

Manufacturers Of Quality PET Bottles and Preforms



Condensed Interim Financial Statements for the
Third Quarter & Nine Months Period Ended March 31, 2019 (Un-Audited)

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QUALITY

QUALITY IS OUR FORTÉ

The Key to our strength is
our **FOCUSED WORKING,**
COMMITMENT TO DELIVER BEST &
Never compromise on **QUALITY!**



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. Ahsan Jamil	Non-Executive Director
Mr. Asad Ali Sheikh	Non-Executive Director
Ms. Laila Jamil	Non-Executive Director

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER & COMPANY SECRETARY

Mr. Muhammed Ali Adil

BANKERS

Bank Al-Habib Limited	Bank of Khayber
JS Bank Limited	Pak Oman Investment Company Limited
Habib Bank Limited	Askari Bank Limited

AUDITORS

KPMG Taseer Hadi & Co.	Chartered Accountants
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SHARE REGISTRAR

M/s. THK Associates (Pvt.) Limited 1st Floor, 40-C, Block-6, P.E.C.H.S., Karachi 75400, Pakistan.	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
Tel: (0995) 617720 & 23, 617347
Fax: (0995) 617074, www.ecopack.com.pk

Directors' Report

The Board of Directors of EcoPack Limited is pleased to present the unaudited financial statements for the third quarter and 9-months period ended 31st March 2019:

OVERVIEW

The third quarter of the current financial year saw a further continuation in deterioration of the macro-economic factors in the economy which in turn sharply increased costs of manufacturing and supplies of goods for industry all round. On a YOY 9-month comparison with the same prior year period, the value of the Pak Rupee (PKR) declined by almost 22% against the US Dollar which had a pervasively adverse impact on almost all our manufacturing inputs. Consequently, PET resin prices increased on average by almost 35% - a function of rising crude oil prices and depreciation of the PKR; petroleum prices increased by nearly 21% causing a commensurate rise in freight costs & logistics; electricity tariff also increased by almost 10% over the same period last year. In addition to this, the basic denominator of the widely impacting bank interest rates witnessed a 449 BPS (approx. 69%) increase against the comparative 9-month period under review. In effect, the rampant inflationary spiral remained robust and upwards as the country's economic managers grappled with a struggling economy badly in need of clear direction and policy.

In this backdrop, your company is taking various steps necessary to rationalize costs and protect margins as we enter the crucial summer quarter of high Preform and bottle sales. We envisage strong sales with the newly enhanced Preform capacity getting the benefit of a full year's production to help mitigate the impact of cost increases through 'economies of scale' during the peak summer season. The large size PET bottle project which your company has successfully commenced is presently under import and is expected to start production in the later part of this financial quarter. The effect of the new product lines will mostly be demonstrated in the next financial year. This will improve our seasonality in sales as the new product range is used all year round by multiple & diverse industries in the country.

SALES & FINANCIAL HIGHLIGHTS

Sales revenue significantly increased by 55% from Rs. 1.6 billion to Rs. 2.5 billion during the first nine months period mainly due to increase in sales of Preforms by Rs. 792 million on account of the expansion in Preform capacity last year. Sales volume of Preforms increased by 76% as compared to the same period last year. Basic raw material (PET resin) price increased by approximately 35% which also contributed towards the increase in topline revenue. Gross profit decreased by 14% from Rs. 142 million to Rs. 121 million during the nine months period under review against the same period last year. Strong inflationary head-winds have impacted our costs and are the main reason for the decline in GP. Likewise, Operating profit decreased by Rs. 44 million from Rs. 71 million to Rs. 27 million against the same period last year.

Financial charges increased from Rs. 41 million to Rs. 74 million, an increase of Rs. 33 million due to long term lease finance obtained for capacity expansion last year. A significant increase in SBP

KIBOR rates by almost 449 BPS (69% higher as compared to the same period last year) also contributed significantly to this increase.

Pre-tax loss is recorded at Rs. 51 million against a pre-tax loss of Rs. 3 million in the corresponding period last year. However, Post-tax loss comes to Rs. 48 million against a post-tax loss of Rs. 18 million in the same period last year.

Loss per share (basic and diluted) for the first nine months period of FY 2019 is Rs. 1.38 per share against Re. 0.53 loss per share for the comparable period last year.

FUTURE OUTLOOK

Despite the financial losses incurred thus far due to the inexorable cost push, your company's management is confident in its strategy to reverse the losses and use every opportunity to get its share of the market demand this summer. Based on its recognized position as a reliable and consistent quality vendor to the Beverage and Bottled water customers, who increasingly rely on your company for their growing supply/chain arrangements throughout the year, our order book continues to grow steadily. Your management is reasonably optimistic to recover erstwhile losses and post profitable annual results as the summer season sales come to full bloom.

