

Manufacturers Of Quality PET Bottles and Preforms



Condensed Interim Financial Statements

For the Half Year ended
December 31, 2019 (Un-Audited)

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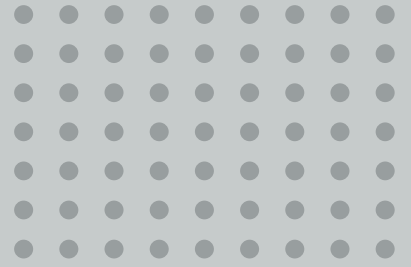
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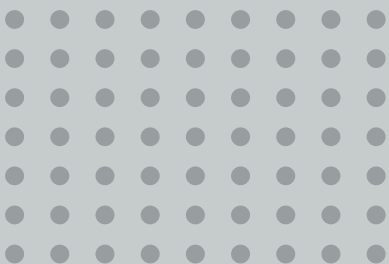
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QUALITY
is Our Forté



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



A low-angle, upward-looking photograph of several modern skyscrapers with glass facades. The buildings are framed by a white border, creating a central area for text. The sky is a deep blue with scattered white clouds. The perspective makes the buildings appear to converge towards the top of the frame.

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 along with the Reviewed financial statements for the 6-months period ended 31st December 2019:

OVERVIEW

The ongoing double digit inflation of around 12 percent has significantly impacted all parts of the economy, especially manufacturing, during the last 6 months ended 31st December 2019. While large scale manufacturing (LSM) is a significant indicator of the macro-economic direction (down YOY by 4 percent), small & medium size enterprises (SME's) and the hapless consumers across the country have been ravaged by the cumulative impact of rising inflation, high interest rates and a fall in the GDP rate causing a sharp erosion in their purchasing power. Beverage and soft-drinks consumption has not been an exception in the economic downturn.

The dual impact of escalating costs of production with electricity (up by 49%) and truck freight (up by 32%) YoY, as well as the declining growth in the consumption of carbonated Soft Drinks (CSD) and Bottled water, has adversely hit the performance of your company. With the slowdown in growth against the comparable 6 month YoY period and the size of the pie decreasing, the competition for maintaining market share for Bottles & Preforms has compelled competing vendors to not pass on all the cost increases to customers - who in turn are also suffering from a decline in sales due to the lack of consumer confidence across the market landscape. As a consequence, your company made a substantial loss for the first half of the financial year which was exacerbated by the increase in financial costs arising from investments in new production capacity and a slow off-take in sales.

However, the recently introduced new product line of large containers for edible oil, drinking water, sugar syrups etc has received a very positive response from prospective customers due to the distinct improvement of quality standards giving them a clear edge over competing products in the market. Gradual but steadily increasing orders from leading industry players with a diversified portfolio of products in large size PET containers bodes well for the company's prospects in this fast growing consumer segment.

SALES AND FINANCIAL HIGHLIGHTS

Based on the constraining factors explained above, the sales revenue decreased by 24% from Rs. 1.40 billion in 1HY 2018 to Rs. 1.06 billion during the first half year under review. Preform sales in units terms decreased by 34% while Bottle sales unit decreased by 7% Half year on Half year (HoH). Basic raw material (PET resin) price decreased by approximately 9% which also contributed to the decrease in topline revenue. Gross loss arrived at Rs. 56.8 million during the first half year of FY 2020 against the nominal gross profit of Rs. 1.2 million against the same period last year. Strong inflationary head-winds have severely impacted our costs and are the main reason for the gross loss. Electricity cost has been significantly increased by 49% while cost of freight has also increased by 32% HoH. Likewise, Operating loss increased by Rs. 61 million from Rs. 63 million to an Operating Loss of Rs. 124 million HoH.

Financial charges increased from Rs. 42 million to Rs. 73 million, an increase of Rs. 31 million HoH due to long term loans obtained for enhancing Preform production capacity & for implementing the large size bottles project. A sharp increase in SBP KIBOR rates by almost 300 BPS (28% higher as compared to the same period last year) also contributed significantly to this increase. However, despite high inflationary financial cost and operating loss, your Company has been able to meet its financial obligations and repay its long term debt to the tune of Rs. 78 million during the first half year of FY 2020.

Pre-tax loss is recorded at Rs. 191.3 million against a pre-tax loss of Rs. 110.6 million in the corresponding period last year. However, Post-tax loss comes to Rs. 142.8 million against a post-tax loss of Rs. 82.5 million HoH.

Loss per share (basic and diluted) for the first half year ended December 31, 2019 is Rs. 3.74 per share against Rs. 2.16 loss per share for the comparable period last year.

FUTURE OUTLOOK

Your company's management is well seized of the difficulties in this tough economic environment and is steadfastly taking steps to reverse the losses incurred in the first half of the financial year.

While a slowdown in the growth rate has generally sharpened competition as the Demand/Supply gap becomes unfavourable, your company's strength as a premier vendor to a quality conscious Beverage industry, which focuses on quality of product and assured supply, supports our case in times like this. Your management is using its goodwill created over decades of performance to ensure that the company continues to grow and take advantage of its recently acquired 'economies of scale' to mitigate costs despite the widespread challenges.

Although interest rates have almost doubled in the last 2 years, your company has consistently paid off long term debt (LTD) thereby continually reducing the burden of debt and financial charges inspite of the investments made to grow capacity and sales. Needless to say, the widely expected reduction in interest rates as the economy cools down and inflation is somewhat curtailed, will greatly help your company's profitability. As fixed costs get spread on the projected greater units to be produced & sold in the second half of the financial year covering the peak summer season, your company targets to reverse hitherto losses and close the year profitably.

