

Manufacturers Of Quality PET Bottles and Preforms

Ec  **Pack Ltd**

CONDENSED INTERIM FINANCIAL STATEMENTS

for the first quarter ended
September 30, 2020 (Un-Audited)

CONTENTS

Vision & Mission Statement

Corporate Strategy

Company Information

Directors' Report

Condensed Interim Statement of Financial Position

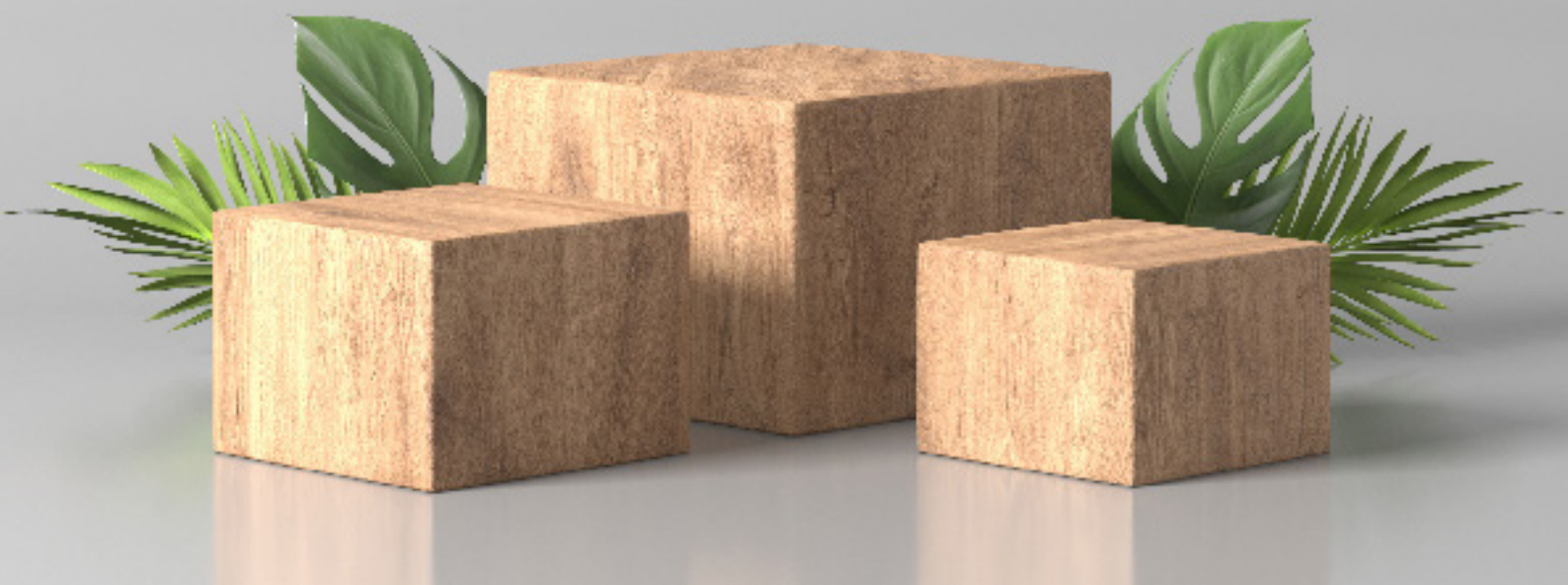
Condensed Interim Statement of Profit or Loss

Condensed Interim Statement of Comprehensive Income

Condensed Interim Statement of Changes in Equity

Condensed Interim Statement of Cash Flows

Notes to the Condensed Interim Financial Statements



An abstract, black and white photograph of a tunnel-like structure. The walls are composed of numerous dark, curved, rib-like elements that converge towards a bright, glowing light source at the far end, creating a strong sense of perspective and depth. The floor is a smooth, light-colored surface that reflects the light from the end of the tunnel.

