) Limited	1.50%
Kma Holdings (Private) Limited	3.70%
Bma Holdings (Private) Limited	1.89%

3.1.7 EX-PACK CORRUGATED CARTONS LIMITED AND ITS SUBSIDIARIES:

NEPTUNE PAPERS PRIVATE LTD





Neptune Papers Private Ltd. was established in 1993 and is one of the leading wastepaper exporters in Sri Lanka with approximately 18% market share. Neptune Papers is a pioneer in the Recycling and Waste Management sector in Sri Lanka and an award-winning, innovative company with time-proven success of more than two decades in the industry.

The Company provides efficient waste management and total recycling solutions for factories and offices island wide. It also provides an important shredding service to banks, Government agencies and other institutions for the secure shredding of their confidential documents. The products are then baled using state-of-the-art-technologies. The bales are then exported for recycling purposes to the South Asian Region.

Neptune Papers is the proud recipient of the Haritha Sammana Award in the Industry Category in 2007 awarded by Help Green in Sri Lanka. The Company has also received the National Chamber of Exporters Awards in 2009, 2010 and 2019 respectively.

Furthermore, Neptune Papers holds a license with the Central Environmental Authority (CEA) to support its National Policy targets on Solid Waste.

Table 3-3: Services provided by Neptune Papers Pvt Ltd

TYPE OF SERVICE	SERVICES PROVIDED
<p>Paper & Board</p> 	<p>Outbound and inbound collection services where a variety of wastepaper grades is accepted at the market rate.</p> <p>The services include:</p> <ul style="list-style-type: none"> ■ Collection/Delivery of paper-based waste including cardboard, cardboard tubes, boxboard, printers' waste etc. ■ Inbound operation including walk-in process which allows paper waste collectors from the entire island to deliver their material for export purposes and making a living out of it.
<p>Recycling Solutions</p> 	<p>Offers shredding and collection services to corporates, banks, government bodies and financial institutions in Sri Lanka.</p> <p>The services include:</p> <ul style="list-style-type: none"> ■ Labour and transport services to remove the material, within 48 hours of receiving a request from customers. ■ A report confirming the amount of paper recycled, and the environmental impact of the action at the completion of each shredding is provided to the customer.
<p>Industry Solutions</p> 	<p>Offers complete recycling solution for factories and manufacturing sector organizations.</p> <p>The services include:</p> <ul style="list-style-type: none"> ■ Collection/Delivery of recyclable waste including cardboard, cardboard tubes, polythene, plastic and fabric offcuts ■ A report confirming the amount of paper recycled, and the environmental impact of the action at the completion of each shredding is provided to the customer.
<p>Fabric Waste Solutions</p> 	<p>Offers outbound and inbound collection services for fabric and apparel manufacturers.</p> <p>The services include:</p> <ul style="list-style-type: none"> ■ Collection/Delivery of cotton waste including Cotton, Lycra and Poly cotton. ■ Segregation of unsorted materials into the standard grades.

Shareholding by Ex-pack Corrugated Cartons Limited and other key stakeholders in the subsidiaries of Ex-pack Corrugated Cartons Limited:

Table 3-4: Shareholding in Subsidiaries

ENTITY	STAKE HELD BY EX-PACK CORRUGATED CARTONS LIMITED	HELD BY OTHER KEY STAKEHOLDERS	DIRECTORS
NEPTUNE PAPERS PRIVATE LTD	100%	N/A	MR. ABDULLAH KASSIM MR. RIZAN JAUFER

3.1.8 THE CORE COMPETENCIES OF THE COMPANY

Quality Assurance

At Ex-pack “QUALITY” is a sustainable, well-planned, deliberate and strategic approach rather than a spontaneous process. Ex-pack has strategic approach to product and service quality and the Company’s QULAITY POLICY is an integral part of the overall corporate business strategy. Further the company has created and sustained a quality lead culture where the top management is also involved and engaged actively to ensure final product and service quality to end consumers.

At Ex-pack, ensuring product quality in their day-to-day activities is a priority. The manufacturing plant has a dedicated quality control and quality assurance team who ensures that each product that leaves the gates of Ex-pack meets their quality standards. With persistent emphasis on quality, the Company has been able to reduce their product rejection rate by 20% over the last 5 years. In order to ensure high quality of products Ex-pack has adopted several mechanisms such as incoming material inspection, in-process quality inspection, maintaining non-conformity records, adopting product recall procedures, and implementing comprehensive customer complaint tracking systems.

Ex-pack is accredited with ISO 9001 - Quality Management System, ISO 14001 – Environment Management System and FSC COC – Forest Stewardship Council – Chain of Custody. Further it is one of the few companies in the industry to have “WRAP certification” which is offered on compliances mainly on workforce engagement and Human Resource practices.

Throughout the Ex-Pack value chain system, compliances and polices are set up in terms of Quality Policy being the guiding principle, commencing from supplier selection, in house material checks, sample checks, supplier audits, entire process verifications, finished product quality assurance etc. The company possesses a fully pledge in house “Quality Assurance Department “where facilities are available to carry out all scientific tests with dedicated, Quality Assurance Manager and qualified and able Quality team of about 15 personnel involved.

The stringent quality assurance process commences from raw material receipt stage up to the end product where at each production station the product quality is ensured. Entire product quality processes and service quality processes are periodically audited and evaluated for corrective actions and continuous process improvement enhances results. There is a major emphasis on customer complaint handling, if in case customer complaints are emerged. The best possible customer complaint handling is done within a shortest possible period by giving customer solutions also internal rectification made.

The Company has also installed state-of-art machinery in their manufacturing facilities to ensure that they are regularly serviced to maintain high quality production. Further, Ex-pack HR takes employee training and development very seriously where substantial annual investments are made to develop employee skills and capabilities continuously. Capacity building and organizational concepts are effectively implemented to ensure high performing workforces with the right organizational culture and climate settings.

All these efforts blended with continuous process improvements to facilitate and sustain high quality packaging solutions has often given Ex-pack a cutting edge over fierce competition in the marketplace.



Figure 3.1-2: quality assurance

Best Service Provider in the Industry

Ex-pack is the leading corrugated cartons manufacturer in Sri Lanka due to its exemplary service quality maintained over a decade.¹ The Company is able to deliver their products to customers with limited lead time through Just-in-Time manufacturing and in-house warehouse and transport capabilities.

Due to its in-house Research and Development (R&D) capabilities the company is able to customize their orders according to customer needs. Furthermore, with the help of their (R&D) team Ex-pack has been able to improve the quality and functionalities of their products whilst also introducing innovative products such as the special cartons designed by Ex-pack for fisheries Industry.

By understanding varying customer requirements with their own value chains in respective industries, Expack has been able to offer differentiated high quality customer service, care and excellence. Often, such exceptional customer service goes beyond mere official or contractual obligations as our aim is to provide not just a service but a positive experience overall. In terms of on-time deliveries (OTD), Expack ensures a quick response time to customer calls, effective compliant management with true and practical solutions to create value for our customers.

Furthermore, Expack as a team work very closely with its customers base to harness extended value creation by proposing optimized packaging solutions. Such solutions, come through in-depth Research & Development, new product development efforts, superior packaging offered at more competitive prices and also creating cost reductions in augmented areas like weight of the cartons, resulting in reduced shipping or air freight costs, enhanced shelf lives and brand values.

Customer Relationship Management and Relationship Marketing

Customer Relationship Management and Relationship Marketing is given extra attention as it is an integral part of Ex-pack's strategic marketing approach; which form a significant portion of the total Expack Value chain, this has created a distinguished advantage to Expack in an intensely competitive local corrugated packaging market.

Through carefully selected profitable customers in diverse market segments in B2B (Business to Business) markets, mutually benefitting, eternally value creating and trustworthy business relationships are created, sustained and preserved for the future.

Sustainable Manufacturing

Sustainability is at the forefront of the operations at Ex-pack. Manufacturing plants have been able to reduce their paper waste to record-low levels. In order to reduce paper waste and ensure waste management, the company has adopted the following strategies.

- Stringent order planning
- Continuous training and development of technical staff
- Machinery upgrades

¹ According to the management estimates on the production volumes of competitors Ex-pack accounts for 18.3% share of the corrugated cartons, the second largest player in the market accounts for 15.8% of the market. Please refer section 1.6.1 market share details

Ex-pack is continuously working towards preserving energy used at its plant where it contributes to reduced cost of production and more importantly facilitates the preservation and sustainability of the environment. Special programmes are continuously implemented and monitored in areas concerning electricity, furnace oil, water, petroleum-based products and main raw materials of papers.

Further, through a stringent approach of waste management, paper waste is always at its optimum levels and waste in turn is used in recycling. As a policy Expack sources its papers from global mills certified and accredited to be Forestry Stewards Council (FSC) mills in order to protect the environment.

3.1.9 KEY EQUIPMENT OF THE CURRENT FACTORY

Table 3-5:Key Equipment of the current factory

DIVISION	MACHINERY
Factory 1	
Corrugation	5 Ply Automatic Board Production Line
Printing and conversion	4 Color Flexo Printer 3 Color Flexo Printer, Slotter, Rotary Diecutter and Inliner 2 Color Flexo Printer, Slotter, Rotary Die cutter Automatic Die Cutter with Double Stripper
Finishing	Auto Folder Gluer - 1 Nos Auto Folder Stitcher - 1 Nos Semi Auto Stitcher – 2 Nos Semi Auto Gluer – 4 Nos Double Head Stitching Machine – 1 Nos Manual Stitching Machines – 5 Nos
Delivery	18 Company owned trucks
Factory 2	
Printing and conversion	Flexo Printer - 1
Finishing	Semi Auto Die – 1 unit Bottom Lock Gluer– 1unit Semi Auto Gluer-2units Manual Stitching – 3 units

Figure 3.1 3 - Factory 1 Entrance



Figure 3.1 4 – Factory 1 Layout

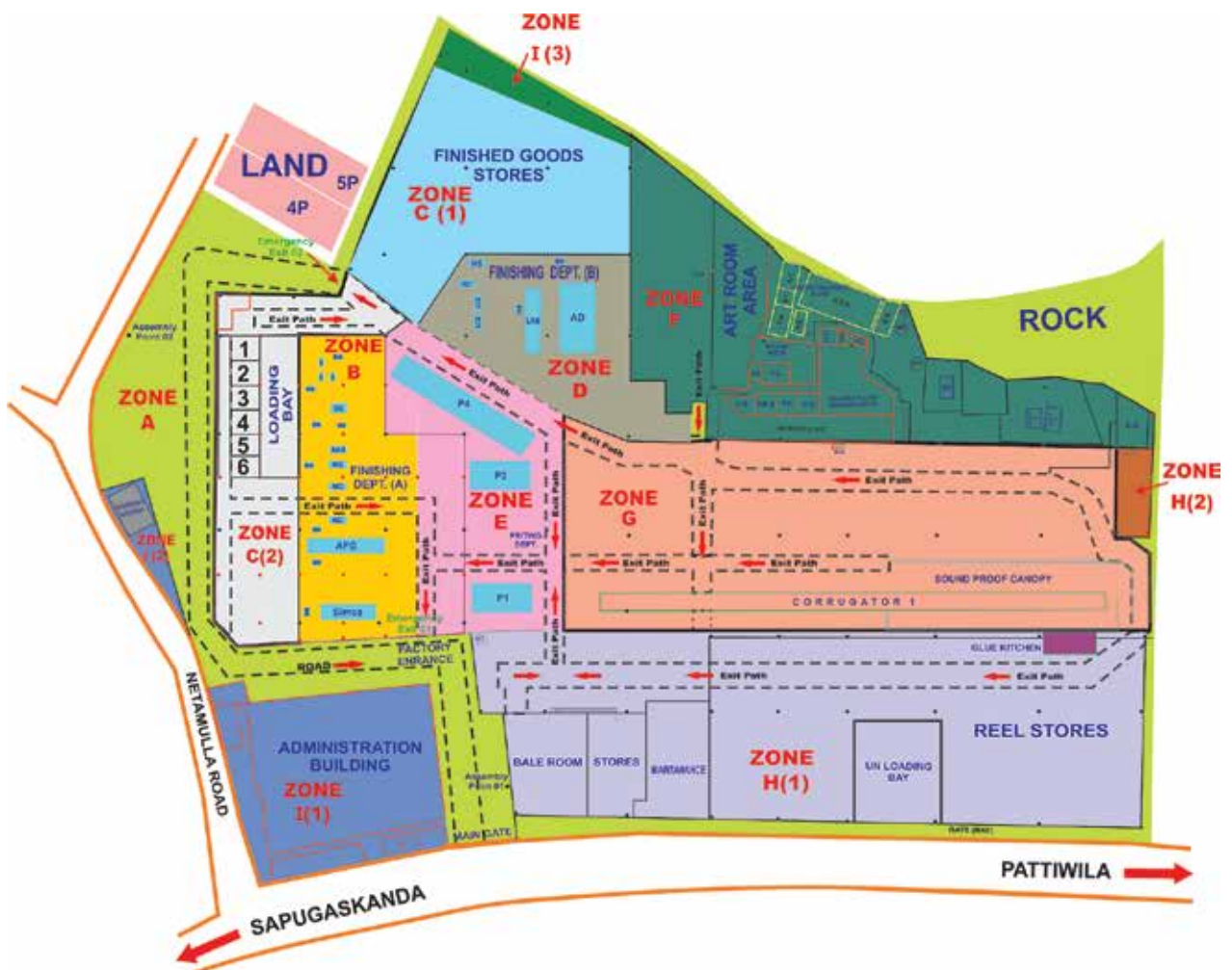










Table 3-6 – Factory 1: Details of existing machinery

	MACHINE	DESCRIPTION
CORRUGATION		
1	5 Ply Automatic Board Production Line	5 Ply Automatic Board Production Line was manufactured in 2007 by a Chinese manufacturer. Through the continuous improvement program, the key components of the machine were replaced with Taiwanese brands to ensure longer operational life. This, in return reduced the down time which contributed to higher productivity.
		
PRINTING AND CONVERSION		
2	2 Colour Flexo Printer with Rotary Die Function	Manufactured in China in the year 2007, this machine was procured to print oversized cartons for tuna fish packing, bicycles, refrigerators and other industrial products. It also has the rotary die function which facilitates the process of making handle / ventilation holes for the above boxes.
		

3	4 Colour Flexo Printer Stacker	<p>The first ever flexo printer with PLC control was purchased in 2005 to cater to fruits & vegetables, Tea exports and other high end printing requirements. It is capable of printing tone effects bringing a finer finish to the product.</p>
		
4	3 Colour Flexo Folder Gluer with Rotary Die and Automatic Bundling Function	<p>An all-in-one printer which is capable of printing, slotting, die cutting, folding, gluing, counting and bundling automatically to the pre-set quantities. Fully computerised adopting all latest technology.</p>
		

5	Automatic Die Cutter	<p>This automatic die cutter is used for a special type of cartons such as Chick Boxes, Tile Wrapper, bottom lock cartons etc. This machine was procured in 2007 and supplied by a Chinese manufacturer.</p>
		
6	Digital Cutter	<p>First of its kind in the industry, adapting to new technology, Ex-pack introduced the latest Digital cutter to its R&D and sample developing unit. Its high-speed performance gives our customers their desired outcome within seconds, providing Expack with a competitive advantage over others in the market.</p>
		

7	Laminator	<p>Point of sale display units and value- added cartons which require a high quality gloss finish surface. These sheets are printed using offset or digital technology laminated to the corrugated board.</p>
		
8	Auto Folder Gluer	<p>This is used for gluing cartons which are converted through offline printers and die cut machines. This was also procured in the year 2007 and needs replacement.</p>
		

9	Auto Folder Stitcher	SIMCA from Italy, PLC driven machine with an average speed of production. Purchased locally from the market and upgraded in year 2017
		
10	Double Head Stitching Machine	This double stitching machine is used mainly for boxes with two-side stapling for Tuna industry and consumer electronics such as refrigerator and washing machine cartons etc.
		






11	Semi Auto Gluer	Manual machine used for gluing cartons. Used for orders with small volumes and special type boxes.
		

Figure 3.1-5- Factory 2: Entrance



	MACHINE	DESCRIPTION
PRINTING AND CONVERSION		
1	2 Colour Flexo Printer with Rotary Die and vibrator function	This is a two-colour machine with a die cut and vibrator option to make the fishing process much faster and easier. This was procured in the year 2019.
		
FINISHING		
2	Pattern punch Die cutter with auto feeding and collection	Innovation to the traditional platen punch die machine. This has overcome manual feeding by automatic suction feeding and delivery.
		

3	Bottom Lock Multipoint gluer	Required for special type cartons with multiple glue points.
		
4	Semi Auto Gluer	Required for special type cartons with multiple glue points.
		

3.1.10 KEY PROJECTS CARRIED OUT BY THE COMPANY EXEMPLIFYING INNOVATION AND RESEARCH AND DEVELOPMENT IN THE COMPANY

1. Election Ballot Boxes

The Government of Sri Lanka contracted Ex-pack to supply ballot boxes for the General election in 2020. This was the first instance that Election Commission opted to use Corrugated Ballot boxes for an Election. However, with the assistance of their R&D team Ex-pack was able to design technically complex ballot boxes and supply 12,350 ballot boxes to the Election Commission.

2. Wardrobe Cartons

Ex-pack has become a trusted supplier for the apparel companies both local and foreign due to their ability to provide innovative solutions. Ex-pack introduced wardrobe cartons, a carton with hangers which could be used to store apparel items conveniently. It should be noted that these wardrobe cartons were introduced under the “Go Green” campaign initiated by the Company and the cartons were prepared using recycled material thereby making it more attractive to socially conscious apparel customers.

3. Tuna Containers

This is one of the most innovative products introduced by Ex-pack. The R&D team of Ex-pack designed a special fish container that is 20% less in weight compared to other fish storage boxes in the market, thereby reducing the freight costs incurred by the client. This product is especially popular amongst the fish exporters in Maldives and thereby has helped Ex-pack become one of the largest corrugated carton suppliers to Maldives.

3.1.11 CUSTOMERS

Ex-pack - The Market Leader

The Sri Lankan corrugated market is fiercely and intensely competitive, with over 45 organisations of different sizes (small, medium and large) competing amongst each other from which 7 players contribute to over 85% of the market share where all other SME's and start-ups contribute to a mere 15% of the market share.

Over the past 8 years Ex-pack's market potential has seen a promising growth, with the help of its highly strategic marketing efforts and its overall strategic approach. Ex-pack has been at the forefront in the industry, accounting for approximately 18.3% of the market share, surpassing 7 major players in the market. Ex-pack caters to a diverse consumer base which includes large businesses and organisations in Sri Lanka.¹ Ex-pack's strategy has always been to offer high quality packing solutions, competitive prices, on time deliveries backed by excellent and dependable customer service and care. These core competencies blended together have created an exceptional value chain that has given Ex-pack a competitive advantage in order to sustain and secure market leadership.

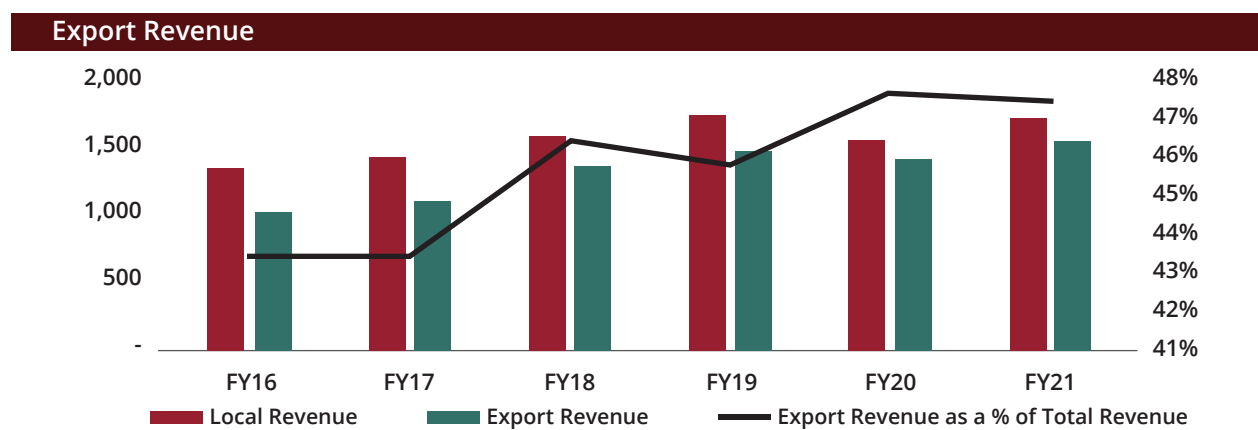
Frequent price fluctuations of raw materials, local currency devaluations and other cost related increases have been the major challenges in a heavily price sensitive market to perverse market leadership. Nevertheless, through its innovative marketing, strategy crafting, formation and implementation, Ex-pack's market leadership has been consolidated and perverse over the years. Ex-pack has been on a growth trajectory in a well-planned and sustainable manner, consolidating its market position by being the market leader and being a triple bottom line company. Ex-pack makes reasonable and adequate profits, is concerned for its people and their wellbeing and works on being a socially and environmentally responsible in order to boost sustainability.

Ex-pack has been strong in certain potential market segments such as fast-moving consumer goods (FMCG), Consumer Durables, Fisheries, Produce Exports etc. Among leading players in the industry, Ex-pack has always been very active and a leading entity being a direct exporter to potential lucrative destinations.

¹ According to the management estimates on the production volumes of competitors. Please refer the research report for details

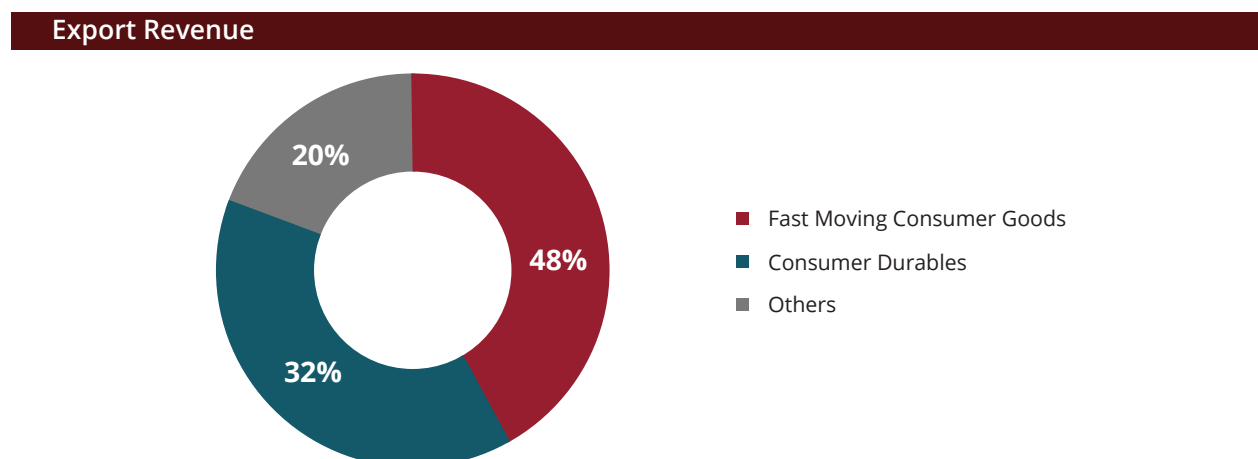


Whilst Ex-pack is the trusted corrugated carton supplier for many businesses in Sri Lanka, close to 45% of total revenue has been generated from Export sales.



Source – Ex-pack Audited Accounts

The FCMG Sector accounts for a significant portion of the revenue of Ex-pack, contributing close to 48% of the revenue. The below chart emulates the revenue breakdown – industry wise.





3.1.12 STRATEGIC PARTNERSHIP BETWEEN EX-PACK CORRUGATED CARTONS AND THE NATIONAL CHAMBER OF EXPORTERS OF SRI LANKA

Ex-pack Corrugated Cartons maintains a strong affiliation with the National Chamber of Exporters of Sri Lanka over last 10 years. Ex-pack being one of the main strategic partners of NCE, the only private sector chamber serving Sri Lankan Exporters has been one of the Principal Sponsors of the prestigious NCE Annual Export Awards during the past 10 years, supporting the exporter fraternity of the country. This long-standing business partnership is serving both organizations with an array of mutually agreed benefits, through an annually renewed partnership agreement.

Enhancing and sustaining the services, Ex-pack has renewed the said agreement with the Chamber by signing a fresh Memorandum of Understanding during the year 2021 and plans to offer packaging services to exporters of Sri Lanka through this partnership. Ex-pack is also an associate member of the National Chamber of Exporters of Sri Lanka.

Ex-pack Corrugated Carton Ltd, the premier corrugated packaging company in Sri Lanka is currently receiving a wider range of publicity and awareness for its Brand among local and overseas potential customer in B2B markets through this partnership. Ex-pack receives publicity for its Corporate Brand through various publications by NCE namely, The Sri Lanka Exporter Magazine, a quarterly publication, Exporters' Digest, a monthly e-news bulletin, Awards Souvenir which is published along with the Annual NCE Export Awards and through the Annual Report of the NCE. Ex-pack is also featured as a Strategic Partner in NCE website, an award-winning website which counts to around 3500 average visitors per month. These strategic communication channels extend an effective platform to promote the Ex-pack Corporate Brand image among local and international clientele which creates business opportunities and support the continuous growth initiatives of the company. The Exporter Magazine claims a wider circulation in internationally reaching various Sri Lankan Foreign Missions, International Trade Chambers as well as other important trade points in the world. Further, through the NCE website, Ex-pack receives a direct link to the company website which paves way for visitors to reach us instantly.

In addition to the above benefits, the NCE creates a tremendous exposure to Ex-pack Corporate Brand through various webinars conducted by NCE in support of the exporters of Sri Lanka. These events are piloted in cooperation with Sri Lankan Missions overseas and other International Trade Chambers to educate and support exporters to expand their international markets.

The exposure gained by Ex-pack through NCE Annual Export Awards, Annual General Meeting and the Post Business Forum and other large-scale seminars is noteworthy to mention as those events are attended by dignitaries, foreign diplomats, high net worth businessmen and also renowned parliamentarians of the country. All these events will be conducted during the period 2021-2022 keeping in line with the annual event calendar of NCE.

All these opportunities and platform created through this ongoing partnership will create immense support towards enhancing and sustaining the EX-PACK brand as being a trustworthy, important and essential packaging brand for leading enterprises involved in exports in Sri Lanka.

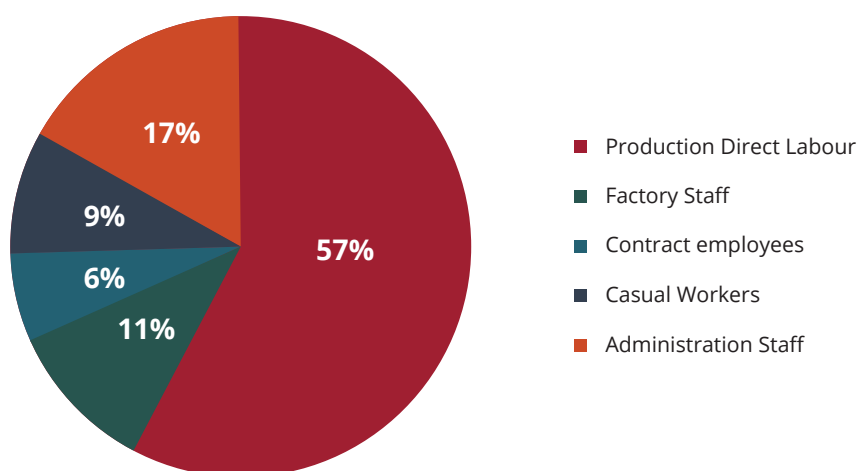
3.1.13 DEGREE OF DEPENDENCE ON KEY CUSTOMERS AND SUPPLIERS

Ex-pack provides services to 600+ clients including leading corporates and popular brands across a wide range of sectors including FMCG, Consumer Durables, Apparel, Tea and Fisheries locally and across 8 overseas regions. Ex-pack has been maintaining partnerships for more than ten years with 30 clients accounting for more than 50% of Ex-pack's revenue. The above depicts that the Company's revenue streams are not dependent on any single customer or particular single segment of the market. The above customer diversification strategy has offered Ex-Pack the opportunity to be better competitive in respective segments demanding for premium price for exceptional customer service and care we constantly provide. This marketing approach has also provided us the opportunity to be consistent in our overall achievements as risk is spread and thereby mitigated to be in a much safer stance at the market place than our competitors.

Meanwhile, Ex-Pack sources its raw materials from a range of suppliers both local and foreign, reducing the Company's exposure to a single supplier. As such, the Company does not view dependence on its customers and suppliers as a key risk to the Company's operations.

3.1.14 HUMAN CAPITAL

Staff Breakdown

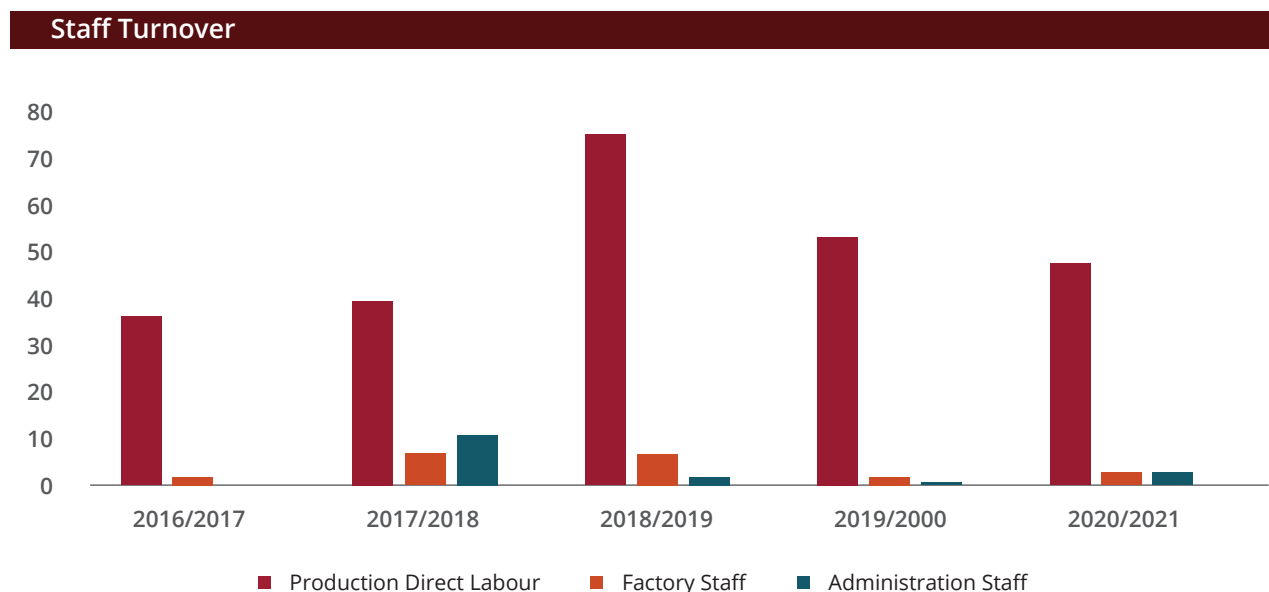


Source – Ex-pack Management Information

Ex-pack is highly committed towards strengthening their Human Capital and developing the talent and skills of their staff. The Company has been able to reduce their staff turnover ratios over the years and build a loyal employee base.

Ex-pack firmly believes in grooming talent through continuous training and development of their employees, as a part of this process many seminars and in-house training for employees at all levels in the hierarchy are conducted on technical, motivational and socio-cultural areas. Furthermore, the company has also hired the services of foreign and local consultants, institutes, to conduct such training.

Keeping employees happy and content is of the utmost importance to the Company. Ex-pack has always made it a point to have a healthy work environment for our employees by providing them with a good environment that promotes teamwork. The Company believe that this not only enhances human interaction between employees but also helps in the creation of products of high quality.



Source – Ex-pack Management Information

3.1.15 TRAINING AND DEVELOPMENT

Keeping in line with the organization’s vision, mission, and its corporate objectives, as an important sub function of Strategic Human Resource Management; Training and Development plays an imperative and integrated role in the organisation. These functions are is well planned and strategically aligned with Human Resources to effectively contribute to the strategic intents of the organization along with other strategic functions.

This further strengthens Ex-pack’s culture and climate, cultivating the belief that “People are the greatest asset of the company”. The Top management is eternally committed to the development of each and every single employee from senior management cascading down the hierarchy to its lowest level.

Another significant part of EX-pack’s unique culture is that it is a “learning organization”, where employee skills and capabilities are constantly upgraded to help them improve their productivity and contribute to the organization’s mission, vision and objectives whilst ensuring that their own aspirations, goals and objectives are achieved at the same time.

The HR initiatives at Ex-pack are strategically designed programs focused on developing employees in technical, social, moral, and soft skills. Trainings are conducted internally and externally to enhance the skills needed to perform assigned tasks. Furthermore, these learnings have paved the way for career development among our employees. Continuous monitoring through employee evaluations, customer survey analysis, discussions with department heads are some of the ways in which we obtain feedback to ascertain the effectiveness of training.

Internal Trainings are conducted at our in-house training facility titled “Knowledge Hub” which is fully equipped with a 50-seater fully air-conditioned room with multimedia projector and flip charts, and Wi-Fi which completes an ultra-modern training facility. Most internal trainings are conducted here with our own trainers from various disciplines or trainers that are invited from external sources to conduct in house training.

Further, for any specific technical training or any other subject related training the employees are facilitated to obtain external training at outside locations.

The development aspect of the people is focused on the below areas: -

1. Technical skills enhancement trainings
2. Soft Skills related training
3. Life Skills related trainings



Figure 3.1-6: Training and development

Technical skills development

Organizational success depends on the input that the employee gives towards the company. Therefore, as a manufacturing organization, it is important for the company to create a learning culture which will act as a developing option for the employees to perform their job/tasks more effectively thus, achieving increased productivity and efficiency. Therefore, the company has initiated technical training programs in many spheres to give the required technical skills to perform their jobs in an effective and efficient manner. This includes hardcore technical programs as well as overall training programs. Please find below a few programs that the staff underwent from the year 2010.

1. Motivate to achieve
2. Breakthrough in management – go beyond
3. Compliance standards awareness programs
4. Chemical handling training program
5. Branding in packaging training program
6. TIEP awareness program
7. Defensive driving training program
8. ISO awareness program
9. Quality assurance training program
10. Supervisory Development Program
11. Marketing Personnel Development Program

The above programs cover a wide area of technical trainings which has enhanced the knowledge and understanding levels of the employees through which the organizational objectives have been achieved.

Occupational Health and Safety Awareness Program

One of our core competencies is focused on health and safety. We, as a company, are concerned about the health and safety of all our employees. No matter how good the policies and processes are, if the employees are not sufficiently trained, the consequences will be severe. Therefore, regular training on occupational health and safety is conducted to refresh their minds.

These refresher awareness programs create a sense of importance in the employees' mind as to what health and safety is all about and how this awareness has enabled them to work safely.



Figure 3.1-7 – Occupational health and safety awareness training program

Fire Prevention Training Program



Fire prevention training programs are held every year. As per the standard operating procedures of the company, it is a mandatory compliance requirement that a fire prevention team shall be trained at the premises. Two or three individuals representing each division are trained on basic fire prevention techniques, emergency evacuation and fire drills as well.

Figure 3.1-8 – Fire prevention training program

First Aid Training Program

First aid training is a mandatory compliance requirement at Ex-pack. Basic first aid training is given to a team of employees representing each division of the company.

First aid kits are located in each division of the factory. Fully equipped male & female restrooms are available as well. These facilities assist our first aid team members to perform their task more efficiently.



Figure 3.1-9 – First aid training program

Risk Assessment Training Program

Assessing risk and hazards in a workplace is the responsibility of the Management. Minimizing risks on health & safety hazards are crucial in maintaining a safe workplace. Therefore, a team of employees have been trained on assessing the risks related to occupational health and safety. On a regular basis this team conducts risk assessments to ascertain the level of danger of a situation and upon the results of the risk assessment, the Management takes necessary actions to mitigate the risk on a priority basis. These risk assessments have greatly helped the company maintain a safe and healthier workplace



Figure 3.1-10 – Risk assessment training program

Overseas Technical Trainings

PUM Netherlands selected Mr. Murshid Ahamed – Head of Process Improvement and Mr. Jumardeen Dharwesh – Head of Factory Operations to participate in a 2-week training program in Europe covering two countries namely Belgium and Netherlands. They visited many corrugated carton manufacturing companies as well as corrugated paper manufacturing companies to study the operations and best practices. On their arrival these best practices were implemented at Ex-pack.



Figure 3.1-11 – Overseas technical training

Soft Skills Development

A combination of communication skills, interpersonal skills, and social skills encompasses the soft skills component. As a company we believe that the main personality traits should include the above-mentioned skills which are vital in your day-to-day activities. Effectively these skills are mainly needed for supervising staff as well as the staff who are mostly dealing with external customers. Therefore, the company identified the gaps of the participants through discussion with the head of divisions and arranged suitable programs to enhance the skills of the employees.

Business Communication Training Program

Expack invited a prominent trainer to conduct a 12-month business communication course which included learnings in grammar, comprehension, speech, reading, writing etc. The initial program was targeted to cover all employees who are dealing directly with the customers such as sales coordinating staff, finance and credit control staff, HR staff, Quality assurance staff etc. This program was a great success as the employees were able to perform their duties with much ease and professionalism.



Figure 3.1-12 – Business communication training program

Supervisor Development Program

Supervisors and leaders underwent a comprehensive supervisor development program conducted by JASTECA institute. This program was an immense success as it also helped the supervisors perform their tasks with much confidence and ease allowing them to perform their day to day activities more effectively. The results of these programs are evident with the increase in production efficiencies.

In 2019, A seven-week intense supervisor program was conducted for the supervisors and leaders on the following areas. Learning included group work, individual assignments and theory on the relevant subject.

1. Leadership -Quality of position
2. Effective Communication
3. Time Management
4. Planning & Execution
5. Coaching employees, motivating and building better relationships
6. Team Building

Lots of insight was given to the participants on the above subject, coupled with practical sessions where they were given the opportunity to relate it to real life scenarios.

The participants were split into four groups, where each group was given the opportunity to conduct their final presentation. Each group consisted of 5 members. The management team along with all the key personnel in the company were in attendance.



Figure 3.1-13 – Supervisor development program

Speech Craft Program

The executive staff and managers underwent a Speech Craft program conducted by the Colombo Toastmasters Club, which was a huge success. This was conducted once a week for a period of 12 months. This program helped the participants in improving their public speaking skills thereby increasing their level of confidence. The program also covered time management and how to effectively appreciate a person and constructively criticize as well. Usage of humour was another important aspect of this program. The management saw a distinctive difference in the participants upon completion of the training program.

E-Library Learning Module

As a part of the learning and development initiatives of the company, the L & D unit of the HR department-initiated an e-learning facility through a dedicated laptop which is filled with learning and development materials. The main focus of this initiative is to encourage learning of the employees during their leisure time.

The e-learning facility is divided into the following modules.

1. Personnel Development
2. English Language
3. IT
4. Process Improvement
5. Motivation
6. Health & Safety
7. Technology
8. Humour
9. E-books and journals for professional studies



Figure 3.1-14 – e-library

3.1.16 EMPLOYEE ENGAGEMENT

Ex-pack, being a progressive organization focuses not only on employee performance, but also their social wellbeing. Employee engagement is critical to the success of the organization. Through this endeavour Expack makes every effort to motivate its workforce through a series of effective engagement activities

Sporting Skills Development

The Management of Ex-pack is not only concerned about work but focuses on promoting sports as a way of promoting employee health and wellbeing. Therefore, we invest in engaging our employees in sports such as badminton and cricket. This has facilitated our employees to participate in inter-company competitions as well as external competitions at a mercantile level which has created recognition for our company among other organisations in the country.



Figure 3.1-15 – Sporting skills development

Team Games

The Human Resources department has designed multiple training activities to create awareness of the effectiveness of communication, teamwork, creativity, time management etc. among our employees through a series of activities which were conducted for the sectional employees. Various activities were conducted that incorporated specific skills, accuracy, precision, time management and most importantly a fun factor. At the end of each activity, successes, failures and how activity learnings can be adopted in their daily work schedules were discussed.



Figure 3.1-16 – Team games

Earth Day Celebration

With the view of instilling an eco-conscious mindset among its people and the communities they live in; Ex-pack annually conducts the “Earth Day” event during the month of April. Ex-pack strongly embraces sustainable practices where every employee is made aware of the importance of preserving the environment for the future generations.

This year, Earth Day was celebrated all around the world under the theme “Restore the Earth”. Employees at Ex-pack came together in teams to present their ever-inspiring and incredible ideas and concepts in conserving the environment, as the global climate crisis continues to further deepen. The senior leadership of the company commended their work with rewards and recognition and applauded them for their attitude and enthusiasm in creating a better place for future generations to come.

The company shared leaflets and stickers with thought-provoking Earth Day messages with their customers as well as the local community and employees as well, in order to spread awareness within their communities.



Figure 3.1-17 - Earth day

International Women’s Day

Celebrating the ever-inspiring contribution and enthusiasm of women in workplace, Ex-pack recognized and commemorated their fine achievements, highlighting their impressive drive and high spirits towards sharing ideas and knowledge among fellow employees.

Gender diversity is very important irrespective of the nature of the business and industry, and today many companies of different sizes and types see this as a fundamental need; to close the gender gaps and have a healthy and equal or adequate representation of women at their workplaces.

Ex-pack is one such company that has a zero-tolerance policy towards gender discrimination. The men and women at Ex-pack are respected, rewarded and compensated equally, with the leadership encouraging a wider acceptance that women and their strengths are a key pillar in both the company’s as well as the overall economy’s growth and success.



Figure 3.1-18 - Womens day

Pick A Book

“Today a reader, tomorrow a leader.” – Margaret Fuller.

The power to be found between pages in a book is formidable. In line with this concept, the HR department initiated a program to install book racks in employee's restroom areas to encourage reading habits in employees. These racks were filled with biographies of famous personalities, short stories, fiction etc. and employees were encouraged to read them.

Employees volunteer to summarize the story of a book read by them and recite the story to the employees of the section during the morning meet in



Figure 3.1-19 - Pick a book

Recreational activities

Employee rest rooms are equipped with recreational games such as carrom, checker boards etc. to take their mind off work. They get this opportunity to play such games during their meal break. This facility acts as a stress reliever for employees who are involved in the repetitive production process.



Figure 3.1-20 - Recreational activities

Motivational Programs

The Management believes that motivation is a key aspect of job satisfaction and is necessary to conduct regular motivational programs to enhance morale, value and ethics of our employees. In line with this thinking the Management invites prominent motivational speakers who help transform the negatives to positives and enlighten the minds and souls of our employees to think differently in all aspects of their lives.



Figure 3.1-21 - Motivational Programs

Sports Day

A day which dawns with much enthusiasm by all members of the Ex-pack family to participate in a range of sports, football, cricket, athletics, tug of war and other group games. Employees are randomly selected into four teams. The best team is selected by the judging panel and rewarded with a trophy and a cash prize. This is an annual event in the HR events calendar.



Figure 3.1-22 - Sports day

3.1.17 SUSTAINABILITY

Ex-Pack embarks on a Sustainability journey with Carbon Neutral and LEED Certification



Figure 3.1-23 - Ex-pack main factory

Ex-pack strives to minimize and mitigate the impact of its operations on the environment in a sensible, innovative, and legally compliant manner. Being in the manufacturing sector and utilizing heavy machinery, it is always a challenge to control the Company's environmental impact. But Ex-pack, through its commitment towards sustainability and continuous improvement, has implemented a number of energy conservation programs to meaningfully offset our impact on the environment. Ex-pack has done this by introducing energy saving motors, drivers and constantly monitoring the key parameters of energy utilization. Further, Ex-pack has introduced LED lighting for all their factory and office illumination requirements. As an expression of commitment, the management has incorporated some of key energy data into the strategic KPI's of the organization.