Given the anticipated over-supply of crude oil internationally in the face of a worldwide looming economic slowdown, it is very likely that the prices of the “supply chain materials” of PET Resin will start to come down, concurrently bringing down freight & transportation costs as well. This is also expected to reduce the cost of working capital deployed in business, packing materials and bring down financial costs as a result. With a relatively stable Pak Rupee, the overall cost hike is expected to wane and the ensuing general inflationary relief would likely provide a substantial boost in demand.

RISKS

Macro-economic management of the country’s economy and unforeseen political instability continue to pose a challenge to industry and consumer confidence alike. Although electricity supply has stabilized considerably, however, archaic transmission lines continue to cause unplanned outages resulting in wastages of plastic material and downtime, adversely impacting both production efficiency and costs.

HR & Management Relations

A strong sense of cooperation and support at all levels right from the floor to middle and senior management remains a binding force in difficult times such as these. Morale remains high as your company’s management shares and delegates responsibilities and rewards with a closely knitted experienced team across the HR organogram.

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



Asad Ali Sheikh
Director



Amar Zafar Khan
Director

Karachi
February 22, 2020

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 follows:

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

2. The composition of the Board is as follows:

a) Independent Directors

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

b) Non-executive Directors

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

(c) Executive Directors

- (1) Mr. Hussain Jamil

(d) Female Director

- (1) Mrs. Sonya Jamil (Non-executive Director)

3. The Board has formed committees comprising members as 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. Ahsan Jamil | - | Member |
| (4) Mr. Ali Jamil | - | Member |
| (5) Mr. Asad Ali Sheikh | - | Member |

4. The Board has approved the Remuneration Policy of Directors and 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



AMAR ZAFAR KHAN
Director

Karachi,
February 22, 2020

ڈائریکٹرز رپورٹ

ایکویٹیک لیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے مورخہ 31 دسمبر 2019 کو ختم ہونے والی ششماہی کے لیے ڈائریکٹرز رپورٹ کو نظر ثانی شدہ مالیاتی گوشواروں کے ساتھ مسرت سے پیش کیا جا رہا ہے۔

جائزہ

تقریباً 12 فیصد کے دوہرے ہندسوں پر مشتمل جاری مہنگائی نے معیشت کے تمام حصوں بالخصوص پیداواری صنعت پر مورخہ 31 دسمبر 2019 کو ختم ہونے والی ششماہی کے دوران واضح طور پر متاثر کیا ہے۔ جبکہ بڑے پیمانے پر پیداواری عمل میکرو اکنامک سمت کا نمایاں اعشاریہ ہے، بڑھتے ہوئے افراط زر کے مجموعی اثر کے نتیجے میں ملک بھر میں درمیانی اور چھوٹی سطح کے اداروں اور پہلے سے مشکل صورتحال سے دوچار صارفین پر برے اثرات مرتب ہوئے ہیں۔ بلند شرح سود اور جی ڈی پی میں کمی ان کی قوت خرید میں شدید کمی کا باعث بنی رہی۔ معاشی بدحالی کے دوران مشروبات کی کھپت کی کمی کو بھی کوئی استثنیٰ نہیں رہا۔

سال بہ سال 49 فیصد تک بجلی کی قیمتوں میں اضافے اور 32 فیصد تک ٹرک فریٹ میں اضافے کی وجہ سے بڑھتی ہوئی پیداواری لاگتوں پر ڈھرا اثر پڑا اور اس کے ساتھ ساتھ کاربونیڈ سافٹ ڈرنکس اور بوتل بند پانی کی کھپت میں رونما ہونے والی کمی نے آپ کی کمپنی کی کارکردگی پر بدترین اثرات مرتب کیے۔ قابل موازنہ سال بہ سال ششماہی کے دوران ترقی میں سست روی اور Pie کے حجم میں رونما ہوتی کمی کے ساتھ، بوتلوں اور پیرفارم کی مارکیٹ میں اپنا شیئر برقرار رکھنے کے لیے مقابلے نے مسابقت کاروں کو مجبور کیا کہ وہ لاگت میں ہونے والے تمام اضافوں کو صارفین تک منتقل نہ کریں جو پوری مارکیٹ میں صارف کے اعتماد کی کمی کی وجہ سے فروخت میں ہونے والی کمی سے متاثر ہو رہے ہیں۔ نتیجے میں آپ کی کمپنی نے مالی سال کی پہلی ششماہی کے دوران کافی نقصان کیا جو نئی پیداواری وسعت کے منصوبوں میں کی جانے والی سرمایہ کاری کے نتیجے میں مالیاتی لاگتوں میں ہونے والے اضافے اور فروخت میں کمی کی وجہ سے بڑھا۔

تاہم خوردنی تیل، پینے کے پانی، شوگر سیرپس وغیرہ کے لیے بڑی بوتلوں کی حالیہ متعارف کردہ پراڈکٹ لائن کو معیار کی سطح پر مارکیٹ میں مسابقتی مصنوعات پر نمایاں برتری کی وجہ سے متوقع صارفین کی جانب سے انتہائی مثبت رد عمل ملا۔ بڑے سائز کے PET Containers کی کثیرالغہبت مصنوعات بنانے والے صنعت کے بڑے کھلاڑیوں کی جانب سے بتدریج مگر مستقل طور پر اضافے کے ساتھ ملنے والے آرڈرز اس تیزی سے بڑھتے ہوئے صارفین کے پہلو سے آپ کی کمپنی کے لیے بہترین امکانات فراہم کرتے ہیں۔