QUALITY
is Our Forté

Vision & Mission Statement

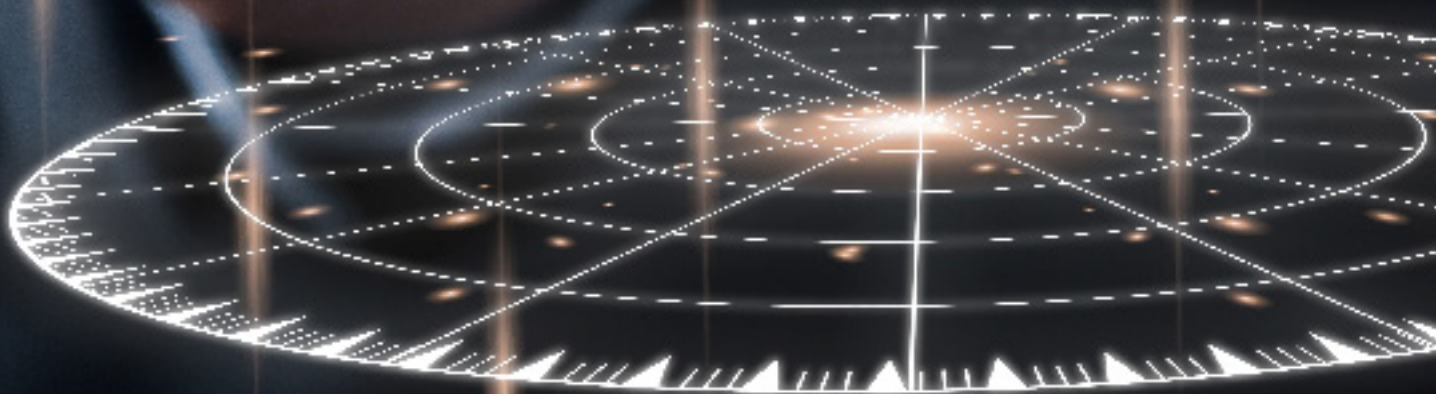
To Systematically and cost effectively manufacture and supply consistently high quality products and services thus achieving customer satisfaction

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
 Mr. Hussain Jamil
 Mr. Ahsan Jamil
 Mr. Ali Jamil
 Mr. Asad Ali Sheikh
 Mr. Shahan Ali Jamil
 Mrs. Sonya Jamil

Chairman
 Chief Executive Officer
 Non-Executive Director
 Non-Executive Director
 Non-Executive Director
 Non-Executive Director
 Non-Executive Director

AUDIT COMMITTEE

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

Chairman
 Member
 Member
 Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

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

Chairman
 Member
 Member
 Member
 Member

CHIEF FINANCIAL OFFICER

Mr. Muhammed Ali Adil

COMPANY SECRETARY

Mr. Awais Imdad

BANKERS

Bank Al-Habib Limited
 JS Bank Limited
 Askari Bank Limited

Habib Bank Limited
 Bank of Khyber
 Pak Oman Investment Company Limited

AUDITORS

KPMG Taseer Hadi & Co.

Chartered Accountants

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

LEGAL ADVISOR

M/s. FGE Ebrahim Hosain

Advocate & Corporate Counsel

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 accounts of the first quarter of the year ended 30th September 2020:

OVERVIEW

While growth in demand increased substantially after the lockdowns of March & April as the last financial year closed, the YOY for Q1 of FY2020-21 compared to the same period last year (pre-Covid) was somewhat slower. While sales for bottles took more time to recover as 'on the go' products such as single serve water and beverage bottled products took a greater hit as the commuting public decreased and thus consumption on popular motorways and intercity travel reduced. However, the beverage home consumption segment saw positive growth and your company was able to enhance its Preform sales YOY by more than 20 percent.

Although the State Bank Of Pakistan (SBP) sharply reduced interest rates to support a flagging economy during the Corona pandemic in the last quarter of FY2020, the full impact of this got reflected when quarterly rates were reset for your company commencing July 2020. This was a significant shot in the arm for most businesses and for your company. Inward and outward transportation freight rates decreased as diesel fuel price was reduced by over 15 percent QoQ despite an increase in the value of the US Dollar against the Pak Rupee.

As a consequence of the slowdown in the cases of the Covid infection, social and business activity resumed across the country as markets opened and consumption reached near normal levels. Your company performed sharply better than the pre-Covid comparative quarter last year.

SALES & FINANCIAL HIGHLIGHTS

Overall economic conditions in Pakistan have been recovering gradually as the severe impact of COVID-19 started waning, which is in keeping with the slow pace of economic growth. Sales revenue decreased by 18% from Rs. 781 million in Q1FY 2020 to Rs. 642 million during the first financial quarter under review. Preforms sales units increased by 21% while Bottles sales unit decreased by 29% QoQ. The price of basic raw material (PET resin) decreased by approximately 17.4% which also contributed to the decrease in topline revenue. Gross profit (GP) increased by 38% from Rs. 25.8 million to Rs. 35.6 million during the first quarter of FY 2021 against the same period last year. Sale prices increased to some extent to partially mitigate the high inflationary impact of input costs and are the main reason for the increase in GP. Likewise, Operating Profit increased by Rs. 8.1 million i.e. from an Operating loss of Rs. 3.3 million to an Operating profit of Rs. 4.8 million QoQ.

Financial charges decreased by 44% i.e., from Rs. 37.8 million to Rs. 21.3 million, a reduction of Rs. 16.5 million QoQ due to a significant decrease in discount rate by almost 660 BPS (48% lower as compared to the same quarter last year).

