



Financial Statements for the
Half Year ended December 31, 2017

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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

Mr. Amar Zafar Khan	Chairman
Mr. Hussain Jamil	Chief Executive Officer
Mr. Shahid Jamil	Non-Executive Director
Mr. Ali Jamil	Non-Executive Director
Mr. Talat Mahmood Sadiq	Non-Executive Director
Mr. Asad Ali Sheikh	Non-Executive Director
Ms. Laila Jamil	Non-Executive Director
Mr. Amjad Awan	(Alternate Director of Mr. Talat Mahmood Sadiq)
Mr. Shahan Ali Jamil	(Alternate Director of Mr. Shahid Jamil)

AUDIT COMMITTEE

Mr. Asad Ali Sheikh	Chairman
Mr. Amar Zafar Khan	Member
Ms. Laila Jamil	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Laila Jamil	Chairperson
Mr. Hussain Jamil	Member
Mr. Asad Ali Sheikh	Member
Mr. Ali Jamil	Member

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Muhammed Ali Adil

BANKERS

Habib Bank Limited	Bank of Khyber
JS Bank Limited	Askari Bank Limited
Pak Oman Investment Company Limited	

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq	Chartered Accountants
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SHARE REGISTRAR

M/s. Technology Trade (Private) Limited Dagia House, 241-C, Block-2, P.E.C.H.S, Off: Shahrarah-e-Quaideen, Karachi.	Ballotter, Share Registrar & Transfer Agent
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LEGAL ADVISOR

M/s. Ebrahim Hosain	Advocate & Corporate Counsel
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REGISTERED OFFICE AND FACTORY

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

The Board of Directors of EcoPack Limited is pleased to present the Directors' Report along with the reviewed half yearly financial statements of the company for the 6-months period ended 31st December 2017:

OVERVIEW

The first 6 months of the financial year commenced on the heels of the Eid-ul Fitar holidays as the supply chain dynamics resumed the hum drum of business in a hot and humid monsoon environment throughout the country. The first quarter ending September is almost always a profitable one for the company, however, the subsequent quarter ending December is the one that reverses the profits earned as sales & production dramatically slow down, thereby sharply increasing fixed costs per unit. The management, however, utilizes this winter period in sync with the Beverage industry and goes into its annual maintenance mode in preparation for the upcoming spring and summer season of high sales.

In this context, Q2FY this time proved to be a somewhat challenging one in which the erstwhile stability of the Pak Rupee came under pressure due to a precarious 'external debt' situation for the economy compounded further by the sharper than expected rise in Crude Oil prices, reaching almost a high of 50% over price levels 3 years ago.

This may impact the COGS of your company adversely as PET resin prices have started climbing up on the back of increases in the crude oil based supply chain materials along with a weaker Pak Rupee going forward. Thus Pet resin, your company's main raw material, has already increased by 19% percent whilst also driving up costs of transportation, imported spare parts, petroleum products, packing materials, electricity rates, etc. An inflationary environment leading to a 'cost push' on the supply side for your company warrants a commensurate increase in sales volume combined with minimal price adjustments to adequately mitigate rising costs in order to achieve rational but viable prices to maintain profitability for the company in the peak summer months ahead.

SALES & FINANCIAL HIGHLIGHTS

The basic raw material (PET resin) price has increased by approximately 19% being the main contributor towards the topline increase. The decrease in Preforms volume by 13% negatively impacted the topline limiting the overall revenue increase to 9% HOH thereby taking the Sales Revenue from Rs.688 million to Rs.754 million. Gross profit increased by Rs. 8.8 million (21%) during the half year under review against the same period last year. Slightly higher volumes of Bottles sold as compared to the corresponding period last year, is the main contributor towards this increase in gross margin. Likewise, Operating loss decreased by Rs. 5.1 million i.e., from an operating loss of Rs. 20.1 million to an operating loss of Rs. 14.9 million HoH.

Financial charges reduced by Rs. 5.3 million from Rs. 25.2 million in the same period last year compared to Rs. 19.9 million– a significant reduction of 21% on account of consistent debt reduction as well as efficient utilization of working capital.

Pre-tax loss is Rs. 50.2 million against a pre-tax loss of Rs. 57.1 million in the corresponding period last year - a decrease of pre-tax loss by Rs. 6.9 million HoH. In the same token, Post-tax loss is Rs. 54.8 million against a post-tax loss of Rs. 64.6 million in the same period last year – a decrease by Rs. 9.8 million HoH.

