

Manufacturers Of Quality PET Bottles and Preforms

Ec  **Pack Ltd**

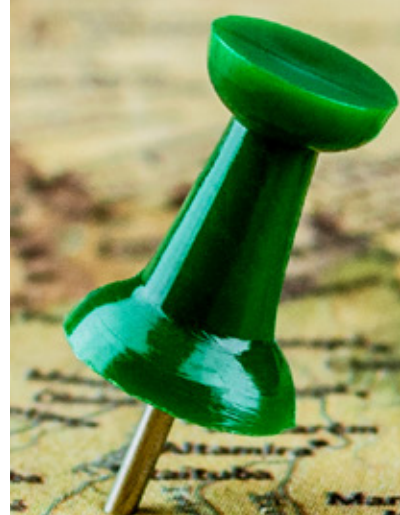


Condensed Interim Financial Statements

for the first quarter ended September 30, 2019 [Un-Audited]

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Quality is
Our Forté

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. Ahsan Jamil	Non-Executive Director
Mr. Ali Jamil	Non-Executive Director
Mr. Asad Ali Sheikh	Non-Executive Director
Mr. Shahan Ali Jamil	Non-Executive Director
Mrs. Sonya Jamil	Non-Executive Director

AUDIT COMMITTEE

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Muhammed Ali Adil

COMPANY SECRETARY

Mr. Awais Imdad

BANKERS

Bank Al-Habib Limited	Habib Bank Limited
JS Bank Limited	Bank of Khyber
Askari Bank Limited	Pak Oman Investment Company 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 Directors' Report and the unaudited financial statements of the Company for the quarter ended 30th September 2019:

OVERVIEW

The macro-economic situation of the country continued to slow down into the first quarter of the new financial year driven by a host of measures introduced by the government to markedly reduce the current account deficit (CAD) and improve the balance of payments problems. While SBP inflation was recorded at a high of 11.4% in the last 12 months to September 2019, some signs of stability were visible with considerable improvement in the CAD and a small reversal in the fast depreciating PKR value against the USD/other hard currencies. However, all this came at a cost – sharp erosion of consumer confidence & spending and a significant reduction of demand for consumer durables as well as items of daily consumption. With soft-drinks being a relatively low priority on the essential family shopping list, a double digit reduction in demand was reported for beverage sales nationally.

Thus your company's sales were also adversely impacted with declining volumes QoQ, as was its profitability due to a partial cost pass through only, as brand owners and retailers struggled with prices in view of lower real disposable income of consumers. The impact of inflation on just two cost heads of the company (i) Electricity rates/tariff was increased on one pretext or the other (Rs. 3 per unit PM Relief was withdrawn, Rs 1.80 per unit increase for 15 months for reducing Circular Debt plus Re. 0.78 per unit increased due to tariff rate) by a total rate of Rs. 5.58/unit i.e., total rate of Rs. 18.16/unit versus Rs. 12.58/unit – total of 44% this quarter (ii) the change in the 'truck axle/cargo regime' this quarter has increased the "inward freight" on transportation of PET resin from Karachi to Hattar factory by almost 45%. Your management is aligned with its customer base to make the necessary adjustments to mitigate its impact effectively.

The Large Bottle Project which was successfully commissioned in late June 2019 will now be producing profitably as our order book has been growing well. This is good for ameliorating the winter seasonality of your company's business as Cooking Oil and Bulk Container water sales continue all year round. Both product range and customer diversification is being achieved for the greater financial stability of your company.

SALES & FINANCIAL HIGHLIGHTS

Owing to the general economic slowdown prevailing in the country, sales revenue decreased by 29% from Rs. 1.1 billion in Q1FY 2019 to Rs. 781 million during the first quarter under review. Preforms sales units decreased by 38% while Bottles sales unit decreased by 7% QoQ. Basic raw material (PET resin) price decreased by approximately 7% which also contributed to the decrease in topline revenue. Gross profit (GP) decreased by 57% from Rs. 60.1 million to Rs. 25.8 million during the first quarter of FY 2020 against the same period last year. Strong inflationary head-winds have severely impacted our costs and are the main reason for the decline in GP. Likewise, Operating Profit decreased by Rs. 35.5 million from an Operating Profit of Rs. 31.3 million to Operating Loss of Rs. 4.2 million QoQ.