The factory roof covering around 150,000 square feet in area, is now installed with energy efficient centrifugal fans to extract the hot air and pump fresh air into the factory floor. This gives the workers a comfortable and pleasant environment for work. Furthermore, the recycled water from the treatment plant is sprinkled onto the rooftop for added comfort and improved working conditions.

The imminent implementation of a Solar system will be the newest addition to the Ex-pack sustainability initiative. With the commissioning of the new facility coming up in the third quarter of FY2022, Ex-pack will have Sri Lanka's biggest state of the art corrugated factory with a floor area of 300,000 square feet. As the first step, 100,000 sq feet of solar panels will be installed, generating almost 1Mv of electricity, which is sufficient for the entire electricity requirement of the company. Ex-pack intends to implement an additional 1Mv of Solar power by year 2025, which will be directly transferred to the national grid.

Another major component of our environmental consciousness is Steam Generation as a source of energy. The new Ex-pack factory will have a 5-metric ton Biomass Boiler which will completely eliminate fossil fuel usage and make a major contribution towards sustainable energy usage.

Ex-pack has taken the decision to become Carbon Neutral by 2022. To assist the Company on this journey towards sustainability, Ex-pack has retained the professional services of eo-energi (Pvt) Ltd., an independent specialist provider of sustainable and resource efficient designs. eo-energi is a Building Engineering Consultancy based on a philosophy of "SMART DESIGN", specializing in Green Building and MEP Design Consultancy. With over 10 years of experience in designing highly efficient AC Systems, rooftop solar designs, energy audits, MEP designs/ retro fittings and over 12 LEED Certifications in Sri Lanka and Bangladesh, eo-energi has successfully obtained Arc Certification at other well-known corporations in Sri Lanka.

Co-energi will first assess the GreenHouse Gas (GHG) emissions of the operation and thereafter strategize and work along with the Ex-pack team towards achieving Carbon Neutrality by 2022.

Leadership in Energy and Environmental Design (LEED) is the top Green Building Certification in the world, offered by the US Green Building Council. It helps companies design and build structures and operations integrated with environmental responsibility, with minimal impact on occupant health and the natural environment and deliver high resource efficiency throughout its life cycle.

Ex-pack has embarked on obtaining LEED certification for their factory in Kelaniya, a further demonstration of the commitment the company has towards being a Responsible Corporate Citizen in the fight against Climate Change.

As the leader in packaging and being an environmentally friendly organization, Ex-pack will be the first corrugated carton manufacturer in Sri Lanka to obtain both Carbon Neutral and LEED certification.

In an era of Climate Change with the planet under severe threat for survival, industry accounts for 40% of worldwide energy usage. It is estimated that by 2030, emissions from commercial buildings will grow by a further 1.8%. Thus, the need for sustainable smart industrial building design to minimize energy has never been more critical.

Ex-pack understands this and has initiated a series of measures to bring our operations, emissions and energy sources, in line with international goals and missions for sustainability and environmental compliance.

3.1.18 CORPORATE SOCIAL RESPONSIBILITY OF EX-PACK

"Ex-pack is committed to continue its journey on sustaining the three-fold CSR strategy of being responsible for the environment, providing assistance to the community and development of our employees. The company is constantly exploring the possibility of enhancing the CSR activities in the above core areas and beyond to continue to be a socially responsible, ethical and environmentally concerned company".

Companies are increasingly ramping up their focus on social responsibility, whether its championing women's rights, protecting the environment, or attempting to obliterate poverty, on local, national, or global levels. Socially responsible companies project more attractive images to both consumers and shareholders alike, which serves to positively affect their bottom lines. Embracing socially.

responsible policies goes a long way towards attracting and retaining customers, which is essential to a company's long-term success.

Ex-pack, being a leading local business to business company in the packaging industry, formulated its CSR mechanism by identifying social and environmental governance gaps which require attention in the area we operate in and takes genuine efforts to uplift the community. Over the years, Ex-pack has taken on these issues through philanthropy, education, health, ethical labour initiatives, and volunteering through its CSR programs.

The Objective

Being a company, which is in the B2B market, Ex-pack is genuinely concerned in its efforts to support the internal and external community, to minimize the negative impact on the environment which we operate in and to create awareness among our customers and suppliers that this is not just a business promotion but a genuine effort to be a socially responsible company.

Ex-pack always endeavours to ensure that both the local and general public are well assisted and supported in their general livelihood to harness the opportunities for wellbeing. Ex-pack is a thriving and successful company that has effectively played the role of a social entrepreneur in the upliftment of society.

The Strategy

An important factor of strong CSR is creating shared value for the business as well as the community. Another is sustainable CSR which creates an impact instead of feel-good isolated initiatives. Ex-pack's CSR activities have strengthened its relationship with the environment, community and stakeholders.

Preserving and Safeguarding the Environment

As a manufacturer, Ex-pack is committed to undertake good and safe manufacturing practices in order to minimize the harmful effects which can affect the environment and the community. The Company thrives to improve the processes to reduce wastage, increase efficiency and productivity. As an ISO 14001- EMS (Environment Management System) certified company all of the Company's manufacturing waste is effectively recycled as per the legislative requirements of the country.

All employees are given awareness on recycling, cost saving, energy management etc. In this regard Ex-pack also carries out external awareness programs on waste management along with creating awareness among the community as a whole.

Emphasis on the importance of preserving the environment is one of Ex-pack's key values. The company has taken a crucial stance in working towards educating school children on the importance of waste management with the belief that it is critical to educate the younger generation on preserving the environment to the best of their ability.

The concept of "Pivithuru Pasel" project aims to educate children on how to effectively manage solid waste by classifying it into categories such as Polythene/plastics, paper waste, recyclable and biodegradable waste etc. Two such projects have been conducted with two schools in partnership with the local authorities and the Solid Waste Management Unit of the Western Provincial Council.

Biyagama Central College and Mahinda College were selected and the project was conducted successfully by providing the necessary apparatus for waste management as well as conducting a seminar at the school on the importance of waste management.



Figure 3.1-24 - Preserving the environment

Assistance to the community - Uplift and ensure wellbeing

Ex-pack considers itself a member of the local community. The Company takes every endeavour to build and maintain good relationships with the community as they are key stakeholders of our business. Therefore, it is important to feel the pulse of the community in which Ex-pack operates in to understand their socio-economic problems to identify and implement meaningful activities to assist the community in any given situation. Through these activities, the Company has built a bond and sense of solidarity with the community through the promotion of health, community and educational assistance programs.

Ex-pack identified a need to set up a medical clinic in the Pattiwila area which is in close proximity to the factory to cater to the low-income families and the elderly population who are deprived of proper medical attention due to high cost of medical treatment from private medical institutions outside the village of Pattiwila. As a CSR initiative and in consultation with the Chief Prelate of the Pattiwila Sri Shailaramaya temple, Ven. Ariyadhamma Thero, Ex-pack Medicare was initiated in June 2011, which has been operating till date at the premises of the temple. Ex-pack Medicare provides consultations and medicine free of charge to the Pattiwila village community three times a week on Mondays, Wednesdays and Fridays. Thus far, the clinic has treated more than 50,000 patients and counting.



Figure 3.1-25 - Community assistance

Through these efforts, Ex-pack strives to build the image of a progressive and stable company who are genuinely concerned about caring for the environment, the community and its stakeholders.

Ex-pack emphasizes on providing equal opportunity on recruitment of employees and going beyond the norm in hiring differently abled persons and making them a part of the Ex-pack family. There is no discrimination exercised whatsoever and these differently abled persons are given responsibilities in performing their day-to-day tasks along with the other colleagues.

Furthermore, special emphasis is given to “Health is Wealth” concept. As a concerned employer, Ex-pack endeavours to keep its employees in good health. In this aspect, annually a health camp is conducted to for all its employees. Eye care, Dental check-ups, Diabetes, and general check-ups are performed to on all the employees and records are maintained.



Figure 3.1-26 - Health check up

From the year 2009, Ex-pack annually supports its employees by providing school books and stationery to the school going children of the employees. This comprehensive pack includes writing books, stationery, school bags, lunch boxes and water bottles as well as a voucher to purchase shoes. The recipient children await this day with enthusiasm and accept it with much pride and joy. This great CSR initiative is appreciated and applauded by the employees and their children.



Figure 3.1-27 - Children of employees

The Company took another step forward to encourage children of our employees and our service providers who excel in their studies by financially assisting them. Thereby, children who passed the year 5th scholarship examination and who gained university entrance were rewarded. Further, the undergraduates were assisted with grants up to a maximum of four years to assist them in their studies.



Figure 3.1-28 - Children of employees who are academic high achievers

The Company also focuses on many ways to bring down the cost of living of our employees and have focused on providing daily essentials and commodities at discounted rates.

3.1.19 CERTIFICATES AND AWARDS

3.1.19.1 Certifications received by Ex-pack

	CERTIFICATION	DESCRIPTION
1	<p>ISO 9001: Quality Management System</p> 	<p>Certified in 2006, Expack has continuously maintained the ISO certification which demonstrates its commitment to maintain and upgrade standards in the total process of operation in the organization. ISO 9001 Quality Management System symbolizes that the organization follows a methodical process which is internationally accepted thus earning the reputation for maintaining standards across the organization. ISO 9001 – Quality Management standards also assist in streamlining the business process and commit to improve standards regularly. Since its inception Expack has obtained ISO 9001-2000 certification and upgraded itself to ISO 9001-2008 and thereafter ISO 9001-2015 which is currently being maintained.</p>
2	<p>ISO 14001: Environmental Management System</p> 	<p>ISO 14001 Environment Management system is a globally accepted standard for environmental management. The ISO 14001 certification offers significant benefits to organizations in any industry or sector by guiding the respective organization to follow sustainable practices. ISO 14001 – Environmental Management system standards directly impact organizations by effective usage of resources thus helping the organization run efficiently. It also guides the organization to follow the legislative requirements. Moreover, it assists in improvement of efficiency and cost reduction by minimizing the usage of resources.</p> <p>Ex-pack obtained ISO 14001 certification in 2014 and has continued to maintain the standard requirements to date.</p>
3	<p>Worldwide Responsible Accredited Production</p> 	<p>WRAP is an independent, objective, non-profit team of global social compliance experts dedicated to promoting safe, lawful, humane, and ethical manufacturing around the world through certification and education.</p> <p>The primary objective of this program is to facilitate manufacturing organizations to follow the WRAP's 12 Principles which are generally accepted workplace standards, local laws and workplace regulations and to include a spirit of relevant conventions of the International Labour Organization (ILO), the United Nations Guiding Principles on business and human rights and the organization for Economic cooperation and development (OECD) guidelines.</p> <p>Ex-pack obtained the WRAP Gold certification in 2013 and has been continuing to maintain the standards to WRAP's stringent compliance standards. Ex-pack's commitment towards adopting WRAP standards to show our potential buyers that we are dedicated to uphold and maintain ethical and responsible business standards, obey the laws of the country, treat our workers with dignity and respect and be conscious of the operation and its impact on the environment.</p>

4	<p>Forest Stewardship Council – Chain of Custody certification</p>  <p>The logo is a green square with a white stylized tree icon at the top. Below the icon, the letters 'FSC' are written in white. Underneath 'FSC', the website 'www.fsc.org' is written in a smaller font. At the bottom of the square, the text 'FSC® C154000' is displayed. Below the square, the phrase 'The mark of responsible forestry' is written in a small font.</p>	<p>Forest Stewardship Council (FSC) is an international non-profit, multi stakeholder organization established in 1993 that promotes responsible management of the world's forests.</p> <p>The 1992 Earth Summit in Rio failed to produce an agreement to stop deforestation. In response, a committed group of businesses, environmentalists and community leaders banded together to create a revolutionary concept: a voluntary, market-based approach that would improve forestry practices worldwide. That meeting marked the birth of the Forest Stewardship Council. This concept pioneered certification for sustainable forestry, and to date remains the most trusted sustainable forest management solution due to its committed and diverse stakeholders.</p> <p>Ex-pack, being a responsible manufacturer, opted to be a part of this journey by certifying with Forest Stewardship Council – Chain of Custody (FSC – COC) in our manufacturing process in 2019. Therefore, we are committed to purchasing raw materials for the production of cartons from FSC certified entities worldwide. Using the FSC COC logo signifies that the product comes from environmentally appropriate, socially beneficial, economically viable and responsible sources.</p>
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3.1.19.2 AWARDS RECEIVED BY EX-PACK

National Chamber of Exporters Award



Figure 3.1-29 - National Chamber of Exporters Awards

The NCE Export Awards is a premier awards ceremony and flagship event which has achieved national recognition. In bestowing this award, the Chamber recognizes various important aspects of a business focused on People, Profit and Planet. Businesses are awarded for Innovation, Value Additions and Research & Development, keeping abreast with the economic views of the Sri Lankan Government.

Ex-pack was awarded “GOLD” in 2008, and “Silver” in 2009 by the National Chamber of Exporters of Sri Lanka in the category of “Service providers to Export Sector”.

In 2011 and 2012 once again Ex-pack was honoured with “Sector Gold” award under the category of Most Outstanding Service Providers for the Exporters – Large category.

National Business Excellence Awards



Figure 3.1-30 - National Business Excellence Awards

The National Chamber of Commerce of Sri Lanka (NCCSL), recognises business enterprises every year with the National Business Excellence Award which to those enterprises that have demonstrated excellence in business whilst contributing to the economic progress and national growth of the country. Ex-pack was recognized by the Chamber with Silver Awards in the years 2008 and 2012.

Ceylon National Chamber of Industries



2012

The Ceylon National Chamber of Industries (CNCI) functions as the foremost service facilitator and as well as the voice of the industry. Each year CNCI conducts the Achievers award to recognize companies who have contributed to the national economy.

In 2012, Ex-pack was recognized as one of the “Top 10 Companies” in Sri Lanka.

Figure 3.1-31 - Ceylon National Chamber of Industries Award

Central Environment Authority



2013

The National Green Awards is Sri Lanka's premier environmental award that is organised by the Central Environmental Authority (CEA) of Sri Lanka to recognise and create consciousness amongst industries on the importance of being 'Green'.

Ex-pack received the “Bronze” Award in the Private enterprise category in 2013.

Figure 3.1-32 - Central Environment Authority Award

Lanka Star Awards



2015



2016



2017



2018

Figure 3.1-33 - Lanka Star Awards

Sri Lanka Institute of Packaging annually conducts a competition amongst its members to submit innovative packaging solutions.

Ex-pack was recognized with awards from 2015 to 2019 for submitting innovative packaging solutions.

2015 – Gold award for family fruit pack and special award for corrugated standing podium

2016 – Bronze awards for table decorative flower holder and elegant corner stand display

2017 – Bronze award for product display rack and Special award for Corrugated Table Lamp

2018 – Silver award for Fruit packaging box

2019 – Merit awards for Special Cosmetic packaging box and Special fix packaging box

Lanka CSR Leadership Awards



CMO Asia council Annually organizes the CSR Leadership Awards to recognise corporate entities and individuals that have made a significant and positive impact on the lives of people around them, through their involvement in corporate social responsibility programmes that respect communities, the environment and people.

Ex-pack was awarded the Sri Lanka CSR Leadership award for its initiatives in terms of environment, and community related CSR work over the years.

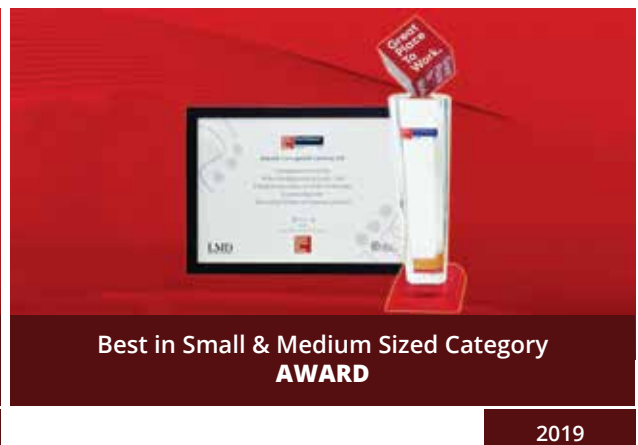
Figure 3.1-34 - Lanka CSR Leadership Award

Great Place to Work Sri Lanka



Best in Medium Sized Enterprise Category
SILVER AWARD

2018



Best in Small & Medium Sized Category
AWARD

2019

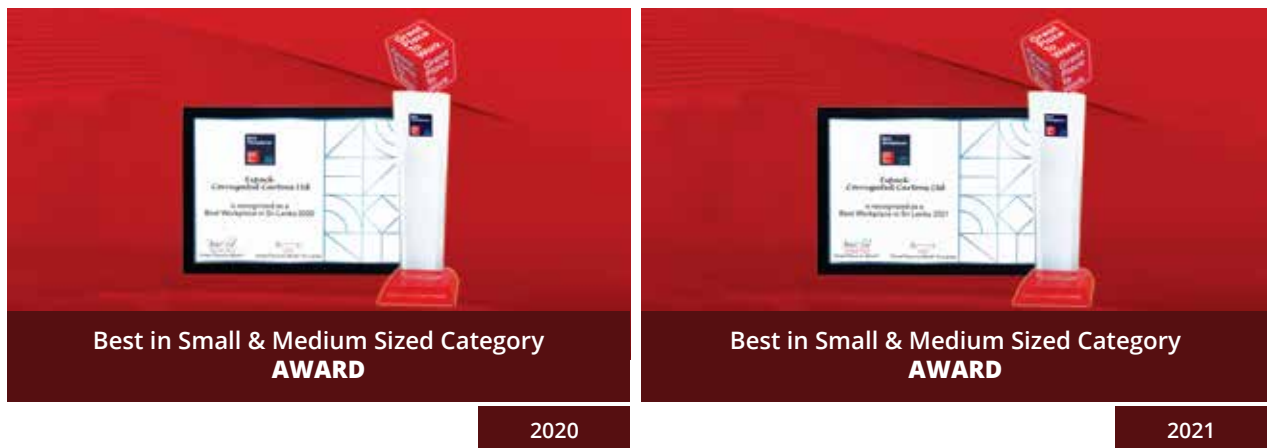


Figure 3.1-35 - Great Place to Work Awards

Great Place to Work is the global authority on building, sustaining, and recognizing high-trust and high-performing workplace cultures. The Great Place to Work Institute, with its global network of offices has conducted research on the characteristics of great workplaces for over 30 years. Through their regional offices, they have partnered with many of the most successful and innovative businesses around the world to create, study, and recognize great workplaces. Each year, globally Great Place to Work institute works with more than 8,000 organizations, representing over 10 million employees. These partnerships continually build best practices and benchmark the high standards of culture in each organization. Annually the Best Workplaces lists are published in market-leading news media around the world, to an audience of more than 25 million readers.

Great Place to work Sri Lanka conducted its ninth consecutive study to select 40 best workplaces this year. These 40 Best Workplaces are selected on a global model of high trust- high performance culture with strict criteria of employee perception and workplace culture. Employee perception is measured by a questionnaire consisting of 59 standard global statements and the workplace culture is assessed through the five facets of the “TRUST” model which consists of Credibility, Respect, Fairness, Pride and Camaraderie.

Ex-pack, has been recognized as one of the Best Workplaces for all in Sri Lanka for four consecutive years, 2018, 2019, 2020 and 2021.

Best Workplace – Asia





Figure 3.1-36 - Best Workplace Asia Awards

3.2 PROMOTER SHAREHOLDERS

Aberdeen Holdings is the 100% owned parent of Ex-pack Corrugated Cartons Limited. Aberdeen Holdings is a privately-held diversified conglomerate headquartered in Colombo, Sri Lanka. Previously known as Expolanka Investment Pvt Ltd, Aberdeen Holdings started its operations two decades ago. Operations of the Company span countless industries including pharmaceutical, commodities, aviation, transport, energy, farming, packaging and recycling, supply chain and logistics, impacting millions of lives. Our investments are steered towards building a sustainable and equitable future for all.



3.3 STATED CAPITAL

The Stated Capital of the Company comprises 250,000,000 Ordinary Voting Shares representing a value of LKR 500,000,000 as of 19th July 2021.

Table 3-8 : Stated Capital

	NUMBER OF SHARES	SHARE CAPITAL (LKR)
Pre-IPO Share Capital	250,000,000*	500,000,000
New share capital issued through the IPO	83,333,333	699,999,997
Post- IPO Share Capital	333,333,333	1,199,999,997

*5 shares representing LKR 50 was allotted at the point of incorporation and further 49,999,995 shares representing LKR 499,999,950 was allotted on 31st March 2011. A total of 50,000,000 shares in issue and were subdivided on a ratio 1:5 resulting in 250,000,000 shares as of 19th July 2021.

In the event of liquidation of the Company, the Ordinary Shareholders shall have the right to an equal share in any surplus assets of the Company available for distribution after paying all the creditors of the Company and all other claims and Debts in accordance with the provisions contained in the Companies Act No 7 of 2007 on liquidation.

3.3.1 LATEST SHAREHOLDER LIST

Ex-pack Corrugated Cartons Limited shareholder list as at the date of this Prospectus:

Table 3-9 : Latest Shareholder List

NAME OF SHAREHOLDER	NO. OF SHARES	% OF OWNERSHIP
Aberdeen Holdings Private Ltd	250,000,000	100%

3.3.2 NEW SHARES ISSUED

No new shares have been issued from 31st March 2019 to the date of the prospectus 06 October 2021.

3.3.3 RE-PURCHASES OR REDEMPTIONS

The Company has not performed a share repurchase, redemption or stated capital reduction exercises in the two (02) years preceding the date of this Prospectus.

3.3.4 OUTSTANDING CONVERTIBLE DEBT SECURITIES

The Company has no outstanding Convertible Debt Securities as at the date of this Prospectus.

3.3.5 FREE TRANSFERABILITY OF SHARES

The Pre-IPO shareholders shall not transfer existing Ordinary Voting Shares during the interim period between the date of Initial Listing Application and the date of listing of the shares of the Company.

The Pre-IPO shares held by the Non-Public shareholder will be locked-in for a period of 6 months from the date of listing of the shares of the entity. The Company doesn't have any Public shareholders. Please refer to Section 3.6 for further details pertaining to the locked-in shares.

The new shares offered via the IPO shall not be transferable by the Shareholders during the period commencing from the date of allotment of the offered Shares and up to the date of listing (excluding the date of listing) on the CSE.

No Ordinary Voting Shares or Other Class of Shares are subscribed or sold privately, in conjunction with the public issue of shares.

There are no statutory restrictions on the free transferability of shares of the Company.

3.4 DIVIDEND POLICY

Ex-Pack Corrugated Cartons Limited has paid the following dividends for its Ordinary Shares, over the past three (05) Financial Years immediately preceding the date of this prospectus:

Table 3-10 : Historical Dividend Policy

DIVIDEND PAID YEAR	OUT OF PROFIT	INTERIM	FINAL	DIVIDEND PER SHARE ¹
2021/22	2020/21	30,000,000		0.12
2020/21	2019/20		102,000,000	0.41
2019/20	2018/19		50,000,000	0.20
2018/19	2017/18		124,300,000	0.51
2017/18	N/A		N/A	N/A
2016/17	2015/16		240,000,000	0.96

Subject to the provisions of the Companies Act No. 7 of 2007 and the Articles of Associations of the Company, the Board of Directors may recommend and declare distributions to shareholders by way of dividends from and out of the profits of the Company. The dividend rate will be determined based on several factors, including but not limited to Company's earnings, future capital requirements and overall financial condition.

3.5 DETAILS PERTAINING TO THE LOCKED-IN SHARES

Shareholding Structure

Given below is the shareholding structure of the Company as at the date of the Prospectus (Pre IPO) and subsequent to the issue (Post IPO) assuming a full subscription.

Table 3-11: Pre- IPO Shareholding

NAME OF SHAREHOLDER	NO. OF SHARES	% OF OWNERSHIP
Aberdeen Holdings Private Ltd	250,000,000	100

Table 3-12: Post -IPO Shareholding

NAME OF SHAREHOLDER	NO. OF SHARES	% OF OWNERSHIP
Aberdeen Holdings Private Ltd	250,000,000	75
Shareholding from IPO	83,333,333	25

In compliance with the CSE Listing Rules, 2.1.1(d).(i) the shares mentioned below will be locked in and will not be available for trading as given below for a period of 6 months from the date of listing of the shares of the Company .

¹ Based on pre IPO number of shares of 250,000,000

Table 3-13: Locked-in Shares – Pre IPO

NAME OF SHAREHOLDER	NO. OF SHARES	% OF OWNERSHIP
Aberdeen Holdings Private Ltd	250,000,000	100

There were no share transfers among the shareholders categorized either as “Public” or “Non-Public” during the period of twelve (12) months immediately preceding the date of the Initial Listing Application, hence no further shares will be subject to a lock-in, in terms of CSE Listing Rule 2.1.1 (d) (iii).

Further, no share allotments were carried out among the shareholders categorized either as “Public” or “Non-Public” during the period of twelve (12) months immediately preceding the date of the Initial Listing Application, hence no further shares will be subject to a lock-in, in terms of CSE Listing Rule 2.1.1 (d) (iv).

Pre-IPO Public holding (number of Pre IPO shares held by the ‘Public’ as a percentage of the total Pre IPO number of shares), as per the ‘public’ definition provided in the CSE listing rules is 0%

The Company hereby confirms that the information furnished herewith shall remain unchanged until the date of listing.

Table 3-14: Locked-in Shares – Post IPO

CATEGORY OF SHAREHOLDERS	LOCKED-IN SHARES	THE TIME PERIOD AFTER WHICH THE SHARES WILL BE AVAILABLE FOR TRADING	NO. OF SHARES	NO. OF SHARES AS A PERCENTAGE OF TOTAL NUMBER OF SHARES IN ISSUE
Non-Public	Locked-in	6 Months from the date of listing	250,000,000	75%
Public	Not Locked-in	Not applicable	0	0%
Non-public	Not Locked-in (IPO Shares)	Not applicable	0	0%
Public	Not Locked-in (IPO Shares)	Not applicable	83,333,333	25%
Total			333,333,333	100%

Post IPO Public holding (number of Post IPO shares held by the ‘Public’ as a percentage of the total Post IPO number of shares), as per the ‘Public Holding’ definition provided in the CSE listing rules is 25%.

3.6 TAKEOVER OFFERS

There has been no take-over offers by third parties in respect of the Company’s shares during the past two years. Further, the Company has not made any takeover offers in respect of shares of a third party.

3.7 FUTURE STRATEGIES

3.7.1 ASSUMPTIONS ASSOCIATED WITH FUTURE STRATEGIES

Recovery of the Sri Lankan Economy

Following the muted economic growth in the past 5 years from 2015 – 2019 (annual average growth of 3.7% as per S&P Capital IQ) and the 3.6% economic contraction witnessed on the back of COVID 19 in 2020 (as reported by the Department of Census and Statistics), the Sri Lankan economy is expected to recover from 2021 onwards. The International Monetary Fund (IMF) forecasts the Sri Lankan economy to grow at an average of 4.1% between 2021 and 2025.

Capacity expansion through the new manufacturing facility

Throughout the last 10 years Ex-pack has been supplying corrugated cartons to their customers through their current manufacturing facility. However, with the increase in the number of clients and requirements of each client during the recent years the current manufacturing facility has not been able to fully cater to the demand from their client base. Therefore, the company is planning to set up a new manufacturing facility which would increase the current monthly capacity from 2,750 MT to 4000 MT. The commencement of construction work of the new manufacturing facility has been scheduled for Q3 of FY22 and is expected to be completed in Q2 of FY23.

3.7.2 RISKS ASSOCIATED WITH THE FUTURE STRATEGIES

An investment in Ex-pack shares involves risk factors listed below. Prior to investing, the Company encourages each prospective investor to carefully read this entire prospectus, including, without limitation, the following risk factors. Realization of any of the risk factors would adversely affect the value of the company and will affect the investment return generated from the Ex-pack share.

A. Risk Related to the Industry

Increase in prices of materials

Paper is a key material for Ex-pack in their operations of manufacturing corrugated cartons. Whilst periodic and moderate changes in the prices of raw materials are expected in the normal course of doing business, year-long, global pandemics having long-lasting effects on the production and procurement of those materials are expected to increase costs for companies that use paper as raw materials in their operations. The pandemic has caused dramatic shifts in operating patterns within the paper industry, which have resulted in fluctuations in pulp and paper supply and demand, and recurring price increases. Ex-pack has been able to minimize the impact of price increase as a result of the favourable contract terms provided by suppliers due to their long-standing relationships with the Company. It should be noted that the Company has been able to pass on increases in paper prices to its customers. Furthermore, increase in paper prices provides a favourable impact on the profitability of Neptune providing a natural hedge to reduce any uncovered impact through price increases

Fluctuations in Demand for products

Whilst Ex-pack operates under a B2B business model, majority of the Company's customers are in the consumer products industry. Demand for these products have fluctuated over the last 18 months due to the Covid Pandemic and can be expected to fluctuate in the next few quarters as the impact of the pandemic continues resulting in an impact on the demand for Ex-pack products.

B. Strategic and Operational Risks

Cost Overruns of Expansion Project

Increases in estimated cost of the objectives mentioned above will have a major impact on the viability and expected returns of the projects. Ex-pack will continually be involved in monitoring all the costs, assessing any variances and taking required action to ensure that the said investments are within its estimated cost. In the event funds raised via Offer for Subscription and debt funding are insufficient to cover cost overruns, Ex-pack would utilise internally generated funds or via additional borrowings, as required to finance the same.

Equipment failure at manufacturing plants could cause disruptions operations

The Company may face the risk of experiencing equipment failures at manufacturing plants due to design error, operator error, wear & tear and unforeseen breakdown of machinery. Such events could have a material adverse impact on financial performance of the Company. To mitigate the risk, the Company continuously subjects the machinery and equipment to regular quality checks and maintenance procedures which complies with international standards.

Disruptions in Operations due to Covid

Covid outbreaks in manufacturing plants have resulted in several manufacturing plants halting their operations during the pandemic. To avoid Covid outbreaks in their manufacturing plants, the Company has implemented Covid safety protocols. Furthermore, due to Government imposed lockdowns/travel restrictions employees could be precluded from reporting to work. In order to circumvent such issues, the Company has organized transport services and travel passes for employees in the past.

Exchange Rate Risk

Currently Ex-pack mainly imports using USD and any depreciation against these currencies can lead to higher raw material costs which would affect gross profit margins. However, the company has managed to maintain its margins through negotiations with suppliers and by passing the costs to its customers. Further, with more than 50% of Ex-pack's revenue receipts earned in dollar provides a natural hedge against any cost escalations linked to rupee devaluation. However, in the event that the foreign exchange restrictions imposed on mandatory conversion of export proceeds are further strengthened this would impact company's foreign exchange gains.

C. Financing Risks**Interest rate risk**

Ex-pack is exposed to interest rate fluctuations through its borrowings to fund its operations and expansion plans. The Company keeps its borrowing cost low by negotiating with lenders at both Aberdeen Holdings Pvt Ltd. group level and Ex-pack company level when raising debt capital. However, with interest rates starting to increase, the interest expense of the Company will increase.

Risk relating to financing of future operations of the Company

The Company will finance its expansions, acquisitions or operations using internally generated funds or by raising additional debt/equity capital in future. The ability of the Company to raise capital in future will depend on future performance of the group, overall conditions in the capital markets, state of the economy and investor appetite for investments in manufacturing. If capital becomes scarce, unavailable or comes with restrictive terms the ability of the Company to invest in future projects will be impaired. This could have a material adverse impact on financial performance of the group.

Price Volatility

The share issue price of the Company is not an indication of the market price for the Company as the share may fluctuate in the secondary market due to a range of reasons. These reasons may include but are not only limited to the risk of changes in the nature or scope of the Company's operations, industry-wide changes, changes to regulation and tax laws, macro-economic factors, secondary market volatility and market sentiment.

Investment Risk

Equity instruments may not be a suitable investment for all investors. Potential investors who wish to purchase shares should possess the relevant knowledge and analytical skills required to evaluate an investment in shares by judging the risk reward proposition of such an investment decision. The decision to invest in shares should also be considered in the light of an investor's financial situation, risk appetite, investment horizon and investment objectives.

Liquidity Risk

This is the risk stemming from the lack of marketability of shares that cannot be bought or sold fast enough to prevent or minimize losses. Liquidity risk is typically reflected in an unusually wide gap between the buying and selling price (particularly to the downside).

3.8 LITIGATION AND DISPUTES

The Company and the Group have not been involved, nor are they currently involved in any legal, arbitration or mediation proceedings, which may have a material effect on the Group's financial position and profitability.

Further, there have been no penalties imposed by regulatory and state authorities on Ex-pack in the recent past that may have a material effect on the Group's financial position and profitability, as at the date of this prospectus.

3.9 CONTINGENT LIABILITIES

Given below are the particulars of the guarantees and other material contingent liabilities of the Ex-pack Corrugated Cartons Limited.

Table 3-15: List of Contingent Liabilities

LIABILITY DUE BY	GUARANTEE OR CONTINGENT LIABILITY TAKEN ON BEHALF OF	FINANCIAL INSTITUTION	DESCRIPTION (CORPORATE GUARANTEE/LETTER OF COMFORT / PERFORMANCE BOND ETC.)	AMOUNT (LKR)
EX-PACK CORRUGATED CARTONS LTD	EXPO TEAS CEYLON (PVT) LTD	NDB	CORPORATE GUARANTEE	800,000,000
EX-PACK CORRUGATED CARTONS LTD	LANKA COMMODITY HOLDINGS (PVT) LTD	NDB	CORPORATE GUARANTEE	1,000,000,000
EX-PACK CORRUGATED CARTONS LTD	LANKA COMMODITY HOLDINGS (PVT) LTD/ LANKA COMMODITY TRADING (JOINT FACILITY)	NDB	CORPORATE GUARANTEE	200,000,000
EX-PACK CORRUGATED CARTONS LTD	ABERDEEN HOLDINGS (PVT) LTD	NDB	CORPORATE GUARANTEE	300,000,000
EX-PACK CORRUGATED CARTONS LTD	FITS EXPRESS (PVT) LTD	NDB	CORPORATE GUARANTEE	100,000,000
ABERDEEN HOLDINGS (PVT) LTD	EX-PACK CORRUGATED CARTONS LTD	BOC	CORPORATE GUARANTEE	600,000,000
ABERDEEN HOLDINGS (PVT) LTD	EX-PACK CORRUGATED CARTONS LTD	HNB	CORPORATE GUARANTEE	700,000,000

ABERDEEN HOLDINGS (PVT) LTD	EX-PACK CORRUGATED CARTONS LTD	SCB	CORPORATE GUARANTEE	500,000,000
ABERDEEN HOLDINGS (PVT) LTD	EX-PACK CORRUGATED CARTONS LTD	NDB	CORPORATE GUARANTEE	150,000,000
ABERDEEN HOLDINGS (PVT) LTD	EX-PACK CORRUGATED CARTONS LTD	NDB	CORPORATE GUARANTEE	200,000,000
FITS AVIATION (PRIVATE) LIMITED	EX-PACK CORRUGATED CARTONS LTD	NDB	CORPORATE GUARANTEE	150,000,000
LANKA COMMODITY HOLDINGS (PVT) LTD	EX-PACK CORRUGATED CARTONS LTD	NDB	CORPORATE GUARANTEE	500,000,000
EXPO TEAS CEYLON (PVT) LTD	EX-PACK CORRUGATED CARTONS LTD	NDB	CORPORATE GUARANTEE	200,000,000
EXPO TEAS CEYLON (PVT) LTD	EX-PACK CORRUGATED CARTONS LTD	SEYLAN	CORPORATE GUARANTEE	400,000,000

3.10 TAXATION

3.10.1 TAXATION APPLICABLE TO THE COMPANY

3.10.1.1 CORPORATE INCOME TAXATION

Ex-pack Corrugated Cartons Limited is liable to pay corporate Income tax at 18% for gains and profits from the business of manufacturing and 14% on the gains and profits from the business of exports, where the payment for such exports is received in foreign currency and remitted through a bank to Sri Lanka in accordance with the provisions of Inland Revenue Amendment Act No. 10 of 2021.

3.10.1.2 VALUE ADDED TAX (VAT)

The Company is liable to pay VAT on liable turnover at a rate of 8% in accordance with the provisions of the Value Added Tax Act No. 14 of 2002 (as amended).

3.10.1.3 TAX CONCESSIONS OR TAX EXEMPTIONS

- Ex-pack pays income tax for its manufacturing business at a concessionary rate of 18%, granted for gains and profits from the business of manufacturing, effective from 01st January 2020 in accordance with the provisions of Inland Revenue Amendment Act No. 10 of 2021.
- Ex-pack pays income tax for its export business at a concessionary rate of 14%, granted for conducting a business of sale of goods or merchandise including exports of goods, where the payment for such sale or export is received in foreign currency and remitted through a bank to Sri Lanka, effective from 01st January 2020 in accordance with the provisions of Inland Revenue Amendment Act No. 10 of 2021.
- The Government of Sri Lanka (GoSL) via the Inland Revenue Amendment Act No. 10 of 2021 that was passed in Parliament and certified by the speaker on 13th May 2021 resulted in a 50% tax concession for the years 2021/22 and a concessional corporate tax rate of 14% for the subsequent three (03) years, for companies that are listed on the CSE before 31 December 2021.

3.10.2 TAXATION APPLICABLE TO THE COMPANIES WITHIN THE EX-PACK GROUP

Table below shows the income tax and other tax rates applicable to the project companies within the Ex-pack Corrugated Cartons Limited Group. There are no tax concessions for Ex-pack Corrugated Cartons Limited and any of its subsidiaries.

TABLE 3-18: TAXATION APPLICABLE

ENTITY	INCOME TAX	VAT
Ex-pack Corrugated Cartons Limited	18%/14% ¹	8%
Neptune Papers Private. Ltd	14% ¹	8%

¹ Refer Section 3.10.1.3 for details on tax concessions

² Neptune Papers Private Ltd pays Income tax at concessionary rate of 14% granted for conducting a business of sale of goods or merchandise including exports of goods, where the payment for such sale

3.11 DETAILS OF BENEFITS PAID TO PROMOTERS

No benefit has been paid or given within the two (02) years preceding the Offering and there is no benefit intended to be paid or given to any promoter.

3.12 DETAILS OF COMMISSION PAID

Ex-pack has not paid any commission in the 2 years preceding the Issue. Neither are any commissions payable for subscribing, agreeing to subscribe procure or agreeing to procure subscription for any Shares of the Company apart from the commission payable on the IPO, as detailed in Section 1.11 of this Prospectus.

3.13 DIRECTORS' INTEREST IN ANY TRANSACTION RELATING TO PROPERTY OF THE ENTITY

There were no transactions relating to the property completed within the two (2) preceding years in which any vendor of the property or any person who is or was at the time of the transaction, a promoter or a director or proposed director of Ex-Pack had any interest, direct or indirect.

3.14 MATERIAL CONTRACTS

As at the date of the Prospectus there were no material contracts entered into, or any agreements entered with other parties by Ex-Pack within the preceding two (2) years other than those contracts entered into as part of the ordinary course of business.

3.15 MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Table 3-17 - Summarized Income Statement

EX-PACK CORRUGATED CARTONS LTD	FY17	FY18	FY19	FY20	FY21
Consolidated Income Statement - LKR Mn					
Revenue	2,560	4,445	5,181	4,600	4,784
Local Sales	1,447	1,885	2,312	2,147	2,245
Export Sales	1,113	2,560	2,869	2,453	2,539
Cost of sales	(1,887)	(3,606)	(4,324)	(3,891)	(3,858)
Gross profit	673	839	857	709	926
<i>GP Margin %</i>	26.3%	18.9%	16.5%	15.4%	19.3%
EBITDA	391	450	403	338	580
<i>EBITDA Margin %</i>	15.3%	10.1%	7.8%	7.4%	12.1%
EBIT	327	342	302	197	466
<i>EBIT Margin %</i>	12.8%	7.7%	5.8%	4.3%	9.7%
Finance Cost	(175)	(197)	(228)	(246)	(248)
Profit Before Tax	151	146	75	(50)	218
Income Tax	(29)	(30)	(62)	(49)	(13)
Profit After Tax	122	116	12	(98)	205
<i>PAT Margin %</i>	4.8%	2.6%	0.2%	-2.1%	4.3%

- Financials of FY17 does not include the performance of Neptune which became a subsidiary of Expack only in FY18.

Introduction

Ex-pack ended the financial year 2020/21 (FY21) marking a 4.0% YoY growth in revenue and a strong return to profitability. The performance is noteworthy given the headwinds faced by the company from supply disruptions, movement restrictions and subdued consumer demand as a result of the COVID-19 pandemic.

Profitability

Despite several macro-economic factors hindering optimal operational conditions for the business during FY21 Ex-pack reported a stellar year with an EBITDA of LKR 580mn, marking a 71% YoY growth and a margin of 12.1%. Timely repricing of the products, improving cost efficiency and focus on maintaining quality were the pillars of this robust performance. This strong core operating result supported the company to record a net profit after tax of LKR 205mn (Net Profit margin of 4.3%) in FY21, which recovered strongly from the FY20 result and translated to a 26.2% return on equity.

Ex-pack was affected severely due to multiple headwinds during FY20, leading to a subdued financial performance for the period. The impact on performance can be primarily attributed to factory closure for several weeks due to lockdowns in March 2020 - a salient period for seasonal orders. The initial shock from the Easter Sunday attacks in April also dealt a blow on operations in the month of April 2019. In addition to this, the group's subsidiary - Neptune Papers, faced a fire accident resulting in severe losses to their factory and recognized an impairment of LKR 40mn during the year.

A loss-making subsidiary operated under Ex-pack, which weighed down on the group's financial performance during the period was subsequently written off in FY19.

Given that the reported numbers during the period of FY17-FY21 include several one-off items in net profit, a normalized display of performance excluding all one-off items and performance results of non-operating subsidiaries are shown below.

Table 3-18 - Recurring PAT

RECURRING PAT	FY17	FY18	FY19	FY20	FY21
PAT	122	116	12	(98)	205
(-) Other income (non-recurring)	(12)		(1)	(98)	(13)
(-) FV Gains	-	-	-	(8)	(7)
(+) One off costs	-	-	31	(46)	0
(+) Contribution for one-off charitable events	-	-	15	14	-
(-) Income Tax Adjustments				16	
(-) Adjustment for impaired subsidiary	10	18	116	0	-
Normalized PAT	119	133	173	(82)	186

Ex-pack's corrugated packaging business, which contributed to the largest share of profits, recorded LKR 152mn net profit, while the subsidiary, Neptune Papers recorded an LKR 53mn net profit in FY21.

Further, the group successfully restructured the operations of the subsidiary - Neptune Papers, during the latter part of FY21, which is expected to materialize c. LKR 100mn in cost savings annually going forward.

