

Manufacturers Of Quality PET Bottles and Preforms

Ec  **Pack Ltd**

CONDENSED INTERIM FINANCIAL STATEMENTS

**FOR THE HALF YEAR ENDED
DECEMBER 31, 2020 (UN-AUDITED)**

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QUALITY

is Our Forté





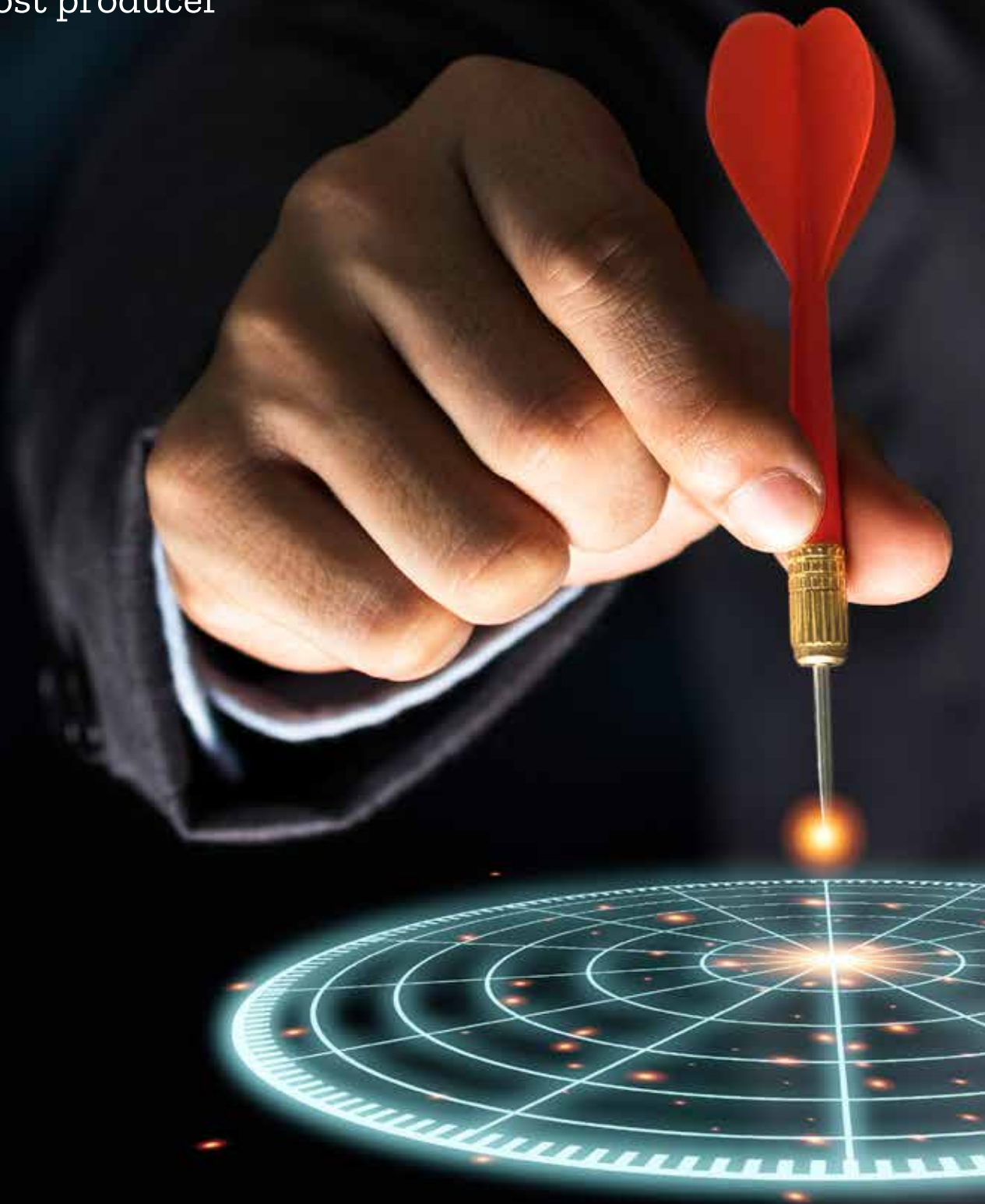
Vision & Mission Statement

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

profitably, thereby ensuring the financial well being of the company and maximum returns to the shareholders

Corporate Strategy

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



Company Information

BOARD OF DIRECTORS

Mr. Amar Zafar Khan
 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 it's Directors' Report along with the reviewed financial statements and Auditors Report thereon for the half-year period ended 31st December 2020:

OVERVIEW

After a positive respite in the infectious Covid-19 scourge in the middle of the calendar year 2020, a resurgent spike was again seen in September onwards in the cases reported by the GOP. While the company's sales activity had shown a sharp rise in the last quarter of the previous financial year as well as in the first quarter of the new financial year, the Q2FY21 was again adversely impacted. This was due to the imposition of the cautious administrative measures and partial market closures intermittently undertaken to curtail the second infectious wave.

Nevertheless, the 6-month period upto 31st December 2020 proved to be a significant improvement over the prior year commensurate period, despite the fact that the comparison is with a pre-Covid half year ended December 2019. This is particularly encouraging for the anticipated recovery in the rest of the year.

Borrowing costs substantially reduced for your company as the SBP discount rate continually came down since the last quarter of the previous year – a welcome shot in the arm for businesses struggling with high inflationary costs in a pandemic affected year. Your company had earlier paid off a large part of its Long term debts (LTD) and also benefitted from the SBP's schemes of 'loan deferral', 'payroll financing' as well as new 'BMR financing' at specially reduced interest rates.

Systematic and well executed cost cutting measures in energy conservation projects, payroll, procurement of packing materials, maintenance spares, etc., as well as timely reductions in fixed costs, really proved beneficial to the company's performance in these challenging times. An almost 19% average decrease in the company's main raw material Pet resin, as well as 15% lower diesel costs helped the recovery effort further. Consequently, the last 6-month period under review versus the same period last year, showed a distinct comparative improvement in the company's financial results this year.

