

Manufacturers Of Quality PET Bottles & Preforms

Eco Pack Ltd

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Registered Office and Factory

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Manufacturers Of Quality PET Bottles & Preforms

Eco Pack Ltd



**Condensed Interim Financial statements
for the Third Quarter & Nine Months
Period Ended March 31, 2015 (Unaudited)**

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VISION & MISSION Statement

To Systematically and cost effectively manufacture and supply consistently high quality products and services, thus achieving customer satisfaction profitably, thereby ensuring the financial well being of the company and maximum returns to the shareholders.

Corporate Strategy

Retain market share leadership through quality and price competitiveness while creating value as a low cost producer.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mrs. Ayesha Khan	Chairperson
Mr. Hussain Jamil	Chief Executive Officer
Mr. Shahid Jamil	
Mr. Amjad Awan	(Alternate Director Mr. Shahid Jamil)
Mrs. Deborah Jamil	
Ms. Laila Jamil	
Mr. Asad Ali Sheikh	
Mr. Mohammad Raza Chinoy	

AUDIT COMMITTEE

Mr. Asad Ali Sheikh	Chairman	Non-Executive Director
Mrs. Ayesha Khan	Member	Non-Executive Director
Ms. Laila Jamil	Member	Non-Executive Director

HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Laila Jamil	Chairperson
Mr. Hussain Jamil	Member
Mr. Asad Ali Sheikh	Member
Mrs. Ayesha Khan	Member

CHIEF FINANCIAL OFFICER

Mr. Muhammed Ali Adil

COMPANY SECRETARY

Mr. Muhammed Ali Adil

BANKERS

Askari Bank Limited	Allied Bank Limited
Habib Bank Limited	Faysal Bank Limited
JS Bank Limited	MCB Bank Ltd
Pak Oman Investment Co.Ltd.	

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

SHARE REGISTRAR

M/s Technology Trade (Private) Limited
Ballotter, Share Registrar & Transfer Agent

LEGAL ADVISOR

M/s. Ebrahim Hosain Advocate & Corporate Counsel

REGISTERED OFFICE AND FACTORY

112-113, Phase V, Industrial Estate Hattar, District Haripur, Khyber Pakhtunkhwa
Tel: (0995) 617720 & 23, 617347, Fax: (0995) 617074
Website: www.ecopack.com.pk

DIRECTORS' REPORT

The Board of directors of Ecopack Limited is pleased to present the condensed interim unaudited financial statements of the Company for the third quarter & the nine months period ended March 31, 2015:

OVERVIEW:

After a rocky start in the 1st quarter and an unusually lack-lustre winter 2nd quarter of the current financial year, the subsequent 3rd quarter of January to March 2015 was a much needed breath of fresh air for the company's operations & financial results. The QoQ results for this quarter proved to be the best ever for the company in almost a decade, wherein a positive swing of Rs 61 million was effected over the same quarter last year. This portends well for the last quarter ending June 2015 which traditionally is our most robust & contributes the highest sales and commensurate profitability.

The spontaneous demand of the beverage industry and it's increasing segmentation along with new product innovations, continue to drive the growth in our business. Your company's management has taken timely appropriate steps by investing in new moulds and related equipment to achieve both product diversification enabling it to enhance efficiencies & flexibilities to cater promptly to customer demand for multiple products. Thus, despite the over-hang of losses coming from the first half of the financial year, your company has made a pre-tax profit of Rs. 20.8 million thereby reducing the pre-tax loss from Rs. 82.5 million at end December 2014 to Rs. 61.7 million at the end of March 2015. The company is targeting an improvement in the pre-tax profits achieved in the last financial year.

SALES & FINANCIAL HIGHLIGHTS:

The total turnover for the third quarter increased by 15% i.e. from Rs. 368 million to Rs. 424 million against the corresponding quarter last year, indicating rising demand as the season commences. Bottles sales increased by 11% in value terms and by 32% in unit terms over the same quarter last year, while Preforms sales increased by 39% in value and 17% in unit terms as compared to the last year's corresponding quarter. However, the total turnover for the nine months period ended March 2015 decreased by 18% as compared to the corresponding period last year mainly due to lower PET resin prices and sales volume.