Profitability (FY17 - FY21)

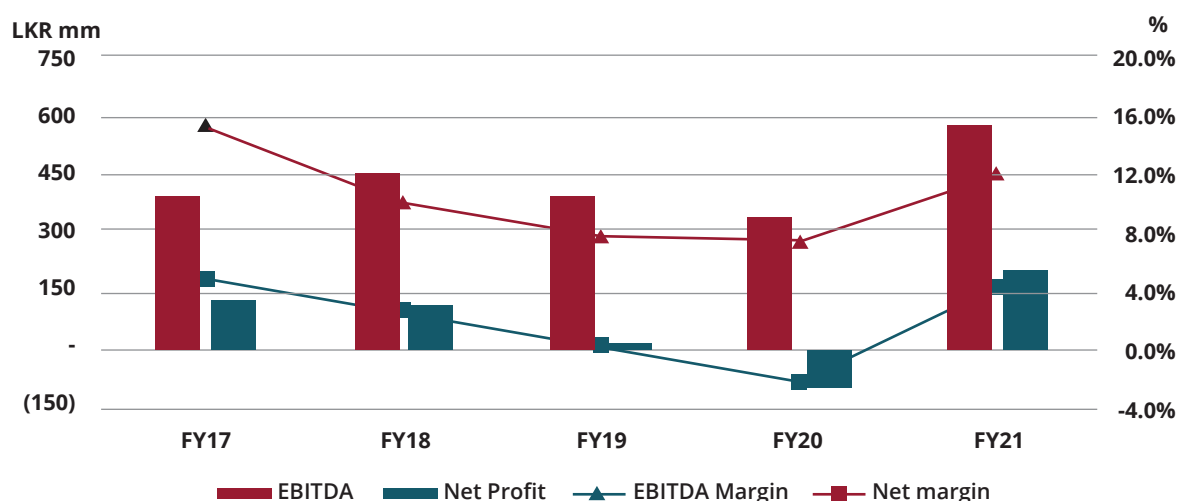


Figure 3.15-1 – Profitability and EBITDA

Revenue

The company faced significant challenges during the first quarter of FY21 owing to supply disruptions and country-wide lockdowns due to COVID-19. However, although the challenges experienced during FY21 were exceptional and unprecedented, so was Ex-pack team's agile response. Despite factory closures in April 2020 and partial operations during the rest of the first quarter, the Company was able to gain momentum to deliver a successful year and cement their position as the market leader. The group recorded a 4.0% YoY increase in revenue, recording LKR 4.8bn in topline, in comparison to LKR 4.6bn achieved in the preceding year.

Some of the significant drivers which enabled Ex-pack to deliver sustained revenue growth were:

- Robust orderbook developed through long-standing relationships with customers,
- Exposure to the export market which performed well despite the pandemic
- Ex-pack's ability to reprice products based on input cost escalations

The corrugated business recorded a revenue of LKR 3.3bn, while the subsidiary reported LKR 1.5bn for the year FY21. The Group has recorded growth in revenue at an 14.7% CAGR during the period FY17-FY21.

Revenue (FY17 - FY21)

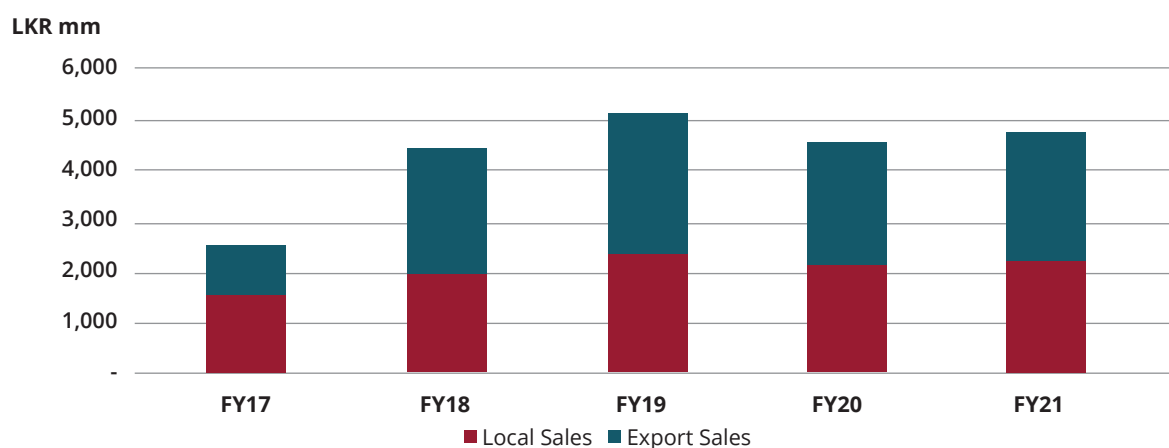


Figure 3.15-2 - Revenue

Gross Profit

The Gross Profit increased to LKR 926mn in FY21, reflecting a 31% YoY growth over the previous year, and marking a 3.9pps improvement in GP margins. This noteworthy performance should be analyzed in the context of the multiple headwinds faced by all corrugated manufacturers globally. Paper prices saw a marked surge due to a slew of reasons; Production shortages (globally), supply chain disruptions, and China's decision to stop importing wastepaper – which led to Chinese manufacturers switching to Kraft and other raw materials to bridge the supply gap - were the key reasons for the rise in paper prices. However, Ex-pack's corrugated packaging business was able to reprice the products in a timely manner which proves the resilience of the long-standing customer relationships.

Ex-pack's subsidiary, Neptune Papers directly benefitted from this development, as waste-paper prices witnessed a surge on the back of rising paper prices and movement restrictions hindering paper collection, which resulted in a supply shortage globally. Accordingly, Neptune papers recorded a 7.4 ppt improvement in gross margins in FY21.

Although Ex-pack's input costs are sensitive to currency volatility, the exposure to export sales which results in a steady flow of foreign currency acts as a partial hedge, diminishing the impact on profitability.

The Gross Profits of the group have demonstrated a 10.0% CAGR through the period FY17-FY21.

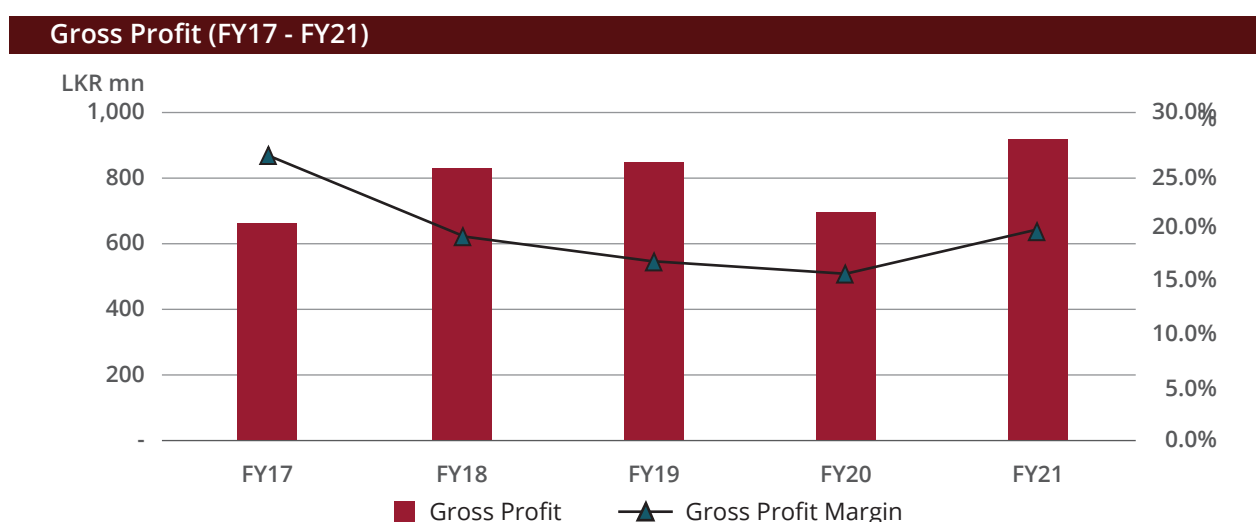


Figure 3.15-3 - Gross profit and margin

Operating Expenses

The operating costs of the Ex-pack group consists of administrative and selling and distribution costs.

Administrative expenses of the group reduced by 13% YoY in FY21 to LKR 310mn (vs LKR 355 in FY20). The reduction was driven primarily by cost efficiencies via the group's initiative to streamline the operations. Administration costs grew at a 9.7% CAGR through the period FY17-21, with its proportion to revenue settling at 6.5% in FY21 (vs 7.7% in FY20).

Ex-pack's selling and distribution costs were comparatively stable YoY at LKR 224mn in FY21. Selling & Distribution costs during the period FY17-21 grew at an 11.6% CAGR, with its proportion to revenue settling at 4.7% in FY21 (vs 4.9% in FY20).

Operating Expenses (FY17 - FY21)

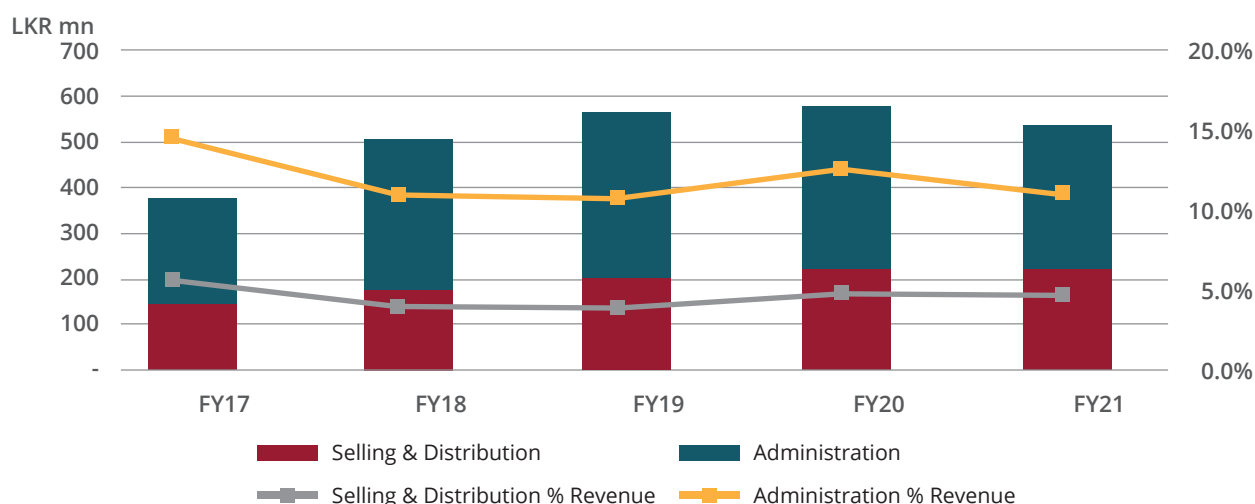


Figure 3.15-4 - Operating expenses

Taxation

The Ex-pack group is a dominant player in international markets and has also succeeded in entering several highly competitive markets such as India, USA, Qatar, Australia, etc., and is a recognized supplier of corrugated cartons and wastepaper. Ex-pack's direct and indirect exposure to exports accounted for 52% of the total revenue in FY21. The group's focus on export markets results in a concessionary tax rate of 14% for most of the operations under the New Inland Revenue Act.

Once Ex-pack becomes a listed entity, the Company will be eligible for a preferential tax rate of ~9% in the current financial year and 14% for the following three years.

TABLE 3-19 - SUMMARIZED STATEMENT OF FINANCIAL POSITION

EX-PACK CORRUGATED CARTONS LTD	FY17	FY18	FY19	FY20	FY21
Balance Sheet in LKR mn					
Property, Plant and Equipment	1,177	1,284	947	957	1,039
Inventory	430	788	725	778	765
Trade Receivables	833	1,173	1,429	1,252	1,379
Cash and Cash Equivalents	49	107	156	107	578
Other Assets	22	379	653	832	735
Total Assets	2,512	3,730	3,911	3,927	4,496
Total Equity	712	809	753	593	783
Loans and Borrowings	1,383	1,979	2,481	2,476	2,753
Trade and Other Payables	268	747	442	622	756
Other Liabilities	150	195	235	236	204
Total Liabilities	1,800	2,921	3,158	3,335	3,712
Total Equity and Liabilities	2,512	3,730	3,911	3,927	4,496

Capital Structure

Ex-pack's capital structure on average is in line with the local corrugated carton industry. The group has a robust policy of managing the short-term funding in alignment with their working capital requirements. The group focused on building up a short-term USD reserve in FY21, anticipating the opportunity for an exchange gain. Hence, the debt exposure during FY21 increased by LKR 483 mn to fund the required funding, allowing Ex-pack to take advantage of the existing low-rate environment. In addition, group holdings in to an investment property valued at Rs.382 Mn in FY 21 financed through borrowed funds.

Capital Expenditure

During FY21, the group invested LKR 78mn in further modifications and enhancing the facilities in their factory. Despite several macro-economic shocks Ex-pack has been investing steadily in the business. The capex invested during the period has primarily been in improving their existing facility and ensuring the machinery are in prime condition for operations. They had also invested in their operating premises during the period. The average capex to sales ratio has ranged between 3-4% over the preceding 3 years.

Investment Property

Ex-pack maintains a land in Biyagama, valued at LKR 382mn, which is maintained as an investment. The group has been in discussions with a few parties to dispose of this land and are expecting to finalize the sale of this property within FY22. The market value of this property is estimated at LKR 450mn.

Working Capital

The Group closed the year with a strong Balance Sheet inclusive of LKR 578mn of cash reserves. Ex-pack focused on maintaining robust inventory levels between LKR 700-800mn during the period under review as a healthy buffer to ensure uninterrupted operations. Responding to customer requests, Ex-pack granted credit extensions, leading to a slight pickup in receivables. However, active management of working capital, and long-standing relationships with suppliers enabled the group to negotiate better terms and manage payables effectively with hardly any bad debts.



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4.0 CORPORATE GOVERNANCE

4.1 DIRECTORS

The Board of Directors of Ex-pack comprises 7 Directors of whom 3 are Non-Executive Independent Directors, 2 Non- Executive Non- Independent Directors and 2 Executive Non-Independent Directors. As at the date of Prospectus the composition of the Board of Directors are as follows.

Table 4-1:Board of Directors

NAME	DESIGNATION
Sattar Kassim	Non-Executive Non-Independent Director/ Chairman
Shafik Kassim	Non- Executive Non-Independent Director
Zulficar Ghouse	Executive Non-Independent Director/Managing Director
Abdullah Kassim	Executive Non-Independent Director
Thulci Aluwihare	Non- Executive Independent Director
Dinesh Dharmadasa	Non- Executive Independent Director
Shehara De Silva	Non- Executive Independent Director

4.2 PROFILES OF THE BOARD OF DIRECTORS

Table 4-2 – Director profiles

NAME AND DESIGNATION	DESIGNATION
 <p>SATTAR KASSIM Non-Executive Non-Independent Director/ Chairman</p>	<p>Mr. Sattar Kassim is a founding director of Expolanka Holdings PLC, which today is a global diversified conglomerate with interests in Logistics, Leisure, International Trade, and Technology. He is a Founder and Group Director of Aberdeen Holdings (Pvt) Ltd, yet another diversified conglomerate with a portfolio spanning across various industry sectors including Aviation, Commodities, Agriculture and Farming, Tea and Coffee, Pharmaceuticals, Packaging, Power and Energy, Recycling, Transport, Logistics, Courier and Supply Chain. The group also has strategic investments, including the country's pioneers in Oceanic Fish Farming, along with numerous international partnerships and ventures spanning over 30 countries.</p> <p>Mr. Sattar Kassim is a Non-Executive Director of Vidullanka PLC, and serves as the Chairman of the Board for many organizations namely Bio Extracts (Pvt) Ltd, the Largest Black Seed Extractor in South-East Asia; Roar Media (Pte) Ltd, a South Asian Multilingual Media Platform; Ruhunu Farms (Pvt) Ltd, a 15-acre state-of-the-art poultry farm; Globe Air (Pvt) Ltd, General Sales Agents (GSA) for Saudi Arabian Airlines' Cargo; HiEnergy Services (Pvt) Ltd, a leading solar energy service provider; Lanka Commodity Holdings (Pvt) Ltd, an end-to-end supply chain solution of importing and distribution of Agriculture Commodities and owner of 'Expo Cement' brand of ordinary Portland cement;</p>

and Expo Commodities Global (Pvt) Ltd; a leading supply chain specialist for the spice industry.

He also holds directorships in Fits Aviation (Pvt) Ltd, Fits Retail (Private) Limited, Lanka Commodity Holdings (Pvt) Ltd, Expoceylon Pharmaceuticals (Pvt) Ltd, Expoteas Ceylon (Pvt) Ltd, Lanka Commodity Trading (Pvt) Ltd, Aberdeen Produce (Pvt) Ltd, Colombo Realty (Pvt) Ltd, Classic Enterprises (Pvt) Ltd, Neptune Recyclers (Pvt) Ltd, Denshun Industries (Pvt) Ltd, Fairfax Holdings Pte. Ltd, Antler Foundry (Pvt) Ltd, Expo Commodities DMCC, Roar Advertising (Pvt) Ltd, Expoasia Holdings (Pvt) Ltd among others.



SHAFIK KASSIM
Non- Executive
Non-Independent Director

Mr. Shafik Kassim is a widely renowned icon and pioneer in the domestic air travel industry. He presently serves as the Chairman of Fits Air (formerly Expo Air), the country's largest private airline operating scheduled passenger service within Sri Lanka as well as international cargo flights to several cities across countries in three continents.

Mr. Shafik Kassim is a founding director of Expolanka Holdings PLC, a global diversified conglomerate with interests in Logistics, Leisure, International Trade, and Technology. Today, the group's Logistics arm is a leader in global supply chain solutions with 60+ owned offices in 29 countries. He is a founding Director of Aberdeen Holdings (Pvt) Ltd, a privately-held conglomerate formed by the Kassim family prior to Expolanka's travel and transport sector going public, with a growing portfolio spanning across various industry verticals including Aviation, Commodities, Agriculture and Farming, Tea and Coffee, Pharmaceuticals, Packaging, Power and Energy, Recycling, Transport, Logistics, Courier and Supply Chain. The group also has strategic investments, including the country's pioneers in Oceanic Fish Farming, along with numerous international partnerships and ventures spanning over 30 countries.

He holds a degree in Commerce and is a licensed Pilot. He is well known for his strong business acumen and exceptional negotiation skills which helped transform the former Expolanka Holdings and currently Aberdeen Holdings to the pinnacle in their respective industrial sectors.



ZULFICAR GHOUSE
Executive Non-Independent Director/
Managing Director

Mr. M. Zulficar Ghouse currently functions as the Managing Director of Ex-pack Corrugated Cartons Limited, a leading Corrugated Carton Manufacturer in Sri Lanka. He also Serves as the Group Director of Aberdeen Holdings (Pvt) Ltd and as the Chairman of Amana Takaful PLC.

A Fellow Member of the Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accountants, trained at KPMG, Zulficar has over 31 years extensive expertise in the Senior Management position in private sector organisations, both local and overseas.

Zulficar held many directorships in his career spanning over 31 years. These include Country Manager EDS Philippines, and Managing Director of EDS Lanka (Pvt) Limited, subsidiaries of Royal Clicks Limited, a company listed on the Singapore Stock Exchange. Director/CEO of Colombo Land & Development Co Limited, a company listed in the Colombo Stock Exchange. Asiabike Industrial Limited, pioneers in bicycle manufacturing and exporting mainly to countries in the European Union. He also served as an Independent Director at Vidullanka PLC, a company listed in the Colombo Stock Exchange, from 2007 to January 2019, Muvumbe Hydro (Uganda) Limited, Norfolk Foods (Pvt) Ltd, Vidul Engineering (Pvt) Ltd, Gurugoda Hydro Pvt Limited, Muvumbe Hydro (Uganda) Limited & Lower Kotmale Oya Hydro (Pvt) Ltd.

Zulficar is a professional of wide interests and held several positions at the International Chamber of Commerce Sri Lanka Branch from 2002 to 2017, including Senior Vice President and Treasurer. He also held the post of Treasurer of the National Chamber of Exporters in 2016 & 2017. He served as a Founding Committee Member of the Philippines-Sri Lanka Business Council and the IT Faculty of Institute of Chartered Accountants of Sri Lanka. Also served the Institute as a member of the Strategic Management and Accounting Faculty and the Public Lectures Committee. He is an Industrial Specialist for the Annual Accounts Awards conducted by the Institute of Chartered Accountants of Sri Lanka in 2005 and 2007. Zulficar has given numerous lectures on Balanced Scorecard at the Postgraduate Institute of Management, Sri Jayewardenepura, IT Faculty of the Colombo University and the Chartered Institute of Management Accountants. In addition, he has been the nominee representative of the Institute of Chartered Accountants of Sri Lanka in the panel of Judges at the Sri Lankan Entrepreneur of the Year Award for 2003 and 2004 and National Best Quality Software Awards organized by the British Computer Society from 2005 to 2014.



ABDULLAH KASSIM
Executive Non-Independent
Director

Abdullah Kassim is a results-oriented professional with over 10 years of experience in senior management, specializing in Business Process Re-Engineering, Mergers & Acquisitions, Strategy, and General Management.

His portfolio spans over several industries, including Environmental Management, Sustainability, Financial Services & Insurance, among others. Despite his young age, Abdullah made his mark on ExpoLanka Holdings as its Head of Business Development, aiding its transition from a privately-held to public business. He was also instrumental in the revitalization of the Sri Lankan-based recycler Neptune Papers, which saw a complete turnaround upon his takeover.

Abdullah holds a First Class (Hons.) BBA from Staffordshire University, UK, and an M.Sc. in International Business & Management from Manchester Business School, University of Manchester, UK.



THULCI ALUWIHARE
Non- Executive Independent
Director

Thulci Aluwihare, is a reputed business strategist and financial advisor with International experience in corporate wealth creation through investment, divestiture, capital raising and restructuring with over 20 years of work experience in London, Melbourne and Colombo.

Thulci is the Assistant Managing Director of CHEC Port City Colombo (Pvt) Ltd, which is the Project Company undertaking the development of an extension to the Colombo CBD – the Colombo Port City. It is the largest Public Private Partnership in Sri Lanka to-date with an initial investment of US\$ 1.4 billion. The total expected investment for development is in excess of US\$ 15 billion.

Thulci was a member of the Colombo International Financial Centre (CIFC) – Steering Committee Task Force and worked closely with the Government of Sri Lanka in setting up the first services oriented Special Economic Zone in Port City. With the enactment of the Colombo Port City Economic Commission law, Thulci's primary role now is to promote investments and create a destination appeal for International businesses to set up in Port City.

He is currently serving as a Non – Executive Independent Director of Abans Finance PLC. He also serves as a member of the Investment Advisory Panel of a reputed Asset Management Company who manages two licensed Unit Trust Funds in Sri Lanka.

Prior to joining CHEC Port City Colombo (Pvt) Ltd, Thulci was the Head of Mergers & Acquisitions at PwC, Sri Lanka and Maldives. He spent 14 years with PwC including at PwC Melbourne office where he was involved in large cross-border MNC transactions.



DINESH DHARMADASA
Non- Executive Independent
Director

Thulci was also selected to the Global PwC Panel of Trainers for Mergers & Acquisitions and successfully conducted training for Managers in the Advisory University Programs held in Copenhagen, Stockholm, Dublin, Rome, Warsaw and Abu Dhabi.

Thulci is an Economics graduate from the University of West London, UK and holds an MSc in Financial Economics from the University of Colombo.

Mr. Dinesh Dharmadasa a Fellow of the Institute of Chartered Accountants of Sri Lanka and Chartered Institute of Management Accounts – UK, commenced his career as a finance professional at KPMG. He subsequently joined Ceylon Tobacco Ltd Plc (CTC), a subsidiary of British American Tobacco (BAT) in 1990 at the level of Finance Manager and rose to the position of Director – Legal and External Affairs in 2005. He completed his illustrious career at CTC in 2019.

As Director Legal and External Affairs and also as a Senior Member of the Executive Committee/Company Secretary, Dinesh oversaw the areas of regulatory and legal affairs, trade and fiscal affairs, internal and external communications, CSR and sustainable business initiatives.

During his tenure, CTC became 'The Most Valuable Company' on the Colombo Stock Exchange and at the same time, established an overall business strategy to become sustainable in the long term, whilst delivering exceptional double-digit profit growths, thus making CTC a strong profitable Business Unit in the Asia Pacific Region. The implemented strategies made CTC – Sri Lanka one of the most profitable tobacco companies in Asia and is one of the top 20 most profitable companies in BAT and the most valuable company (Market Cap) on the Colombo Stock Exchange.

He was the founder Director and Instrumental in Strategizing and implementing Outreach Projects (Guarantee) Limited, a groundbreaking CSR project introducing a unique home gardening concept costing over LKR 1 billion and benefiting over 20,000 families over the past 10 years.

Dinesh also served as the Chairman of the Industrial Association of Sri Lanka from 2016 to 2018. During his tenure he developed strong links with stakeholders, public sector officials, multilateral agencies based in Sri Lanka, local and overseas Chambers formulating strategies for a balanced and steady industrial growth. He also served as a board member of the Ceylon Chamber of Commerce during the periods 2012 – 2014 and 2016 to 2018 and also a Board Member of CIMA – Sri Lanka in 2016.



SHEHARA DE SILVA
Non- Executive Independent
Director

An international communication specialist and brand builder, Shehara De Silva has over 30 years of experience in media, marketing, strategic planning, advocacy and competitiveness consultancy in Malaysia, Sri Lanka and East Asian markets. She has held senior level posts in private, multinational, Government and development organizations with a focus on Public-Private Partnerships, strategic social responsibility and Gender equality. She holds Non Executive Board Directorships at Keells Foods PLC, Sarvodaya Development Finance, The Neelan Tiruchelvan Trust (NTT), Informatics Institute of Technology (IIT), Optima Design PVT. Ltd and Quickshaws (Pvt) Ltd. She has been previously on the board of the Arthur C. Clarke Centre for Science and Technology, Eagle Fund Management and Tharuna Aruna (Sri Lanka National Youth Employment Network), The Biomass Group (Sg), The Environment Foundation Limited, The Music Project and the Threads of History Museum. She has held several posts in her career, as the first woman to be appointed to such a position. These include Deputy Director General of the BOI (Board of Investment) and the first woman to head sales in Insurance as GM-Sales and Marketing Janashakthi Insurance. She has also helped manage the brand transformations of Singer in retailing, Janashakthi in Insurance and NDB in banking.

Shehara spent over a decade in Malaysia where she headed strategy in several Omnicom related companies of Foetus international Malaysia's leading diversified advertising and communication group. She was also Managing Director of Interbrand Malaysia, ranked No 1 Brand Consultancy under her watch.

Most recently, she was Deputy Program Director USAID/IESC Youlead program. She has also worked in the development sector with ILO, Internews, USAID, NORAD, GIZ, and Plan International. She co-authored two detailed studies on competitiveness of family-owned business in Sri Lanka, (Hemas Group and CBL- Ceylon Biscuits Limited) used as MBA texts; a Pan- Government communication toolkit for Peace and reconciliation in Sri Lanka and a 5-year National plan on Gender and disability.

She has sat on several advisory boards and think tanks, judged and mentored several start-ups and Innovation and Leadership awards from the Eisenhower fellowship and Ray awards to MIT global start-ups and the Roger Herschel Creativity Award, WIM NG Awards, GIZ Historical Dialogue Film Awards etc.

She has spoken extensively at international conferences on branding, strategy and gender issues and won several international marketing and women in leadership awards. 'Women & Leadership: Top 50 Power Women' (Echelon Magazine), Woman Leader In Finance and Woman on Boards (Women in Management), World Women Super Achiever (World Women Leadership Congress), Brand Leadership (CMO Asia) and DDB Pinnacle Award amongst others.

4.3 OTHER DIRECTORSHIPS HELD BY THE BOARD OF DIRECTORS

Table 4-3: Other directorships held by the Board of Director

NAME AND DESIGNATION	OTHER DIRECTORSHIPS
SATTAR KASSIM	<p> Aberdeen Holdings (Private) Limited Fits Aviation (Private) Limited Fits Retail (Private) Limited Denshun Industries (Private) Limited Lanka Commodity Holdings (Private) Limited HiEnergy Services (Private) Limited Expoceylon Pharmaceuticals (Private) Limited Bio Extracts (Private) Limited Expoteas Ceylon (Private) Limited Lanka Commodity Trading (Private) Limited E Z Warehousing (Private) Limited Aberdeen Produce (Private) Limited Colombo Realty (Private) Limited Classic Enterprises (Private) Limited Alhasan Foundation Socializer 360 (Private) Limited ASK Capital (Private) Limited Saffron Food Services (Private) Limited Beta Ventures (Private) Limited Fairfax Holdings Pte. Ltd Antler Foundry (Private) Limited Roar Digital (Private) Limited Expo Commodities DMCC Solar City (Private) Limited Fits Express (Private) Limited Expo Aviation (Private) Limited Expo Commodities Global (Private) Limited Kolonnawa Property Holdings (Private) Limited Janaposha Foundation Lanka Healthcare Foundation KMA Holdings (Pvt) Ltd BMA Holdings (Pvt) Ltd Neptune Recyclers (Pvt) Ltd Silver Wings (Pvt) Ltd Solar Gradient (Private) Limited Vertical Solar (Private) Limited Green Accessories (Private) Limited Roar Advertising (Private) Limited Vidullanka PLC Expoasia Holdings (Private) Limited Globe Air (Private) Limited Sky Solar Energy Solutions (Private) Limited Green Rooftop Solutions (Private) Limited Rooftop Solar Solutions (Private) Limited </p>

<p>SHAFIK KASSIM</p>	<p> Aberdeen Holdings (Private) Limited Fits Retail (Private) Limited Denshun Industries (Private) Limited Lanka Commodity Holdings (Private) Limited Hienergy Services (Private) Limited Expoceylon Pharmaceuticals (Private) Limited Bio Extracts (Private) Limited Expoteas Ceylon (Private) Limited Lanka Commodity Trading (Private) Limited Classic Enterprises (Private) Limited Expo Aviation (Private) Limited Saffron Food Services (Private) Limited Solar City (Private) Limited Fairfax Holdings Pte Fits Express (Private) Limited Expo Commodities Global (Private) Limited Solar Gradient (Private) Limited Vertical Solar (Private) Limited Green Accessories Trading (Private) Limited Fits Aviation (Private) Limited Aberdeen Produce (Private) Limited Neptune Recyclers (Private) Limited Lanka Healthcare Foundation Silver Wings (Private) Limited Al Hasan Foundation Socializer 360 (Private) Limited Maitland Holding (Private) Limited Kma Holdings (Private) Limited Bma Holdings (Private) Limited Expoasia Holdings (Private) Limited Janaposha Foundation Sky Solar Energy Solutions (Private) Limited Green Rooftop Solutions (Private) Limited Rooftop Solar Solutions (Private) Limited </p>
<p>ZULFICAR GHOUSE</p>	<p> Amana Takaful PLC Aberdeen Holdings Pvt Ltd Denshun Industries Pvt Ltd Solar City Pvt Ltd Twickernam Holdings Pvt Ltd </p>

ABDULLAH KASSIM	Fits Aviation (Private) Limited Neptune Papers (Private) Limited Neptune Holdings (Private) Limited Alpha Investment Holdings Limited AG Investment Holdings Limited AH Investment Holdings (Private) Limited Alpha Wealth Limited Lanka Food Solutions (Private) Limited Saffron Food Services (Private) Limited Rokfam (Private) Limited Janaposha Foundation Alhasan Foundation Kolonnawa Property Holdings (Private) Limited Panadura Property Holdings (Private) Limited
THULCI ALUWIHARE	Abans Finance PLC
DINESH DHARAMADASA	N/A
SHEHARA DE SILVA	Keells Food Products PLC Sarvodaya Development Finance Neelan Tiruchelvam Trust Informatics Institute of Technology Quickshaws Travel (Pvt) Limited Optima Design (Pvt) Ltd

4.4 AUDIT COMMITTEE

The Audit Committee takes an independent stance when it comes to providing advice and assistance regarding internal functions of the company. This includes financial reporting, risk management and monitoring and reviewing the company's internal audits. Mr. Dinesh Dharmadasa acts as the Chairman of the Audit Committee.

Members of the Ex-pack Audit Committee are as follows:

- Mr Dinesh Dharmadasa - Non- Executive Independent Director – Chairman of Audit Committee
- Mr Thulci Aluwihare - Non- Executive Independent Director
- Ms Shehara De Silva - Non- Executive Independent Director

4.5 REMUNERATION COMMITTEE

The Remuneration Committee works closely with the Board of Ex-pack and is responsible in recommending remuneration policies to the members of the Board. In terms of the Articles of Association of the Company, remuneration of the Directors must be a sum the Board determines as being fair and reasonable to the Company. The Committee ensure transparency and fairness in remuneration policy, as no Director can decide their remuneration as transparency and fairness is ensured and policy framework set out by the Company's Human Resources and Finance teams are regularly reviewed. Furthermore, compensation payments to any Executive Directors or members of Senior Management are followed through accordingly with the legal context of the country.

Please note that the aggregate remuneration paid to the executive and non-executive directors for the FY21 is LKR 20,040,000.

Members of the Ex-pack Remuneration Committee are as follows:

- Mr Sattar Kassim - Non - Executive Non-Independent Director – Chairman of Remuneration Committee
- Ms Shehara De Silva - Non - Executive Independent Director
- Mr Dinesh Dharmadasa - Non - Executive Independent Director

4.6 RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

The objective of the Related Party Transaction Review Committee is to ensure there is firm adherence to the guidelines surrounding related party transactions. The Committee ensures that industry best practices are followed and that interests of all stakeholders are considered.

Members of the Ex-pack Related Party Transaction Review Committee are as follows:

- Mr Thulci Aluwihare – Non- Executive Independent Director - Chairman of Related Party Transaction Review Committee
- Mr Dinesh Dharmadasa - Non- Executive Independent Director
- Ms Shehara De Silva - Non- Executive Independent Director

4.7 DIRECTORS' SHAREHOLDINGS IN THE COMPANY

Directors do not have shares in the Company prior to the IPO.

Directors of the Company have not made any sales and/or purchases of shares during the year immediately preceding the date of this Prospectus. The Articles of Association of the Company does not require any shareholding qualification for directors, unless otherwise determined at a General Meeting of the Company.

4.8 DIRECTORS' INVOLVEMENT IN LITIGATION AND OFFENCES

No Director or a person nominated to become a Director of the Company has been involved in:

- Any petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an Executive Officer.
- Any conviction for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.
- No such Director was the subject of any order, judgment or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

4.9 DIRECTORS' INTERESTS

4.9.1 PRIOR INTERESTS HELD BY DIRECTORS IN ASSETS ACQUIRED BY THE COMPANY

No Directors hold interest in any other assets acquired, disposed or leased by the Entity during the past two (02) years preceding the Issue. Furthermore, it is not proposed that the directors will hold any interest in assets to be acquired, disposed of or leased during the two (02) years succeeding the issue.

4.9.2 DIRECTOR INTERESTS IN THE SUBSIDIARIES OF THE COMPANY

No Directors hold direct interest in any subsidiaries of the Company during the past two (02) years preceding the Issue. Further, it is not proposed that the directors will hold any subsidiaries of the Company during the two (02) years succeeding the Issue.

4.10 OTHER DISCLOSURES

The following are the particulars of the related party loans disclosed in the financial statements as at 31st March 2021;

- All related party loans obtained by Ex-pack Corrugated Cartons Ltd from Mr. Shafik Kassim have been settled prior to 31st March 2021.
- All related party loans obtained by Ex-pack Corrugated Cartons Ltd and its subsidiary Neptune Papers Pvt Ltd from Aberdeen Holdings Pvt Ltd have been settled prior to 31st August 2021

5.0 HUMAN RESOURCE

5.1 EMPLOYEES

As at June 2021, Ex-pack had 295 members of staff. Further, as of June 2021 there are no labour unions in the Company.

5.2 CHIEF EXECUTIVE OFFICER

Table 5-1 - Profile of CEO


NAME AND DESIGNATION	BUSINESS EXPERIENCE
 MOHAMED RIYAZ Chief Executive Officer	<p>Riyaz joined the organization in 2008, and counts over 20 years of management experience in production related entities in Sri Lanka and Dubai. He was the Past President and is the current Secretary of Lanka Corrugated Cartons Manufacturers Association which is a member of the Asian Corrugated Case Association – Singapore.</p> <p>He also serves as a member of the advisory committee on packaging appointed by the Minister of Industry and Commerce. He also functions as a Director of the National Packaging Centre and the Treasurer of Association of Packaging Consultants – Sri Lanka.</p>





The Chief Executive Officer has not been involved in:

- Any petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an Executive Officer.
- Any conviction for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

5.3 SENIOR MANAGEMENT

Table 5-2 – Ex-pack Corrugated Cartons Limited

NAME AND DESIGNATION	PROFILE
 ZULFICAR GHOUSE Managing Director	<p>Zulficar joined the organization in 2009. He is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and the Institute Certified Management Accountants. With more than 27 years of experience in senior management positions both internationally and locally in multinational & listed companies. He currently holds Directorships in Aberdeen Holding PLC, Vidullanka PLC, Muvambe Hydro (Uganda) Ltd and several other companies. He has held the positions of Senior Vice President of the International Chamber of Commerce - Sri Lanka and served as a member of the Judging Panel for the Sri Lankan Entrepreneur in 2003 and 2004 and The Best Quality Software Award organized by British Computer Society from 2004 – 2012.</p>

 <p>MOHAMED RIYAZ Chief Executive Officer</p>	<p>Joined the organization in 2008, Riyaz Counts over 25 years of Management Experience in Production Related Entities in Sri Lanka and Overseas. He was the Past President and is current Secretary of Lanka Corrugated Cartons Manufacturers Association which is a member of the Asian Corrugated Case Association – Singapore. He also functions as the treasurer of Association of Packaging Consultant (APC) and serves as an Executive Committee member of Sri Lanka Institute of Packaging as well as the Asian Corrugated Case Association – ACCA.</p>
 <p>DEEPAL PERERA Head of Sales</p>	<p>Deepal joined the organization in 2002. He is a member of Chartered Institute of Marketing, Post Graduate Diploma in Marketing UK, has obtained his MBA from American City University and has also received his Doctorate in Entrepreneurship from ICFAI Institute. Deepal has more than 20 years of experience in blue chip and multinational corporations both local and overseas covering the whole gamut of strategic functions of Business Management and strategic management functions such as Marketing, Human Resource Management, Operations Management and Administration.</p>
 <p>AZHAR SHERIFF Head of Human Resources and Compliance</p>	<p>Azhar joined Ex-pack in 2007. He has obtained an MBA from Cardiff Metropolitan University in UK and is a Professional Member of the Association of Human Resources Professionals of Sri Lanka. He also holds membership at the National Institute of Occupational Safety and Health. An HR Generalist with experience in administration and HR functions for over 20 years, having served mostly for international companies based in Sri Lanka, Azhar currently heads the HR, Compliance and CSR activities of the Company. He was the past Secretary and Vice President, Membership of Expolanka Toastmasters Club.</p>
 <p>AHAMED MURSHID Head of Process Improvement</p>	<p>Ahamed joined Ex-pack in the year 2000 in the field of marketing. He is a practicing Six Sigma professional, subsequently promoted to manage key functions of production and factory operations. He was selected by PUM Netherland to undergo extensive training in packaging manufacturing factories in Netherland, France and Belgium in productivity and process re-engineering. Ahamed has over 19 years of experience and possesses a sound knowledge in manufacturing practices and strategy development.</p>



ABDUL LATIFF AHAMED
Head of Finance

Abdul Latiff joined the company in 2008. He is a Licentiate member of the Institute of Chartered Accountants and did his internship at PriceWaterhouseCoopers (PWC). Has more than 18 years in the field of finance in both local and overseas companies. Latiff is instrumental in organizing the accounting function to finalize the monthly accounts within the 1st working day of the month. He also functioned as a coordinator for the Holding Company during the implementation of Oracle ERP amongst line companies.






SHARFAZ ABDEEN
Head of Credit Management

An Associate of Sri Lanka Institute of Credit Management, Sharfaz is a founding employee of the company having served for over 24 years in Marketing and the Finance divisions. He has attended several workshops and trainings conducted by local and international organizations and currently heads the Credit Control Department.



JUMARDEEN DHARWESH
Head of Factory Operations

Dharwesh joined the company in 2009. He counts over 20 years of experience in the management of manufacturing concerns in several companies in Sri Lanka and overseas. He was selected by PUM Netherlands to undergo extensive training in packaging manufacturing factories in the Netherlands, France and Belgium in productivity and process re-engineering. An excellent communicator, motivator and a change agent.

NAME AND DESIGNATION	PROFILE
 <p>ABDULLAH KASSIM Director</p>	<p>Abdullah Kassim is a results-oriented professional with over 10 years of experience in senior management, specializing in Business Process Re-Engineering, Mergers & Acquisitions, Strategy, and General Management. His portfolio spans several industries, including Environmental Management, Sustainability, Financial Services & Insurance, among others. Despite his young age, Abdullah made his mark on ExpoLanka Holdings as its Head of Business Development, aiding its transition from a privately-held to public business. He was also instrumental in the revitalization of Sri Lanka-based recyclers Neptune Papers, which saw a complete turnaround upon his takeover.</p> <p>Abdullah holds a First Class (Hons.) BBA from Staffordshire University, UK, and an M.Sc. in International Business & Management from Manchester Business School, University of Manchester, UK</p>
 <p>RIZAN JAUFFER Director/Chief Executive Officer</p>	<p>Rizan Jauffer is a seasoned business professional equipped with the experience of over one and half decades in the Paper Industry and he is considered as a pioneer and a forerunner in the Waste Management Industry in Sri Lanka with significant contributions to the industry over the years.</p> <p>He joined the group in 2005 as the Manager - Commercial and Finance. He has gained an extensive exposure of the relevant skills, experience and knowledge in Sri Lanka and overseas participating international trade fares, maintaining and managing relationships with Customers at Regional Level. Rizan holds a BBA in Business Administration from the University of Colombo and Associate Member of Certified Management Accountants Australia.</p>
 <p>FAZLEEN MAJEED General Manager</p>	<p>Fazleen Majeed joined the Group in 2003 and has gained diverse exposure in Holding Company's Group finance division. His Group wide contributions include Organizational Restructure, ERP implementation, Private Placement, CSE Listing, Annual Reporting, Financial Policy Development and Group Financial Reporting.</p> <p>His experience gained momentum at Neptune Papers where he showcased smart operational, people management, business turnaround and leadership skills and has played a pivotal role in the organizational growth and success. Fazleen is qualified in the fields of Business Administration, Finance, Marketing and Human Resources Management.</p>

5.4 MANAGEMENT AGREEMENTS

As at the date of this prospectus dated 06 October 2021 there are no Management Agreements in place for the Company.

6.0 DECLARATIONS

6.1 DECLARATION BY THE DIRECTORS

04 Oct 2021

We, the undersigned being the Directors of Ex-pack Corrugated Cartons Limited, hereby declare and confirm that we have read the provisions of the Companies Act No.7 of 2007 relating to the issue of the Prospectus and that those provisions have been complied with.

This Prospectus has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given and confirm that the provisions of the Listing Rules of the Colombo Stock Exchange and the Companies Act No. 7 of 2007 and any amendments made thereto from time to time, have been complied with and after making all reasonable inquiries and to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Company have been given in the Prospectus, such representations have been made after due and careful inquiry of the information available to the Company and making assumptions that are considered to be reasonable at the present point in time and according to our best judgments.

We further declare that the profit forecasts have been included in this prospectus after due and careful inquiry of the information available with the Company and assumptions that are considered to be reasonable at the present point in time and according to our best judgments.

Sgd
Director

Sgd
Director

6.2 DECLARATION BY THE COMPANY

04 Oct 2021

We, Ex-pack Corrugated Cartons Limited, having our Registered office at No 11A, Milepost Avenue, Colombo-03, hereby declare that to the best of our knowledge and belief this Prospectus constitutes full and fair disclosure of all material facts about the Issue and the Company.

An application has been made to the Colombo Stock Exchange for permission to deal in and for a listing for all of the Ordinary Voting Shares issued by the Company, and those Ordinary Voting Shares are the subject of this issue. Such permission will be granted when the Ordinary Voting Shares are listed on the Colombo Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Listing on the Colombo Stock Exchange is not to be taken as an indication of the merits of the Company or of the shares issued.