Pre-tax loss is recorded at Rs. 16.5 million against a pre-tax loss of Rs. 41.2 million in the corresponding period last year. However, Post-tax loss comes to Rs. 11.4 million against a post-tax loss of Rs. 29.7 million in the same period last year.

Loss per share (basic and diluted) for the first quarter ended September 30, 2020 is Re. 0.30 per share against Re. 0.78 loss per share for the comparable period last year.

FUTURE OUTLOOK

Due to government restrictions and quarantine advisories against travel generally applied all over, several new customer plants got delayed on account of non-commissioning, and thus we had to defer agreed supplies. These are now programed for the 2nd quarter currently underway. Most beverage filling companies had negative growth in the outgoing year and are now eagerly poised and prepared to make up for lost sales in the current year. As supply side economics ease up a little along with significantly higher remittances from abroad, lower interest rates and SBP's financial support to consumers, industry and businesses, consumption levels are fast returning to pre-pandemic levels. FMCG's as well

as consumers across the board are exhibiting an increasing confidence to spend.

This is extremely encouraging for your company as it continues to seek new customers for its recently diversified range of large size bottles and containers for packing edible oil and drinking water in several sizes – targeting mainly low cost economic options for mass consumption.

The expected decrease in global crude oil prices is a source of optimism for your company as it benefits from lower resin prices, which in turn incur lower working capital and accrue lower financial charges, in addition to cheaper transportation & logistics costs. This bodes very positively for your company going forward.

RISKS

Political divisions and growing polarization in the country between the opposition and the government are a cause for concern but this is not expected to spiral out of control.

Geo-political tensions in our region have a potential to suddenly erupt, but so far remain under control and are well managed by all the neighbours. The main focus remains the pandemic and limiting its impact on their respective struggling economies. It is hoped that sanity and moderation will prevail as the region could benefit from the dividends of much needed peace.

For & On Behalf of The Board of Directors of EcoPack Ltd.



Hussain Jamil - CEO

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. 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

- (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

Date: October 28, 2020



HUSSAIN JAMIL
 CHIEF EXECUTIVE OFFICER

ڈائریکٹرز رپورٹ

ایکو پیک لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2020 کو ختم ہونے والی مالی سال کی پہلی سہ ماہی کے غیر آڈٹ شدہ گوشوارے مسرت سے پیش کیے جا رہے ہیں:

جائزہ

جبکہ گزشتہ مالی سال ختم ہونے اور مارچ اور اپریل کے لاک ڈاؤن کے بعد طلب میں خاطر خواہ اضافہ ہوا، مالی سال 2020-21 کی پہلی سہ ماہی کے گزشتہ سال اسی مدت کے دوران سال بہ سال (Covid سے قبل) تقابل میں نسبتاً آہستگی تھی۔ جبکہ ساتھ ساتھ چلنے والی مصنوعات کی حیثیت سے بوتلوں کی فروخت کو بحال ہونے میں نسبتاً زیادہ وقت لگا کیونکہ ایک فرد کے استعمال والی پانی اور مشروب کی بوتلوں کی مصنوعات پر زیادہ اثر ہوا کیونکہ سفری عوام اور مشہور شہر اہوں اور شہروں کے درمیان سفر میں کمی واقع ہوئی تھی۔ تاہم گھروں میں ہونے والی مشروبات کی کھپت نے مثبت اضافہ دیکھا اور آپ کی کمپنی سال بہ سال تقابل میں اپنی Preform کی فروخت میں 20% اضافہ کرنے کے قابل تھی۔

اگرچہ اسٹیٹ بینک آف پاکستان نے مالی سال 2020 کی آخری سہ ماہی میں کرونا وباء کے دوران کمزور ہونے والی معیشت کو تقویت دینے کے لیے شرح سود میں تیزی سے کمی کی، اس کا مکمل اثر اس وقت ظاہر ہوا جب جولائی 2020 میں آپ کی کمپنی کے لیے سہ ماہی نرخ Reset ہوئے۔ زیادہ تر کاروبار اور آپ کی کمپنی کے لیے یہ ایک خوش آئند عمل تھا۔ اندرونی اور بیرونی ترسیلاتی لاگت میں کمی ہوئی کیونکہ پاکستانی روپے کی نسبت امریکی ڈالر کی قدر میں اضافے کے باوجود QoQ ڈیزل کی قیمتوں میں تقریباً 15% کمی ہوئی۔

Covid Infection کی وباء میں کمی کے نتیجے میں ملک بھر میں سماجی و کاروباری سرگرمیاں دوبارہ شروع ہوئیں کیونکہ بازار کھل گئے اور کھپت دوبارہ عمومی سطح کے نزدیک پہنچ گئی تھی۔ آپ کی کمپنی نے گزشتہ سال Covid سے قبل کی سہ ماہی کی نسبت بہتر کارکردگی دکھائی۔