Financial charges increased from Rs. 27.5 million to Rs. 37.8 million, an increase of Rs. 10.3 million QoQ due to long term loans obtained for enhancing Preform production capacity & for implementing the large bottles project. A significant increase in SBP LIBOR rates by almost 553 BPS (66% higher as compared to the same quarter last year) also contributed significantly to this increase.

Pre-tax loss is recorded at Rs. 41.2 million against a pre-tax loss of Rs. 2.1 million in the corresponding period last year. However, Post-tax loss comes to Rs. 29.7 million against a post-tax loss of Rs. 14.5 million in the same period last year.

Loss per share (basic and diluted) for the first quarter ended September 30, 2019 is Re. 0.86 per share against Re. 0.42 loss per share for the comparable period last year.

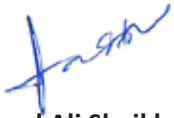
FUTURE OUTLOOK

While your company is faced with many challenges in this high inflationary and high interest environment, your company's management is striving to cut costs and enhance revenue for a better bottom line wherever possible. As growth rate in the soft-drinks market slows down, there may be a tough struggle for enhancing our market share with our competitive vendors. However, our consistently good product quality and recognized service delivery puts your company in the forefront to pick up supply orders from the top quality conscious customers in the beverage market and retain our spot as the 'preferred vendor' to the industry. With the recent investments made for enhancing production capacity in both Bottles and Preforms, your company is well poised to achieve significant growth as the market absorbs the recent price hikes and settles for upward growth to quench the thirst of a rising young demographic population.

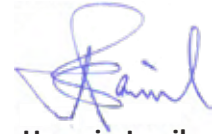
A softening Crude Oil supply side internationally due to lower demand, on account of the ensuing trade wars, is widely expected to bring down the cost of PET resin and transportation costs significantly. This will also help Pakistan's macro-economic and balance of payments as pressure on our import bill reduces. The resulting probability of lower interest charges predicated on containing core inflation, will provide the much anticipated relief to businesses and consumers across the economic landscape.

Your Company's management remains vigilant on all fronts to derive benefit for all stakeholders in the remaining months of this financial year.

For and on behalf of the Board of Directors of EcoPack Ltd.



Asad Ali Sheikh
Director



Hussain Jamil
Chief Executive Officer

Hattar
October 26, 2019

Note : Annexure "A" is hereby enclosed for the disclosure of other information

“ANNEXURE A” TO THE DIRECTORS’ REPORT

1. The total number of Directors are seven as per the following:

- a. Male : 06
- b. Female : 01

2. The composition of Board is as follows:

a) Independent Directors

- (1) Mr. Amar Zafar Khan
- (2) Mr. Asad Ali Sheikh

b) Non-executive Directors

- (1) Mr. Ahsan Jamil
- (2) Mr. Ali Jamil
- (3) Mr. Shahan Ali Jamil

c) Executive Directors

Mr. Hussain Jamil

d) Female Director

Mrs. Sonya Jamil

3. The Board has formed committees comprising of members given below:

a) Audit Committee

- | | | |
|--------------------------|---|----------|
| (1) Mr. Asad Ali Sheikh | - | Chairman |
| (2) Mr. Amar Zafar Khan | - | Member |
| (3) Mr. Ahsan Jamil | - | Member |
| (4) Mr. Shahan Ali Jamil | - | Member |

b) Human Resource and Remuneration (HR & R) Committee

- | | | |
|-------------------------|---|----------|
| (1) Mr. Amar Zafar Khan | - | Chairman |
| (2) Mr. Hussain Jamil | - | Member |
| (3) Mr. Asad Ali Sheikh | - | Member |
| (4) Mr. Ali Jamil | - | Member |
| (5) Mr. Ahsan Jamil | - | Member |

4. Board has approved the Remuneration Policy of Directors, significant features are as follows:

- The Board of Directors (“BOD”) shall, from time to time, determine and approve the remuneration of the members of the BOD for attending Board Meetings. Such level of remuneration shall be appropriate and commensurate with the level of responsibility and expertise offered by the members of the BOD, and shall be aimed at attracting and retaining members needed to govern the Company successfully, and creating value addition.
- No single member of the BOD shall determine his/her own remuneration.

