AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Ecopack Limited as at June 30, 2005, and the related profit & loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:-

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:-

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the chain indicated in note 2.1.2. with which we concur;

  (ii) the expenditure incurred during the year was for the purpose of the company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit & loss account, cashflow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30,2005, and of the loss, its cashflows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under Section 7 of that ordinance.

Karachi:
Dated: September 7,2005

KHALID MAJID RAHMAN SARFARAZ
RAHIM IQBAL RAFIQ
Chartered Accountants

BALANCE SHEET

	NOTE	2005 RUPEES	2004 RUPEES (Restated)
SHARE CAPITAL & RESERVES			
AUTHORISED			
25,000,000 (June 2004: 10,000,000)			
Ordinary Shares of Rs.10/- each		**250,000,000**	100,000,000
Issued, subscribed and paid-up	3	**142,714,100**	57,085,640
Unappropriated profit		**69,719,696**	69,864,474
		212,433,796	126,950,114
SURPLUS ON REVALUATION OF FIXED ASSETS	4	**124,956,910**	129,181,416
NON-CURRENT LIABILITIES			
Liability against assets subject to finance lease	5	**36,505,109**	1,794,496
Deferred liabilities	6	**101,022,099**	80,133,236
Redeemable capital non participatory	7	**-**	-
Long term loans - secured	8	**232,875,729**	159,838,495
Long term suppliers' credit	9	**-**	80,891,772
		370,402,937	322,657,999
CURRENT LIABILITIES			
Trade and other payables	10	**212,357,850**	126,246,785
Accrued mark-up on loans	11	**5,825,192**	1,329,605
Short term finances	12	**42,244,915**	16,636,512
Current portion of long term liabilities	13	**65,017,133**	32,711,507
Taxation		**3,764,588**	2,229,458
		329,209,678	179,153,867
CONTINGENCIES & COMMITMENTS	14	**-**	-
		1,037,003,321	757,943,396

HUSSAIN JAMIL
Chairman

AHSAN JAMIL
Chief Executive Officer

AS AT JUNE 30, 2005

	NOTE	2005 RUPEES	2004 RUPEES (Restated)
PROPERTY, PLANT AND EQUIPMENT	15	**700,172,182**	571,083,572
LONG TERM DEPOSITS	16	**7,444,050**	1,873,650
CURRENT ASSETS			
Spares and loose tools	17	**32,801,462**	27,306,349
Stock-in-trade	18	**169,227,301**	75,739,493
Trade debts		**102,338,448**	61,297,916
Loans and advances	19	**9,303,153**	6,600,401
Short term prepayments	20	**1,495,314**	4,628,876
Other receivables	21	**11,706,873**	6,390,133
Cash and bank balances	22	**2,514,538**	3,023,007
		329,387,089	184,986,174
		1,037,003,321	757,943,396

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

H.R. SIDDIQUI
Chief Financial Officer

CASHFLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2005

	2005 RUPEES	2004 RUPEES
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	53,274,551	63,512,698
Adjustment for non cash charges		
Depreciation	36,648,660	24,420,378
Reversal of liability	(1,927,197)	(21,473,158)
Gain on disposal of fixed assets	(238,240)	-
Other charge - deficit on revaluation	-	5,184,406
Exchange loss	5,475,964	-
Provision for WPPF	2,803,924	2,212,607
Provision for Gratutiy	1,910,000	4,242,000
Financial Charges	32,604,166	19,501,602
	77,277,278	34,087,835
Cash flow from operating activities before working capital changes	130,551,829	97,600,533
Changes in current assets:		
Spares & loose tools	(5,495,113)	(9,363,232)
Stock in trade	(93,487,808)	(27,451,094)
Trade debts	(41,040,532)	(31,914,641)
Loans & advances	(2,702,752)	101,221
Short term prepayments	3,133,562	(3,622,538)
Other receivables	(5,316,741)	(89,677)
Net increase in current assets	(144,909,384)	(72,339,962)
Changes in current liabilities:		
Trade and other payables	85,519,749	66,199,648
Accrued mark-up on loans	4,495,587	(1,780,098)
Short term finances	25,608,403	(19,558,925)
Net changes in current liabilities	115,623,738	44,860,625
Other payments:		
Financial Charges paid	(29,196,684)	(21,232,003)
Gratuity paid	(649,000)	(899,000)
WPPF paid	(2,225,712)	(305,561)
Taxes paid	(3,767,306)	(1,206,470)
	(35,838,702)	(23,643,034)
Net cash inflow from operating activities	65,427,480	46,478,162
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(130,848,297)	(85,748,440)
Capital work-in-progress	(121,377,801)	(13,557,002)
Long term security deposits increased	(5,570,400)	44,680
Proceeds from disposal of fixed assets	430,000	-
Net cash (outflow) / inflow from investing activities	(257,366,498)	(99,260,762)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loan obtained	124,009,902	92,541,830
Repayment of long term loans	(30,872,668)	(35,687,164)
Proceed from issue of right shares	57,085,640	-
Divident paid	(5,708,564)	-
Leases acquired	49,996,002	-
Finance lease repaid	(3,079,763)	(1,861,246)
Net cash inflow / (outflow) from financing activities	191,430,549	54,993,420
Net Increase in cash and cash equivalents	(508,469)	2,210,820
Cash and bank at the beginning of the year	3,023,007	812,187
Cash and bank at the end of the year	2,514,538	3,023,007

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

HUSSAIN JAMIL	**AHSAN JAMIL**	**H.R. SIDDIQUI**
Chairman	Chief Executive Officer	Chief Financial Officer

DIRECTOR'S REPORT

The Board of Directors of Ecopack Limited is pleased to present the audited financial statements for the year ended 30th June 2005.

Overview

This year your company has recorded, by the grace of God, it's highest ever growth in annual sales of 70% over previous year. Profit before tax grew by a healthy 27% over the same period last year to Rs.53.3 million.

This has been possible because of your company's commitment to meet growing market demand through timely expansions in production capacity. Ecopack successfully enhanced its back process preform capacity as planned by over 200% in July 2004 .The second phase of the bottle-blowing capacity enhancement in the Hattar facility, matching the preform capacity increase, was completed in June 2005 with commercial production planned for July 2005.

Deferred taxation this year, mainly as a consequence of our strategy of investment in enhanced capacity, has jumped by Rs.18.8 million over last year. This has given your company considerable relief from actual payment of tax for the period under review but has necessitated the provision of a deferred tax charge that brings our after tax profit down to Rs. 27.6 million.

The market value of your company share has risen from Rs. 35/share as on 30th June, 2004 to Rs.49.64/share (42%) as on 30th June, 2005. This when adjusted for the 50% stock dividend and the 100% rights share issued subsequently equates to a price of Rs.114.10/share, i.e. a growth of 230%.

Sales and Operations

Increasingly rapid sales growth and economies of scale were significant contributors to the healthy operating results. Sales grew by seventy percent over the same corresponding period last year. While Coke and Pepsi remain the biggest users of PET bottles and still comprise the largest contributors to growth, the demand for PET packaging from the other carbonated soft drinks (CSD) is gaining in significance along with non-CSD drinks.

Capacity utilization even after the significant expansion this year almost reached pre-expansion levels in year one; Hattar plant achieved 73.6% utilization this year versus 75.4% last year while at the Karachi plant and 69.9% utilization was achieved this year versus 72.2% last year.

The sales from the Karachi plant grew by almost 47% over last year, which has meant that it is finally profitable at the operating level. Hattar plant, however, remains the main contributor to both overall company sales growth (75%) and operating profits.

Financials

PET resin prices rose by around 41% compared to last year as a direct consequence of the steep international oil price hikes during the period under review. A volume-led strategy was preferred over a margin-led one. This was to improve the momentum of conversion from glass to PET packaging, particularly in the back drop of our recently expanded capacities. As a result some pressure on margins was absorbed in the short term. Gross profit and operating profit, however, still grew by a healthy 40% and 38% respectively over the same period last year.

The overall financial cost of the Company increased by Rs. 13.10 million (67%). This was mainly due to long-term borrowings to fund the capacity expansion and additional working capital utilization to fund increased materials procurement.