Loss per share (basic and diluted) for the first half year of FY 2018 is Rs. 1.82 per share against Rs. 2.14 loss per share for the same period last year.

FUTURE OUTLOOK

Your company has started physically implementing the project announced earlier to enhance Preform production capacity and is expected to commence commercial production by mid March this year. This expansion augurs a new phase in your company's journey as a reliable and cost efficient vendor of Preforms and Bottles for the Beverage and Bottled water industries by its investment in state-of-the-art Preform Injection systems from the leading European companies renowned worldwide. The new equipment will produce substantially large quantities of high quality Preforms more cost efficiently utilizing significantly less electricity.

As the Beverage and Water industry continues to expand in double digits, it has increasingly begun to place its reliance on proven vendors capable of delivering high quality goods, in a timely way, at competitive pricing. Your company has the distinction of being a preferred vendor with a well established meritorious track record.

To obtain financial stability and profitable growth in the years ahead, your company is finalizing new investments in diversified products with existing and new customers to enhance stronger connectivity and better alignment of services to deliver greater value.

RISKS

The continuing political uncertainty in a General Election year in the country is always fraught with many concerns in the months ahead. This is further compounded by the macro-economic situation, rising external debt and an unfavourable 'balance of payments' scenario.

In addition, the weakness of the PKR against a strong USD and other hard currencies, combined with volatile crude oil prices and the spectre of a rising KIBOR/interest rates invoke the likely probability of an inflationary environment which could affect the company's cost structures significantly.

While the general supply of electricity is expected to improve in terms of power generation, the old and unreliable distribution system conjures valid concerns of power outages and unplanned breakdowns.

Your company is taking all the necessary steps to mitigate and minimize such adverse impacts wherever possible.

EMPLOYEE MANAGEMENT RELATIONS

EcoPack has a highly skilled and experienced team of dedicated technical and commercial resources supported by well trained personnel in Supply Chain and Finance departments, having complete alignment and a common goal to achieve company targets under the guidance & encouragement of the senior management.

For and on behalf of the Board of Directors

Hussain Jamil
Chief Executive Officer
22 February 2018
Karachi

Asad Ali Sheikh
Director

مستقبل کی منصوبہ بندی

آپ کی کمپنی نے پیداوار کی صلاحیت بڑھانے کے لیے منصوبے پر کام شروع کر دیا ہے۔ جس کا پہلے سے اعلان کیا جا چکا ہے اور امید ہے کہ اس سال مارچ تک اس کی مصنوعات کی تجارتی پیداوار کا آغاز ہو جائے گا۔

یہ توسیع آپ کی کمپنی کے سفر میں اپنی سرمایہ کاری اور عالمی سطح پر جانی پہچانی یورپی کمپنیوں کے پہلے سے تشکیل شدہ سسٹم کی بنیاد پر پرانی مصنوعات کی ایک پر اعتماد اور قیمت کے لحاظ سے بہتر فراہمی کے ایک نئے مرحلے کی پیش گوئی کرتی ہے۔ اس نئی توسیع سے بڑھے پیمانے پر بجلی کے موثر استعمال سے اعلیٰ کوالٹی کے Preforms کم لاگت سے تیار ہونگے۔ چونکہ مشروبات اور پانی کی صنعت مسلسل دگنی ترقی کر رہی ہے جسکی وجہ سے اعلیٰ معیار کی مصنوعات فراہم کرنے والے Vendors پر اعتماد بڑھتا جا رہا ہے اور آپ کی کمپنی کو قابل تحسین ماضی کی وجہ سے پہلے ہی ترجیحی Vendor کا اعزاز حاصل ہے۔ مستقبل میں مالی استحکام اور منافع بڑھانے کے لیے آپ کی کمپنی سرمایہ کاری کے نئے مواقع تلاش کر رہی ہے۔ جو کہ موجودہ اور نئے صارفین کے ساتھ مضبوط تعلقات اور بہتر خدمات کے اقدار کو فروخت دے گی۔

بڑھتی ہوئی مہنگائی جو کہ پیداواری لاگت میں اضافہ کا منوجب ہے آپ کی کمپنی آنے والے عرصے میں فروخت کا حجم اور ممکنہ حد تک قیمت فروخت میں اضافہ کر کے بڑھتی ہوئی پیداواری لاگت کے اثرات کو زائل کر کے حتیٰ الامکان نفع کرے گی۔