For & on behalf of the Board of Directors



ASAD ALI SHEIKH
DIRECTOR



HUSSAIN JAMIL
CHIEF EXECUTIVE OFFICER

Hattar
October 26, 2019

ڈائریکٹرز رپورٹ

لیکو پیک لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے نہایت مسرت کے ساتھ 30 ستمبر 2019 کو ختم ہونے والی سہ ماہی کے متعلق ڈائریکٹرز رپورٹ اور غیر آڈٹ شدہ مالیاتی گوشواروں کو پیش کیا جا رہا ہے:

جائزہ

نئے مالی سال کی پہلی سہ ماہی کے دوران ملکی میکرو اکنامک صورتحال میں آہستگی جاری رہی جس کی وجہ کرنٹ اکاؤنٹ خسارے میں کمی لانے اور ادائیگیوں کے توازن کو بہتر بنانے کے لیے متعارف کروائے گئے حکومتی اقدامات تھے۔ جبکہ اسٹیٹ بینک آف پاکستان کی جانب سے ستمبر 2019 تک گذشتہ 12 مہینوں کے دوران افراط زر کو 11.4% کی بلند سطح تک ریکارڈ کیا گیا، استحکام کی چند علامات کرنٹ اکاؤنٹ خسارے میں نمایاں بہتری اور قدر میں تیزی سے کمی کے شکار پاکستانی روپے کی امریکی ڈالر کی نسبت معمولی واپسی کے ساتھ واضح تھیں۔ تاہم ان تمام کی ایک قیمت ادا کرنی پڑی جو کہ صارف کے اعتماد اور خرچ کی سکت میں نمایاں کمی اور صارفین کی ضروریات اور روزمرہ اشیاء کی کھپت کے لیے طلب میں واضح کمی کی صورت میں تھی۔ گھریلو ضروریات کی اشیاء کی فہرست میں مشروبات کے نسبتاً کم ترجیحی درجے پر ہونے کی وجہ سے ملکی سطح پر مشروبات کی فروخت میں دوہرے ہندسوں میں کمی رپورٹ ہوئی۔

لہذا آپ کی کمپنی کی فروخت سہ ماہی بہ سہ ماہی ختم میں کمی ہونے کی وجہ سے بری طرح متاثر ہوئی اور اسی طرح نفع پر اثر پڑا کیونکہ برانڈ مالکان اور خوردہ فروش صارفین کی حقیقی طور پر کم آمدن کے پیش نظر قیمتوں پر جدوجہد کرتے رہے اور لاگت کا جزوی حصہ ہی آگے منتقل کیا گیا۔ کمپنی کی صرف دو مدوں میں افراط زر کا اثر یہ تھا (i) بجلی کی قیمتوں میں مختلف وجوہات کی بناء پر اضافہ ہوا، تین روپے فی یونٹ کا وزیراعظم ریلیف واپس لے لیا گیا، گردشی قرضوں کو کم کرنے کی خاطر 15 مہینوں کے لیے فی یونٹ 1.80 روپے کا اضافہ ہوا اور ٹیف ریٹ کی وجہ سے 0.78 روپے فی یونٹ مزید اضافہ ہوا اور اس طرح مجموعی طور پر 5.58 روپے فی یونٹ کا اضافہ ہوا جس کی وجہ سے بجلی کی فی یونٹ قیمت 12.58 سے بڑھ کر 18.16 روپے ہو گئی مجموعی طور پر اس سہ ماہی میں مجموعی طور پر 44% اضافہ ہوا۔ (ii) ٹرک انگیل / کارگو قوانین میں اس سہ ماہی کے دوران تبدیلی کی وجہ سے کراچی سے حطار فیکٹری تک اندرون ملک ترسیل کے اخراجات میں تقریباً 45% کا اضافہ ہوا۔ آپ کی کمپنی انتظامیہ ان عناصر کے اثرات کی تحقیق کے لیے اپنے صارفین کے ساتھ منسلک ہے۔

بڑی بوتلوں کا منصوبہ جو کہ جون 2019 میں کامیابی سے لگایا گیا تھا، اب نفع دینا شروع کر دے گا کیونکہ ہماری آرڈر بک میں بھی اضافہ ہو رہا ہے۔ یہ آپ کی کمپنی کے لیے موسم سرما میں کمائی کو بہتر بنانے کے لیے اچھا ہے کیونکہ پکانے کے تیل اور بڑی پیکنگ میں پانی کی فروخت سارا سال جاری رہتی ہے۔ آپ کی کمپنی کے لیے زیادہ مالی استحکام کے حصول کے پیش نظر مصنوعاتی اقسام اور صارفین کی کثیر الجہتی کے لیے کوشش کی جا رہی ہے۔