SALES & FINANCIAL HIGHLIGHTS

Sales revenue decreased by 13% HoH from Rs. 1.06 billion to Rs. 0.92 billion. PET Resin (basic raw material) price decreased by 19% which is the main reason for the decrease in topline revenue. Preforms sales volume increased by 12% while Bottles sales decreased by 16% against the same period last year. Gross profit (GP) improved from a gross loss of Rs. 64.56 million last year to a gross profit of Rs. 8.76 million this year i.e., a swing of Rs. 73.32 million. Sales prices increased this year to some extent to partially mitigate the high inflationary impact of input costs and are the main reason for the conversion of gross loss into gross profit. Similarly, Operating Loss decreased by 35% HoH i.e., from Rs. 117.83 million to Rs. 76.04 million - an improvement of Rs. 41.79 million.

Financial charges significantly decreased by 46% i.e., from Rs. 73.51 million to Rs. 39.85 million, a reduction of Rs. 33.65 million HoH due to reduction in discount rate by almost 626 BPS (a 46% decrease as compared to the same period last year). Your management also obtained a decrease in mark-up spread from 25 BPS to 50 BPS from its banks which added to the reduction in borrowing cost

Pre-tax loss is recorded at Rs. 115.9 million against a pre-tax loss of Rs. 191.34 million in the corresponding period last year. However, Post-tax loss comes to Rs. 83.6 million against a post-tax loss of Rs. 142.82 million in the same period last year. Thus your Company recorded an improvement in the bottom line by 41% i.e., by Rs. 59.22 million.

Loss per share (basic and diluted) for the first half year ended December 31, 2020 is Rs. 2.19 per share against Rs. 3.74 loss per share for the comparable period last year.

FUTURE OUTLOOK

After the news of the vaccine roll out in Pakistan together with much lower new cases of the virus generally, there is a wave of cautious optimism visible in the air. Businesses such as FMCGs, F&B, autos, textiles, cement, housing, etc., are all responding robustly to the support by the government as they are well poised to make up for previously declining/lost sales and a dismal reduction in business activity.

The second half of the FY is always a period of significant recovery for your company as the exponential summer and Ramzan sales kick in, but this year expectations are greater than usual as the Beverage industry gears itself up for a

much needed bumper recovery year. A relatively mild winter thus far in the country is a welcome harbinger for early spring and strong summer sales for your company, in sync with a dynamic Beverage industry eager to achieve double digit growth once again.

With the Pak.Rupee and interest rates showing stability for the last few months and the pandemic largely dissipating with the gradual advent of various vaccines in the country, your company's management is optimistic for a substantial recovery mitigating the pandemic driven loss of the last financial year.

RISKS

An unexpected resurgence of the Corona virus remains a low risk if proper and necessary SOPs and related essential measures are adhered to. Pakistan having a demographically young population has shown resolute resistance to the spread of the virus and has gradually continued to enhance economic activity in the last six months. However, crude oil prices have moved up sharply since the beginning of 2021 and have the potential to engender inflationary trends as Pakistan's economy remains vulnerable and dependent to its imports.

Last, but not least important, political upheavals and ensuing disruptions in the economy cannot be ruled out as the government and opposition prepare for the upcoming Senate elections with threatening posturing from both sides. Other than this, both the health pandemic as well as local challenges to their respective economies, are likely to keep hostile neighbors busy in dealing with their own affairs, keeping the region stable for the present.

For & on behalf of the Board of Directors



Asad Ali Sheikh
Director
February 27, 2021



Hussain Jamil
Chief Executive Officer

“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 Director

- (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: February 27, 2021



HUSSAIN JAMIL
 CHIEF EXECUTIVE OFFICER

ڈائریکٹرز رپورٹ

ایکو پیک لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2020 کو ختم ہونے والی ششماہی مدت کے لیے بورڈ آف ڈائریکٹرز کی رپورٹ کو نظر ثانی شدہ مالیاتی گوشواروں اور آڈیٹرز کی رپورٹ کے ساتھ مسرت سے پیش کیا جا رہا ہے

جائزہ

کیلنڈر سال 2020 کے وسط میں کووڈ 19 کی متعدی آفت میں مثبت بہتری کے بعد، ستمبر کے مہینے میں پاکستانی حکومت کی جانب سے کیسز میں دوبارہ اضافہ رپورٹ کیا گیا۔ جبکہ کمپنی کی فروخت کی سرگرمی میں پچھلے سال کی آخری سہ ماہی کے دوران تیزی دیکھنے میں آئی اور اس کے ساتھ ساتھ نئے مالی سال کی پہلی سہ ماہی میں بھی تیزی دیکھنے میں آئی، مالی سال 2021 کی دوسری سہ ماہی دوبارہ بری طرح متاثر ہوئی۔ اس کی وجہ حفاظتی تدابیر کے طور پر انتظامی اقدامات کا نفاذ اور متعدی وباء کی دوسری لہر کو روکنے کے لیے وقفاً مارکیٹوں کا جزوی طور پر بند کیا جانا تھی۔

اس کے باوجود، 31 دسمبر 2020 تک کی ششماہی مدت میں گزشتہ سال کی اسی مدت کی نسبت نمایاں بہتری دیکھنے میں آئی باوجود اس امر کے کہ یہ تقابل دسمبر 2019 کو کووڈ 19 سے قبل ختم ہونے والی ششماہی کے ساتھ کیا گیا ہے۔ یہ خاص طور پر سال کے باقی عرصے میں متوقع بحالی کے لیے حوصلہ افزاء ہے۔

آپ کی کمپنی کے لیے قرضوں کی قیمتیں کافی حد تک کم ہوئیں کیونکہ سٹیٹ بینک آف پاکستان کی شرح سود سابقہ سال کی آخری سہ ماہی سے مسلسل نیچے آئی جو کہ وباء سے متاثرہ سال کے دوران مہنگائی کی بلند شرح سے جدوجہد کرتے کاروباروں کے لیے مددگار ثابت ہوا۔ آپ کی کمپنی نے اپنے طویل المدت قرضوں کا بڑا حصہ پہلے ادا کر دیا تھا اور اسے سٹیٹ بینک آف پاکستان کے قرضوں کے ملتوی کیے جانے، تنخواہوں کی ادائیگی کے لیے فنانس اور اس کے ساتھ ساتھ خصوصی کم شرح سود پر بی ایم آر فنانسنگ سے بھی فائدہ ہوا۔