فروخت اور مالیات کے اہم نکات

مجموعی طور پر پاکستان میں معاشی صورتحال بتدریج بحالی کی طرف جا رہی ہے کیونکہ Covid-19 کے شدید اثرات ختم ہونا شروع ہو گئے ہیں جو معاشی ترقی کی آہستہ رفتار کے ساتھ ہے۔ زیر جائزہ پہلی مالی سہ ماہی کے دوران فروخت سے حاصل ہونے والی آمدنی مالی سال 2020 کی پہلی سہ ماہی کے دوران 781 ملین روپے سے 18% کمی کے بعد 642 ملین روپے تک کم ہوئی۔ Preforms کی فروخت میں 21% اضافہ ہوا جبکہ بوتلوں کی فروخت کی تعداد میں QoQ 29% کمی ہوئی۔ بنیادی خام مال PET Resin کی قیمت تقریباً 17.4% کم ہوئی اور اس نے بھی Topline Revenue میں کمی میں کردار ادا کیا۔ مالی سال 2021 کی پہلی سہ ماہی کے دوران مجموعی نفع گزشتہ سال کی اسی مدت کے دوران 25.8 ملین روپے کے ہونے والے مجموعی نفع سے 38% اضافے کے ساتھ 35.6 ملین روپے رہا۔ پیداواری لاگت اور افراط زر کے اثر کو جزوی طور پر کم کرنے کے لئے فروخت کی قیمتوں میں کسی حد تک اضافہ ہوا اور مجموعی نفع میں اضافے کی سب سے بڑی وجہ بھی رہی۔ اسی طرح آپریٹنگ نفع 8.1 ملین روپے رہا یعنی QoQ 3.3 ملین روپے کے نقصان سے 4.8 ملین روپے کے آپریٹنگ نفع تک پہنچا۔

مالیاتی اخراجات 37.8 ملین روپے میں 44% کمی کے ساتھ 21.3 ملین روپے رہے۔ QoQ 16.5 ملین روپے کی کمی رعایتی نرخ میں تقریباً 660 BPS کی نمایاں کمی کی وجہ سے ہوا (جو کہ گزشتہ سال اسی سہ ماہی کی نسبت 48 فیصد کم ہے)۔

گزشتہ سال کی اسی مدت کے مقابل اس سال قبل از ٹیکس نقصان 16.5 ملین روپے ریکارڈ ہوا جو کہ گزشتہ سال اسی مدت کے دوران 41.2 ملین روپے تھا۔ تاہم بعد از ٹیکس نقصان 11.4 ملین روپے رہا جو کہ گزشتہ سال اسی عرصے کے دوران 29.7 ملین روپے تھا۔

30 ستمبر 2020 کو ختم ہونے والی پہلی سہ ماہی کے دوران فی شیئر (Basic & Diluted) نقصان 0.30 روپے فی شیئر رہا جو کہ گزشتہ سال اسی عرصے کے دوران 0.78 روپے فی شیئر تھا۔

مستقبل کے امکانات

حکومت کی جانب سے عائد کی گئی مکمل اور عمومی سفری پابندیوں اور قرنطینیہ میں رہنے کی ہدایات کی وجہ سے متعدد نئے صارفین کے کارخانوں کی تنصیب تاخیر کا شکار ہوئی جس کی وجہ سے ہمیں طے شدہ سپلائی کو ملتی کرنا پڑا تھا۔ جن کی تکمیل کی اُمید دوسری سہ ماہی میں کی جا رہی ہے۔ زیادہ تر مشروبات بنانے والی کمپنیاں گزشتہ سال میں خسارے کا شکار رہیں اور اب وہ موجودہ سال میں فروخت کی مد میں ہونے والے نقصانات کے ازالے کے لیے زیادہ تیار ہیں۔ چونکہ ترسیلاتی معیشت کو بیرون ملک سے نمایاں طور پر بلند ترسیلات زر کی وجہ سے کچھ آسانی ہوئی، صارفین صنعتوں اور کاروبار کو اسٹیٹ بینک آف پاکستان کی مالی امداد اور کم شرح سود کی وجہ سے کھپت کی سطح و بقاء سے پہلے کی سطح پر تیزی سے واپس آ رہی ہے۔ تیز رفتار حرکت پذیر صارفین کی اشیاء (FMCG's) کے ساتھ ساتھ تمام صارفین خرچ کے لئے زیادہ پُر اعتماد دکھائی دے رہے ہیں۔