The beneficial tax depreciation availed by your Company as a result of its capacity expansion in this period, has created a deferred tax liability of Rs. 21.9 million. This provision to offset the timing difference with tax accounting this year has meant the posting of a lower than last year after tax profit of Rs. 27.6 million. A bottom line comparison is made with the previous period last year appears more un-favourable as it contains a one-off special situation windfall (unusual item) in the shape of a write back through an early loan repayment.

Moreover, (i) the unusual item of last year and (ii) the deferred tax provision of this year disturb the underlying earnings per share (EPS) trend. A more meaningful comparison of EPS is achieved if we adjust for the above two items. In so doing the EPS for the year under review of Rs. 3.96/share as compared to last years EPS of Rs. 4.16/share reflects a more accurate picture i.e. EPS within the first year after expansion has almost achieved.

Future Outlook

The future outlook for PET packaging remains very positive with growth in CSD and other new sectors projected to be strong. Your Company intends to pursue its expansion strategy to track this growth with a much greater emphasis on product and customer diversification. In this way it intends to maintain its market leadership position while continuing to enhance share-holder value.

Dividends

In view of the positive financial results the Board is pleased to recommend a 15% share dividend.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE:

As required under the Code of Corporate Governance dated 28th March 2002, we are pleased to state as follows:

1. The financial statement prepared by the management present fairly its state of affairs, the results of its operations, cash-flows and changes in equity.

2. Proper books of accounts have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.

4. International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and any departure there-from has been adequately disclosed.

5. The system of internal control and other such procedures which are in place, are being continuously reviewed by the Internal Audit Department. The process of review will continue and any weakness in controls will be removed.

6. There is no significant doubt on company's ability to continue as going concern.

7. There has been no departure from the best practice of corporate governance, as detailed in the listing regulations.

8. Key operating and financial data for the last six years in summarized form is attached (see Annexure-A).

9. The Company has declared 15% bonus shares (2004 – 50% stock, 10% cash, 100% right).

10. There are no outstanding statutory payments on account of taxes, levies and charges except of normal and routine nature.

11. The Company has introduced a provident fund scheme during the year for the permanent employees.

12. Statement as to the value of gratuity fund on the basis of actuarial valuation as on 30.06.2005 is included in note # 6 to the financial statements.

13. During the year 04 board meetings were held and the attendance by each director is given below:

Name of Director	**No. of Meeting Attended**
Mr. Ahsan Jamil	04
Mr. Hussain Jamil	04
Mrs. Deborah Jamil	03
Mrs. Ayesha Khan	02
Mr. Shahid Jamil	03
Mr. Ali Jamil	01
Mr. Ashiq Hussain Qureshi	01

14. The pattern of shareholding and additional information regarding pattern of shareholding is attached Annexure-B.

15. Trading of shares by Directors & Chief Financial Officer/Secretary of the Company during the year under review is as under:

Name	Designation	No. of Shares Acquired/(Sold)
Mr. Hussain Jamil	Executive Director/Chairman	1,722,863 *
Mr. Ahsan Jamil	Chief Executive Officer	1,296,939 *
Mr. Shahid Jamil	Director	343,731 *
Mr. Ali Jamil	Director	233,603 *
Mrs. Deborah Jamil	Director	460,873 *
Mrs. Ayesha Khan	Director	557,246 */(41000)
Mr. Ashiq Hussain Qureshi	Director	1006 *
Mr. Habib Ur Rehman Siddiqui	CFO	4500 */(7500)

- Bonus shares and right issue.

16. The board has recommended appointment of Auditors M/s. Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants for the year ending on June 30, 2006 as recommended by the audit committee in its meeting held on September 07, 2005.

ACKNOWLEDGEMENT:

On behalf of the Board I would like to thank the management, staff, workers, the bankers and the valued customers whose support and co-operation has been crucial to our success.

I am confident that if management and the employees of the Company continue to work with the devotion and zeal that has been their hallmark, the Company will Inshallah continue to prosper.

I pray to Almighty Allah for the continued success of your Company.

For & on behalf of the Board of Directors

Karachi,
Dated: September 07, 2005

Ahsan Jamil
(Chief Executive Officer)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2005

1. STATUS AND NATURE OF BUSINESS

The company was incorporated on 25 August 1991 as a private limited company under the Companies Ordinanace, 1984. Subsequently it was converted into public limited on April 29, 1992. It is quoted at Karachi Stock Exchange. The principal activity of the company is manufacture and sale of Poly Ethylene Terepthalat (PET) bottles. Its two manufacturing facilities are located in the province of Sindh at Karachi and in the province of NWFP at Hattar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

2.1.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities & Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.1.2 During the year, the SECP substituted the Fouth Schedule to the Companies Ordinance, 1984, which is effective from the financial year ending on or after July 5, 2004. The Company has accordingly change its dividend recognition policy. Dividend proposed at year end is recognized upon approval by the shareholders in the Annual General Meeting of the Company.

2.2 Accounting Convention

These financial statements have been prepared under the historical cost convention, except that certain fixed assets have been included at revalued amounts, certain exchange elements have been incorporated in the cost of the relevant assets and staff retirement benefits have been recognized at values determined by actuary.

2.3 Employees' retirement benefits

The employees retirement benefits comprises of Gratuity and Provident fund schemes.

The gratuity scheme is unfunded and covers those permanent employees & management staff of the Company who have completed prescribed qualifying period of service. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation.

An actuarial valuation of all defined benefit schemes is conducted at the end of every year. The valuation uses the Projected Unit Credit method. Actuarial (unrecognized) gains and losses are amortized over the expected average remaining working lives of employees (note # 6.1).

During the year, the Company has introduced Provident fund scheme for permanent employees with the approval of the Commissioner of Income Tax.

2.4 Taxation

Current

Provision for current taxation is based on taxable income at current tax rate after taking into account tax credits, rebates and exemptions available, if any, or half perecent of the turnover, whichever is higher.

Deferred

Deferred tax is provided using balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the current rates of taxation.

The Company recognises a deferred tax asset to the extent it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that is is no longer probable that the related tax benefit will be realised. Further the Company recognises deferred tax asset / liability on deficit / surplus on revaluation of fixed assets which is adjusted against the related deficit / surplus.

2.5 Operating fixed assets

- Owned assets

These are stated at cost less accumulated depreciation and impairment loss, if any, except for certain fixed assets that are shown at revalued amounts. Depreciation charge is based on methods and rates as specified in note 14. Depreciation on addition is charged from the month in which the asset is put to use and on disposals up to the month of disposal.

Incremental depreciation charged for the period on revalued assets is transferred from surplus on revaluation of fixed assets to retained earnings (unappropriated profit) during the current year.

Maintenance and normal repairs are charged to income as and when incurred; major renewals and imporvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to profit and loss account.

- Leased assets

Assets subject to finance lease are stated at lower of present value of minimum lease payments under the lease agreement and the fair value of the leased assets. The related obligation under the lease are accounted for as liabilities. Depreciation charge is based on rates and method as specified in note # 15.

The finance charge is calculated at the rate implicit in the lease.

2.6 Borrowing cost

The borrowing cost is recognized as an expense in the period in which they are incurred, except borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalized as part of the cost of that asset.

2.7 Spares & loose tools

These are valued on moving average cost. Items in transit are valued at cost comprising invoice values and other charges paid thereon upto the balance sheet date.

2.8 Stock in trade

These are valued at lower of cost and net realisable value. The cost is computed by using the following methods :

- Raw and packing material	At moving average cost
- Work in process	At average material cost including direct labour and proportionate manufacturing overheads.
- Finished goods	At actual manufacturing cost.

Items in-transit are valued at cost comprising invoice values plus other charges incurred thereon upto the date of balance sheet.

Net realisable values signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the same.

2.9 Trade debts

These are stated at net of provision for doubtful debts. Known bad debts are written off and provision is made against the debts considered doubtful.

2.10 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank balances.

2.11 Foreign Currency Translation

Foreign currency translations during the year are recorded at the exchange rate ruling on the transaction date. Monetary assets / liabilites at the year end are translated at official rate ruling on the balance sheet date.

2.12 Financial Instruments

Financial assets

The Company's principal financial assets are cash & bank balances, trade debtors and advances.

Trade debtors are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Significant financial liabilities include long term loans, finance lease obligation, short term finances, creditors & other liabilities. These are stated at nominal values.