توانائی کی بچت کے منصوبوں، پے رول، پیننگ میٹرل و مرمتی پرزوں وغیرہ کی خریداری اور اس کے ساتھ ساتھ فکسڈ لاگت میں کمی کے لیے کیے جانے والے ترتیب وار اور اچھی طرح سرانجام دیئے گئے اقدامات ان مشکل وقتوں میں کمپنی کی کارکردگی کے لیے فائدہ مند رہے۔ کمپنی کے بنیادی خام مال PET Resin کی قیمت میں اوسط 19 فیصد کمی اور اس کے ساتھ ساتھ ڈیزل کی 15 فیصد کم قیمت نے بھی بحالی کی کوشش میں مدد کی۔ نتیجتاً گزشتہ سال کی اسی مدت کے تقابل میں زیر جائزہ ششماہی امسال کمپنی کے مالیاتی نتائج میں تقابلی طور پر نمایاں بہتری دیکھنے میں آئی۔

فروخت اور مالیات کے اہم نکات

ششماہی بہ ششماہی تقابل میں سیلز کا حجم 1.06 بلین روپے سے کم ہو کر 0.92 بلین روپے رہا۔ PET Resin (بنیادی خام مال) کی قیمت 19 فیصد کم ہوئی جو ٹاپ لائن آمدن میں کمی کا باعث بنی۔ Preforms کی سیلز کے حجم میں 12 فیصد اضافہ ہوا جبکہ Bottles کی سیلز میں گزشتہ سال کی اسی مدت کی نسبت 16 فیصد کمی ہوئی۔ مجموعی نفع پچھلے سال 64.56 بلین روپے کے مجموعی نقصان سے بہتر ہو کر امسال 8.76 بلین روپے مجموعی منافع رہا یعنی 73.32 بلین روپے کا نمایاں اضافہ ہوا۔ درآمدی لاگوں میں بلند شرح زر کے اثر کو جزوی طور پر محدود کرنے کے لیے سیلز کی لاگت میں امسال کچھ حد تک اضافہ ہوا اور یہ مجموعی نقصان کو مجموعی نفع میں بدلنے کی بنیادی وجہ ہیں۔ اسی طرح، آپریٹنگ نقصان ششماہی بہ ششماہی تقابلی طور پر 35 فیصد کم ہوا یعنی 117.83 بلین روپے سے گھٹ کر 76.04 بلین روپے رہا اور اس طرح 41.79 بلین روپے کی بہتری آئی۔

مالیاتی اخراجات میں 46 فیصد کمی نمایاں کی ہوئی یعنی یہ 73.51 بلین روپے سے گھٹ کر 39.85 روپے رہا اور اس طرح ششماہی بہ ششماہی تقابلی طور پر 33.65 بلین روپے کی کمی واقع ہوئی جس کی وجہ رعایتی نرخ میں تقریباً 626 بی پی ایلس (گزشتہ سال اسی مدت کی نسبت 46 فیصد کمی تھی)۔ آپ کی انتظامیہ نے اپنے بینکوں سے مارک اپ کے Spread میں 25 سے 50 بی پی ایلس تک کمی کروائی اور اس سے بھی قرضے کی لاگت میں کمی ہوئی۔

گزشتہ سال کی مساوی مدت میں 191.34 بلین روپے کے قبل از ٹیکس نقصان کی نسبت امسال قبل از ٹیکس نقصان 115.9 بلین روپے رہا جو کہ ایکس نقصان 83.6 بلین روپے رہا جو کہ گزشتہ سال کی مساوی مدت میں 141.82 بلین روپے تھا۔ لہذا آپ کی کمپنی نے خلی سطح میں 59.22 بلین روپے کے اضافے سے 41 فیصد بہتری ریکارڈ کی ہے۔

31 دسمبر 2020 کو ختم ہونے والی سال کی پہلی ششماہی کے دوران (بنیادی اور ڈیلوئڈ) فی شیئر نقصان 2.19 روپے رہا جو کہ گزشتہ سال کی تقابلی مدت میں 3.74 روپے تھا۔

مستقبل کے امکانات

پاکستان میں ویکسین کی دستیابی کی خبروں اور عمومی طور پر وائرس کے انتہائی کم نئے کیسز کے بعد، احتیاط کے ساتھ بہتری کی لہر کے امکانات دکھائی دے رہے ہیں۔ ایف ایم سی جی، فوڈ اینڈ یوربجر، آئوز، ٹیکسٹائلز، سیمنٹ، ہاؤسنگ وغیرہ سے متعلقہ تمام کاروبار حکومتی اعانت کا فعالیت سے جواب دے رہے ہیں کیونکہ وہ گزشتہ سیز میں ہونے والے نقصان / کمی کا ازالہ کرنے کے لیے اچھی طرح تیار ہیں۔

سال کی دوسری ششماہی آپ کی کمپنی کے لیے ہمیشہ سے نمایاں بہتری کا عرصہ رہی ہے کیونکہ اس میں موسم گرما اور رمضان کا آغاز ہوتا ہے تاہم اس سال توقعات عمومی سے بڑھ کر زیادہ ہیں کیونکہ مشروبات کی صنعت انتہائی مطلوب ہمسال کے لیے تیاری کر رہی ہے۔ ملک میں اب تک نسبتاً ہلکا موسم سرما جلدی بہار آنے کو خوش آمدید کہتا دکھائی دیتا ہے اور آپ کی کمپنی کے لیے ایک بار پھر دوسرے ہندسوں میں ترقی کرنے کی خواہشمند مشروبات ساز صنعت سے ہم آپنگ زبردست سیز کے امکانات نظر آرہے ہیں۔

پاکستانی روپے اور شرح سود میں گزشتہ چند مہینوں سے استحکام اور ملک میں متعدد ویکسینوں کے بتدریج تعارف کے ساتھ بڑی حد تک سکڑتی ہوئی وباء کے نتیجے میں آپ کی کمپنی کی انتظامیہ نمایاں ازالے کے لیے پر امید ہے جس سے گزشتہ سال وباء کے دوران ہونے والے نقصان میں کمی ہوگی۔