فروخت اور مالیات کے اہم نکات

ملک میں جاری مجموعی معاشی سست روی کی وجہ سے فروخت کے حجم میں 29% کمی ہوئی جو کہ مالی سال 2019 کی پہلی سہ ماہی میں 1.1 بلین روپے سے کم ہو کر زیر جائزہ سہ ماہی کے دوران 781 ملین روپے رہا۔ Preform کی فروخت کی اکائیوں میں بھی 38% کمی ہوئی جبکہ سہ ماہی بہ سہ ماہی بوتلوں کی فروخت میں 7% کمی ہوئی۔ بنادی خام مال PET Resin کی قیمت بھی تقریباً 7% کم ہوئی جس کی وجہ سے بھی ٹاپ لائن آمدن میں کمی واقع ہوئی۔ مالی سال 2020 کی پہلی سہ ماہی کے دوران مجموعی منافع گذشتہ سال کی اسی مدت کے دوران ہونے والے 60.1 ملین روپوں سے 57% گھٹ کر 25.8 ملین روپے رہا۔ افراط زر کی تندوتیز ہواؤں نے ہماری لاگوں پر شدید اثرات مرتب کئے اور یہ مجموعی نفع میں کمی کی بنیادی وجہ بنیں۔ اسی طرح آپریٹنگ نفع میں 35.5 ملین روپے کی کمی ہوئی جو پچھلے سال کی اسی سہ ماہی کے 31.3 ملین روپے سے کم ہو کر 4.2 ملین روپے کے آپریٹنگ نقصان کا باعث بنا۔

مالیاتی اخراجات 27.5 ملین روپے سے بڑھ کر 37.8 ملین روپے رہے یعنی سہ ماہی بہ سہ ماہی 10.3 ملین روپے کا اضافہ ہوا جس کی وجہ پرفارم کی پیداواری گنجائش میں اضافے اور بڑی بوتلوں کے منصوبے پر عمل کے لیے حاصل کردہ طویل المدت قرضے تھے۔ اسٹیٹ بینک آف پاکستان KIBOR Rates میں تقریباً BPS 553 کے نمایاں اضافے (جو کہ گذشتہ سال اسی سہ ماہی کے مقابلے میں 66% زیادہ ہے) نے بھی اس اضافے میں بڑا حصہ ڈالا۔

قبل از ٹیکس نقصان 41.2 ملین روپے رہا جو کہ گذشتہ سال اسی مدت کے دوران 2.1 ملین روپے تھا۔ تاہم بعد از ٹیکس نقصان 29.7 ملین روپے رہا جو کہ گذشتہ سال اسی مدت کے دوران 14.5 ملین روپے تھا۔

30 ستمبر 2019 کو ختم ہونے والی پہلی سہ ماہی کے لیے فی شیئر (basic & diluted) نقصان 0.86 پیسے رہا جو کہ پچھلے سال اسی مدت کے دوران 0.42 پیسے فی شیئر تھا۔


مستقبل کے امکانات

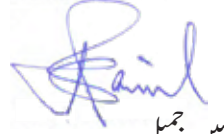
جبکہ آپ کی کمپنی کو مہنگائی اور سود کی بلند شرح والے اس ماحول میں متعدد چیلنجز درپیش ہیں، آپ کی کمپنی انتظامیہ ممکنہ حد تک نقصان میں کمی لانے کی خاطر لاگت میں کمی لانے اور آمدن کو بڑھانے کے لیے جدوجہد کر رہی ہے۔ چونکہ مشروبات کی مارکیٹ میں اضافہ سست روی کا شکار ہے تو ایسی صورت میں اپنے مسابقت کاروں کی نسبت ہمیں مارکیٹ میں اپنا حصہ بڑھانے کے لیے زیادہ جدوجہد کرنی پڑ سکتی ہے۔ بہر حال، ہماری مصنوعات کا مسلسل بہتر معیار اور فراہم کردہ خدمات کے تسلیم شدہ معیار نے آپ کی کمپنی کو مشروبات کی مارکیٹ میں موجود معیار کے لیے نسبتاً حساس صارفین سے آرڈر حاصل کرنے کے لیے صف اول میں لاکھڑا کیا ہے اور ہم نے صنعت کے لیے "ترجمی سپلائر" کے طور پر اپنا مقام برقرار رکھا ہے۔ Bottles اور Preforms دونوں چیزوں کی پیداواری گنجائش میں اضافے کے لیے کی جانے والی حالیہ سرمایہ کاری سے آپ کی کمپنی قیمتوں میں ہونے والے حالیہ اضافوں کو مارکیٹ کی جانب سے جذب ہونے اور بڑھتی ہوئی نوجوان آبادی کی نشوونما کرنے کے لیے کاروبار میں نمایاں اضافے کے لیے اچھی طرح تیار ہے۔