Sgd
Director

Sgd
Director

6.3 DECLARATION BY THE JOINT MANAGERS AND FINANCIAL ADVISORS TO THE ISSUE

04 Oct 2021

We, Capital Alliance Partners Limited of Level 5, "Millennium House", 46/58, Navam Mawatha, Colombo 02, hereby declare that to the best of our knowledge and belief this Prospectus constitutes full and true disclosure of all material facts about the Issue and the Company and we have satisfied ourselves that the profit forecasts had been stated by the Directors after due and careful inquiry.

Signed by two directors of Capital Alliance Partners Limited, being duly authorised thereto, at Colombo on this, 04 October 2021.

Sgd
Director

Sgd
Director

We, Asia Securities Advisors (Pvt) Limited. of 4th Floor, Lee Hedges Tower, No. 349, Galle, hereby declare that to the best of our knowledge and belief this Prospectus constitutes full and true disclosure of all material facts about the Issue and the Company and we have satisfied ourselves that the profit forecasts had been stated by the Directors after due and careful inquiry.

Signed by two directors of Asia Securities Advisors Private Limited, being duly authorised thereto, at Colombo on this, 04 October 2021.

Sgd
Director

Sgd
Director

ANNEXURES

ANNEXURE 1 - ACCOUNTANT'S REPORT AND FIVE-YEAR SUMMARY

ANNEXURE 2 - AUDITED FINANCIAL STATEMENTS AS AT 31ST MARCH 2021

**ANNEXURE 3 - UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD YEAR ENDED 30 JUNE 2021 AND FOR
THE PERIOD ENDED 31 AUGUST 2021**

ANNEXURE 4 - RESEARCH REPORT

ANNEXURE 5 - COLLECTION POINTS

ANNEXURE 6 - CUSTODIAN BANKS

ANNEXURE 7 - FORMULAS

**REGISTERED OFFICE****EX-PACK CORRUGATED CARTONS LTD**

No. 11A, Milepost Avenue,
Colombo 03, Sri Lanka.

Hotline : +94 112 689618
Fax : +94 112 689618

FACTORY**EX-PACK CORRUGATED CARTONS LTD**

No. 79, Pattiwila Road, Gonawala,
Kelaniya, Sri Lanka.

Hotline : +94 114 891891
Fax : +94 114 741751
Email : info@expack.lk
Website : www.expack.lk

ANNEXURE 1



WRHDS/MI/JJ

The Board of Directors,
Ex-pack Corrugated Cartons Limited,
No. 79, Pattiwila Road,
Gonawala,
Kelaniya.

07 July 2021

Accountants' Report for Inclusion in the Prospectus on Proposed Issue of Ordinary Shares of Ex-pack Corrugated Cartons Limited

Dear Sirs/Madams

Introduction

This report has been prepared for the inclusion in the Prospectus issued in connection with the proposed issuance of ordinary voting shares.

We have examined the financial statements of Ex-pack Corrugated Cartons Limited and the consolidated financial statement of the company and its subsidiaries for the years ended 31 March 2017 to 31 March 2021 and report as follows.

1. Incorporation

Ex-pack Corrugated Cartons Limited ("Company") is a limited liability Company incorporated under Companies Act No 07 of 2007 and domiciled in Sri Lanka. The Company together with its subsidiaries carry on businesses of manufacturing and selling of corrugated cartons to local and foreign markets and trading of all types of waste papers.

2. Financial Statements

2.1 Five-Year Summary of Audited Financial Statements

The summary of Statements of Financial Position, Statements of Profit or Loss, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flow of Ex-pack Corrugated Cartons Limited for year ended 31 March 2017, 31 March 2018, 31 March 2019, 31 March 2020 and 31 March 2021 and summary of Consolidated Statements of Financial Position, Consolidated Statements of Profit or Loss, Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity and Consolidated Statements of Cash Flow of the company and its subsidiaries for year ended 31 March 2017, 31 March 2018, 31 March 2019, 31 March 2020 and 31 March 2021 are based on the audited financial statements for the respective years.

(Contd..2/-)



Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA A A J R Perera ACA ACMA Ms. P V K N Sajewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principals: G B Goudian ACMA T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited



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2.2 Audited Financial Statements for the Year Ended 31 March 2021

Our Independent auditors' report on the Financial Statements of the Company and consolidated financial statement for the year ended 31 March 2021 together with such financial statements comprising Statement of Financial Position, Statement of Profit and Loss, Statement of Comprehensive income, Statements of Changes in Equity and Statement of Cash Flows along with the accounting policies and notes thereon is given on the Prospectus.

2.3 Audit Opinions for the years ended 31 March 2017, 2018, 2019, 2020 and 2021

We have audited the Financial Statements of the Company and consolidated financial statement of the Group for the year ended 31 March 2017 to 31 March 2021. Unmodified audit opinions have been issued for the said financial years by our report dated 10 November 2017, 27 November 2018, 01 March 2021, 01 March 2021, 01 March 2021 and 04 May 2021 respectively.

2.4 Accounting Policies used for the years ended 31 March 2017, 2018, 2019, 2020 and 2021

The Accounting policies of the Company and its subsidiaries which comply with Sri Lanka Accounting Standards are stated in the audited financial statements of Ex-pack Corrugated Cartons Limited ("Company") for the years ended 31 March 2017 to 31 March 2021.

2.5 Dividends

The Company has paid dividend in respect of ordinary shares for the years ended 31 March 2017 to 31 March 2021 as follows.

Year	Dividend paid /Payable (Rs.)	Dividend per Share (Rs.)
2016/17	240,000,000/-	4.80
2017/18	-	-
2018/19	124,300,000/-	2.49
2019/20	50,000,000/-	1.00
2019/21	102,000,000/-	2.04

2.6 Events after Reporting Date

There were no material events that have taken place since 31 March 2021 that require disclosure or/and adjustments in the financial statements for the year ended 31 March 2021.

Yours faithfully

Ex-pack Corrugated Cartons Limited
STATEMENTS OF FINANCIAL POSITION
Five Year Summary

As at 31 March	2021		2020		2019		2018		2017	
	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.
Assets										
Non-current assets										
Property, Plant and Equipment	1,039,479,869	1,008,170,004	957,343,966	927,517,533	946,956,168	866,672,804	1,283,969,896	1,051,869,580	1,177,170,370	993,170,370
Right of Use Asset	100,815,151	45,937,077	139,486,830	56,624,127	-	-	-	-	-	-
Intangible Assets	204,211,327	537,031	203,683,619	-	203,947,487	-	204,216,449	-	-	-
Investment Property	382,000,000	382,000,000	372,200,000	372,200,000	-	-	-	-	-	-
Investment In Subsidiary	-	205,000,000	-	220,686,000	-	220,686,000	-	382,200,000	-	182,200,000
Deferred Tax Asset	13,558,573	-	646,831	-	1,160,611	-	6,429,517	-	-	-
	1,740,064,920	1,641,644,112	1,673,361,246	1,577,027,660	1,152,064,266	1,087,358,804	1,494,615,862	1,434,069,580	1,177,170,370	1,175,370,370
Current Assets										
Inventories	764,635,590	681,764,693	778,252,464	645,989,314	725,378,174	569,361,331	787,576,818	683,994,866	429,708,086	429,708,086
Trade and Other Receivables	1,379,032,475	1,058,427,354	1,283,947,684	987,266,555	1,429,355,836	1,087,806,329	1,173,251,977	941,262,314	833,493,373	831,713,524
Advances and Prepayments	34,107,626	17,700,942	84,533,794	51,766,466	127,905,945	88,600,260	168,264,490	138,176,086	22,403,535	22,403,535
Fixed Deposit	483,000,000	483,000,000	-	-	-	-	-	-	-	-
Cash and Cash Equivalents	94,740,680	84,591,962	107,102,313	55,748,974	155,610,602	133,854,319	106,754,291	59,086,381	49,032,013	47,112,533
	2,755,536,371	2,325,484,951	2,253,836,255	1,740,771,309	2,438,250,557	1,879,622,239	2,235,847,576	1,822,519,647	1,334,037,007	1,330,937,678
Non-current Assets Held for Sale	-	-	-	-	320,205,731	320,205,731	-	-	-	-
Total Assets	4,495,601,291	3,967,129,063	3,927,197,501	3,317,798,969	3,910,520,554	3,287,186,774	3,730,463,438	3,256,589,227	2,511,807,377	2,506,308,048
EQUITY AND LIABILITIES										
Equity										
Share Capital	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Revaluation Reserves	291,991,832	291,991,832	196,252,428	196,252,428	209,192,314	209,192,314	260,753,725	152,533,029	322,733,700	192,444,103
(Accumulated Losses)/Retained Earnings	(8,532,128)	46,787,935	(103,623,882)	5,444,133	43,334,920	4,485,570	4,531,893	101,109,931	(111,157,575)	8,190,167
	783,459,704	838,779,767	592,628,546	701,696,561	752,527,234	713,677,884	765,285,618	753,642,960	711,576,125	700,634,270
Non Controlling Interest	-	-	-	-	-	-	-	-	-	-
Total Equity	783,459,704	838,779,767	592,628,546	701,696,561	752,527,234	713,677,884	765,285,618	753,642,960	711,576,125	700,634,270
Non-Current Liabilities										
Deferred Tax Liability	73,639,077	73,639,077	85,293,378	85,293,378	72,465,890	72,465,890	115,669,961	80,456,881	33,738,838	18,962,793
Retirement Benefit Obligation	82,201,168	61,424,586	72,068,681	53,142,229	63,614,518	45,607,168	54,042,758	40,122,935	40,195,131	40,195,131
Interest Bearing Loans and Borrowings	75,931,171	40,118,450	94,715,238	49,106,052	21,563,808	-	15,982,761	-	-	-
	231,771,416	175,182,113	252,077,297	187,541,659	157,644,216	118,073,058	185,700,480	120,579,816	73,933,969	59,157,924
Current Liabilities										
Trade and Other Payables	755,781,101	631,068,817	622,221,871	474,200,627	435,664,429	301,303,782	634,592,335	477,687,695	267,644,221	295,463,656
Interest Bearing Loans and Borrowings	2,676,692,156	2,274,181,452	2,381,655,329	1,875,745,664	2,465,343,299	2,054,790,674	2,075,184,685	1,845,035,231	1,382,624,169	1,382,624,168
Income tax Payable	47,916,914	47,916,914	78,614,458	78,614,458	99,341,376	99,341,376	69,700,320	59,643,525	76,028,893	68,428,030
	3,480,390,171	2,953,167,183	3,082,491,658	2,428,560,749	3,000,349,104	2,455,435,832	2,779,477,340	2,382,366,451	1,726,297,283	1,746,513,854
Total Equity and Liabilities	4,495,601,291	3,967,129,063	3,927,197,501	3,317,798,969	3,910,520,554	3,287,186,774	3,730,463,438	3,256,589,227	2,511,807,377	2,506,308,048

Head of Finance

Summarised financial information and its extraction from audited financial statements, as set out in pages 01 to 08 is the responsibility of the Board of Directors. Signed for and on behalf of the Board of Directors by

Director

06 July 2021
Colombo



Ex-pack Corrugated Cartons Limited
STATEMENTS OF PROFIT OR LOSS
Five Year Summary

For the year ended 31 March	2021		2020		2019		2018		2017	
	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.
Revenue	4,787,005,847	3,310,098,764	4,600,466,314	3,008,671,182	5,180,980,759	3,251,432,036	4,445,353,850	2,974,832,219	2,559,535,763	2,558,782,291
Cost of Sales	(3,858,320,323)	(2,550,509,842)	(3,890,956,573)	(2,363,797,058)	(4,323,740,942)	(2,565,850,207)	(3,606,438,196)	(2,266,433,380)	(1,886,961,510)	(1,886,245,574)
Gross Profit	928,685,524	759,588,922	709,509,741	644,874,124	857,239,817	685,581,829	838,915,654	708,398,839	672,574,253	672,536,717
Other Income	64,908,209	49,536,314	60,201,984	16,811,124	39,280,179	41,486,875	6,658,321	3,674,473	29,802,586	29,357,940
Selling and Distribution Expenses	(224,055,189)	(210,986,186)	(223,935,006)	(194,541,612)	(203,061,753)	(179,097,747)	(179,128,982)	(168,381,884)	(144,072,967)	(144,072,967)
Administrative Expenses	(310,417,774)	(218,797,253)	(354,983,369)	(243,527,602)	(360,415,883)	(250,164,885)	(324,267,301)	(239,462,374)	(231,534,206)	(217,395,909)
Finance Cost	(247,677,129)	(203,206,545)	(246,446,641)	(185,345,505)	(227,571,345)	(186,973,187)	(196,651,331)	(180,197,087)	(175,474,506)	(175,474,506)
Other Expenses / Losses	(327,866)	(394,284)	(39,996,412)	-	-	-	-	-	-	-
Gain on Fair Value Change in Investment Property	6,760,750	6,760,750	46,146,519	46,146,519	-	-	-	-	-	-
Impairment of Subsidiary	-	-	-	-	-	(51,514,000)	-	-	-	-
Loss on Disposal of PPE	-	-	-	-	(30,855,229)	-	-	-	-	-
Profit/(Loss) Before tax	217,876,525	182,501,718	(49,503,184)	84,417,048	74,615,786	59,318,885	145,526,361	124,031,967	151,295,160	164,951,275
Income Tax Expense	(12,668,918)	(30,320,620)	(48,977,222)	(32,773,270)	(62,481,792)	(32,717,503)	(29,955,213)	(32,948,242)	(29,197,686)	(33,112,895)
Profit/(Loss) for the year	205,207,607	152,181,098	(98,480,406)	51,643,778	12,133,994	26,601,382	115,571,148	91,083,725	122,097,474	131,838,380
Earnings/(Loss) Per Share - Basic/Diluted (Rs.)	4.10	3.04	(1.97)	1.03	0.24	0.53	2.31	1.82	2.44	2.64
Dividends per share	2.04	2.04	1.00	1.00	2.49	2.49	-	-	4.80	4.80



Ex-pack Corrugated Cartons Limited

STATEMENTS OF COMPREHENSIVE INCOME

Five Year Summary

	2021		2020		2019		2018		2017	
	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.	Company Rs.
Profit/(Loss) for the year	205,207,607	152,181,098	(98,480,406)	51,643,778	12,133,994	26,601,382	115,571,148	91,083,725	122,097,474	131,838,380
Other comprehensive income not to be reclassified to profit or loss in subsequent periods										
Revaluation of buildings	24,944,506	24,944,506	-	-	(61,604,602)	(61,604,602)	-	-	362,157,952	211,851,429
Income tax effect on revaluation of buildings	(3,991,121)	(3,991,121)	(12,939,886)	(12,939,886)	50,206,100	30,189,174	(61,979,975)	(10,781,848)	(39,424,252)	(19,407,326)
Revaluation of land	50,092,000	50,092,000	-	-	122,325,991	122,325,991	-	-	-	-
Income tax effect on revaluation on land	(8,014,720)	(8,014,720)	-	-	(12,182,378)	(34,251,278)	-	(29,129,226)	-	-
Tax effect on revaluation of land & building due to change in tax rate	32,708,739	32,708,739	-	-	-	-	-	-	-	-
Actuarial gains/(losses) on retirement benefit obligation (RBO)	(9,704,959)	(10,520,590)	1,614,382	(951,687)	831,295	1,310,069	552,707	2,550,053	(496,464)	(496,464)
Income tax effect on RBO	1,569,106	1,683,294	(92,778)	266,472	(168,284)	(235,812)	(434,387)	(714,015)	89,364	89,364
Other Comprehensive Income, net of tax	87,603,551	86,902,108	(11,418,282)	(13,625,101)	99,407,622	57,733,542	(61,861,655)	(38,075,036)	322,326,600	192,037,003
Total Comprehensive Income	292,811,158	239,083,206	(109,898,688)	38,018,677	111,541,616	84,334,924	53,709,493	53,008,689	444,424,074	323,875,383



Ex-pack Corrugated Cartons Limited
STATEMENTS OF CASH FLOWS
Five Year Summary

For the year ended 31 March

	2021	2020	2019	2018	2017
	Group Rs.	Company Rs.	Group Rs.	Company Rs.	Group Rs.
Cash Flows from / (Used in) Operating Activities					
Profit/(Loss) before Tax from continuing operations	217,876,325	182,501,718	74,615,786	59,318,885	151,295,160
Adjustments for:					
Depreciation	76,624,589	71,538,547	96,733,635	85,090,789	107,736,650
Amortisation for Intangible Assets	149,667	15,144	263,868	-	201,721
Amortisation of Right of Use Assets	37,315,486	10,687,050	44,555,778	7,498,172	-
Provision for Gratuity	14,494,901	10,407,600	12,867,719	8,813,540	7,880,425
Disposal/(Gain)/Loss on Property, Plant and Equipment	(13,025,421)	(12,725,138)	(7,750,000)	(588,425)	(30,775)
Changes in Fair Value of Investment Properties	327,866	394,284	-	492,201	-
Impairment Loss on Fire	(6,760,750)	(6,760,750)	(46,146,519)	51,514,000	-
Lease Interest	12,891,177	6,734,336	11,514,360	-	-
Provision for Doubtful Debt / Bad debt write off	1,929,105	(1,300,000)	1,640,473	2,888,632	-
Write off of ESC	-	-	-	-	-
Provision for ESC/Tax Receivable	-	-	-	-	-
Relief of lease obligation	(1,435,510)	-	-	-	-
Finance Costs	234,785,952	203,206,545	224,932,081	186,973,187	196,651,331
Operating Profit/(Loss) before Working Capital Changes	575,173,567	464,719,626	389,211,694	395,091,234	455,309,472
(Increase)/Decrease in Inventories	13,616,874	(35,775,179)	(52,874,200)	62,198,644	(104,987,065)
(Increase)/Decrease in Trade and Other Receivables	(97,033,896)	(69,860,799)	131,172,256	(282,221,596)	(160,637,556)
(Increase)/Decrease in Advances & Prepayments	50,426,168	34,065,168	(7,395,772)	(67,250,191)	(120,207,699)
Increase/(Decrease) in Trade & Other Payables	133,231,364	136,576,374	175,346,332	(176,383,913)	275,409,543
Cash Generated from Operations	675,414,077	529,725,446	625,329,520	(44,380,551)	147,866,295
Tax Paid	(45,660,301)	(9,702,441)	(23,267,512)	(31,925,545)	(21,013,748)
Dividend Tax Paid	-	-	-	-	(9,442,895)
Retiring Gratuity Paid	(14,067,373)	(12,645,923)	(2,799,174)	(2,294,238)	(24,000,000)
Finance Cost Paid	(214,785,952)	(203,206,545)	(234,932,081)	(186,973,187)	(196,651,331)
Net Cash From/(Used in) Operating Activities	380,900,251	304,170,137	364,330,753	41,574,315	103,650,597
Cash Flows from / (Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	(104,063,750)	(97,819,374)	(176,463,471)	(52,261,820)	(155,477,358)
Acquisition of Right of Use Assets	-	-	-	-	-
Acquisition of Intangible Assets	(671,375)	(552,375)	-	-	-
Investing in Non Current Assets Held for Sale	-	-	-	-	-
Proceeds From Sale of Property, Plant and Equipment	34,721,378	33,370,000	14,371,817	-	2,328,739
Investment in Subsidiary	-	(5,000,000)	-	-	(180,226,097)
Development Cost of Investment Property	(1,039,250)	(1,039,250)	-	-	-
Investment in Fixed Deposit	(483,000,000)	(483,000,000)	-	-	-
Net Cash Flows from/(Used in) Investing Activities	(536,038,997)	(536,040,999)	(247,954,795)	(52,261,820)	(345,412,197)
Cash Flows from / (Used in) Financing Activities					
Proceeds From Interest Bearing Loans and Borrowings	8,820,729,100	7,170,554,557	8,375,393,775	6,932,900,000	4,859,228,389
Repayment of Interest Bearing Loans and Borrowings	(8,340,440,717)	(6,995,290,437)	(8,305,464,939)	(6,921,980,890)	(4,363,476,135)
Payment of Finance Lease Liabilities	(36,621,000)	(13,680,000)	(52,975,451)	(10,260,000)	(3,087,301)
Proceeds From Finance Lease	-	-	2,177,000	22,538,500	-
Dividends Paid	(102,000,000)	(102,000,000)	(50,000,000)	(124,300,000)	(216,000,000)
Net Cash Flows from/(Used in) Financing Activities	141,667,383	259,584,120	(30,869,615)	138,679,573	332,288,090
Net Increase/(Decrease) in Cash and Cash Equivalents	(33,491,363)	7,713,228	86,406,343	(46,274,775)	(20,473,510)
Cash and Cash Equivalents at the beginning of the Year	107,102,313	55,748,974	20,695,970	12,811,606	67,989,309
Cash and Cash Equivalents at the end of the Year	73,610,950	63,462,202	107,102,313	55,748,974	47,515,799



Ex-pack Corrugated Cartons Limited
STATEMENTS OF CHANGES IN EQUITY
Five Year Summary

Group	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
As at 31 March 2016	500,000,000	-	116,758,887	616,758,887
Equity adjustment on consolidation	-	-	(109,606,836)	(109,606,836)
Profit for the Year	-	-	122,097,474	122,097,474
Other Comprehensive Income	-	322,733,700	(407,100)	322,326,600
Total Comprehensive Income	-	322,733,700	12,083,538	334,817,238
Dividend 16/17			(240,000,000)	(240,000,000)
As at 31 March 2017	500,000,000	322,733,700	(111,157,575)	711,576,125
Profit for the Year	-	-	115,571,148	115,571,148
Other Comprehensive Income	-	(61,979,975)	118,320	(61,861,655)
As at 31 March 2018	500,000,000	260,753,725	4,531,893	765,285,618
Profit for the year - Restated	-	-	12,133,994	12,133,994
Other Comprehensive Income	-	98,745,111	662,511	99,407,622
Transfer	-	(150,306,522)	150,306,522	-
Dividend Paid/ Payable	-	-	(124,300,000)	(124,300,000)
Total Comprehensive Income	-	(51,561,411)	38,803,027	(12,758,384)
As at 31 March 2019	500,000,000	209,192,314	43,334,920	752,527,234
Lost for the Year	-	-	(98,480,406)	(98,480,406)
Other Comprehensive Income	-	(12,939,886)	1,521,604	(11,418,282)
Dividend 18/19	-	-	(50,000,000)	(50,000,000)
Total Comprehensive Income	-	(12,939,886)	(146,958,802)	(159,898,688)
As at 31 March 2020	500,000,000	196,252,428	(103,623,882)	592,628,546
Profit for the year	-	-	205,207,607	205,207,607
Other Comprehensive Income/(Loss)	-	95,739,404	(8,135,853)	87,603,551
Dividend Paid/Payable	-	-	(102,000,000)	(102,000,000)
Total Comprehensive Income	-	95,739,404	95,071,754	190,811,158
As at 31 March 2021	500,000,000	291,991,832	(8,552,128)	783,439,704



Ex-pack Corrugated Cartons Limited

STATEMENT OF CHANGES IN EQUITY

Five year summary

Company	Stated Capital	Revaluation Reserve	Retained Earning	Total
	Rs.	Rs.	Rs.	Rs.
Balance as at 31 March 2016	500,000,000	-	116,758,887	616,758,887
Profit For The Year	-	-	131,838,380	131,838,380
Other Comprehensive Income	-	192,444,103	(407,100)	192,037,003
Total Comprehensive Income	-	192,444,103	131,431,280	323,875,383
Dividend 2016/17	-	-	(240,000,000)	(240,000,000)
Balance as at 31 March 2017	500,000,000	192,444,103	8,190,167	700,634,270
Profit For The Year	-	-	91,083,725	91,083,725
Other Comprehensive Income, Net of Tax	-	(39,911,074)	1,836,038	(38,075,036)
Total Comprehensive Income	-	(39,911,074)	92,919,763	53,008,689
Balance as at 31 March 2018	500,000,000	152,533,029	101,109,931	753,642,959
Profit for the year - Restated	-	-	26,601,382	26,601,382
Other Comprehensive Income, Net of Tax	-	56,659,285	1,074,257	57,733,542
Total Comprehensive Income	-	56,659,285	27,675,639	84,334,924
Dividend Paid/ Payable	-	-	(124,300,000)	(124,300,000)
Balance as at 31 March 2019	500,000,000	209,192,314	4,485,570	713,677,883
Profit For The Year	-	-	51,643,778	51,643,778
Other Comprehensive loss	-	(12,939,886)	(685,215)	(13,625,101)
Total Comprehensive Income	-	(12,939,886)	50,958,563	38,018,677
Dividend Paid/ Payable	-	-	(50,000,000)	(50,000,000)
Balance as at 31 March 2020	500,000,000	196,252,428	5,444,133	701,696,560
Profit For The Year	-	-	152,181,098	152,181,098
Other Comprehensive loss	-	95,739,404	(8,837,296)	86,902,108
Dividend Paid/Payable	-	-	(102,000,000)	(102,000,000)
Total Comprehensive Income	-	95,739,404	41,343,802	137,083,206
Balance as at 31 March 2021	500,000,000	291,991,832	46,787,935	838,779,766



ANNEXURE 2



EX-PACK CORRUGATED CARTONS LIMITED

FINANCIAL STATEMENTS

31 MARCH 2021

WRHDS/MI/DM

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF EX-PACK CORRUGATED CARTONS LIMITED**

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of The Ex-Pack Corrugated Cartons Limited ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2021, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Code of Ethics issued by CA Sri Lanka (Code of Ethics) that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the financial reporting process of both Company and Group.

Auditor's responsibilities for the audit of the financial statements

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

ey (Contd...2/)

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA
Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Menatunga FCA A A J R Perera ACA ACMA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principals: G B Goudian ACMA T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

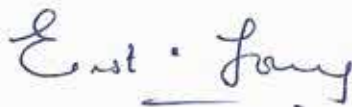
As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.



04 May 2021
Colombo

Ex-Pack Corrugated Cartons Limited

STATEMENT OF FINANCIAL POSITION

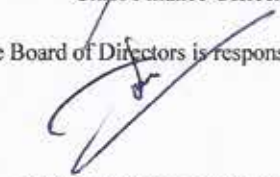
As at 31 March 2021

	Note	Group		Company	
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	3	1,039,479,869	957,343,966	1,008,170,004	927,517,533
Right to Use of Assets	4	100,815,151	139,486,830	45,937,077	56,624,127
Intangible Assets	5	204,211,327	203,683,619	537,031	-
Investment Property	7	382,000,000	372,200,000	382,000,000	372,200,000
Investment in Subsidiary	8	-	-	205,000,000	220,686,000
Deferred Tax Assets	21.2	13,558,573	646,831	-	-
		<u>1,740,064,920</u>	<u>1,673,361,246</u>	<u>1,641,644,112</u>	<u>1,577,027,660</u>
Current Assets					
Inventories	9	764,635,590	778,252,464	681,764,693	645,989,314
Fixed Deposit		483,000,000	-	483,000,000	-
Trade and Other Receivables	10	1,379,052,475	1,283,947,684	1,058,427,354	987,266,555
Advances and Prepayments		34,107,626	84,533,794	17,700,942	51,766,466
Cash and Cash Equivalents	11	94,740,680	107,102,313	84,591,962	55,748,974
		<u>2,755,536,371</u>	<u>2,253,836,255</u>	<u>2,325,484,951</u>	<u>1,740,771,309</u>
Total Assets		<u>4,495,601,291</u>	<u>3,927,197,501</u>	<u>3,967,129,063</u>	<u>3,317,798,969</u>
EQUITY AND LIABILITIES					
Stated Capital	12	500,000,000	500,000,000	500,000,000	500,000,000
Revaluation Reserves		291,991,832	196,252,428	291,991,832	196,252,428
Retained Earnings		(8,552,128)	(103,623,882)	46,787,935	5,444,133
Total Equity		<u>783,439,704</u>	<u>592,628,546</u>	<u>838,779,767</u>	<u>701,696,561</u>
Non-Current Liabilities					
Deferred Tax Liability	21.2	73,639,077	85,293,378	73,639,077	85,293,378
Retirement Benefit Liability	14	82,201,168	72,068,681	61,424,586	53,142,229
Interest Bearing Loans and Borrowings	13	75,931,171	94,715,238	40,118,450	49,106,052
		<u>231,771,416</u>	<u>252,077,297</u>	<u>175,182,113</u>	<u>187,541,659</u>
Current Liabilities					
Interest Bearing Loans and Borrowings	13	2,676,692,156	2,381,655,329	2,274,181,452	1,875,745,664
Trade and Other Payables	15	755,781,101	622,221,871	631,068,817	474,200,627
Income Tax Payable		47,916,914	78,614,458	47,916,914	78,614,458
		<u>3,480,390,171</u>	<u>3,082,491,658</u>	<u>2,953,167,183</u>	<u>2,428,560,749</u>
Total Equity and Liabilities		<u>4,495,601,291</u>	<u>3,927,197,501</u>	<u>3,967,129,063</u>	<u>3,317,798,969</u>

I certify that these financial statements comply with the requirements of the Companies Act No. 07 of 2007.


.....
Chief Finance Officer

The Board of Directors is responsible for these Financial Statements. Signed for and on behalf of the Board by:


.....
Director


.....
Director

The accounting policies and notes on pages 08 through 43 form an integral part of the Financial Statements.

04 May 2021
Colombo



Ex-Pack Corrugated Cartons Limited
STATEMENT OF PROFIT OR LOSS
Year ended 31 March 2021

		Group		Company	
	Note	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Revenue from Contract with Customers	16	4,787,005,847	4,600,466,314	3,310,098,764	3,008,671,182
Cost of Sales		(3,858,320,323)	(3,890,956,573)	(2,550,509,842)	(2,363,797,058)
Gross Profit		928,685,524	709,509,741	759,588,922	644,874,124
Other Income and Gains	17	64,908,209	60,201,984	49,536,314	16,811,124
Gain on Fair Value Change in Investment Property	7	6,760,750	46,146,519	6,760,750	46,146,519
Selling and Distribution Costs		(224,055,189)	(223,935,006)	(210,986,186)	(194,541,612)
Administrative Expenses		(310,417,774)	(354,983,369)	(218,797,253)	(243,527,602)
Other Expenses / Losses	18	(327,866)	(39,996,412)	(394,284)	-
Finance Cost	19	(247,677,129)	(246,446,641)	(203,206,545)	(185,345,505)
Profit/(Loss) Before Tax	20	217,876,525	(49,503,184)	182,501,718	84,417,048
Income Tax Expense	21	(12,668,918)	(48,977,222)	(30,320,620)	(32,773,270)
Profit/(Loss) for the Year		205,207,607	(98,480,406)	152,181,098	51,643,778

The accounting policies and notes on pages 08 through 43 form an integral part of the Financial Statements.



STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 March 2021

		Group		Company	
	Note	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Profit/(Loss) for the year		<u>205,207,607</u>	<u>(98,480,406)</u>	<u>152,181,098</u>	<u>51,643,778</u>
Other comprehensive income/ (loss)					
<i>Other comprehensive income/ (loss) not to be classified to statement of profit or loss in subsequent period</i>					
Revaluation of land	3	50,092,000	-	50,092,000	-
Income tax effect on revaluation on land		<u>(8,014,720)</u>	<u>-</u>	<u>(8,014,720)</u>	<u>-</u>
		<u>42,077,280</u>	<u>-</u>	<u>42,077,280</u>	<u>-</u>
Revaluation of buildings	3	24,944,506	-	24,944,506	-
Income tax effect on revaluation of buildings		<u>(3,991,121)</u>	<u>(12,939,886)</u>	<u>(3,991,121)</u>	<u>(12,939,886)</u>
		<u>20,953,385</u>	<u>(12,939,886)</u>	<u>20,953,385</u>	<u>(12,939,886)</u>
Tax effect on revaluation of Land & Building due to change in tax rate		32,708,739	-	32,708,739	-
Actuarial (loss)/gains on defined benefit plans	14	(9,704,959)	1,614,382	(10,520,590)	(951,687)
Income tax effect on actuarial (loss)/gains		<u>1,569,106</u>	<u>(92,778)</u>	<u>1,683,294</u>	<u>266,472</u>
		<u>(8,135,853)</u>	<u>1,521,604</u>	<u>(8,837,296)</u>	<u>(685,215)</u>
Other comprehensive (loss)/income for the year, net of tax		<u>87,603,551</u>	<u>(11,418,282)</u>	<u>86,902,108</u>	<u>(13,625,101)</u>
Total comprehensive income/(loss) for the year, net of tax		<u>292,811,158</u>	<u>(109,898,688)</u>	<u>239,083,206</u>	<u>38,018,677</u>

The accounting policies and notes on pages 08 through 43 form an integral part of the Financial Statements.



Ex-Pack Corrugated Cartons Limited
STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2021

Group	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings / Loss Rs.	Total Rs.
Balance as at 01 April 2019	500,000,000	209,192,314	43,334,920	752,527,234
Loss for the year	-	-	(98,480,406)	(98,480,406)
Other Comprehensive (Loss)/Income	-	(12,939,886)	1,521,604	(11,418,282)
Dividend Paid/Payable	-	-	(50,000,000)	(50,000,000)
Balance as at 31 March 2020	500,000,000	196,252,428	(103,623,882)	592,628,546
Profit for the year	-	-	205,207,607	205,207,607
Other Comprehensive Income/(Loss)	-	95,739,404	(8,135,853)	87,603,551
Dividend Paid/Payable	-	-	(102,000,000)	(102,000,000)
Balance as at 31 March 2021	500,000,000	291,991,832	(8,552,128)	783,439,704

Company	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2019	500,000,000	209,192,314	4,485,570	713,677,884
Profit for the year	-	-	51,643,778	51,643,778
Other Comprehensive Loss	-	(12,939,886)	(685,215)	(13,625,101)
Dividend Paid/Payable	-	-	(50,000,000)	(50,000,000)
Balance as at 31 March 2020	500,000,000	196,252,428	5,444,133	701,696,561
Profit for the year	-	-	152,181,098	152,181,098
Other Comprehensive Income/(Loss)	-	95,739,404	(8,837,296)	86,902,108
Dividend Paid/Payable	-	-	(102,000,000)	(102,000,000)
Balance as at 31 March 2021	500,000,000	291,991,832	46,787,935	838,779,767

The accounting policies and notes on pages 08 through 43 form an integral part of the Financial Statements.



STATEMENT OF CASH FLOWS

Year ended 31 March 2021

		Group		Company	
	Note	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cash Flows From / (Used in) Operating Activities					
Profit/(Loss) Before Tax		217,876,525	(49,503,184)	182,501,718	84,417,048
Adjustments for					
Depreciation of Property, Plant and Equipment	3	76,624,589	96,733,635	71,558,547	87,765,640
Amortization of Right of Use Assets	4	37,315,486	44,555,778	10,687,050	7,498,172
Amortisation of Intangible Assets	5	149,667	263,868	15,344	-
Provision for Retirement Benefit Liability	14	14,494,901	12,867,719	10,407,690	8,961,198
Reversal of provision for Doubtful Debt/Bad debt write off		1,929,105	1,640,473	(1,300,000)	(1,588,632)
Profit/(Loss) on Disposal of Property, Plant and Equipment	17	(13,025,421)	(7,750,000)	(12,725,138)	(7,750,000)
Impairment Loss on Fire	18	-	35,923,161	-	-
Gain on Fair Value Change in Investment Property	7	(6,760,750)	(46,146,519)	(6,760,750)	(46,146,519)
Loss on Disposal of Subsidiary		327,866	-	394,284	-
Write off of / Provision for Economic Service Charge	21	-	16,049,422	-	-
Relief of lease obligation	13	(1,435,530)	-	-	-
Lease Interest	13	12,891,177	11,514,560	6,734,336	5,609,417
Finance Cost	19	234,785,952	234,932,081	203,206,545	250,445,370
Operating Profit before Working Capital Changes		575,173,567	351,080,994	464,719,626	389,211,694
(Increase)/Decrease in Inventories		13,616,874	(52,874,290)	(35,775,379)	(76,627,983)
(Increase)/Decrease in Trade and Other Receivables		(97,033,896)	159,172,256	(69,860,799)	72,840,248
(Increase)/Decrease in Advances and Prepayments		50,426,168	(7,395,772)	34,065,524	5,379,795
Increase/ (Decrease) in Trade and Other Payables		133,231,364	175,346,332	136,576,474	166,948,884
Cash Generated from Operations		675,414,077	625,329,520	529,725,446	557,752,638
Gratuity Paid	14	(14,067,373)	(2,799,174)	(12,645,923)	(2,377,824)
Tax Paid		(45,660,501)	(23,267,512)	(9,702,841)	(16,023,957)
Finance Cost Paid		(234,785,952)	(234,932,081)	(203,206,545)	(250,445,370)
Net Cash (Used in)/From Operating Activities		380,900,251	364,330,753	304,170,137	288,905,487
Cash Flows From / (Used in) Investing Activities					
Acquisition of Property, Plant and Equipment	3	(104,063,750)	(176,463,471)	(97,819,374)	(128,610,369)
Acquisition of Right of Use Assets	4	-	(79,115,391)	-	-
Acquisition of Intangible Assets	5	(677,375)	-	(552,375)	-
Proceeds from Sale of Property Plant and Equipment		34,721,378	14,371,817	33,370,000	7,750,000
Investment in Non Current Assets Held for Sale	6	-	(5,847,750)	-	(5,847,750)
Development Cost of Investment Property	7	(3,039,250)	-	(3,039,250)	-
Investment in Fixed Deposit		(483,000,000)	-	(483,000,000)	-
Investing in Subsidiary - Share of Purchase Ordinary Shares	8	-	-	(5,000,000)	-
Net Cash Flows Used in Investing Activities		(556,058,997)	(247,054,795)	(556,040,999)	(126,708,119)
Cash Flows From / (Used in) Financing Activities					
Proceeds From Interest Bearing Loans and Borrowings	13	8,820,729,100	8,375,393,775	7,370,554,557	6,932,900,000
Repayment of Interest Bearing Loans and Borrowings	13	(8,540,440,717)	(8,305,464,939)	(6,995,290,437)	(6,991,900,000)
Proceeds From Finance Lease	13	-	2,177,000	-	-
Payment of Finance Lease Liabilities	13	(36,621,000)	(52,975,451)	(13,680,000)	(10,260,000)
Payment of Dividend		(102,000,000)	(50,000,000)	(102,000,000)	(50,000,000)
Net Cash Flows From/(Used in) Financing Activities		141,667,383	(30,869,615)	259,584,120	(119,260,000)
Net (Decrease)/Increase in Cash and Cash Equivalents		(33,491,363)	86,406,343	7,713,258	42,937,368
Cash and Cash Equivalents at the Beginning of the Year	11	107,102,313	20,695,970	55,748,974	12,811,606
Cash and Cash Equivalents at the End of the Year	11	73,610,950	107,102,313	63,462,232	55,748,974

The accounting policies and notes on pages 08 through 43 form an integral part of the financial Statements.



1. CORPORATE INFORMATION

1.1 General

Ex-Pack Corrugated Cartons Limited (Company), is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the company and the Principal place of the business is situated at No. 79, Pattiwila Road, Gonawala, Kelaniya.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the Group as follows,

The Company's principal activity included the manufacturing and selling of Corrugated Cartons to local and foreign markets.

The Company had two fully owned subsidiaries, Neptune Papers (Private) Limited and Denshun Industries (Private) Limited. On 25 March 2021, the Company disposed its entire shareholding of Denshun Industries (Private) limited to its parent, Aberdeen Holding (Private) Limited.

Neptune Papers (Private) Limited - The principal activities of the company were engaging in the business of exporting of all type of waste papers.

The principal activity of Denshun Industries (Private) Limited were the renting of factory premises.

1.3 Parent Enterprise and Ultimate Parent Enterprise

The Company's parent undertaking is Aberdeen Holdings (Private) Limited which is incorporated in Sri Lanka.

1.4 Date of Authorization for Issue

The Consolidated Financial Statements of Ex-Pack Corrugated Cartons Limited, for the year ended 31 March 2021 were authorized for issue in accordance with a resolution of the Board of Directors on 04 May 2021.



2. ACCOUNTING POLICIES

2.1 GENERAL ACCOUNTING POLICIES

2.1.1 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis unless stated otherwise and accounting policies are applied consistently.

2.1.2 Basis of Preparation and Statement of Compliance

These Financial Statements, comprising of both the Company's separate Financial Statements and the Consolidated Financial Statements of the Company and its Subsidiaries ("Group"), comprise the Statements of Financial Position, Statements of Profit or Loss, Statements of the Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows together with the Accounting Policies and Notes to the Financial Statements.

The Consolidated Financial Statements have been prepared in accordance with the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995, which requires compliance with Sri Lanka Accounting Standards (SLFRS's and LKAS's) promulgated by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

2.1.3 Functional and Presentation Currency

The Financial Statements of the Group are presented in Sri Lankan Rupees, which is the Group's functional currency.

2.1.4 Comparative Information

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. The previous years' figures and phrases have been rearranged wherever necessary to confirm to the current presentation.

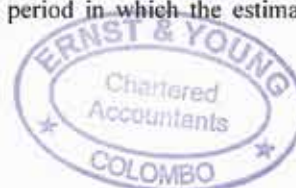
2.1.5 Going Concern

The Board of Directors has made an assessment of the Group's ability to continue as a going concern in the foreseeable future and they do not intend either to liquidate or to cease trading.

2.2 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES & ASSUMPTIONS

The preparation of Financial Statements in conformity with accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, and disclosure of contingent liabilities of the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period and any future periods.



In the process of applying the Group's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are included below;

a) Revaluation of land and buildings

The Group uses the revaluation model of measurement of land and buildings. The Group engaged independent expert valuers, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence of transaction prices for similar properties. Valuations are based on open market prices, adjusted for any difference in the nature, location or condition of the specific property. These valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

The date of the most recent revaluation was on 31 March 2021. The changes in fair value recognised in other comprehensive income and in the statement of changes in equity. The valuer has used valuation techniques such as market values and discounted cash flow methods where there was lack of comparable market data available based on the nature of the property.

b) Measurement of the Recoverable Amount of Cash-Generating Units Containing Goodwill and Impairment Test on Investment in Subsidiary:

The Group tests annually whether goodwill requires impairment, in accordance with the accounting policy stated in Note 2.3.2. The recoverable value of Goodwill together with the related investment in subsidiary has been assessed considering its value in use discounting future cash flows generated from containing the operations of the unit.

c) Defined Benefit Plans

The cost of the defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases, and mortality rates more fully described in Note 17. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the weighted average cost of capital. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the respective country.

d) Income Tax and Deferred Tax Rates

The Ministry of Finance has instructed on January 31, 2020 and March 05, 2020, that the revised income tax rates proposed to the Inland Revenue Act, No. 24 of 2017 (IRA) by Circular No. PN/IT/2020-03 (Revised), be implemented with effect from January 01, 2020, pending formal amendments being made to the IRA.

The Company's management having applied significant judgment to the said proposed revision of income tax rates, have determined that it is probable that formal amendments to the IRA will be made. The management concluded that Circular No. PN/IT/2020-03 (Revised) is more likely to be enacted in the near future and therefore, income tax rates and proposed basis of quantifying current income tax stipulated in the said Circular to be effective from 01/01/2020 have been used to calculate the current year income tax provision of the 2020/21 financial year of the Company. Accordingly, the Company has decided to apply the revised income tax rates with effective from 1 January 2020.