خطرات

اگر باقاعدہ اور ضروری ایس او پیز کے ساتھ ساتھ متعلقہ ضروری اقدامات پر عمل کیا جائے تو کرونا وائرس کے غیر متوقع دوبارہ پھیلاؤ کا خطرہ کم ہے۔ آبادی کے لحاظ سے پاکستان کی نوجوان آبادی نے وائرس کے پھیلاؤ کے خلاف مضبوط مدافعت کی ہے اور گزشتہ چھ ماہ کے دوران معاشی سرگرمی کو بتدریج بہتر بنانا جاری رکھا ہے۔ تاہم، 2021 کے آغاز سے خام تیل کی قیمتیں تیزی سے بڑھیں اور امکان ہے کہ اس سے مہنگائی بڑھے گی کیونکہ پاکستان کی معیشت پر خطر اور اپنی درآمدات پر منحصر رہتی ہے۔

آخر میں لیکن حقی طور پر نہیں، سیاسی انتشار اور معیشت میں جاری رکاوٹوں کے امکان کو خارج نہیں کیا جاسکتا کیونکہ حکومت اور اپوزیشن دونوں ایک دوسرے کے لیے جارحانہ رویوں کے ساتھ پیش آمد سینٹ الیکشنز کے لیے تیار ہیں۔ اس کے علاوہ، وباء اور متعلقہ معیشتوں کو درپیش مقامی مسائل دونوں جارح ہمسایوں کو اپنے مسائل میں الجھائے رکھے ہوئے ہیں جس کی وجہ سے فی الحال خطے میں استحکام ہے۔

برائے اور منجانب بورڈ آف ڈائریکٹرز

اسد علی شیخ

ڈائریکٹر

حسین جمیل

چیف ایگزیکٹو آفیسر

27 فروری 2021

ڈائریکٹرز رپورٹ کا ضمیمہ الف

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

(a)	مرد	:	06
(b)	خاتون	:	01

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	(3) جناب شاہان علی جمیل	
(c)	ایگزیکٹو ڈائریکٹر			
	(1) جناب حسین جمیل			

(d) خاتون ڈائریکٹر
(1) مسز سونیا جمیل (نان ایگزیکٹو ڈائریکٹر)


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


(a)	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	
(b)	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 (BOD) 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 BOD 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 جنکی کمپنی کو کامیابی سے چلانے اور قدرتی قیمت پیدا کرنے کے لیے ضرورت ہے۔
- BOD 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

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 2020 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 2020 and 31 December 2019, 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' report is Mr. Riaz Pesnani.



KPMG Taseer Hadi & Co.

Chartered Accountants

Islamabad

March, 2021

Condensed Interim Statement of Financial Position As at December 31, 2020

		Un-Audited December 31, 2020	Audited June 30, 2020 Restated
	Note	----- Rupees in '000' -----	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	1,327,171	1,408,042
Intangibles		5,699	6,105
Advance for capital expenditure		42,016	-
Long-term deposits		12,209	12,209
		1,387,095	1,426,356
Current Assets			
Inventories	6	320,363	297,598
Assets held for sale	7	16,196	-
Trade debts		92,361	214,694
Loans and advances	8	63,640	31,183
Deposits, prepayments and other receivables		26,897	7,381
Advance tax - net		64,941	77,433
Short term investments	9	7,125	-
Cash and bank balances		12,558	20,278
		604,081	648,567
Total assets		1,991,176	2,074,923
SHARE CAPITAL AND RESERVES			
Share capital		381,489	381,489
Revaluation surplus on operating fixed assets		128,218	138,582
Unappropriated profits		208,704	284,558
		718,411	804,629
LIABILITIES			
Non-Current Liabilities			
Long term loans	10	134,643	91,816
Deferred grant		9,219	3,123
Lease liabilities	11	152,441	195,660
Employee benefit		-	1,179
Deferred tax liabilities - net		2,053	49,311
		298,356	341,089
Current Liabilities			
Trade and other payables		317,241	343,370
Unclaimed dividend		2,719	2,719
Short term borrowings	12	497,854	525,209
Current portion of non-current liabilities		156,595	57,907
		974,409	929,205
Total equity and liabilities		1,991,176	2,074,923
CONTINGENCIES AND COMMITMENTS			
	13		

The annexed notes 1 to 25 form an integral part of these financial statements.

Chief Financial Officer

Chief Executive Officer

Director

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

For the six-month period ended December 31, 2020

	Note	Six-months ended		Three-months ended	
		December 31,	December 31,	December 31,	December 31,
		2020	2019	2020	2019
		Restated		Restated	
		----- Rupees in '000' -----		----- Rupees in '000' -----	
Sales - net	14	925,598	1,067,447	283,724	286,541
Cost of sales	15	(916,840)	(1,132,008)	(305,316)	(365,380)
Gross profit / (loss)		8,758	(64,561)	(21,592)	(78,839)
Other income		2,702	13,966	629	1,432
Selling expenses		(13,525)	(14,091)	(6,985)	(7,480)
Administrative expenses		(46,953)	(52,396)	(25,861)	(29,007)
Other expenses		(24,181)	(151)	(24,181)	-
Impairment loss on trade debts		(2,848)	(598)	(2,848)	(598)
Operating loss		(76,047)	(117,831)	(80,838)	(114,492)
Finance costs		(39,855)	(73,507)	(18,531)	(35,634)
Loss before taxation		(115,902)	(191,338)	(99,369)	(150,126)
Income tax credit	16	32,304	48,517	27,181	37,047
Loss after taxation		(83,598)	(142,821)	(72,188)	(113,079)
Loss per share-basic and diluted	17	(2.19)	(3.74)	(1.89)	(2.96)

The annexed notes 1 to 25 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive Officer


Director

Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the six-month period ended December 31, 2020

	Six-months ended		Three-months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- Rupees in '000' -----		----- Rupees in '000' -----	
Loss for the period	(83,598)	(142,821)	(72,188)	(113,079)
Other Comprehensive Income for the period				
- Reversal of surplus on recognition of impairment loss on machinery held for sale	(3,690)	-	(3,690)	-
Related deferred tax	1,070	-	1,070	-
	(2,620)	-	(2,620)	-
Total comprehensive income for the period loss	<u>(86,218)</u>	<u>(142,821)</u>	<u>(74,808)</u>	<u>(113,079)</u>