RISKS

While the electricity supply situation has significantly improved this year, the country's macro-economic situation along with regional uncertainty on the borders remains an ongoing concern for business morale. Gradually creeping higher crude oil prices also enhance the cost of raw materials and inputs as well as doing business in our sector of industry.

For & on behalf of the Board of Directors



Asad Ali Sheikh
Director



Hussain Jamil
Chief Executive Officer

Karachi
Dated: April 27, 2019

ڈائریکٹرز رپورٹ

ایکویک لیٹنڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2019 کو ختم ہونے والی تیسری سہ ماہی اور نو ماہی مدت کے لیے غیر آڈٹ شدہ مالیاتی گوشواروں کو مسرت کے ساتھ پیش کیا جاتا ہے:

جائزہ

موجودہ مالی سال کی تیسری سہ ماہی کے دوران معیشت کے بڑے عناصر میں متزلی کامزید تسلسل دیکھنے میں آیا جس کے نتیجے میں تمام طرح کی صنعتوں کے لیے پیداواری اور اشیاء کی ترسیلاتی لاگتوں میں تیزی سے اضافہ ہوا۔ گزشتہ سال کی اسی مدت کے نو ماہی تقابل سے پتہ چلتا ہے کہ امریکی ڈالر کی نسبت پاکستانی روپے میں تقریباً 22 فیصد کمی رونما ہوئی جس کا ہماری تقریباً تمام تر پیداواری لاگتوں پر شدید اثر پڑا۔ نتیجتاً PET Resin قیمتوں میں اوسطاً تقریباً 35 فیصد اضافہ ہوا جس کی بنیادی وجہ خام تیل کی بڑھتی ہوئی قیمتیں اور روپے کی قدر میں ہونے والی کمی بنی؛ پٹرولیم کی قیمتوں میں تقریباً 21 فیصد اضافہ ہوا جس سے کرایہ جات اور ترسیلاتی لاگتوں میں اضافہ ہوا؛ گزشتہ سال کی نسبت اسمال بجلی کی قیمت میں بھی دس فیصد اضافہ ہوا۔ اس کے علاوہ، زیر جائزہ نو ماہی مدت کے دوران گزشتہ اسی عرصے کی نسبت، بڑے پیمانے پر اثر انداز ہونے والے پینک کے سود کی شرح 449 بی پی ایس یعنی تقریباً 69 فیصد اضافہ دیکھنے میں آیا۔ افراط زر کی لہر میں شدت اور بڑھوتی رہی جبکہ ملکی معاشی ذمہ داران واضح سمت اور راہنمائی کی شدت سے متقاضی جدوجہد کرتی معیشت سے ہمدرد آزما ہوتے رہے۔

اس پس منظر میں، آپ کی کمپنی لاگتوں کو منطقی بنانے اور نفع کو یقینی بنانے کے لیے درکار متعدد ضروری اقدامات کر رہی ہے کیونکہ ہم Preforms اور Bottles کی زیادہ فروخت والی اہم گرمائی سہ ماہی میں داخل ہو رہے ہیں۔ Preforms کی نئی بہتر بنائی گئی صلاحیت کے ساتھ ہم زبردست فروخت کی توقع کر رہے ہیں اور یہ امید کر رہے ہیں کہ پورے سال کی پیداوار کا فائدہ حاصل ہو سکے گا جس سے زیادہ فروخت والے گرمائی موسم کے دوران زیادہ فروخت کی وجہ سے لاگت میں ہونے والے اضافے میں Economies of Scale کے باعث کمی لانے میں مدد ملے گی۔ آپ کی کمپنی نے بڑے ساز کی پیٹ بوتل بنانے والے جس منصوبے کا کامیابی سے آغاز کیا تھا، اس کے لیے مشینری وغیرہ درآمد ہو رہی ہے اور توقع ہے کہ یہ منصوبہ اس مالیاتی سہ ماہی کے آخر تک پیداوار شروع کر دے گا۔ نئی پیداواری لاگتوں کا زیادہ تر اثر اگلے مالی سال میں نظر آئے گا۔ اس سے ہر موسم میں ہماری فروخت میں بہتری آئے گی کیونکہ پراڈکٹ کی نئی اقسام کو ملک کی متعدد اور کثیر الجہت صنعتوں میں سال بھر استعمال کیا جاتا ہے۔