خطرات

ملک میں الیکشن کے سال میں مسلسل سیاسی بے یقینی نے ہمیشہ آنے والے مہینوں کے حوالے سے کشمکش پیدا کی ہے۔ اس تناظر میں معاشی حالت اور بڑھتے ہوئے بیرونی قرضے، ناموافق ادائیگی کا تناسب بھی شامل ہو جاتے ہیں۔ مزید یہ کہ ڈالر اور دوسری کرنسی کے مقابلے میں پاکستانی روپے کی قدر میں کمی اور خام تیل کی قیمت اور سود کی شرح میں اضافہ افراط زر کے ماحول کو جنم دیتا ہے جو کہ واضح طور پر کمپنی کی قیمتوں کو متاثر کرتی ہے۔

بجلی کی عام سپلائی، پرانے اور بے اعتماد نظام، بجلی کی تقسیم اور غیر متعین بجلی کی بندش کی نسبت پاور جزیشن بہتر ہونے کی توقع ہے آپ کی کمپنی اس قسم کے برے اثرات ختم کرنے کے لیے تمام ضروری اور ممکنہ اقدامات کر رہی ہے۔

ملازمین اور منتظمین کے باہمی تعلقات

ایکویک اعلیٰ مہارت رکھنے والی اور تجربہ کار ٹیکنیکل اور کمرشل ذرائع پر مشتمل ٹیم ہے۔ کہ جسے سپلائی چین اور فنانس ڈیپارٹمنٹ کے اچھے تربیت یافتہ عملے کی مدد، مکمل صف بندی اور سینیئر مینجمنٹ کی راہنمائی اور حوصلہ افزائی کے تحت کمپنی کے طے شدہ احداث کو حاصل کرنے میں مدد حاصل ہے۔

اسد علی شیخ

ڈائریکٹر

حسین جمیل

چیف ایگزیکٹو آفیسر

22 فروری 2018

کراچی

ڈائریکٹرز رپورٹ

ایکوپیک لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2017 کو ختم ہونے والی ششماہی کے لئے نظر ثانی شدہ مالیاتی تفصیلات کے ہمراہ اپنی رپورٹ نہایت مسرت کے ساتھ پیش کی جا رہی ہے۔

عمومی جائزہ

مالی سال کے پہلے چھ ماہ کا آغاز عید الفطر کی تعطیلات کے اختتام پر ہوا البتہ جلد ہی گرم و مرطوب مون سون کی وجہ سے ملک میں اشیاء کی فراہمی کا سلسلہ رواں دواں ہو گیا۔ ستمبر کو ختم ہونے والی سہ ماہی ہمیشہ کمپنی کے لیے سودمند ثابت ہوتی ہے۔ البتہ اس کے بعد دسمبر میں ختم ہونے والی سہ ماہی پیداوار اور فروخت میں کمی کا باعث بنتی ہے۔ جس کی وجہ سے فی کس اخراجات میں اضافہ نہ صرف نفع میں کمی بلکہ نقصان کا باعث بھی بنتا ہے۔

تاہم انتظامیہ اس موسم سرما کی مدت کو استعمال کرتے ہوئے مشروبات کی صنعت کے ساتھ ہم آہنگی قائم رکھتے ہوئے اپنے پلانٹ کی سالانہ مرمت اور دیکھ بھال کے عمل میں مصروف ہو جاتی ہے۔ تاکہ آنے والے موسم بہار اور موسم گرما میں زیادہ سے زیادہ فروخت کی تیاری کی جاسکے۔ اس تناظر میں مالی سال کی دوسری سہ ماہی قدرے مشکل ثابت ہوئی کہ جس میں ماضی کے مقابلے میں پاکستانی روپے کی قدر کو دباؤ کا سامنا رہا۔ جسکی بنیادی وجوہات میں بیرونی قرضوں میں غیر معمولی صورت حال اور ملک میں تیزی سے بڑھتی ہوئی خام تیل کی قیمتیں (کہ جن میں پچھلے تین سال کے مقابلے میں تقریباً 50% تک اضافہ دیکھا گیا) اور اس سے ملحقہ دیگر اشیاء کی بڑھتی ہوئی قیمت اور کمزور پاکستانی روپے جس کی وجہ سے PET RESIN (جس میں پہلے ہی 19% تک اضافہ ہو چکا ہے)، مصنوعات کی ترسیل، درآمد شدہ پرزہ جات اور بجلی کی قیمتوں میں اضافہ کی صورت میں آپ کی کمپنی کی پیداواری لاگت پر منفی اثر ہو سکتا ہے۔