Operating profit increased to Rs. 47.9 million from an operating loss of Rs. 13.6 million against last year's corresponding quarter. Pre-tax profit for the third quarter

has been posted at Rs. 20.8 million as compared to the pre-tax loss of Rs. 40.8 million against the same period last year. However, post-tax profit arrived at Rs. 0.36 million against a post-tax loss of Rs. 48.8 million in the prior year's corresponding quarter. The post-tax loss for the nine months period is Rs. 112.8 million against the post-tax loss of Rs. 53.1 million for the same period last year. Loss per share for the nine months period has been increased from Rs. 2.31 per share to Rs. 4.91 per share as compared to the corresponding period last year.

FUTURE OUTLOOK:

The encouraging results of the third quarter have set the tone for an optimistic recovery in the last three months of the fiscal year 2014-15. The strong growth in bottle and preform demand will enable your company to wipe out the nine month loss and bring the year to a profitable financial close. The anticipated buoyant pre-Ramadan and Ramadan sale of beverages will result in strong revenues and margins for your company in the April to June quarter this year – a scenario for which your management is fully geared up.

Management-Employee relations remain harmonious & upbeat as the company prepares for a long hot summer season of aggressive sales.

For & on behalf of the Board of Directors

Karachi
April 29, 2015

Hussain Jamil
Chief Executive Officer

Condensed Interim Balance Sheet
As At March 31, 2015

		Un-audited March 31, 2015	Audited June 30, 2014
Note	----- Rupees in '000' -----		
NON-CURRENT ASSETS			
	5	1,066,716	1,074,293
Property, plant & equipment			
Long term security deposits		6,064	6,064
Intangibles		1,065	638
CURRENT ASSETS			
Stores, spares and loose tools		75,933	69,326
Stock in trade	6	164,788	170,913
Trade debts - unsecured considered good		185,698	222,273
Loans and advances - unsecured considered good		29,639	35,660
Short term deposits, prepayments & other receivables		8,506	6,892
Taxation - Net		30,878	21,052
Cash and bank balances		29,054	53,737
		524,497	579,853
TOTAL ASSETS		1,598,342	1,660,848
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
50,000,000 (June 2014 : 50,000,000) Ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid-up capital		229,770	229,770
Unappropriated Loss		(101,092)	(4,649)
		128,678	225,121
Surplus on revaluation of property, plant and equipment		167,354	179,553
NON-CURRENT LIABILITIES			
Long term loans - secured	7	123,998	120,175
Liabilities against assets subject to finance lease		3,844	4,857
Deferred liabilities		274,480	232,324
		402,322	357,356
CURRENT LIABILITIES			
Trade and other payables		484,450	408,580
Accrued mark-up		15,760	20,244
Short term borrowings - secured	8	332,557	359,858
Current portion of long term liabilities		67,220	110,136
		899,987	898,818
TOTAL EQUITY AND LIABILITIES		1,598,342	1,660,848
CONTINGENCIES AND COMMITMENTS			
	9		

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Condensed Interim Profit And Loss Account (Unaudited)
For the nine months and quarter ended March 31, 2015

		Jul-Mar 2015	Jul-Mar 2014	Jan-Mar 2015	Jan-Mar 2014
Note		Rupees in '000'			
Sales - Net	10	1,126,453	1,375,433	423,800	368,498
Cost of sales	11	(1,022,336)	(1,224,393)	(343,571)	(356,633)
Gross Profit		104,117	151,040	80,230	11,865
Operating expenses					
Distribution costs		(47,931)	(52,387)	(19,982)	(13,716)
Administrative expenses		(38,997)	(38,230)	(12,316)	(11,796)
		(86,928)	(90,617)	(32,298)	(25,512)
Operating profit / (loss)		17,189	60,424	47,932	(13,647)
Other expenses/(income)		200	577	(1,490)	(1,375)
		17,389	61,001	46,442	(15,022)
Finance Costs	12	(79,086)	(80,719)	(25,567)	(25,848)
(Loss)/profit before taxation		(61,697)	(19,719)	20,875	(40,870)
Taxation - Current		(11,410)	(13,857)	(4,254)	(3,735)
- Deferred		(39,769)	(19,482)	(16,258)	(4,240)
		(51,178)	(33,338)	(20,512)	(7,974)
(Loss)/profit after taxation		(112,875)	(53,057)	363	(48,844)
Loss per share - Basic and diluted		(4.91)	(2.31)	0.02	(2.13)