آپ کی کمپنی کے لیے یہ انتہائی حوصلہ افزاء امر ہے کیونکہ کمپنی متعدد ساز میں بڑے ساز کی بوتلوں اور خوردنی تیل و پینے کے پانی کے کنٹینرز کے لیے اپنی حالیہ متعارف شدہ کثیر الجہت رتنج کے لیے نئے صارفین کی تلاش میں مصروف عمل ہے اور اس میں زیادہ کھپت والی کم قیمت کے انتخاب کو زیادہ ہدف میں رکھا گیا ہے۔

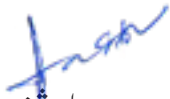
عالمی سطح پر خام تیل کی قیمت میں متوقع کمی آپ کی کمپنی کے لیے بہتری کا ذریعہ ہے کیونکہ اس سے Resin کی قیمت میں کمی ہوتی ہے جس کے نتیجے میں زیر استعمال سرمائے میں کمی ہوتی ہے اور نسبتاً کم مالیاتی اخراجات ہوتے ہیں۔ اس کے علاوہ اس سے ترسیلاتی اور رسد کے اخراجات بھی کم ہوتے ہیں۔ یہ امر آپ کی کمپنی کے آگے بڑھنے کے لیے انتہائی مثبت ہے۔

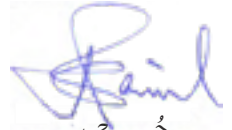
خطرات

سیاسی تقسیم اور ملک میں حکومت و اپوزیشن کے درمیان بڑھتی ہوئی تقسیم باعث فکر ہے لیکن ان کے قابو سے باہر ہونے کا امکان نہیں ہے۔

ہمارے خطے میں جغرافیائی سیاسی تناؤ کے اچانک بھڑکنے کے امکانات ہیں تاہم تاحال یہ قابو میں ہی ہیں اور تمام پڑوسیوں کی جانب سے ان پر اچھی طرح قابو پایا گیا ہے۔ زیادہ تر توجہ وباء اور ان کی متعلقہ جدوجہد کرتی معیشت پر اس کے اثرات کو محدود کرنے پر ہے۔ یہ توقع کی جاتی ہے کہ تدبیر اور اعتدال پسندی غالب رہے گی کیونکہ ان سے خطہ انتہائی مطلوب امن کے ثمرات سے مستفید ہو سکتا ہے۔

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


اسد علی خان
ڈائریکٹر


حُسن جمیل
چیف ایگزیکٹو آفیسر

28 اکتوبر، 2020

نوٹ: دیگر معلومات کی فراہمی کے لیے ضمیر "الف" منسلک ہذا ہے

ڈائریکٹرز رپورٹ کا ضمیمہ الف

1. ڈائریکٹرز کی کل تعداد سات ہے جس کی تفصیل ذیل میں ہے:

06	:	مرد	(a)
01	:	خاتون	(b)

2. بورڈ آف ڈائریکٹرز کی ہیئت از ذیل ہے:

(a)	آزاد ڈائریکٹرز	(1)	جناب عامر ظفر خان	(2)	جناب اسد علی شیخ
(b)	نان ایگزیکٹو ڈائریکٹرز	(1)	جناب احسن جمیل	(2)	جناب علی جمیل
(c)	ایگزیکٹو ڈائریکٹرز	(1)	جناب حسین جمیل	(3)	جناب شاہان علی جمیل
(d)	خاتون ڈائریکٹر	(1)	مسز سونیا جمیل (نان ایگزیکٹو ڈائریکٹر)		

3. بورڈ نے ذیل میں مذکورہ اراکین پر مشتمل کمیٹیاں بنائیں ہیں:

(الف) آڈٹ کمیٹی

(1)	جناب اسد علی شیخ	-	چیئرمین
(2)	جناب عامر ظفر خان	-	رکن
(3)	جناب احسن جمیل	-	رکن
(4)	جناب شاہان علی جمیل	-	رکن


(ب) ہیومن ریسورس اور معاوضہ جات کمیٹی


(1)	جناب عامر ظفر خان	-	چیئرمین
(2)	جناب حسین جمیل	-	رکن
(3)	جناب احسن جمیل	-	رکن
(4)	جناب علی جمیل	-	رکن
(5)	جناب اسد علی شیخ	-	رکن

4. بورڈ نے ڈائریکٹرز کے لیے معاوضے کی پالیسی منظور کی ہے جس کے نمایاں پہلو مندرجہ ذیل ہیں:

- بورڈ آف ڈائریکٹرز (DOB) وقتاً فوقتاً بورڈ آف ڈائریکٹرز کے اراکین کے لیے بورڈ اجلاسوں میں شرکت کے عوض معاوضے کا تعین اور منظوری دے گا۔ ایسا معاوضہ ذمہ داری کی سطح اور DOB اراکین کی پیش کردہ مہارت کے ہم پلہ ہو گا اور اس کا مقصد ایسے اراکین کو اپنی طرف کشش دلانا اور اپنے ساتھ رکھنا جتنی کمپنی کو کامیابی سے چلانے اور قدرتی قیمت پیدا کرنے کے لیے ضرورت ہے۔
- DOB کا کوئی رکن انفرادی طور پر اپنے معاوضے کا تعین نہیں کرے گا۔

برائے اور منجانب بورڈ آف ڈائریکٹرز


اسد علی شیخ
ڈائریکٹر


حسین جمیل
چیف ایگزیکٹو آفیسر

Statement of Financial Position

As at 30 September 2020

As at 30 September 2020		Un-Audited 30 September 2020	Audited 30 June 2020
	Note		
		----- Rupees in '000 -----	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,379,580	1,408,042
Intangibles		5,902	6,105
Long-term deposits		12,209	12,209
		1,397,691	1,426,356
Current Assets			
Inventories	6	278,693	297,598
Trade debts		152,435	214,694
Loans and advances		29,795	31,183
Deposits, prepayments and other receivables		9,610	7,381
Advance tax - net		158,362	158,000
Cash and bank balances		17,053	20,278
		645,948	729,134
Total assets		2,043,639	2,155,490
SHARE CAPITAL AND RESERVES			
Share capital	7	381,489	381,489
Revaluation surplus on operating fixed assets		134,470	138,582
Unappropriated profits		277,266	284,558
		793,225	804,629
LIABILITIES			
Non-Current Liabilities			
Long term loans	8	114,093	91,816
Deferred grant		5,918	3,123
Lease liabilities	9	159,455	195,660
Employee benefits		99,077	104,884
Deferred tax liabilities - net		124,751	129,878
		503,294	525,361
Current Liabilities			
Trade and other payables		127,999	239,665
Unclaimed dividend		2,719	2,719
Short term borrowings	10	493,375	525,209
Current portion of non-current liabilities		123,027	57,907
		747,120	825,500
Total equity and liabilities		2,043,639	2,155,490
CONTINGENCIES AND COMMITMENTS			
	11		

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

Chief Financial Officer

Chief Executive Officer

Director

Statement of Profit or Loss

For the period ended 30 September 2020

		Jul-Sep 2020	Jul-Sep 2019
	<i>Note</i>	----- Rupees in '000 -----	
Sales - net	12	642,145	780,906
Cost of sales	13	(606,505)	(755,127)
Gross profit		35,640	25,779
Other income		1,804	12,534
Selling expenses		(6,540)	(6,611)
Administrative expenses		(21,092)	(23,389)
Other expenses		(5,019)	(11,652)
Operating profit / (loss)		4,793	(3,339)
Finance costs		(21,324)	(37,873)
Loss before taxation		(16,531)	(41,212)
Income tax credit		5,127	11,470
Loss after taxation		(11,404)	(29,742)
Loss per share-basic and diluted - Rupees	14	(0.30)	(0.78)

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



Chief Financial Officer



Chief Executive Officer



Director

Statement of Comprehensive Income

For the period ended 30 September 2020

	Note	Jul-Sep 2020	Jul-Sep 2019
		----- Rupees in '000 -----	
(Loss) / profit for the year		(11,404)	(29,742)
Other Comprehensive Income for the period		-	-
Total comprehensive income for the year - (loss)		<u>(11,404)</u>	<u>(29,742)</u>

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



Chief Financial Officer



Chief Executive Officer



Director

Statement of Changes In Equity

For the period ended 30 September 2020

	Share Capital	Revaluation surplus on Property and Plant	Revenue Reserve Unappropriated profits	Total Equity
	----- (Rupees in '000) -----			
Balance as at 1 July 2019	346,809	144,962	415,651	907,422
Total comprehensive income for the year				
Profit for the year	-	-	(29,742)	(29,742)
Other comprehensive income for the year	-	-	-	-
	-	-	(29,742)	(29,742)
Transfer of incremental depreciation net of deferred tax	-	(3,534)	3,534	-
Balance as at 30 September 2019	346,809	141,428	389,443	877,680
Balance as at 01 July 2020	381,489	138,582	284,558	804,629
Total comprehensive income for the year				
Loss for the year	-	-	(11,404)	(11,404)
Other comprehensive income for the year	-	-	-	-
	-	-	(11,404)	(11,404)
Transfer of incremental depreciation net of deferred tax	-	(4,112)	4,112	-
Balance as at 30 September 2020	381,489	134,470	277,266	793,225