فروخت اور مالیات کے اہم نقاط

اوپر وضاحت کردہ مشکل حالات کی بنیاد پر، زیر جائزہ سال کی پہلی ششماہی کے دوران سیلز کا حجم 2018 کی پہلی ششماہی میں ہونے والی 1.4 بلین روپے کی سیلز سے 24 فیصد گھٹ کر 1.06 بلین روپے رہا۔ اکائیوں کے حساب سے Preforms کی سیلز 34 فیصد کم ہوئی جبکہ بوتلوں کی فروخت کی اکائی ششماہی بہ ششماہی 7 فیصد کم ہوئی۔ بنیادی خام مال PET Resin کی قیمت تقریباً 9 فیصد کم ہوئی اور اس سے بھی آمدن کی بالائی حد میں کمی واقع ہوئی۔ گزشتہ سال کی اسی مدت کے مقابل مالی سال 2020 کی پہلی ششماہی کے دوران 1.2 بلین روپے کے برائے نام مجموعی نفع کے مقابلے میں مجموعی نقصان 56.8 ملین روپے رہا۔ افراط زر کی شدید لہروں نے ہماری لاگتوں پر بدترین اثرات ڈالے اور ہمارے مجموعی نقصان کی وجہ بھی بنی ہے۔ بجلی کی قیمت میں 49 فیصد کا واضح اضافہ ہوا جبکہ ترسیلاتی لاگت میں بھی 32 فیصد اضافہ ہوا۔ HoH آپریٹنگ نقصان 63 ملین روپے سے 61 ملین روپے بڑھ کر 124 ملین روپے ہو گیا۔

مالیاتی لاگت 42 ملین روپے سے بڑھ کر 73 ملین روپے ہو گئی جس سے HoH 31 ملین روپے کا اضافہ ہوا اور اس کی وجہ Preforms کی پیداواری گنجائش میں اضافے اور بڑے سائز کی بوتلوں کے منصوبے پر عمل کے لیے طویل المدتی قرضے تھے۔ اسٹیٹ بینک آف پاکستان کے KIBOR ریٹس میں تقریباً 300 بی پی پلس کے تیز اضافے نے بھی اس اضافے میں نمایاں حصہ ڈالا جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 28 فیصد زیادہ تھا۔ تاہم بلند افراط زر کی مالیاتی لاگت اور آپریٹنگ نقصان کے باوجود، آپ کی کمپنی اپنی مالیاتی ذمہ داریوں سے عہدہ برآ ہونے کے قابل رہی اور مالی سال 2020 کی پہلی ششماہی کے دوران اپنے طویل المدت قرضے کی 78 ملین روپے تک واپس ادائیگی کے قابل رہی۔

قبل از ٹیکس نقصان 191.3 ملین روپے ریکارڈ کیا گیا ہے جو کہ گزشتہ سال اس مدت کے دوران 110.6 ملین روپے تھا۔ تاہم HoH بعد از ٹیکس نقصان 82.5 ملین روپے کے مقابلے میں 142.8 ملین روپے رہا۔ 31 دسمبر 2019 کو ختم ہونے والی پہلی ششماہی کے دوران فی شیئر (Basic & diluted) نقصان 3.74 روپے رہا جو کہ گزشتہ سال اسی مدت کے دوران 2.16 روپے نقصان فی شیئر تھا۔

مستقبل کا امکانات

آپ کی کمپنی کی انتظامیہ اس مشکل معاشی ماحول کی مشکلات سے نمٹنے کے لیے بہترین طور پر تیار ہے اور مالی سال کی پہلی ششماہی کے دوران ہونے والے نقصانات کے ازالے کے لیے تیزی سے مستقل اقدامات کر رہی ہے۔

اگرچہ اضافے کی رفتار میں کمی نے عمومی طور پر مسابقت کو بڑھایا ہے کیونکہ طلب و رسد کے درمیان فاصلہ منفی رہا، معیار کے متعلق حساس مشرواتی صنعت جو کہ مصنوعات کے معیار اور یقینی سپلائی کو اہمیت دیتی ہے، کے لیے ایک پریمیز وینڈر کے طور پر آپ کی کمپنی کی مضبوطی ایسے وقت میں ہمارا کیس مضبوط کرتی ہے۔ آپ کی کمپنی کئی دہائیوں کے دوران کارکردگی کی بنیاد پر بنائی جانے والی اپنی اچھی ساکھ کو یہ یقینی بنانے کے لیے استعمال کر رہی ہے کہ آپ کی کمپنی ترقی کرتی رہے اور وسیع پیمانے پر پھیلی مشکلات کے باوجود اپنی لاگت میں کمی کے لیے حالیہ طور پر حاصل کردہ اپنی "Economies of Scale" کا فائدہ اٹھائے۔

باوجود اسکے کہ گزشتہ 2 سالوں کے دوران انٹر سٹ ریٹس دوہرے ہندسوں میں پہنچ گئے ہیں، آپ کی کمپنی نے اپنے طویل المدت قرضوں کی مسلسل ادائیگی کی ہے اور اس طرح گنجائش اور سیلز میں اضافے کے لیے کی جانے والی سرمایہ کاریوں کے باوجود اپنے قرضے اور مالیاتی بوجھ کو مسلسل کم کر رہی ہے۔ یہ کہنے کی ضرورت نہیں کہ معیشت کی زبوں حالی اور افراط زر سے کسی حد تک نمٹنے کی صورت میں، انٹر سٹ ریٹس میں کمی کے متعلق بڑی توقع آپ کی کمپنی کے نفع میں مدد دے گی۔ چونکہ فکسڈ لاگتیں متوقع طور پر زیادہ تیار کیے جانے والے یونٹس پر تقسیم ہو رہی ہیں اور مالی سال کی دوسری ششماہی کے دوران زیادہ گرمائی موسم میں فروخت ہونی ہیں، آپ کی کمپنی نقصانات کا ازالہ کرنے اور سال کو منافع کے ساتھ ختم کرنے کا ارادہ رکھتی ہے۔

