

Manufacturers Of Quality PET Bottles & Preforms

Eco Pack Ltd

Head Office

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

Registered Office and Factory

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

Manufacturers Of Quality PET Bottles & Preforms

Eco Pack Ltd

CONDENSED INTERIM FINANCIAL STATEMENTS
For The Quarter Ended
September 30th, 2013 (Un-Audited)



Table of **CONTENTS**

- Vision & Mission Statement & Corporate Strategy
- Company Information
- Directors' Report
- Condensed Interim Balance Sheet
- Condensed Interim Profit and Loss Account
- Statement of Condensed Interim Comprehensive Income
- Condensed Interim Statement Of Changes In Equity
- Condensed Interim Cash Flow Statement
- Notes To And Forming Part of The Condensed Interim Financial Statements

Vision & Mission Statement

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

Corporate Strategy

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

COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Muhammad Ali Adil

COMPANY SECRETARY

Mr. Muhammad Ali Adil

BANKERS

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

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

SHARE REGISTRAR

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

LEGAL ADVISOR

M/s. Ebrahim Hosain	Advocate & Corporate Counsel
---------------------	------------------------------

REGISTERED OFFICE AND FACTORY

112-113, Phase V, Hattar Industrial, Estate Hattar, District Haripur, Khyber Pakhtunkhwa
Tel: (0995) 617720-23, 617347, Fax: (0095) 617074
Website: www.ecopack.com.pk

DIRECTORS' REPORT

The board of directors is pleased to present the unaudited financial statements for the quarter ended September 2013:

OVERVIEW:

Following on the momentum of a strong summer quarter ended 30th June 2013, the first quarter of the new financial year continued with the same pace with the advent of the holy month of Ramadan in early July. The month of fasting is arguably the most prolific for sales of carbonated soft drinks (CSD) and bottled drinking water, easily matching, if not exceeding, sales during the hot simmering months of May and June each year. Thus your company persisted with its deliberate and well-conceived strategy of prioritizing value added Pet bottle sales over Preform sales. The ensuing financial results for the first quarter of the current year clearly reflect the sagacity of this policy.

SALES & FINANCIAL HIGHLIGHTS:

With the demand for both Pet Bottles & Preforms soaring on the back of aggressive double digit growth in the CSD & Drinking Water industry, your company was able to mostly beat the ongoing inflationary cost-push impacting its COGS, thus protecting profit margins. Bottle sales increased by 25% in unit terms over the same period last year reflecting strong demand for bottles in the quarter due to the month of Ramadan & the continuing hot temperatures in the first quarter of the fiscal year 2013-14.

Net sales value increased from Rs. 596 million to Rs. 719 million owing partly to the favorable sales mix of larger products, and also due to an increase in Pet resin prices. Bottles sales increased by 25% in unit terms and 35% in value terms, whereas Preforms sales decreased by 33% in units and 5% in value terms. Gross profit increased by Rs. 32.5 million (39%) as compared to the prior year's corresponding quarter. Operating profit increased by Rs. 28 million i.e., from Rs. 56.5M to Rs. 84.5M, reflecting an increase of 49% over the same quarter last year. Net profit after tax has been posted at Rs. 50.2 million against Rs. 25.1 million during last year's corresponding quarter. Earnings per share of your Company for the quarter climbed to Rs. 2.19 as compared to Rs. 1.09 over the same period last year.

FUTURE OUTLOOK:

The growth in the beverage sector continues to look promising for many years to come as the rural population with increasing disposable income is a big driver for the growth of "no deposit-no return" one way-Pet bottles where the sale of 'returnable glass bottles' (RGB) is not a feasible proposition. The battle for market share is resulting in increase in market coverage hence expanding the customer base. International and local beverage companies are aggressively marketing their products and increasing the size of the cake. The depreciation of the Pak Rupee will result in increase in the import based purchases but at the same time will also provide some preform export opportunities. Your company will work towards optimizing the benefits arising from this attractive export opportunity.

BUSINESS ENVIRONMENT & RISKS:

While a weak macro-economy and a difficult business environment remain challenging for the industry in general, the adverse inflationary impact of a fast depreciating Pak Rupee on spiraling electricity rates, fuel prices, transportation charges, raw & packing materials, imported spare parts, etc., are unavoidable factors which your company must squarely encounter and remedy with creative solutions and new approaches. Nevertheless, the silver lining is a buoyant Beverage industry and the sharp growth it is witnessing in our demographically young population, whose unquenchable thirst for soft-drinks augurs a very dynamic and prosperous future for your company - as it positions to align itself as a reliable and cost effective "solution provider" generating value for its customers.