سیلز اور مالیات کے اہم نکات

مرکزی خام مال (PET RESIN) کی قیمت میں تقریباً 19% اضافہ ہوا۔ Preforms کی فروخت کے حجم میں جو کہ مجموعی آمدن کا اہم عنصر ہے 13% کمی ہوئی جس نے آمدن پر گہرا اثر ڈالا اور مجموعی بڑھوتری 9% تک رہی۔ گل آمدن 688 ملین روپے سے بڑھ کر 754 ملین روپے ہو گئی۔ مجموعی منافع میں پچھلے سال اسی ششماہی کی نسبت 8.8 ملین روپے یعنی 21% اضافہ ہوا۔ پچھلے سال اسی دورانیے کے مقابلے میں بوتلوں کی فروخت کے حجم میں کچھ اضافے کی وجہ سے عملی خسارے میں 5.1 ملین روپے کی کمی آئی جو کہ 20.1 ملین روپے سے کم ہو کر 14.9 ملین روپے رہا۔ جس میں 5.1 ملین روپے کی بہتری آئی۔ مالی اخراجات میں، جو کہ پچھلے سال اس دورانیہ میں 25.2 ملین روپے تھے 5.3 ملین روپے کی کمی کے ساتھ 19.9 ملین روپے ہو گئے ہیں۔ ورکنگ کپٹیل کے مناسب استعمال سے مستقل قرضے میں 21% کمی نمایاں کی آئی ہے۔ قبل از ٹیکس خسارہ 50.2 ملین روپے رہا جو کہ پچھلے سال کہ اسی دورانیہ کے مقابلے میں 6.9 ملین روپے کم رہا جو کہ 57.1 ملین روپے تھا اسی طرح بعد از ٹیکس خسارہ 9.8 ملین روپے کی کمی کے ساتھ 64.6 ملین روپے سے کم ہو کر 54.8 ملین روپے رہا۔

پہلے نصف مالیاتی سال 2018 میں فی شیئر خسارہ پچھلے سال کے اسی دورانیہ کی نسبت 2.14 کے بجائے 1.82 روپے فی شیئر رہا۔



AUDITORS' REPORT TO THE MEMBERS

ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of EcoPack Limited as at December 31, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "condensed interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and 2016 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2017 and 2016.

SCOPE OF REVIEW

We conducted our review in accordance with International Standards on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consist of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the accompanying

condensed interim financial information as of and for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Karachi

Dated: February 22, 2018

Rahman Sarfaraz Rahim Iqbal Rafiq

Chartered Accountants

Engagement Partner: **Muhammad Waseem**

Condensed Interim Balance Sheet

As at December 31, 2017

		Un-audited December 31, 2017	Audited June 30, 2017
Note -----Rupees in '000' -----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	970,955	1,001,273
Long term security deposits		7,885	7,512
Intangibles		9,265	6,492
		<u>988,105</u>	<u>1,015,277</u>
Current assets			
Stores, spares and loose tools		51,968	56,235
Stock in trade	6	270,452	246,650
Trade debts - unsecured considered good		96,130	149,400
Short term investments		40,723	36,000
Loans and advances - unsecured considered good		52,266	53,748
Short term deposits, prepayments and other receivables		18,288	16,877
Taxation - net		113,153	109,127
Cash and bank balances		7,859	22,942
		<u>650,839</u>	<u>690,979</u>
Total assets		<u>1,638,944</u>	<u>1,706,256</u>
EQUITY AND LIABILITIES			
Authorized capital			
50,000,000 (June 2017: 50,000,000) ordinary shares of Rs.10/- each		<u>500,000</u>	<u>500,000</u>
Share capital and reserves			
Issued, subscribed and paid-up capital	7	301,573	287,212
Unappropriated profit		217,664	308,150
		<u>519,237</u>	<u>595,362</u>
Surplus on revaluation of property, plant and equipment	8	168,436	175,887
Non-current liabilities			
Long term loans - secured		107,994	145,223
Liability against assets subject to finance lease	9	9,325	8,973
Deferred liabilities		265,913	261,565
		<u>383,232</u>	<u>415,761</u>
Current liabilities			
Trade and other payables		136,615	166,176
Accrued mark-up		5,833	8,950
Short term borrowings - secured	10	335,494	241,898
Current portion of long term liabilities		90,097	102,222
		<u>568,039</u>	<u>519,246</u>
Total equity and liabilities		<u>1,638,944</u>	<u>1,706,256</u>
Contingencies and commitments			
	11		

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Condensed Interim Profit And Loss Account (Unaudited)