بین الاقوامی پیش آئند معاشی بدحالی کی صورت میں بین الاقوامی سطح پر خام تیل کی متوقع زیادہ رسد کو ملحوظ خاطر رکھتے ہوئے، اس چیز کا زیادہ امکان ہے کہ PET Resin کے سپلائی چین میٹریلز کی قیمتیں گرنا شروع ہوں گی اور اس کے نتیجے میں فریٹ اور ترسیل کے اخراجات میں بھی کمی واقع ہوگی۔ کاروبار اور پیکنگ میٹریلز میں لگائے گئے زیر استعمال سرمایے کی لاگت میں بھی کمی ہونے اور اس کے نتیجے میں مالیاتی لاگتوں میں کمی ہونے کی بھی توقع ہے۔ نسبتاً کچھ مستحکم پاکستانی روپے کے ساتھ، لاگت میں مجموعی اضافے میں کمی ہونے کی توقع ہے اور جاری افراط زر میں عمومی تخفیف ممکنہ طور پر طلب میں خاطر خواہ اضافہ کرے گی۔


خطرات


ملکی معیشت کا میکرو اکنامک نظم و نسق اور غیر متوقع سیاسی عدم استحکام صنعت اور اسی طرح صارف کے اعتماد کے لیے مشکل کو جاری رکھے ہوئے ہے۔ اگرچہ بجلی کی فراہمی خاطر خواہ طور پر مستحکم ہوئی ہے، پرانی ترسیلاتی لائنیں غیر اعلانیہ قحط کو جاری رکھے ہوئے ہیں جس کے نتیجے میں پلاسٹک کے میٹریل اور وقت کا ضیاع ہوتا ہے جس سے پیداواری صلاحیت اور لاگتوں پر برا اثر مرتب ہوتا ہے۔

ہیومن ریسورس اور انتظامیہ کے تعلقات

بنیادی سطح سے لے کر درمیانی سطح کی اور سینئر انتظامیہ کے درمیان تعاون اور اعانت کا مضبوط احساس اس طرح کے مشکل حالات میں یکجا رکھنے والی قوت رہی ہے۔ حوصلہ بلند رہا ہے کیونکہ آپ کی کمپنی کی انتظامیہ ہیومن ریسورس کے ڈھانچے میں ایک انتہائی تجربہ کار ٹیم کے ساتھ ذمہ داریوں کی تفویض اور شراکت کرتی ہے اور صلہ دیتی ہے۔

برائے اور منجانب بورڈ آف ڈائریکٹرز


اسد علی خان
ڈائریکٹر


عامر ظفر خان
ڈائریکٹر

کراچی

22 فروری 2020

نوٹ: دیگر معلومات کی فراہمی کے لیے ضمیمہ الف منسلک ہے۔

ڈائریکٹرز رپورٹ کا ضمیمہ الف

ڈائریکٹرز کی کل تعداد 07 بمطابق ذیل ہے:

الف۔	مرد	:	06
ب۔	عورت	:	01

بورڈ کی میٹ مندرجہ ذیل ہے:

الف۔	خود مختار ڈائریکٹرز	۱	جناب اسد علی شیخ	۲	جناب عامر ظفر خان
ب۔	نان ایگزیکٹو ڈائریکٹرز	۱	جناب احسن جمیل	۲	جناب علی جمیل
پ۔	ایگزیکٹو ڈائریکٹرز		جناب حسین جمیل		جناب شاہان علی جمیل
ت۔	خاتون ڈائریکٹر		محترمہ سونیا جمیل (نان ایگزیکٹو ڈائریکٹر)		

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

آڈٹ کمیٹی

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


انسانی وسائل اور معاوضہ جات (HR & R) کی کمیٹی

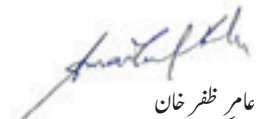
جناب عامر ظفر خان	-	چیئرمین
جناب حسین جمیل	-	رکن
جناب احسن جمیل	-	رکن
جناب علی جمیل	-	رکن
جناب اسد علی شیخ	-	رکن

بورڈ نے ڈائریکٹرز کی معاوضے کی پالیسی کی منظوری دی ہے جس کے چیدہ چیدہ پہلو از ذیل ہیں:

بورڈ آف ڈائریکٹرز (BOD) بورڈ کے اجلاسوں میں شامل ہونے کے لیے وقتاً فوقتاً BOD اراکین کے معاوضے کا تعین کر کے منظوری دیتا رہے گا۔ اس سطح کا معاوضہ BOD کے اراکین کی ذمہ داری کی سطح اور انکی مہارت کے مطابق موزوں اور مساوی ہو گا اور اس کا مقصد کمپنی کو کامیابی سے چلانے اور قدرتی اضافہ کرنے کے لیے درکار اراکین کو متوجہ کرنا اور برقرار رکھنا ہے۔ BOD کا کوئی ایک بھی رکن اپنے معاوضے کا خود تعین نہیں کرے گا۔

برائے اور منجانب بورڈ آف ڈائریکٹرز


اسد علی شیخ
ڈائریکٹر


عامر ظفر خان
ڈائریکٹر

کراچی
22 فروری 2020

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Ecopack Limited

Report on Review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Ecopack Limited as at 31 December 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists 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 interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matter

The figures for the three-month period ended 31 December 2019 and 31 December 2018, in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

The engagement partner on the engagement resulting in this independent auditors' review report is Mr. Riaz Pesnani.



KPMG Taseer Hadi & Co.