The Company has computed deferred tax at the effective rate (16%) considering the proposed tax rates, which is the revised income tax rates proposed to the Inland Revenue Act, No. 24 of 2017 (IRA) by Circular No. PN/IT/2020-03 (Revised), as of the reporting date has not been enacted as of the reporting date.



e) Deferred Tax Asset

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probably that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

2.3 SIGNIFICANT ACCOUNTING POLICIES

2.3.1 Changes in Accounting Policies

The accounting policies adopted in the preparation of the consolidation financial statements are consistent with those followed in the preparation of the consolidation financial statements for the year ended 31 March 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards, amendments and interpretation issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 – Interest Rate Benchmark Reform (Phase 1 & 2)

The amendments to SLFRS 9 & LKAS 39 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

IBOR reforms Phase 2 include number of reliefs and additional disclosures. Amendments supports companies in applying SLFRS when changes are made to contractual cashflows or hedging relationships because of the reform.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2021.

Amendments to SLFRS 16 - COVID – 19 Related Rent Concessions

The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 Pandemic.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from Covid-19 related rent concession the same way it would account for the change under SLFRS16, if the change were not a lease modification. The amendment applies to annual reporting periods beginning on or after 01 June 2020.



Amendments to SLFRS 3

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to LKAS 16

In March 2021, the ICASL adopted amendments to LKAS 16-Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to LKAS 37

In March 2021, the ICASL adopted amendments to LKAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Amendments to LKAS 1: Classification of Liabilities as Current or Non-current

In March 2021, ICASL adopted amendments to paragraphs 69 to 76 of LKAS 1 which specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively.

None of the new or amended pronouncements are expected to have a material impact on the consolidated financial statements of the group / financial statements of the company in the foreseeable future.



2.3.2 Basis of Consolidation

The Consolidated Financial Statements (referred to as the 'Group') comprise the financial statements of the Company and its Subsidiaries. Subsidiaries are disclosed in Notes 08 to the financial statements. The financial statements of the Subsidiaries are prepared in compliance with the Group's accounting policies unless stated otherwise.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the Statement of Profit or Loss.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, which is 12 months ending 31 March, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.



Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. If the Group retains any interest in the previous subsidiary then such interest is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained.

Investments in Subsidiaries are recognized at cost less impairment in the separate financial statements of the Company.

Goodwill

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.3.3 Current/Non-Current Classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is classified as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Group classifies all other assets as non-current.



A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3.4 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as land and building. Involvement of external valuers is decided upon annually by the Board of Directors, where selection criteria would include market knowledge, reputation, and independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.



2.3.5 Foreign Currency Translations

The financial statements are presented in Sri Lanka Rupees, which is the Group's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.3.6 Financial Instruments – Financial assets

Initial Recognition and Measurement

Financial assets are recognized at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivable that do not contain significant financing component for which Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not a fair value through profit or loss, transaction costs. Trade receivable that do not contain a significant financing component for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows selling the financial assets or both.

Purchases or sales of financial assets that require delivery of financial assets within a time frame established by regulation or convention in the market place are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Company's financial assets include cash and bank balances, fixed deposits, trade and other receivables including amount due from related parties, and advances and prepayments.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- i. Financial assets at amortised cost (debt instruments)
- ii. Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- iii. Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments)
- iv. Financial assets at fair value through profit or loss



Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at amortised cost (debt instruments)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial assets at amortised cost (debt instruments)

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.



2.3.7 Financial Instruments – Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables including amount due to related parties, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SLFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

De-recognition

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

2.3.8 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.3.9 Determination of Fair values

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. When there is no active market, direct observation of a trade price may not be possible. In these circumstances, the Group uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair value are determined according to the following hierarchy.

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

2.3.10 Property, Plant and Equipment

Basis of measurement

Property, Plant and equipment is stated at cost/revaluation, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of profit or loss as incurred.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to Significant accounting judgments, estimates and assumptions and provisions for further information about the recorded decommissioning provision. The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Land and buildings are subsequently measured at fair value, less accumulated depreciation on buildings, and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

Depreciation

Depreciation is calculated by using a straight-line method on the cost of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting period end and adjusted prospectively, if appropriate.

2.3.11 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the reporting period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.3.12 Intangible assets

Computer software acquired is separately measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful life of computer software is assessed and amortised over the useful economic life of 4 years.

2.3.13 Cash and Cash Equivalents

Cash and Cash Equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of cash flow statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.3.14 Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials:

- Purchase cost on a Weighted Averaged Cost (WAC) basis.

Work in Progress:

- Cost of direct materials

Finished goods:

- Cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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

2.3.15 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.



2.3.16 Retirement Benefit Obligations

The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions to a separate entity. A defined benefit plan, define an amount of pension benefit that an employee will receive on retirement, based on the years of service and compensation.

a) Defined Contribution Plans – Employees’ Provident Fund & Employees’ Trust Fund

Employees are eligible for Employees’ Provident Fund Contributions and Employees’ Trust Fund Contributions in line with the respective statutes and regulations in Sri Lanka. The Group contributes 14% and 3% of basic emoluments of employees to Employees’ Provident Fund and Employees’ Trust Fund respectively.

b) Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The defined benefit is calculated using Projected Unit Credit (PUC) method as recommended by LKAS 19 – “Employee benefits”. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability.

The present value of the defined benefit obligations depends on a number of factors that are determined using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 14. Any changes in these assumptions will impact the carrying amount of defined benefit obligations.

The Group’s accounting policy for defined benefit plans is to recognize actuarial gains and losses in the period in which they occur in full in other comprehensive income in accordance with LKAS 19. Accordingly, the Group recognized all cumulative actuarial gains and losses at the date of transition to SLFRS. Further details are disclosed in financial statements.

The Retirement Benefit Obligation of the Company is based on the Actuarial Valuation carried out by Messrs, Actuarial and Management Consultants (Private) Limited, a firm of Professional Actuaries.

The gratuity liability is not funded.

2.3.17 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

1) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:



- Buildings 03 to 06 years
- Plant and machinery 05 to 10 years
- Motor vehicles and other equipment 04 to 05 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

II) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in Interest-bearing loans and borrowings (Note 13).

III) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.



2.3.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

2.3.19 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group is the principal in its revenue arrangements, as it typically controls the goods before transferring them to the customer. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

a) Sale of Goods

Revenue from sale of goods is recognised at the point in time when control of the goods are transferred to the customer, generally on sold of the goods.

The Group's contracts with customers sales include one performance obligation. The Group has concluded that revenue from sales should be recognised at the point in time when control of the asset is transferred to the customer, generally on sold of goods (Local Sales) or delivery of the goods based on shipping terms (Export Sales). Therefore, the adoption of SLFRS 15 did not have an impact on the timing of revenue recognition. However, in determining the transaction price for the sales, the Group considers the effects of variable consideration and the existence of significant financing components.

b) Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial instruments – initial recognition and subsequent measurement.

c) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

d) Gains and Losses

Gains and losses arising from incidental activities to main revenue generating activities and those arising from a group of similar transactions which are not material, are aggregated, reported and presented on a net basis.

e) Finance income

Finance income is recognised on a time proportion basis that takes in to account the effective interest rate (EIR) on asset. EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.



f) Dividend Income

Dividend income is recognised when the Group's right to receive the payment is established.

g) Rental Income

Rental income arising from operating leases on investment properties or renting out of premises are recognised as income on a straight-line basis over the term of the lease or agreement.

h) Others

Other income is recognised on an accrual basis.

2.3.20 Taxation

Current Taxes

Current income tax assets and liabilities for the current reporting period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Taxation

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and the carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. As described in Note 2.2 d) the Group has used the proposed income tax rate for compute the deferred tax assets and liabilities as at reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.



2.3.21 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the “indirect method”.

Interest paid are classified as operating cash flows, interest received is classified as investing cash flows for the purpose of presenting Statement of Cash Flows.



Ex-Pack Corrugated Cartons Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

3. PROPERTY, PLANT AND EQUIPMENT

3.1 Group	Land	Building	Motor Vehicles	Office Equipment	Furniture and Fittings	Technological Equipment	Plant & Machinery	Tools and Equipment	Spare Parts	Stores & Equipment	Work in Progress	Total
3.1.1 Cost/Valuation	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 31 March 2020	414,908,000	379,122,000	154,051,014	11,717,250	2,569,017	28,186,335	419,156,216	4,167,449	53,155,620	5,350,260	75,184,595	1,547,567,756
Additions	-	9,528,719	19,978,820	3,262,114	2,653,772	11,783,128	56,428,592	174,000	-	254,605	-	104,063,750
Transfers from/to WIP	-	25,568,773	11,503,005	-	-	-	38,112,817	-	-	-	(75,184,595)	-
Transferred From ROU Assets	-	-	23,290,679	-	-	-	9,029,748	-	-	-	-	32,320,427
Revaluation	50,092,000	(24,219,492)	-	-	-	-	-	-	-	-	-	25,872,508
Disposals	-	-	(26,971,678)	(1,430,614)	-	(307,300)	(339,966)	(284,980)	-	(939,298)	-	(30,273,836)
As at 31 March 2021	465,000,000	390,000,000	181,851,840	13,548,750	5,222,789	39,662,163	522,387,407	4,056,469	53,155,620	4,665,567	-	1,679,550,605

3.1.2 Accumulated Depreciation

As at 31 March 2020	-	23,837,985	97,234,164	6,889,364	932,167	20,023,571	380,373,761	2,607,686	53,155,620	5,169,472	-	590,223,790
Charge for the year	-	25,326,013	21,669,415	1,251,112	527,386	3,776,478	23,683,981	325,701	-	64,503	-	76,624,589
Transferred From ROU Assets	-	-	23,290,679	-	-	-	7,673,555	-	-	-	-	30,964,234
Revaluation	-	(49,163,998)	-	-	-	-	-	-	-	-	-	(49,163,998)
Disposals	-	-	(6,326,816)	(559,074)	-	(263,343)	(237,976)	(248,201)	-	(942,469)	-	(8,577,879)
As at 31 March 2021	-	-	135,867,442	7,581,402	1,459,553	23,536,706	411,493,321	2,685,186	53,155,620	4,291,506	-	640,070,736

As at 31 March 2020	414,908,000	355,284,015	56,816,850	4,827,886	1,636,850	8,162,764	38,782,455	1,559,763	-	180,788	75,184,595	957,343,966
As at 31 March 2021	465,000,000	390,000,000	45,984,398	5,967,348	3,763,236	16,125,457	110,894,086	1,371,283	-	374,061	-	1,039,479,869

3.1.3 During the financial year, the Group acquired Property, Plant and Equipment to the aggregate value of Rs. 104,063,750/-. (2020 - Rs. 176,463,471/-). Total cash payments amounting to Rs. 104,063,750/-. (2020 - Rs. 156,463,471/-) were made during the year for purchase of Property, Plant and Equipment.

3.1.4 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of Rs. 359,143,267/- (2020 - Rs. 232,189,182/-).

3.1.5 The Group's lands which are reflected at revalued amounts have been determined based on active market price method. The revaluation was last carried out on 31 March 2021 by A. M. Pathi, an independent valuer.



Ex-Pack Corrugated Cartons Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

3. PROPERTY, PLANT AND EQUIPMENT (Contd...)

3.2 Company	Land	Building	Motor Vehicles	Office Equipment	Furniture and Fixings	Technological Equipment	Plant & Machinery	Tools and Equipment	Spare Parts	Stores & Equipment	Work in Progress	Total
3.2.1 Cost / Valuation	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
As at 31 March 2020	414,908,000	379,122,000	142,309,934	4,903,171	2,361,346	21,074,263	360,232,529	2,009,743	53,155,620	-	75,184,595	1,455,261,201
Additions	-	9,528,719	18,053,820	991,810	1,760,305	10,966,128	56,428,592	90,000	-	-	-	97,819,374
Transfers from/to WIP	-	25,568,773	11,503,005	-	-	-	38,112,817	-	-	-	(75,184,595)	-
Revaluation	50,092,000	(24,219,492)	-	-	-	-	-	-	-	-	-	25,872,508
Disposals	-	-	(26,971,678)	-	-	-	-	-	-	-	-	(26,971,678)
As at 31 March 2021	465,000,000	390,000,000	144,895,081	5,894,981	4,121,651	32,040,391	454,773,938	2,099,743	53,155,620	-	-	1,551,981,405

3.2.2 Accumulated Depreciation

As at 31 March 2020	-	23,837,985	87,828,795	2,388,202	724,496	14,858,970	343,873,494	1,076,106	53,155,620	-	-	527,743,668
Charge for the year	-	25,326,013	20,757,944	665,086	460,196	3,008,502	21,203,153	137,653	-	-	-	71,558,547
Revaluation	-	-	-	-	-	-	-	-	-	-	-	(49,163,998)
Disposals	-	-	(6,326,816)	-	-	-	-	-	-	-	-	(6,326,816)
As at 31 March 2021	-	-	102,259,923	3,053,288	1,184,692	17,867,472	365,076,647	1,213,759	53,155,620	-	-	543,811,401

As at 31 March 2020	414,908,000	355,284,015	54,481,139	2,514,969	1,636,850	6,215,293	16,359,035	933,637	-	-	75,184,595	927,517,533
As at 31 March 2021	465,000,000	390,000,000	42,635,158	2,941,693	2,936,959	14,172,919	89,697,291	885,984	-	-	-	1,008,170,004

3.2.3 During the financial year, the Company acquired Property, Plant and Equipment to the aggregate value of Rs. 97,819,374/- (2020 - Rs. 148,610,369/-). Cash payments amounting to Rs. 97,819,374/- (2020 - Rs. 128,610,369/-) were made during the year for purchase of Property, Plant and Equipment.

3.2.4 Property, Plant and Equipment includes fully depreciated assets having a gross carrying amounts of Rs. 309,728,794/- (2020 - Rs. 191,880,564/-).

3.2.5 The Group/Company uses the revaluation model of measurement of land and buildings. The Group/Company engaged A.A.M. Fathima, an accredited independent valuer, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence. Valuations are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent revaluation was 31 March 2021.

The table below sets out information about significant unobservable inputs used in measuring non-financial assets measured at fair value categorised as level 3 in the fair value hierarchy as at March 31, 2021.

Location and Date of Last Revaluation	Sub-Category	Total Sq Ft	Valuation Technique	Significant Unobservable Inputs		Fair Value - 31 Mar 2021	Fair value Measurement Sensitivity to Unobservable Inputs Measurement
				Inputs	Factor Rate		
Land No. 79, Pattiwala Road, Gonawala, Kelaniya, (31 Mar 2021)	1 Main Land	679.30 Perch	Direct Capital	Rate Per Perch	649,198	441,000,000	Significant increases (decreases) in estimated price per perch would result in a significantly higher (lower) fair value.
	2 Car Park Land	19.13 Perch	Comparison Method	Rate Per Perch	1,254,574	24,000,000	
						<u>465,000,000</u>	
Building No. 79, Pattiwala Road, Gonawala, Kelaniya, (31 Mar 2021)	1 Main Factory & Store	139,418 Sq Ft	Replacement Cost	Replacement Cost Per Perch	3,500	317,000,000	Significant increases (decreases) in estimated replacement cost per perch would result in a significantly higher (lower) fair value.
	2 Two Story Building 1	17,362 Sq Ft			5,000	60,700,000	
	3 Two Story Building 2	1,400 Sq Ft			5,000	6,300,000	
	4 Car Park Garage	5,200 Sq Ft			1,250	6,000,000	
						<u>390,000,000</u>	



3. PROPERTY, PLANT AND EQUIPMENT (Contd...)

3.3 The useful lives of the assets is estimated as follows	Group/Company	
	2021	2020
Building	20 Years	20 Years
Tools and Equipment's	8 Years	8 Years
Plant and Machinery	5-10 Years	5-10 Years
Office Equipment	4-8 Years	4-8 Years
Furniture and Fittings	8 Years	8 Years
Motor Vehicle	5 Years	5 Years
Technical Equipment	4 Years	4 Years
Spare Parts	3 Years	3 Years
	0	

4. LEASES - SLFRS 16

4.1 Rights Of Use Asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability (present value of future lease payments discounted using the Company's incremental borrowing rate) adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The movement of Right of Use Lease assets of the Group/Company is as follows:

4.1.1 Group

Cost	Balance As at 31.03.2020	Additions during the year	Transfer to Property, Plant and Equipment	Balance As at 31.03.2021
	Rs.	Rs.	Rs.	Rs.
Buildings	154,110,048	-	-	154,110,048
Motor Vehicle	34,508,081	-	(23,290,679)	11,217,402
Plant and Machinery	14,266,837	-	(9,029,748)	5,237,089
	<u>202,884,966</u>	<u>-</u>	<u>(32,320,427)</u>	<u>170,564,539</u>
Amortisation	Balance As at 31.03.2020	Charge for the year	Transfer to Property, Plant and Equipment	Balance As at 31.03.2021
	Rs.	Rs.	Rs.	Rs.
Buildings	33,382,100	28,684,600	-	62,066,700
Motor Vehicle	22,655,557	5,610,974	(23,290,679)	4,975,852
Plant and Machinery	7,360,479	3,019,912	(7,673,555)	2,706,836
	<u>63,398,136</u>	<u>37,315,486</u>	<u>(30,964,234)</u>	<u>69,749,388</u>
Net book values	Balance As at 31.03.2021		Balance As at 31.03.2020	
	Rs.		Rs.	
Buildings	92,043,348		120,727,948	
Motor Vehicle	6,241,550		11,852,524	
Plant and Machinery	2,530,253		6,906,358	
	<u>100,815,151</u>		<u>139,486,830</u>	



4. LEASES - SLFRS 16 (Contd...)

4.1.2 Company

Cost	Balance As at 31.03.2020	Additions during the year	Transfer to Property, Plant and Equipment	Balance As at 31.03.2021
	Rs.	Rs.	Rs.	Rs.
Buildings	64,122,299	-	-	64,122,299
	64,122,299	-	-	64,122,299
Amortisation	Balance As at 31.03.2020	Charge for the year	Transfer to Property, Plant and Equipment	Balance As at 31.03.2021
	Rs.	Rs.	Rs.	Rs.
Buildings	7,498,172	10,687,050	-	18,185,222
	7,498,172	10,687,050	-	18,185,222
Net book values			Balance As at 31.03.2021	Balance As at 31.03.2020
			Rs.	Rs.
Buildings			45,937,077	56,624,127
			45,937,077	56,624,127

4.2 Lease Liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the initial application date, discounted using the interest rate implicit in the lease or, if that rate can not be readily determined, the Company's incremental borrowing rate. The movement of Lease creditor for the period is described in Note 13.

5. INTAGIBLE ASSETS

5.1 Computer Software

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Cost				
As at 1 April	1,075,848	1,075,848	-	-
Additions	677,375	-	552,375	-
As at 31 March	1,753,223	1,075,848	552,375	-
Amortisation				
As at 1 April	935,900	672,032	-	-
Amortisation for the year	149,667	263,868	15,344	-
As at 31 March	1,085,567	935,900	15,344	-
Net book value	667,656	139,948	537,031	-

5.2 Goodwill

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Goodwill acquired through business combinations have been allocated to cash generating unit for impairment testing as follows,				
Neptune Papers (Private) Limited	203,543,671	203,543,671	-	-
	203,543,671	203,543,671	-	-
Total Intangible Assets	204,211,327	203,683,619	537,031	-

The recoverable amount of cash generating unit has been determined based on the value in use (VIU) calculation (Note 5.3)



5. INTAGIBLE ASSETS (Contd...)

5.3 Key assumption used in the VIU calculation.

Gross margins

The basis used to determine the value assigned to the budgeted gross margins is the gross margins achieved in the year preceding the budgeted year adjusted for projected market conditions.

Discount rates

The discount rate used is the risk free rate, adjusted by the addition of an appropriate risk premium. (11%).

Inflation

The basis used to determine the value assigned to the budgeted cost inflation, is the inflation rate, based on projected economic conditions.

Volume growth

Volume growth has been budgeted on a reasonable and realistic basis by taking into account the growth rates of one to four years immediately to the budgeted year based on Industry growth rates. Cash flows beyond the five year period are extrapolated using 3% growth rate.

6. NON CURRENT ASSETS HELD FOR SALE

	Group/Company	
	2021	2020
	Rs.	Rs.
As at 01st April	-	320,205,731
Development Cost	-	5,847,750
Transfer to Investment Property	-	(326,053,481)
As at 31st March	-	-

During the last year, the management has decided to dispose one land (No. 151, Samaurdi Mawatha, Heiyantuduwa, Biyagama.) had a book value of Rs. 320,205,731/-. The actions plans were initiated in order to complete the sale and the management expected to complete the sale within one year period from 31 Mar 2019. However, with the current market condition due to CIVID 19 impact, such sale transaction were not taken place and as a result on 31 Mar 2020 the management decided to transfer the land under Investment Property. (Note 7)

7. INVESTMENT PROPERTY

	Group/Company	
	2021	2020
	Rs.	Rs.
As at 01 April	372,200,000	-
Transfer from Non Current Assets Held for Sale	-	326,053,481
Development Cost	3,039,250	-
Gain on Fair Value Change in Investment Property	6,760,750	46,146,519
As at 31 March	382,000,000	372,200,000

The Company engaged A.A.M. Fathihu, an accredited independent valuer, to determine the fair value of the land. Fair value is determined by reference to market-based evidence. Valuations are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent revaluation was 31 March 2021 and the land valuation is amounting to Rs. Rs. 382,000,000/-.

The below information about significant unobservable inputs used in measuring non-financial assets measured at fair value categorised as level 3 in the fair value hierarchy as at March 31, 2021.

- * Location - No 151, Samurdhi Mw, Heiyanthuduwa, Biyagama.
- * Valuation Technique - Direct Capital Comparison Method.
- * Total Sq.Ft - 527.5 Sq.Ft

- * Date of Last Revaluation - 31 Mar 2021
- * Rate Per Perch - Rs. 750,000/- to 1,000,000/-
- * Fair Value - Rs. 382,000,000/-

Significant increases (decreases) in estimated price per perch would result in a significantly higher (lower) fair value.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

8. INVESTMENT IN SUBSIDIARY

Company	2021		2020	
	Holding %	Rs.	Holding %	Rs.
Non Quoted				
Denshun Industries (Private) limited	-	-	100%	182,200,000
Neptune Papers (Private) Limited	100%	205,000,000	100%	200,000,000
		<u>205,000,000</u>		<u>382,200,000</u>
Less : Provision for impairment				
Denshun Industries (Private) limited		-		(161,514,000)
		<u>205,000,000</u>		<u>220,686,000</u>

8.1 On 25 March 2021, the company disposed entire shareholding of Denshun Industries (Private) limited to Aberdeen Holding (Private) Limited for a consideration of Rs. 20,686,000/-. The consideration were settled through transferring the payable balance of Denshun Industries (Private) limited, to Aberdeen Holding (Private) Limited amounting to Rs. 20,291,716/-.

8.2 On 01 January 2021, the Company invested in 500,000 ordinary shares issued by Neptune Papers (Private) Limited for the total consideration of Rs. 5 Mn.

9. INVENTORIES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Raw Material	515,528,903	467,442,178	515,528,903	467,442,178
Work-in-Progress	5,155,792	12,950,453	5,155,792	12,950,453
Finished Goods	117,353,655	177,537,447	34,482,758	45,274,297
Consumables	126,597,240	120,322,386	126,597,240	120,322,386
	<u>764,635,590</u>	<u>778,252,464</u>	<u>681,764,693</u>	<u>645,989,314</u>

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade Debtors - Other	1,042,339,442	853,498,723	783,633,046	644,171,431
- Related Parties (10.1)	2,352,414	1,972,538	2,352,414	1,972,538
Less: Allowances for Doubtful Debt	(10,409,865)	(13,154,465)	-	(1,300,000)
	<u>1,034,281,991</u>	<u>842,316,796</u>	<u>785,985,460</u>	<u>644,843,969</u>
Staff Debtors	2,636,543	1,925,582	2,636,543	1,925,582
Other Debtors - Others	37,605,110	42,463,046	22,951,130	21,633,480
- Related Parties (10.2)	124,365,649	117,246,634	85,188,140	91,058,900
Insurance Claim Receivable	-	19,044,338	-	-
	<u>164,607,302</u>	<u>180,679,600</u>	<u>110,775,813</u>	<u>114,617,962</u>
VAT Receivable	175,375,131	256,176,511	161,666,081	227,804,624
Income Tax Receivable	4,788,051	15,416,938	-	-
Provision for Income Tax Receivable (21)	-	(10,642,161)	-	-
	<u>180,163,182</u>	<u>260,951,288</u>	<u>161,666,081</u>	<u>227,804,624</u>
	<u>1,379,052,475</u>	<u>1,283,947,684</u>	<u>1,058,427,354</u>	<u>987,266,555</u>



10. TRADE AND OTHER RECEIVABLES (Contd...)

10.1 Trade Debtors - Related Parties

Trade Debtors - Related Parties		Group		Company	
	Relationship	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Bio Extracts (Pvt) Ltd	Affiliate Company	2,352,414	1,972,538	2,352,414	1,972,538
		2,352,414	1,972,538	2,352,414	1,972,538

10.2 Other Debtors - Related Parties

Other Debtors - Related Parties	Relationship	Group	Company		
		2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Aberdeen Holdings (Pvt) Ltd	Parent	79,886,953	85,767,890	53,734,141	59,604,901
Expo Commodities DMCC	Affiliate Company	327,894	-	-	-
Lanka Commodity Trading (Pvt) Ltd	Affiliate Company	31,366	-	-	-
Expoteas Ceylon (Pvt) Ltd	Affiliate Company	43,450	-	-	-
Hi Energy Services (Pvt) Ltd	Affiliate Company	16,375	-	-	-
Saffron Food Services (Pvt) Ltd	Affiliate Company	10,231,299	-	-	-
Lanka Food Solutions (Pvt) Ltd	Affiliate Company	24,803,599	24,803,599	24,803,599	24,803,599
Bio Extract (Pvt) Ltd	Affiliate Company	6,941,914	6,650,400	6,650,400	6,650,400
Fits Aviation (Pvt) Ltd	Affiliate Company	1,232,984	-	-	-
Fits Express (Pvt) Ltd	Affiliate Company	849,815	24,745	-	-
		124,365,649	117,246,634	85,188,140	91,058,900

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
11.1 Favourable Cash and Cash Equivalents balance				
Cash at Bank	60,890,990	46,053,526	58,294,615	38,521,927
Cash in Hand	33,849,690	61,048,787	26,297,347	17,227,047
	<u>94,740,680</u>	<u>107,102,313</u>	<u>84,591,962</u>	<u>55,748,974</u>
11.2 Unfavourable Cash and Cash Equivalents balance				
Bank overdrafts	(21,129,730)	-	(21,129,730)	-
	<u>(21,129,730)</u>	<u>-</u>	<u>(21,129,730)</u>	<u>-</u>
Net Cash & Cash Equivalent balance for the purpose of Cash Flow Statement	<u>73,610,950</u>	<u>107,102,313</u>	<u>63,462,232</u>	<u>55,748,974</u>

12. STATED CAPITAL

	Group/Company		Rs.	
	Number	Number	2021	2020
Fully Paid ordinary shares	2021	2020	2021	2020
	50,000,000	50,000,000	500,000,000	500,000,000
	<u>50,000,000</u>	<u>50,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>



Ex-Pack Corrugated Cartons Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

13. INTEREST BEARING LOANS AND BORROWINGS

Non-current interest bearing loans and borrowings
Finance Lease - Motor Vehicle and Plant and Machinery (13.1)
Finance Lease - Buildings (13.2)
Term Loans (13.5)

Current interest bearing loans and borrowings
Finance Lease - Motor Vehicle and Plant and Machinery (13.1)
Finance Lease - Buildings (13.2)
Loans obtained from Directors (13.3)
Loans obtained from Related Parties (13.4)
Term Loans (13.5)
Bank overdrafts (11.2)

Total interest bearing loans and borrowings

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
	2,310,992	6,006,782	-	-
	73,620,179	88,708,456	40,118,450	49,106,052
	75,931,171	94,715,238	40,118,450	49,106,052
	3,695,790	6,892,380	-	-
	19,302,516	22,487,212	8,987,602	6,945,664
	-	44,000,000	-	44,000,000
	42,000,000	67,000,000	-	-
	2,590,564,120	2,241,275,737	2,244,064,120	1,824,800,000
	21,129,730	-	21,129,730	-
	2,676,692,156	2,381,655,329	2,274,181,452	1,875,745,664
	2,752,623,327	2,476,370,567	2,314,299,902	1,924,851,716

13.1 Finance Lease - Motor Vehicle and Plant and Machinery Group

Commercial Bank of Ceylon PLC
Finance Charges Allocated to Future Periods
Net Liability

	Balance as at 01.04.2020	New leases Obtained	Repayments	Balance as at 31.03.2021	Current as at 31.03.2021	Non-current as at 31.03.2021
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	15,308,834	-	(8,317,131)	6,991,703	4,325,288	2,666,415
	(2,409,672)	-	1,424,751	(984,921)	(629,498)	(355,423)
	12,899,162	-	(6,892,380)	6,006,782	3,695,790	2,310,992



Ex-Pack Corrugated Cartons Limited

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2021

13. INTEREST BEARING LOANS AND BORROWINGS (Contd...)

13.2 Finance Lease - Buildings
Group

Balance as at 01.04.2020 Rs.	Interest Expense Recognised in Profit or Loss Rs.	Relief of Lease Obligation Rs.	Realization of Liability Rs.	Balance as at 31.03.2021 Rs.	Current as at 31.03.2021 Rs.	Non-current as at 31.03.2021 Rs.
111,195,668	12,891,177	(1,435,530)	(29,728,620)	92,922,695	19,302,516	73,620,179
111,195,668	12,891,177	(1,435,530)	(29,728,620)	92,922,695	19,302,516	73,620,179

Buildings

Company

Balance as at 01.04.2020 Rs.	Interest Expense Recognised in Profit or Loss Rs.	Relief of Lease Obligation Rs.	Realization of Liability Rs.	Balance as at 31.03.2021 Rs.	Current as at 31.03.2021 Rs.	Non-current as at 31.03.2021 Rs.
56,051,716	6,734,336	-	(13,680,000)	49,106,052	8,987,602	40,118,450
56,051,716	6,734,336	-	(13,680,000)	49,106,052	8,987,602	40,118,450

Buildings

13.3 Loan obtained from Directors
Group/Company

Name of Directors
Mr. Sharik Kassim

As At 01.04.2020 Rs.	New Loan Obtained Rs.	Repayment Rs.	As At 31.03.2021 Rs.
44,000,000	-	(44,000,000)	-
44,000,000	-	(44,000,000)	-

13.4 Loan obtained from Related Parties
Group

Aberdeen Holding (Pvt) Ltd

Balance as At 01.04.2020 Rs.	New Loan Obtained Rs.	Repayment Rs.	Balance as At 31.03.2021 Rs.
67,000,000	-	(25,000,000)	42,000,000
67,000,000	-	(25,000,000)	42,000,000



Ex-Pack Corrugated Cartons Limited
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2021

13. INTEREST BEARING LOANS AND BORROWINGS (Contd....)

13.5 Term Loans Group	Balance as At 01.04.2020 Rs.	New Loan Obtained Rs.	Repayment Rs.	Balance as At 31.03.2021 Rs.	Current as at 31.03.2021 Rs.	Non-current as at 31.03.2021 Rs.
Bank of Ceylon	350,700,000	1,151,537,000	(1,488,400,000)	13,837,000	13,837,000	-
National Development Bank - LKR	775,631,816	2,578,339,784	(2,753,744,480)	600,227,120	600,227,120	-
National Development Bank - USD	129,402,254	212,352,316	(341,754,570)	-	-	-
Hutton National Bank PLC	800,000,000	2,300,000,000	(2,300,000,000)	800,000,000	800,000,000	-
Seylan Bank PLC	180,000,000	820,000,000	(600,000,000)	400,000,000	400,000,000	-
Amara Takaful (Maldives) PLC - USD	5,541,667	-	(5,541,667)	-	-	-
Amara Bank	-	1,598,500,000	(882,000,000)	716,500,000	716,500,000	-
Lanka Commodity Holdings (Pvt) Ltd	-	160,000,000	(100,000,000)	60,000,000	60,000,000	-
	2,241,275,737	8,820,729,100	(8,471,440,717)	2,590,564,120	2,590,564,120	-
Company	Balance as At 01.04.2020 Rs.	New Loan Obtained Rs.	Repayment Rs.	Balance as At 31.03.2021 Rs.	Current as at 31.03.2021 Rs.	Non-current as at 31.03.2021 Rs.
Bank of Ceylon	350,700,000	1,151,537,000	(1,488,400,000)	13,837,000	13,837,000	-
National Development Bank - LKR	494,100,000	1,340,517,557	(1,580,890,437)	253,727,120	253,727,120	-
Hutton National Bank	800,000,000	2,300,000,000	(2,300,000,000)	800,000,000	800,000,000	-
Seylan Bank	180,000,000	820,000,000	(600,000,000)	400,000,000	400,000,000	-
Amara Bank	-	1,598,500,000	(882,000,000)	716,500,000	716,500,000	-
Lanka Commodity Holdings (Pvt) Ltd	-	160,000,000	(100,000,000)	60,000,000	60,000,000	-
	1,824,800,000	7,370,554,557	(6,951,290,437)	2,244,064,120	2,244,064,120	-



14. RETIREMENT BENEFIT LIABILITY

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
<i>Defined Benefit Obligation - Gratuity</i>				
Defined Benefit Obligation as at the Beginning of the Year	72,068,681	63,614,518	53,142,229	45,607,168
Interest cost	6,964,390	5,720,894	5,092,055	4,166,958
Current service cost	7,530,511	7,146,825	5,315,635	4,794,240
Benefits paid	(14,067,373)	(2,799,174)	(12,645,923)	(2,377,824)
Actuarial (gains)/losses on obligation	9,704,959	(1,614,382)	10,520,590	951,687
Defined Benefit Obligation as at the End of the Year	82,201,168	72,068,681	61,424,586	53,142,229

14.1 The Retirement Benefit Obligation of the Company as at 31st March 2021 is based on the Actuarial Valuation carried out by Messrs. Actuarial and Management Consultants (Private) Limited, a firm of Professional Actuaries.

14.2 Principal assumption used in determining post employment benefit obligation for the group are shown below:

	Group		Company	
Discount rate:	7.3%-8.2%	9.00% - 10.00%	8.20%	9.00% - 10.00%
Salary Increase Rate	8%-10%	5.00% - 10.00%	8.00%	8.00% - 10.00%
Retirement age	55-60 Years	55-60 Years	60 Years	55-60 Years

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Trade Payables - Others	702,357,471	537,782,504	586,852,532	393,378,425
- Related Parties (15.1)	-	90,385	173,121	90,385
	702,357,471	537,872,889	587,025,653	393,468,810
Other Payables - Others	14,844,853	15,939,152	13,548,881	15,113,700
- Related Parties (15.2)	1,542,299	5,417,480	-	20,924,541
Sundry Creditors including accrued expenses	37,036,478	62,992,350	30,494,283	44,693,576
	755,781,101	622,221,871	631,068,817	474,200,627

15.1 Trade Payables - Related Parties

	Group		Company	
Relationship	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Saffron Foods (Pvt) Ltd	-	90,385	-	90,385
Neptune Papers (Pvt) Ltd	-	-	173,121	-
	-	90,385	173,121	90,385

15.2 Other Payables - Related Parties

	Group		Company	
Relationship	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Aberdeen Holdings (Pvt) Ltd	1,521,799	2,428,749	-	-
Denshun Industries (Pvt) Ltd	-	-	-	20,291,716
Lanka Food Solutions (Pvt) Ltd	-	1,500,000	-	-
Amana Takaful Ltd	-	346,697	-	346,697
Expolanka Teas (Pvt) Ltd	-	286,128	-	286,128
Bio Extract (Pvt) Ltd	20,500	855,906	-	-
	1,542,299	5,417,480	-	20,924,541



16. REVENUE FROM CONTRACT WITH CUSTOMERS

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Local Sales	1,980,490,669	1,941,457,011	1,739,663,882	1,575,078,243
Export Sales	2,803,535,283	2,651,753,557	1,570,434,882	1,428,842,669
Waste Sales - Export	-	4,750,270	-	4,750,270
Service Income	2,979,895	2,505,476	-	-
	<u>4,787,005,847</u>	<u>4,600,466,314</u>	<u>3,310,098,764</u>	<u>3,008,671,182</u>

16.1 Set out below is the disaggregation of the Group/Company revenue from contracts with customers:

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Segments				
Types of Goods				
Manufacture and sale of Corrugated Cartons	3,507,334,495	3,280,961,900	3,307,994,541	2,995,881,803
Manufacture of papers / paper reels	1,100,455,445	1,112,241,607	-	-
Manufacture of fabric sales	132,644,956	110,669,281	-	-
Waste sales	43,591,056	94,088,050	2,104,223	12,789,379
Service Income	2,979,895	2,505,476	-	-
	<u>4,787,005,847</u>	<u>4,600,466,314</u>	<u>3,310,098,764</u>	<u>3,008,671,182</u>
Geographical Market				
Sri Lanka	2,301,777,490	2,147,320,881	1,739,663,882	1,575,078,243
Other South Asia	2,432,710,764	2,399,517,370	1,538,206,656	1,381,799,660
Other	52,517,593	53,628,063	32,228,226	51,793,279
	<u>4,787,005,847</u>	<u>4,600,466,314</u>	<u>3,310,098,764</u>	<u>3,008,671,182</u>
Contract Balances - Liabilities				
Advance Received	8,316,019	2,220,058	4,515,530	1,523,861

17. OTHER INCOME AND GAINS

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Profit on Disposal of Property, Plant and Equipment	13,025,421	7,750,000	12,725,138	7,750,000
Exchange Gain	36,661,001	969,060	31,053,386	953,740
Sundry Income	6,428,271	5,679,904	1,711,015	1,612,122
Finance Income - Mark up	4,126,350	67,520	4,046,775	-
Income from Weighbridge Inhouse	3,231,636	195,900	-	-
Relief of lease obligation	1,435,530	-	-	-
Insurance Claimed for Losses	-	37,828,883	-	-
Insurance Claimed for Business Interruption	-	1,215,455	-	-
Write Back of Long Outstanding Payables	-	6,495,262	-	6,495,262
	<u>64,908,209</u>	<u>60,201,984</u>	<u>49,536,314</u>	<u>16,811,124</u>

18. OTHER EXPENSES / LOSSES

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Losses Relating to Fire				
- Loss on Property, Plant and Equipment	-	35,923,161	-	-
- Loss on Inventories	-	1,801,534	-	-
- Other Losses and Expenses	-	2,271,717	-	-
	-	<u>39,996,412</u>	-	-
Losses on disposal of Subsidiary	327,866	-	394,284	-
	<u>327,866</u>	<u>39,996,412</u>	<u>394,284</u>	-



19. FINANCE COST

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Interest on Loans Obtained From Directors	5,235,997	6,835,266	5,235,997	6,835,266
Interest on Banking Finance	191,236,212	172,900,822	191,236,212	172,900,822
Finance Charge on Murabaha Loans	16,985,560	24,104,022	-	-
Finance Charge on Wakala Loans	19,941,071	27,630,103	-	-
Interest on Finance Lease (Ijara)	1,387,111	3,461,868	-	-
Lease Interest	12,891,178	11,514,560	6,734,336	5,609,417
	247,677,129	246,446,641	203,206,545	185,345,505

20. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Stated after Charging,				
Included in Cost of Sales				
Employees Benefits including the following,				
- Defined Benefit Plan Costs - Gratuity	6,133,398	5,049,507	5,260,854	4,358,577
- Defined Contribution Plan Costs - EPF and ETF	16,252,875	16,187,223	13,530,945	12,709,343
Depreciation & Amortisation	58,943,559	116,792,932	46,666,819	73,119,735
Included in Administrative & Distribution Expenses				
Employees Benefits including the following,				
- Defined Benefit Plan Costs - Gratuity	8,361,503	7,818,212	5,146,836	4,602,621
- Defined Contribution Plan Costs - EPF and ETF	18,387,491	18,134,532	13,676,273	11,666,865
Depreciation & Amortisation	26,462,587	18,475,653	24,907,073	14,645,905
Auditor's Fees and Expenses - External	760,000	760,000	500,000	500,000
- Other	841,992	774,256	1,121,992	496,584

21. INCOME TAX

The major components of income tax expense for the years ended 31 March are as follows :

	Group		Company	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Income Statement				
Current Income Tax				
Current Income Tax Charge (Note 21.1)	31,347,799	32,619,196	27,883,729	32,619,196
ESC (Write back)/Write off/Provision for Income Tax Receivable	(8,089,842)	16,049,422	-	-
Under/(Over) Provision of Income Tax for the Previous Year	(8,295,000)	-	(8,295,000)	-
	14,962,957	48,668,618	19,588,729	32,619,196
Deferred Income Tax				
Deferred Taxation Charged (Note 21.2)	10,731,891	308,604	10,731,891	154,074
Deferred Taxation Reversal (Note 21.2)	(13,025,930)	-	-	-
Income tax expense reported in the Income Statement	12,668,918	48,977,222	30,320,620	32,773,270



21. INCOME TAX (Contd....)

21.1 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate is as follows:

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Accounting Profit (Profit before Tax)	217,810,107	84,417,048	182,501,718	84,417,048
Accounting Loss (Loss before Tax) / Consolidation Adjustments	-	(133,920,232)	-	-
Aggregate Disallowed Items	197,636,282	340,984,785	115,861,654	169,614,010
Aggregate Allowable Items	(164,477,032)	(205,968,086)	(132,349,002)	(123,753,265)
Income from other Sources	(79,575)	67,520	-	-
Tax Loss Utilized	(60,708,609)	(67,520)	-	-
Taxable Profit	190,181,173	130,277,793	166,014,370	130,277,793
Adjusted Loss	-	(44,764,278)	-	-
Tax on taxable income - Concessionary Rate	14%	14,728,992	2,153,675	11,627,820
Tax on taxable income - Concessionary Rate	18%	16,618,430	3,052,406	16,255,909
Tax on taxable income - Normal Rate	24%	377	54,779	-
Tax on taxable income - Normal Rate	28%	-	27,358,336	-
	31,347,799	32,619,196	27,883,729	32,619,196

21.1.1 Tax Losses

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Tax Loss Brought Forward	65,483,878	21,312,732	-	-
Prior Year Adjustment	(4,775,269)	(525,612)	-	-
Tax Loss Incurred During the Year	-	44,764,278	-	-
Tax Loss Utilised during the year	(60,708,609)	(67,520)	-	-
Tax Losses Carried Forward	-	65,483,878	-	-

21.2 Deferred Tax Assets, Liabilities and Income Tax relates to the followings.

Group	Statement of Financial Position		Income Statement	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
Deferred Tax (Liability) /Assets				
On Capital allowances for tax purposes	23,972,142	37,422,736	(13,450,594)	(4,422,125)
On Fair value of investment property	16,051,601	15,375,526	676,075	15,375,526
On Defined benefit plans	(12,736,655)	(17,529,527)	6,361,978	(2,331,269)
On Provision for doubtful debt	(1,457,381)	(2,023,625)	566,244	(41,325)
On Carried forward disallowed finance cost	(21,180,207)	(26,173,335)	4,993,128	(12,510,367)
On Lease liability - Building	(186,488)	1,254,382	(1,440,870)	1,254,382
On Tax loss carried forward	-	-	-	2,983,782
	4,463,012	8,326,157		
Deferred Tax Charge			10,731,891	308,604
Deferred Tax Reversal			(13,025,930)	-
			Other Comprehensive Income	
			2021 Rs.	2020 Rs.
On Revaluation of Land	44,232,151	63,380,504	(19,148,353)	-
On Revaluation of Building	11,385,341	12,939,886	(1,554,545)	12,939,886
Defined Benefit Plans	-	-	(1,569,106)	92,778
	60,080,504	84,646,547	(22,272,004)	13,032,664
Represented By,				
Net Deferred Tax Assets	(13,558,573)	(646,831)		
Net Deferred Tax Liability	73,639,077	85,293,378		

21.2 Deferred Tax Assets , Liabilities and Income Tax relates to the followings (Contd....)

Company	Statement of Financial Position		Income Statement	
	2021	2020	2021	2020
	Rs.	Rs.	Rs.	Rs.
Deferred Tax (Liability) /Assets				
On Capital allowances for tax purposes	21,289,832	35,014,621	(13,724,789)	(1,312,557)
On Fair Value of Investment Property	16,051,601	15,375,526	676,075	15,375,526
On Defined benefit plans	(9,827,934)	(14,879,824)	6,735,184	(1,843,345)
On Provision for Doubtful Debt	-	(364,000)	364,000	444,817
On Carried forward disallowed finance cost	(8,984,878)	(26,173,335)	17,188,457	(12,510,367)
On Lease liability - Building	(507,036)	-	(507,036)	-
	<u>18,021,585</u>	<u>8,972,988</u>		
Deferred Tax (Reversal)/Expense			<u>10,731,891</u>	<u>154,074</u>
			Other Comprehensive Income	
			2021	2020
			Rs.	Rs.
On Revaluation of Land	44,232,151	63,380,504	(19,148,353)	-
On Revaluation of Building	11,385,341	12,939,886	(1,554,545)	12,939,886
On Defined Benefit Plans	-	-	(1,683,294)	(266,472)
	<u>55,617,492</u>	<u>76,320,390</u>	<u>(22,386,192)</u>	<u>12,673,414</u>
Net Deferred Tax Liability	<u>73,639,077</u>	<u>85,293,378</u>		

22.1 Capital Commitments

The Company does not have significant capital commitments as at the reporting date.