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

Chief Financial Officer

Chief Executive Officer

Director

Statement of Cash Flows

For the period ended 30 September 2020

	Jul-Sep 2020	Jul-Sep 2019
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(16,531)	(41,212)
Adjustments for:		
Depreciation and amortization	31,421	31,910
Loss on disposal of operating fixed assets	30	-
Charge for staff retirement benefit - gratuity	4,593	6,616
Finance costs	21,324	37,873
	40,837	35,187
Changes in:		
Inventories	18,905	64,108
Trade debts	62,259	209,652
Loans and advances	1,388	95,652
Deposits, prepayments and other receivables	(2,229)	(2,579)
Trade and other payables	(111,666)	(51,715)
	(31,343)	315,118
Cash generated from operating activities	9,494	350,305
Finance cost paid - short-term borrowings	(16,312)	(17,574)
Contributions to gratuity fund / gratuity paid	(10,400)	(985)
Income taxes paid	(362)	(6,821)
Net cash from operating activities	(17,580)	324,925
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(3,289)	(47,367)
Proceeds from disposal of operating fixed assets	503	2,442
Net cash used in investing activities	(2,786)	(44,925)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayment of lease liabilities	(2,229)	(28,354)
Change in short-term borrowings	10,996	(196,732)
Proceeds from long-term loans	54,623	-
Repayment of long-term loans	-	(38,000)
Finance cost paid on long-term loans and lease liabilities	(5,878)	(12,081)
Net cash (used in) / generated from financing activities	57,512	(275,167)
Net decrease in cash and cash equivalents	37,146	4,833
Cash and cash equivalents at beginning of the period	(20,093)	22,148
Cash and cash equivalents at end of the period	17,053	26,981

15

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

Chief Financial Officer

Chief Executive Officer

Director

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

For the period ended 30 September 2020

1. STATUS AND NATURE OF BUSINESS

Ecopack Limited (the Company) is a limited liability Company incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited. 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, 2020. Comparative statement of financial position is extracted from audited annual financial statements as of June 30, 2020 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 September 30, 2019.

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.

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, 2020.

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,
2020
----- Rupees in '000' -----
Audited
June 30,
2020

5. PROPERTY, PLANT AND EQUIPMENT

Carrying amount as at beginning of period	1,384,078	1,409,907
Factory building and roads	-	1,762
Plant and Machinery - owned	3,472	84,015
Factory equipment	122	20,583
Office equipment	1,760	3,963
Vehicle - owned	56	154
Vehicle - right of use	-	1,865
Additions during the period	5,410	112,342
Written down value of assets disposed	(533)	(663)
Revaluation surplus for the year	-	21,701
Impairment loss on idle machine	-	(24,663)
Depreciation charge for the period	(31,218)	(134,546)
Operating assets	1,357,737	1,384,078
Capital work in progress	102	935
Capital machines' spares - net	21,741	23,029
Carrying amount as at end of period	1,379,580	1,408,042

6. INVENTORIES

Stock in trade		
Raw material	51,897	74,183
Packing material	11,426	14,874
Work in process	118,888	99,846
Finished goods	36,519	48,077
	218,730	236,980
Stores, spares and loose tools	93,721	95,664
Capital spares transferred to property, plant and equipment	(22,171)	(23,459)
	71,550	72,205
	290,280	309,185
Provision for obsolete stocks	(11,587)	(11,587)
	278,693	297,598

6.1 Provision for obsolete stocks

Provision for stores, spares and loose tools	(10,415)	(10,415)
Provision for stock in trade	(1,172)	(1,172)
	(11,587)	(11,587)

7. SHARE CAPITAL

	Un-Audited 30 September 2020	Audited June 30, 2020
----- Rupees in '000' -----		
Authorized capital		
50,000,000 (June 2020: 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. LONG TERM LOANS

Loans from banking companies - secured

Askari Bank Limited	35,707	-
Bank Al-Habib Limited	72,000	72,000
JS Bank Limited	48,385	32,795
	156,092	104,795
Less: current portion of long term loans	(41,999)	(12,979)
	114,093	91,816

9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Balance at beginning of period	235,880	280,330
Leases obtained during the period / year	-	1,985
Payments made during the period / year	(2,229)	(46,435)
	233,651	235,880
Less: Current portion shown under current liabilities	(74,196)	(40,220)
	159,455	195,660

10. 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 2020: 3 Months KIBOR plus 1.5%) 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** The Company has filed an appeal to 'Commissioner Inland Revenue Appeals - III, Regional Tax Office, Rawalpindi', against the order passed by the 'Deputy Commissioner Inland Revenue, Audit-I, Zone-I, Haripur' dated 20 May 2020 regarding admissibility of sales tax input amounting Rs. 35.9 million on various products relating to tax year 2017. The Company has not recognized any provision in this respect in these financial statements as in view of its Legal Advisor, the said case is likely to be decided in the Company's favor on legal grounds that a similar case has already been decided in the Company's favour in recent past.