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Condensed Interim Statement Of Comprehensive Income (Unaudited)
For the nine months and quarter ended March 31,2015

	Nine months ended		Second quarter ended	
	Jul-Mar	Jul-Mar	Jan-Mar	Jan-Mar
	2015	2014	2015	2014
	----- Rupees in '000' -----			
(Loss)/profit after tax for the period	(112,875)	(53,057)	363	(48,844)
Other comprehensive income:				
-Transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation-net of tax	16,433	29,160	3,436	10,949
Total comprehensive (loss)/profit for the period transferred to equity	<u>(96,443)</u>	<u>(23,897)</u>	<u>3,798</u>	<u>(37,895)</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

Condensed Interim Statement Of Changes In Equity (Unaudited)
For the nine months ended March 31, 2015

	Issued, subscribed and paid up capital	Uappropriated Loss	Total
	----- Rupees in '000' -----		
Balance as at July 01, 2013	229,770	(99,866)	129,904
Total comprehensive loss for the nine months ended Mar 31 2014	-	(96,443)	(96,443)
Transfer from Surplus on revaluation of Property, Plant and Equipment - net of deferred tax	-	29,160	29,160
Balance as at March 31 , 2014	<u>229,770</u>	<u>(167,149)</u>	<u>62,621</u>
Balance as at April 1, 2014	229,770	(167,149)	62,621
Total comprehensive income for the quarter ended June 30, 2014	-	154,010	154,010
Transfer from Surplus on revaluation of Property, Plant and Equipment - net of deferred tax - restated	-	8,490	8,490
Balance as at June 30 , 2014	<u>229,770</u>	<u>(4,649)</u>	<u>225,121</u>
Balance as at July 01, 2014	229,770	(4,649)	225,121
Total comprehensive loss for the nine months ended Mar 31 2015	-	(112,875)	(112,875)
Transfer from Surplus on revaluation of Property, Plant and Equipment - net of deferred tax	-	16,433	16,433
Balance as at March 31 , 2015	<u>229,770</u>	<u>(101,092)</u>	<u>128,678</u>

CHIEF EXECUTIVE OFFICER

DIRECTOR

Condensed Interim Cash Flow Statement (Unaudited)
For the nine months ended March 31, 2015

	Jul-Mar 2015	Jul-Mar 2014
Note	----- Rupees in '000' -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(61,697)	(19,719)
Adjustments for:		
Depreciation	70,613	67,736
Amortization	73	56
(Loss)/gain on disposal of property, plant & equipment	(391)	147
Exchange loss	111	640
Provisions against doubtful debts	3,862	1,678
Provision for WPPF	-	1,057
Provision for gratuity	9,168	6,423
Finance cost	79,086	80,719
	<u>162,522</u>	<u>158,456</u>
Cash generated from operating activities before working capital changes	<u>100,825</u>	<u>138,737</u>
Changes in working capital		
(Increase) / Decrease in current assets :		
Stores, spares and loose tools	(6,607)	(15,364)
Stock in trade	6,125	(77,986)
Trade debts	33,463	75,012
Loans & advances	6,021	1,398
Short term deposits, prepayments and other receivables	(1,614)	23,892
Increase / (Decrease) in current liabilities:		
Trade and other payables	75,870	(113,548)
	<u>113,257</u>	<u>(106,596)</u>
Cash generated from operations	<u>214,082</u>	<u>32,141</u>
Finance cost paid	(83,570)	(82,146)
Gratuity paid	(1,040)	(729)
Taxes Paid	(21,236)	(14,177)
Net cash generated from / (used in) operating activities	<u>108,236</u>	<u>(64,911)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(66,947)	(24,467)
Intangible Assets	(427)	(0)
Long term security deposits	-	(536)
Proceeds from disposal of fixed assets	1,862	46
Net cash generated/(used) in investing activities	<u>(65,512)</u>	<u>(24,957)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance obtained	40,593	-
Repayment of long term loans	(76,858)	(84,871)
Lease obtained during the period	-	4,471
Repayment of finance lease liability	(3,841)	(3,245)
Net cash generated/(used) in financing activities	<u>(40,106)</u>	<u>(83,645)</u>
Net decrease in cash and cash equivalents	<u>2,619</u>	<u>(173,513)</u>
Cash and cash equivalents at the beginning of the period	<u>(306,121)</u>	<u>(287,289)</u>
Cash and cash equivalents at the end of the period	<u>14</u> <u>(303,503)</u>	<u>(460,802)</u>