فروخت اور مالیات کے اہم نکات

پہلے نو ماہ کی مدت کے دوران سیکلز کے حجم میں واضح اضافہ ہوا جو کہ 1.6 بلین روپے سے بڑھ کر 2.5 بلین روپے تک جا پہنچا جس میں مجموعی طور پر 55 فیصد اضافہ دیکھنے میں آیا، اس کی بنیادی وجہ گزشتہ سال Preforms کی پیداواری صلاحیت میں وسعت کی وجہ سے Preforms کی سیکلز میں 792 بلین روپے کا اضافہ رہا۔ بنیادی خام مال یعنی PET Resin کی قیمت بھی تقریباً 35 فیصد بڑھی اور اس کی وجہ سے بھی آمدنی کے حجم میں اضافہ ہوا۔ گزشتہ سال کی اسی مدت کی نسبت زیر جائزہ نو ماہیوں کے دوران مجموعی نفع 142 بلین روپے سے کم ہو کر 121 بلین روپے یعنی 14 فیصد کم رہا۔ افراط زر کی شدت نے بھی ہماری لاگتوں کو متاثر کیا اور یہ ہمارے مجموعی نفع میں کمی کی بنیادی وجہ بنی۔ اسی طرح انتظامی نفع 71 بلین روپے سے گھٹ کر 44 بلین روپے رہا جو کہ گزشتہ سال اسی مدت کے دوران 27 بلین روپے کم رہا۔

مالیاتی اخراجات 41 بلین روپے سے بڑھ کر 74 بلین روپے یعنی 33 بلین روپے زیادہ ہوئے جس کی وجہ گزشتہ سال گنجائش میں اضافے کے لیے حاصل کردہ طویل المدتی قرض تھا۔ سٹیٹ بینک آف پاکستان کے KIBOR Rate میں تقریباً 449 بی پی ایس کے واضح اضافے نے (جو کہ گزشتہ سال اسی مدت کی نسبت 69 فیصد بلند تھا) بھی اس اضافے میں اپنا کردار ادا کیا۔ قبل از ٹیکس نقصان 51 بلین روپے رہا جبکہ گزشتہ سال کی اسی مدت کے دوران قبل از ٹیکس نقصان 3 بلین روپے تھا۔ تاہم بعد از ٹیکس نقصان 48 بلین روپے رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 18 بلین روپے تھا۔

مالی سال 2019 کی پہلی نو ماہی کے دوران فی شیئر نقصان 1.38 روپے رہا جو کہ گزشتہ سال کی اسی مدت کے دوران 0.53 روپے فی شیئر تھا۔

مستقبل کے امکانات

ناگزیر لاگتی دباؤ کی وجہ سے اب تک ہونے والی مالیاتی نقصانات کے باوجود آپ کی کمپنی کی انتظامیہ اپنی حکمت عملی کے متعلق پر اعتماد ہے کہ اس سے نقصانات کا ازالہ ہو گا اور اس موسم گرما میں مارکیٹ میں پیدا ہونے والی طلب میں سے اپنا حصہ حاصل کرنے کے لیے ہر موقع سے استفادہ کیا جائے گا۔ مشروبات اور بوتل بند پانی کے اپنے صارفین کے لیے اپنی سادھ اور مسلسل معیاری سپلائی کی اپنی مستند حیثیت کی بنیاد پر جو کہ سال بھر اپنی بڑھتی ہوئی ضروریات / سیلز کی ضرورت کو پورا کرنے کے لیے آپ کی کمپنی پر انحصار کرتے ہیں، ہماری رسد میں تسلسل سے اضافہ ہو رہا ہے۔ ان وجوہات کی بنا پر آپ کی انتظامیہ پُر امید ہے کہ موسم گرما کے عروج پر پیچھے کے ساتھ ہی اب تک کے ہونے والے نقصانات کا ازالہ ہو سکے گا اور سالانہ نفع آور نتائج حاصل ہو سکیں گے۔

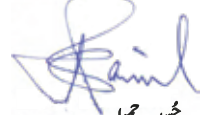
خطرات

اگرچہ اس سال بجلی کی فراہمی کی صورت حال میں کافی بہتری آئی ہے تاہم بڑے پیمانے پر ملک کی اقتصادی صورت حال اور سرحدوں پر غیر یقینی علاقائی صورت حال کاروباری سرگرمیوں کے لیے ہمہ وقت لمحہ فکر رہی۔ تدریج بلندی کی طرف ریگتی ہوئی خام تیل کی قیمتوں نے بھی خام مال کی لاگت اور دیگر امور کو بڑھانے کے ساتھ ساتھ ہمارے صنعتی شعبے میں کاروباری لاگت میں اضافہ کر دیا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے


اسد علی شیخ

ڈائریکٹر


حسین جمیل

چیف ایگزیکٹو آفیسر

کراچی، 27 اپریل 2019

Condensed Interim Statement of Financial Position (Un-Audited)