The annexed notes 1 to 25 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive Officer


Director

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

For the six-month period ended December 31, 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 period				
Loss for the period	-	-	(142,821)	(142,821)
Other comprehensive income for the period	-	-	-	-
	-	-	(142,821)	(142,821)
Transfer of incremental depreciation - net of deferred tax	-	(7,068)	7,068	-
Transaction with members recorded directly in equity				
Distribution to members				
- Issuance of bonus shares @ 10%	34,680	-	(34,680)	-
- Final dividend @ 5% for the year ended June 30, 2019	-	-	(17,340)	(17,340)
Total distribution to members	34,680	-	(52,020)	(17,340)
Balance as at 31 December 2019	381,489	137,894	227,878	747,261
Balance as at 01 July 2020	381,489	138,582	284,558	804,629
Total comprehensive income for the period				
Loss for the period	-	-	(83,598)	(83,598)
Other comprehensive income for the period	-	(2,620)	-	(2,620)
	-	(2,620)	(83,598)	(86,218)
Transfer of incremental depreciation - net of deferred tax	-	(7,744)	7,744	-
Balance as at 31 December 2020	381,489	128,218	208,704	718,411

The annexed notes 1 to 25 form an integral part of these financial statements.


Chief Financial Officer


Chief Executive Officer


Director

Condensed Interim Statement of Cash Flows (Un-Audited)
For the six-month period ended December 31, 2020

	Un-Audited December 31, 2020	Un-Audited December 31, 2019
Note	----- Rupees in '000' -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(115,902)	(191,338)
Adjustments for:		
Depreciation and amortization	62,492	67,770
Loss on disposal of operating fixed assets	30	-
Provision for slow moving stocks	1,065	-
Impairment loss on operating fixed assets - held for sale	13,639	-
Impairment loss on trade debts	2,848	598
Charge for staff retirement benefit - gratuity	9,865	13,232
Cash settled share-based payment transaction	1,216	-
Amortisation of deferred grant	2,347	-
Finance costs	39,855	73,507
	17,455	(36,231)
Changes in:		
Inventories	(23,830)	81,995
Trade debts	119,485	253,776
Loans and advances	(32,457)	83,695
Deposits, prepayments and other receivables	(19,516)	(8,421)
Trade and other payables	(294)	(50,738)
	43,388	360,307
Cash generated from operating activities	60,843	324,076
Finance cost paid - short-term borrowings	(32,264)	(43,308)
Contributions to gratuity fund / gratuity paid	(35,700)	(1,461)
Income taxes paid	(1,392)	(14,885)
Net cash (used in) / generated from operating activities	(8,513)	264,422
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(12,522)	(76,247)
Advance for capital expenditure	(42,016)	-
Short term investments made	(7,125)	-
Proceeds from disposal of operating fixed assets	510	-
Net cash used in investing activities	(61,153)	(76,247)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayment of lease liabilities	(3,947)	(36,298)
Proceeds from short-term borrowings	719,157	1,000,844
Repayment of short term borrowings	(700,158)	(1,140,779)
Proceeds from long-term loans (including recognized as deferred grant)	104,014	-
Repayment of long-term loans	-	(42,000)
Dividend paid	-	(16,860)
Finance cost paid on long-term loans and lease liabilities	(18,163)	(31,471)
Net cash generated from / (used in) financing activities	100,903	(266,564)
Net increase / (decrease) in cash and cash equivalents	31,237	(78,389)
Cash and cash equivalents at beginning of the period	(20,093)	22,148
Cash and cash equivalents at end of the period	11,144	(56,241)

The annexed notes 1 to 25 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 six-month period ended December 31, 2020

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, 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 December 31, 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. 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.

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, 2020 except for the change as indicated below:

Presentation of payable to gratuity fund

Previously, Company's payable to gratuity fund was presented as non-current liability in the financial statements. On constitution of approved gratuity fund, the Company has now chosen to change presentation of this payable from non-current liabilities to current liabilities. In accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", this change in accounting policy has been applied retrospectively. Refer note 23.2 for details of effect on statement of financial position as of June 30, 2020.

4.1 Provision for Minimum Tax

Previously, no provision for Minimum Tax was recognized in the Company's financial statements on the grounds that minimum tax is adjustable against the future years' tax liability. Recently, the Accounting Standard Board (the Board) of the Institute of Chartered Accountants of Pakistan (ICAP) issued an Opinion whereby the Board concluded that; the minimum tax levied under section 113 of the Income Tax Ordinance, 2001 should be recognized as current tax expense; and a deferred tax asset should be recognised for the amount of minimum tax paid for a period in excess of tax based on taxable income subject to the probability of availability of future taxable profits against which the unused tax losses and unused tax credits can be utilized.

In line with the Board's opinion, the Company has recognized provision for minimum tax and related deferred tax asset in the financial statements. In accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", this change has been applied retrospectively. Refer note 23.2 for details of effect on statement of financial position as of June 30, 2020.

4.2 Standards, interpretations and amendments to approved accounting and reporting standards that are not yet effective

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 01 January 2021:

Amendments to IFRS-3 Reference to the Conceptual Framework	01 January 2022
Amendments to IFRS-4 Expiry date of deferral approach	01 January 2023
Amendments to IFRS-9, IAS-39, IFRS-7, IFRS-4 and IFRS-16 - Interest rate benchmark reform	01 January 2021
Amendments to IAS-1 Classification of liabilities as current or non-current and disclosure of accounting policies	01 January 2023
Amendments to IAS-8 Definition of accounting estimates	01 January 2023
Amendments to IAS-16 Proceeds before intended use	01 January 2022
Amendments to IAS-37 Onerous Contracts - Cost of fulfilling a contract	01 January 2022
Amendments to IAS-41, IFRS-9 and IFRS-16 Annual Improvements to IFRS Standards 2018-2020	01 January 2022