For the interim period ended December 31, 2017

		Half year ended December 31, 2017	December 31, 2016	Second quarter ended December 31, 2017	December 31, 2016
Note		Rupees in '000'			
Sales - net	12	753,589	688,254	216,587	178,321
Cost of sales	13	(703,078)	(646,567)	(239,929)	(209,218)
Gross profit / (loss)		50,511	41,687	(23,342)	(30,897)
Distribution expenses		(24,677)	(27,785)	(8,365)	(10,102)
Administrative expenses		(40,818)	(34,005)	(20,710)	(17,624)
		(65,495)	(61,790)	(29,075)	(27,726)
Operating (loss)		(14,984)	(20,103)	(52,417)	(58,623)
Other income		12,115	4,767	9,986	3,351
Other expenses		(27,428)	(16,588)	(20,798)	(9,440)
		(15,313)	(11,821)	(10,812)	(6,089)
		(30,297)	(31,924)	(63,229)	(64,712)
Finance cost		(19,933)	(25,215)	(10,854)	(12,249)
Loss before taxation		(50,230)	(57,139)	(74,083)	(76,961)
Taxation	14	(4,625)	(7,508)	515	(2,396)
Loss after taxation		(54,855)	(64,647)	(73,568)	(79,357)
Loss per share - basic and diluted	15	(1.82)	(2.14)	(2.44)	(2.63)

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Condensed Interim Statement Of Comprehensive Income (Unaudited)

For the interim period ended December 31, 2017

	Half year ended		Second quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Note	----- Rupees in '000' -----			
Loss for the period	(54,855)	(64,647)	(73,568)	(79,357)
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation -net of tax	7,451	9,749	3,725	4,967
Total comprehensive loss for the period	(47,404)	(54,898)	(69,843)	(74,390)

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Condensed Interim Statement Of Changes In Equity (Unaudited)

For the interim period ended December 31, 2017

	Issued, subscribed and paid up capital	Unappropriated profit	Total
	----- Rupees in '000' -----		
Balance as at July 01, 2016	229,770	249,747	479,517
<i>Total comprehensive income for the period</i>			
- loss for the period	-	(64,647)	(64,647)
- Other comprehensive income for the period	-	9,749	9,749
	-	(54,898)	(54,898)
<i>Transaction with owners</i>			
- Issuance of 25% stock dividend	57,442	(57,442)	-
Balance as at December 31, 2016	287,212	137,407	424,619
<i>Total comprehensive income for the period</i>			
- Profit for the period	-	170,508	170,508
- Other comprehensive income for the period	-	235	235
	-	170,743	170,743
Balance as at June 30, 2017	287,212	308,150	595,362
<i>Total comprehensive income for the half year ended December 31 2017</i>			
- Loss after taxation	-	(54,855)	(54,855)
- Other comprehensive income for the period	-	7,451	7,451
	-	(47,404)	(47,404)
<i>Transaction with owners</i>			
- Issuance of 5% stock dividend	14,361	(14,361)	-
- Payment of 10% cash dividend	-	(28,721)	(28,721)
Balance as at December 31, 2017	301,573	217,664	519,237

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Condensed Interim Cash Flow Statement (Un-Audited)

For the interim period ended December 31, 2017

	For the half year ended	
	December 31,	December 31,
	2017	2016
Note	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(50,230)	(57,139)
Adjustments for:		
- Depreciation	55,405	53,236
- Amortization	63	63
- (Gain) / Loss on disposal of property, plant and equipment	(554)	11
- Provision for gratuity	7,925	5,774
- Provision for Workers' Profit Participation Fund	3,392	2,939
- Provision for Workers' Welfare Fund	1,773	1,073
- Reversal of WWF provision of prior year	(2,121)	-
- Provision for doubtful debts	15,000	1,500
- Finance cost	19,933	25,215
	100,816	89,811
	50,586	32,672
Changes in working capital:		
Decrease in stores, spares and loose tools	4,267	1,518
(Increase) / Decrease in stock in trade	(38,802)	37,750
Decrease in trade debts	53,270	64,520
Decrease in loans and advances	1,482	16,403
(Increase) / decrease in short term deposits, prepayments and other receivables	(1,411)	3,321
(Decrease) in trade and other payables	(29,572)	(42,657)
	(10,766)	80,855
Cash generated from operations	39,820	113,527
Finance cost paid	(23,050)	(22,982)
Gratuity paid	(380)	(807)
Workers' Welfare Fund paid	(3,036)	(4,418)
Dividend paid	(28,721)	-
Taxes paid	(11,846)	(20,504)
Long term security deposits - net	(373)	(991)
Net cash (used in) / generated from operating activities	(27,586)	63,825
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(25,285)	(17,399)
Intangible asset purchased	(2,835)	(1,058)
Proceeds from disposal of fixed assets	752	-
Net cash used in investing activities	(27,368)	(18,457)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loans	(57,267)	(34,467)
Long term loans obtained	7,491	-
Lease acquired during the period	1,989	-
Principal repayment of finance lease liability	(1,215)	(597)
Net cash used in financing activities	(49,002)	(35,064)
Net (decrease) / increase in cash and cash equivalents	(103,956)	10,304
Cash and cash equivalents at the beginning of the period	(182,956)	(283,839)
Cash and cash equivalents at the end of the period	(286,912)	(273,535)