Chartered Accountants

Islamabad

26 February 2020

Ecopack Limited

Condensed Interim Statement of Financial Position


As at December 31, 2019

		Un-Audited December 31, 2019	Audited June 30, 2019
	Note	----- Rupees in '000' -----	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,453,945	1,426,872
Intangibles		6,234	6,623
Advance for capital expenditure		-	18,207
Long-term deposits		12,143	12,143
		1,472,322	1,463,845
Current Assets			
Stores, spares and loose tools		60,807	63,239
Stock in trade	6	245,267	324,830
Trade debts	7	148,332	402,706
Loans and advances		39,946	123,641
Deposits, prepayments and other receivables		22,394	13,973
Taxation - net		153,466	138,581
Cash and bank balances		5,307	35,513
		675,519	1,102,483
Total assets		2,147,841	2,566,328
EQUITY AND LIABILITIES			
Share capital	8	381,490	346,809
Revaluation surplus on property and plant		137,894	144,962
Accumulated profit		227,877	415,651
		747,261	907,422
Non-Current Liabilities			
Long-term liabilities		61,301	67,968
Lease liabilities	9	163,520	200,636
Deferred liabilities		252,942	289,687
		477,763	558,291
Current Liabilities			
Trade and other payables		152,714	203,452
Unclaimed dividend		3,007	2,527
Short-term borrowings	10	644,589	737,682
Current portion of non-current liabilities		122,507	156,954
		922,817	1,100,615
Total equity and liabilities		2,147,841	2,566,328
CONTINGENCIES AND COMMITMENTS	11		

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



Chief Financial Officer



Director



Director

Ecopack Limited

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

For the six-month period ended December 31, 2019

	Note	Six-months ended		Three-months ended	
		December 31,	December 31,	December 31,	December 31,
		2019	2018	2019	2018
		----- Rupees in '000' -----		----- Rupees in '000' -----	
Sales - net	12	1,067,447	1,400,199	286,541	300,995
Cost of sales	13	(1,124,314)	(1,398,926)	(369,187)	(360,144)
Gross (loss)/ profit		(56,867)	1,273	(82,646)	(59,149)
Distribution expenses		(14,091)	(13,296)	(7,480)	(6,515)
Administrative expenses		(52,396)	(50,834)	(29,007)	(28,859)
Impairment loss on trade debts		(598)	-	(598)	-
		(67,085)	(64,130)	(37,085)	(35,374)
Loss from operations		(123,952)	(62,857)	(119,731)	(94,523)
Other income		13,966	5,377	1,432	259
Other expenses		(7,845)	(10,545)	3,807	466
		6,121	(5,168)	5,239	725
Finance cost		(73,507)	(42,590)	(35,634)	(15,025)
Loss before taxation		(191,338)	(110,615)	(150,126)	(108,823)
Taxation		48,517	28,099	37,047	40,451
Loss after taxation		(142,821)	(82,516)	(113,079)	(68,372)
			Restated		Restated
Earnings per share - basic and diluted (Rupees)	14	(3.74)	(2.16)	(2.96)	(1.79)

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

Chief Financial Officer

Director

Director

Ecopack Limited

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the six-month period ended December 31, 2019

	Six-months ended		Three-months ended	
	December 31,	December 31,	December 31,	December 31,
	2019	2018	2019	2018
	----- Rupees in '000' -----		----- Rupees in '000' -----	
Loss after taxation	(142,821)	(82,516)	(113,079)	(68,372)
Other Comprehensive Income for the period	-	-	-	-
Total comprehensive income for the period	<u>(142,821)</u>	<u>(82,516)</u>	<u>(113,079)</u>	<u>(68,372)</u>

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



Chief Financial Officer



Director



Director

Ecopack Limited

Condensed Interim Statement of Cash Flows (Un-Audited)

For the six-month period ended December 31, 2019

	Note	December 31, 2019	December 31, 2018
		----- Rupees in '000' -----	Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(191,338)	(110,615)
Adjustment for non-cash charges and other items:			
Depreciation and amortization		67,770	60,595
Gain on disposal of property, plant and equipment		-	(57)
Impairment loss on trade debts		598	-
Provision for bonus		-	1,819
Provision for gratuity		13,232	9,012
Finance cost		73,507	42,590
		(36,231)	3,344
<i>Working capital changes</i>			
Decrease in stores, spares and loose tools		2,432	3,761
Decrease / (Increase) in stock in trade		79,563	(39,892)
Decrease in trade debts		253,776	353,121
Decrease in loans and advances		83,695	21,729
Increase in deposits, prepayments and other receivables		(8,421)	(28,464)
Decrease in trade and other payables		(50,738)	(164,687)
		360,307	145,568
<i>Cash generated from operations</i>		324,076	148,912
Finance cost paid		(74,779)	(42,590)
Gratuity paid		(1,461)	(202)
Workers' Welfare Fund paid		-	(4,713)
Taxes paid		(14,885)	(9,134)
Increase in long term deposits		-	(463)
Net cash generated from operating activities		232,951	91,810
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(76,247)	(31,707)
Proceeds from disposal of property, plant and equipment		-	937
Net cash used in investing activities		(76,247)	(30,770)
CASH FLOWS FROM FINANCING ACTIVITIES			
Leases acquired during the period		-	13,531
Repayments of lease obligations		(36,298)	(17,778)
Repayment of long term loans		(42,000)	(43,471)
Dividend paid		(16,860)	(28,553)
Short term finances utilized / (repaid) - net		(139,935)	(70,659)
Net cash used in financing activities		(235,093)	(146,930)
Net decrease in cash and cash equivalents		(78,389)	(85,890)
Cash and cash equivalents at the beginning of the period		22,148	62,379
Cash and cash equivalents at the end of the period	15	(56,241)	(23,511)