2.13 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set of the recognised amounts and either to settle on a net basis or to realise the asset and settle liability simultaneously.

2.14 Provisions.

Provisions are recognized when the company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.15 Revenue recognition

Sales are recorded on dispatch of goods to the customers.

2.16 Segment reporting

Segmentation is based on geographical basis. Administration and selling expenses are allocated on the basis of net sales value of each segment.

	Note	2005 Rupees	2004 Rupees
3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL			
Paid in cash			
4,554,100 (2004: 4,554,100) Ordinary shares of Rs. 10/- each		**45,541,000**	45,541,000
5,708,564 (2004: Nil) Ordinary shares of Rs. 10/- each issued as Right shares		**57,085,640**	-
Bonus shares			
4,008,746 (2004: 1,154,464) Ordinary shares of Rs. 10/- each issued as bonus shares		**40,087,460**	11,544,640
		142,714,100	57,085,640
4. SURPLUS ON REVALUATION OF FIXED ASSETS			
Balance as at July 01		**129,181,416**	42,104,097
Add : Surplus arising on revaluation during the year		**-**	141,337,002
		129,181,416	183,441,099
Less : Deficit on revaluation adjusted during the year		**-**	(484,505)
		129,181,416	182,956,594
Related deferred taxation		**-**	(49,467,951)
		129,181,416	133,488,643
Less: Transferred to unappropriated profit on account of incremental depreciation for the year net of deffered taxation		**(4,224,506)**	(4,307,228)
		124,956,910	129,181,416
5. LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Opening balance		**2,439,335**	3,740,581
Obtained during the year	5.1	**49,996,002**	560,000
		52,435,337	4,300,581
Paid during the year		**(3,079,763)**	(1,861,246)
		49,355,574	2,439,335
Less: Current portion shown under current liabilities	12	**(12,850,465)**	(644,839)
		36,505,109	1,794,496

5.1 This includes Plant & Machinery imported, sale and lease back during the year as a part of expansion in the exisitng production facilities at Hattar. (refer note # 8).

The future minimum lease payments and the period in which they become due are:

	2005		2004	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	Rupees	Rupees	Rupees	Rupees
Within one year	16,696,286	12,850,465	851,288	644,835
After one year but not more than five years	40,411,554	36,505,109	1,980,065	1,794,500
Total minimum lease payments	57,107,840	49,355,574	2,831,353	2,439,335
Less : Amount representing financial charges	(7,752,266)	-	(392,018)	-
Present value of minimum lease payments	49,355,574	49,355,574	2,439,335	2,439,335
Less : Current portion	(12,850,465)	(12,850,465)	(644,839)	(644,839)
	36,505,109	36,505,109	1,794,496	1,794,496

Finance lease - Significant terms & conditions

Leasing Company	Principal (Rupees)	Instalments Payment	Number of Instalments	Commencement date	Implicit rate of finance per annum	Lease Rental (Rupees)
Faysal Bank Ltd.	565,000	Monthly	60	01st Dec 2001	12.00%	11,398
Faysal Bank Ltd.	340,000	Monthly	60	15th Dec 2001	12.00%	6,821
Faysal Bank Ltd.	825,000	Monthly	60	01st Jan 2002	12.00%	16,543
Faysal Bank Ltd.	599,000	Monthly	60	01st Jan 2002	12.00%	12,011
National Dev. Leasing Corp.	590,000	Monthly	60	31st Dec 2002	14.00%	12,215
Faysal Bank Ltd.	560,000	Monthly	60	01st April 2004	7.75%	10,094
Faysal Bank Ltd.	1,580,000	Monthly	60	01st July 2004	7.75%	28,479
Faysal Bank Ltd.	519,000	Monthly	36	01st October 2004	10.00%	14,540
Faysal Bank Ltd.	355,000	Monthly	48	01st October 2004	10.00%	7,748
Faysal Bank Ltd.	355,000	Monthly	48	01st October 2004	10.00%	7,748
Askari Leasing Ltd.	30,000,000	Monthly	36	01st April 2005	9.50%	864,014
Atlas Investment Bank	15,900,000	Quarterly	16	01st May 2005	10.82%	1,113,695
Habib Bank Ltd.	1,287,000	Monthly	60	05th May 2005	9.50%	28,670

The Company intends to exercise the option to purchase the leased assets upon completion of the lease period. There is no restriction on lease assets.

		2005 RUPEES	2004 RUPEES
6. DEFERRED LIABILITY			
Staff gratuity	**6.1**	**8,007,000**	6,746,000
Deferred taxation		**93,015,099**	73,387,236
		101,022,099	80,133,236
6.1 Reconciliation of Payable to Defined Benefit Plan			
Present Value of Defined Obligation		**12,174,000**	8,141,000
Net Acturial (Losses) not Recognized		**(4,167,000)**	(1,395,000)
		8,007,000	6,746,000
Movement in net liabitilty recognized			
Opening net liability		**6,746,000**	3,403,000
Expenses recognised		**1,910,000**	4,242,000
Benefits paid during the year		**(649,000)**	(899,000)
Closing net liability		**8,007,000**	6,746,000
Charge for Defined Benefit Plan			
Current Service Cost		**1,133,000**	698,000
Interest Cost		**733,000**	282,000
Vested past service cost		**-**	3,246,000
Acturial losses recognized		**44,000**	16,000
		1,910,000	4,242,000

These figures are based on the latest acturial valuation as on June 30, 2005. The valuation uses the projected Unit Credit method. Acturial gains and losses are amortised over the expected future service of current members.

The discount rate taken as 10 per cent per annum. Salary inflation assumed to average 10% per annum over the future working lives of current employees and managment.

		2005 RUPEES	2004 RUPEES
7. REDEEMABLE CAPITAL - NON PARTICIPATORY			
Opening Balance		**-**	32,039,246
Less : Reversal of liability		**-**	(8,318,749)
		-	23,720,497
Less : Paid during the year	7.1	**-**	(23,720,497)
		-	-
Less: Current portion shown under current liabilities		**-**	-
		-	-

7.1 In pursuance of the order of Honorable Sind High Court, the company has settled the agreed liability by repayment of Rs. 23,720,497/- to Bankers Equity Limited (BEL). This results in reversal of the principal of Rs. 8,318,749 and mark up of Rs. 13,154,409/- (refer note # 30).

7.2 **Security**

The above finance is secured by way of mortgage / charge over all assets movable as well as immovable including uncalled capital, promissory notes and untertakeings from the directors of the Company and deposit of sponsors shares with Bankers Equity Limited. However, subsequent to the balance sheet date, the charges against above finance have been released by the Bankers Equity Limited.

8. LONG TERM LOANS - SECURED

Particular	Askari Commercial Bank Ltd.				Habib Bank Ltd. Demand Finance	Total	
	Term Finance	Term Finance1	Term Finance2	Term Finance3		2005	2004
Opening Balance	101,330,000	21,633,333	68,941,830	-	-	191,905,163	111,330,000
Obtained during the year	-	-	4,009,902	60,000,000	60,000,000	124,009,902	92,541,830
Total loan payable	101,330,000	21,633,333	72,951,732	60,000,000	60,000,000	315,915,065	203,871,830
Paid during the year	(17,000,000)	(7,872,668)	(6,000,000)	-	-	(30,872,668)	(11,966,667)
	84,330,000	13,760,665	66,951,732	60,000,000	60,000,000	285,042,397	191,905,163
Current portion	(18,000,000)	(7,866,667)	(14,000,000)	(4,800,000)	(7,500,000)	(52,166,667)	(32,066,668)
Closing balance	66,330,000	5,893,998	52,951,732	55,200,000	52,500,000	232,875,730	159,838,495
Significant Term & Condition Note No.	8.1	8.2	8.3	8.4	8.5		

8.1 This represents term finance obtained to pay leasing. It carries mark up at 12 months average KIBOR plus 1.5% spread floor of 6% p.a., to be paid in quarterly installments upto December 2009.

8.2 This represent term finance obtained for the repayment of Redeemable capital from Bankers' Equity Ltd. It carries mark up at SBP discount rate with floor of 7.5% per annum, reviewable on half year basis, to be paid in three years in quarterly installments from June 2004 to March 2007.

