

Manufacturers Of Quality PET Bottles & Preforms

Eco  **Pack Ltd**

**Condensed Interim Financial statements
for the quarter ended
September 30, 2015 (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	
Mrs. Deborah Jamil	
Ms. Laila Jamil	
Mr. Asad Ali Sheikh	
Mr. Shahan Ali Jamil	(Alternate Director of Mr. Shahid Jamil)

AUDIT COMMITTEE

Mr. Asad Ali Sheikh	Chairman	Non-Executive Director
Mrs. Ayesha Khan	Member	Non-Executive Director
Mr. Amjad Awan	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

CORPORATE GOVERNANCE & NOMINATION COMMITTEE

Mr. Amjad Awan	Chairman
Mrs. Deborah Jamil	Member
Mrs. Ayesha Khan	Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Muhammed Ali Adil

BANKERS

Askari Bank Limited	Faysal Bank Limited
Habib Bank Limited	Allied Bank Limited
JS Bank Limited	Pak Oman Investment Company 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
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DIRECTORS' REPORT

The board of directors of Ecopack Limited is pleased to present the Directors' Report along with the unaudited financial statements for the quarter ended 30th September 2015:

OVERVIEW

Your company has continued on the steady path of profitability it had embarked on since January 2015 after a politically tumultuous and difficult first half of the last financial year (FY 2014-15). The first quarter of the current financial year i.e. July to September 2015 achieved improved bottom line results compared to the corresponding quarter of the previous year. Reduction in supply side costs on account of lower crude oil and petro-chemical prices resulted in lower Pet resin prices (almost 25%), the main raw material for the company's products, thus reducing the net sales value compared to QoQ last year.

While the decrease in raw & packing materials as well as financial charges continued to help your company during the first quarter under review, some of the gains were bartered away as the market became more competitive and your management had to sacrifice some profit margins to gain higher volumes in sales and enhance market share against competing vendors. Profitability in the more value added bottle sales reduced considerably even though units sold marginally increased over the same quarter in the prior year, however, low margin Preform sales leapt by over 180% in unit terms over last year's corresponding quarter. This, nevertheless, helped mitigate a part of the lost profit as the higher production of Preforms absorbed commensurate fixed cost, thereby increasing profitability overall on a QoQ basis.

SALES & FINANCIAL HIGHLIGHTS

Sales revenue increased by 6% from Rs. 529 million to Rs. 559 million QoQ due to a significant increase in Preform sales volume, despite the decrease of Pet resin price by approximately 25%, thereby restricting top line revenue.

Gross profit and Operating profit decreased by Rs. 10.6 million (-2.7%) and Rs. 5.2 million (-1.4%) respectively in this quarter versus the same period last year. Financial charges this quarter reduced by Rs. 8.9 million from Rs. 28.5 million last year compared to Rs 19.7 million this quarter - a significant reduction of 31% on account of consistent debt reduction as well as lower KIBOR and bank mark-up.

Pre-tax profits increased by Rs. 3.8 million from Rs. 15.9 million in the first quarter last year compared to Rs. 19.7 million this year - an increase of 23% QoQ. In the same token, Post-tax profit grew by Rs. 3.5 million this quarter from Rs. 10.6 million to Rs. 14.1 million compared to the same quarter last year - an increase of 31% QoQ.

Earnings per share for the first quarter of FY 2015-2016 is Rs. 0.61 per share against Rs. 0.46 per share for the same quarter last year.

FUTURE OUTLOOK

Your company is striving towards lowering its costs and enhancing sales as far as is practically possible. While the environment in this sector remains competitive and aggressive, lower petro-chemical prices, reduced financial charges and continuing steady growth in the beverage and bottled drinking water industries, are the key drivers of growth & profitability for your company.

RISKS

Unforeseen outages and breakdowns in electricity supply from the national grid as well as an old and inefficient electricity distribution system, in need of urgent repair, are serious causes of concern. This combined with unplanned 'stops and starts' are an anathema to the continuous process of production for all thermoplastic converters. However, it seems that self-generation of electricity alone could effectively resolve the dual problem of rising costs and erratic supply.

Your company's management is determined to find an effective & optimal solution for this recurrent problem as this could be a game changer for the company's future prosperous growth and stability.