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

Chief Financial Officer

Director

Director

Ecopack Limited

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

For the six-month period ended December 31, 2019

	Share Capital	Revaluation surplus on Property and plant	Revenue Reserve Accumulated Profit	Total Equity
	----- (Rupees in '000') -----			
Balance as at July 1, 2018- as previously reported	301,573	161,552	407,360	870,485
Effect of restatement	-	-	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	-	-	(82,516)	(82,516)
- Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(82,516)	(82,516)
Comprehensive income for the period transferred to equity				
Transfer of incremental depreciation - net of deferred tax	-	(7,428)	7,428	-
Transactions with members recorded directly in equity				
<i>Distribution to members</i>				
- 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 December 31, 2018	346,809	154,124	263,140	764,073
Balance as at July 1, 2019	346,809	144,962	415,651	907,422
Total comprehensive income for the period				
- Loss after taxation for the period	-	-	(142,821)	(142,821)
- Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	(142,821)	(142,821)
Comprehensive income for the period transferred to equity				
Transfer of incremental depreciation - net of deferred tax	-	(7,068)	7,068	-
Transactions with members recorded directly in equity				
<i>Distribution to members</i>				
- Issuance of bonus shares @ 10%	34,681	-	(34,681)	-
- Final dividend @ 5% for the year ended June 30, 2019	-	-	(17,340)	(17,340)
Total distribution to members	34,681	-	(52,021)	(17,340)
Balance as at December 31, 2019	381,490	137,894	227,877	747,261

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

Chief Financial Officer

Director

Director

Ecopack Limited

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

For the six-month period ended December 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, 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 six-month period ended December 31, 2018.

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

This is the first set of the Company's financial statements in which IFRS 16 has been applied. Changes to significant accounting policies are described in Note 4.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparation of condensed interim financial statements in conformity with accounting and reporting standards as applicable in Pakistan, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements, except for the new significant judgements related to lessee accounting under IFRS 16, which are described in Note 4.1.

Measurement of fair values

The Company has an established controlled framework with respect to the measurement of fair values. The management has overall responsibility for overseeing all significant fair value measurements including Level 3 values.

The management regularly reviews significant unobservable inputs, if relevant, and valuation adjustments. If third party information, such as broker codes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that their valuations meet the requirements of approved accounting standards as applicable in Pakistan, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into following levels of fair value hierarchy based on the inputs used in valuation techniques:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

4. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The accounting and financial risk management policies and the methods of computation adopted in preparation of these interim financial statements are the same as those applied in preparation of audited annual financial statements for the year ended June 30, 2019 except for the changes as indicated below:

4.1 IFRS 16 Leases

The Company has initially adopted 'IFRS 16 Leases' from July 01, 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees. Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 'Determining Whether an Arrangement contains a Lease'. The Company now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Company's leased assets comprise of leased machinery and vehicles, warehouses and office premises.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at July 01, 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. However, the change in accounting policy did not result in any impact on the retained earnings at July 01, 2019.

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

The Company's leased machinery and vehicles were previously classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at July 01, 2019 were determined at the carrying amount of the leased asset and lease liability under IAS 17 immediately before that date.

4.2 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 01, 2020:

- Amendment 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)
- Revised Conceptual Framework for Financial Reporting (effective January 01, 2020)
- Amendments to IFRS 9 and IFRS 7 resulting from Interest Rate Bench mark Reform (effective January 01, 2020)

The above amendments are not likely to have an impact on the Company's financial statements.

		Audited December 31, 2019	Audited June 30, 2019
	Note	----- 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:			
Factory building and roads		1,537	15,543
Plant and Machinery - owned		75,667	131,122
Plant and Machinery - (Right of Use Asset)		-	393
Factory equipment		15,026	30,656
Furniture and Fixture		837	-
Office equipment		-	1,578
Vehicle - owned		154	1,458
Vehicle - (Right of Use Asset)		-	18,523
		93,221	199,273
Written down value of assets disposed		-	(3,653)
Depreciation charge for the period		(67,381)	(132,397)
Operating assets		1,435,747	1,409,907
Capital machines' spares		18,198	16,965
Carrying amount as at end of period	5.1	1,453,945	1,426,872
5.1	Carrying amount as at December 31, 2019 includes Right of use Assets amounting to Rs. 387,859,147 (June 2019: Rs. 400,794,000) relating to leased machinery and vehicles.		
6. STOCK IN TRADE			
Raw material		51,259	68,026
Packing material		12,630	15,975
Work in process		151,365	198,170
Finished goods		30,967	43,613
		246,221	325,784
Provision for obsolete stocks		(954)	(954)
		245,267	324,830
7. TRADE DEBTS			
Unsecured			
- Considered good		148,332	402,706
- Considered doubtful		7,658	7,060
		155,990	409,766
Allowance for impairment	7.1	(7,658)	(7,060)
		148,332	402,706
7.1 Allowance for impairment			
Balance at 1 July		7,060	14,841
Effect of impairment as per IFRS 9:			
Reversal of provision for impairment under IAS 39		-	(14,841)
Life time expected credit loss		-	4,595
Credit impaired trade debts		-	17,601
Impact on retained earnings on initial application of IFRS 9		-	7,355
Credit impaired trade debts written off		-	(17,601)
Adjusted opening balance		7,060	4,595
Net remeasurement of loss allowance		598	3,633
Credit impaired trade debts written off during the period/ year		-	(1,168)
Closing balance		7,658	7,060

		December 31, 2019	Audited June 30, 2019
	Note	----- Rupees in '000' -----	
8. SHARE CAPITAL			
Authorized capital			
50,000,000 (June 2019: 50,000,000) ordinary shares of Rs.10/- each		<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid up share capital			
10,262,664 (June 2019: 10,262,664) ordinary shares of Rs. 10/- each issued against cash		<u>102,627</u>	<u>102,627</u>
27,886,283 (June 2019: 24,418,197) ordinary shares of Rs. 10/- each issued as bonus shares	8.1	<u>278,863</u>	<u>244,182</u>
		<u>381,490</u>	<u>346,809</u>
8.1 During the period ended December 31, 2019, the Company issued 3,468,086 bonus shares (June 30, 2019: 4,523,600 shares).			
9. LEASE LIABILITIES			
Balance at beginning of period		280,330	330,870
Leases obtained during the period / year		-	21,717
Payments made during the period / year		<u>(36,298)</u>	<u>(72,257)</u>
		244,032	280,330
Less: Current portion shown under current liabilities		<u>(80,512)</u>	<u>(79,694)</u>
		<u>163,520</u>	<u>200,636</u>
10. 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 12.59% to 15.41% (June 2019: 8.43% to 10.63%) 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.			
11. CONTINGENCIES AND COMMITMENTS			
11.1 A show cause notice is currently under adjudication before Khyber-Pakhtunkhwa Revenue Authority (KPRA) against alleged non deduction of withholding taxes amounting Rs. 18.9 million for various payments made during the period from September 2016 to June 2019.			
11.2 Bank guarantees issued by two financial institutions of the Company amounting to Rs. 9.15 million (June 2019: Rs. 9.15 million). Moreover, inland letter of credits in respect of procurement of PET as at December 31, 2019 amounted to Rs. 27.14 million (June 2019: Nil).			