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

	Note	Un-Audited December 31, 2020	Audited June 30, 2020
----- Rupees in '000' -----			
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,297,086	1,384,078
Capital work in progress		3,778	935
Capital machines' spares-net		26,307	23,029
		<u>1,327,171</u>	<u>1,408,042</u>
5.1. Operating fixed assets			
Carrying amount as at beginning of the period / year		1,384,078	1,409,907
Additions during the period / year		9,159	112,342
Written down value of assets disposed		(540)	(663)
Revaluation surplus		-	21,701
Impairment loss on idle machine	7	(17,329)	(24,663)
Depreciation charge for the period		(62,086)	(134,546)
Assets reclassified as held for sale	7	(16,196)	-
Carrying amount as at end of the period / year	5.1.1	<u>1,297,086</u>	<u>1,384,078</u>

5.1.1 This includes right of use assets amounting to Rs. 358,836 thousands (30 June 2020: Rs. 374,018 thousands).

	Un-Audited December 31, 2020	Audited June 30, 2020
----- Rupees in '000' -----		
6. INVENTORIES		
Stock in trade		
Raw material	51,737	74,183
Packing material	13,422	14,874
Work in process	171,384	99,846
Finished goods	26,124	48,077
	<u>262,667</u>	<u>236,980</u>
Stores, spares and loose tools	97,085	95,664
Capital spares transferred to Property, Plant and Equipment	(26,737)	(23,459)
	<u>70,348</u>	<u>72,205</u>
	<u>333,015</u>	<u>309,185</u>
Allowance for obsolete stocks	(12,652)	(11,587)
	<u>320,363</u>	<u>297,598</u>

7. ASSETS HELD FOR SALE

In October 2020, the Board of Directors of the Company passed resolution for sale of an Injection Machine and related equipments. Subsequently, in December 2020, the Company entered into a sale agreement with the buyer. Sale is expected to be completed by February 2021. Accordingly, the said machine has been remeasured at lower of carrying amount and fair values less costs to sell and has been classified as held for sale. Loss on remeasurement amounting to Rs. 13.6 million and Rs. 3.69 million has been recognized in statement of Profit or loss and Statement of Comprehensive Income respectively.

	Note	Un-Audited December 31, 2020	Audited June 30, 2020
----- Rupees in '000' -----			
8. LOANS AND ADVANCES			
Advance to suppliers - unsecured	8.1	55,173	22,772
Advances for expenses		4,185	3,879
Loans to employees - secured against staff retirement benefit (gratuity)		4,282	4,532
		63,640	31,183

8.1 This includes advances to local and foreign suppliers for purchase of raw and packing materials and items of store and spares in normal course of business of the Company.

9. SHORT TERM INVESTMENTS

This represents Term Deposit Receipt (TDR) of Bank AL Habib Limited (the Bank) carrying mark up of 6.10% per annum and maturing on 2 November 2021. This has been held as margin against Bank Guarantee issued by the Bank in favor of Sui Northern Gas Pipelines Limited as mentioned in Note 14.3.

	Note	Un-Audited December 31, 2020	Audited June 30, 2020
----- Rupees in '000' -----			
10. LONG TERM LOANS			
<i>Loans from banking companies - secured</i>			
Askari Bank Limited	10.1 & 10.5	49,281	-
Bank Al-Habib Limited-I	10.2	72,000	72,000
Bank Al-Habib Limited-II	10.3 & 10.5	30,002	-
JS Bank Limited	10.4 & 10.5	51,430	32,795
		202,713	104,795
Less: current portion of long term loans		(68,070)	(12,979)
		134,643	91,816

10.1 This represents subsidized rate Term Finance obtained under State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to combat effect of COVID 19. Tenor of the loan is 2 years and 6 months (inclusive of 6 month grace period starting from July 2020). The loan is repayable in 8 equal quarterly installments starting from January 2021. It carries mark-up at SBP Rate plus 2% p.a. payable quarterly. In case of active tax payer, rebate equal to SBP rate to be allowed as per SBP policy as incentive. The loan is secured by Joint Pari Passu on all present and future fixed assets (plant & machinery) of the Company with 25% margin.

10.2 This represents term loan obtained in year 2019 to release import documents under letter of credit arrangements for the capital expenditure. Tenor of the loan is five years, including six months grace period. This is repayable in 20 equal quarterly installments started from 24 May 2019. It carries mark-up at 3 months KIBOR plus 1.5% p.a. payable on quarterly basis. This loan is secured by specific (first exclusive) charge of Rs. 171 million over imported / purchased machinery. Principal repayments of the loan were deferred for a period of one year in pursuance of BPRD Circular No. 6 dated 10 April 2020.

10.3 This represents subsidized rate term loan obtained in year 2020 under Temporary Economic Refinance Facility (TERF) of State Bank of Pakistan (SBP) to release import documents under letter of credit arrangements for the capital expenditure. Tenor of the loan is six years, including one year grace period. This is repayable in 20 equal quarterly installments started from 01 October 2021. It carries mark-up at 5% p.a. payable on quarterly basis. This loan is secured by specific (first exclusive) charge of Rs. 171 million over imported / purchased machinery.

10.4 This represents subsidized rate Term Finance obtained under State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to combat effect of COVID 19. Tenor of the loan is 2 years and 9 months (inclusive of 6 month grace period starting from July 2020). The loan is repayable in 8 equal quarterly installments starting from January 2021. It carries mark-up at SBP Rate plus 3% p.a. payable quarterly. In case of active tax payer, rebate equal to SBP rate to be allowed as per SBP policy as incentive. The loan is secured by pari passu charge over land, building, plant and machinery of the Company amounting Rs. 84.2 million.

10.5 Loan proceeds of subsidized loans have been recognized at present value of future cashflows discounted at market interest rate. The difference between loan proceeds and the present value of future cashflows has been recognized as deferred grant.

Note	Un-Audited December 31, 2020	Audited June 30, 2020
	----- Rupees in '000' -----	

11. LEASE LIABILITIES

Balance at beginning of period / year	235,880	280,330
Leases obtained during the period / year	2,758	1,985
Payments made during the period / year	(3,947)	(46,435)
	234,691	235,880
Less: Current portion shown under current liabilities	(82,250)	(40,220)
	152,441	195,660

- 11.1 Principal repayments of the lease liabilities were deferred for a period of one year in pursuance of BPRD Circular No. 6 dated 10 April 2020.

12. 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 1.25% to 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 and equitable mortgage of property of the Company.