For & on behalf of the Board of Directors

Dated :October 30, 2015

Hussain Jamil
Chief Executive Officer

CONDENSED INTERIM BALANCE SHEET (UN-AUDITED) AS AT SEPTEMBER 30, 2015

			(AUDITED)
		Sep 30, 2015	Jun 30, 2015
	NOTE	(Rupees in '000')	
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,037,163	1,055,461
Security deposits		6,064	6,064
Intangibles		1,002	1,033
		1,044,229	1,062,558
CURRENT ASSETS			
Stores, spares and loose tools		79,545	75,882
Stock in trade		159,287	202,785
Trade debts		152,150	216,664
Loans and advances		28,687	26,992
Deposits, prepayments and Other Receivables		17,282	11,272
Taxation recoverable - net		46,825	46,324
Cash and bank balances		17,114	38,118
		500,890	618,038
TOTAL ASSETS		1,545,119	1,680,596
SHARE CAPITAL AND RESERVES			
Authorized Capital			
50,000,000 (2015:50,000,000) ordinary shares of Rs.10 each		500,000	500,000
Issued, subscribed and paid-up capital		229,770	229,770
Accumulated Profit		61,721	42,481
		291,491	272,251
Surplus on revaluation of property, plant & equipment		160,136	163,625
NON-CURRENT LIABILITIES			
Long term loans		291,457	320,091
Liability against assets subject to finance lease		2,844	3,003
Deferred liabilities		267,124	263,256
		561,425	586,350
CURRENT LIABILITIES			
Trade and other payables		143,467	271,862
Accrued mark-up on loans		8,700	11,494
Short term borrowings - secured		294,677	287,994
Current portion of non-current liabilities		85,223	87,020
		532,067	658,370
TOTAL EQUITY AND LIABILITIES		1,545,119	1,680,596
CONTINGENCIES AND COMMITMENTS			
	6		

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, 2015

	<u>NOTE</u>	<u>JUL-SEP 2015</u> (Rupees in '000')	<u>JUL-SEP 2014</u>
Sales - net	7	559,570	529,061
Cost of sales	8	<u>(490,403)</u>	(449,260)
Gross profit		69,167	79,802
Distribution cost		<u>(12,677)</u>	(19,101)
Administrative expenses		<u>(13,235)</u>	(12,240)
		(25,912)	(31,341)
Profit from operations		<u>43,255</u>	48,461
Other income		<u>1,306</u>	2,984
Other expenses		<u>(5,166)</u>	(6,928)
Finance cost		<u>(19,680)</u>	(28,569)
		(23,540)	(32,512)
Profit before taxation		<u>19,715</u>	15,949
Taxation		(5,608)	(5,321)
Profit after taxation		<u>14,107</u>	<u>10,627</u>
Earning per share - basic and diluted (in Rupees)		<u>0.61</u>	<u>0.46</u>

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, 2015**

	JUL-SEP 2015	JUL-SEP 2014
	(Rupees in '000')	
Profit after taxation	14,107	10,627
Other Comprehensive Income		
-Transfer from surplus on revaluation of property and plant on account of incremental depreciation - net of tax	5,133	6,500
 Total comprehensive income for the year transferred to equity	19,240	17,127

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, 2015

	SHARE CAPITAL	UNAPPROPRIATED PROFIT (Rupees in '000)	TOTAL
Balance as at July 01, 2014	229,770	(4,649)	225,121
Total comprehensive income for the quarter ended September 30, 2014			
- Profit for the quarter	-	10,627	10,627
- Other Comprehensive Income for the quarter	-	6,500	6,500
	-	17,127	17,127
Balance as at September 30, 2014	229,770	12,478	242,248
Balance as at Oct 01, 2014	229,770	12,478	242,248
Total comprehensive income for the nine months ended June 30, 2015			
- Profit for the nine months	-	15,848	15,848
- Other Comprehensive Income for nine months	-	14,155	14,155
	-	30,003	30,003
Balance as at June 30, 2015	229,770	42,481	272,251
Balance as at July 01, 2015	229,770	42,481	272,251
Total comprehensive income for the quarter ended September 30, 2015			
- Profit for the quarter	-	14,107	14,107
- Other Comprehensive Income for the quarter	-	5,133	5,133
	-	19,240	19,240
Balance as at September 30, 2015	229,770	61,721	291,491

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED
SEPTEMBER 30, 2015

<u>NOTE</u>	<u>JUL-SEP 2015</u>	<u>JUL-SEP 2014</u>
	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated From operations	9 37,296	133,814
Finance cost paid	(22,474)	(31,125)
Gratuity paid	(80)	(435)
Taxes paid	(6,109)	(7,790)
Net cash generated from operating activities	8,634	94,463
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant & Equipments	(5,728)	(7,801)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loans	(30,431)	(42,148)
Repayment of finance lease liability	(163)	(2,018)
Net cash used in financing activities	(30,593)	(44,166)
Net Increase in cash and cash equivalents	(27,687)	42,496
Cash and cash equivalents at the beginning of the year	(249,876)	(306,121)
Cash and cash equivalents at the end of the year	(277,562)	(263,625)

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, 2015

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, 2015.