بین الاقوامی سطح پر / مسلسل تجارتی محاذ آرائیوں کے باعث خام تیل کی طلب میں کمی کی وجہ سے بڑے پیمانے پر توقع ہے کہ اس سے PET Resin کی لاگت اور ترسیلاتی اخراجات میں نمایاں طور پر کمی واقع ہوگی۔ اس سے پاکستان کی میکرو اکنامک اور ادائیگیوں کے توازن میں مدد ملے گی کیونکہ ہمارے درآمدی بل میں کمی واقع ہوگی۔ افراط زر کی بنیاد پر کی گئی پیش گوئی کے نتیجے میں سود کی شرح میں کمی کے امکان سے معاشی صورتحال سے جڑے کاروباری اداروں اور صارفین کو کافی متوقع فائدہ ہوگا۔

آپ کی کمپنی انتظامیہ اس مالی سال کے باقی مہینوں کے دوران تمام شراکت داروں کے لیے فائدہ حاصل کرنے کی خاطر تمام محاذوں پر چوکنا ہے۔

ایکو پیک لیمنڈ کے بورڈ آف ڈائریکٹرز کے لیے بورڈ کی جانب سے


اسد علی شیخ
ڈائریکٹر


حسین جمیل
چیف ایگزیکٹو آفیسر

حطار
26 اکتوبر 2019

نوٹ: دیگر معلومات پر مشتمل ضمیمہ الف منسلک ہے۔

ڈائریکٹرز رپورٹ کا «ضمیمہ الف»

(1) ڈائریکٹرز کی کل تعداد سات ہے جن کی تفصیل درج ذیل ہے:

الف۔	مرد ڈائریکٹرز :	06
ب۔	خاتون ڈائریکٹر :	01

(2) بورڈ کی میٹ درج ذیل ہے:

الف۔ آزاد ڈائریکٹرز

(1) عامر ظفر خان (2) اسد علی شیخ

ب۔ نان ایگزیکٹو ڈائریکٹرز

(1) احسن جمیل (2) علی جمیل (3) شاہان علی جمیل
ج۔ ایگزیکٹو ڈائریکٹرز

خسین جمیل

د۔ خاتون ڈائریکٹر

سونیا جمیل

(3) بورڈ نے مندرجہ ذیل اراکین پر مشتمل کمیٹیاں تشکیل دی ہیں:

الف۔ آڈٹ کمیٹی

اسد علی شیخ	-	چیئرمین
عامر ظفر خان	-	رکن
احسن جمیل	-	رکن
شاہان علی جمیل	-	رکن

ب۔ انسانی وسائل اور معاوضہ جات (HR & R) کمیٹی

عامر ظفر خان	-	چیئرمین
خسین جمیل	-	رکن
اسد علی شیخ	-	رکن
علی جمیل	-	رکن
احسن جمیل	-	رکن

(4) بورڈ نے ڈائریکٹرز کے لیے تنخواہ کی پالیسی منظور کی ہے، اس پالیسی کے نمایاں/اہم نکات مندرجہ ذیل ہیں:

بورڈ آف ڈائریکٹرز (بی او ڈی) بورڈ کے اجلاسوں میں شامل ہونے کے لیے وقتاً فوقتاً بی او ڈی کے اراکین کے معاوضے کا تعین اور منظوری دے گا۔ یہ معاوضہ بی او ڈی کے اراکین کی ذمہ داری اور ان کی مہارت کے مطابق اور موزوں ہو گا اور اس کا مقصد کمپنی کو کامیابی سے چلانے اور اس کی قدر میں اضافے کے لیے ناگزیر اراکین کو اپنے ساتھ منسلک رکھنے کے لیے کشش پیدا کرنا ہے۔