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The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

Notes to the Condensed Interim Financial Information (Un-Audited)

For the interim period ended December 31, 2017

1. STATUS AND NATURE OF BUSINESS

Ecopack Limited (the Company) is a limited liability Company incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange into which Lahore and Islamabad stock exchanges have merged). The registered office and manufacturing facility of the Company is located at Hattar Industrial Estate, Khyber Pakhtunkhwa.

The principal business activity of the Company is manufacturing and sale of Polyethylene Terephthalate (PET) bottles and preforms for the market of Beverages and other liquid packaging industry.

2. BASIS OF PREPARATION

- 2.1 This condensed interim financial information of the Company for the six months period ended December 31, 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under Companies Ordinance, 1984 have been followed.

In May 2017, the Companies Act, 2017 (the Act) was promulgated. However, Securities and Exchange Commission of Pakistan (SECP) vide its Circular no. 23/2017 dated October 04, 2017 communicated its decision that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provision of the repealed Companies Ordinance, 1984. Further, Circular no. 17/2017 of Institute of Chartered Accountants of Pakistan clarifies that those companies whose financial year closes on or after December 31, 2017 shall prepare their interim financial statements, for the period ended December 31, 2017, in accordance with Companies Ordinance, 1984.

- 2.2 This condensed interim financial information is unaudited and is being submitted to the shareholders as required by Section 237 of the Companies Act, 2017. However, a limited scope review has been carried out by the auditors in accordance with the requirements of clause 26 of Listed Companies (Code of Corporate Governance) Regulations, 2017. Further, the figure in the condensed interim financial information for the quarter ended December 31, 2017 and December 31, 2016 have not been reviewed by the auditors.
- 2.3 This condensed interim financial information does not include information required for full annual financial information, and should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2017.
- 2.4 This condensed interim financial information has been prepared under the historical cost convention except as otherwise stated.
- 2.5 The condensed interim financial information are presented in Pakistan Rupees which is the functional currency of the Company and rounded off to the nearest thousand rupees except stated otherwise.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of this interim financial information are the same as those applied in preparation of the preceding published financial statements of the Company for the year ended June 30, 2017.

4. ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing the condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Company as at and for the year ended June 30, 2017.

Notes to the Condensed Interim Financial Information (Un-Audited)

For the interim period ended December 31, 2017

	Note	Un-audited December 31, 2017	Audited June 30, 2017
		----- Rupees in '000' -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	953,839	989,248
Capital work in progress		17,116	12,025
		970,955	1,001,273
5.1 Operating fixed assets			
Opening net book value		989,248	999,085
Additions during the period / year			
- Factory buildings and roads		819	4,200
- Plant and machinery		5,701	7,547
- Factory equipment		10,617	48,479
- Office equipment		960	2,533
- Vehicles - owned		-	967
- Vehicles - leased		2,097	9,962
		20,194	73,688
Surplus on revaluation		-	32,633
Disposals / write-offs during the period / year		(198)	(8,999)
Depreciation for the period / year		(55,405)	(107,159)
Closing net book value		953,839	989,248
6. STOCK IN TRADE			
Raw material		56,604	105,515
Packing material		6,875	10,572
Work in process		167,437	63,558
Finished goods		58,064	70,533
		288,980	250,178
Provision for obsolete stocks		(18,528)	(3,528)
		270,452	246,650
7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
10,262,664 (June 2017: 10,262,664) ordinary shares of Rs. 10/- each issued for cash		102,627	102,627
19,894,608 (June 2017: 18,458,447) ordinary shares of Rs. 10/- each issued as fully paid bonus shares		198,946	184,585
		301,573	287,212

Notes to the Condensed Interim Financial Information (Un-Audited)