8.3 This represents finance obtained to finance expansion in existing production facilities at Hattar plant. It carries mark up at 12 months average KIBOR plus 1.5% spread floor 6% p.a., to be paid in five years in quarterly installments from February 2005 to February 2009 with a initial grace period of one year from the date of disbursement.

8.4 This represents term finance obtained to finance expansion in existing production facilities at Hattar plant. It carries mark up at 12 months average KIBOR plus 1.5% spread with floor of 6% per annum, to be paid in four years in quarterly installments from October 2005 to November 2009 with a initial grace period of one year from the date of disbursement.

8.5 This represents demand finance obtained to finance expansion in exisiting production facilities at Hattar plant (refer note # 9). It carries mark up at 3 months KIBOR plus 2.5% with floor of 6.5% per annum, to be paid in five years in quarterly installments from January 2006 to October 2009 with a initial grace period of one year from the date of disbursement.

Securities:
The above finances are secured as follows:

Askari Commercial Bank Ltd.:

- First Hypothecation charge ranking pari passu with Prime Commercial Bank Ltd. charge to the extent of Rs. 10 M over all present & future current assets of the Company.
- First charges on all present & future fixed assets of the Company.
- First floating charge on undertaking & other property and assets whatsoever (both present & future) with 30% margin.
- First charge by way of Equitable Mortgage for Rs. 10 M ranking pari passu with Prime Commercial Bank Ltd. over properties at Hattar Industrial Estate.
- Personal guarantees of two Directors of the Company.

Habib Bank Ltd.:

1st charge ranking pari passu over present and future fixed assets.

9. LONG TERM SUPPLIER'S CREDIT

This represents the liability on account of usance letter of credit in respect of machinery imported. During the year, the Company has settled the obligation partly through Demand Finance and partly through leasing arrangements (refer note # 8.5 & 5.1).

	Note	2005 RUPEES	2004 RUPEES
10. TRADE AND OTHER PAYABLES			
Trade creditors including bills payable		**192,487,361**	115,219,057
Accrued & other liabilities		**7,863,765**	6,054,064
Advances from customers		**2,202,656**	690,457
Tax deducted at source		**162,568**	198,374
Workers' profit participation fund	10.1	**2,803,924**	2,212,607
Sales tax payable		**6,361,300**	1,631,115
Unclaimed Dividend	10.2	**476,276**	241,111
		212,357,850	126,246,785
10.1 Workers' profit participation fund			
Balance as on 1 July		**2,212,607**	284,587
Allocation for the year		**2,803,924**	2,212,607
		5,016,531	2,497,194
Mark-up on fund utilized in the Company's business at 12% per annum (2004: 10%)		**13,105**	20,974
		5,029,636	2,518,168
Less : Amount paid on behalf of the Fund		**(2,225,712)**	(305,561)
Balance as on 30 June		**2,803,924**	2,212,607

10.2 The Company, effective from the current year, has ceased to recognize as a liability the final dividend proposed subsequent to the year end to comply with the substituted Fourth Schedule to the Ordinance, as referred to in note 2.1.2. Such a change in policy has been accounted for retrospectively and comparative financial statements have been restated in accordance with the recommended benchmark treatment of IAS 8.

	Note	2005 RUPEES	2004 RUPEES
11. ACCRUED MARK-UP ON LOANS			
Long-term finance		**4,602,724**	1,077,842
Short-term finance		**1,222,468**	251,763
		5,825,192	1,329,605
12. SHORT TERM FINANCE AND OTHER CREDIT FACILITIES - Secured			
Askari Commercial Bank Ltd.			
- Running finance	12.1	**6,634,108**	10,426,512
- Cash finance	12.1	**-**	-
- Local bills purchase	12.1	**22,951,000**	6,210,000
		29,585,108	16,636,512
Prime Commercial Bank Ltd.			
- Running finance	12.2	**1,805,525**	-
Habib Bank Ltd.			
- Running finance	12.3	**10,854,282**	-
		42,244,915	16,636,512

12.1 6 months KIBOR plus 2% spread, floor 6% p.a.
12.2 Mark up @9% per annum
12.3 3 months KIBOR plus 2.5% spread, floor 6.5% p.a.

Securities

These facilities have been secured against hypothecation of entire present and future current assets, equitable mortgage of property of the Company and personal guarantees of the working directors.

	Note	2005 RUPEES	2004 RUPEES
13. CURRENT PORTION OF LONG TERM LIABILITIES			
Current Maturity:			
Term Finance	8	**44,666,668**	32,066,668
Demand Finance	8	**7,500,000**	-
Lease Finance	5	**12,850,465**	644,839
		65,017,133	32,711,507
14. CONTINGENCIES AND COMMITMENTS			
14.1 Commitments			
Letters of credit		**960,133**	3,802,400

14.2 Contingencies

The Commissioner of Income Tax, Companies Zone, Islamabad has communicated to the Company about having filed an application in the Lahore High Court, Rawalpindi Bench, against the order of Income Tax Appellate Tribunal passed in favour of the Company annulling impugned order of Additional Commissioner of Income Tax dated March 22, 2002 passed under section 66A resulting in a tax demand of Rs. 6.695 million. The Company has not made any provision in this respect in view of the legal opnion of it's Legal Advisor that the said case is likely to be decided in favour of the Company on legal grounds. No proceedings have yet started in the said matter.

	Note	2005 RUPEES	2004 RUPEES
15. PROPERTY, PLANT & EQUIPMENT			
Operating Property, Plant & Equipment	15.1	**571,995,412**	476,634,798
Capital Work-in-progress	15.5	**128,176,770**	94,448,774
		700,172,182	571,083,572

During the year, in order to reflect the changed pattern, the Company reviewed the depreciation method in respect of Injection Moulds and Plant & Machinery. The depreciation method on Injection Moulds and Plant & Machinery has accordingly been changed from reducing balance method to straight line method. As a result of change in accounting estimate necessary adjustments in depreciation charge for the current and future period have been made in these accounts.

15.1 PROPERTY PLANT & EQUIPMENT

(Rupees)

Particulars	COST AND REVALUATION: As at 01-07-2004	Addition / (Deletions)	Revaluation / (Deficit)	As at 30-06-2005	Rate (%)	METHOD	DEPRECIATION: As at 01-07-2004	For the year	As at 30-06-2005	Written Down Value as at 30-06-2005
OWNED										
LAND	3,524,750	-	-	3,524,750	-		-	-	-	3,524,750
FACTORY BUILDING	12,624,211	-	-	12,624,211	5	WDV	4,567,800	402,821	4,970,621	7,653,590
FACTORY ROAD	769,052	-	-	769,052	10	WDV	469,587	29,947	499,534	269,519
PREFORM CONTAINER	2,866,870	3,935,300	-	6,802,170	10	WDV	722,927	433,120	1,156,047	5,646,123
FURNITURE & FIXTURE	1,726,325	1,470,838	-	3,197,163	10	WDV	900,809	142,944	1,043,752	2,153,411
VEHICLES	4,016,481	1,285,326	-	4,621,807	20	WDV	2,854,801	402,379	3,257,180	1,866,369
		(680,000)							(501,742)	-
PIPING WORK	7,009,474	197,915	-	7,207,389	10	WDV	1,458,435	574,717	2,033,152	5,174,237
ELECTRIFICATION	12,565,496	960,172	-	13,525,668	10	WDV	3,555,794	978,816	4,534,611	8,991,057
INJECTION MOULDS	138,666,159	-	-	138,666,159	-	ST. LINE	39,784,032	7,200,231	46,984,264	91,681,895
BLOW MOULD	13,596,518	2,053,188	-	15,649,706	5	WDV	8,199,476	1,156,182	9,355,658	6,294,048
PLANT & MACHINARY :										
LOCAL	36,151,465	6,427,082	-	42,578,547	-	ST. LINE	11,209,877	1,985,121	13,194,998	29,383,549
IMPORTED	391,870,294	96,426,454	-	453,451,263	-	ST. LINE	83,730,679	20,861,615	104,592,294	350,198,198
		(34,845,485)				WDV			(1,339,229)	
OFFICE EQUIPMENT	5,831,036	1,563,188	-	7,394,224	10	WDV	2,186,718	542,037	2,728,755	4,665,469
LOCAL MOULDS	7,771,035	1,129,469	-	8,900,504	20	WDV	5,451,864	629,108	6,080,971	2,819,533
LABORATORY EQUIPMENT	429,763	-	-	429,763	10	WDV	155,393	27,437	182,830	246,933
WEIGHING SCALES	127,650	196,000	-	323,650	10	WDV	5,313	25,034	30,347	293,303
WATER TANKS	-	12,000	-	12,000	10	WDV	-	1,200	1,200	10,800
Sub-total (Rupees)	639,546,579	115,656,932 (35,525,485)	-	719,678,026			165,253,505	35,392,709	200,646,213 (1,840,971)	520,872,783
LEASED										
VEHICLES	4,118,900	4,136,850	-	8,255,750	20	WDV	1,777,169	873,452	2,650,621	5,605,129
GENERATOR	-	3,506,256	-	3,506,256	5	WDV	-	29,219	29,219	3,477,036
CHILLER (15.1.1)	-	7,588,000	-	7,588,000	5	WDV	-	63,233	63,233	7,524,766
AIR CONVEYOR (15.1.1)	-	4,805,744	-	4,805,744	5	WDV	-	40,048	40,048	4,765,696
PLANT & MACHINERY (IMP)	-	30,000,000	-	30,000,000	-	ST. LINE	-	250,000	250,000	29,750,000
Sub-total (Rupees)	4,118,900	50,036,850	-	54,155,750			1,777,169	1,255,952	3,033,121	51,122,627
RUPEES 2005	**643,665,479**	**165,693,782 (35,525,485)**	-	**773,833,776**			**167,030,674**	**36,648,660**	**203,679,335 (1,840,971)**	**571,995,410**
RUPEES 2004	421,688,944	85,823,934 (484,506)	141,337,000 (5,184,406)	643,665,472			142,610,296	24,420,378	167,030,674	476,634,798