13. CONTINGENCIES AND COMMITMENTS

- 13.1 On 20 May 2020, 'Deputy Commissioner Inland Revenue, Audit-I, Zone-I, Haripur' ("CIR") passed an order against the Company regarding inadmissibility of sales tax input amounting to Rs. 35.9 million relating to tax year 2017. On 14 December 2020 Commissioner Appeals upheld the order of CIR. The Company is in process of filing appeal against the decision of CIR before Appellate Tribunal and has not recognized any provision in this respect in these interim 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 favor in recent past.
- 13.2 On 17 June 2020, 'Additional Collector (Withholding) Khyber-Pakhtunkhwa Regulatory Authority (KPRA)' passed an order against the Company regarding alleged non withholding of sales tax amounting to Rs. 18.9 million. Against Company's appeals, Collector (Appeals), KPRA' and 'Appellate Tribunal for Sales Tax on Services, KPK' upheld the order of Additional Collector. The Company has filed a reference before Peshawar High Court against the Order of 'Appellate Tribunal'. The Company has not recognized provision in this respect to the tune of Rs. 9.6 million 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 with other provincial tax authorities, based on the concept of origination of services.'
- 13.3 Bank guarantees issued by three financial institutions of the Company amounting to Rs. 65.22 million (June 2020: 9.15 million) in favor of the Company's fuel and electricity suppliers.

Six-months ended		Three-months ended	
December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
----- Rupees in '000' -----		----- Rupees in '000' -----	

14. SALES

Sales Revenue

- Preforms	617,360	672,166	151,818	169,397
- Bottles	466,536	579,482	180,334	165,997
	1,083,896	1,251,648	332,152	335,394

Sales tax

- Preforms	(89,963)	(97,936)	(25,073)	(24,647)
- Bottles	(67,768)	(84,233)	(23,202)	(24,102)
	(157,731)	(182,169)	(48,275)	(48,749)
- Sales returns	-	(1,497)	-	-
- Discounts (Bottles)	(567)	(535)	(153)	(104)
	925,598	1,067,447	283,724	286,541

- 14.1. Revenue recognized during the period includes Rs. 3.7 million (2019: Rs. 7.02 million) which was shown as advance from customers at the beginning of the period.

15. **COST OF SALES**

	Six-months ended		Three-months ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- Rupees in '000' -----		----- Rupees in '000' -----	
Raw material consumed	612,579	680,729	194,026	204,145
Packing material consumed	32,769	33,452	10,112	9,372
Salaries, wages and other benefits	87,695	100,657	41,298	42,210
Electricity, gas and water	112,522	121,335	42,698	49,433
Store consumed	15,201	12,805	9,653	7,072
Traveling and conveyance	4,351	5,484	2,185	2,792
Rent, rates and taxes	7,022	9,869	3,248	3,088
Repair and maintenance	4,335	4,827	2,218	2,699
Communication charges	1,747	1,153	1,308	534
Printing, postage & stationery	835	1,056	487	622
Entertainment	313	400	209	185
Medical expense	3,990	3,977	2,218	1,787
Safety and security	5,036	6,284	2,204	4,804
Subscription and professional charges	153	1,697	148	1,623
Freight and logistics charges	1,745	3,021	792	875
Vehicle repair and maintenance	4,953	5,540	2,429	2,160
Technical testing and analysis	263	346	84	240
Staff welfare and support	1,644	1,629	863	1,128
Depreciation	57,555	62,485	28,582	30,770
Miscellaneous	28	70	16	47
	954,736	1,056,816	344,778	365,586
Work-in-process - opening	99,846	198,170	118,888	148,536
Work-in-process - closing	(171,384)	(151,365)	(171,384)	(151,365)
	(71,538)	46,805	(52,496)	(2,829)
Cost of goods manufactured	883,198	1,103,621	292,282	362,757
Finished goods - opening	48,077	43,613	36,519	29,614
Finished goods - closing	(26,124)	(30,967)	(26,124)	(30,967)
	21,953	12,646	10,395	(1,353)
Costs to fulfill sales contracts	11,689	15,741	2,639	3,976
Cost of sales	916,840	1,132,008	305,316	365,380

16. TAXATION

Provision for current period -

Minimum tax

Deferred tax income

Six-months ended		Three-months ended	
December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
----- Rupees in '000' -----		----- Rupees in '000' -----	
(13,884)	(16,012)	(4,256)	(4,298)
46,188	64,529	31,437	41,345
32,304	48,517	27,181	37,047

**17. LOSS PER SHARE -
basic and diluted**

Loss after taxation

(Rupees in '000')

Weighted average number of
shares (number)

Loss per share - basic and
diluted (Rupees)

(83,598)	(142,821)	(72,188)	(113,079)
38,148,900	38,148,900	38,148,900	38,148,900
(2.19)	(3.74)	(1.89)	(2.96)

18. CASH AND CASH EQUIVALENTS

Cash and bank balances

Short term running finance

Un-Audited December 31, 2020	Audited June 30, 2020
----- Rupees in '000' -----	
12,558	5,307
(1,414)	(61,548)
11,144	(56,241)

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

For the six-month period ended December 31, 2020

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

19.1 Classification and fair values

19.1.1 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.

Carrying amount			Fair value			
Amortized Cost	FVTPL	Total	Level 1	Level 2	Level 3	Total
----- Rs. in '000 -----						

For the period ended 31 December 2020

Financial assets measured at fair value

Long-term deposits	-	12,209	12,209	-	-	12,209	12,209
Short-term deposits	-	958	958	-	-	958	958

Financial assets not measured at fair value

Trade debts - net of allowance for impairment	92,361	-	92,361	-	-	-	-
Cash and bank balances	12,558	-	12,558	-	-	-	-
	104,919	13,167	118,086	-	-	13,167	13,167

Financial liabilities not measured at fair value

Long-term loans (including current portion)	202,713	-	202,713	-	-	-	-
Lease liabilities (including current portion)	234,691	-	234,691	-	-	-	-
Trade creditors and bills payable	123,536	-	123,536	-	-	-	-
Accrued and other liabilities	35,334	-	35,334	-	-	-	-
Short-term borrowings	497,854	-	497,854	-	-	-	-
	1,094,128	-	1,094,128	-	-	-	-