12. SALES

Gross Sales

- Preforms	672,166	1,015,455	169,397	174,208
- Bottles	579,482	620,719	165,997	178,164
	1,251,648	1,636,174	335,394	352,372

Less: Sales tax

- Preforms	(97,936)	(144,853)	(24,647)	(25,312)
- Bottles	(84,233)	(90,156)	(24,102)	(25,883)
	(182,169)	(235,009)	(48,750)	(51,195)
- Sales returns	(1,497)	-	-	-
- Discounts	(535)	(966)	(104)	(182)
	(184,201)	(235,975)	(48,854)	(51,377)
	1,067,447	1,400,199	286,540	300,995

----- Rupees in '000' -----

12.1 Revenue recognized during the period includes Rs. 7.02 million (2018: Nil) which was shown as advances from customers at the beginning of the period.

13. COST OF SALES

Raw material consumed	673,035	1,036,973	207,952	169,173
Packing material consumed	33,452	39,218	9,372	7,772
Salaries, wages and other benefits	100,657	87,721	42,210	40,815
Electricity, gas and water	121,335	92,996	49,433	21,168
Depreciation	62,485	56,404	30,770	24,218
Stores consumed	12,805	12,364	7,072	4,943
Traveling and conveyance	5,484	9,437	2,792	4,279
Rent, rate and taxes	9,869	35,151	3,088	30,828
Repair and maintenance	4,827	4,539	2,699	2,387
Communication charges	1,153	1,148	534	708
Printing, postage and stationery	1,056	983	622	496
Entertainment	400	687	185	201
Medical expense	3,977	3,128	1,787	1,451
Safety and security	6,284	7,772	4,804	1,185
Fee, subscription and professional charges	1,697	1,415	1,623	796
Freight and logistics charges	3,021	4,191	875	1,451
Vehicle repair and maintenance	5,540	4,955	2,160	2,211
Technical testing and analysis	346	335	240	208
Staff welfare expenses	1,629	1,733	1,128	843
Miscellaneous	70	87	47	18
	1,049,122	1,401,237	369,393	315,150
Work-in-process - opening	198,170	132,514	148,536	198,772
Work-in-process - closing	(151,365)	(166,643)	(151,365)	(166,643)
	46,805	(34,129)	(2,829)	32,129
Cost of goods manufactured	1,095,927	1,367,108	366,564	347,279
Finished goods - opening	43,613	51,048	29,614	45,717
Finished goods - closing	(30,967)	(34,542)	(30,967)	(34,542)
	12,646	16,506	(1,353)	11,175
Carriage outward	15,741	15,312	3,976	1,690
Cost of sales	1,124,314	1,398,926	369,187	360,144

Six-months ended		Three-months ended	
December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018

----- Rupees in '000' -----

14. EARNINGS PER SHARE - basic and diluted

Loss after taxation (Rupees in '000')	<u>(142,821)</u>	<u>(82,516)</u>	<u>(113,079)</u>	<u>(68,372)</u>
Weighted average number of shares (number)	<u>38,148,947</u>	Restated 38,148,947	<u>38,148,947</u>	Restated 38,148,947
Loss per share - basic and diluted (Rupees)	<u>(3.74)</u>	<u>(2.16)</u>	<u>(2.96)</u>	<u>(1.79)</u>

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

14.2 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 December 31, 2019, which would have effect on the basic EPS if the option to convert would have been exercised.

15. CASH AND CASH EQUIVALENTS	Note	December 31, 2019	December 31, 2018
		----- Rupees in '000' -----	Restated
Cash and bank balances		5,307	7,383
Short term running finance		<u>(61,548)</u>	<u>(30,894)</u>
	20	<u>(56,241)</u>	<u>(23,511)</u>

16. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of associated undertakings, directors, key management personnel, entities over which the directors are able to exercise influence and employees' provident fund. Transactions and balances with related parties during the period, other than those disclosed elsewhere in these interim financial statements, are as follows:

	December 31, 2019	December 31, 2018
	----- Rupees in '000' -----	
Transactions during the period		
Contribution to staff provident fund	<u>1,928</u>	<u>1,882</u>
Remuneration to key management personnel	<u>24,276</u>	<u>28,297</u>
Bonus shares issued	<u>34,681</u>	<u>45,236</u>
Final dividend declared	<u>17,340</u>	<u>30,157</u>
Payable / Receivable as on date of statement of financial position with:		
Employees' provident fund trust	<u>634</u>	<u>678</u>
Payable to Chief Executive	<u>1,301</u>	<u>1,819</u>

17. 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.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

