



**CONDENSED INTERIM
FINANCIAL STATEMENTS**
FOR THE QUARTER ENDED SEPTEMBER 30, 2010
(Un-Audited)

EcoPack Ltd
Manufacturers of Quality PET Bottles and Preforms



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MISSION STATEMENT

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

CORPORATE STRATEGY

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

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Hussain Jamil	Chairman/Chief Executive Officer
Mr. Ahsan Jamil	
Mr. Shahid Jamil	
Mrs. Deborah Jamil	
Mrs. Ayesha Khan	
Mr. Asad Ali Sheikh	
Syed Sohail Raza Zaidi	

AUDIT COMMITTEE

Mr. Ahsan Jamil	Chairman	Non-Executive Director
Mrs. Ayesha Khan	Member	Non-Executive Director
Mr. Shahid Jamil	Member	Non-Executive Director

CHIEF FINANCIAL OFFICER

Mr. Muhammed Murtaza Raza

COMPANY SECRETARY

Mr. Muhammed Ali Adil

BANKERS

Askari Bank Limited
 Habib Bank Limited
 Allied Bank Limited
 JS Bank Limited
 RBS Limited

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq
 Chartered Accountants

LEGAL ADVISOR

M/s. Ebrahim Hosain Advocate & Corporate Council

FACTORY

112-113, Phase V, Industrial Estate Hattar, District
 Haripur, Khyber Pakhtunkhwa. Tel: (0995) 617682-3,
 Fax: (0995) 617074

REGISTERED & CORPORATE OFFICE

Suite # 206, Second Floor, The Plaza, Kehkashan Clifton, Block 9,
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DIRECTORS' REPORT

The board of directors of Ecopack Limited is pleased to present the unaudited quarterly accounts for the period ended 30th September 2010:

Overview:

The first quarter of FY 2010-11 has been a challenging period as it bore the complete brunt of the devastating floods that affected around 20 million people across the country. The business conditions had already been tough due to socio-economic and political reasons leading to an economic slowdown in the last quarter of 2009-10. These unprecedented floods depressed Ecopack's sales turnover significantly in spite of the 'big beverage month' of Ramazan falling in the peak summer period of August-September. The sale volumes of carbonated soft drink (CSD) market also plummeted to almost 50% against last year thereby eliminating any substantial need for outsourced bottles from converters. However, the export driven strategy adopted by your company provided some immunity against these local risks. In spite of extremely slow business conditions, your company kept on exporting preforms to remedy the situation substantially and contributed to the following results:

Sales and Financial Highlights:

The quarter was closed at an after tax loss of PKR 17.2m compared to a profit of PKR 2.8m in the corresponding quarter last year. This has been due to lower capacity utilization of plant assets on account of a 44% drop in bottle sales. However, the total sale turnover dropped by only 20% due to an 83% increase in preforms sales turnover compared to the same period last year. Exports remained a major driver of growth in this quarter and your company plans to maintain its focus on this strategic front to protect its business against local risks in these uncertain times.

The Operating Profit remained at 3.17% compared to 8.4% last year. On the fiscal front, your company was able to reduce financial charges by 40% through prudent inventory management, better & timely receivables management and by utilizing the fiscal relief provided by the State Bank of Pakistan to rehabilitate economic life in Khyber Pakhtoonkhwa province. This helped limit the Loss before tax at 2.7% of sales compared to a profit of 0.55% last year.

Future Outlook:

In the back drop of tough business circumstances, your company is going ahead with a radical restructuring of its fixed costs through consolidation of operations, reduction of head count as well as evaluation of avenues for the disposal of un-utilized assets. At the same time your company will continue its volume led strategy in bottle sales and an export driven strategy in preform sales. It is also looking actively into options to extend its product range to niche high margin products to improve profitability.

For & on Behalf of the Board of Directors

October 26, 2010

Hussain Jamil
Chief Executive Officer

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2010**

NOTE	(AUDITED)	
	Sep 30, 2010	June 30, 2010
	(Rupees in '000')	
NON-CURRENT ASSETS		
Property, plant and equipment	1,200,014	1,222,916
Security deposits	10,724	10,724
	1,210,738	1,233,640
CURRENT ASSETS		
Stores, spares and loose tools	53,085	49,104
Stock in trade	205,270	230,817
Trade debts	97,165	114,564
Loans and advances	26,665	22,393
Short term deposits, prepayments	9,237	2,850
Other receivable	17,931	21,528
Cash and bank balances	3,276	1,839
	412,629	443,093
TOTAL ASSETS	1,623,367	1,676,733
SHARE CAPITAL AND RESERVES		
Authorized Capital 50,000,000 (2010:50,000,000) ordinary shares of Rs.10 each	500,000	500,000
Issued, subscribed and paid-up capital	229,770	229,770
Accumulated loss	(62,077)	(49,315)
Surplus on revaluation of property, plant & equipment	167,693	180,455
	189,243	193,672
NON-CURRENT LIABILITIES		
Long term loans	266,220	298,320
Liability against assets subject to finance lease	29,680	33,202
Deferred liabilities	143,367	140,359
	439,267	471,881
CURRENT LIABILITIES		
Trade and other payables	341,799	353,618
Accrued mark-up on loans	14,213	742
Short term borrowings - secured	335,759	342,096
Current portion of non-current liabilities	135,393	134,271
	827,164	830,727
TOTAL EQUITY AND LIABILITIES	1,623,367	1,676,733
CONTINGENCIES AND COMMITMENTS	6	