Contingencies	Group/Company	
	2021	2020
Corporate Guarantee - National Development Bank	Rs.	Rs.
Expo Teas Ceylon (Pvt) Ltd	800,000,000	800,000,000
Lanka Commodity Holdings (Pvt) Ltd	1,000,000,000	1,000,000,000
Lanka Commodity Holdings (Pvt) Ltd / Lanka Commodity Trading (Joint Facility)	200,000,000	200,000,000
Aberdeen Holdings (Pvt) Ltd	300,000,000	300,000,000
Fits Express (Pvt) Ltd	100,000,000	-
	<u>2,400,000,000</u>	<u>2,300,000,000</u>

The following assets have been pledged as security for liabilities

<u>Nature of Assets</u>	<u>Nature of Liabilities</u>	<u>Group/Company</u>	
		<u>2021</u>	<u>2020</u>
		<u>Rs.</u>	<u>Rs.</u>
-Primary Mortgage over Stock and book debts for Rs. 600,000,000/=			
- Existing Primary Floating Mortgage Over the Stock stored No 79, Pattiwila Road, Gonawala	Murabaha Facility National Development Bank PLC	600,000,000	600,000,000

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements

The board of directors is of the view that the Group's/Company's operations have not been materially impacted by the COVID 19 outbreak. We are monitoring the situation of the Group closely and believe that as it is engaged in the Cartons manufacturing sector and waste papers processing sector in Sri Lanka that it is unlikely that COVID 19 will have a significant impact on its activities.



25. RELATED PARTY DISCLOSURE

25.1 Transaction with the parent and affiliated entities

Group	Immediate Parent *		Affiliated Companies **		Total	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
As at 1 April	16,339,141	(80,985,297)	30,372,166	5,630,331	46,711,307	(75,354,966)
Expense incurred on behalf of other	-	-	(264,193)	-	(264,193)	-
Expense incurred by other	-	-	-	(2,598)	-	(2,598)
Sales	142,838	-	15,525,092	7,933,444	15,667,930	7,933,444
Purchase of Paper Reel	12,750	-	206,623,258	(2,888,676)	206,636,008	(2,888,676)
Receipt/ Payment Made	112,242,574	141,820,834	(187,420,395)	31,109,938	(75,177,821)	172,930,772
Purchase of Tea & Meals	-	-	(1,170,211)	(1,911,506)	(1,170,211)	(1,911,506)
Management/Consultancy Fee	-	-	(8,361,250)	(2,681,711)	(8,361,250)	(2,681,711)
Insurance Premium Paid	-	-	(7,941,100)	(8,611,529)	(7,941,100)	(8,611,529)
Dividend Paid - (Net)	(102,000,000)	(50,000,000)	-	-	(102,000,000)	(50,000,000)
Rental income	-	-	-	1,401,054	-	1,401,054
Rental income Received	-	-	(24,745)	-	(24,745)	-
Office Rent Paid	-	-	-	393,419	-	393,419
Settlement of loans granted (Wakala)	25,000,000	15,500,000	-	-	25,000,000	15,500,000
Management Fee	(9,428,090)	-	-	-	(9,428,090)	-
Wakala Profit Charged	(5,854,399)	(9,996,396)	-	-	(5,854,399)	(9,996,396)
Subscription Paid	(89,660)	-	-	-	(89,660)	-
Indent Commission Received	-	-	(855,906)	-	(855,906)	-
Indent Commission	-	-	327,894	-	327,894	-
As at 31 March	36,365,154	16,339,141	46,810,610	30,372,166	83,175,764	46,711,307
Included Under,						
Trade Receivables (Note 10.1)	-	-	2,352,414	1,972,538	2,352,414	1,972,538
Other Receivables (Note 10.2)	79,886,953	85,767,890	44,478,696	31,478,744	124,365,649	117,246,634
Term Loans (Note 13.4)	(42,000,000)	(67,000,000)	-	-	(42,000,000)	(67,000,000)
Trade Payables (Note 15.1)	-	-	-	(90,385)	-	(90,385)
Other Payables (Note 15.2)	(1,521,799)	(2,428,749)	(20,500)	(2,988,731)	(1,542,299)	(5,417,480)
	36,365,154	16,339,141	46,810,610	30,372,166	83,175,764	46,711,307

* Immediate Parent of the Company is Aberdeen Holdings (Private) Limited.

** Affiliated Companies includes, Lanka Commodity Holdings (Pvt) Ltd, Bio Extracts (Pvt) Ltd, Fits Express (Pvt) Ltd, Fits Aviation (Pvt) Ltd, Saffron Food (Pvt) Ltd, Lanka Food Solutions (Pvt) Ltd, Amana Takaful Ltd, Expo Commodities DMCC and Expolanka Teas (Pvt) Ltd, Expolanka Teas (Pvt) Ltd, Hi Energy Services (Pvt) Ltd, Lanka Food Solutions (Pvt) Ltd.

The following Corporate Guarantee have been obtained as at reporting date.

Nature of Assets	Nature of Liabilities	Group/Company	
		2021 Rs.	2020 Rs.
I Corporate Guarantee of Aberdeen Holdings (Private) Limited	Wakala Facility of Bank of Ceylon	600,000,000	600,000,000
II Corporate Guarantee of Aberdeen Holdings (Private) Limited	Wakala Facility of Hatton National Bank	700,000,000	700,000,000
III Corporate Guarantee of Fits Aviation (Private) Limited	Wakala Facility of National Development Bank PLC	-	-
IV Corporate Guarantee of Aberdeen Holdings (Private) Limited	Standard Chartered Bank Trade documents (Co-Current Stock Mortgage Rs.500mn)	500,000,000	500,000,000
V Corporate Guarantee of Aberdeen Holdings (Private) Limited	Murabaha Facility National Development Bank PLC	150,000,000	150,000,000
VI Corporate Guarantee of Aberdeen Holdings (Private) Limited	Wakala Facility National Development Bank PLC	200,000,000	200,000,000
VII Corporate Guarantee of Fits Aviation (Private) Limited	Murabaha Facility National Development Bank PLC	150,000,000	150,000,000
VIII Corporate Guarantee of Lanka Commodity Holdings (Private) Limited	Murabaha Facility National Development Bank PLC	500,000,000	500,000,000
IX Corporate Guarantee of ExpoTeas Ceylon (Private) Limited	Wakala Facility National Development Bank PLC	200,000,000	200,000,000
X Corporate Guarantee of Aberdeen Holdings (Private) Limited	Wakala Facility of Seylan Bank PLC	400,000,000	200,000,000
XI Corporate Guarantee of Aberdeen Holdings (Private) Limited	Trade Facility of Cargills Bank PLC	-	200,000,000

25. RELATED PARTY DISCLOSURE (Contd...)

25.1 Transaction with the parent and affiliated entities (Contd...)

Company	Immediate Parent *		Affiliated Companies **		Total	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
As at 1 April	59,604,901	(23,775,311)	12,411,611	588,416	72,016,512	(23,186,895)
Expense incurred for others	-	-	33,402	-	33,402	-
Sale Invoices	-	-	12,328,635	7,933,444	12,328,635	7,933,444
Purchase of Paper Reel	-	-	(2,750,176)	(2,888,676)	(2,750,176)	(2,888,676)
Cash Receipts/Payment Made	103,481,330	133,380,212	20,721,131	19,983,173	124,202,461	153,363,385
Purchase of Tea & Meals	-	-	(1,170,211)	(1,911,506)	(1,170,211)	(1,911,506)
Management/Consultancy Fee	(7,352,090)	-	-	(2,681,711)	(7,352,090)	(2,681,711)
Insurance Policy	-	-	(7,941,100)	(8,611,529)	(7,941,100)	(8,611,529)
Dividend Paid - (Net)	(102,000,000)	(50,000,000)	-	-	(102,000,000)	(50,000,000)
As at 31 March	53,734,141	59,604,901	33,633,292	12,411,611	87,367,433	72,016,512
Included Under,						
Trade Receivables (Note 10.1)	-	-	2,352,414	1,972,538	2,352,414	1,972,538
Other Receivables (Note 10.2)	53,734,141	59,604,901	31,453,999	31,453,999	85,188,140	91,058,900
Trade Payables (Note 15.1)	-	-	(173,121)	(90,385)	(173,121)	(90,385)
Other Payables (Note 15.2)	-	-	-	(20,924,541)	-	(20,924,541)
	53,734,141	59,604,901	33,633,292	12,411,611	87,367,433	72,016,512

* Immediate Parent of the Company is Aberdeen Holdings (Private) Limited.

** Subsidiaries companies include Neptune Papers (Pvt) Ltd and Denshun Industries (Pvt) Ltd and affiliated companies includes, Lanka Commodity Holdings (Pvt) Ltd, Bio Extracts (Pvt) Ltd, Saffron Food (Pvt) Ltd, Amana Takaful Ltd, Expolanka Teas (Pvt) Ltd.

25.2 Transactions with Key Management Personnel of the Company

The key management personnel of the Company are the members of its Board of Directors and those of its parent.

	Group		Company	
	2021 Rs.	2020 Rs.	2021 Rs.	2020 Rs.
a) Key Management Personnel Compensation				
Short-term employee benefits	65,113,225	72,259,033	56,015,600	57,356,083
Post employee benefits	12,910,096	1,848,000	11,502,921	1,848,000
	78,023,321	74,107,033	67,518,521	59,204,083
b) Loan obtained from Key Management Personnel				

Please refer Note No. 13.3 for short term loans obtained from directors and refer Note No. 19 for related interest cost.



26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise trade and other payables as well as Islamic Finance loans and borrowings (bank loans, finance lease and director loans). The main purposes of these financial liabilities is to finance the company's operations and fixed assets. The company has trade and other receivables, and cash that arrive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk.

Foreign exchange risk

The Group's exposure to foreign exchange risk is significant as the transactions with its main Customers and its main suppliers are denominated in United States Dollars. Hence, the element of risk is generated through the translation of such transactions into the reporting currency, i.e. Sri Lankan rupee.

Credit risk

The Group's exposure to credit risk is minimal from its trade receivables. The Company has agreed to receive its exports sales proceeds in advance DP & through Letter of Credit.

The Group trades only with recognized and credit worthy third parties and all customers are subject to a credit verification process. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is minimal.

Liquidity risk

The Company is indemnified of any liquidity risk by a letter of support issued by the Parent Company, undertaking to provide whatever financial support as may be necessary to enable the Group/Company, to meet its obligations as they fall due and to continue the operation of the Group/Company as a going concern.



Ex-Pack Corrugated Cartons Limited
DETAILED EXPENDITURE STATEMENT
Year ended 31 March 2021

STATEMENT I
Company

Cost of Sales	Note	2021 Rs.	2020 Rs.
Opening Finished Goods		45,274,297	36,157,066
Cost of Goods Manufactured	1	2,539,718,303	2,372,914,289
Less: Closing Finished Goods		(34,482,758)	(45,274,297)
		<u>2,550,509,842</u>	<u>2,363,797,058</u>

NOTE 1

		2021 5,101,021,705	2020 Rs.
<u>Cost of Goods Manufactured</u>			
Direct Material Consumed	2	2,112,002,667	1,908,625,855
Direct Labours		165,581,706	183,849,522
WIP Adjustment	3	7,794,661	(4,920,042)
Primary Cost		<u>2,285,379,034</u>	<u>2,087,555,335</u>
Indirect Material Consumed	4	68,442,759	73,169,943
Indirect Labour		56,136,451	56,169,365
Other Production Overhead	5	129,760,059	156,019,646
Production Overhead		<u>254,339,269</u>	<u>285,358,954</u>
Cost of Goods Manufactured		<u>2,539,718,303</u>	<u>2,372,914,289</u>

NOTE 2

Direct Material Consumed	2021 Rs.	2020 Rs.
Opening Stock	462,299,776	426,274,354
Add: Purchases	2,160,030,691	1,873,941,995
Wakala Finance Charge	-	70,709,282
	<u>2,622,330,467</u>	<u>2,370,925,631</u>
Less: Closing Stock	(510,327,800)	(462,299,776)
	<u>2,112,002,667</u>	<u>1,908,625,855</u>

NOTE 3

WIP Adjustment	2021 Rs.	2020 Rs.
Opening Stock	12,950,453	8,030,411
Less: Closing Stock	(5,155,792)	(12,950,453)
	<u>7,794,661</u>	<u>(4,920,042)</u>



DETAILED EXPENDITURE STATEMENT

Year ended 31 March 2021

NOTE 4

	2021 Rs.	2020 Rs.
Indirect Material Consumed		
Opening Stock	5,142,402	6,502,676
Add: Purchases	68,501,460	71,809,669
	73,643,862	78,312,345
Less: Closing Stock	(5,201,103)	(5,142,402)
	68,442,759	73,169,943

NOTE 5

	2021 Rs.	2020 Rs.
Other Production Overhead		
Wharf Expenses	3,075,326	2,501,671
Electricity	18,243,330	18,909,250
Water	1,289,193	1,132,845
Amortisation of Right of Use Assets	10,687,050	7,498,172
Insurance	2,255,612	3,910,729
Depreciation of Property Plant & Equipments	46,666,819	73,119,735
Repair & Maintenance	44,091,227	45,735,956
Security Charges	3,451,502	3,187,382
Waste Paper Inspection Charges	-	23,906
	129,760,059	156,019,646

STATEMENT II

Company

	2021 Rs.	2020 Rs.
SELLING AND DISTRIBUTION EXPENSES		
(Reversal)/Provisions for Bad Debts	(1,300,000)	(1,588,632)
Advertisement	166,400	759,488
Transport Charges	60,325,904	52,418,814
Vehicle Running & Maintenance Expenses	21,534,742	22,003,437
Depreciation of Motor Vehicle	20,757,944	9,966,555
Gifts & Compliments	3,128,749	4,503,758
Overseas Travelling	127,832	4,191,268
Business Promotion Expenses	3,162,116	5,255,768
Forwarding Expenses	27,171,484	26,677,113
Commission Expenses	29,946,305	23,651,958
Sales Commission-Third Party	45,964,710	46,702,085
	210,986,186	194,541,612



Ex-Pack Corrugated Cartons Limited
DETAILED EXPENDITURE STATEMENT
Year ended 31 March 2021

STATEMENT III

Company

	2021	2020
	Rs.	Rs.
ADMINISTRATION EXPENSES		
Directors' Remuneration	20,040,000	32,100,000
Staff Salaries, Incentives, Overtime & Leave Pays	83,969,240	79,905,541
EPF	11,262,813	9,749,381
ETF	2,413,460	1,917,484
Bonus	25,216,975	22,592,816
Staff Welfare	11,627,788	16,119,515
Staff Travelling & Vehicle Expenses	5,808,019	7,460,700
Provision for gratuity	5,146,836	4,602,621
Staff Training and development	85,300	232,360
Rates & Taxes	638,524	634,678
Communication Expenses	4,400,587	5,429,656
Electricity	5,631,072	6,222,665
Security Charges	862,875	796,846
Repair & Maintenance	7,416,388	2,169,091
Printing & Stationery	3,198,396	4,581,891
Depreciation of Property, Plant & Equipment	4,149,129	4,679,350
Computer Consumables	5,386,020	5,513,581
Subscriptions	328,680	249,160
Consultancy Fee	14,550,966	8,180,729
Professional Charges	1,146,481	2,216,903
Stamp Duty	152,100	246,584
Bank Charges	3,116,831	3,176,163
Audit Fee	1,621,992	996,584
CSR Expenses	604,801	2,680,526
NBT expenses	-	20,947,217
Newspapers and Periodicals	21,980	65,560
Legal Expenses	-	60,000
	218,797,253	243,527,602



ANNEXURE 3

EX-PACK CORRUGATED CARTONS LTD INTERIM FINANCIAL STATEMENTS

- **THREE MONTHS ENDED 30TH JUNE 2021**
- **FIVE MONTHS ENDED 31ST AUGUST 2021**



EX-PACK CORRUGATED CARTONS LTD
INTERIM FINANCIAL STATEMENTS
THREE MONTHS ENDED 30TH JUNE 2021

Registered office:
11 A, Mile Post Avenue
Colombo 03, Sri Lanka.

Factory:
79, Pattiwila Road, Gonawala,
Kelaniya, Sri Lanka.

Hotline: +94 77 2222223 / +94 11 4891891

Fax: +94 11 4612965

www.expack.lk

STATEMENT OF FINANCIAL POSITION

As at	Group			Company		
	30.06.2021 (Unaudited*) Rs.	30.06.2020 (Audited) Rs.	31.03.2021 (Audited) Rs.	30.06.2021 (Unaudited*) Rs.	30.06.2020 (Audited) Rs.	31.03.2021 (Audited) Rs.
ASSETS						
Non-Current Assets						
Property, Plant & Equipment	1,038,671,884	969,707,889	1,039,479,869	1,007,616,639	939,881,456	1,008,170,004
Right of Use asset	93,862,695	129,648,358	100,815,151	43,265,315	53,952,365	45,937,077
Intangible Assets	103,168,363		66,765,656	917,103		537,031
Investments in Subsidiaries				205,000,000	220,686,000	205,000,000
Investment Property	382,000,000	372,200,000	382,000,000	382,000,000	372,200,000	382,000,000
Goodwill	202,470,899	203,683,619	203,543,671			
Deferred Tax Asset	13,558,573	646,831	13,558,573			
	1,731,595,737	1,675,886,697	1,740,064,920	1,638,799,057	1,586,719,821	1,641,644,112
Current Assets						
Inventories	890,353,132	824,423,318	764,635,590	783,019,200	617,996,774	681,764,693
Trade and Other Receivables	1,387,513,232	1,061,692,440	1,379,052,475	1,144,601,460	769,484,490	1,026,973,355
Other Financial Assets	523,000,000		483,000,000	523,000,000		483,000,000
Advances and Prepayments	244,062,940	303,548,087	34,107,626	240,326,045	270,780,759	49,154,941
Cash and Bank Balances	188,698,933	175,641,703	94,740,680	135,532,095	156,314,082	84,591,962
	3,233,628,237	2,365,305,547	2,755,536,371	2,826,478,800	1,814,576,105	2,325,484,951
Total Assets	4,965,223,973	4,041,192,244	4,495,601,291	4,465,277,857	3,401,295,926	3,967,129,063
EQUITY AND LIABILITIES						
Capital and Reserves						
Stated Capital	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Retaining Earnings	36,584,911	-162,839,995	-8,552,128	47,327,803	196,252,428	46,787,935
Revaluation Reserves	291,991,832	238,338,253	291,991,832	291,991,832	13,443,967	291,991,832
Total Equity	828,576,743	575,498,258	783,439,704	839,319,635	709,696,395	838,779,767
Non-Current Liabilities						
Defined Benefit Liability	87,113,233	75,618,103	82,201,168	63,826,152	85,293,378	61,424,586
Deferred Tax Liability	72,543,116	85,293,378	73,639,077	72,543,116	55,383,176	73,639,077
Lease Liability	70,719,646	87,223,380	75,931,171	38,237,112	47,224,714	40,118,450
	230,375,995	248,134,860	231,771,416	174,606,380	187,901,268	175,182,113
Current Liabilities						
Loans and Borrowings	3,185,785,872	2,487,985,524	2,676,692,156	2,868,881,446	1,956,564,289	2,274,181,452
Trade and Other Payables	666,613,419	649,547,408	755,781,101	528,598,452	467,107,780	631,068,817
Income Tax Liability	53,871,944	80,026,193	47,916,914	53,871,944	80,026,193	479,169,141
	3,906,271,235	3,217,559,126	3,480,390,171	3,451,351,842	2,503,698,262	2,953,167,183
Total Equity and Liabilities	4,965,223,973	4,041,192,244	4,495,601,291	4,465,277,857	3,401,295,926	3,967,129,063
Net Asset per Share Rs.	16.57	11.51	15.67	16.79	14.19	16.78
No. of Shares '000	50,000	50,000	50,000	50,000	50,000	50,000

These Financial Statements are in compliance with the requirement of the Companies Act No. 07 of 2007

Abdul Latif Ahamed Head of Finance

The Board of Directors is responsible for the Preparation and presentation of these financial statements.

Zulficar Ghouse
Director
Colombo

Sattar Kassim
Director

07th July 2021

STATEMENT OF COMPREHENSIVE INCOME

1st Quarter Ending 30 June 2021

	Group			Company		
	30.06.2021 (Unaudited*) Rs.	30.06.2020 (Audited) Rs.	31.03.2021 (Audited) Rs.	30.06.2021 (Unaudited*) Rs.	30.06.2020 (Audited) Rs.	31.03.2021 (Audited) Rs.
Revenue	1,567,655,834	790,159,166	4,787,005,847	1,029,296,514	584,586,604	3,310,098,764
Cost of Sales	(1,315,285,158)	(671,848,859)	(3,858,320,323)	(857,180,811)	(461,316,498)	(2,550,509,842)
Gross Profit	252,370,676	118,310,307	928,685,524	172,115,703	123,270,106	759,588,922
Other Income and Gains	5,724,182	624,306	64,908,209	7,043,091	247,168	49,536,314
Gain on Fair Value Change in Investment Property	-	-	6,760,750	-	-	6,760,750
Selling and Distribution Costs	(56,574,373)	(35,172,858)	(224,055,189)	(53,119,059)	(31,717,545)	(210,986,186)
Administrative Expenses	(78,297,295)	(64,272,251)	(310,745,640)	(55,920,542)	(50,883,490)	(219,191,537)
Finance Cost	(42,131,122)	(35,208,056)	(247,677,129)	(34,720,256)	(31,504,670)	(203,206,545)
(Loss)/Profit Before Tax	81,092,069	(15,718,552)	217,876,525	35,398,937	9,411,569	182,501,718
Income Tax Expense	(5,955,030)	(1,411,735)	(12,668,918)	(4,859,069)	(1,411,735)	(30,320,620)
(Loss)/Profit for the Year	75,137,039	(17,130,288)	205,207,607	30,539,868	7,999,834	152,181,098
Earnings Per Share Rs.	1.50	(0.34)	4.10	0.61	0.16	3.04

STATEMENT OF CHANGES IN EQUITY

1st Quarter Ending 30 June 2021

Group	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings / Loss Rs.	Total Rs.
Balance as at 01 April 2020	500,000,000	196,252,428	(103,623,882)	592,628,546
Loss for the year	-	-	205,207,607	205,207,607
Other Comprehensive (Loss)/Income	-	95,739,404	(8,135,853)	87,603,551
Dividend Paid/ Payable	-	-	(102,000,000)	(102,000,000)
Balance as at 31 March 2021	500,000,000	291,991,832	(8,552,128)	783,439,704
Profit for the year	-	-	75,137,039	75,137,039
Other Comprehensive (Loss)/Income	-	-	-	-
Dividend Paid/ Payable	-	-	(30,000,000)	(30,000,000)
Balance as at 30 June 2021	500,000,000	291,991,832	36,584,911	828,576,743

Company	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2020	500,000,000	196,252,428	5,444,133	701,696,561
Profit for the year	-	-	152,181,098	152,181,098
Other Comprehensive Loss	-	95,739,404	(8,837,296)	86,902,108
Dividend Paid/ Payable	-	-	(102,000,000)	(102,000,000)
Balance as at 31 March 2021	500,000,000	291,991,832	46,787,935	838,779,767
Profit for the year	-	-	30,539,868	30,539,868
Other Comprehensive Loss	-	-	-	-
Dividend Paid/ Payable	-	-	(30,000,000)	(30,000,000)
Balance as at 30 June 2021	500,000,000	291,991,832	47,327,803	839,319,635

STATEMENT OF CASH FLOWS

1st Quarter Ending 30 June 2021

Cash Flows From / (Used in) Operating Activities	Group			Company		
	30.06.2021 (Unaudited*) Rs.	30.06.2020 (Audited) Rs.	31.03.2021 (Audited) Rs.	30.06.2021 (Unaudited*) Rs.	30.06.2020 (Audited) Rs.	31.03.2021 (Audited) Rs.
Profit/(Loss) Before Tax	81,092,069	(15,718,552)	217,876,525	35,398,937	9,411,569	182,501,718
Adjustments for						
Depreciation of Property, Plant and Equipment	18,661,050	19,665,690	76,624,589	16,870,972	19,665,690	71,558,547
Amortization of Right of Use Assets	6,952,456	9,838,472	37,315,486	2,671,762	2,671,762	10,687,050
Amortisation of Intangible Assets	74,247	-	149,667	58,206	-	15,344
Provision for Retirement Benefit Liability	5,524,754	3,976,797	14,494,901	2,898,754	2,668,322	10,407,690
Reversal of provision for Doubtful Debt/Bad debt write off	-	-	1,929,105	-	-	(1,300,000)
Profit/(Loss) on Disposal of Property, Plant and Equipment	-	-	(13,025,421)	-	-	(12,725,138)
Impairment Loss on Fire	-	-	-	-	-	-
Gain on Fair Value Change in Investment Property	-	-	(6,760,750)	-	-	(6,760,750)
Loss on Disposal of Subsidiary	-	-	327,866	-	-	394,284
Write off of ESC	-	-	-	-	-	-
Relief of lease obligation	-	-	(1,435,530)	-	-	-
Lease Interest	3,124,334	-	12,891,177	1,538,662	-	6,734,336
Finance Cost	39,006,788	32,975,399	234,785,952	33,181,594	31,504,670	203,206,545
Operating Profit before Working Capital Changes	154,435,699	50,737,806	575,173,567	92,618,886	65,922,014	464,719,626
(Increase)/Decrease in Inventories	(125,717,542)	(46,170,854)	13,616,874	(101,254,507)	27,992,540	(35,775,379)
(Increase)/Decrease in Fixed Deposit	(40,000,000)	-	(483,000,000)	(40,000,000)	-	(483,000,000)
(Increase)/Decrease in Trade and Other Receivables	(39,741,634)	190,801,245	(97,033,896)	(117,628,105)	186,328,066	(69,860,799)
(Increase)/Decrease in Advances and Prepayments	(178,501,315)	(187,560,294)	50,426,168	(191,171,104)	(187,560,294)	34,065,524
Increase/ (Decrease) in Trade and Other Payables	(89,363,992)	27,325,537	133,231,364	(102,470,365)	(7,092,847)	136,576,474
Cash Generated from Operations	(318,888,784)	35,133,441	192,414,077	(459,905,195)	85,589,478	46,725,446
Gratuity Paid	(612,688)	(427,375)	(14,067,373)	(497,188)	(427,375)	(12,645,923)
Tax Paid	0	-	(45,660,501)	-	-	(9,702,841)
Finance Cost Paid	(39,006,788)	(31,208,549)	(234,785,952)	(33,181,594)	(29,737,819)	(203,206,545)
Net Cash From/(Used in) Operating Activities	(358,508,261)	3,497,517	(102,099,749)	(493,583,977)	55,424,284	(178,829,863)
Cash Flows From / (Used in) Investing Activities						
Acquisition of Property, Plant and Equipment	(17,853,065)	(32,029,614)	(104,063,750)	(16,317,607)	(32,029,614)	(97,819,374)
Acquisition of Right of Use Assets	-	-	-	-	-	-
Acquisition of Intangible Assets	(438,277)	-	(677,375)	(438,277)	-	(552,375)
Proceeds from Sale of Property Plant and Equipment	-	-	34,721,378	-	-	33,370,000
Investing in Non Current Assets Held for Sale	-	-	-	-	-	-
Development Cost of Investment Property	-	-	(3,039,250)	-	-	(3,039,250)
Investing in Subsidiary - Share of Purchase Ordinary Shares	-	-	-	-	-	(5,000,000)
Net Cash Flows Used in Investing Activities	(18,291,342)	(32,029,614)	(73,058,997)	(16,755,884)	(32,029,614)	(73,040,999)
Cash Flows From / (Used in) Financing Activities						
Proceeds From Interest Bearing Loans and Borrowings	2,353,727,407	860,057,060	8,820,729,100	2,353,727,407	860,057,060	7,370,554,557
Repayment of Interest Bearing Loans and Borrowings	(1,829,233,982)	(753,726,865)	(8,540,440,717)	(1,743,627,704)	(779,466,623)	(6,995,290,437)
Proceeds From Finance Lease	-	-	-	-	-	-
Payment of Finance Lease Liabilities	(8,335,859)	(9,258,709)	(36,621,000)	(3,420,000)	(3,420,000)	(13,680,000)
Payment of Dividend	(30,000,000)	-	(102,000,000)	(30,000,000)	-	(102,000,000)
Net Cash Flows From Financing Activities	486,157,566	97,071,486	141,667,383	576,679,703	77,170,437	259,584,120
Net Increase/(Decrease) in Cash and Cash Equivalents	109,357,963	68,539,390	(33,491,363)	66,339,842	100,565,107	7,713,258
Cash and Cash Equivalents at the Beginning of the Year	73,610,950	107,102,313	107,102,313	63,462,232	55,748,974	55,748,974
Cash and Cash Equivalents at the End of the Year	182,968,913	175,641,703	73,610,950	129,802,074	156,314,081	63,462,232

NOTES TO THE FINANCIAL STATEMENTS

1. The condensed interim financial statements have been prepared in accordance with Sri Lanka Accounting Standards – LKAS 34 on Interim Financial Reporting. The condensed interim financial statements for the Quarter ending 30th June 2021 should be read in conjunction with the Annual Audited financial statements for the year ended 31st March 2021 including the changes to accounting policies, as a result of convergence to the revised Sri Lanka Accounting Standards ('SLFRSs/LKASs'). Further, the provisions of the Companies Act No 7 of 2007 have been considered in preparing the interim financial statements. The figures in the presented financial statements are provisional and subject to audit unless otherwise stated.
2. The summarized financial information of the Investments in Subsidiaries, which are now being accounted under Equity method, is presented below:

Investment in Subsidiaries	As At 30/06/2021	As At (Audited) 31/03/2021	As At 30/06/2020
Denshun Industries Pvt Ltd			20,686,000
Neptune Papers Pvt Ltd	205,000,000	205,000,000	200,000,000
Total investment in Subsidiaries	205,000,000	205,000,000	220,686,000

3. There has not been any significant change in contingent liabilities, since disclosed in the Audited Report for the financial year ended 31st March 2021.
4. No circumstance has arisen since the Balance Sheet date, which would require adjustments to or disclosure in the financial statements, other than the disclosures made in this interim financial statement.
5. Directors' Shareholding as of 30th June 2021 - **NIL**
6. The name and the number of shares held by the Share Holder

	Name	Shares	%
1	Aberdeen Holdings Pvt Ltd	50,000,000	100%

CORPORATE INFORMATION

Date & Place of Incorporation

16 April 2008

Colombo, Sri Lanka

Legal Form

Incorporated in Sri Lanka on 16 April 2008 as a Private Limited Company under the provisions of Companies Act No. 7 of 2007. The legal form of the company was changed from Private Limited to a Public Limited Company under provisions of the Companies Act No. 07 of 2007 on 27 March 2019.

Authority of Incorporation: Registrar of Companies (ROC), Colombo

Company Registration Number

PV 3294

Registered Office and Current Place of Business

Ex-pack Corrugated Cartons Limited
No 11A, Milepost Avenue, Colombo-03.
Tel: +94 11 2689618
Fax: +94 11 2689618
URL www.expack.lk

Factory

79 Pattiwila Road, Gonawilla, Kelaniya
Tel: +94 11 4891891
Fax: +94 11 4741751

Board of Directors

Mr. Sattar Kassim - Non-Executive Non-Independent Director/ Chairman
Mr. Shafik Kassim - Non- Executive Non-Independent Director
Mr. Zulficar Ghouse - Executive Non-Independent Director/Managing Director

Company Secretaries

Business Intelligence (Private) Limited
No. 08, Tickell Road, Colombo 08
Tel: +94 11 2 015900

Auditors to the Company

Ernst & Young Chartered Accountants
201, De Saram Place Colombo 10,
Colombo
Tel: +94 11 246 3500
Fax: +94 11 269 7369

Bankers to the Company**Amana Bank Ltd.**

486, Galle Road,
Colombo 3
Tel: +94 117 756 756
Fax: +94 112 574 419

Bank of Ceylon

No.1, BOC Square,
Bank of Ceylon Mawatha, Colombo 01
Tel: +94 11 244 6790
Fax: +94 11 232 1160

Hatton National Bank PLC

Level 19, No. 479,
T B Jayah Mawatha,
Colombo 10.
Tel: +94 11 246 2462
Fax: +94 11 266 2759

Pan Asia Banking Corporation PLC

450, Galle Road, Colombo 03,
Tel: +94 11 4 667 222
Fax: +94 11 2 565 565

Standard Chartered Bank (Sri Lanka) Limited

No. 37, York Street
Colombo 01
Tel: +94 11 248 0000
Fax: +94 11 545 0007



EX-PACK CORRUGATED CARTONS LTD
FINANCIAL STATEMENTS
FIVE MONTHS ENDING 31ST AUGUST 2021

Registered office:
11 A, Mile Post Avenue
Colombo 03, Sri Lanka.

Factory:
79, Pattiwila Road, Gonawala,
Kelaniya, Sri Lanka.

Hotline: +94 77 2222223 / +94 11 4891891


Fax: +94 11 4612965

www.expack.lk

STATEMENT OF FINANCIAL POSITION

As at	Group			Company		
	31.08.2021 (Unaudited*)	31.08.2020 (Audited)	31.03.2021 (Audited)	31.08.2021 (Unaudited*)	31.08.2020 (Audited)	31.03.2021 (Audited)
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
ASSETS						
Non-Current Assets						
Property, Plant & Equipment	1,036,386,760	998,886,230	1,039,479,869	999,016,139	932,801,010	1,008,170,004
Right of Use asset	107,226,884	121,508,738	100,815,151	41,484,140	52,171,190	45,937,077
Intangible Assets	964,515	717,483.32	667,656	855,140		537,031
Investments in Subsidiaries				205,000,000	220,686,000	205,000,000
Investment Property	382,000,000	372,200,000	382,000,000	382,000,000	372,200,000	382,000,000
Goodwill	203,566,860	203,543,671	203,543,671			
Deferred Tax Asset	13,558,573	646,831	13,558,573			
	1,743,703,592	1,696,857,218	1,740,064,920	1,628,355,418	1,577,858,199	1,641,644,112
Current Assets						
Inventories	993,963,625	868,512,673	764,635,590	866,090,331	720,467,394	681,764,693
Trade and Other Receivables	1,495,351,735	1,040,588,093	1,379,052,475	1,212,616,004	796,061,333	1,026,973,355
Other Financial Assets	632,100,000		483,000,000	632,100,000		483,000,000
Advances and Prepayments	154,369,047	275,926,309	34,107,626	142,119,829	272,247,510	49,154,941
Cash and Bank Balances	264,622,441	167,611,112	94,740,680	167,396,643	145,787,558	84,591,962
	3,540,406,848	2,352,638,187	2,755,536,371	3,020,322,806	1,934,563,795	2,325,484,951
Total Assets	5,284,110,440	4,049,495,405	4,495,601,291	4,648,678,224	3,512,421,994	3,967,129,063
EQUITY AND LIABILITIES						
Capital and Reserves						
Stated Capital	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Retaining Earnings	129,790,440	(127,457,434)	(8,552,128)	104,526,094	(3,260,154)	46,787,935
Revaluation Reserves	291,991,832	196,252,428	291,991,832	291,991,832	196,252,428	291,991,832
Total Equity	921,782,272	568,794,994	783,439,704	896,517,926	692,992,274	838,779,767
Non-Current Liabilities						
Defined Benefit Liability	91,122,692	82,545,121	82,201,168	65,879,610	57,328,147	61,424,586
Deferred Tax Liability	72,543,116	85,293,378	73,639,077	72,543,116	85,293,378	73,639,077
Lease Liability	94,579,182	161,934,132	75,931,171	35,862,386	45,899,599	40,118,450
	258,244,989	329,772,632	231,771,416	174,285,112	188,521,124	175,182,113
Current Liabilities						
Loans and Borrowings	3,245,352,895	2,135,528,811	2,676,692,156	2,878,866,779	2,040,057,240	2,274,181,452
Trade and Other Payables	794,764,523	931,770,742	755,781,101	635,042,646	506,889,098	631,068,817
Income Tax Liability	63,965,761	83,628,226	47,916,914	63,965,761	83,962,258	47,916,914
	4,104,083,179	3,150,927,779	3,480,390,171	3,577,875,186	2,630,908,597	2,953,167,183
Total Equity and Liabilities	5,284,110,440	4,049,495,405	4,495,601,291	4,648,678,224	3,512,421,994	3,967,129,063
Net Asset per Share Rs.	3.69	2.19	3.13	3.59	2.77	3.36
No. of Shares '000	250,000	250,000	250,000	250,000	250,000	250,000

These Financial Statements are in compliance with the requirement of the Companies Act No. 07 of 2007


Abdul Latiff Ahamed
Head of Finance

The Board of Directors is responsible for the Preparation and presentation of these financial statements.


Zulficar Ghouse
Director


Dinesh Dharmadasa
Director

Colombo

07th September 2021

STATEMENT OF COMPREHENSIVE INCOME

Five Month Ending 31st August 2021

	Group			Company		
	31.08.2021 (Unaudited*) Rs.	31.08.2020 (Audited) Rs.	31.03.2021 (Audited) Rs.	31.08.2021 (Unaudited*) Rs.	31.08.2020 (Audited) Rs.	31.03.2021 (Audited) Rs.
Revenue	2,829,859,139	1,598,880,194	4,787,005,847	1,878,900,321	1,127,760,431	3,310,098,764
Cost of Sales	(2,364,842,644)	(1,320,392,921)	(3,858,320,323)	(1,541,762,036)	(883,822,217)	(2,550,509,842)
Gross Profit	465,016,495	278,487,272	928,685,524	337,138,285	243,938,214	759,588,922
Other Income and Gains	29,349,278	1,740,172	64,908,209	19,798,303	1,538,901	49,536,314
Gain on Fair Value Change in Investment Property		-	6,760,750	-	-	6,760,750
Selling and Distribution Costs	(105,434,761)	(68,123,139)	(224,055,189)	(99,723,052)	(63,673,057)	(210,986,186)
Administrative Expenses	(133,723,297)	(109,687,370)	(310,745,640)	(95,483,217)	(83,096,330)	(219,191,537)
Finance Cost	(71,912,262)	(91,334,988)	(247,677,129)	(59,039,274)	(65,729,216)	(203,206,545)
(Loss)/Profit Before Tax	183,295,453	11,081,948	217,876,525	102,691,045	32,978,513	182,501,718
Income Tax Expense	(14,952,886)	1,419,500	(12,668,918)	(14,952,886)	(5,347,800)	(30,320,620)
(Loss)/Profit for the Year	168,342,567	12,501,448	205,207,607	87,738,159	27,630,713	152,181,098
Earnings Per Share Rs.	0.67	0.25	4.10	0.35	0.55	3.04

STATEMENT OF CHANGES IN EQUITY

Five Month Ending 31st August 2021

Group	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings / Loss Rs.	Total Rs.
Balance as at 01 April 2020	500,000,000	196,252,428	(103,623,882)	592,628,546
Profit for the year	-	-	12,501,448	12,501,448
Other Comprehensive (Loss)/Income	-	-	-	-
Dividend Paid/ Payable	-	-	(36,335,000)	(36,335,000)
Balance as at 31 August 2020	500,000,000	196,252,428	(127,457,434)	568,794,994
Balance as at 01 April 2021	500,000,000	291,991,832	(8,552,128)	783,439,704
Profit for the Period Ending 31st August 2021	-	-	168,342,568	168,342,568
Other Comprehensive (Loss)/Income	-	-	-	-
Dividend Paid/ Payable	-	-	(30,000,000)	(30,000,000)
Balance as at 31 August 2021	500,000,000	291,991,832	129,790,440	921,782,272

Company	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance as at 01 April 2020	500,000,000	196,252,428	5,444,133	701,696,561
Profit for the Period Ending 31st August 2020	-	-	27,630,713	27,630,713
Other Comprehensive Loss	-	-	-	-
Dividend Paid/ Payable	-	-	(36,335,000)	(36,335,000)
Balance as at 31 August 2020	500,000,000	196,252,428	(3,260,154)	692,992,274
Balance as at 01 April 2021	500,000,000	291,991,832	46,787,935	838,779,767
Profit for the Period Ending 31st August 2021	-	-	87,738,159	87,738,159
Other Comprehensive Loss	-	-	-	-
Dividend Paid/ Payable	-	-	(30,000,000)	(30,000,000)
Balance as at 31 August 2021	500,000,000	291,991,832	104,526,094	896,517,926

STATEMENT OF CASH FLOWS

Five Month Ending 31st August 2021

	Group			Company		
Cash Flows From / (Used in) Operating Activities	31.08.2021 (Unaudited*) Rs.	31.08.2020 (Audited) Rs.	31.03.2021 (Audited) Rs.	31.08.2021 (Unaudited*) Rs.	31.08.2020 (Audited) Rs.	31.03.2021 (Audited) Rs.
Profit/(Loss) Before Tax	183,295,454	11,081,948	217,876,525	102,691,045	32,978,513	182,501,718
Adjustments for						
Depreciation of Property, Plant and Equipment	31,848,362	30,875,997	76,624,589	28,869,670	24,741,346	71,558,547
Amortization of Right of Use Assets	13,896,500	14,381,890	37,315,486	4,452,937	4,452,938	10,687,050
Amortisation of Intangible Assets	141,418	68,200	149,667	120,168	-	15,344
Provision for Retirement Benefit Liability	9,534,212	7,976,412	14,494,901	4,952,212	4,626,412	10,407,690
Reversal of provision for Doubtful Debt/Bad debt write off	-	-	1,929,105	-	-	(1,300,000)
Profit/(Loss) on Disposal of Property, Plant and Equipment	-	-	(13,025,421)	-	-	(12,725,138)
Impairment Loss on Fire	-	-	-	-	-	-
Gain on Fair Value Change in Investment Property	-	-	(6,760,750)	-	-	(6,760,750)
Loss on Disposal of Subsidiary	-	-	327,866	-	-	394,284
Write off of ESC	-	-	-	-	-	-
Relief of lease obligation	-	-	(1,435,530)	-	-	-
Lease Interest	5,751,064	6,343,918	12,891,177	2,526,504	2,914,686	6,734,336
Finance Cost	66,161,198	84,991,070	234,785,952	56,512,770	62,814,530	203,206,545
Operating Profit before Working Capital Changes	310,628,208	155,719,435	575,173,567	200,125,306	132,528,425	464,719,626
(Increase)/Decrease in Inventories	(229,328,035)	(90,594,241)	13,616,874	(184,325,637)	(74,478,080)	(35,775,379)
(Increase)/Decrease in Fixed Deposit	(149,100,000)	-	(483,000,000)	(149,100,000)	-	(483,000,000)
(Increase)/Decrease in Trade and Other Receivables	(139,389,996)	243,336,399	(97,033,896)	(185,642,649)	191,205,222	(69,860,799)
(Increase)/Decrease in Advances and Prepayments	(88,807,422)	(191,392,515)	50,426,168	(92,964,888)	(220,481,044)	34,065,524
Increase/ (Decrease) in Trade and Other Payables	38,787,113	(9,802,321)	133,231,364	3,973,829	32,688,471	136,576,474
Cash Generated from Operations	(257,210,132)	107,266,757	192,414,077	(407,934,039)	61,462,994	46,725,446
Gratuity Paid	(612,688)	(440,494)	(14,067,373)	(497,188)	(440,494)	(12,645,923)
Tax Paid	-	-	(45,660,501)	-	-	(9,702,841)
Finance Cost Paid	(66,161,198)	(84,991,070)	(234,785,952)	(56,512,770)	(62,814,530)	(203,206,545)
Net Cash From/(Used in) Operating Activities	(323,984,018)	21,835,193	(102,099,749)	(464,943,997)	(1,792,030)	(178,829,863)
Cash Flows From / (Used in) Investing Activities						
Acquisition of Property, Plant and Equipment	(21,354,658)	(68,822,060)	(104,063,750)	(19,715,804)	(30,024,823)	(97,819,374)
Acquisition of Right of Use Assets	-	-	-	-	-	-
Acquisition of Intangible Assets	(438,277)	-	(677,375)	(438,277)	-	(552,375)
Proceeds from Sale of Property Plant and Equipment	-	-	34,721,378	-	-	33,370,000
Investing in Non Current Assets Held for Sale	-	-	-	-	-	-
Development Cost of Investment Property	-	-	(3,039,250)	-	-	(3,039,250)
Investing in Subsidiary - Share of Purchase Ordinary Shares	-	-	-	-	-	(5,000,000)
Net Cash Flows Used in Investing Activities	(21,792,935)	(68,822,060)	(73,058,997)	(20,154,081)	(30,024,823)	(73,040,999)
Cash Flows From / (Used in) Financing Activities						
Proceeds From Interest Bearing Loans and Borrowings	3,815,426,374	1,624,915,393	8,820,729,100	3,767,827,407	1,563,457,060	7,370,554,557
Repayment of Interest Bearing Loans and Borrowings	(3,231,000,711)	(1,461,243,550)	(8,540,440,717)	(3,142,866,918)	(1,399,566,623)	(6,995,290,437)
Proceeds From Finance Lease	-	-	-	-	-	-
Payment of Finance Lease Liabilities	(17,637,219)	(19,513,311)	(36,621,000)	(5,928,000)	(5,700,000)	(13,680,000)
Payment of Dividend	(30,000,000)	(36,335,000)	(102,000,000)	(30,000,000)	(36,335,000)	(102,000,000)
Net Cash Flows From Financing Activities	536,788,444	107,823,532	141,667,383	589,032,489	121,855,437	259,584,120
Net Increase/(Decrease) in Cash and Cash Equivalents	191,011,491	60,836,665	(33,491,363)	103,934,411	90,038,584	7,713,258
Cash and Cash Equivalents at the Beginning of the Year	73,610,950	106,774,447	107,102,313	63,462,232	55,748,974	55,748,974
Cash and Cash Equivalents at the End of the Period	264,622,441	167,611,112	73,610,950	167,396,643	145,787,558	63,462,232

NOTES TO THE FINANCIAL STATEMENTS

1. The condensed interim financial statements have been prepared in accordance with Sri Lanka Accounting Standards – LKAS 34 on Interim Financial Reporting. The condensed interim financial statements for the Five ending 31st August 2021 should be read in conjunction with the Annual Audited financial statements for the year ended 31st March 2021 including the changes to accounting policies, as a result of convergence to the revised Sri Lanka Accounting Standards ('SLFRSs/LKASs'). Further, the provisions of the Companies Act No 7 of 2007 have been considered in preparing the interim financial statements. The figures in the presented financial statements are provisional and subject to audit unless otherwise stated.
2. The summarized financial information of the Investments in Subsidiaries, which are now being accounted under Equity method, is presented below:

Investment in Subsidiaries	As At 31/08/2021	As At (Audited) 31/03/2021	As At 31/08/2020
Denshun Industries Pvt Ltd			20,686,000
Neptune Papers Pvt Ltd	205,000,000	205,000,000	200,000,000
Total investment in Subsidiaries	205,000,000	205,000,000	220,686,000

3. There has not been any significant change in contingent liabilities, since disclosed in the Audited Report for the financial year ended 31st March 2021.
4. No circumstance has arisen since the Balance Sheet date, which would require adjustments to or disclosure in the financial statements, other than the disclosures made in this interim financial statement.
5. Directors' Shareholding as of 31st August 2021 - NIL
6. The name and the number of shares held by the Share Holder

	Name	Shares	%
1	Aberdeen Holdings Pvt Ltd	250,000,000	100%

CORPORATE INFORMATION

Date & Place of Incorporation

16 April 2008

Colombo, Sri Lanka

Legal Form

Incorporated in Sri Lanka on 16 April 2008 as a Private Limited Company under the provisions of Companies Act No. 7 of 2007. The legal form of the company was changed from Private Limited to a Public Limited Company under provisions of the Companies Act No. 07 of 2007 on 27 March 2019.

Authority of Incorporation: Registrar of Companies (ROC), Colombo

Company Registration Number

PV 3294

Registered Office and Current Place of Business

Ex-pack Corrugated Cartons Limited
No 11A, Milepost Avenue, Colombo-03.
Tel: +94 11 2689618
Fax: +94 11 2689618
URL www.expack.lk

Factory

79 Pattiwila Road, Gonawilla, Kelaniya
Tel: +94 11 4891891
Fax: +94 11 4741751

Board of Directors

Mr. Sattar Kassim - Non-Executive Non-Independent Director/ Chairman
Mr. Shafik Kassim - Non- Executive Non-Independent Director
Mr. Zulficar Ghouse - Executive Non-Independent Director/Managing Director

Company Secretaries

Business Intelligence (Private) Limited
No. 08, Tickell Road, Colombo 08
Tel: +94 11 2 015900

Auditors to the Company

Ernst & Young Chartered Accountants
201, De Saram Place Colombo 10,
Colombo
Tel: +94 11 246 3500
Fax: +94 11 269 7369

Bankers to the Company**Amana Bank Ltd.**

486, Galle Road,
Colombo 3
Tel: +94 117 756 756
Fax: +94 112 574 419

Bank of Ceylon

No.1, BOC Square,
Bank of Ceylon Mawatha, Colombo 01
Tel: +94 11 244 6790
Fax: +94 11 232 1160

Hatton National Bank PLC

Level 19, No. 479,
T B Jayah Mawatha,
Colombo 10.
Tel: +94 11 246 2462
Fax: +94 11 266 2759

Pan Asia Banking Corporation PLC

450, Galle Road, Colombo 03,
Tel: +94 11 4 667 222
Fax: +94 11 2 565 565

Standard Chartered Bank (Sri Lanka) Limited

No. 37, York Street
Colombo 01
Tel: +94 11 248 0000
Fax: +94 11 545 0007



EX-PACK CORRUGATED CARTONS LIMITED



Research Report to

The Board of Directors and Shareholders of Ex-pack Corrugated Cartons Ltd
on the Proposed IPO



CAPITAL ALLIANCE PARTNERS LIMITED
LEVEL 5 'MILLENNIUM HOUSE'
46/58 NAVAM MAWATHA COLOMBO 02

ASIA
SECURITIES



INTEGRITY | INSIGHT | INNOVATION

ASIA SECURITIES ADVISORS (PVT) LIMITED
4TH FLOOR 'LEE HEDGES TOWER'
349 COLOMBO - GALLE MAIN ROAD
COLOMBO 00300

We, Asia Securities Advisors (Private) Limited ("ASA") and Capital Alliance Partners Limited ("CAL"), hereby jointly declare that we possess the requisite expertise to perform reports of this nature involving a quoted company categorized under the GICS Sector Classification: Materials.

We further jointly declare that the Research Report has been prepared in conformity with the disclosures stated in the 'Guidance Note' pertaining to the preparation of a Valuation/Research report.

The Board of Directors,

Ex-pack Corrugated Cartons Limited,
No. 79,
Pattiwila Road,
Gonawala, Kelaniya,
Sri Lanka.

Dear Sir/Madam,

Valuation Report on Ordinary Voting Shares to the Board of Directors and Shareholders of Ex-pack Corrugated Cartons Limited on the proposed Initial Public Offering

We, Asia Securities Advisors (Pvt) Limited and Capital Alliance Partners Limited, in the capacity of Joint Managers and Financial Advisors to the Initial Public Offering (IPO) of Ex-pack Corrugated Cartons Limited (hereinafter referred to as "Managers to the Issue"), wish to submit the enclosed Research Report in accordance with Section 3.1.4 (c) of the Listing Rules of the Colombo Stock Exchange.

Please find enclosed herewith the detailed Research Report for your reference.

Thank you,
Yours faithfully,

ASIA SECURITIES ADVISORS (PVT) LTD

CAPITAL ALLIANCE PARTNERS LIMITED

Sgd

Sgd

Sujendra Mather
Chief Executive Officer
Head of Investment Banking

Vishnu Balachandran
Executive Vice President
Head of Investment Banking

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GLOSSARY OF TERMS

ASA	Asia Securities Advisors (Pvt) Ltd
B-2-B	Business to Business
B-2-C	Business to Consumer
CAGR	Compound Annual Growth Rate
CAL	Capital Alliance Partners Limited
Capex	Capital Expenditure
CMP	Current Market Price
Comps/Peers	Comparable Companies to Ex-pack Corrugated Cartons Limited
COS	Cost of Sales
CSE	Colombo Stock Exchange
DCF	Discounted Cash Flow
EBIT	Earnings Before Interest & Tax
EBITDA	Earnings Before Interest, Tax, Depreciation & Amortization
EPS	Earnings per Share
EV	Enterprise Value
EXPA /Ex-pack	Ex-pack Corrugated Cartons Ltd
FCFF	Free Cashflow to Firm
FMCG	Fast-Moving Consumer Goods
FY	Financial Year
GDP	Gross Domestic Product
HH Consumption	Household Consumption
IPO	Initial Public Offer
Inc.	Including
LKR	Sri Lankan Rupee
LKR mn	Sri Lankan Rupee (millions)
MT	Metric Ton
NAV	Net Asset Value
Neptune	Neptune Papers (Pvt) Ltd
P/BV	Price to Book Value
PAT	Profit After Tax
PER	Price to Earnings Ratio
SOTP	Sum of the Parts
TTM	Trailing Twelve Months
TV	Terminal Value
WACC	Weighted Average Cost of Capital

1 INTRODUCTION

1.1 EXECUTIVE SUMMARY

ASA and CAL have utilized several fundamental valuation methods: A Discounted Cash Flow (DCF) Analysis, PER Relative (Trailing) and PER Relative (Forward) to arrive at a value for Ex-pack Corrugated Cartons Limited ("EXPA"). We have concluded that EXPA's value per share is LKR 11.05; based on our primary valuation metric: A Discounted Cash Flow Analysis (DCF).

We would also like to point out that the IPO offer price of LKR 8.40 per share has been priced at a 24% discount to our primary valuation based on our DCF of LKR 11.05. This IPO discount is provided to investors to provide a potential upside on the investment. In this case, the implied PER based on the expected FY22 recurring earnings, of LKR 366mn, is at 7.7x, in comparison to the local peer average of 10.1x.

Valuation Methodology	Price per Share (LKR)
Discounted Cash Flows	11.05
PER – TTM (Sep 2020 – Aug 2021)	9.55
PER – Forward	11.08

We considered a few methods to provide a Fair Value for EXPA's ordinary voting shares but concluded that a SOTP was more appropriate vis-à-vis the available alternatives due to the following reasons.

- We carry out a multi-stage DCF as our primary valuation, using a sum-of-the-parts approach to arrive at a fair valuation for the group. Given the stable, cash accretive nature of the businesses, we believe this is the most suitable method for valuing the company.
- EXPA plans to use the IPO proceeds to part fund an expansion of its operations. Given the multi-year investment and returns cycle of the planned capex outlay, we believe a DCF methodology captures the appropriate value of the firm from the perspective of shareholders.
- There are no direct competitors for Ex-pack listed in the CSE. However, when compiling the peer comparison, we have considered several factors. (See Section 8.1 for more details). These, companies are operationally comparable to EXPA, but company level PERs exhibit a broad variation. Therefore, we take it as a secondary valuation method.
- The NAV was also considered as a valuation basis. However, due to a relatively low asset base maintained by the business along with it being a consistent dividend paying company. We deemed it to be not appropriate as well.

Considering the above, DCF Method and PER based valuation were used for the purpose of arriving at the fair value of Ordinary Voting Shares of EXPA.

1.2 BACKGROUND

Established in 1998, Ex-pack Corrugated Cartons Limited, a 100% owned (pre-IPO) subsidiary of Aberdeen Holdings, is an ISO certified, award winning manufacturer and marketer of high quality printed corrugated cartons catering to all leading local and multinational entities with their packaging solutions.

The Board of Directors of this company hope to publicly list its shares by way of an IPO to raise a total of LKR 700mn at a 25% dilution. The funds will be utilized to relocate to a larger facility and expand its capacity to 4,000 MT/month from 2,750 MT/month currently. The breakdown of the total investment is as follows:

Indicative Timeline	Asset Description	Value (LKR)
Q3 of FY22	Land	79,992,000
Q3 of FY22 - Q2 of FY23	Buildings	1,179,992,000
Q3 of FY22 - Q2 of FY23	Furnitures and fittings	3,000,000
Q3 of FY22 - Q2 of FY23	Office equipment	2,000,000
Q3 of FY22 - Q2 of FY23	Motor vehicles	40,000,000
Q3 of FY22 - Q2 of FY23	Forklifts	51,920,000
Q3 of FY22 - Q2 of FY23	Machinery	1,623,160,000
	Total	2,980,064,000

The funding breakdown for the total investment is as follows.

Type	Value (LKR)
IPO	700,000,000
Investment Property Sale	450,000,000
Internal Funds	602,946,004
Debt	1,227,117,996
Capex Requirement	2,980,064,000

2 COMPANY PROFILE

2.1 COMPANY PROFILE – EX-PACK CORRUGATED CARTONS LTD

Ex-pack Corrugated Cartons Ltd, a subsidiary of Aberdeen Group was incorporated in 2002. The Company specializes in custom manufacture of high quality printed corrugated cartons, tailor-made to a range of customer specifications. As an ISO 9001-2015 certified establishment, Quality and Customer Satisfaction optimizes their drive for excellence.

As a responsible manufacturer, Ex-pack has adopted environmentally friendly manufacturing processes and has taken steps to identify and control its environmental impact as well as constantly improve on its processes. Hence, they were awarded the ISO 14001-2015 Environment Management System Certification.

Ex-pack has, over the years evolved to a complete service provider in the corrugated packaging industry, operating a full range of design, R&D and production planning services that supplement its manufacturing activities. Thus, Ex-pack is well-positioned as an essential cog in its customers' value chain. The Ex-pack team works together with its customers to determine their packaging needs and continue thereon taking customer project from concept, design, and proto typing to high volume production. On-time delivery is a key selling point of Ex-pack, made possible through comprehensive computerized manufacturing and stock managing systems which are linked with the Company's extensive storage facilities. Product distribution is another key area which is carried out through Ex-pack's own fleet of vehicles having complete control of logistics, assuring prompt delivery of all orders throughout Sri Lanka. Majority of Ex-Pack's staff have sustained their tenure with the Company throughout the years and Ex-pack takes pride in providing their employees with continuous progressive training to enhance their capabilities.

Ex-pack's current customer portfolio includes a vast array of businesses ranging from FMCG, pharmaceuticals, food manufacturers, tea exporters, apparel manufacturers, fruits/vegetables exporters, bicycle manufacturers and seafood exporters.

Apart from the traditional manufacturing of Corrugated Cartons, Ex-pack has ventured into an entirely new range of innovative storage solutions covering the garment industry as well as paper based environmental and eco-friendly warehousing accessories.

2.2 SUBSIDIARY PROFILE – NEPTUNE (PAPERS) PVT LTD

Neptune Papers (Pvt) Ltd. is a fully owned subsidiary of Ex-pack, operating in the space of recycling wastepaper and cotton waste out of the apparel industry. Large part of the collected wastepaper is exported to paper mills. The company was established in 1993 and is currently ranked as the top wastepaper exporter in Sri Lanka.

In addition, Neptune provides shredding service to banks, government agencies and other institutions for the secure shredding of their confidential documents. The products are then baled using automatic machinery using state-of-the-art-technologies. The bales of shredded paper are then exported for recycling purposes to India, Pakistan, Bangladesh, UAE, and Singapore.

Table 2-1 : Pre-IPO Shareholding

Name of Shareholder	No. of Shares	% of Ownership
Aberdeen Holdings (Private) Ltd	250,000 ,000	100

Table 2-2 : Holding Structure

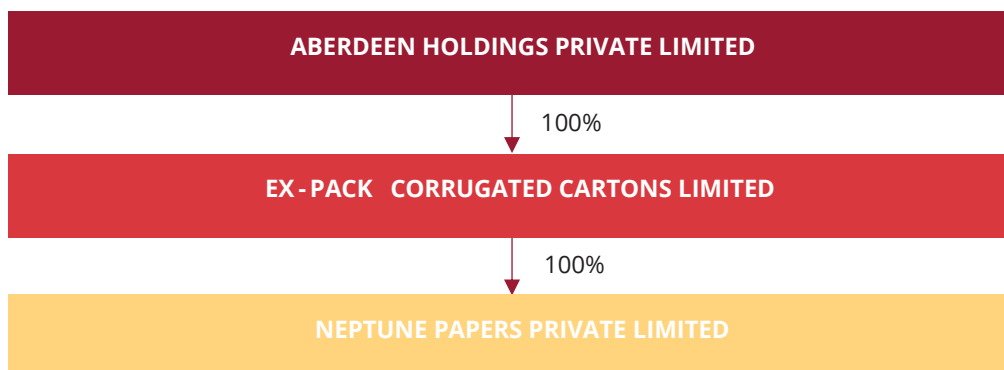


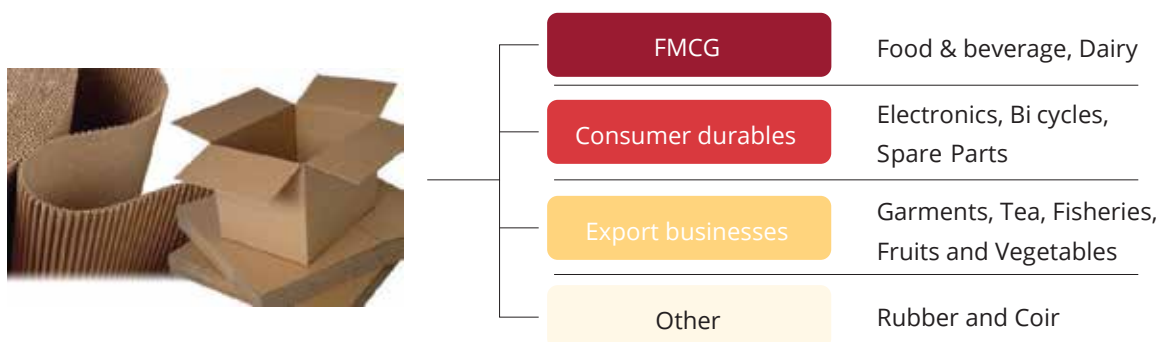
Table 2-3 : Post-IPO Shareholding

Name of Shareholder	No. of Shares	% of Ownership
Aberdeen Holdings (Private) Ltd	250,000,000	75
Shareholding from IPO	83,333,333	25

3 INDUSTRY OVERVIEW AND ANALYSIS

3.1 CORRUGATED CARTONS INDUSTRY GROWTH IS CLOSELY LINKED TO CONSUMER-DRIVEN BUSINESSES

Operating primarily as a B-2-B operation, corrugated cartons are mainly used for wholesale packaging in a range of industries. In addition, corrugated cartons are used in some retail packaging, especially consumer durables such as electronics, bicycles, and automobile spare parts. Overall, the growth of corrugated packaging growth is closely linked to consumer businesses. In addition, with the developments in shipping and freight industries, new products for export business are gaining traction.



3.2 WE EXPECT THE CORRUGATED CARTONS INDUSTRY IN SRI LANKA TO GROW AT 5.4% CAGR OVER 2020-2025E, IN LINE WITH GDP GROWTH

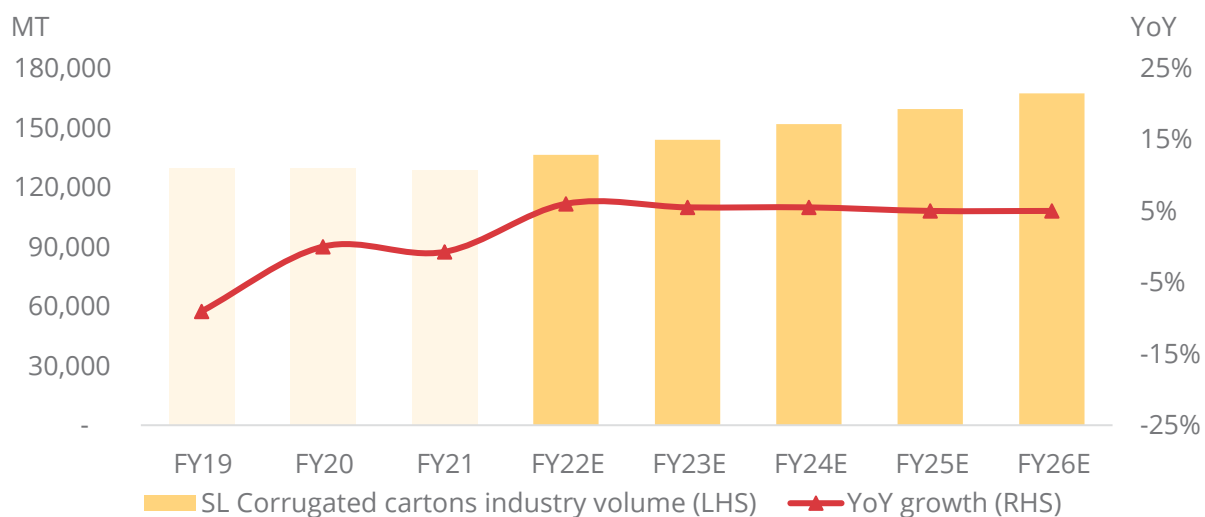
We expect Sri Lanka's economic growth to average 5.0%¹ over 2021-2025E period after recovering from the impact of COVID-19. With approx. 70%² of GDP driven by consumer spending, we expect consumer businesses growth to be closely linked to overall economic growth. In addition, the medium-term economic policies outlined by the government indicate the drive towards maintaining lower consumer taxes and single-digit interest rates³ which would gradually drive consumer-linked businesses. As a result, we expect the consumer-linked businesses such as food and beverage, dairy, packaged goods to experience higher demand, and along with it, the corrugated packaging industry to see continued stable growth through 2021-2025E.

¹ ASA ESTIMATES

² DEPARTMENT OF CENSUS AND STATISTICS

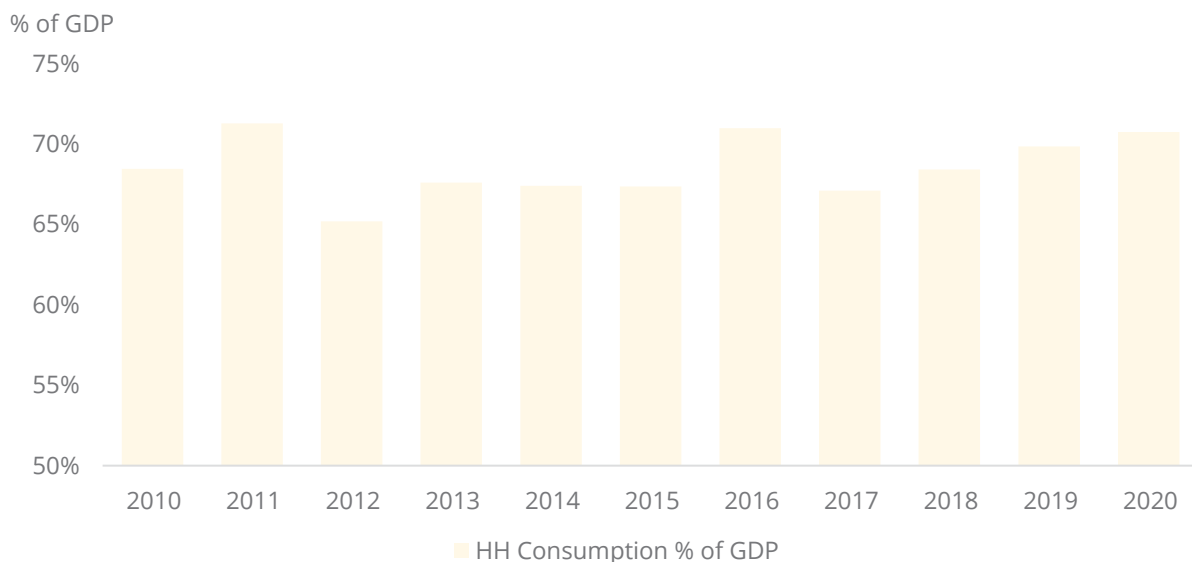
³ ECONOMYNEXT, 2021

Figure 3-1 : Corrugated cartons industry volume forecasted to grow at 5.4% CAGR 2020-2025E



Note: FY19-FY21 historic data for the industry are calculated using Ex-pack's volumes
Source: Ex-pack company reports, Packaging South Asia, ASA Analysis

Figure 3-2 : Consumer spending remains the largest driver of GDP



Source: Department of Census and Statistics, ASA Analysis

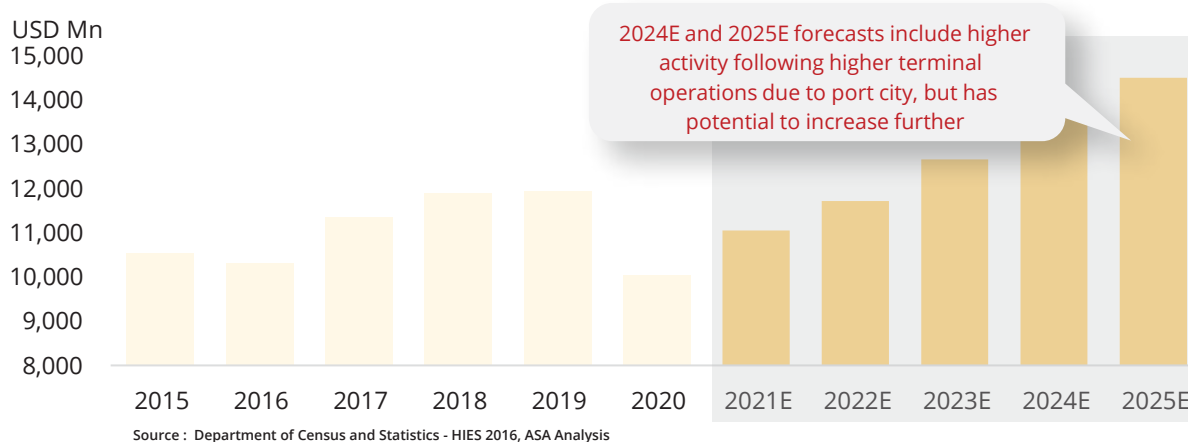
Figure 3-3 : Rising income levels drive consumption towards more packaged goods, dairy, and meat items, further driving the need for packaging



Source: Department of Census and Statistics – HIES 2016, ASA Analysis

3.3 EXPORTS PROVIDE A STRONG GROWTH POTENTIAL FOR THE CORRUGATED PACKAGING SECTOR

Sri Lankan goods exports have grown at an 8.4% CAGR over 2009-2019 (excluding 2020 as it is an exceptional year with COVID-19) with Textiles and Garments, Tea, and Rubber products accounting for 65.0% of total export revenue.⁴ The government, in 2019 set up a strong mandate to drive exports by improving local value addition, creating six thrust sectors⁵, and implementing credit and financing for SME businesses to increase exports. Among these thrust sectors, we believe the prominence given to manufacturing and agri and food processing would drive strong demand for the corrugated packaging industry. Given COVID-19 and its impact on global trade, we expect LKR 14.5bn of merchandise exports by 2025, indicating a CAGR of 7.6%⁶ over 2020-2025E. However, within total exports, we expect products such as vegetables, seafood, and garments/textiles to see strong growth as these segments have been identified as value-add export areas. All these products typically use corrugated boxes for packaging, and we believe this demand provides a strong growth potential for volume growth.



Source : Department of Census and Statistics - HIES 2016, ASA Analysis

⁴ Central Bank of Sri Lanka

⁵ Manufacturing, ICT, Tourism and Hospitality, Agri and Food Processing, Infrastructure

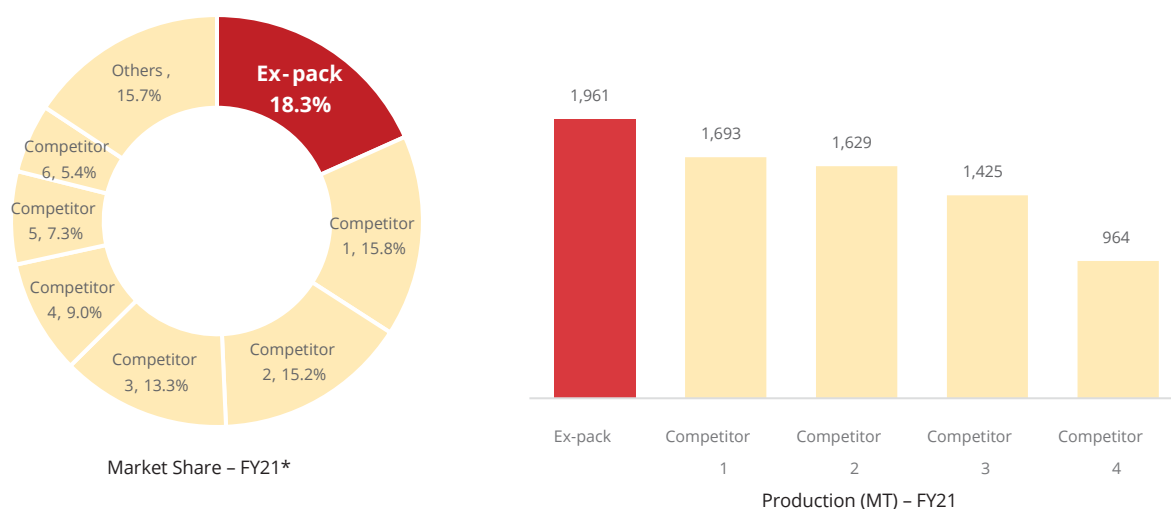
⁶ ASA Estimates

4 COMPANY OVERVIEW AND ANALYSIS

4.1 EX-PACK, THE MARKET LEADER IN CORRUGATED PACKAGING TO BENEFIT FROM THE CYCLICAL ECONOMIC TRENDS DRIVING CONSUMER BUSINESSES

Ex-pack is the market leader in the Sri Lankan corrugated packaging industry, with a capacity of 2,750 MT per month. Its largest exposure is into the FMCG sector, while a diversified group of end markets make up total sales. We expect the capital raise to boost Ex-pack's overall market leadership position with production capacity increasing by 45.5% by FY2025 while consolidated manufacturing processes, better technology, and improved access to market will drive operational synergies.

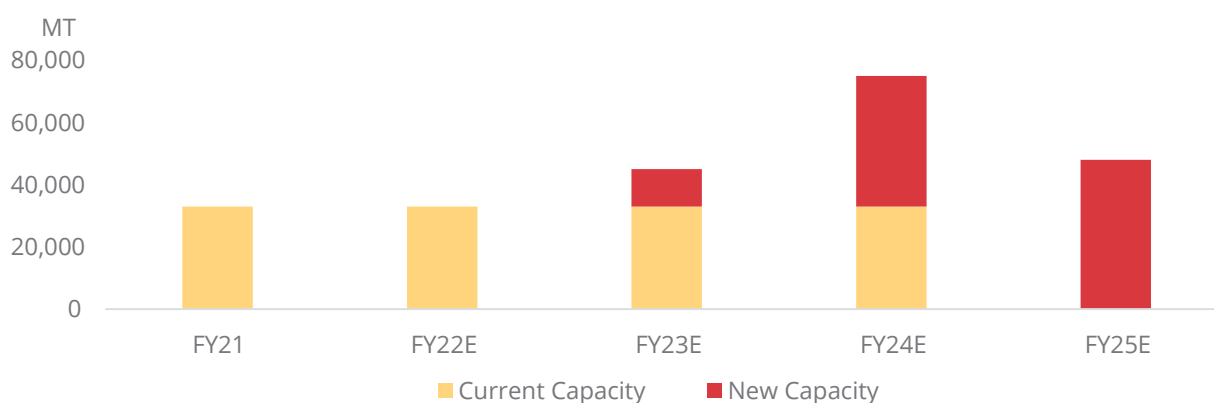
Figure 4-1 : Ex-pack is the market leader in corrugated packaging in Sri Lanka



Source: Ex-pack company reports, ASA Analysis

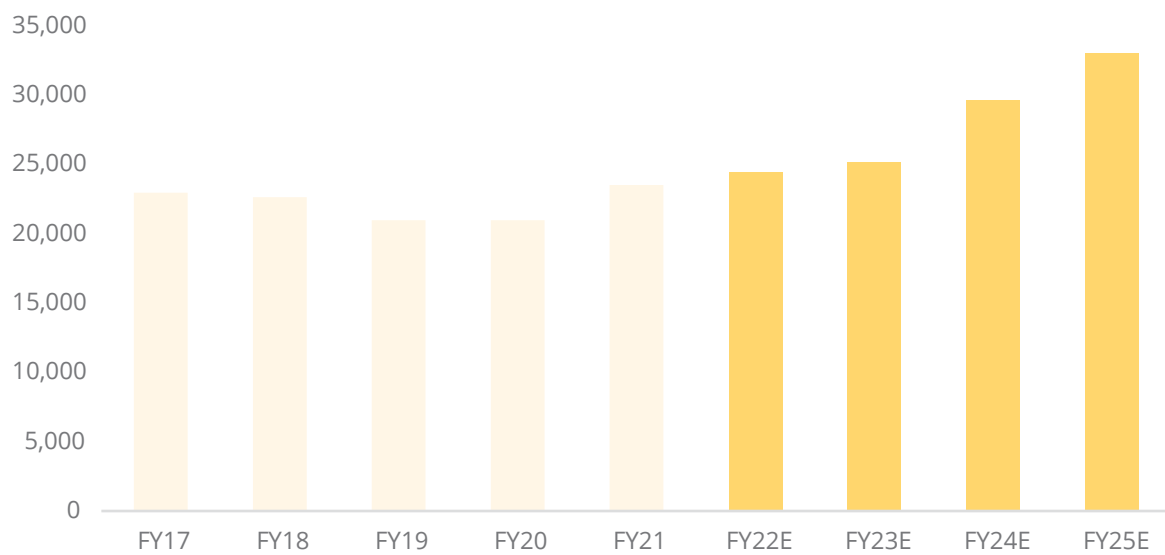
*Calculation based on average production per month during FY21

Figure 4-2 : New capacity to boost production to 48,000MT per annum from FY25 onwards



Source: Ex-pack company estimates, Asia Securities Analysis

Figure 4-3 :Production volumes to see a further boost with new capacity coming in



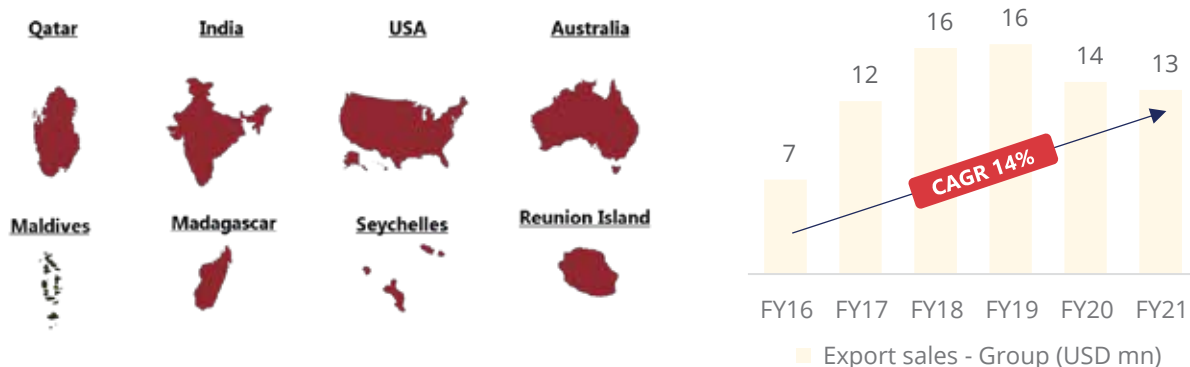
Source: Ex-pack company estimates, ASA Analysis

4.2 SOLID EXPORT PORTFOLIO TO DRIVE ROBUST VOLUME GROWTH AND PROVIDE A PARTIAL HEDGE AGAINST IMPORTED RAW MATERIAL COSTS

Ex-pack's direct export exposure to eight countries has led to a solid portfolio of consistent volumes coming through from established players in each of the markets. For example, in Maldives, Ex-pack is one of the largest corrugated carton manufacturers and its products are typically used for fresh and frozen fish exports, a crucial component in the country's export economy.

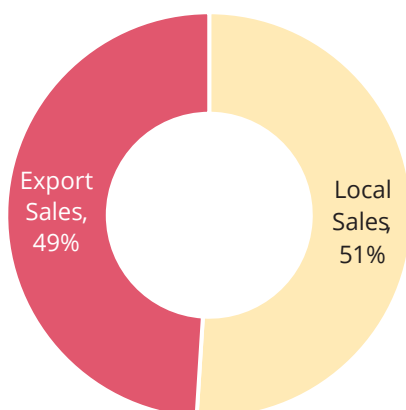
While the robust growth trajectory seen over FY16-21 is the clear first impact order from exports, we also note this provides a robust currency hedge (albeit partial) against input costs, mostly paper. Ex-pack imports 60% of its paper requirement and having a currency hedge helps negate this risk.

Figure 4-4 : Solid export portfolio across the group; revenue growth of 14% in the last five year



Source: Ex-pack company estimates, ASA Analysis

Figure 4-5 : Overall exports-linked businesses generate ~45-50% of total revenue

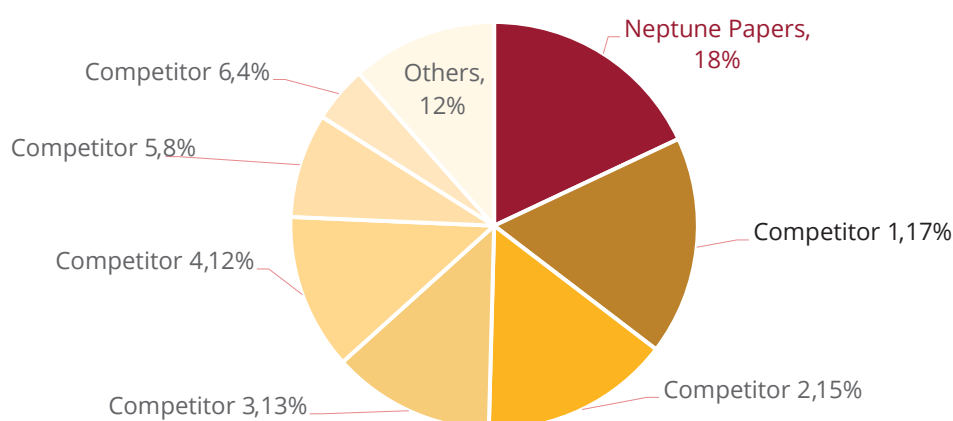


Source: Ex-pack company financials, ASA Analysis

4.3 NEPTUNE PAPERS – THE MARKET LEADER IN PAPER WASTE RECYCLING TO SEE CONTINUED GROWTH WITH STRONGER ECONOMIC ACTIVITY

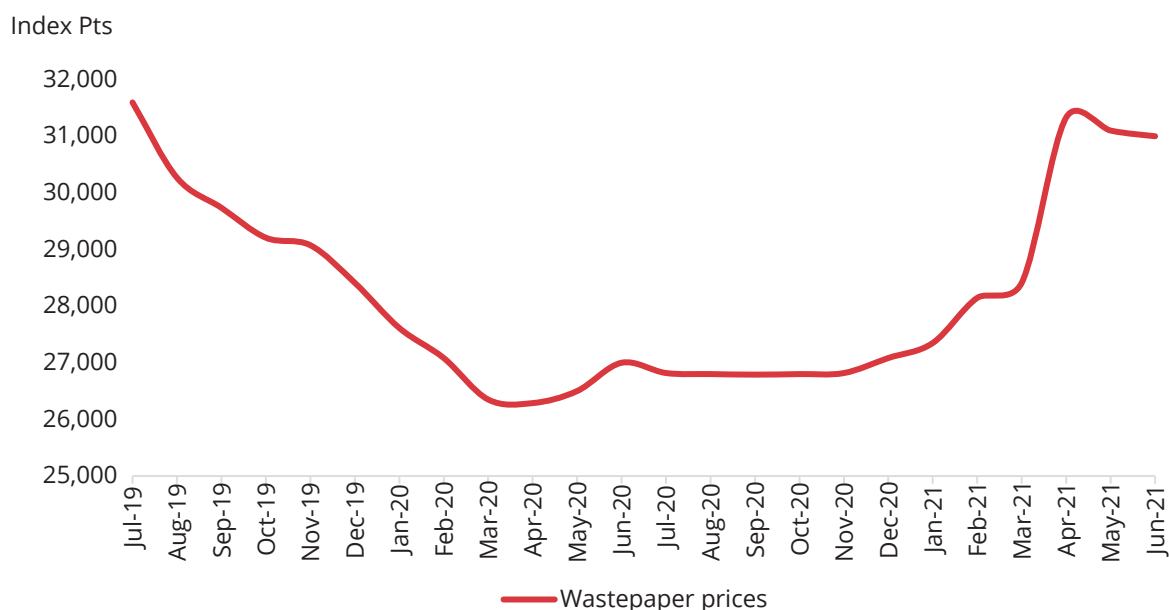
Neptune is the largest collector and aggregator in the wastepaper recycling market in Sri Lanka. Neptune exports c. 80% of the wastepaper collection, which trade at globally competitive prices. In addition, Neptune offers value-add services of disposing confidential documents and managing end-to-end waste disposal for corporates. Hence, while the largest operation is largely a trading business, Neptune has managed to maintain net profit margins at 3.6% in FY21. While the prevailing lockdowns and work-from-home initiatives have impacted supply, we believe that with growth in business activity, Neptune’s market leading position in providing complete solutions and strong focus on managing profitability would continue to drive growth in 2021-2025E, adding value to the group’s bottom line.