ALLOCATION OF DEPRECIATION

	2005 Rupees	2004 Rupees
Cost of Goods Sold	**34,816,227**	23,199,359
Admin Expenses	**1,832,433**	1,221,019
	36,648,660	24,420,378

15.1.1 These assets are under sale and lease back arrangement upon direct transfer from Capital Work in Progress

15.2 The above balances represent the value of operating property, plant and equipment subsequent to revaluation in 1995-96 and 2003-04, which had resulted in a surplus of Rs. 92,519,760/- and Rs. 141,337,002/- respectively. The incremental values at the date of revaluation of the revalued operating property, plant and equipment are being depreciated over the remaining useful lives of these assets.

15.3 Had there been no revaluation, the net book value of specific classes of Operating Property, Plant and Equipment as at June 30, 2005 would have been as follows:

	2005 RUPEES W.D.V.	2004 RUPEES W.D.V.
Leasehold land	**3,524,750**	4,056,750
Factory building	**7,348,716**	6,412,228
Plant & Machinery		
- Local	**29,384,333**	28,273,455
- Imported	**309,400,948**	220,539,961
Injection mould	**80,305,749**	56,225,211
Blow mould	**5,673,061**	2,642,888
Electrification	**8,962,138**	10,353,383
	444,599,696	328,503,876

15.4 DISPOSAL OF FIXED ASSETS

Particulars	Cost	Accumulated Depreciation	Written Down Value	Sale Proceeds	Gain/ (Loss)	Mode of Disposal	Buyers
	R U P E E S						
Generator	3,595,485	89,229	3,506,256	3,506,256	-	Sale & Lease Back	Atlas Investment Bank Ltd.
Plant and machinery	31,250,000	1,250,000	30,000,000	30,000,000	-	Sale & Lease Back	Askari Leasing Ltd.
Vehicle	680,000	501,742	178,258	430,000	251,742	Insurance Claim	Adamjee Insurance
Rupees 2005	35,525,485	1,840,971	33,684,514	33,936,256	251,742		
Rupees 2004	-	-	-	-	-		

15.5 CAPITAL WORK IN PROGRESS

Plant & Machinery	**77,591,337**	87,649,805
Electric installation	**11,783,333**	-
Piping work	**18,383,538**	-
Building and roads	**20,418,562**	6,798,969
	128,176,770	94,448,774

	2005 RUPEES	2004 RUPEES
16. LONG TERM DEPOSITS		
Utilities	1,256,750	1,256,750
Leasing Companies	6,076,300	505,900
Others	111,000	111,000
	7,444,050	1,873,650
17. SPARES AND LOOSE TOOLS		
Stores and Spares	31,615,515	26,260,458
Loose tools	1,185,947	1,045,891
	32,801,462	27,306,349
18. STOCK IN TRADE		
Raw material		
- In hand	77,555,955	42,412,034
- In bond	21,956,636	15,711,899
	99,512,591	58,123,933
Packing material		
- In hand	4,199,931	2,178,653
- In bond	2,280,461	-
	6,480,392	2,178,653
Work in process	27,066,949	6,333,999
Finished goods	36,167,369	9,102,908
	63,234,318	15,436,907
	169,227,301	75,739,493
19. LOAN AND ADVANCES		
Considered good:		
Suppliers	7,986,870	5,333,988
Employees	1,313,970	1,153,538
Expenses	2,312	112,875
	9,303,153	6,600,401
20. SHORT TERM PREPAYMENTS		
Prepayments	1,495,314	4,628,876
21. OTHER RECEIVABLES		
Income tax	6,602,098	2,834,792
Excise duty	100,639	100,639
Margin and charges on L/c	965,921	216,410
Sales tax refundable	4,015,836	3,215,986
Others	22,379	22,305
	11,706,873	6,390,133
22. CASH AND BANK BALANCES		
Cash in hand	10,867	10,639
Cash with banks - current account	2,027,395	2,771,257
Cash with bank - dividend account	476,276	241,111
	2,514,538	3,023,007

	Note	Total Rupees Jul-Jun 2005	Total Rupees Jul-Jun 2004	Hattar Rupees Jul-Jun 2005	Hattar Rupees Jul-Jun 2004	Karachi Rupees Jul-Jun 2005	Karachi Rupees Jul-Jun 2004
23. OPERATING RESULTS							
SALES							
Gross sales - others		865,856,296	509,550,980	722,603,200	411,772,820	143,253,096	97,778,160
Intersegment		-	-	90,907,132	50,309,062	-	-
		865,856,296	509,550,980	813,510,332	462,081,882	143,253,096	97,778,160
Less : Sales discount		971,986	73,215	971,339	14,835	647	58,380
Sales tax - others		112,938,598	66,558,563	94,252,639	53,783,377	18,685,959	12,775,186
Sales tax - intersegment		-	-	11,857,452	6,562,052	-	-
Sales return		757,600	-	757,600	-	-	-
		114,668,184	66,631,778	107,839,030	60,360,264	18,686,606	12,833,566
		751,188,112	442,919,202	705,671,302	401,721,618	124,566,490	84,944,594
Less:							
Cost of goods sold	24	595,996,882	332,393,160	563,325,705	290,069,504	111,720,857	86,070,666
Gross profit /(loss)		155,191,230	110,526,042	142,345,597	111,652,114	12,845,633	(1,126,072)
Operating expenses:							
Administration	25	30,161,009	22,867,713	25,159,531	18,482,063	5,001,478	4,385,650
Selling & distribution	26	34,341,804	21,765,814	28,263,360	16,530,073	6,078,444	5,235,741
		64,502,813	44,633,527	53,422,891	35,012,136	11,079,922	9,621,391
Operating profit / (loss)		90,688,417	65,892,515	88,922,707	76,639,978	1,765,710	(10,747,463)
Segment assets:		1,004,694,158	735,420,925	877,325,572	656,432,015	127,368,586	78,988,910
Unallocated assets		32,309,164	19,493,060				
		1,037,003,322	754,913,985				
Segment liabilities:		174,122,075	101,526,295	169,937,247	94,854,447	4,184,828	6,671,848
Unallocated liabilities		525,472,002	398,056,114				
		699,594,077	499,582,409				
Capital expenditure		80,811,447	85,748,440	78,776,920	84,437,027	2,034,527	1,311,413

Note:

Inter-segment sales have been eliminated from total.