Your company's management, across the board, remains realistically enthusiastic & operationally prepared to meet the varied hurdles as and when it faces them in its future progress.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Dated : October 24th, 2013

Hussain Jamil
Chief Executive Officer

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2013

	NOTE	Sep 30, 2013 (Rupees in '000')	(AUDITED) June 30, 2013
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,062,767	1,077,226
Security deposits		6,565	6,754
Intangibles		694	712
		1,070,026	1,084,692
CURRENT ASSETS			
Stores, spares and loose tools		60,737	51,229
Stock in trade		166,155	157,447
Trade debts		136,090	227,427
Loans and advances		29,643	30,133
Deposits, prepayments and Other Receivables		33,142	29,709
Taxation recoverable - net		14,810	15,429
Cash and bank balances		3,194	24,289
		443,770	535,663
TOTAL ASSETS		1,513,795	1,620,355
SHARE CAPITAL AND RESERVES			
Authorized Capital			
50,000,000 (2013:50,000,000) ordinary shares of Rs.10 each		500,000	500,000
Issued, subscribed and paid-up capital		229,770	229,770
Accumulated loss		(34,662)	(94,614)
		195,108	135,156
Surplus on revaluation of property, plant & equipment		180,683	187,002
NON-CURRENT LIABILITIES			
Long term loans		180,487	180,890
Liability against assets subject to finance lease		1,786	3,842
Deferred liabilities		171,854	173,099
		354,127	357,831
CURRENT LIABILITIES			
Trade and other payables		467,612	445,743
Accrued mark-up on loans		18,896	19,846
Short term borrowings - secured		178,363	311,778
Current portion of non-current liabilities		119,006	162,999
		783,878	940,366
TOTAL EQUITY AND LIABILITIES		1,513,795	1,620,355
CONTINGENCIES AND COMMITMENTS			
	6		

The annexed notes 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, 2013**

	<u>NOTE</u>	<u>JUL-SEP 2013 (Rupees in '000')</u>	<u>JUL-SEP 2012</u>
Sales - net	7	719,496	596,416
Cost of sales	8	(603,384)	(512,821)
Gross profit		116,112	83,594
Distribution cost		(24,440)	(19,521)
Administrative expenses		(12,161)	(9,594)
Other operating income		4,988	2,095
		(31,612)	(27,021)
Profit from operations		84,500	56,573
Finance cost		(27,028)	(32,183)
Profit before tax		57,472	24,391
Taxation		(7,241)	713
Profit after tax		50,231	25,104
Earning per share - basic and diluted (in Rupees)		2.19	1.09

The annexed notes 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, 2013**

	JUL-SEP 2013	JUL-SEP 2012
	(Rupees in '000')	
Profit after tax	50,231	25,104
Other Comprehensive Income	-	-
Total comprehensive income for the period transferred to equity	<u>50,231</u>	<u>25,104</u>

The annexed notes 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, 2013**

Balance as at July 01, 2012	229,770	(138,149)	91,621
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>(106,163)</u>	<u>123,607</u>
Balance as at October 01, 2012	229,770	(106,163)	123,607
Total comprehensive income for the Nine months ended June 30, 2013	-	(22,641)	(22,641)
Transfer from surplus on revaluation of property, plant & equipment - net of deferred tax	-	34,190	34,190
Balance as at June 30, 2013	<u>229,770</u>	<u>(94,614)</u>	<u>135,156</u>
Balance as at July 01, 2012	229,770	(94,614)	135,156
Total comprehensive income for the quarter ended September 30, 2013	-	50,231	50,231
property, plant & equipment - net of deferred tax	-	9,721	9,721
Balance as at September 30, 2013	<u>229,770</u>	<u>(34,662)</u>	<u>195,108</u>

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	NOTE	JUL-SEP 2013 (Rupees in '000')	JUL-SEP 2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated From operations	9	200,933	122,692
Finance cost paid		(27,979)	(32,273)
Gratuity paid		(88)	(334)
Taxes paid		(6,621)	(7,207)
Net cash generated from operating activities		166,245	82,878
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(7,323)	(2,369)
Capital work-in-progress		(339)	-
Long term security deposit		189	-
Net cash used in investing activities		(7,473)	(2,369)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(44,261)	(28,900)
Repayment of finance lease liability		(2,190)	(2,848)
Net cash used in financing activities		(46,452)	(31,747)
Net Increase in cash and cash equivalents		112,320	48,762
Cash and cash equivalents at the beginning of the Period		(287,489)	(196,988)
Cash and cash equivalents at the end of the Period		(175,169)	(148,226)

The annexed notes 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, 2013**

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 manufacturing and sale of Polyethylene Terephthalat (PET) bottles and preforms for the market of Beverages and other liquid packaging industry. The Company has its registered office and manufacturing facility located at Hattar, 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, 2013.