بی او ڈی کا کوئی انفرادی رکن اپنے معاوضے کا تعین نہیں کرے گا۔

بورڈ آف ڈائریکٹرز کے لیے بورڈ کی جانب سے

اسد علی شیخ
ڈائریکٹر

خسین جمیل
چیف ایگزیکٹو آفیسر

حطار

26 اکتوبر 2019

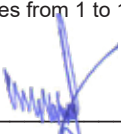
Ecopack Limited

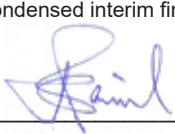
Condensed Interim Statement of Financial Position (Un-Audited)

As on September 30, 2019

		Un Audited September 30, 2019	Audited June 30, 2019
	Note	----- Rupees in '000' -----	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,458,289	1,426,872
Intangibles		6,429	6,623
Advance for capital expenditure		-	18,207
Long-term deposits		12,143	12,143
		1,476,861	1,463,845
Current Assets			
Stores, spares and loose tools		62,776	63,239
Stock in trade	6	261,185	324,830
Trade debts		193,054	402,706
Loans and advances		27,989	123,641
Deposits, prepayments and other receivables		16,552	13,973
Taxation - net		145,402	138,581
Cash and bank balances		29,983	35,513
		736,941	1,102,483
Total assets		2,213,802	2,566,328
EQUITY AND LIABILITIES			
Share capital & reserves			
Share capital	7	346,809	346,809
Revaluation surplus on property and plant		141,428	144,962
Accumulated profit		389,443	415,651
		877,680	907,422
Non-Current Liabilities			
Long term liabilities		63,523	67,968
Liabilities against assets subject to finance lease	8	172,120	200,636
Deferred liabilities		283,850	289,687
		519,493	558,291
Current Liabilities			
Trade and other payables		151,737	203,452
Unclaimed dividend		2,527	2,527
Short term borrowings	9	537,837	737,682
Current portion of non-current liabilities		124,528	156,954
		816,629	1,100,615
Total equity and liabilities		2,213,802	2,566,328
CONTINGENCIES AND COMMITMENTS			
	10		

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Chief Financial Officer


Chief Executive Officer


Director

Ecopack Limited

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

For the quarter ended September 30, 2019

		September 2019	September 2018
	Note	----- Rupees in '000' -----	
			Restated
Sales - net	11	780,906	1,099,203
Cost of sales	12	(755,127)	(1,039,121)
Gross profit		25,779	60,082
Distribution expenses		(6,611)	(6,780)
Administrative expenses		(23,389)	(21,975)
		(30,000)	(28,755)
(Loss) / Profit from operations		(4,221)	31,327
Other income		12,534	5,118
Other expenses		(11,652)	(11,011)
		882	(5,893)
Financial charges		(37,873)	(27,565)
Loss before taxation		(41,212)	(2,131)
Taxation		11,470	(12,352)
Loss after taxation		(29,742)	(14,483)
Earnings per share - basic and diluted (Rupees)	13	(0.86)	(0.42)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Ecopack Limited

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the quarter ended September 30, 2019

	<u>September 2019</u>	<u>September 2018</u>
	----- Rupees in '000' -----	
Loss after taxation	(29,742)	(14,483)
Other Comprehensive Income for the period	-	-
Total comprehensive income for the period	<u><u>(29,742)</u></u>	<u><u>(14,483)</u></u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Ecopack Limited

Condensed Interim Statement of Cash Flows (Un-Audited)

For the quarter ended September 30, 2019

	September 2019	September 2018
	----- Rupees in '000' -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(41,212)	(2,131)
Adjustment for non-cash charges and other items:		
Depreciation and amortization	31,910	34,224
Provision for gratuity	6,616	4,506
Finance cost	37,873	27,565
	35,187	64,164
<i>Working capital changes</i>		
Decrease in stores, spares and loose tools	463	4,012
Decrease/ (increase) in stock in trade	63,645	(70,829)
Decrease in trade debts	209,652	195,365
Decrease in loans and advances	95,652	10,917
Increase in deposits, prepayments and other receivables	(2,579)	(4,750)
Decrease in trade and other payables	(51,715)	(47,107)
	315,118	87,608
<i>Cash generated from operations</i>	350,305	151,772
Finance cost paid	(29,655)	(32,907)
Gratuity paid	(985)	(172)
Taxes paid	(6,821)	(6,857)
Increase in long term security deposits	-	(6,976)
Net cash generated from operating activities	312,844	104,860
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(47,367)	(16,321)
Proceeds from disposal of property, plant and equipment	2,442	-
Net cash used in investing activities	(44,925)	(16,321)
CASH FLOWS FROM FINANCING ACTIVITIES		
Leases acquired during the period	-	6,000
Principal repayment of lease obligations	(28,354)	(25,934)
Repayment of long term loans	(38,000)	(34,846)
Change in short term loans	(196,732)	(13,006)
Net cash used in financing activities	(263,086)	(67,786)
Net decrease in cash and cash equivalents	4,833	20,753
Cash and cash equivalents at the beginning of the period	22,148	62,379
Cash and cash equivalents at the end of the period	26,981	83,132