The annexed notes from 1 to 12 form an integral part of these Condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	NOTE	JUL-SEP 2010	JUL-SEP 2009
(Rupees in '000')			
Sales - net	7	436,850	544,938
Cost of sales	8	(401,934)	(472,361)
Gross profit		34,916	72,577
Distribution cost		(14,998)	(17,590)
Administrative expenses		(9,811)	(9,492)
Other operating income		3,753	598
		(21,056)	(26,584)
Profit from operations		13,860	45,993
Finance cost		(25,844)	(43,023)
Profit / (Loss) before taxation		(11,984)	2,970
Taxation		(5,209)	(106)
Profit / (Loss) after taxation		(17,193)	2,864
Profit / (Loss) per share - basic and diluted (in Rupees)		(0.75)	0.12

The annexed notes from 1 to 12 form an integral part of these Condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**STATEMENT OF CONDENSED INTERIM COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	<u>JUL-SEP 2010</u>	<u>JUL-SEP 2009</u>
	<u>(Rupees in '000')</u>	
Profit / (Loss) after taxation	(17,193)	2,863
Other Comprehensive Income		
Transfer from surplus on revaluation of property plant & equipment - net of deferred tax	4,431	4,682
Total comprehensive income/ (loss) for the year transferred to equity	<u>(12,762)</u>	<u>7,545</u>

The annexed notes from 1 to 12 form an integral part of these Condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	SHARE CAPITAL	UNAPPROPRIATED PROFIT / (LOSS)	TOTAL
	-----[Rupees in '000]-----		
Balance as at July 01, 2009	229,770	(49,643)	180,127
Total comprehensive income for the Quarter ended September 30, 2009	-	7,545	7,545
Balance as at September 30, 2009	<u>229,770</u>	<u>(42,098)</u>	<u>187,672</u>
Balance as at Oct 01, 2009	229,770	(42,098)	187,672
Total comprehensive income for the Nine months ended June 30 2010	-	(7,217)	(7,217)
Balance as at June 30, 2010	<u>229,770</u>	<u>(49,315)</u>	<u>180,455</u>
Balance as at July 01, 2010	229,770	(49,315)	180,455
Total comprehensive income for the year ended Sep 30, 2010	-	(12,762)	(12,762)
Balance as at Sep 30, 2010	<u>229,770</u>	<u>(62,077)</u>	<u>167,693</u>

The annexed notes from 1 to 12 form an integral part of these Condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

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**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2010**

	NOTE	JUL-SEP 2010 (Rupees in '000)	JUL-SEP 2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	9	57,103	84,567
Finance cost paid		(12,373)	(46,878)
Gratuity paid		(551)	(1,320)
Taxes paid		<u>(1,763)</u>	<u>(2,063)</u>
Net cash generated from operating activities		42,416	34,306
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(3,405)	(8,638)
Capital work-in-progress		2,578	(2,910)
Proceeds from disposal of Property, Plant & Equipment		685	-
Security deposits		-	<u>(1,250)</u>
Net cash used in investing activities		<u>(142)</u>	<u>(12,798)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(30,659)	(13,750)
Repayment of finance lease liability		<u>(3,841)</u>	<u>(1,811)</u>
Net cash used in financing activities		<u>(34,500)</u>	<u>(15,561)</u>
Net Increase in cash and cash equivalents		7,774	5,946
Cash and cash equivalents at the beginning of the year		<u>(340,257)</u>	<u>(333,139)</u>
Cash and cash equivalents at the end of the year		<u><u>(332,483)</u></u>	<u><u>(327,192)</u></u>

The annexed notes from 1 to 12 form an integral part of these Condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2010

1. STATUS AND NATURE OF BUSINESS

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

The principal business activity of the Company is manufacture and sale of Polyethylene Terephthalat (PET) bottles and preforms for the market of Beverages and other liquid packaging industry. The Company has its manufacturing facility located at Hattar, province Khyber Pakhtunkhawa.

2. BASIS OF PREPARATION

The interim financial information are un-audited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi Stock Exchange. The interim financial information have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan. The interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2010.