		Un-audited March 31, 2019	Audited June 30, 2018 (Restated)
----- Rupees in '000' -----			
ASSETS	Note		
Non-Current Assets			
Property, plant and equipment	4	1,142,947	1,184,186
Security deposits		32,372	31,909
Intangibles		7,013	7,402
		<u>1,182,332</u>	<u>1,223,497</u>
Current Assets			
Stores, spares and loose tools		60,588	58,673
Stock in trade	5	420,433	224,659
Trade debts		409,527	454,623
Loans and advances		75,379	61,510
Deposits, prepayments and other receivables		38,679	9,387
Taxation - net		125,746	118,394
Short term investments		22,500	-
Cash and bank balances		16,063	79,733
		<u>1,168,915</u>	<u>1,006,979</u>
Total assets		<u>2,351,247</u>	<u>2,230,476</u>
EQUITY AND LIABILITIES			
Share capital	6	346,809	301,573
Accumulated profit		301,371	413,621
Revaluation surplus on property and plant		150,410	161,552
		<u>798,590</u>	<u>876,746</u>
Non-Current Liabilities			
Long term liabilities		3,293	60,746
Liabilities against assets subject to finance lease	7	128,300	140,493
Deferred liabilities		247,039	243,992
		<u>378,632</u>	<u>445,231</u>
Current Liabilities			
Trade and other payables		150,825	297,596
Unclaimed dividend		2,527	1,302
Short term borrowings	8	884,073	484,941
Current portion of non-current liabilities		136,600	124,660
		<u>1,174,025</u>	<u>908,499</u>
Total equity and liabilities		<u>2,351,247</u>	<u>2,230,476</u>

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CONTINGENCIES AND COMMITMENTS

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 Chief Executive Officer


 Director

Condensed Interim Statement of Profit or Loss (Un-Audited)

For the nine-month and quarter ended March 31, 2019

		Nine-month ended		Three-month ended	
		March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Note		----- Rupees in '000' -----		----- Rupees in '000' -----	
Sales - net	10	2,478,545	1,603,640	1,078,346	850,051
Cost of sales	11	(2,357,147)	(1,461,883)	(958,221)	(742,870)
Gross profit		121,398	141,757	120,125	107,181
Administrative and general expenses		(94,084)	(70,178)	(29,954)	(20,618)
Profit from operations		27,314	71,579	90,171	86,563
Other income		12,100	21,896	6,723	9,781
Other expenses		(16,184)	(55,630)	(5,639)	(28,202)
		(4,084)	(33,734)	1,084	(18,421)
Financial charges		(73,852)	(40,881)	(31,262)	(20,948)
(Loss) / Profit before taxation		(50,622)	(3,036)	59,993	47,194
Taxation		2,623	(15,502)	(25,476)	(10,877)
(Loss) / Profit after taxation		(47,999)	(18,538)	34,517	36,317
Earnings per share - basic and diluted (Rupees)	12	(1.38)	(0.53)	1.00	1.05

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

Condensed Interim Statement of other Comprehensive Income (Un-Audited)

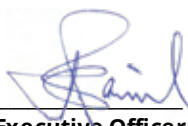
For the nine-month and quarter ended March 31, 2019

	Nine-month ended		Three-month ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	----- Rupees in '000' -----		----- Rupees in '000' -----	
(Loss) / Profit after taxation	(47,999)	(18,538)	34,517	36,317
Other Comprehensive Income for the period	-	-	-	-
Total comprehensive income for the period	<u>(47,999)</u>	<u>(18,538)</u>	<u>34,517</u>	<u>36,317</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



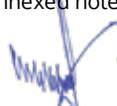
Director

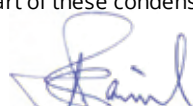
Condensed Interim Statement of Changes in Equity (Un-Audited)