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, 2013, 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, 2012.

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, 2013.

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

	SEP 30th 2013	AUDITED JUNE 30th 2013
	(Rupees in '000')	
Factory building	-	3,543
Plant & Machinery	4,524	4,058
Factory equipments	310	16,711
Furniture and Fixture	155	142
Office equipment	142	922
Vehicle	1,915	-
Computer & Accessories	277	-
	<u>7,323</u>	<u>25,376</u>

6. CONTINGENCIES AND COMMITMENTS

Contingencies and commitments remained same during the quarter ended september 30,2013 as disclosed in the audited in financial statement for the year ended June 30, 2013.

	JUL-SEP 2013	JUL-SEP 2012
	(Rupees in '000')	
7. SALES		
Gross sales	842,111	691,936
Sales tax	(122,615)	(95,520)
	719,496	596,416
8. COST OF SALES		
Raw material consumed	464,506	376,236
Packing material consumed	27,944	23,241
Salaries, wages & other benefits	29,977	24,281
Traveling & conveyance	2,835	2,886
Professional charges	16	34
Vehicle repair & maintenance	2,182	3,171
Rent, rate & taxes	2,602	2,304
Repair & maintenance	1,820	1,997
Communication charges	382	363
Printing, postage & stationery	337	315
Entertainment	138	145
Insurance	2,420	1,220
Electricity, gas & water	53,440	41,232
Freight, octroi & toll tax	982	796
Depreciation	21,007	23,916
Store consumed	8,876	13,233
Lab testing	201	217
Courses and seminar fees	181	-
Miscellaneous	475	521
	620,321	516,108
Work-in-process - opening	56,002	38,514
Work-in-process - closing	(73,684)	(49,741)
	(17,682)	(11,227)
Cost of goods manufactured	602,639	504,881
Finished goods - opening	40,562	41,742
Finished goods - closing	(39,818)	(33,801)
	744	7,941
COST OF SALE	603,384	512,821

	JUL-SEP 2013	JUL-SEP 2012
	(Rupees in '000')	
9. CASH GENERATED FROM OPERATIONS		
Profit/ (Loss) before taxation	57,472	24,391
Adjustment for non-cash charges and other items:		
Depreciation	22,113	25,175
Amortization Expense	19	-
Provision for WPPF	-	-
Provision for gratuity	2,381	2,650
Finance cost	27,028	32,183
Working capital changes	9.1 91,920	38,294
	<u>200,933</u>	<u>122,692</u>
9.1 Working capital changes		
(Increase) / decrease in current assets :		
Stores, spares and loose tools	(9,508)	5,092
Stock in trade	(8,708)	18,183
Trade debts	91,337	27,964
Loans and advances	490	(6,595)
Short term deposits, prepayments & other receivables	(3,433)	(369)
	<u>70,179</u>	<u>44,276</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	21,741	(5,981)
	<u>91,920</u>	<u>38,294</u>

10. SEGMENT ANALYSIS

NOTE	Injection		Blowing		Total	
	Jul-Sep 2013	Jul-Sep 2012	Jul-Sep 2013	Jul-Sep 2012	Jul-Sep 2013	Jul-Sep 2012
	Rupees in Thousands					
Sales-net	204,648	215,976	514,848	380,440	719,496	596,416
Cost of sales	(171,622)	(196,609)	(431,762)	(316,213)	(603,384)	(512,822)
Gross Profit	33,026	19,367	83,086	64,227	116,112	83,594
Distribution cost	(6,951)	(7,069)	(17,488)	(12,452)	(24,440)	(19,521)
Administrative	(3,459)	(3,474)	(8,702)	(6,120)	(12,161)	(9,594)
	<u>(10,410)</u>	<u>(10,543)</u>	<u>(26,190)</u>	<u>(18,572)</u>	<u>(36,601)</u>	<u>(29,115)</u>
Operating profit	<u>22,616</u>	<u>8,824</u>	<u>56,896</u>	<u>45,655</u>	<u>79,512</u>	<u>54,479</u>

11. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on October 24th, 2013 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.

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER