

Manufacturers Of Quality PET Bottles & Preforms

Eco Pack Ltd

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Eco Pack Ltd

Head Office

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Registered Office and Factory

112-113, Phase V, Industrial
Estate, Hattar, District Haripur
Khyber Pakhtunkhwa

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**Financial statements for the first quarter ended
September 30, 2014 (unaudited)**

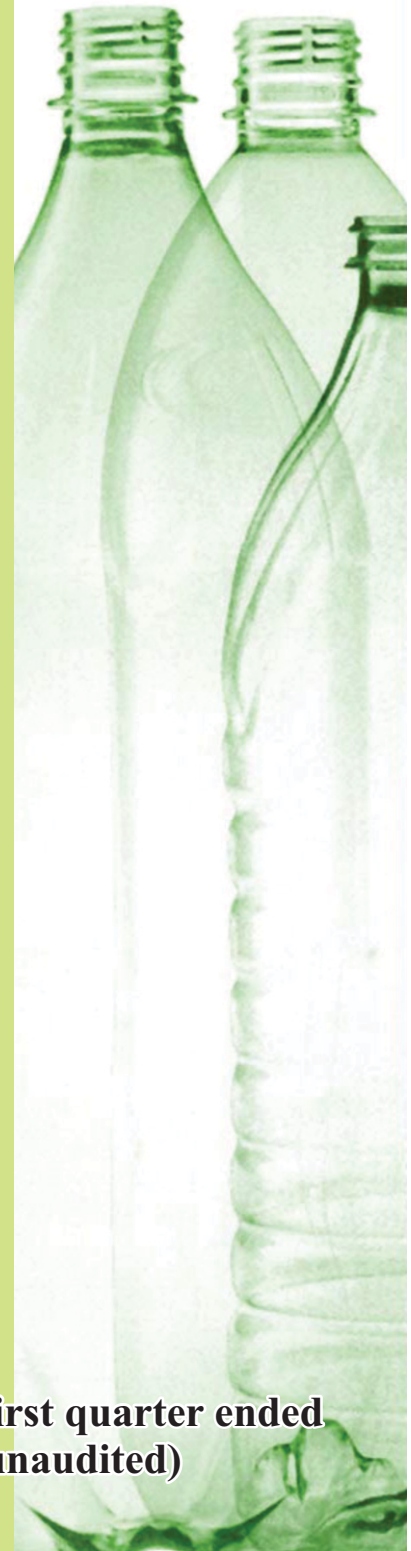


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VISION & MISSION Statement

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

Corporate Strategy

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

COMPANY INFORMATION

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Muhammed Ali Adil

COMPANY SECRETARY

Mr. Muhammed Ali Adil

BANKERS

Askari Bank Limited	Allied Bank Limited
Habib Bank Limited	Faysal Bank Limited
JS Bank Limited	MCB Bank Ltd
Pak Oman Investment Co.Ltd.	

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, Industrial Estate Hattar, District Haripur, Khyber Pakhtunkhwa
Tel: (0995) 617720 & 23, 617347, Fax: (0995) 617074
Website: www.ecopack.com.pk

DIRECTORS' REPORT

The board of directors is pleased to present the directors' report along with the unaudited financial statements of the quarter ended 30th September 2014:

OVERVIEW

The first quarter of the new financial year falling in the summer months of July to September is almost always a strong one for sales in line with beverage consumption. A very positive month of July with the added vigor of Ramazan sales was unfortunately followed by dramatically weak sales in the months of August & September compared with the same quarter of the prior year. The unexpected length of rising tensions & disruption on account of political party rallies against the government caused the local administration to seize truck containers on route (including your company's) for barricading/blocking major transport routes entering Islamabad as well as both to and from the major cities of the Punjab province. Thus raw material supplies from our vendors as well as product dispatches to our customers came to a grinding halt for almost 8-10 days in mid-August this quarter, at a time when demand for Bottles and Preforms was soaring.

As some normalcy emerged and logistics resumed, the advent of major monsoon rains and flash floods hit towns and cities causing massive inundation in both KPK & Punjab provinces – the main markets for your company. Nevertheless, your company's management strived hard in tough conditions and despite the setback in sales, the financial results remained profitable.

SALES AND FINANCIAL HIGHLIGHTS

Although sales volumes got negatively impacted due to the afore-mentioned political situation and floods, but since this quarter is traditionally a strong one, your management had planned well & was poised to make the most of it. Thus your company still managed to stay profitable despite the challenging times. Sales revenue decreased by 26% compared to the same period last year due to a sharp sudden decrease in demand because of factors beyond our control. This situation, however, also adversely impacted the beverage companies like all other industries, compelling them to regain their lost sales by launching discount offers/sales promotions to increase their sale volume. This welcome step will, hopefully, help your company in catching up on some of our lost volumes in the coming months.

Sales volumes for bottles decreased by 19% and for Preforms by 38% QOQ with the prior year. Operating profit decreased by Rs. 31 million from Rs. 79.5 million to Rs. 48.4 million

over the same period last year due the disruptive situation during the quarter. Despite the challenging scenario, your Company succeeded in posting a net profit before tax of Rs. 15.9 million for the quarter under review against a profit before tax of Rs. 57.4 million during last year's corresponding quarter. After tax profit amounted to Rs.10.6 million compared to an after tax profit of Rs. 50.2 million for the samequarter last year. Earnings per share for the first quarter of FY 2014-15 is Rs. 0.46 per share against Rs. 2.19 per share for the same quarter last year.

OUTLOOK

Given the continuing buoyant growth in the beverage industry particularly carbonated soft drinks (CSD) coupled with your company's credibility as a reliable supplier, your management has well founded optimism to make good on sales and profitability going forward, surpassing it's financial performance last year.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Hattar
October 24, 2014

HUSSAIN JAMIL
CHIEF EXECUTIVE OFFICER

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2014**

		(AUDITED)	
		Sep 30, 2014	June 30, 2014
	NOTE	(Rupees in '000')	
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,057,491	1,074,293
Security deposits		6,064	6,064
Intangibles		619	638
		1,064,174	1,080,995
CURRENT ASSETS			
Stores, spares and loose tools		69,211	69,326
Stock in trade		187,663	170,913
Trade debts		130,170	222,273
Loans and advances		29,523	35,660
Deposits, prepayments and Other Receivables		7,845	6,892
Taxation recoverable - net		23,520	21,052
Cash and bank balances		27,344	53,737
		475,276	579,853
TOTAL ASSETS		1,539,450	1,660,848
SHARE CAPITAL AND RESERVES			
Authorized Capital			
50,000,000 (2014:50,000,000) ordinary shares of Rs.10 each		500,000	500,000
Issued, subscribed and paid-up capital		229,770	229,770
Accumulated profit/(loss)		12,478	(4,649)
		242,248	225,121
Surplus on revaluation of property, plant & equipment		175,198	179,553
NON-CURRENT LIABILITIES			
Long term loans		94,856	120,175
Liability against assets subject to finance lease		4,694	4,857
Deferred liabilities		232,776	232,324
		332,326	357,356
CURRENT LIABILITIES			
Trade and other payables		389,570	408,580
Accrued mark-up on loans		17,687	20,244
Short term borrowings - secured		290,968	359,858
Current portion of non-current liabilities		91,452	110,136
		789,678	898,818
TOTAL EQUITY AND LIABILITIES		1,539,450	1,660,848
CONTINGENCIES AND COMMITMENTS			

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	NOTE	JUL-SEP 2014 (Rupees in '000')	JUL-SEP 2013
Sales - net	7	529,061	719,495
Cost of sales	8	(449,260)	(603,383)
Gross profit		79,802	116,112
Distribution cost		(19,101)	(24,440)
Administrative expenses		(12,240)	(12,161)
		(31,341)	(36,601)
Profit from operations		48,461	79,511
Other income		2,984	4,988
Other expenses		(6,928)	-
Finance cost		(28,569)	(27,028)
		(32,512)	(22,040)
Profit before taxation		15,949	57,471
Taxation		(5,321)	(7,240)
Profit after taxation		10,627	50,231
Earnings per share - basic and diluted (in Rupees)		0.46	2.19

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**STATEMENT OF CONDENSED INTERIM COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	JUL-SEP 2014	JUL-SEP 2013
	<u>(Rupees in '000')</u>	
Profit after taxation	10,627	50,231
Other Comprehensive Income	-	-
Total comprehensive income for the period transferred to equity	<u>10,627</u>	<u>50,231</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	Issued, subscribed and paid-up of capital	unappropriated (Loss) / Profit	Total
	(Rupees in '000')		
Balance as at July 01, 2013 (restated)	229,770	(99,867)	129,903
Total comprehensive income for the quarter ended September 30, 2013	-	50,231	50,231
Transfer from surplus on revaluation of property, plant & equipment - net of deferred tax	-	9,721	9,721
Balance as at September 30, 2013	<u>229,770</u>	<u>(39,915)</u>	<u>189,855</u>
Balance as at October 01, 2013	229,770	(39,915)	189,855
Total comprehensive income for the Nine months ended June 30, 2014	-	7,336	7,336
Transfer from surplus on revaluation of property, plant & equipment - net of deferred tax	-	27,930	27,930
Balance as at June 30, 2014	<u>229,770</u>	<u>(4,649)</u>	<u>225,121</u>
Balance as at July 01, 2014	229,770	(4,649)	225,121
Total comprehensive income for the quarter ended September 30, 2014	-	10,627	10,627
Transfer from surplus on revaluation of property, plant & equipment - net of deferred tax	-	6,500	6,500
Balance as at September 30, 2014	<u>229,770</u>	<u>12,478</u>	<u>242,248</u>