The comparative balance sheet presented in these interim financial information has been extracted from the audited financial statements of the Company for the year ended June 30, 2010, whereas the comparative profit and loss account, statement of changes in equity, statement of comprehensive income and cash flow statement are extracted from the unaudited interim financial information for the quarter ended September 30, 2009

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statement are the same as those applied in the preparation of the annual financial statements of the company for the year ended June 30 2010

4. ESTIMATES AND JUDGEMENT

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

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

5. PROPERTY, PLANT & EQUIPMENT

Addition during the period

Factory building
Plant & Machinery
Factory equipments
Furniture and Fixture
Office equipment
Vehicles

	JUL-SEP 2010	Audited JUNE 2010
	(Rupees in '000')	
	-	3,371
	1,899	36,127
	1,312	10,949
	27	532
	168	2,431
	-	83
	3,405	53,493

6. CONTINGENCIES AND COMMITMENTS

Contingencies and commitments remained same during the quarter ended september 30,2010 as disclosed in the audited in financial statement for the year ended June 30, 2010

	JUL-SEP 2010	JUL-SEP 2009
	(Rupees in '000')	
7. SALES		
Gross sales	506,734	637,159
Sales tax	(65,260)	(81,902)
Special Excise Duty	(3,837)	(5,119)
Sales commission/ return	(787)	(5,200)
	(69,885)	(92,222)
	<u>436,850</u>	<u>544,938</u>
8. COST OF SALES		
Raw material consumed	270,130	319,157
Packing material consumed	15,810	18,836
Salaries, wages & other benefits	22,262	23,232
Traveling & conveyance	1,014	782
Professional charges	128	18
Vehicle repair & maintenance	2,113	2,437
Rent, rate & taxes	4,204	5,970
Repair & maintenance	1,423	1,636
Communication charges	465	387
Printing, postage & stationery	310	273
Entertainment	1,022	430
Insurance	1,568	685
Electricity, gas & water	19,550	26,856
Freight, octroi & toll tax	900	627
Depreciation	22,028	23,112
Store consumed	3,040	8,743
Lab testing	70	260
Courses and seminar fees	-	219
Miscellaneous	52	71
	<u>366,089</u>	<u>433,731</u>
Work-in-process - opening	102,009	71,132
Work-in-process - closing	(92,238)	(47,057)
	<u>9,771</u>	<u>24,075</u>
Cost of goods manufactured	<u>375,860</u>	<u>457,806</u>
Finished goods - opening	79,936	63,714
Finished goods - closing	(53,862)	(49,159)
	<u>26,074</u>	<u>14,555</u>
COST OF SALES	<u>401,934</u>	<u>472,361</u>

9. CASH GENERATED FROM OPERATIONS	NOTE	JUL-SEP 2010	JUL-SEP 2009
		(Rupees in '000')	
Loss before taxation		(11,984)	2,970
Adjustment for non-cash charges and other items:			
Depreciation		23,188	24,273
Gain on disposal of property, plant & equipment		(149)	-
Provision for WPPF		-	156
Provision for gratuity		2,199	1,568
Finance cost		25,844	43,023
Working capital changes	9.1	18,006	12,577
		<u>57,103</u>	<u>84,567</u>
9.1 Working capital changes			
(Increase) / decrease in current assets :			
Stores, spares and loose tools		(3,982)	1,915
Stock in trade		25,547	93,243
Trade debts		17,399	9,254
Loans and advances		(4,272)	(11,107)
Short term deposits, prepayments & others		(6,387)	(2,271)
receivables		1,521	(27)
		<u>29,826</u>	<u>91,007</u>
Increase / (decrease) in current liabilities:			
Trade and other payables		(11,820)	(78,431)
		<u>18,006</u>	<u>12,577</u>

10. SEGMENT REPORTING

	Injection		Blowing		Total	Total
	Jul-Sep 2010	Jul-Sep 2009	Jul-Sep 2010	Jul-Sep 2009	Jul-Sep 2010	Jul-Sep 2009
	(Rupees '000)		(Rupees '000)		(Rupees '000)	
Sales-net	330,873	104,064	246,101	440,874	436,850	544,938
Cost of sales	(321,341)	(92,782)	(220,719)	(379,579)	(401,934)	(472,361)
	9,533	11,282	25,383	61,295	34,916	72,577
Distribution cost	(8,601)	(3,378)	(6,397)	(14,312)	(14,998)	(17,690)
Administrative	(5,626)	(1,813)	(4,185)	(7,679)	(9,811)	(9,492)
	(14,227)	(23,122)	(10,582)	(81,298)	(24,810)	(27,182)
Operating profit / (loss) before other operation income	(4,694)	22,758	14,801	60,505	10,107	83,264

11. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on October 26, 2010 by the Board of Directors of the Company.

12. GENERAL

Figures have been rounded off to the nearest thousand rupees. Corresponding figures have been rearranged, wherever necessary, for the purposes of comparison. The effect of reclassifications is not material.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER



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