Inter-segment business is recorded at cost including sales tax.

24. COST OF GOODS SOLD

	Total		Hattar		Karachi	
	Rupees		Rupees		Rupees	
	Jul-Jun 2005	Jul-Jun 2004	Jul-Jun 2005	Jul-Jun 2004	Jul-Jun 2005	Jul-Jun 2004
Raw material consumed						
Opening stock	**58,123,932**	21,023,516	**54,063,354**	17,543,342	**4,060,578**	3,480,174
Purchases						
Others	**494,889,519**	240,353,853	**484,591,705**	226,903,209	**10,297,814**	13,450,643
Inter-segment	**-**	-	**-**	-	**79,049,680**	43,747,010
	494,889,519	240,353,853	**484,591,705**	226,903,209	**89,347,494**	57,197,653
	553,013,451	261,377,369	**538,655,059**	244,446,551	**93,408,072**	60,677,827
Closing stock	**(99,512,591)**	(58,123,932)	**(89,413,080)**	(54,063,354)	**(10,099,511)**	(4,060,578)
Raw material consumed	**453,500,860**	203,253,436	**449,241,979**	190,383,197	**83,308,561**	56,617,249
Packing material consumed	**28,163,903**	16,072,694	**23,905,240**	13,168,232	**4,258,663**	2,904,462
Salaries, wages & other benefits (24.1)	**30,783,621**	19,229,923	**24,826,172**	14,941,543	**5,957,449**	4,288,380
Travelling & conveyance	**1,715,384**	882,990	**1,643,968**	813,249	**71,416**	69,741
Professional charges	**982,850**	377,600	**982,850**	278,000	**-**	99,600
Vehicle repair & maintenance	**2,540,616**	1,794,930	**2,287,641**	1,598,150	**252,975**	196,780
Rent, rate & taxes	**6,050,490**	2,826,289	**2,380,131**	817,989	**3,670,359**	2,008,300
Repair & maintenance	**3,835,059**	3,659,740	**2,356,030**	1,415,891	**1,479,029**	2,243,849
Telephone	**1,358,643**	1,348,851	**1,041,467**	951,885	**317,176**	396,966
Printing, postage & stationery	**767,766**	787,120	**555,683**	514,468	**212,083**	272,652
Entertainment	**522,252**	549,166	**395,007**	282,309	**127,245**	266,857
Advertisement	**58,462**	21,868	**58,462**	21,868	**-**	-
Insurance	**2,184,667**	779,058	**1,741,048**	671,160	**443,619**	107,898
Medical	**397,568**	181,286	**324,357**	142,505	**73,211**	38,781
Electricity, gas & water	**51,066,237**	32,846,863	**41,016,216**	24,567,480	**10,050,021**	8,279,383
Freight, octroi & toll tax	**1,100,686**	1,129,061	**772,369**	928,350	**328,317**	200,711
Depreciation	**34,816,227**	23,199,361	**31,390,892**	20,883,286	**3,425,335**	2,316,075
Transportation factory workers	**1,983,923**	1,401,690	**1,983,923**	1,401,690	**-**	-
Consumable store	**21,495,827**	12,448,449	**17,567,363**	10,016,481	**3,928,464**	2,471,968
Lab tests	**16,675**	137,120	**16,675**	125,680	**-**	11,440
Newspaper, books & periodicals	**-**	2,390	**-**	2,390	**-**	-
Courses & seminars fee	**435,200**	47,500	**435,200**	27,500	**-**	20,000
Miscellaneous	**17,377**	29,524	**14,269**	23,576	**3,108**	5,948
	643,794,293	323,046,909	**604,936,943**	283,976,879	**117,907,030**	82,817,040
Work in process						
Opening	**6,333,999**	10,902,747	**6,333,999**	10,902,747	**-**	-
Closing	**(27,066,949)**	(6,333,999)	**(27,066,949)**	(6,333,999)	**-**	-
	(20,732,950)	4,568,748	**(20,732,950)**	4,568,748	**-**	-
Cost of goods manufactured	**623,061,343**	327,615,657	**584,203,993**	288,545,627	**117,907,030**	82,817,040
Finished goods						
Opening - Finished	**9,102,908**	13,880,411	**8,293,182**	9,817,059	**809,726**	4,063,352
Closing - Finished	**(36,167,369)**	(9,102,908)	**(29,171,470)**	(8,293,182)	**(6,995,899)**	(809,726)
	(27,064,461)	4,777,503	**(20,878,288)**	1,523,877	**(6,186,173)**	3,253,626
Cost of good sold	**595,996,882**	332,393,160	**563,325,705**	290,069,504	**111,720,857**	86,070,666

24.1 Salaries & wages includes Rs. 1,093,557 (2004: Rs. 664,284) in respect of staff retirement benefit

	Total		Hattar		Karachi	
	Rupees		Rupees		Rupees	
	Jul-Jun 2005	Jul-Jun 2004	Jul-Jun 2005	Jul-Jun 2004	Jul-Jun 2005	Jul-Jun 2004
25. ADMINISTRATION EXPENSES						
Directors' salary & other benefits (25.1)	**7,090,316**	7,472,496	**5,914,558**	6,039,395	**1,175,758**	1,433,101
Directors' meeting fee	**150,000**	-	**125,126**	-	**24,874**	-
Staff salaries & other benefits	**7,511,950**	5,241,404	**6,266,274**	4,236,189	**1,245,676**	1,005,215
Ex-Gratia	**247,095**	-	**206,120**	-	**40,975**	-
Rent, rate & taxes	**1,004,332**	204,952	**837,788**	165,646	**166,544**	39,306
Electricity, gas & water	**230,091**	72,573	**191,936**	58,655	**38,155**	13,918
Entertainment	**287,139**	221,214	**239,524**	178,789	**47,615**	42,425
Travelling & conveyance	**2,077,790**	1,736,910	**1,733,238**	1,403,799	**344,552**	333,111
Vehicle running & maintenance	**1,369,447**	1,061,371	**1,142,357**	857,818	**227,090**	203,553
Repair & maintenance	**201,660**	376,322	**168,220**	304,150	**33,440**	72,172
Communications	**1,584,982**	1,449,572	**1,322,151**	1,171,568	**262,831**	278,004
Legal & professional	**3,294,306**	1,384,383	**2,748,025**	1,118,881	**546,281**	265,502
Auditors' remuneration (25.2)	**315,000**	612,500	**262,765**	495,033	**52,235**	117,467
Advertisement	**321,370**	89,400	**268,079**	72,255	**53,291**	17,145
Medical	**802,296**	514,877	**669,254**	416,132	**133,042**	98,745
Insurance	**80,765**	70,234	**67,372**	56,764	**13,393**	13,470
Printing & stationery	**943,438**	529,858	**786,991**	428,240	**156,447**	101,618
Depreciation	**1,832,433**	1,221,017	**1,528,568**	986,846	**303,865**	234,171
Books,newpaper and periodicals	**30,644**	16,002	**25,562**	12,933	**5,082**	3,069
Courses, seminar & subscrption	**157,980**	270,621	**131,783**	218,720	**26,197**	51,901
Donation & others (25.3)	**499,969**	58,500	**417,061**	47,281	**82,908**	11,219
Bad debts written off	**128,006**	263,507	**106,779**	212,971	**21,227**	50,536
	30,161,009	22,867,713	**25,159,531**	18,482,063	**5,001,478**	4,385,650

25.1 Directors' remuneration includes Rs. 956,218 (2004: Rs. 3,200,000) and Salaries & wages includes Rs. 461,513 (2004: Rs. 307,756) in respect of staff retirement benefit.

	2005	2004
25.2 Auditors' remuneration		
Audit fee	**295,000**	200,000
Out of pocket expenses	**5,000**	25,000
Consultancy	-	382,500
Audit fee - WPPF	**5,000**	5,000
Audit fee - Provident fund	**10,000**	-
	315,000	612,500

25.3 The directors and their spouses have no interest in the donee fund.
25.4 Administration expenses are allocated on the basis of the net sales value of each segment.

