

SEPTEMBER 30, 2012

Manufacturers Of Quality PET Bottles and Preforms
Ecopack Ltd

QUARTER ENDED REPORT

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Registered Office and Factory

112-113, Phase V, Hattar Industrial
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- **Mission Statement**

To Systematically and cost effectively manufacture and supply consistently high products and services thus 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. Shahid Jamil	
Mrs. Deborah Jamil	
Mrs. Ayesha Khan	
Ms. Laila Jamil	
Mr. Asad Ali Sheikh	
Mr. Mohammad Raza Chinoy	

AUDIT COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Muhammed Ali Adil

COMPANY SECRETARY

Mr. Muhammed Ali Adil

BANKERS

Askari Bank Limited	MCB Bank Ltd
Habib Bank Limited	Standard Chartered Bank Ltd
Allied Bank Limited	
JS Bank Limited	
Faysal Bank Limited	

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

LEGAL ADVISOR

M/s. Ebrahim Hosain Advocate & Corporate Counsel

REGISTERED OFFICE AND FACTORY

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DIRECTORS' REPORT

The board of directors of Ecopack Limited is pleased to present the Director' Report alongwith the unaudited financial statements for the quarter ended September 2012:

Overview :

Despite the acute shortage of CO2 gas (food-grade Carbon dioxide) which suddenly hit carbonated soft-drink (CSD) industry just as the quarter began in July, your company clearly prioritized Bottle Sales at the cost of Preform sales, as consistent with its margin-led strategy. Consequently Bottle sales increased by 24 percent while Preforms sales reduced by 22 percent in volume terms over the prior corresponding period of 2011. Gross profit increased by a healthy 35 percent in this Quarter over the same period last year.

Sales & Financial Highlights :

Although inflation continued to adversely impact COGS mainly due to rising fuel prices and continuing depreciation of the Pak-Rupee, your company was mostly able to pass on the increased costs as and when required even though it no longer benefitted from the subsidized financial charges of 7.5% p.a. which were given to Khyber Pakhtunkhwa industry till the end of last year. Your managements' efforts to mitigate the increased financial charges of Rs. 6.31 million from Rs. 25.87 M to Rs. 32.18 M through profitable bottle sales combined with tighter management controls and an efficient business cycle gave the company a record after-tax profit of PKR 25.1 million compared to PKR 10.47 million compared to the same quarter last year - a phenomenal increase of 140 percent.

Outlook :

As the beverage industry continues its double-digit growth trajectory during the new financial year with strong spill-over demand for bottles in the summer season, the large number of SKU's and drink flavors cannot be made from the Bottler's own in-house bottle capacity simultaneously without out-sourcing from a vendor. Thus your company is suitably poised with its substantial and reliable instantaneous bottle-blowing capacity to meet the industry's shortfall and make profitable sales.

For & on behalf of the board of directors

Dated :October 31, 2012

Hussain Jamil
Chief Executive Officer

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

AS AT SEPTEMBER 30, 2012

	NOTE	Sep 30, 2012 (Rupees in '000')	(AUDITED) June 30, 2012
NON-CURRENT ASSETS			
Property, plant and equipment		1,134,417	1,157,131
Security deposits		6,890	6,890
		1,141,306	1,164,021
CURRENT ASSETS			
Stores, spares and loose tools		50,862	55,954
Stock in trade		136,708	154,891
Trade debts		126,680	154,644
Loans and advances		30,588	23,993
Deposits, prepayments and Other Receivables		9,709	9,340
Taxation recoverable - net		15,350	11,135
Cash and bank balances		2,755	5,329
		372,652	415,286
TOTAL ASSETS		1,513,958	1,579,307
SHARE CAPITAL AND RESERVES			
Authorized Capital 50,000,000 (2011:50,000,000) ordinary shares of Rs.10 each		500,000	500,000
Issued, subscribed and paid-up capital		229,770	229,770
Accumulated loss		(101,418)	(133,404)
		128,352	96,366
Surplus on revaluation of property, plant & equipment		206,584	213,466
NON-CURRENT LIABILITIES			
Long term loans		273,742	322,213
Liability against assets subject to finance lease		8,348	10,396
Deferred liabilities		143,306	144,695
		425,396	477,304
CURRENT LIABILITIES			
Trade and other payables		457,535	463,426
Accrued mark-up on loans		23,869	23,960
Short term borrowings - secured		150,981	202,317
Current portion of non-current liabilities		121,240	102,468
		753,626	792,171
TOTAL EQUITY AND LIABILITIES		1,513,958	1,579,307
CONTINGENCIES AND COMMITMENTS	6		