CHIEF EXECUTIVE OFFICER

DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014**

	NOTE	JUL-SEP 2014 (Rupees in '000')	JUL-SEP 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated From operations	9	133,814	200,933
Finance cost paid		(31,125)	(27,979)
Gratuity paid		(435)	(88)
Taxes paid		(7,790)	(6,621)
Net cash generated from operating activities		<u>94,463</u>	<u>166,245</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(7,801)	(7,323)
Capital work-in-progress		-	(339)
Long term security deposit		-	189
Net cash used in investing activities		<u>(7,801)</u>	<u>(7,473)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term loans		(42,148)	(44,261)
Repayment of finance lease liability		(2,018)	(2,190)
Net cash used in financing activities		<u>(44,166)</u>	<u>(46,452)</u>
Net Increase in cash and cash equivalents		<u>42,496</u>	<u>112,320</u>
Cash and cash equivalents at the beginning of the period		<u>(306,121)</u>	<u>(287,489)</u>
Cash and cash equivalents at the end of the period		<u><u>(263,625)</u></u>	<u><u>(175,169)</u></u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2014****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

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan and provisions of, and directives issued under the Companies Ordinance 1984; in case, where the requirements of the International Accounting Standard differ, the provisions of, and directives issued under the Companies Ordinance 1984, have been followed. This interim financial information has however been subject to limited scope review by the auditors, as required by the Code of Corporate Governance. 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, 2014.

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, 2014, 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, 2013.

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, 2014.

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 30, 2014	AUDITED JUNE 2014
	(Rupees in '000')	
Factory building	-	193
Plant & Machinery	6,856	18,172
Factory equipments	493	36,900
Furniture and Fixture	114	233
Office equipment	90	1,694
Vehicle	70	6,854
Computer & Accessories	180	-
	<u>7,801</u>	<u>64,046</u>

6. CONTINGENCIES AND COMMITMENTS

Contingencies and commitments remained same during the quarter ended September 30, 2014 as disclosed in the audited in financial statement for the year ended June 30, 2014.

	JUL-SEP 2014	JUL-SEP 2013
	(Rupees in '000')	
7. SALES		
Gross sales	619,139	842,111
Sales tax	(90,078)	(122,615)
	<u>529,061</u>	<u>719,496</u>
8. COST OF SALES		
Raw material consumed	298,968	464,506
Packing material consumed	19,399	27,944
Salaries, wages & other benefits	31,657	29,977
Traveling & conveyance	3,235	2,835
Professional charges	155	16
Vehicle repair & maintenance	3,000	2,182
Rent, rate & taxes	2,946	2,602
Repair & maintenance	2,634	1,820
Communication charges	291	382
Printing, postage & stationery	365	337
Entertainment	190	138
Insurance	865	2,420
Electricity, gas & water	61,509	53,440
Freight, octroi & toll tax	1,017	982
Depreciation	23,376	21,007
Store consumed	6,805	8,876
Lab testing	492	201
Courses and seminar fees	153	181
Miscellaneous	513	475
	<u>457,571</u>	<u>620,321</u>
Work-in-process - opening	50,029	56,002
Work-in-process - closing	(60,886)	(73,684)
	<u>(10,857)</u>	<u>(17,682)</u>
Cost of goods manufactured	<u>446,714</u>	<u>602,639</u>
Finished goods - opening	55,864	40,562
Finished goods - closing	(53,319)	(39,818)
	<u>2,545</u>	<u>744</u>
COST OF SALES	<u>449,260</u>	<u>603,384</u>

	JUL-SEP 2014	JUL-SEP 2013
	(Rupees in '000')	
9. CASH GENERATED FROM OPERATIONS		
Profit before taxation	15,949	57,472
Adjustment for non-cash charges and other items:		
Depreciation	24,607	22,113
Amortization Expense	19	19
Provision for gratuity	3,033	2,381
Finance cost	28,569	27,028
Working capital changes	9.1 61,638	91,920
	133,814	200,933
9.1 Working capital changes		
(Increase) / decrease in current assets :		
Stores, spares and loose tools	115	(9,508)
Stock in trade	(16,750)	(8,708)
Trade debts	92,103	91,337
Loans and advances	6,137	490
Short term deposits, prepayments & other receivables	(953)	(3,433)
	80,651	70,179
Increase / (decrease) in current liabilities:		
Trade and other payables	(19,013)	21,741
	61,638	91,920

10. SEGMENT ANALYSIS

 INJECTION BLOWING TOTAL	
	Jul-Sep 2014	Jul-Sep 2013	Jul-Sep 2014	Jul-Sep 2013	Jul-Sep 2014	Jul-Sep 2013
	(Rupees '000)					
Sales-net	107,763	204,648	421,298	514,848	529,061	719,496
Cost of sales	(97,015)	(171,622)	(352,244)	(431,762)	(449,260)	(603,384)
	10,748	33,026	69,054	83,086	79,802	116,112
Distribution cost	(3,891)	(6,951)	(15,210)	(17,488)	(19,101)	(24,439)
Administrative	(2,493)	(3,459)	(9,747)	(8,702)	(12,240)	(12,161)
	(6,384)	(10,410)	(24,957)	(26,190)	(31,341)	(36,600)
Operating profit	4,364	22,616	44,097	56,896	48,461	79,512

11. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on October 24, 2014 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