	Total		Hattar		Karachi	
	Rupees		Rupees		Rupees	
	Jul-Jun 2005	Jul-Jun 2004	Jul-Jun 2005	Jul-Jun 2004	Jul-Jun 2005	Jul-Jun 2004
26. SELLING & DISTRIBUTION						
Staff salaries & other benefits (26.1)	**1,934,143**	1,385,341	**1,613,412**	1,119,655	**320,731**	265,686
Office rent	**399,059**	309,021	**332,885**	249,756	**66,174**	59,265
Electricity, water & gas	**33,789**	26,500	**28,186**	21,418	**5,603**	5,082
Entertainment	**20,843**	8,061	**17,387**	6,515	**3,456**	1,546
Travelling & conveyance	**273,297**	384,200	**227,977**	310,517	**45,320**	73,683
Repair & maintenance	**51,639**	12,889	**43,076**	10,417	**8,563**	2,472
Vehicle running & maintenance	**451,081**	236,570	**376,280**	191,200	**74,801**	45,370
Communications	**447,085**	576,646	**372,947**	466,055	**74,138**	110,591
Insurance	**19,457**	23,901	**16,231**	19,317	**3,226**	4,584
Printing & stationery	**33,015**	11,100	**27,540**	8,971	**5,475**	2,129
Carriage & freight outward	**30,594,971**	18,694,679	**25,137,849**	14,047,931	**5,457,122**	4,646,748
Medical	**79,939**	58,206	**66,683**	47,043	**13,256**	11,163
Courses & seminar	**500**	38,500	**417**	31,116	**83**	7,383
Books & periodicals	**2,986**	200	**2,491**	162	**495**	38
	34,341,804	21,765,814	**28,263,360**	16,530,073	**6,078,444**	5,235,741

26.1 Salaries & wages includes Rs. 120,829 (2004: Rs. 69,960) in respect of staff retirement benefit.
26.2 Selling expenses are allocated on the basis of the net sales value of each segment.

	2005 RUPEES	2004 RUPEES
27. FINANCIAL CHARGES		
Mark-up on;		
- Long-term loan	**15,166,843**	10,004,639
- Short-term loan	**3,229,752**	3,078,112
- Lease finance	**1,278,402**	287,936
	19,674,997	13,370,687
Usance charges	**11,248,325**	5,322,654
Bank charges	**1,680,844**	808,262
	32,604,166	19,501,603
28. OTHER CHARGES		
Deficit on revaluation of fixed assets	**-**	5,184,406
Exchange loss	**5,475,964**	-
	5,475,964	5,184,406
29. OTHER INCOME		
Income from sale of scrap	**1,304,752**	2,845,830
Reversal of liability	**1,927,197**	189,962
Gain on disposal of fixed assets	**238,240**	-
Miscellaneous income	**-**	9,848
	3,470,189	3,045,640
30. UNUSUAL ITEM		
Reversal of liability:		
Principal	**-**	8,318,749
Mark-up	**-**	13,154,409
	-	21,473,158

Reversal of total amount of mark up of Rs. 13,154,409/- represents Rs. 2,794,409/- related to the pre tax holiday period and Rs. 10,360,000/- related to the post tax holiday period.

	2005 RUPEES	2004 RUPEES
31. TAXATION		
For the year		
Current	**3,764,588**	2,229,458
Prior	**-**	-
Deferred	**21,902,597**	3,121,120
	25,667,185	5,350,578
31.1 Relationship between tax expense and accounting profit		
Profit for the year	**53,274,551**	42,039,540
Expenses that are (admissible) / inadmissible in determining taxable profit	**(36,202,174)**	(28,833,222)
Taxable income / (Loss)	**17,072,377**	13,206,318
Less: Carry forward losses	**(23,040,025)**	(40,692,473)
Taxable income / (Loss)	**(5,967,648)**	(27,486,155)
Tax charge for the current year / minimum tax	**3,764,588**	2,229,458
Prior year adjustments	**-**	-
Deferred tax adjustment	**21,902,597**	3,121,120
	25,667,185	5,350,578

Current

The assessment of the Company have been finalized upto and including the tax year 2004. Assessed losses available to the Company to be carried forward amounted to Rs. 23,040,025/- at the end of the tax year 2004.

	2005 RUPEES	2004 RUPEES
32. EARNING PER SHARE - BASIC & DILUTED		
Profit after tax	**27,625,904**	58,162,120
Number of shares	**12,495,691**	8,562,846
Earning per share (2004: restated)	**2.15**	5.11

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Director		Executives	
	2005 Rs.	2004 Rs.	2005 Rs.	2004 Rs.	2005 Rs.	2004 Rs.
Managerial remuneration	**2,481,816**	1,745,460	**2,481,816**	1,745,460	**1,138,064**	-
House allowance & utilities	**518,182**	175,540	**518,182**	174,540	**625,936**	-
Servant allowance	**214,248**	214,248	**214,248**	214,248	**-**	-
Telephone allowance	**180,000**	180,000	**180,000**	180,000	**-**	-
Retirement benefits	**330,910**	1,600,000	**330,910**	1,600,000	**151,743**	-
Medical reimbursement	**125,000**	136,581	**125,000**	156,000	**103,494**	-
	3,850,156	4,050,829	**3,850,156**	4,070,248	**2,019,237**	-
Number of persons	**1**	1	**1**	1	**2**	-

The Chief Executive, Director and two Executives are entitled to free use of Company maintained vehicles.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value of all financial assets and financial liabilities are estimated to approximate their respective carrying amount.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES

The company's activities expose it to a variety of financial risks, including the effect of changes in foreign exchange rates, credit and liquidity risk associated with various financial assets and liabilities respectively as referred to in note no. 36. The Company finances its operations through equity and management of working capital with a view to maintaining a reasonable mix between the various sources of finance to minimize risk. Taken as a whole, risk arising from the company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

36. MARK-UP RATE RISK MANAGEMENT

Mark-up rate risk arises from the possibility that changes in interest / mark-up rates will effect the value of financial instruments. The Company monitors its exposure to fluctuations in markup rate and has already approached financial institutions for reduction in these rates to balance the effect of any increase in the short term. The following table indicates the effective periods in which they will re-price or mature.

	Figures in Rupees				
	Interest Bearing		Non-Interest bearing	Total	
	One month to one year	One year and onward		2005	2004
Financial Assets					
Long Term Deposit	-	-	7,444,050	**7,444,050**	1,873,650
Trade Debtors	-	-	102,338,448	**102,338,448**	61,297,916
Other Receivables	-	-	22,379	**22,379**	22,305
Cash and Bank	-	-	2,514,538	**2,514,538**	3,023,007
	-	-	112,319,415	**112,319,415**	66,216,878
Financial Liabilities					
Long term loan	52,166,668	232,875,729	-	**285,042,397**	191,905,163
Long term supplier's credit	-	-	-	**-**	80,891,772
Lease finance	12,850,465	36,505,109	-	**49,355,574**	2,439,335
Short term finance	42,244,915	-	-	**42,244,915**	16,636,512
Trade & other payables	2,803,924	-	203,192,626	**205,996,550**	124,615,670
Accrued mark-up on loans	5,825,192	-	-	**5,825,192**	1,329,605
	115,891,164	269,380,838	203,192,626	**588,464,628**	417,818,057
Balance sheet gap	(115,891,164)	(269,380,838)	(90,873,211)	**(476,145,213)**	(351,601,179)

	Rate of Interest
Lease finance	Refer Note # 5
Long-term loan	Refer Note # 8
Short-term finance	Refer Note # 12

37. CREDIT RISK MANAGEMENT

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. Out of the total fianacial assets of Rs.122,588,489 (2004: Rs. 73,033,689) the financial assets which are subject to credit risk amounted to Rs102,338,448 (2004: Rs. 61,297,916). The Company foresees that it is not exposed to major concentration of credit risk. To manage exposure to credit risk the Company deals mainly with credit worthy manufacturers of beverages and applies restictive credit period for its major customers. Deposits with leasing companies are guaranteed by assets acquired against them.

38. LIQUIDITY RISK MANAGEMENT

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Company treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

39. FOREIGN EXCHANGE RISK MANAGEMENT

Foreign currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company exposed to foreign currency risk on purchases and import of machinery that are entered in a currency other than local currency. The risk is not considered to be material in view of the amount of the transaction and relative stability of the Pak. Rupees in the foriegn exchange market.