The annexed notes form an integral part of these Condensed interim financial statements.

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

	NOTE	JUL-SEP 2012 (Rupees in '000')	JUL-SEP 2011
Sales - net	7	596,416	651,349
Cost of sales	8	(512,821)	(589,647)
Gross profit		83,594	61,702
Distribution cost		(19,521)	(15,262)
Administrative expenses		(9,594)	(9,760)
Other operating income		2,095	6,237
		(27,021)	(18,785)
Profit from operations		56,573	42,917
Finance cost		(32,183)	(25,869)
Profit /(Loss) before taxation		24,391	17,048
Taxation		713	(6,574)
Profit / (Loss) after taxation		25,104	10,474
Profit / (Loss) per share - basic and diluted (in Rupees)		1.09	0.46

The annexed notes form an integral part of these Condensed interim financial statements.

**STATEMENT OF CONDENSED INTERIM
COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE QUARTER ENDED
SEPTEMBER 30, 2012

	JUL-SEP 2012	JUL-SEP 2011
	(Rupees in '000')	
Profit / (Loss) after taxation	25,104	10,474
Other Comprehensive Income	-	-
Total comprehensive income/ (loss) for the year transferred to equity	<u>25,104</u>	<u>10,474</u>

The annexed notes form an integral part of these Condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED SEPTEMBER 30, 2012

Balance as at July 01, 2011	229,770	(101,661)	128,109
Total comprehensive income for the quarter ended September 30, 2011	-	10,474	10,474
Transfer from surplus on revaluation of property, plant & equipment - net of deferred tax	-	5,895	5,895
Balance as at September 30, 2011	<u>229,770</u>	<u>(85,291)</u>	<u>144,479</u>
Balance as at October 01, 2011	229,770	(85,291)	144,479
Total comprehensive income for the Nine months ended June 30, 2012	-	(69,739)	(69,739)
Transfer from surplus on revaluation of property, plant & equipment - net of deferred tax	-	21,627	21,627
Balance as at June 30, 2012	<u>229,770</u>	<u>(133,404)</u>	<u>96,366</u>
Balance as at July 01, 2012	229,770	(133,404)	96,366
Total comprehensive income for the quarter ended September 30, 2012	-	25,104	25,104
Transfer from surplus on revaluation of property, plant & equipment - net of deferred tax	-	6,882	6,882
Balance as at September 30, 2012	<u>229,770</u>	<u>(101,418)</u>	<u>128,352</u>

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE QUARTER ENDED

SEPTEMBER 30, 2012

	NOTE	JUL-SEP 2012 (Rupees in '000')	JUL-SEP 2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated From operations	9	122,692	89,619
Finance cost paid		(32,273)	(21,170)
Gratuity paid		(334)	(841)
Taxes paid		(7,207)	(1,851)
Net cash generated from operating activities		82,878	65,757
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,369)	(1,358)
Capital work-in-progress		-	(492)
Net cash used in investing activities		(2,369)	(1,850)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(28,900)	(29,082)
Repayment of finance lease liability		(2,848)	(3,952)
Net cash used in financing activities		(31,747)	(33,034)
Net Increase in cash and cash equivalents		48,762	30,873
Cash and cash equivalents at the beginning of the year		(196,988)	(380,899)
Cash and cash equivalents at the end of the year		(148,226)	(350,026)

The annexed notes form an integral part of these Condensed interim financial statements.

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2012

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, 2012.

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, 2012, 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, 2011.

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, 2012.

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**

	JUL-SEP 2012	AUDITED JUNE 2012
	(Rupees in '000')	
Factory building	-	-
Plant & Machinery	1,042	2,240
Factory equipments	1,267	24,607
Furniture and Fixture	-	6
Office equipment	21	582
Computer & Accessories	39	-
	2,369	27,435

6. CONTINGENCIES AND COMMITMENTS

Contingencies and commitments remained same during the quarter ended september 30,2012 as disclosed in the audited in financial statement for the year ended June 30, 2012

7. SALES

	JUL-SEP 2012	JUL-SEP 2011
	(Rupees in '000')	
Gross sales	691,936	755,566
Sales tax	(95,520)	(104,217)
Special Excise Duty	-	-
Sales commission/ return	-	-
	(95,520)	(104,217)
	596,416	651,349

8. COST OF SALES

Raw material consumed	376,236	488,441
Packing material consumed	23,241	22,974
Salaries, wages & other benefits	24,281	24,676
Traveling & conveyance	2,886	2,631
Professional charges	34	55
Vehicle repair & maintenance	3,171	1,804
Rent, rate & taxes	2,304	2,091
Repair & maintenance	1,997	1,397
Communication charges	363	308
Printing, postage & stationery	315	409
Entertainment	145	142
Insurance	1,220	1,536
Electricity, gas & water	41,232	31,667
Freight, octroi & toll tax	796	762
Depreciation	23,916	22,869
Store consumed	13,233	8,766
Lab testing	217	163
Courses and seminar fees	-	10
Miscellaneous	521	103
	516,108	610,803
Work-in-process - opening	38,514	58,023
Work-in-process - closing	(49,741)	(76,175)
	(11,227)	(18,152)
Cost of goods manufactured	504,881	592,651
Finished goods - opening	41,742	51,870
Finished goods - closing	(33,801)	(54,874)
	7,941	(3,004)
COST OF SALE	512,821	589,647

9. CASH GENERATED FROM OPERATIONS

	JUL-SEP 2012	JUL-SEP 2011
	(Rupees in '000')	
Profit/(Loss) before taxation	24,391	17,048
Adjustment for non-cash charges and other items:		
Depreciation	25,175	24,072
Gain on disposal of property, plant & equipment	-	-
Provision for WPPF	-	-
Provision for gratuity	2,650	2,199
Finance cost	32,183	25,869
Working capital changes	9.1 38,294	20,432
	122,692	89,619
9.1 Working capital changes		
(Increase) / decrease in current assets :		
Stores, spares and loose tools	5,092	8,768
Stock in trade	18,183	10,364
Trade debts	27,964	3,081
Loans and advances	(6,595)	12,237
Short term deposits, prepayments & other receivables	(369)	3,141
	44,276	37,591
Increase / (decrease) in current liabilities:		
Trade and other payables	(5,981)	(17,160)
	38,294	20,432

10. SEGMENT ANALYSIS

	Injection		Blowing		Total	
	July - Sep 2012	July - Sep 2011	July - Sep 2012	July - Sep 2011	July - Sep 2012	July - Sep 2011
	(Rupees '000)		(Rupees '000)		(Rupees '000)	
	36%		64%		100%	
Sales-net	215,976	345,601	380,440	305,748	596,416	651,349
Cost of sales	(196,609)	(318,642)	(316,213)	(271,006)	(512,821)	(589,647)
Gross Profit	19,367	26,959	64,227	34,743	83,595	61,702
Distribution cost	(7,069)	(8,389)	(12,452)	(6,873)	(19,521)	(15,262)
Administrative	(3,474)	(5,179)	(6,120)	(4,581)	(9,594)	(9,760)
	(10,543)	(13,568)	(18,572)	(11,454)	(29,115)	(25,022)
Operating profit	8,824	13,391	45,655	23,289	54,479	36,680

11. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on **October 31, 2012** 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.