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, 2015, 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, 2014.

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, 2015.

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.

	SEP 30, 2015	AUDITED JUNE 30, 2015
5. PROPERTY, PLANT & EQUIPMENT		
Addition during the period	(Rupees in '000')	
Plant & Machinery	3,492	60,546
Factory equipments	40	18,625
Furniture and Fixture	26	118
Office equipment	318	756
Vehicle	1,768	156
Computer & Accessories	83	-
	5,728	80,201
6. CONTINGENCIES AND COMMITMENTS		
Contingencies and commitments remained same during the quarter ended September 30, 2015 as disclosed in the audited in financial statement for the year ended June 30, 2015.		
	JUL-SEP 2015	JUL-SEP 2014
	(Rupees in '000')	
7. SALES		
Gross sales	655,232	619,139
Sales tax	(95,662)	(90,078)
	559,570	529,061
8. COST OF SALES		
Raw material consumed	299,068	298,968
Packing material consumed	21,343	19,399
Salaries, wages & other benefits	32,569	31,657
Traveling & conveyance	2,978	3,235
Fee, Subscription & Professional charges	365	155
Vehicle repair & maintenance	2,155	3,000
Rent, rate & taxes	2,897	2,946
Repair & maintenance	5,235	2,634
Communication charges	222	291
Printing, postage & stationery	380	365
Entertainment	233	190
Insurance	1,165	865
Electricity, gas & water	57,857	61,509
Freight & Other Charges	913	1,017
Depreciation	22,823	23,376
Store consumed	8,028	6,805
Lab testing	357	492
Courses and seminar fees	14	153
Miscellaneous	42	513
	458,644	457,571
Work-in-process - opening	83,158	50,029
Work-in-process - closing	(45,703)	(60,886)
	37,455	(10,857)
Cost of goods manufactured	496,099	446,714
Finished goods - opening	43,684	55,864
Finished goods - closing	(49,380)	(53,319)
	(5,696)	2,545
COST OF SALE	490,403	449,260

	JUL-SEP 2015	JUL-SEP 2014
	(Rupees in '000')	
9. CASH GENERATED FROM OPERATIONS		
Profit before taxation	19,715	15,949
Adjustment for non-cash charges and other items:		
Depreciation	24,024	24,607
Amortization Expense	30	19
Provision for gratuity	3,310	3,033
Finance cost	19,680	28,569
Working capital changes	9.1 (29,463)	61,638
	<u>37,296</u>	<u>133,814</u>
9.1 Working capital changes		
(Increase) / decrease in current assets :		
Stores, spares and loose tools	(3,663)	115
Stock in trade	43,498	(16,750)
Trade debts	64,514	92,103
Loans and advances	(1,695)	6,137
Short term deposits, prepayments & other receivables	(6,010)	(953)
	<u>96,644</u>	<u>80,651</u>
Increase / (decrease) in current liabilities:		
Trade and other payables	(126,107)	(19,013)
	<u>(29,463)</u>	<u>61,638</u>

10. SEGMENT ANALYSIS

 INJECTION BLOWING TOTAL	
	Jul-Sep 2015	Jul-Sep 2014	Jul-Sep 2015	Jul-Sep 2014	Jul-Sep 2015	Jul-Sep 2014
(Rupees '000).....					
Sales-net	234,545	107,763	325,026	421,298	559,570	529,061
Cost of sales	(211,822)	(97,015)	(278,581)	(352,244)	(490,403)	(449,260)
	<u>22,723</u>	<u>10,748</u>	<u>46,445</u>	<u>69,054</u>	<u>69,167</u>	<u>79,802</u>
Distribution cost	(5,314)	(3,891)	(7,363)	(15,210)	(12,677)	(19,101)
Administrative	(5,548)	(2,493)	(7,688)	(9,747)	(13,235)	(12,240)
	<u>(10,861)</u>	<u>(6,384)</u>	<u>(15,051)</u>	<u>(24,957)</u>	<u>(25,912)</u>	<u>(31,341)</u>
Operating profit	<u>11,862</u>	<u>4,364</u>	<u>31,393</u>	<u>44,097</u>	<u>43,255</u>	<u>48,461</u>

11. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on **October 30, 2015** by the Board of Directors of the Company.

12. GENERAL

Figures have been rounded off to the nearest thousand rupees.

CHIEF EXECUTIVE OFFICER

DIRECTOR

Manufacturers Of Quality PET Bottles & Preforms

Eco Pack Ltd

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19, City Villas

Near High Court Road, Rawalpindi

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