	2005 RUPEES	2004 RUPEES
40. PLANT CAPACITY AND ACTUAL PRODUCTION		
Hattar Plant		
100% plant capacity at 250 days (3 shifts)-Number of bottles	**110,700,000**	62,075,000
Actual production - Number of bottles	**81,474,777**	46,816,254
Utilization	**73.60%**	75.42%
Karachi Plant		
100% plant capacity at 250 days (3 shifts)-Number of bottles	**23,700,000**	15,000,000
Actual production - Number of bottles	**16,560,271**	10,826,503
Utilization	**69.87%**	72.18%

40.1 Reasons for under unitization of capacity

The under utilization of capacity is attributable to the usual fall in demand for bottles during the off season winter period.

41. NUMBER OF EMPLOYEES

Total number of employees as at year end was 264 (2004: 257)

42. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on September 07, 2005 by the Board of Directors of the Company

43. GENERAL

- Figures have been rounded off to the nearest rupees.
- The board of directors has proposed a Share Dividend @ 15% for the year ended June 30, 2005 at their meeting held on September 07, 2005 for approval of members at the Annual General Meeting to be held on October 18, 2005. These financial statements do not reflect this Share Dividend as explained in note 10.2.
- **Corresponding figures**

  Corresponding figures have been re-arranged, wherever necessary. For the purposes of comparison significant re-arrangements are as follows:
  - The definition of executives under the Companies Ordinance, 1984 was revised during the year with respect to minimum basic salary requirement from Rs. 100,000 to Rs. 500,000. Therefore, the figures of the previous year have been restated for the purposes of comparison.
  - The above figures have been re-arranged as the re-classification made is considered more appropriate for the purposes of presentation.

HUSSAIN JAMIL	**AHSAN JAMIL**	**H.R. SIDDIQUI**
Chairman	Chief Executive Officer	Chief Financial Officer

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2005

	NOTE	2005 RUPEES	2004 RUPEES
Net sales	23	**751,188,112**	442,919,202
Cost of goods sold	24	**(595,996,882)**	(332,393,160)
Gross profit		**155,191,230**	110,526,042
Operating expenses			
Administration	25	**(30,161,009)**	(22,867,713)
Selling & Distribution	26	**(34,341,804)**	(21,765,814)
		(64,502,813)	(44,633,527)
Operating profit		**90,688,417**	65,892,515
Financial charges	27	**(32,604,166)**	(19,501,602)
Other charges	28	**(5,475,964)**	(5,184,406)
Other income	29	**3,470,189**	3,045,640
		(34,609,941)	(21,640,368)
		56,078,475	44,252,147
Workers' profit participation fund		**(2,803,924)**	(2,212,607)
Profit before taxation		**53,274,551**	42,039,540
Unusual Item	30	**-**	21,473,158
		53,274,551	63,512,698
Taxation - Current		**(3,764,588)**	(2,229,458)
- Deferred		**(21,902,597)**	(3,121,120)
	31	**(25,667,185)**	(5,350,578)
Profit after taxation		**27,607,366**	58,162,120
Transfer from surplus on revaluation of fixed assets			
- current year -net of tax		**6,499,239**	6,891,833
		34,106,606	65,053,953
Earning per share -basic & diluted	32	**2.15**	5.11

The annexed notes form an integral part of these financial statements

HUSSAIN JAMIL
Chairman

AHSAN JAMIL
Chief Executive Officer

H.R. SIDDIQUI
Chief Financial Officer

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Ecopack Limited to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of the audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Boards' statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended on June 30, 2005.

Karachi:
Dated: September 7,2005

KHALID MAJID RAHMAN SARFARAZ
RAHIM IQBAL RAFIQ
Chartered Accountants

SIX YEARS AT A GLANCE

Annexure "A"

Rupees in '000'

Profit & Loss:	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**
Sales	751,188	442,919	294,491	250,541	148,671	126,832
Cost of sales	595,997	332,393	225,144	204,498	141,192	99,413
Gross Profit	155,191	110,526	69,347	46,043	7,479	27,419
Operating expenses	64,503	44,634	30,798	23,402	17,914	12,723
Operating profit	90,688	65,893	38,549	22,641	(10,434)	14,696
Other income/ (charges)	(2,600)	(2,139)	948	(315)	(54)	347
Financial charges	32,604	19,502	33,805	40,436	18,876	14,331
Profit / (Loss) before taxation	53,275	42,040	5,407	(18,110)	(29,364)	677
Unusual item	-	21,473	-	-	-	-
Taxation	25,667	5,351	2,420	1,083	188	161
Profit / (Loss) after taxation	27,607	58,162	2,987	(19,192)	(29,552)	515
Dividend	-	5,709	-	-	-	-
Bonus shares	21,407	28,543	-	-	-	7,446

Balance Sheet:

Shareholder's equity	337,391	256,132	104,000	123,685	142,878	170,866
Financing facilities	269,381	242,525	110,417	111,578	144,561	45,542
Fixed assets (net of depreciation)	571,995	476,635	279,079	295,110	196,089	207,604
Current Assets	329,387	184,986	110,730	98,935	77,620	80,181
Current Liability	329,210	179,154	150,524	163,506	93,550	75,518

Key Financial Ratios:

Gross profit	21%	25%	24%	18%	5%	22%
Operating profit	12%	15%	13%	9%	-7%	12%
Profit before tax to net sales	7%	9%	2%	-7%	-20%	1%
Return on capital employed	9%	9%	2%	-8%	-10%	0%
Inventory turnover (times)	8	7	6	5	4	3
Fixed assets turnover (times)	1.31	0.93	1.06	0.85	0.76	0.61
Debt equity ratio	44 : 56	49 : 51	52 : 48	47 : 53	50 : 50	21 : 79
Current ratio	1.00	1.03	0.73	0.6	0.83	1.06
Earnings per share	2.15	5.11	0.52	(3.36)	(5.18)	0.10

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2005

	SHARE CAPITAL (Rupees)	UNAPPROPRIATED PROFIT (Restated) (Rupees)	TOTAL (Rupees)
Balance as at July 01, 2003 as previously reported	57,085,640	4,810,522	61,896,162
Effect of change in accounting policy	-	-	-
Balance as at July 01, 2003 restated	57,085,640	4,810,522	61,896,162
Net Profit for the year ended June 30, 2004	-	58,162,120	58,162,120
Transfer from surplus on revaluation of fixed assets: - net of deffered tax	-	6,891,833	6,891,833
Balance as at June 30, 2004 restated	57,085,640	69,864,475	126,950,115
Balance as on July 01, 2004 as previously reported	57,085,640	35,613,091	92,698,731
Effect of change in acounting policy			
Final cash dividend @ 10%	-	5,708,564	5,708,564
Issue of Bonus shares @ 50%	-	28,542,820	28,542,820
Balance as at June 30, 2004 restated	57,085,640	69,864,475	126,950,115
Final cash dividend @ 10%	-	(5,708,564)	(5,708,564)
Issue of Bonus shares @ 50%	28,542,820	(28,542,820)	-
Issue of rights shares @ 100%	57,085,640	-	57,085,640
Net profit for the year ended June 30, 2005	-	27,607,366	27,607,366
Transfer from suplus on revaluation of fixed assets, net of deferred tax	-	6,499,239	6,499,239
Balance as at June 30, 2005	142,714,100	69,719,696	212,433,797

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

HUSSAIN JAMIL
Chairman

AHSAN JAMIL
Chief Executive Officer

H.R. SIDDIQUI
Chief Financial Officer

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the year ended June 30, 2005

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 37 of listing regulations of Karachi Stock Exchange Guarantee Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes five non-executive directors.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board during the year under review.

5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by the directors and all the employees of the Company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies alongwith the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met atleast once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated atleast seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged in-house and external orientation courses for its directors during the year to apprise them of their duties and responsibilities.

10. The Board has approved appointment of Head of Internal Audit, including his remuneration and terms and conditions of employment, as determined by the CEO.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and Financial Controller before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board has formed an audit committee. It comprises three members, of whom two are non-executive directors.

16. The meetings of the audit committee were held atleast once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has set-up an effective internal audit department, which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code have been complied with.

Karachi,
Dated: September 07, 2005

Ahsan Jamil
(Chief Executive Officer)