18.1 Classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

On-balance sheet financial instruments

	Carrying amount			Fair value			
	Amortized	FVTPL	Total	Level 1	Level 2	Level 3	Total
Cost							
	----- Rs. in '000 -----						
31 December 2019							
Financial assets measured at fair value							
Long-term deposits	-	12,143	12,143	-	-	12,143	12,143
Short-term deposits	-	2,963	2,963	-	-	2,963	2,963
Financial assets not measured at fair value							
Trade debts - net of impairment loss	148,332	-	148,332	-	-	-	-
Cash and bank balances	5,307	-	5,307	-	-	-	-
	153,639	15,106	168,745	-	-	15,106	15,106
Financial liabilities not measured at fair value							
Long-term loans (including current portion)	95,000	-	95,000	-	-	-	-
Lease liabilities (including current portion)	244,032	-	244,032	-	-	-	-
Trade creditors and bills payable	109,400	-	109,400	-	-	-	-
Accrued and other liabilities	31,907	-	31,907	-	-	-	-
Short-term borrowings	644,589	-	644,589	-	-	-	-
	1,124,928	-	1,124,928	-	-	-	-
30 June 2019							
Financial assets measured at fair value							
Long-term deposits	-	12,143	12,143	-	-	12,143	12,143
Short-term deposits	-	4,412	4,412	-	-	4,412	4,412
Financial assets not measured at fair value							
Trade debts - net of impairment loss	402,706	-	402,706	-	-	-	-
Cash and bank balances	35,513	-	35,513	-	-	-	-
	438,219	16,555	454,774	-	-	16,555	16,555
Financial liabilities not measured at fair value							
Long-term loans (including current portion)	137,000	-	137,000	-	-	-	-
Lease liabilities (including current portion)	280,330	-	280,330	-	-	-	-
Trade creditors and bills payable	132,214	-	132,214	-	-	-	-
Accrued and other liabilities	43,575	-	43,575	-	-	-	-
Short-term borrowings	737,682	-	737,682	-	-	-	-
	1,330,801	-	1,330,801	-	-	-	-

19. 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. The Company has two operating segments which are also the reporting segments i.e., injection and blowing. Segment results and other information are provided on the basis of products.

(b) Segment Information

Information related to each reportable segment is set out below. Segment profit / (loss) before tax is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

	INJECTION (PREFORMS)			BLOWING (BOTTLES)			TOTAL	
	For the six-months ended	For the three-months ended		For the six-months ended	For the three-months ended		For the six-months ended	
	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
(Rupees in '000)								
Total Sales	956,374	1,280,135	248,480	268,355	494,714	529,597	141,791	1,451,088
Less: Intersegment sales (eliminated)	(383,641)	(409,533)	(103,730)	(119,459)	-	-	-	(383,641)
Sales-net	572,733	870,602	144,750	148,896	494,714	529,597	141,791	1,067,447
Total Cost of Sales	(603,307)	(863,709)	(182,196)	(176,132)	(904,648)	(944,750)	(290,721)	(1,507,955)
Less: Intersegment cost (eliminated)	-	-	-	-	383,641	409,533	103,730	383,641
Cost of sales-net	(603,307)	(863,709)	(182,196)	(176,132)	(521,007)	(535,217)	(186,991)	(1,124,314)
Gross profit / (loss)	(30,574)	6,893	(37,446)	(27,236)	(26,293)	(5,620)	(45,200)	(56,867)
Distribution expenses	(7,560)	(8,267)	(3,937)	(3,223)	(6,531)	(5,029)	(3,543)	(14,091)
Administrative expenses	(28,113)	(31,607)	(15,294)	(14,276)	(24,283)	(19,227)	(13,713)	(52,396)
Impairment loss on trade debts	-	-	-	-	(598)	-	(598)	(598)
	(35,673)	(39,874)	(19,231)	(17,499)	(31,412)	(24,256)	(17,854)	(67,085)
Loss from operations	(66,247)	(32,981)	(56,677)	(44,735)	(57,705)	(29,876)	(63,054)	(123,952)
	December 31, 2019	June 30, 2019			December 31, 2019	June 30, 2019		December 31, 2019
Segment assets	1,052,661	1,389,558			549,529	548,181		1,602,190
Unallocated assets	-	-			-	-		545,651
	1,052,661	1,389,558			549,529	548,181		2,147,841
Segment liabilities	708,223	842,948			55,913	66,549		764,136
Unallocated liabilities	-	-			-	-		636,444
	708,223	842,948			55,913	66,549		1,400,580
Capital expenditure	43,915	121,100			34,569	41,335		78,484
Unallocated capital expenditure	-	-			-	-		14,737
	43,915	121,100			34,569	41,335		93,221
								199,273

20. COMPARATIVE FIGURES

20.1 Reclassification

For better presentation, following reclassifications have been made within line items of "cost of sales".

31 December 2018			
----- Rupees in '000' -----			
	As previously reported	Effect of reclassification	Balance after reclassification
Salaries, wages and other benefits	93,683	(5,962)	87,721
Safety and security	2,350	5,422	7,772
Staff welfare expenses	1,193	540	1,733

20.2 Restatement

Previously cash and cash equivalents included all the short term borrowings including term facilities. Currently these comprise of short term running finance facilities and cash and bank balances. Effect of these changes has been applied retrospectively in accordance with the requirement of IAS 8, "Accounting policies, change in accounting estimates and errors". This has resulted in restatement of comparative balances of cash and cash equivalents and following line items of statement of cash flows.

31 December 2018			
----- Rupees in '000' -----			
	As previously reported	Effect of restatement	Balance as restated
Short term finances utilized / (repaid) - net	-	70,659	70,659
Net cash used in financing activities	76,271	70,659	146,930
Net decrease in cash and cash equivalents	(15,231)	(70,659)	(85,890)
Cash and cash equivalents at the beginning of the period	(405,208)	467,587	62,379
Cash and cash equivalents at the end of the period	(420,439)	396,928	(23,511)

21. DATE OF APPROVAL

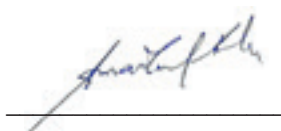
These condensed interim financial statements were approved by the Board of Directors of the Company on February 22, 2020.

22. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Chief Financial Officer



Director



Director

Manufacturers Of Quality PET Bottles and Preforms



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