For the nine-month and quarter ended March 31, 2019

	Share Capital	Revaluation surplus on Property & Plant	Revenue Reserve-Accumulated Profit	Total Equity
	(Rupees in '000')			
Balance as at July 1, 2017	287,212	175,887	308,150	771,249
Total comprehensive income for the period				
- Loss after taxation for the period	-	-	(18,538)	(18,538)
- Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(18,538)	(18,538)
Transfer of incremental depreciation - net of deferred tax	-	(11,177)	11,177	-
	287,212	164,710	300,789	752,711
Transaction with members recorded directly in equity				
- Issuance of bonus shares @ 5%	14,361	-	(14,361)	-
- Cash dividend @ 10% for the year ended June 30, 2017	-	-	(28,721)	(28,721)
Total distribution to members	14,361	-	(43,082)	(28,721)
Restated balance as at March 31, 2018	301,573	164,710	257,707	723,990
Balance as at July 1, 2018, as previously reported	301,573	161,552	407,360	870,485
Effect of restatement - note 17	-	-	6,261	6,261
Restated Balance as at July 1, 2018	301,573	161,552	413,621	876,746
Total comprehensive income for the period				
- Loss after taxation for the period	-	-	(47,999)	(47,999)
- Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(47,999)	(47,999)
Comprehensive income for the period transferred to equity				
Transfer of incremental depreciation to retained earnings	-	(11,142)	11,142	-
	301,573	150,410	376,764	828,747
Transaction with members recorded directly in equity				
- Issuance of bonus shares @ 15%	45,236	-	(45,236)	-
- Cash dividend @ 10% for the year ended June 30, 2018	-	-	(30,157)	(30,157)
	45,236	-	(75,393)	(30,157)
Balance as at March 31, 2019	346,809	150,410	301,371	798,590

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.


 Chief Financial Officer


 Chief Executive Officer


 Director

Condensed Interim Statement of Cash Flows (Un-Audited)

For the nine-month period ended March 31, 2019

	March 31, 2019	March 31, 2018
	Rupees in '000'	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(50,622)	(3,036)
Adjustment for non-cash charges and other items:		
Depreciation and amortization	88,474	84,002
Gain on disposal of property, plant and equipment	(198)	(554)
Provision for Workers' Profits Participation Fund	-	6,349
Provision for slow moving stocks	-	33,624
Provision for gratuity	11,515	11,882
Finance cost	73,852	40,881
	123,020	173,148
<i>Working capital changes</i>		
Increase in stores & spares	(1,915)	(4,654)
Increase in stock in trade	(195,774)	(72,404)
Decrease/ (increase) in trade debts	45,096	(346,852)
Decrease/ (increase) in loans and advances	(13,869)	8,318
Increase in deposits, prepayments and other receivables	(29,292)	(40,078)
(Decrease)/ increase in trade and other payables	(134,770)	91,506
	(330,524)	(364,164)
<i>Cash generated from operations</i>	(207,504)	(191,016)
Finance cost paid	(76,844)	(39,748)
Gratuity paid	(237)	(380)
Workers' Profit Participation Fund paid	(7,285)	(8,139)
Workers' Welfare Fund paid	(4,713)	(3,036)
Taxes paid	(7,552)	(40,823)
Increase in long term security deposits	(463)	(49,492)
Net cash generated from operating activities	(304,597)	(332,634)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(50,915)	(486,629)
Proceeds from disposal of property, plant and equipment	3,878	794
Additions in intangible assets	-	(3,215)
Net cash used in investing activities	(47,037)	(489,050)
CASH FLOWS FROM FINANCING ACTIVITIES		
Leases acquired during the year	13,530	369,337
Principal repayment of lease obligations	(21,795)	(5,118)
Long term loans obtained	-	7,491
Dividend paid	(28,932)	(28,721)
Repayment of long term loans	(51,471)	(65,224)
Net cash used in financing activities	(88,668)	277,765
Net decrease in cash and cash equivalents	(440,302)	(543,919)
Cash and cash equivalents at the beginning of the period	(405,208)	(182,956)
Cash and cash equivalents at the end of the period	(845,510)	(726,875)

13

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

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

For the nine-month and quarter ended March 31, 2019

1. STATUS AND NATURE OF BUSINESS

Ecopack Limited (the Company) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and is listed on Pakistan Stock Exchange Limited. 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

These condensed interim financial statements ("interim financial statements") have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The disclosures in the interim financial statements do not include the information reported for full audited annual financial statements and should therefore be read in conjunction with the audited annual financial statements for the year ended June 30, 2018. Comparative statement of financial position is extracted from audited annual financial statements as of June 30, 2018 whereas comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are stated from un-audited condensed interim financial statements for the nine months period ended March 31, 2018.

These interim financial statements are un-audited and is being submitted to the members as required under Section 237 of the Companies Act, 2017 and the listing regulations of Pakistan Stock Exchange.

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

For the nine-month and quarter ended March 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

3.1 The accounting policies, significant judgments made in the application of accounting policies, key sources of estimations, the methods of computation adopted in preparation of these interim financial statements and financial risk management policy are the same as those applied in preparation of audited annual financial statements for the year ended June 30, 2018 except for the changes as indicated below:

3.1.1 IFRS 15 Revenue from Contracts with Customers

The IASB issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15") in May 2014. This IFRS replaces IAS 18 Revenue, IAS 11 Construction Contracts and other revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework which requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive when control is transferred to the purchaser. IFRS 15 became applicable to the Company on July 1, 2018 and the Company used the retrospective method to adopt the standard. Under this method cumulative effect of applying the new standard is recognized at the start of the earliest period presented. The Company has reviewed its revenue streams i.e. sale of PET preforms and PET bottles and underlying contracts with customers and, as result of this review, the adoption of IFRS 15 did not have an impact on the Company's statement of profit or loss, statement of comprehensive income and financial position except for reclassification of carriage outward from distribution expenses to cost of sales as detailed in note 18. The Company has expanded the disclosure of note 10 to its interim financial statements as prescribed by IFRS 15 by disclosing the Company's disaggregated revenue streams.

ACCOUNTING POLICY

Customers obtain control of PET preforms and PET bottles when the goods are delivered to and have been accepted at their premises. Invoices are generated and revenue is recognised at that point in time. Invoices are usually payable within 15-30 days. Generally for such sales, the customer has no right of return. The Company does not have any obligations for return of PET preforms and PET bottles and no material discounts are provided for these products.

3.1.2 Liabilities against assets subject to finance lease

Previously, Company's commercial ljarah facility was accounted for in the financial statements as finance lease. This has now been accounted for as per the require-

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

For the nine-month and quarter ended March 31, 2019

ments of Islamic Financial Accounting Standard (IFAS 2 Ijarah). Furthermore, down payments relating to leased assets were previously presented as "long term deposits" in the statement of financial position which should have been adjusted against "Liabilities against assets subject to finance lease" as per the requirements of IAS 17 "Leases".

Effect of above changes has been applied retrospectively in accordance with the requirement of IAS 8, "Accounting policies, change in accounting estimates and errors". Refer note 18 for details of effect on "statement of financial position" as of June 30, 2018.

Accounting policy

Assets held under Ijarah lease agreements are classified as operating leases and are not recognized in the Company's statement of financial position. Rentals payable under Ijarah lease agreements are charged to "statement of profit or loss" on a straight line basis over the term of the Ijarah lease agreements.

3.2 The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 1, 2019 or period / year ending June 30, 2019:

- IFRS 16 Leases (effective January 01, 2019)
- IFRS 9 Financial Instruments (effective period / year ending June 30, 2019)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective January 01, 2019)
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (effective January 01, 2019)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (effective January 01, 2019)
- Amendment to IAS 28 Investments in Associates and Joint Ventures' - Long Term interests in Associates and Joint Ventures (effective January 01, 2019)
- Amendments to IFRS 3 Business Combinations (effective January 01, 2020)
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective January 01, 2020)

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

For the nine-month and quarter ended March 31, 2019

Annual improvements to IFRS Standards 2015 - 2017 cycle:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement (effective January 01, 2019)
- Amendments to IAS 12 Income Taxes (effective January 01, 2019)
- Amendments to IAS 23 Borrowing Costs (effective January 01, 2019)

The above amendments are not likely to have an impact on the Company's financial statements except for "IFRS 16 Leases", "IFRS 9 Financial Instruments" and "IFRIC 23 Uncertainty over income tax treatments" for which the Company is currently in the process of analyzing the potential impact of adoption of these standards and interpretation.

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

For the nine-month and and quarter ended March 31, 2019

	Note	March 31, 2019	Audited June 30, Restated
(Rupees in '000')			
4. PROPERTY, PLANT AND EQUIPMENT			
Carrying amount as at beginning of period		1,168,298	989,248
Additions during the period		41,454	322,596
Written down value of assets disposed		(3,680)	(28,162)
Depreciation charge for the period		(88,474)	(115,384)
Operating assets		1,117,598	1,168,298
Capital work in progress		4,317	
Capital machines' spares		21,032	15,888
Carrying amount as at end of period		1,142,947	1,184,186
5. STOCK IN TRADE			
Raw material		39,761	62,229
Packing material		14,183	14,418
Work in process		218,519	132,514
Finished goods		149,832	51,048
		422,295	260,209
Provision for obsolete stocks		(1,862)	(35,550)
		420,433	224,659
6. SHARE CAPITAL			
Authorized capital			
50,000,000 (2018: 50,000,000) ordinary shares of Rs.10/- each		500,000	500,000
Issued, subscribed and paid up share capital			
10,262,664 (June 2018: 10,262,664) ordinary shares of Rs. 10/- each issued against cash		102,627	102,627
24,418,237 (June 2018: 19,894,607) ordinary shares of Rs. 10/- each issued as bonus shares	6.1	244,182	198,946
		346,809	301,573
6.1 During the nine-month period ended March 31, 2019, the Company issued 4,523,590 bonus shares (June 30, 2018: 1,436,060 shares).			
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
		March 31, 2019	Audited June 30, 2018
(Rupees in '000')			
Balance at beginning of period		171,030	11,262
Leases obtained during the period / year		13,530	186,395
Payments made during the period / year		(21,795)	(26,627)
		162,765	171,030
Less: Current portion shown under current liabilities		(34,465)	(30,537)
		128,300	140,493

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

For the nine-month and quarter ended March 31, 2019

8. SHORT TERM BORROWINGS - secured

Short-term running finance and other facilities are obtained under mark-up arrangements from various commercial banks carrying mark-up ranging from 8.43% to 12.05% (June 2018: 7.64% to 8.61%) 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 guarantee of one original founder / sponsor Director of the Company.

9. CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

No contingencies existed at the date of statement of financial position (June 2018: Nil).

9.2 Commitments

Inland letter of credits in respect of procurement of PET

March 31, 2019	Audited June 30, 2018
(Rupees in '000')	
	Restated

Rentals under Ijara agreement

61,659	141,850
160,922	190,758

10. SALES

Sales

- Preforms
- Bottles

Nine-month ended		Three-month ended	
March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
----- Rupees in '000' -----			
1,692,519	768,820	677,064	437,730
1,205,653	1,108,937	584,934	557,396
2,898,172	1,877,757	1,261,998	995,126
Sales tax			
(243,164)	(111,788)	(98,311)	(63,657)
(175,087)	(161,041)	(84,931)	(80,963)
(418,251)	(272,829)	(183,242)	(144,619)
(1,376)	(1,288)	(410)	(456)
2,478,545	1,603,640	1,078,346	850,051

Discounts - bottles

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

	Nine-month ended		Three-month ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
	----- Rupees in '000' -----			
	Restated			Restated
11. COST OF SALES				
Raw material consumed	1,901,374	1,015,857	864,401	511,675
Packing material consumed	80,071	64,551	40,853	33,020
Salaries, wages and other benefits	149,472	132,174	55,789	50,838
Electricity, gas and water	154,498	129,790	61,502	57,655
Stores consumed	42,476	49,821	30,112	31,019
Traveling and conveyance	14,034	10,688	4,597	3,945
Rent, rate and taxes	52,679	18,789	17,528	9,056
Repair and maintenance	6,673	7,166	2,134	2,536
Communication charges	1,840	1,367	692	395
Printing, postage and stationery	1,714	1,231	731	369
Entertainment	1,097	1,037	410	643
Medical expense	4,557	3,395	1,429	1,242
Insurance	3,522	3,222	1,172	934
Subscription & professional charges	2,034	695	619	388
Freight and logistics charges	7,935	4,928	3,744	2,871
Vehicle repair and maintenance	8,145	5,123	3,190	2,278
Lab testing	471	633	136	109
Staff welfare and support	1,714	224	521	-
Depreciation	82,279	79,362	25,875	26,664
Miscellaneous	105	104	18	32
	2,516,689	1,530,157	1,115,452	735,669
Work-in-process - opening	132,514	63,558	166,643	167,437
Work-in-process - closing	(218,519)	(93,311)	(218,519)	(93,311)
	(86,005)	(29,753)	(51,876)	74,126
Cost of goods manufactured	2,430,684	1,500,404	1,063,576	809,795
Finished goods - opening	51,048	70,533	34,542	58,064
Finished goods - closing	(149,832)	(139,518)	(149,832)	(139,518)
	(98,784)	(68,985)	(115,290)	(81,454)
Carriage outward	25,247	30,464	9,935	14,529
Cost of sales	2,357,147	1,461,883	958,221	742,870
12. EARNINGS PER SHARE - basic and diluted				
(Loss)/ Profit after taxation (Rupees in '000')	(48,999)	(18,539)	34,517	36,317
Weighted average number of shares (number)	34,680,900	34,680,900	34,680,900	34,680,900
Earnings per share - basic and diluted (Rupees)	(1.38)	(0.53)	1.00	1.05

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

12.1 The number of shares for the prior period has also been adjusted for the effect of bonus shares issued during the current period.

12.2 There is no dilution effect on the basic earnings per share of the Company as the Company has no convertible dilutive potential ordinary shares outstanding on March 31, 2019, which would have effect on the basic EPS if the option to convert would have been exercised.