For the interim period ended December 31, 2017

	Un-audited December 31, 2017	Audited June 30, 2017
Note	----- Rupees in '000' -----	
8. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
<i>Gross surplus</i>		
Balance as at July 01	241,089	227,993
Less: Reversal due to disposal of assets	-	(131)
Revaluation increase recognized during the year		32,633
Incremental depreciation transferred to retained earnings	(10,645)	(19,406)
	230,444	241,089
<i>Related deferred tax charge</i>		
Balance as at July 01	(65,202)	(70,088)
Transferred to revaluation surplus on account of change in tax rate	-	(4,945)
Effect of change in tax rate	-	3,970
Deferred tax on fixed assets written off during the period	-	39
Deferred tax on incremental depreciation charged during the period	3,194	5,822
	(62,008)	(65,202)
	168,436	175,887
9. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Balance at 1 July	11,262	3,003
Leases obtained during the period / year	1,989	9,727
Payments made during the period / year	(1,215)	(1,468)
	12,036	11,262
Less: Current portion shown under current liabilities	(2,711)	(2,289)
	9,325	8,973
10. SHORT TERM BORROWINGS - Secured		
These represent short term running finance, Finance Against Trust Receipts (FATR) and other facilities obtained under mark-up arrangements from various commercial banks carrying mark-up ranging from 7.64% - 8.03% (June 2017: 7.54% - 9.12%) per annum calculated on daily product basis. These facilities are secured by first pari passu and ranking hypothecation charges of entire present and future current assets, equitable mortgage of property of the Company and personal guarantees of one original founder / sponsor Director of the Company.		
11. CONTINGENCIES AND COMMITMENTS		
11.1 Contingencies:		
No contingencies existed as of the balance sheet date (June 30, 2017: Nil).		
11.2 Commitments:		
Inland letter of credits as of December 31, 2017 amounted to Rs. 20.141 million (June 30, 2017: Nil).		

Notes to the Condensed Interim Financial Information (Un-Audited)

For the interim period ended December 31, 2017

	Half year ended		Second quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- Rupees in '000' -----			
12. SALES - net				
Sales	882,631	805,805	253,639	208,761
Less: Sales discount	(832)	(469)	(195)	(111)
Less: Sales tax	(128,210)	(117,082)	(36,857)	(30,329)
	753,589	688,254	216,587	178,321
13. COST OF SALES				
Raw material consumed	504,182	408,737	210,593	116,485
Packing material consumed	31,531	27,414	11,770	7,239
Salaries, wages and other benefits	81,336	71,089	37,499	32,669
Traveling and conveyance	6,743	6,713	3,272	3,131
Professional charges	307	459	149	68
Vehicle repair and maintenance	2,845	3,765	1,477	1,748
Rent, rates and taxes	9,733	9,965	4,681	4,664
Repair and maintenance	4,630	6,016	2,285	3,116
Communication charges	972	779	564	499
Printing, postage and stationery	862	693	430	322
Entertainment	394	267	186	115
Insurance	2,288	1,853	786	969
Medical	2,153	1,611	1,116	1,611
Electricity, gas and water	72,135	60,152	30,854	16,269
Freight, octroi and toll tax	2,057	1,433	765	529
Depreciation	52,635	50,574	26,206	25,228
Stores consumed	18,802	11,538	9,754	4,747
Lab tests	524	272	111	202
Courses and seminars fee	224	95	224	95
Miscellaneous	135	108	83	88
	794,488	663,533	342,805	219,794
Work in process - opening	63,558	46,824	67,928	68,135
Work in process - closing	(167,437)	(99,225)	(167,437)	(99,225)
	(103,879)	(52,401)	(99,509)	(31,090)
Cost of goods manufactured	690,609	611,132	243,296	188,704
Finished goods - opening	70,533	76,968	54,697	62,047
Finished goods - closing	(58,064)	(41,533)	(58,064)	(41,533)
	12,469	35,435	(3,367)	20,514
	703,078	646,567	239,929	209,218

Notes to the Condensed Interim Financial Information (Un-Audited)

For the interim period ended December 31, 2017

	Half year ended		Second quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- Rupees in '000' -----			
14. TAXATION				
Current	(7,819)	(13,642)	(1,086)	(8,530)
Deferred				
- change in tax rates	-	3,076	-	3,076
- origination and reversal of temporary differences	3,194	3,058	1,597	3,058
	<u>3,194</u>	<u>6,134</u>	<u>1,597</u>	<u>6,134</u>
	<u>(4,625)</u>	<u>(7,508)</u>	<u>511</u>	<u>(2,396)</u>
15. LOSS PER SHARE - BASIC AND DILUTED				
Loss after taxation	<u>(54,855)</u>	<u>(64,647)</u>	<u>(73,568)</u>	<u>(79,357)</u>
	----- (Number in '000) -----			
Weighted average number of ordinary shares	<u>30,157</u>	<u>30,157</u>	<u>30,157</u>	<u>30,157</u>
	----- (Rupees) -----			
Loss per share - basic and diluted	<u>(1.82)</u>	<u>(2.14)</u>	<u>(2.44)</u>	<u>(2.63)</u>

15.1 There were no convertible dilutive potential ordinary shares in issue as at December 31, 2017 and December 31, 2016.