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2015****1 STATUS AND NATURE OF BUSINESS**

The company was incorporated on 25 August 1991 as a private limited company under the Companies Ordinance, 1984. It was converted as a public limited company on April 29, 1992 and subsequently in March 1994 was listed at Karachi Stock Exchange. The principal activity of the company is manufacture and sale of Poly Ethylene Terephthalat (PET) bottles and preforms for beverage and non-beverage industry. The Company's manufacturing facility and registered office is situated at 112-113, Phase-V, Industrial Estate Hattar, district Haripur, Khyber Pakhtunkhwa.

2 BASIS OF PREPARATION

This condensed interim financial information is unaudited and has been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan and provisions of, and directives issued under the Companies Ordinance 1984; in case, where the requirements of the International Accounting Standard differ, the provisions of, and directives issued under the Companies Ordinance 1984, have been followed. This interim financial information has however been subject to limited scope review by the auditors, as required by the Code of Corporate Governance. The interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended March 31, 2014.

The comparative balance sheet presented in these interim financial information has been extracted from the audited financial statements of the Company for the year ended June 30, 2014, whereas the comparative profit and loss account, statement of changes in equity, statement of comprehensive income and cash flow statement are extracted from the unaudited interim financial information for the nine month ended March 31, 2014.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of these interim financial information are the same as those applied in preparation of the preceding published financial statements of the Company for the year ended June 30, 2014.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

4 ESTIMATES AND JUDGMENTS

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

In preparing the condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published annual financial statements of the Company as at and for the year ended June 30, 2014.

		March 31, 2015	June 30, 2014
	Note	Rupees in '000'	
5 PROPERTY, PLANT & EQUIPMENT			
Operating fixed assets	5.1	1,066,716	1,074,293
CWIP		-	-
		<u>1,066,716</u>	<u>1,074,293</u>
5.1 Opening WDV		1,074,293	1,074,154
Surplus on Revaluation		-	29,139
Additions to property, plant & equipment during the period:			
Plant & Machinery		58,630	18,367
Factory equipment		7,580	36,900
Furniture and fixture		118	233
Office equipment		462	1,694
Vehicles		157	6,854
		66,948	64,048
Disposals / Transfers		(3,911)	(1,282)
Depreciation for the period		(70,614)	(91,766)
Closing WDV		<u>1,066,716</u>	<u>1,074,293</u>

		March 31, 2015	June 30, 2014
	Note	Rupees in '000'	
6 STOCK IN TRADE			
Raw material		38,382	60,906
Packing material		10,148	7,642
Work in process	6.1	47,895	50,029
Finished goods		71,891	55,864
		168,316	174,441
Provision for obsolete stocks		(3,528)	(3,528)
		<u>164,788</u>	<u>170,913</u>

6.1 During the period the inventory amounting to Rs. 12.773 millions has been written down to net realisable value of Rs. 11.970 millions.

7 LONG TERM LOANS

Long term loans repaid during the period amounted to Rs.76.85 (July-Mar-2014:Rs. 84.87m).

8 SHORT TERM BORROWINGS - Secured

These represents short-term running finance, Finance against trust receipts and other facilities obtained under mark-up arrangements from various commercial banks carrying mark-up ranging from 11% to 12.5% (June 30, 2014: 11.22% to 14.16%) per annum calculated on daily product basis. These facilities are secured by first pari passu and ranking hypothecation charges of entire present and future current assets, equitable mortgage of property of the Company and personal guarantees of two original founder / sponsor Directors of the company.