Note

14

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Chief Financial Officer

Chief Executive Officer

Director

Ecopack Limited

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

For the quarter ended September 30, 2019

	Share Capital	Revaluation surplus on Property & Plant	Revenue Reserve- Accumulated Profit	Total Equity
	----- (Rupees in '000') -----			
Balance as at July 1, 2018 - Restated	301,573	161,552	399,948	863,073
Total comprehensive income for the period				
- Loss after taxation for the period	-	-	(14,483)	(14,483)
- Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(14,483)	(14,483)
Transfer of incremental depreciation - net of deferred tax	-	(3,714)	3,714	-
Balance as at September 30, 2018	301,573	157,838	389,179	848,590
Total comprehensive income for the period				
- Profit after taxation for the period	-	-	89,294	89,294
- Other comprehensive income for the period	-	-	(305)	(305)
Total comprehensive income for the period	-	-	88,989	88,989
Transfer of incremental depreciation - net of deferred tax		(12,876)	12,876	-
Distribution to members				
- Issuance of bonus shares @ 5%	45,236	-	(45,236)	-
- Final dividend @ 10% for the year ended June 30, 2018	-	-	(30,157)	(30,157)
Total distribution to members	45,236	-	(75,393)	(30,157)
Balance as at June 30, 2019	346,809	144,962	415,651	907,422
Total comprehensive income for the period				
- Loss after taxation	-	-	(29,742)	(29,742)
- Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(29,742)	(29,742)
Transfer of incremental depreciation to retained earnings	-	(3,534)	3,534	-
Balance as at September 30, 2019	346,809	141,428	389,443	877,680

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

Ecopack Limited

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

For the quarter ended September 30, 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, 2019. Comparative statement of financial position is extracted from audited annual financial statements as of June 30, 2019 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 quarter ended September 30, 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.

3. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

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, 2019.

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.

	Note	Un-Audited September 30, 2019	Audited June 30, 2019
----- Rupees in '000' -----			
5. PROPERTY, PLANT AND EQUIPMENT			
Carrying amount as at beginning of period		1,409,907	1,346,684
Additions during the period		28,584	199,273
Written down value of assets disposed		(2,442)	(3,653)
Depreciation charge for the period		(31,715)	(132,397)
Operating assets		1,404,334	1,409,907
Capital work in progress		34,025	-
Capital machines' spares		19,930	16,965
Carrying amount as at end of period		1,458,289	1,426,872
6. STOCK IN TRADE			
Raw material		67,727	68,026
Packing material		16,262	15,975
Work in process		148,536	198,170
Finished goods		29,614	43,613
		262,139	325,784
Provision for obsolete stocks		(954)	(954)
		261,185	324,830
7. 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 2019: 10,262,664) ordinary shares of Rs. 10/- each issued against cash		102,627	102,627
24,418,237 (June 2019: 19,894,607) ordinary shares of Rs. 10/- each issued as bonus shares		244,182	244,182
		346,809	346,809
8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Balance at beginning of period		280,330	330,870
Leases obtained during the period / year		-	21,717
Payments made during the period / year		(28,354)	(72,257)
		251,976	280,330
Less: Current portion shown under current liabilities		(79,856)	(79,694)
		172,120	200,636

9. SHORT TERM BORROWINGS - secured

Short-term running finance and other facilities are obtained under mark-up arrangements from various commercial banks and one Non-Banking Finance Company (NBFC) carrying mark-up ranging from 3 Months KIBOR plus 1.5% (June 2019: 3 Months KIBOR plus 1.5% to 2%) 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.

10. CONTINGENCIES AND COMMITMENTS

- 10.1** An appeal regarding admissibility of sales tax input on various products amounting to Rs. 35.9 million relating to tax year 2017 is currently under adjudication with the Commissioner Appeals. The initial assessment was made by the Deputy Commissioner, Haripur through assessment Order No. 08/2018 dated 18 December 2018. The Company has not made any provision in this respect as in view of its Legal Advisor the said case is likely to be decided in favor of the Company on legal grounds.
- 10.2** Bank guarantees issued by two financial institutions of the Company amounting to Rs. 9.15 million (June 2019: 9.15 million) in favor of the Company's fuel and electricity suppliers.

11. SALES

Sales Revenue

- Preforms
- Bottles

Sales tax

- Preforms
- Bottles

Discounts - (Bottles)

September 30, 2019	September 30, 2018
----- Rupees in '000' -----	
501,272	841,247
413,485	442,555
914,757	1,283,802
(73,289)	(119,541)
(60,131)	(64,274)
(133,420)	(183,815)
(431)	(784)
(133,851)	(184,599)
780,906	1,099,203

12. COST OF SALES

	September 30, 2019	September 30, 2018
	----- Rupees in '000' -----	
		Restated
Raw material consumed	465,083	867,800
Packing material consumed	24,080	31,446
Salaries, wages & other benefits	58,447	52,868
Electricity, gas & water	71,902	71,828
Depreciation	31,715	32,186
Store consumed	5,733	7,421
Traveling & conveyance	2,692	5,158
Rent, rates & taxes	6,781	4,323
Repair & maintenance	2,128	2,152
Communication charges	619	440
Printing, postage & stationery	434	487
Entertainment	215	486
Medical expense	2,190	1,677
Insurance	1,480	1,165
Fee, subscription & professional charges	74	619
Freight & Other Charges	2,146	2,740
Vehicle repair & maintenance	3,380	2,744
Technical testing and analysis	106	127
Staff welfare and support	501	350
Miscellaneous	23	69
	679,729	1,086,087
Work-in-process - opening	198,170	132,730
Work-in-process - closing	(148,536)	(198,772)
	49,634	(66,042)
Cost of goods manufactured	729,363	1,020,045
Finished goods - opening	43,613	51,172
Finished goods - closing	(29,614)	(45,717)
	13,999	5,455
Carriage outward	11,765	13,621
Cost of sales	755,127	1,039,121

13. EARNINGS PER SHARE - basic and diluted

Loss after taxation (Rupees in '000')	(29,742)	(14,483)
Weighted average number of shares (number)	34,680,900	34,680,900
Loss per share - basic and diluted (Rupees)	(0.86)	(0.42)

- 13.1** The number of shares for the prior period has also been adjusted for the effect of bonus shares issued during the year 2018-19.
- 13.2** 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 as on 30 September 2019, which would have effect on the basic EPS, if the option to convert would have been exercised.

14. CASH AND CASH EQUIVALENTS

	September 30, 2019	September 30, 2018
	----- Rupees in '000' -----	
Cash and bank balances	29,983	84,989
Short term running finance	(3,002)	(1,857)
	26,981	83,132

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.

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:

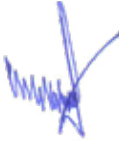
	INJECTION		BLOWING		TOTAL	
	Jul - Sep 2019	Jul - Sep 2018	Jul - Sep 2019	Jul - Sep 2018	Jul - Sep 2019	Jul - Sep 2018
	----- (Rupees in '000) -----					
Sales-net	427,983	721,706	352,923	377,498	780,906	1,099,203
Cost of sales	(421,111)	(691,681)	(334,016)	(347,440)	(755,127)	(1,039,121)
Gross profit	6,872	30,025	18,907	30,058	25,779	60,082
Distribution expenses	(3,623)	(4,452)	(2,988)	(2,328)	(6,611)	(6,780)
Administrative expenses	(12,819)	(14,428)	(10,570)	(7,547)	(23,389)	(21,975)
	(16,442)	(18,880)	(13,558)	(9,875)	(30,000)	(28,755)
Operating (loss) / profit	(9,570)	11,146	5,349	20,182	(4,221)	31,327

17. DATE OF AUTHORIZATION

These condensed interim financial statements have been authorized for issue on October 26, 2019 by the Board of Directors of the Company.

18. 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

EcPack Ltd



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