15.2 The number of shares as at December 31, 2017 have been adjusted for the effect of bonus shares issued subsequent to that date.

16. SEGMENT REPORTING

Due to the seasonal nature of business of the Company, higher revenues and operating profits are usually expected in first and last quarters of the year.

(a) Description of operating segments

The Company's primary format for segment reporting is based on business segments. The business segments are determined based on the Company's management and internal reporting structure. Segment results and other information is provided on the basis of products.

Notes to the Condensed Interim Financial Information (Un-Audited)

For the interim period ended December 31, 2017

(b) Segment Information

The operating information of the reportable business segments is as follows:

 INJECTION BLOWING TOTAL	
	Half year ended December 31, 2017	Second Quarter Ended December 31, 2017	Half year ended December 31, 2017	Second Quarter Ended December 31, 2017	Half year ended December 31, 2017	Half year ended December 31, 2016
Sales-net	282,957	287,779	67,537	80,991	470,632	400,475
Cost of sales	(283,642)	(282,001)	(91,000)	(98,660)	(419,436)	(364,566)
	(685)	5,778	(23,463)	(17,669)	51,196	35,909
Distribution cost	(9,266)	(11,618)	(2,723)	(4,447)	(15,411)	(16,167)
Administrative	(15,326)	(14,219)	(7,259)	(7,576)	(25,492)	(19,787)
	(24,592)	(25,837)	(9,982)	(12,023)	(40,903)	(35,954)
Operating loss	(25,277)	(20,059)	(33,445)	(29,692)	10,293	(45)
	December 31, 2017	June 30, 2017	December 31, 2017	June 30, 2017	December 31, 2017	June 30, 2017
Segment assets	459,621	718,685	430,552	301,659	890,173	1,020,344
Unallocated assets	-	-	-	-	748,771	685,912
	459,621	718,685	430,552	301,659	1,638,944	1,706,256
Segment liabilities	144,450	191,840	168,434	132,896	312,885	324,736
Unallocated liabilities	-	-	-	-	638,386	610,271
	144,450	191,840	168,434	132,896	951,271	935,007
Capital expenditure	7,462	22,184	8,385	28,656	15,847	50,840
Unallocated Capex	-	-	-	-	4,347	22,848
	7,462	22,184	8,385	28,656	20,194	73,688

Notes to the Condensed Interim Financial Information (Un-Audited)

For the interim period ended December 31, 2017

17. CASH AND CASH EQUIVALENTS

For the purposes of cash flow statement, cash and cash equivalents include cash in hand and in banks, net of outstanding bank overdrafts and short term investments. Cash and cash equivalents at the end of the reporting period as shown in the condensed interim cash flow statement are reconciled to the related items as follows:

	December 31, 2017	December 31, 2016
	----- Rupees in '000' -----	----- Rupees in '000' -----
Cash and bank balances	7,859	26,720
Short Term Investments	40,723	-
Short term borrowings	(335,494)	(300,255)
	<u>(286,912)</u>	<u>(273,535)</u>

18. TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

The related parties comprise of major shareholders, directors of the Company and key management personnel and staff/workers funds. Remuneration and benefits to executives of the company are in accordance with the terms of the employment while contribution to the provident fund and gratuity are in accordance with staff service rules. Details of transactions with related parties are as follows:

	Half year ended December 31, 2017	December 31, 2016
	----- Rupees in '000' -----	----- Rupees in '000' -----
Transactions during the period		
Contribution to staff provident fund	<u>1,651</u>	<u>3,576</u>
Outstanding balance as of the reporting date		
Payable to staff provident fund	<u>784</u>	<u>759</u>

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial risk management objectives and policies are consistent with that disclosed in the audited financial statements as at and for the year ended June 30, 2017.

20. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation.

21. DATE OF AUTHORIZATION

This condensed interim financial information has been authorized for issue on February 22, 2018 by the Board of Directors of the Company.

22. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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