9 CONTINGENCIES AND COMMITMENTS

Contingencies remains the same as at March 31, 2015 as disclosed in the audited financial statements for the year ended June 30, 2014. There are no commitments as at March 31, 2015 (June 30, 2014: Nil).

10

NET SALES	Jul-Mar 2015	Jul-Mar 2014	Jan-Mar 2015	Jan-Mar 2014
	Rupees in '000'			
Sales	1,317,920	1,609,615	495,543	431,153
Less: Discount	(450)	-	(122)	-
Less: Sales Tax	(191,017)	(234,182)	(71,621)	(62,655)
	<u>1,126,453</u>	<u>1,375,433</u>	<u>423,800</u>	<u>368,498</u>

11 COST OF SALES

	For the nine months ended		For the quarter ended	
	Jul-Mar 2015	Jul-Mar 2014	Jan-Mar 2015	Jan-Mar 2014
(Rupees in '000).....			
Raw material consumed	634,794	898,851	247,491	287,019
Packing material consumed	47,175	56,389	20,969	18,447
Salaries, wages & other benefits	101,804	94,076	35,493	33,304
Travelling & conveyance	933	2,231	189	267
Professional charges	2,023	1,208	263	490
Vehicle repair & maintenance	6,014	7,429	1,334	3,513
Rent, rate & taxes	8,677	7,994	3,265	3,163
Repair & maintenance	5,509	6,014	1,517	1,885
Communication charges	1,054	1,140	268	431
Printing, postage & stationery	784	831	198	268
Entertainment	559	542	229	171
Advertisement	40	6	5	2
Insurance	3,573	3,674	1,222	1,066
Electricity, gas & water	133,576	132,087	47,573	66,672
Freight, octroi & toll tax	2,602	2,883	1,068	1,183
Depreciation & Amortization	67,155	64,405	22,102	21,510
Consumable store	18,247	31,088	10,267	21,263
Lab tests	1,711	924	1,014	75
	<u>1,036,229</u>	<u>1,311,771</u>	<u>394,465</u>	<u>460,728</u>
Work in process				
Opening	50,029	56,002	34,232	40,620
Closing	(47,895)	(51,657)	(47,895)	(51,657)
	<u>2,133</u>	<u>4,345</u>	<u>(13,664)</u>	<u>(11,037)</u>
COST OF GOODS MANUFACTURED	1,038,363	1,316,116	380,802	449,690
Finished goods				
Opening	55,864	40,562	34,660	39,228
Closing	(71,891)	(132,285)	(71,891)	(132,285)
	<u>(16,027)</u>	<u>(91,723)</u>	<u>(37,231)</u>	<u>(93,057)</u>
COST OF SALES	1,022,336	1,224,393	343,571	356,633

	Jul-Mar 2015	Jul-Mar 2014
Note	Rupees in '000'	
12 Finance Cost	79,086	80,719

13 SEASONALITY OF OPERATIONS

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

(a) Description of operating segments

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

14 CASH & CASH EQUIVALENTS

For the purposes of cash flow statement, cash and cash equivalents include cash on hand and in banks and investments having maturity of less than 3 months and insignificant risk of changes in value till maturity, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the condensed interim cash flow statement are reconciled to the related items as follows:

	March 31, 2015	March 31, 2014
	Rupees in '000'	
Cash and bank balances	29,054	17,596
Short term borrowings	(332,557)	(478,398)
	(303,503)	(460,802)

15 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertaking, key management personnel and post employment benefit scheme. The company in the normal course of business carries out transactions with various related parties.

	March 31, 2015	March 31, 2014
	Rupees in '000'	
<u>Transactions during the period</u>		
Provision of gratuity during the period	2,266	1,742

CHIEF EXECUTIVE OFFICER

DIRECTOR

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives and policies adopted to meet these objectives were same as being followed as at June 30, 2014.

17 DATE OF AUTHORIZATION

This condensed interim financial information has been authorized for issue on April 29, 2015 by the Board of Directors of the Company.

18 GENERAL

Figures have been rounded off to the nearest thousand rupees. For the comparison purposes, corresponding figures have been reclassified.

CHIEF EXECUTIVE OFFICER

DIRECTOR