	March 31, 2019	March 31, 2018
	----- Rupees in '000' -----	
13. CASH AND CASH EQUIVALENTS		
Cash and bank balances	16,063	95,407
Short term investments	22,500	-
Short term borrowings	(884,073)	(822,282)
	<u>(845,510)</u>	<u>(726,875)</u>

14. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of associates, key management personnel of the Company and directors and their close family members and major shareholders of the Company. Transactions with related parties are on arm's length basis. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment. Transactions with related parties during the period, other than those disclosed elsewhere in these interim financial statements, are as follows:

	March 31, 2019	March 31, 2018
	----- Rupees in '000' -----	
Transactions during the Period		
Contribution to staff provident fund	2,826	4,898
Remuneration to key management personnel	39,404	33,065
Bonus shared issued	45,236	14,361
Final dividend paid	28,932	28,721
Payable / Receivable as on date of statement of financial position with:		
Employees' provident fund trust	686	565
Payable to Chief Executive	1,420	-

15. SEASONALITY

The Company's major customers are manufacturers of cold beverages, sales of which decrease in winter season. This ultimately impacts Company's sales. Due to the seasonal nature of business of the Company, higher revenues and profitability are usually expected in first and last quarters of the year.

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

For the nine-month and quarter ended March 31, 2019

16. OPERATING SEGMENTS**(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.

(b) Segment Information

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

	INJECTION (PREFORMS)			BLOWING (BOTTLES)						TOTAL	
	For the nine-month ended			For the nine-month ended			For the three-month ended			For the nine-months ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2018
----- (Rupees in '000) -----											
Sales-net	1,449,355	657,031	578,753	374,074	1,029,190	946,609	499,593	475,977	2,478,545	1,603,640	
Cost of sales	(1,379,592)	(591,080)	(517,015)	(307,438)	(977,555)	(870,803)	(441,206)	(420,903)	(2,357,147)	(1,461,883)	
Gross profit / (loss)	69,763	65,951	61,738	66,636	51,635	75,806	58,387	55,074	121,398	141,757	
Administrative and general expenses	(55,017)	(41,234)	(17,516)	(16,642)	(39,067)	(28,944)	(12,438)	(18,505)	(94,084)	(70,178)	
Profit from operations	14,747	24,717	44,222	49,994	12,567	46,862	45,949	36,569	27,314	71,579	
<hr/>											
March 31, 2019			June 30, 2018			March 31, 2019			June 30, 2018		
Segment assets	1,013,216	998,374			835,672	521,688			1,848,888	1,520,062	
Unallocated assets	-	-			-	-			502,359	710,414	
	1,013,216	998,374			835,672	521,688			2,351,247	2,230,476	
Segment liabilities	512,850	366,764			478,355	193,264			991,205	560,028	
Unallocated liabilities	-	-			-	-			561,452	793,702	
	512,850	366,764			478,355	193,264			1,552,657	1,353,730	
Capital expenditure	32,255	277,863			6,172	29,340			38,427	307,203	
Unallocated capital expenditure	-	-			-	-			3,027	15,393	
	32,255	277,863			6,172	29,340			41,454	322,596	

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

17. COMPARATIVE FIGURES

Following comparatives have been restated / reclassified as detailed in respective notes.

	Note	As previously reported	Effect of Restatement / Reclassification	Balance as restated
			----- (Rupees in '000') -----	
17.1. Correction of errors				
Statement of financial position				
June 30, 2018				
Liabilities against assets subject to finance lease	3.1.2	308,550	(168,057)	140,493
Property, plant and equipment	3.1.2	1,362,572	(178,386)	1,184,186
Long-term security deposits	3.1.2	55,849	(23,939)	31,910
Taxation - net	3.1.2	111,248	7,146	118,394
Deferred liabilities	3.1.2	236,580	7,412	243,992
Accumulated profit	3.1.2	407,360	6,261	413,621
Accrued mark up	3.1.2	13,774	(13,774)	-
Short-term borrowings	3.1.2	479,481	5,460	484,941
Current portion of non-current liabilities	3.1.2	157,141	(32,481)	124,660

17.2.

Statement of Profit or loss

For the period ended March 31, 2018

Cost of sales	3.1.1	1,431,419	30,464	1,461,883
Distribution expenses	3.1.1	40,388	(40,388)	-
Administrative expenses	3.1.1	60,254	(60,254)	-
Administrative & general expenses	3.1.1	-	70,178	70,178
Gross profit	3.1.1	172,221	(30,464)	141,757
Loss before taxation	3.1.1	(3,036)	-	(3,036)

18. DATE OF AUTHORIZATION

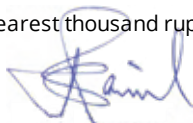
These condensed interim financial statements has been authorized for issue on April 27, 2019 by the Board of Directors of the Company.

19. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Financial Officer



Chief Executive Officer



Director

Manufacturers Of Quality PET Bottles and Preforms



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