- 11.2** The Company has filed an appeal to 'Collector (Appeals), Khyber-Pakhtunkhwa Regulatory Authority (KPRA)' against the order of 'Additional Commissioner (Withholding)' dated 17 June 2020 regarding sales tax amounting to Rs. 18.9 million, withheld on services relating to tax year 2019. The Company has not recognized provision in this respect in these financial statements as in view of its Legal Advisor the said case is likely to be decided in the Company's favor on legal grounds that the Company has duly discharged its obligations as per sales tax withholding rules.
- 11.3** Bank guarantees issued by two financial institutions of the Company amounting Rs. 9.15 million (June 2020: 9.15 million) in favor of the Company's fuel and electricity suppliers.

12. SALES

Sales Revenue

	The quarter ended	
	September 30, 2020	September 30, 2019
- Preforms	465,812	501,272
- Bottles	286,203	413,485
	752,015	914,757

Sales tax

- Preforms	(64,890)	(73,289)
- Bottles	(44,566)	(60,131)
	(109,456)	(133,420)

Discounts - (Bottles)

	(414)	(431)
	642,145	780,906

13. COST OF SALES

Raw material consumed	413,534	465,083
Packing material consumed	22,657	24,080
Salaries, wages & other benefits	46,397	58,447
Electricity, gas & water	69,824	71,902
Depreciation	28,973	31,715
Store consumed	5,548	5,733
Traveling & conveyance	2,166	2,692
Rent, rates & taxes	3,774	6,781
Repair & maintenance	2,117	2,128
Communication charges	439	619
Printing, postage & stationery	348	434
Entertainment	104	215
Medical expense	1,772	2,190
Insurance	2,832	1,480
Fee, subscription & professional charges	5	74
Freight & Other Charges	953	2,146
Vehicle repair & maintenance	2,524	3,380
Technical testing and analysis	179	106
Staff welfare and support	781	501
Miscellaneous	12	23
	604,939	679,729
Work-in-process - opening	99,846	198,170
Work-in-process - closing	(118,888)	(148,536)
	(19,042)	49,634
Cost of goods manufactured	585,897	729,363
Finished goods - opening	48,077	43,613
Finished goods - closing	(36,519)	(29,614)
	11,558	13,999
Costs to fulfill sales contracts	9,050	11,765
Cost of sales	606,505	755,127

14. EARNINGS PER SHARE - basic and diluted

September 30, 2020	September 30, 2019
(11,404)	(29,742)
38,148,900	38,148,900
(0.30)	(0.78)

Loss after taxation (Rupees in '000')

Weighted average number of shares (number)

Loss per share - basic and diluted (Rupees)

14.1 The number of shares for the prior period has also been adjusted for the effect of bonus shares issued during the year 2019-20.

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 as on 30 September 2020, which would have effect on the basic EPS, if the option to convert would have been exercised.

15. CASH AND CASH EQUIVALENTS

September 30, 2020	September 30, 2019
----- Rupees in '000' -----	
17,053	29,983
-	(3,002)
17,053	26,981

Cash and bank balances

Short term running finance

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 2020	Jul - Sep 2019	Jul - Sep 2020	Jul - Sep 2019	Jul - Sep 2020	Jul - Sep 2019
	----- (Rupees in '000) -----					
Sales-net	400,922	427,983	241,223	352,923	642,145	780,906
Cost of sales	(378,460)	(421,111)	(228,045)	(334,016)	(606,505)	(755,127)
Gross profit	22,462	6,872	13,178	18,907	35,640	25,779
Selling expenses	(4,083)	(3,623)	(2,457)	(2,988)	(6,540)	(6,611)
Administrative expenses	(13,169)	(12,819)	(7,923)	(10,570)	(21,092)	(23,389)
	(17,252)	(16,442)	(10,380)	(13,558)	(27,632)	(30,000)
Operating (loss) / profit	5,210	(9,570)	2,798	5,349	8,008	(4,221)

17. DATE OF AUTHORIZATION

These condensed interim financial statements has been authorized for issue on 28 October 2020 by the Board of Directors of the Company.

18. GENERAL

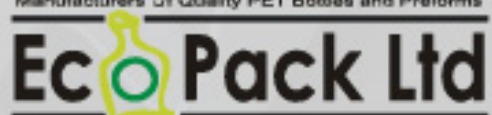
Figures have been rounded off to the nearest thousand rupees.

Chief Financial Officer

Chief Executive Officer

Director

Manufacturers Of Quality PET Bottles and Preforms



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