Figure 4-6 : Neptune leads an oligopolistic market in wastepaper collection and export



Source: Company Data, ASA Analysis

Figure 4-7 : Global wastepaper prices have surged amidst the pandemic, but we expect a moderation from 2022 onwards



Source: Wastepaper composite index by Paperfiber, ASA analysis

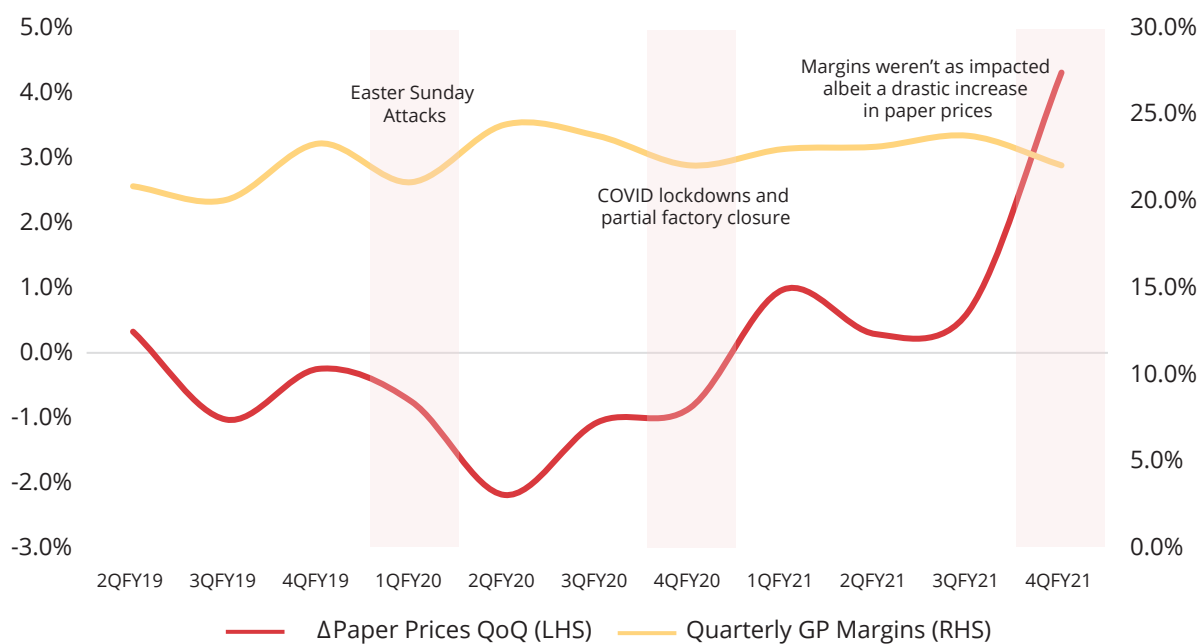
4.4 RISING PAPER PRICES IMPACT INPUT COSTS, BUT EX-PACK HAS BEEN ABLE TO REPRICE THE PRODUCTS IN A TIMELY MANNER TO MAINTAIN MARGINS

Paper accounts for c. 60-65% of the input costs for Ex-pack, and given the homogenous nature of the product, we believe that the cost structure remains uniform across the sector. Most recently, COVID-19 related headwinds have put pressure on input material such as Kraft paper for corrugated manufacturers. Ex-pack imports 60% of its paper requirement from Middle east and Asian source markets and is exposed to this trend as a sustainable hedging technique is not available currently.

However, given that the sourcing constraints impact the overall industry, we note that all the players generally resort to price increases concurrently, avoiding any price wars. In addition, we note that all the established firms have long-standing customer relationships built on service standards, adherence to specifications, and agreements on uninterrupted supply which creates a sticky relationship with buyers. Therefore, as evidenced in the past, we note that Ex-pack would be able to pass down input cost increases promptly without impacting profitability. Ex-pack's ability is evident from the stable margins demonstrated between 4QFY20 – 3QFY21 amid volatile global prices - notwithstanding the impacts of one-off events and macro-economic shocks.

Ex-pack fulfills more than half of the carton requirements of some clients, while also supporting them based on their production plans at times. Therefore, the service dependence is relatively high.

Figure 4-8 : Ex-pack has managed to maintain gross margins through the previous paper price cycles



Source: RSI Paper, Ex-pack company financials, ASA analysis

5 FORECASTED FINANCIAL STATEMENTS

5.1 CONSOLIDATED INCOME STATEMENT

Ex-pack Corrugated Cartons Ltd	FY20	FY21	FY22E ⁷	FY23E	FY24E	FY25E	FY26E
Income Statement in LKR 'mn							
Revenue	4,600	4,784	5,867	6,456	7,692	8,851	9,532
Cost of sales	(3,891)	(3,858)	(4,779)	(5,177)	(6,184)	(6,972)	(7,539)
Gross profit	710	926	1,087	1,279	1,508	1,879	1,992
Other Incomes and gains	60	68	91	49	58	67	72
Other one-off costs	(40) ⁸	(0)	-	-	-	-	-
Gain on FV change in investment property/Disposals	46	7	68 ⁹	-	-	(6) ¹⁰	68 ¹¹
Selling and Distribution Costs	(224)	(224)	(236)	(255)	(302)	(393)	(419)
Administrative Expenses	(355)	(310)	(347)	(368)	(393)	(407)	(437)
EBIT	197	466	662	705	871	1,140	1,276
Finance costs	(246)	(248)	(183)	(221)	(361)	(347)	(293)
Profit before tax	(50)	218	479	484	509	793	983
Income tax	(49)	(13)	(38)	(73)	(77)	(118)	(163)
Profit after tax	(98)*	205	441	411	432	675	821
<u>Recurring PAT</u>							
PAT	(98)	205	441	411	432	675	821
(-) Other Income (Nonrecurring)	(8)	(13)	(14)	(15)	(18)	(21)	(23)
(-) FV Gains	(46)	(7)	(68)	-	-	6	(68)
(+) One off costs	40	0	-	-	-	-	-
(+) Contribution for oneoff charitable events	14	-	-	-	-	-	-
(+) Income Tax Adjustments	16 ¹²	-	6	-	-	(1)	11
(-) Adjustment for impaired subsidiary	0	-	-	-	-	-	-
Normalized PAT	(82)	186	366	396	414	659	741
EBITDA	338	580	751	800	1,089	1,369	1,518
Number of Shares (mn)	250	250	333	333	333	333	333
Normalized EPS (LKR)	(0.3)	0.7	1.1	1.2	1.2	2.0	2.2

⁷ IPO issuance costs have not been considered

⁸ Impairment loss on fire

⁹ Gain recognized on sale of investment property

¹⁰ Loss on lease modifications

¹¹ Gain recognized on sale of the old factory assets

¹² ESC Write off

*Ex-pack was affected severely due to multiple headwinds during 2019/2020, leading to a subdued financial performance for the period. The impact on performance can be primarily attributed to factory closure for several weeks due to lockdowns in March 2020 - a salient period for seasonal orders. The initial shock from the Easter Sunday attacks in April also dealt a blow on their operations in the month of April 2019. In addition to this, the group's subsidiary - Neptune, faced a fire accident resulting in severe losses to their factory and recognized an impairment of LKR 40mn during the year.



5.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Ex-pack Corrugated Cartons Ltd	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Balance Sheet in LKR 'mn							
Non-Current Assets							
Property, Plant and Equipment	957	1,039	2,359	4,063	3,937	3,759	2,664
Investment Property	372	382	-	-	-	-	-
Right to Use of Assets	139	101	80	64	49	32	32
Intangible Assets	204	204	205	204	204	205	204
Deferred tax asset	1	14	14	14	14	14	14
	1,673	1,740	2,657	4,344	4,203	4,008	2,914
Current Assets							
Inventories	778	765	908	976	1,151	1,296	1,410
Trade and Other Receivables	1,252	1,379	1,548	1,690	1,941	2,227	2,395
Advances and Prepayments	116	34	80	101	126	142	134
Fixed Deposit	-	483	-	-	-	-	-
Cash and Cash Equivalents	107	95	169	38	201	168	539
Non-current Assets held for sale	-	-	-	-	-	-	-
	2,254	2,756	2,746	2,842	3,460	3,881	4,532
Total Assets	3,927	4,496	5,392	7,176	7,652	7,878	7,435
Stated Capital	500	500	1,200	1,200	1,200	1,200	1,200
Revaluation Reserves	238	292	292	292	292	292	292
Retained Earnings	(146)	(9)	204	438	685	1,058	1,508
Total Equity	593	783	1,696	1,930	2,177	2,550	3,000
Non-Current Liabilities							
Interest Bearing Loans and Borrowings	-	-	-	1,000	1,000	800	600
Deferred Tax Liability	85	74	74	74	74	74	74
Retirement Benefit Liability	72	82	92	103	114	127	140
Lease liabilities	95	76	73	74	78	71	85
	252	232	239	1,251	1,266	1,071	898
Current Liabilities							
Interest Bearing Loans and Borrowings	2,382	2,656	2,429	2,896	2,901	2,809	2,059
Bank OD	-	21	-	-	-	-	-
Lease liabilities	-	-	23	23	25	24	28
Trade and Other Payables	622	756	929	1,001	1,207	1,339	1,358
Income Tax Payable	79	48	48	48	48	48	48
	3,082	3,480	3,428	3,968	4,180	4,220	3,494
Total Equity and Liabilities	3,927	4,496	5,363	7,149	7,622	7,841	7,392

6 KEY FORECAST ASSUMPTIONS

6.1 EXPANSION PLAN – CONSTRUCTION OF NEW FACTORY

EXPA will be investing in a new factory over the period FY22-FY23E. The factory will be constructed at a cost of LKR 2,980mn, with the funding plan as follows.

Type	Value (LKR)
IPO	700,000,000
Investment Property Sale	450,000,000
Internal Funds	602,946,004
Debt	1,227,117,996
Capex Requirement	2,980,064,000

The factory is expected to be operational by FY24E, though it will not operate at its full capacity till the beginning of FY25E. During FY24E, both the current factory and the new factory (partially) will be in operation. Operations at the current factory will be phased out during this period and the entire operations would be transferred to the newly constructed factory by the beginning of FY25E.

The forecast assumes that the land and building of the existing factory will be sold at the beginning of FY26E at a value of LKR 1bn and 30% of the remaining assets will be transferred to the new factory while the rest would be scrapped.

6.2 REVENUE

Revenue for both EXPA and its subsidiary has been driven as a product of forecasted growth in volume and price.

Company	FY 20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Volume Growth YoY %							
Ex-pack	0.00%	12.14%	3.87%	3.00%	17.66%	11.40%	3.00%
Neptune	-7.67%	-20.59%	4.39%	4.39%	4.39%	4.39%	4.39%
Price Growth YoY %							
Ex-pack	-7.47%	-1.89%	17.87%	5.81%	4.69%	4.96%	3.80%
Neptune	-10.65%	17.02%	8.37%	5.00%	5.00%	5.00%	5.00%

Ex-pack is expecting to demonstrate volume growth in line with the industry until the new factory comes into operation in FY24E. A production ramp-up is expected up to FY25E. Volume growth is expected to normalize from then onwards.

The company historically has demonstrated better growth in its exports segment. We expect the company to continue increasing its exposure to exports during the forecast period. Sri Lanka's total good exported is expected to grow at a CAGR of 7.6% for the period 2020-2025E, which includes the traditional exports such as tea, apparel etc. However, the company's exports are expected to grow at a larger pace.

6.3 COST OF SALES

The costs have been driven based on detailed assumptions on global paper prices, industry aspects and management expectations in forecasting each individual component under Cost of Sales. The resultant Cost of Sales as a % of sales for each year are shown below.

Company	FY 20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
COS as a % of sales							
Ex-pack	78.57%	77.05%	79.21%	77.17%	77.67%	75.46%	75.77%
Neptune	95.94%	88.57%	86.5%	86.7%	87.0%	87.2%	87.4%

6.4 OTHER INCOME

- Other income for Ex-pack has been estimated at 0.7% of its revenue for the year. Historically the average stands at 1.2% over the last three years.
- Other income for Neptune has been estimated at 1.0% of its revenue for the year. Historically the average stands at 1.5% over the last three years.
- Mudharaba income of LKR 45.8mn on a fixed deposit held by business has been forecasted for FY22E.

6.5 ADMINISTRATION & SELLING AND DISTRIBUTION COSTS

The administration costs and the selling and distribution costs have been forecasted in detail incorporating elements of fixed and variable nature of the costs. The key components forecasted include remuneration, depreciation, amortization, and repair and maintenance expenses. The breakdown of both these major line items as a percentage of total revenue has been displayed below.

Company	FY19	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Administration Costs as a % of sales							
Ex-pack	8.09%	6.61%	5.84%	5.61%	4.85%	4.27%	4.25%
Neptune	7.00%	6.19%	6.10%	5.89%	5.75%	5.42%	5.42%
Selling and Distribution Costs as a % of sales							
Ex-pack	6.47%	6.37%	5.35%	5.30%	5.13%	5.77%	5.75%
Neptune	1.85%	0.88%	1.06%	1.06%	1.02%	1.02%	1.02%

6.6 INCOME TAX EXPENSE

- The tax rate of 16% has been considered as the average of the two types of tax rates relevant to Ex-pack
 - Tax Rate for local manufacturing – 18%
 - Tax Rate for Exports – 14%
- As Ex-pack is expected to list on the CSE prior to 31 December 2021, the tax benefits of listing have been incorporated. i.e., the income tax for FY22E has been reduced by 50%, and the tax rate has been estimated at 14% through FY23E-FY25E. The tax rate reverts to 16% thereafter.
- The tax rate of 14% has been considered throughout the forecast period for Neptune.

6.7 PROPERTY, PLANT AND EQUIPMENT

The major capex details are as follows for both Ex-pack and Neptune. There has been a level of maintenance capex factored into the assumptions as well.

Ex - pack

Indicative Timeline	Asset Description	Value (LKR)
Q3 of FY22	Land	79,992,000
Q3 of FY22 - Q2 of FY23	Buildings	1,179,992,000
Q3 of FY22 - Q2 of FY23	Furnitures and fittings	3,000,000
Q3 of FY22 - Q2 of FY23	Office equipment	2,000,000
Q3 of FY22 - Q2 of FY23	Motor vehicles	40,000,000
Q3 of FY22 - Q2 of FY23	Forklifts	51,920,000
Q3 of FY22 - Q2 of FY23	Machinery	1,623,160,000
	Total	2,980,064,000

Neptune

Plan Year	Asset Description	Value (LKR)
2021/22	Fully Automated Baler	62,325,40 1
2021/22	Forklift	7,271,29 7
2023/24	Commercial Vehicle	7,000,000
2023/24	Nos Forklift	8,988,15 4
2025/26	Fabric Manual Bailing Press	5,000,000
2025/26	Commercial Vehicle	7,000,000
	Total	97,584,851

The forecast assumes that the land and building of the existing factory will be sold at the beginning of FY26E at a value of LKR 1bn and 30% of the remaining assets will be transferred to the new factory while the rest would be scrapped.

The useful economic lives of the assets for the new project are given below.

- Building – 25 years
- Furniture and Fittings – 4 years
- Office Equipment – 4 years
- Motor vehicles – 5 years
- Machinery – 15 years

6.8 INVESTMENT PROPERTY

Ex-pack owns a plot of land which is in surplus to its current requirements and is expected to be sold for LKR 450mn. The sale is almost finalized. The proceeds from the sale have been considered in our forecasts and a FV gain has been calculated based on the expected sale value.

The Present Value of the cash generated from the sale has been added when calculating the equity value of the firm for the DCF based valuation.

6.9 INTEREST BEARING LOANS AND LIABILITIES

EXPA intends to maintain short-term borrowings between LKR 2,000-3,000mn during the forecast period. The additional loan facility of LKR 1,227mn taken to finance the expansion plan is forecasted to be settled by the end of FY29E.

The interest component during the construction phase (FY23E) has been capitalized.

6.10 EXCHANGE RATE ASSUMPTIONS

	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
LKR/USD	181	200	220	233	241	249	256
Depreciation	NA	10.0%	10.0%	6.1%	3.1%	3.4%	3.0%

7 DISCOUNTED CASH FLOW VALUATION

7.1 VALUATION SUMMARY

The total value of the firm has been arrived at using an SOTP approach. The DCF value of Ex-pack Corrugated Cartons Ltd., and its subsidiary, Neptune Papers (Pvt) Ltd. have been calculated separately and amalgamated to arrive at the group value.

The DCF has been carried out till FY34E (which has been considered the terminal year) to ensure the value addition from EXPA's expansion is fully captured into its current value.

Company	Ex-pack Corrugated Cartons Ltd	Neptune Papers (Pvt) Ltd	Total
LKR mn			
Enterprise Value ¹³	4,510	1,034	5,545
(-) Net Debt ¹⁴	(1,808)	(449)	(2,257)
(+) Surplus Asset ¹⁵	397	-	397
Equity Value	3,098	585	3,683
Number of Shares			333,333,333
Value per Share (LKR)			11.05

7.2 KEY VALUATION ASSUMPTIONS

WACC Computation	
Risk free rate	8.6%
Equity risk premium	9.5%
Beta equity	1.1
Cost of Equity (Ke)	18.6%
Cost of Debt (Kd)	10.0%
Debt %	50%
Equity %	50%
WACC	13.5%
Terminal growth rate	1.0%

¹³ Refer Section 7.3 for detailed forecasts

¹⁴ Net Debt as at 31st March 2021

¹⁵ NPV of proceeds generated from planned sale of land classified under Investment Property

7.2.1 COST OF EQUITY

- Risk free rate: Five-year treasury bond rate of 8.6% as of 02 September, 2021 (Central Bank of Sri Lanka).
- Market risk premium of 9.5% has been assumed.

We have assigned a higher market risk premium due to two factors.

- o S&P's official downgrade of Sri Lanka's sovereign rating, follows Moody's placing SL under watch for a further downgrade
- o Overall market volatility has increased in the past month
- An equity beta of 1.1 has been assumed.

7.2.2 COST OF DEBT

- Pre-tax cost of debt of 10% has been assumed. (AWPLR – 6% as of 02 September 2021, and 4% Risk Spread)
- Corporate tax rate of 16% has been used for Ex-pack to calculate the post-tax cost of debt.
- The tax rate of 16% has been considered as the average of the two types of tax rates relevant to Ex-pack
 - o Tax Rate for local manufacturing – 18%
 - o Tax Rate for exports – 14%
- Corporate tax rate of 14% has been used for Neptune to calculate the post-tax cost of debt.

7.2.3 WEIGHTED AVERAGE COST OF CAPITAL

- A 50/50 weightage has been considered for the capital structure of debt and equity.
- Based on this methodology, we have arrived at 13.5%, as the WACC for the forecast period.

7.3 DETAILED FORECASTS

7.3.1 EX-PACK CORRUGATED CARTONS LTD

LKR mn	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Revenue	3,251	3,009	3,310	4,053	4,417	5,441	6,362	6,802
EBIT	277	215	358	455	542	690	942	1,002
Income tax	(33)	(33)	(30)	(38)	(58)	(60)	(98)	(141)
Effective Tax Rate %	-55%	-39%	-17%	-9% ¹⁶	-14%	-14%	-14%	-16%
Depreciation and Amortization	85	95	82	47	47	168	178	186
Δ Working Capital	(153)	228	84	(121)	(114)	(195)	(260)	(206)
Capital Expenditure	(52)	(149)	(98)	(1,297)	(1,758)	(38)	(18)	963
Free cash flow to firm	124	357	396	(954)	(1,341)	565	744	1,803
Terminal Value								
Discount Factor				0.88	0.78	0.68	0.60	0.53
Discounted FCFF				(841)	(1,041)	386	448	958

¹⁶ Concessionary tax rate post listing

LKR mn	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E
Revenue	7,274	7,780	8,324	8,907	9,533	10,206	10,927	11,703
EBIT	1,084	1,185	1,313	1,428	1,552	1,676	1,815	1,972
Income tax	(153)	(173)	(198)	(220)	(243)	(265)	(288)	(315)
<i>Effective Tax Rate %</i>	-16%	-16%	-16%	-16%	-16%	-16%	-16%	-16%
Depreciation and Amortization	195	206	202	221	245	284	322	361
Δ Working Capital	(190)	(196)	(224)	(239)	(298)	(347)	(291)	(363)
Capital Expenditure	(59)	(83)	(101)	(144)	(184)	(284)	(322)	(361)
Free cash flow to firm	877	940	991	1,046	1,072	1,064	1,236	1,294
Terminal Value								10,464
Discount Factor	0.47	0.41	0.36	0.32	0.28	0.25	0.22	0.19
Discounted FCFF inc. TV	410	387	360	335	302	264	271	2,269

The Enterprise Value (Sum of the Present Value of FCFF) is equal to LKR 4,510mn.

7.3.2 NEPTUNE PAPERS (PVT) LTD

LKR mn	FY19	FY20	FY21	FY22E	FY23E	FY24E	FY25E	FY26E
Revenue	1,930	1,592	1,479	1,814	2,039	2,251	2,489	2,730
EBIT	62	(33)	80	132	148	163	181	195
<i>Income tax</i>	(6)	(16)	18	-	(15)	(17)	(19)	(22)
<i>Effective Tax Rate %</i>	29%	-12%	-50%	0%	14%	14%	14%	14%
Depreciation and Amortization	16	46	32	42	48	50	51	57
Δ Working Capital	(301)	89	(2)	(65)	(43)	(52)	(54)	(49)
Capital Expenditure	(44)	(28)	(6)	(74)	(6)	(17)	(6)	(12)
Free cash flow to firm	(274)	58	121	35	132	128	153	169
Terminal Value								
Discount Factor				0.88	0.78	0.68	0.60	0.53
Discounted FCFF				31	102	87	92	89

LKR mn	FY27E	FY28E	FY29E
Revenue	3,058	3,363	3,633
EBIT	218	240	259
<i>Income tax</i>	(31)	(34)	(36)
<i>Effective Tax Rate %</i>	0%	0%	0%
Depreciation and Amortization	64	70	76
Δ Working Capital	(55)	(61)	(65)
Capital Expenditure	(64)	(70)	(76)
Free cash flow to firm	132	146	157
Terminal Value			1,261
Discount Factor	0.47	0.41	0.36
Discounted FCFF inc. TV	62	60	511

The Enterprise Value (Sum of the Present Value of FCFF) is equal to LKR 1,034mn.

The DCF/SOTP value per share setout herein, is subject to the viability of the forecasts/assumptions made in section 6 of this Research Report.

7.4 SENSITIVITY TO WACC

WACC						
Terminal Growth Rate		11.5%	12.5%	13.5%	14.5%	15.5%
	1.50%	16.99	13.92	11.40	9.29	7.50
	1.25%	16.68	13.69	11.22	9.15	7.40
	1.00%	16.39	13.47	11.05	9.02	7.29
	0.75%	16.11	13.26	10.89	8.89	7.19
	0.50%	15.84	13.05	10.73	8.77	7.09

The table above indicates the sensitivity of the DCF basis valuation of EXPA Group (on a per share basis) to changes in estimated Terminal Growth Rate and WACC.

8 PRICE TO EARNINGS RELATIVE VALUATION

8.1 MARKET MULTIPLES

There are no direct competitors for Ex-pack listed on CSE. The closest comparable listed peer on an operational and revenue generation basis is PGP Glass Ceylon PLC (formally known as Piramal Glass Ceylon PLC), due to their local manufacturing operations in the consumer packaging space and their partial exposure to exports.

Name	CMP	Basic EPS (TTM) ¹⁷	PER	Earnings CAGR ¹⁸
PGP Glass Ceylon PLC	14.5	1.5	10.0	30.5

Source: Colombo Stock Exchange, Bloomberg, Prices as at 03rd September, 2021

However, when compiling the peer comparison, we have considered several factors. Firstly, Ex-pack's revenue is largely linked to consumer and related businesses. FMCG accounts for >40% of Ex-pack's top-line, while durables account for approx. 20%. Secondly, Ex-pack operates as a manufacturing firm operating as a B2B enterprise, with the overall operating structure akin to a traditional manufacturing business, while having a sizeable presence in the export market at ~50% of total revenue,

Considering the above factors, we have analysed two peer groups fitting these criteria. The first peer group is comprised of consumer-focused manufacturers that have B2C operations. The second group is comprised of B2B manufacturers that have an export focus. We equally weight our peer groups across the two sets of peers considering the nature of Ex-pack's business, and the return/growth dynamics.

To arrive at a justified multiple to value Ex-pack's shares, we consider the three aspects: Growth, Risk, and Profitability of Ex-pack compared to the peers. Accordingly, we have factored in a discount on both the peer groups. The primary considerations for this justified multiple are:

1. Consumer-focused B2C peers trade at a 15.2x PER on a TTM¹⁷ basis. While Ex-Pack's growth is largely linked to consumer business, we note that most peers in this category have an inherent brand and are price makers in the market, contrary to the operational business model of Ex-pack. Hence, we factor in a 30% discount to our peer group.

¹⁷ TTM period July 2020 – June 2021

2. The Consumer Focused B2B peers are more closely linked to Ex-pack in its operational profile. However, most players in this category have a dominant export link and trade at 11.3x PER on a TTM¹⁸ basis. Given Ex-pack's partial export exposure, we believe a discount to this multiple is warranted and have factored a 15% discount.

¹⁸ TTM period July 2020 – June 2021

Name	CMP	Basic EPS (TTM)	PER	Earnings CAGR
Consumer focused B2C Businesses				
Ceylon Cold Stores PLC	608.75	29.5	20.7	(4.6)
Nestle Lanka PLC	1,225.50	79.9	15.3	4.7
Keells Food Products PLC	165.00	11.7	14.1	3.9
Raigam Wayamba Salterns PLC	8.10	0.8	10.8	12.4
Median			14.7	4.3
Average			15.2	4.1
Consumer focused B2B Businesses				
PGP Glass Ceylon PLC	14.50	1.5	10.0	30.5
BPPL Holdings PLC	24.00	1.7	13.8	NA
Teejay Lanka PLC	44.00	3.5	12.5	8.5
Hayleys Fabric PLC	36.70	2.2	16.4	93.4
Regnis Lanka PLC	64.20	7.4	8.6	(34.9)
Printcare PLC	42.10	6.4	6.6	30.7
Median			11.3	30.5
Average			11.3	20.6

Source: Colombo Stock Exchange, Bloomberg, Prices as at 3rd September 2021

Note: Earnings for the trailing twelve months up to June 2021 have been considered for the TTM PER calculation, non-recurring items have been adjusted in the TTM numbers, 4 Year Earnings CAGR

Weighted Average PER Summary

Description	Weightage	Average PER	Discount	Weighted PER
Consumer B2C Businesses	50%	15.2	30%	5.3
Consumer B2B Businesses	50%	11.3	15%	4.8
Weighted Average PER	100%			10.1

It should be noted that the PER is in-line compared to the PER of EXPA's closest comparable peer, Piramal Glass Ceylon PLC.

The Market Based Valuations setout herein of the company in respect of TTM and forecasted, are dependent upon the relative size of the peer entities identified under section 9 of the Research Report, in comparison to the company.

8.2 TRAILING PER VALUATION

Description	LKR mn
TTM PAT (Sep 2020 – Aug 2021) *	315
Weighted Average PER Multiple	10.1x
PER Based Valuation	3,182
Number of Shares	333,333,333
Value per Share (LKR)	9.55

*The abrupt shutdown of the global and local economy amid the pandemic had significant impact on the operations of Ex-pack during the Jan-Mar 2020 period. The resulting economic slowdown and supply chain disruptions had a debilitating impact on the profitability of the business during the year.

Hence, the trailing twelve months period of September 2020 – August 2021 has been considered for the Trailing PER Valuation Method.

The peer market multiples considered in Section 8.1 for valuation purposes, is based on the latest reported TTM period (July 2020 – June 2021).

The calculation of the normalized TTM PAT for the period of September 2020 – August 2021 is as follows.

Description	Value (LKR mn)
Normalized PAT- FY21	171
(-) April – August 2020- normalized earnings	(14)
(+) April – August 2021- normalized earnings	158
TTM PAT	315

The IPO price of LKR 8.40 per share is at a 12% discount to the Trailing PER based Valuation.

8.3 FORWARD PER VALUATION

Description	LKR mn
FY22E RecurringPAT	366
Weighted Average PER Multiple	10.1x
PER Based Valuation	3,694
Number of Shares	333,333,333
Value per Share (LKR)	11.08

The IPO price of LKR 8.40 per share is at a 24% discount to the Forward PER based Valuation.

9 VALUATION METHODOLOGY

9.1 METHODOLOGY – DISCOUNTED CASH FLOW VALUATION (DCF)

A Discounted Cash Flow (DCF) analysis has been carried out to arrive at the fair value of the Ordinary Voting Shares of Ticker. A DCF analysis can be used to measure a company's ability to generate future cash flows. This methodology is useful in identifying the growth potential and provide a valuation reflecting the relevant growth in the company's cashflows.

Free Cash Flow to Firm (FCFF) was calculated using the following formula:

*FCFF = Earnings before Interest and Tax * (1-Tax Rate) + Depreciation and Amortization - Capital Expenditure + Changes in Working Capital*

In arriving at the fair value of Ordinary Voting Shares of EXPA, the present value of FCFFs was calculated using the following:

$$V_0 = \left[\sum_{t=1}^n \frac{FCFF_t}{(1+WACC)^t} \right] + TV_n$$

Whereas:

- V0 = Intrinsic Value of the company at Y0
- FCFF_t = Free Cash Flow to Firm in Year t
- WACC = Weighted Average Cost of Capital
- TV_n = Present Value of Terminal Value at Year n

Further, the Gordon Growth Model (GGM) has been utilized here to arrive at the TVⁿ with the following formula:

$$TV_n = \frac{FCFF_n(1+g)}{(WACC-g)(1+WACC)^n}$$

Whereas:

- TVⁿ = Present Value of Terminal Value at Year n
- g = Terminal Growth Rate
- WACC = Weighted Average Cost of Capital

A firm's Weighted Average Cost of Capital (WACC) represents its blended cost of capital across all sources, including common shares, preferred shares, and debt. The cost of each type of capital is weighted by its percentage of total capital and they are added together. The WACC is used in FCFF calculations as the discount rate.

The following formula is used to calculate the WACC:

$$WACC = W_e(K_e) + W_d(K_d(1 - t))$$

Whereas:

W_e = Weightage of Equity

W_d = Weightage of Debt

$(1-t)$ = After Tax cost of Debt

K_e = Cost of Equity

K_d = Cost of Debt

To arrive at the Fair Value of the business the following formula was used:

$$\text{Fair Value} = \text{Enterprise Value} - \text{Net Debt} \pm \text{Non Operational Assets and Liabilities}$$

The Enterprise Value above mentioned is the sum of the Present Value of FCFF during the forecast period along with the Terminal Value of the business.

9.2 METHODOLOGY – PER RELATIVE VALUATION

The price-to-earnings ratio (PE ratio) is the ratio for valuing a company that measures its current share price relative to its Earnings Per Share (EPS).

The price-to-earnings ratio or P/E is one of the most widely used stock analysis tools by investors and analysts for determining a share's valuation. A high PE value means the company's stock is over-valued compared to its peers or the investors are expecting high growth rates in the future.

Earnings per share is calculated based on the following formula:

$$\text{Earnings Per Share} = \frac{\text{Net Income} - \text{Preferred Dividends}}{\text{Common Shares Outstanding}}$$

The price-to-earnings ratio is calculated based on the following formula:

$$\text{Price} - \text{to} - \text{earnings Ratio} = \frac{\text{Market Value per share}}{\text{Earnings Per Share}}$$

10 RISKS

The future performance of EXPA is subject to a number of risks that may or may not be within the control of the Company. Should any of the risks highlighted here materialize, it could have an adverse effect on the performance of the Company and its ordinary share price. This section highlights the main sources (but not necessarily all) of the risks faced by the Company.

10.1 MACROECONOMIC INSTABILITY

Significant portion of EXPA's revenue is generated through export sales therefore, global macro-economic factors can have an impact on the Company's performance. Policies adopted by different governments and political stability in different geographies play a crucial role in the company's performance as it has a direct impact on the Company's revenue. Furthermore, inflation rates of a country will affect consumer spending power and indirectly impact the company's performance.

10.2 IMPACTS OF THE GLOBAL PANDEMIC

The global effect of COVID-19 pandemic is substantial and has resulted in a downturn of economic growth. Increase in costs and lead times in the supply chain, decline in sales due to lockdowns and supplier shocks has affected EXPA. With the vaccination process well on its way the company has managed to regain its momentum and has increased sales in comparison to those prevalent in the initial stages of the pandemic. However, it should be noted that the long-term effects of rising unemployment, raw material price increases and stagnant economic growth can adversely affect the company and its performance.

10.3 INCREASE IN RAW MATERIAL PRICES

Paper is a key material for EXPA in their operations of manufacturing corrugated cartons. Whilst periodic and moderate changes in the prices of raw materials are expected in the normal course of doing business, year-long, global pandemics having long-lasting effects on the production and procurement of those materials are expected increase costs for companies that use paper as raw materials in their operations. The pandemic has caused dramatic shifts in operating patterns within the paper industry, which have resulted in fluctuations in pulp and paper supply and demand, and recurring price increases. EXPA has been able to minimize the impact of price increase as a result of the favorable contract terms provided by suppliers due to their long-standing relationships with the Company and the natural hedge provided by the subsidiary - Neptune Papers.

10.4 EXCHANGE RATE RISK

Currently EXPA mainly imports using USD and any depreciation against these currencies can lead to higher raw material costs which would affect gross profit margins. However, the company maintains a partial FX hedge from its export revenue and has also managed to maintain its margins through negotiations with suppliers and by passing the costs to its customers.

10.5 INTEREST RATE RISK

The company has a significant amount of short-term debt and is expected to take on a longer term facility to fund its expansion plan. A steep rise in EXPA's cost of financing will have an impact on its net profit margins.

11 INDIVIDUALS MATERIALLY PARTICIPATING IN THE VALUATION ASSIGNMENT

11.1 ASA TEAM

Sujendra Mather, BA – Head of Investment Banking

Sujendra has over fifteen years of experience having held management positions in several world-renowned investment banks, namely Deloitte (Singapore) and Houlihan Lokey Howard & Zukin (USA). He has successfully managed and lead several billion dollars of Mergers & Acquisitions, Fund Raising, Restructuring and Strategic Advisory transactions in the North America and Asia Pacific regions across the Consumer, Retail, Financial Services, Manufacturing, Real Estate, Hospitality, Infrastructure, Technology and Mining sectors. He also worked for the Corporate Development team of John Keells Holdings (Sri Lanka), where he was a part of the team that oversaw the group's investments in the South Asian region. He currently heads the investment banking division of Asia Securities and has been responsible for completing several marque local and cross border transactions. Sujendra holds a B.A. in Economics-Mathematics from Claremont McKenna College in California, USA.

Tivanka Perera, ACMA – Assistant Vice President – Investment Banking

Tivanka joined Asia Securities in 2021 and counts over 7 years of work experience in Investment Banking, Deal Advisory and Internal Audit & Assurance and has been involved in several capital market transactions. Prior to joining Asia Securities, he held the position of Senior Associate, Investment Banking at CT CLSA. Prior to his stint at CT CLSA, he worked as an Associate Consultant in the Deal Advisory Division of KPMG, Sri Lanka. Tivanka, started off his career at PwC, Sri Lanka where he functioned as a Senior Audit Associate in Internal Audit & Assurance Services in addition to which he also participated in M&A Advisory and External Audit assignments. Tivanka is an Associate member of the Chartered Institute of Management Accountants (CIMA), UK and is currently a CFA Level II candidate.

Siddharth Raveendran, ACMA – Senior Analyst – Investment Banking

Siddharth joined Asia Securities in 2019 and has been involved in several capital market transactions. Prior to joining ASEC, he worked as an Equity Research Analyst at CAL covering listed equities across sectors such as Consumer, Telecommunication and Diversified Holdings. Siddharth is an Associate Member of the Chartered Institute of Management Accountants (UK).

11.2 CAL TEAM

Deshan Pushparajah, CFA, FCMA, FCCA, BSc –

Managing Director, Global Markets & Investment Banking

Deshan is an expert at public and private capital markets, both buy-side and sell-side M&A and enjoys the trust of an established network of clients in the local and international capital markets. He has been with the group since 2007 and has overseen the team through the changing post-conflict economic realities and has been instrumental in CAL emerging as a market leader in Equity capital markets and a considerable force in Debt capital markets. Deshan is a CFA charter holder (USA) and a Fellow Member of the Chartered Institute of Management Accountants, UK and the Association of Chartered Certified Accountants, UK. He also holds a bachelor's degree in Applied Accounting from Oxford Brookes University, UK

Vishnu Balachandran, CFA, FCMA, BBA – Executive Vice President - Head of Investment Banking

Vishnu joined CAL in 2011 and has been a key driver in concluding many noteworthy M&A advisory transactions and debt issuances. Prior to joining CAL, he worked as an Equity Analyst at Amba Research, covering FMCG and retail markets in East Asia. Vishnu is a CFA charterholder (USA), an Associate Member of the Chartered Institute of Management Accountants (UK) and holds a Bachelor's in Business Administration from the University of Colombo.

Rizny Faisal, CFA, ACMA – Senior Vice President – Head of Equity Capital Markets and M&A

Rizny carries with him over 10 years of financial consultancy field experience in providing buy-side financial due diligence, financial valuation, vendor assistance and external audit and assurance services. He has provided transaction advisory services with a particular emphasis on financial due diligence reviews across a range of industries including hospitality, manufacturing, FMCG retail and distribution, power and energy, financial services, construction and apparel. He also has experience in a range of audit and assurance services, covering a diverse range of industries including hospitality, manufacturing, financial services, retail and distribution, FMCG and shipping. Rizny is a Chartered Financial Analyst and an Associate Member of the Chartered Institute of Management Accountants UK.

Ashvanth Vijayaram, BBA, ACCA Affiliate – Assistant Vice President – Investment Banking

Ashvanth joined CAL in early 2017 and has been involved in a number of M&A transactions since. He is an Affiliate of the Association of Chartered Certified Accountants (UK) and he holds a Bachelor's degree in Business Administration (Finance) from the University of Colombo. Prior to joining CAL Ashvanth lectured at the Mercury Institute of Management.

Divyanjee Thrimanne, LLB – Analyst - Investment Banking

Divyanjee joined CAL in early 2021, prior to which she worked as an Analyst in the Corporate Finance and Valuation Consulting Division of PricewaterhouseCoopers. She holds a Bachelor's degree in Law from the University of Colombo and she is a Passed Finalist of the Chartered Institute of Management Accountants (UK). Divyanjee is an Attorney-at Law of the Supreme Court of Sri Lanka.

12 **DISCLAIMER**

Our analysis is based on information obtained from the audited financial and unaudited management accounts supplied by EXPA management. We accepted all such information as accurate and acted with due care and consideration in preparing the report. However, nothing has come to our attention to believe that the facts and data set forth in the report are incorrect. However, we assume no responsibility for errors or omissions in information furnished by EXPA.

Neither ASA, CAL nor any of its employees involved in this assignment have a financial interest in EXPA. The fee for the preparation of this report is not contingent upon results reported.

We did not investigate either property titles or the directors' claims of EXPA's ownership of said properties. Neither have we explored the possibility of liens or encumbrances lodged against the properties.

This report is for the use of the Board of Directors and shareholders of EXPA for the purpose set out in Section 1.2 of this report and should not be used for any other purpose.

In carrying out this Assignment, analyses deemed to be appropriate and assessments that were possible and practical within the time available have been carried out. Financial information and market data from the CSE, and Bloomberg have also been used for this Assignment.

The value recommendations given in this report are valid as at 03rd September 2021 and will be valid for 3 months from the date of the final Prospectus. A factor to be considered for this report is that the valuations carried out are done based on financial data released by EXPA. Where the data provided were incomplete, we have used reasonable judgment.

ANNEXURE 5 - COLLECTION POINTS

Copies of the Prospectus and the Application Form can be obtained free of charge from the following collection points.

JOINT MANAGERS TO THE ISSUE

Capital Alliance Partners Limited
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Asia Securities (Pvt) Ltd.

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Capital Trust Securities (Pvt) Ltd.

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Fax: +94 11 2 174 173
E-mail: inquiries@capitaltrust.lk

S C Securities (Pvt) Ltd.

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Fax: +94 11 2 394 405
E-mail: itdivision@sampathsecurities.lk

CT CLSA Securities (Pvt) Ltd.

4-14, Majestic City, 10, Station Road, Colombo-4.
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E-mail: info@ctclsa.lk

First Capital Equities (Pvt) Ltd.

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Bartleet Religare Securities (Pvt) Ltd.

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Nation Lanka Equities (Pvt) Ltd.

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First Guardian Equities (Pvt) Ltd.

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No.310, High Level Road, Nawinna, Maharagama Tel: +94 11 431 0500
Fax: +94 11 280 2385
Email: communication@rpsecurities.com

Navara Securities (Pvt) Ltd

No. 12B Gregory's Road, Colombo 7.
Tel: +94 11 2 358 700 / 20
Fax: +94 11 5 005 551
Email: info@navarasecurities.lk

LOLC Securities Limited

No. 481, T.B.Jayah Mawatha, Colombo 10.
Tel: +94 11 588 9889
Fax: +94 11 266 2883
E-Mail: info@lolcsecurities.com

ANNEXURE 6 - CUSTODIAN BANKS

Bank of Ceylon

Head Office
11th Floor, 04, Bank of Ceylon Mawatha, Colombo 01.
Tel: +94 112 204064

The Hong Kong and Shanghai Banking

Corporation Limited
24, Sir Baron Jayathilake Mawatha, Colombo 01.
Tel: 011 2 325 435, 011 2 446 591, 011 2 446 303

Citi Bank, N A

65 C, Dharmapala Mawatha.
P. O. Box 888, Colombo 07.
Tel: +94 114 794728

People's Bank

Head Office - Treasury, 5th Floor, Sir Chittampalam A
Gardiner Mawatha, Colombo 02.
Tel: 011 2 206782

Commercial Bank of Ceylon PLC

Commercial House
21, Bristol Street, P.O. Box 853, Colombo 01.
Tel: 011 2 445 010-15

Public Bank Berhad

340, R A De Mel Mawatha, Colombo 03.
Tel: 011 2 576 289, 011 7 290 200-7

Deutsche Bank AG

P.O. Box 314, 86, Galle Road, Colombo 03.
Tel: 011 2 447 062 / 011 2 438 057

Standard Chartered Bank

37, York Street, P. O. Box 112, Colombo 01.
Tel: +94 112 480450

Hatton National Bank PLC

HNB Towers, 479, T. B. JayahMawatha, Colombo 10.
Tel: +94 112 661 762

Sampath Bank PLC

110, Sir James PeirisMawatha, Colombo 02.
Tel: +94 115 331458, +94 114 730662

Union Bank of Colombo PLC

64, Galle Road, Colombo 03.
Tel: +94 112 374205

State Bank of India

16, Sir Baron Jayathilake Mawatha, Colombo 01.
Tel: +94 114 622350

Nations Trust Bank PLC

256, Sri Ramanathan Mawatha, Colombo 15
Tel: +94 114 313131

Seylan Bank PLC

Level 8, Ceylinco Seylan Towers,
90, Galle Road, Colombo 03.
Tel: 011 4 701 812, 011 4 701 819

Pan Asia Banking Corporation PLC

Head Office
450, Galle Road, Colombo 03.
Tel: 011 2 565 565

ANNEXURE 7 - FORMULAS

Adjusted Issue Price	Issue price – Per share value of surplus asset
Basic EPS	Group Earnings / Weighted Average Number of Shares
Diluted EPS	Group Earnings / Weighted Average Number of Shares
Adjusted EPS	Group Earnings adjusted for Denshun / Weighted Average Number of Shares
Return on Equity	Group Earnings / Closing Equity
P/E	Issue Price/ Basic EPS
Adjusted P/E	Adjusted Issue Price/ Adjusted EPS