For the year ended 30 June 2020

Financial assets measured at fair value

Long-term deposits	-	12,209	12,209	-	-	12,209	12,209
Short-term deposits	-	3,027	3,027	-	-	3,027	3,027

Financial assets not measured at fair value

Trade debts - net of allowance for impairment	214,694	-	214,694	-	-	-	-
Cash and bank balances	20,278	-	20,278	-	-	-	-
	234,972	15,236	250,208	-	-	15,236	15,236

Financial liabilities not measured at fair value

Long-term loans (including current portion)	104,795	-	104,795	-	-	-	-
Lease liabilities (including current portion)	235,880	-	235,880	-	-	-	-
Trade creditors and bills payable	160,753	-	160,753	-	-	-	-
Accrued and other liabilities	47,379	-	47,379	-	-	-	-
Short-term borrowings	525,209	-	525,209	-	-	-	-
	1,074,016	-	1,074,016	-	-	-	-

20. OPERATING SEGMENTS

(a) Description of operating segments

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

(b) Segment Information

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

	INJECTION (PREFORMS)			BLOWING (BOTTLES)			TOTAL	
	For the six-months ended	For the three-months ended	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	For the three-months ended
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
	(Rupees in '000')							
Total Sales	804,675	956,374	227,879	248,480	398,201	494,714	156,978	141,791
Less: Intersegment sales (eliminated)	(277,278)	(383,641)	(101,133)	(103,730)	-	-	(277,278)	(383,641)
Sales-net	527,397	572,733	126,746	144,750	398,201	494,714	156,978	141,791
Total Cost of Sales	(527,601)	(606,385)	(144,122)	(178,389)	(666,517)	(909,264)	(262,327)	(290,721)
Less: Intersegment cost (eliminated)	-	-	-	-	277,278	383,641	101,133	103,730
Cost of sales-net	(527,601)	(606,385)	(144,122)	(178,389)	(389,239)	(525,623)	(161,194)	(186,991)
Gross profit / (loss)	(204)	(33,652)	(17,376)	(33,639)	8,962	(30,909)	(4,216)	(45,200)
Selling expenses	(7,706)	(7,560)	(3,623)	(3,937)	(5,819)	(6,531)	(3,362)	(3,543)
Administrative expenses	(26,753)	(28,113)	(13,585)	(15,294)	(20,200)	(24,283)	(12,276)	(13,713)
Impairment loss on trade debts	-	-	-	-	(2,848)	(598)	(2,848)	(598)
	(34,459)	(35,673)	(17,208)	(19,231)	(28,867)	(31,412)	(18,486)	(17,854)
Loss from operations	(34,663)	(69,325)	(34,583)	(52,870)	(19,905)	(62,321)	(22,702)	(63,054)
	Dec 31, 2020	June 30, 2020			Dec 31, 2020	June 30, 2020		Dec 31, 2020
	--- Rupees in '000' ---							
Segment assets	1,073,764	1,252,459			774,265	676,746		1,848,029
Unallocated assets	-	-			-	-		143,147
	1,073,764	1,252,459			774,265	676,746		1,991,176
Segment liabilities	378,748	726,743			657,492	381,692		1,036,240
Unallocated liabilities	-	-			-	-		236,525
	378,748	726,743			657,492	381,692		1,272,765
Capital expenditure	5,472	46,732			1,498	42,861		6,970
Unallocated capital expenditure	-	-			-	-		2,189
	5,472	46,732			1,498	42,861		9,159

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

For the six-month period ended December 31, 2020

20.1 Reconciliations of information on reportable segments to the amounts reported in the statement of Profit or loss

	December 31, 2020	December 31, 2019
	----- Rupees in '000 -----	
Operating loss of the reportable segments	(54,568)	(131,646)
Add: other income	2,702	13,966
Less: other expenses	(24,181)	(151)
Finance costs	(39,855)	(73,507)
Loss before taxation as per statement of profit or loss	(115,902)	(191,338)

21. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

	December 31, 2020	December 31, 2019
	----- Rupees in '000' -----	
Transactions during the year		
Contribution to staff provident fund	1,938	1,928
Contribution to employees' gratuity fund	35,700	-
Remuneration to key management personnel	23,287	24,276
Bonus shared issued	-	34,681
Final dividend paid	-	17,340
Payable / (Receivable) as on date of statement of financial position with:		
Ecopack Employees' Provident Fund Trust	652	634
Ecopack - Employees' Gratuity Fund Trust	77,870	-
Payable to Chief Executive	2,395	1,301

22. 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.

23. COMPARATIVE FIGURES

Following comparatives have been reclassified / restated for the reasons detailed below and in note 4 to financial statements.

23.1 Reclassifications

Previously abnormal loss was presented in "other expenses" line item of statement of profit or loss. This has now been reclassified to "cost of sale" for better presentation.

Previously finance cost paid on short and long term borrowings was presented in "cash flows from operating activities". This has now been presented separately in cash flows from operating and financing activities for better presentation in statement of cash flows.

Effect of above reclassifications is as follow:

December 31, 2019			
	As previously reported	Effect of reclassification	Balance after reclassification
----- Rupees in '000' -----			
Statement of Profit or Loss			
Cost of sales	1,124,314	7,694	1,132,008
Other expenses	7,845	(7,694)	151
Statement of Cash Flows			
Net cash generated from operating activities	232,951	31,471	264,422
Net cash (used in) financing activities	(235,093)	(31,471)	(266,564)

23.2 Restatements - Note 4

December 31, 2019				
	Note	As previously reported	Effect of restatement	Balance after restatement
----- Rupees in '000' -----				
Statement of Profit or Loss				
Income tax charge for the period - current	4.1	48,517	(64,529)	(16,012)
Deferred tax income	4.1	-	64,529	64,529
Loss after taxation	4.1	(142,821)	-	(142,821)
June 30, 2020				
		As previously reported	Effect of restatement	Balance after restatement
----- Rupees in '000' -----				
Statement of financial position				
Advance tax - net	4.1	158,000	(80,567)	77,433
Deferred tax liabilities - net	4.1	129,878	(80,567)	49,311
Employee Benefits	4	104,884	(103,705)	1,179
Trade and other payables	4	239,665	103,705	343,370

24. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on February 27, 2021.

25. 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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